

## Appendices

### Appendix 1: Glossary of Technical Terms

#### Mean

The mean in this publication is the **average income**, found by adding up all the incomes in a population and dividing the result by the number of people.

#### Median

The median in this publication is the “middle” value, which is the income value which divides the population, when ranked by income, into two equal sized groups.

#### Quintiles

**Quintile** is used as a shorthand term for **quintile group**; for example ‘the bottom quintile’ to describe the bottom twenty per cent of the income distribution.

#### Quintile groups

These are groups of the population when it is ranked by income and then divided into 5 sub-groups of equal size. The lowest quintile group is the twenty percent of the population with the lowest incomes. Table 1.3 gives the boundary marker for each group. For example, those falling in to the lowest quintile have incomes below the lower boundary marker of the second quintile. Similarly the twenty per cent of the population with the highest incomes have weekly incomes above the lower boundary marker of the top quintile.

#### Sampling error

Sampling error is the uncertainty in the estimate which arises from taking a random sample of the household population. For more information see Appendix 4.



## Appendix 2

### Appendix 2: Definitions of Individual Income and Other Concepts used in the Individual Income Series

A number of definitions are employed in producing the individual income series. The main ones are described below.

#### Adult

An adult is someone who is:

- a married or cohabiting person, or
- an individual aged 19 or over, or
- a 16 to 18 year old not in full-time education, or,
- a 16 year to 18 year old not on a course above 'A' level standard.

#### Adult income (excluding household level income)

Total income of all adults

#### Adult income (including household level income)

Total income of all adults plus household level income.

#### Age

The age of a person is reported as 'age at last birthday' from interview date.

#### Child

A child is

- an individual aged under 16, or
- an unmarried aged under 16 to 18 year old on a course up to and including 'A' level standard.

#### Dependent children

These are children classified in this report as a "child", ie excluding grown up children. See definition of child.

#### Economic Activity Status

ILO definitions are used for economic activity status and FRS respondents are classified based on their responses to questions on current economic activity status. The 11 categories are as follows:

- |    |                           |
|----|---------------------------|
| 1  | Full-time employee        |
| 2  | Part-time employee        |
| 3  | Full-time self-employed   |
| 4  | Part-time self-employed   |
| 5  | ILO unemployed            |
| 6  | Retired                   |
| 7  | Student                   |
| 8  | Looking after family/home |
| 9  | Permanently sick/disabled |
| 10 | Temporarily sick/disabled |
| 11 | Other inactive            |

Using broad ILO definitions, categories 1-4 are in employment, category 5 is ILO unemployed and categories 6-11 are inactive. In this report, permanently and temporarily sick/disabled categories

have been combined and students have been included with the other inactive in some tables (i.e. where they are not shown separately). Similarly, men looking after the family/home have been included with other economically inactive in tables 6.8, 7.7, 7.9 and 7.14-7.17.

**Note:** Changes introduced in the 1999/2000 FRS brought an individual's economic activity status into line with the classical ILO definition. Individuals between the state pension age and the age of 70 who are looking for work are asked whether or not they are able to start work in the next two weeks and classified according to their response. In surveys before 1999/2000, these individuals were automatically classified as 'retired'.

### Employment income

Total income from employment and self-employment.

### Family Unit

This is a single adult or a couple, living as married, together with any dependent children. An adult living in the same household as his or her parents, for example, is a separate family unit from the parents and would be assessed separately for Income Support or Working Tax Credit. This is equivalent to the Department for Work and Pensions' definition of a Benefit Unit

### Family Type.

For some analyses individuals are classified into family type. Individuals are classified according to the status of the family unit in which they live. All individuals in a family unit will therefore be given the same classification. This classification is the same as that used for the Family Resources Survey. The classifications are defined below.

#### *Single Pensioner*

A single adult of state pension age or over. (women aged 60 or over and men aged 65 or over).

#### *Pensioner couple*

A couple, where at least one member of the family unit is of state pension age or over.

#### *Couple with children.*

A working age couple with dependent children.

#### *Couple without children*

A working age couple with no dependent children, but including pensioners where these are not reported separately (as in sections 3 and 7).

#### *Single with children*

A working age single adult with dependent children.

#### *Single without children*

A working age single adult with no dependent children, but including pensioners where these are not reported separately (as in Section 3 and 7).

### Full-time work

Based on self-assessment for the main job rather than the number of hours worked. Includes those doing unpaid work in a business that a relative owns.

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### Household

The FRS definition of a household is a single person or group of people living at the same address as there only or main residence, who either share one meal a day together or share the living accommodation (ie living room). A household will consist of one or more *family units*.

### Household level income

Income that cannot be readily assigned to an individual or where there is insufficient information to calculate an imputed income value for all individuals. Items included are the Housing Benefit, Council Tax Benefit, income from subletting and free milk and meals.

### Individual Income

The Income measures used in the Individual Income volumes are:

- Total
- Net
- Disposable

**Total Individual Income** is defined as:

Gross individual income **plus** tax credits.

#### Tax credits

Includes all payments of Working Tax Credit (WTC) and Child Tax Credit (CTC). WTC and CTC were introduced on 6 April 2003 to replace Working Families' Tax Credit (WFTC) and Disabled Person's Tax Credit (DPTC).

**Gross Individual Income** is defined as:

*Income from all sources received by an individual*

Income is the current income of individuals at the time of the Family Resources Survey (FRS) interview. This is generally the income being received in the period when the interview takes place, except for employees whose last pay was not the amount they usually receive, in which case the income measure uses their usual pay.

Income is taken to include earnings, investments and non-state pensions/annuities, benefit income (including Child Benefit and income related benefits), and income from other sources (including maintenance income from an absent partner paid in respect of either spouse or children).

A number of items of income are **excluded** from gross individual income, either because they are shared costs which can not be assigned to an individual, or because there is insufficient information to calculate an imputed income value for all individuals. Components of income excluded from gross individual income are:

- The value of Housing Benefit and Council Tax Benefit,
- Property income from letting and sub-letting,
- The value of benefits in kind (eg company cars, fuel costs, health insurance, beneficial loans, payment of school fees, shares and share options, free meals, free and concessionary travel, and luncheon vouchers),
- Social Fund loans and repayments, student loans and repayments, and
- The value of free school meals and free school milk.

Gross individual income is weekly gross income, the total of six components; earnings, self-employment income, non-state pensions, investments income, benefit income and other income.

### Earnings

For those currently working as an employee, earnings are equal to weekly gross pay before any deductions,

- **less** any refunds of income tax
- **less** any motoring and mileage expenses,
- **less** any refunds for items of household expenditure,
- **plus** bonuses received over the last 12 months,
- **less** any statutory sick pay or Statutory Maternity Pay.

All the above values are converted into weekly amounts.

### Self-employment income

This is the total amount of income received from self-employment gross of tax and National Insurance payments, based on profits where an individual considers themselves as running a business. It excludes any profit due to partners in the business and any losses are deducted. Where self-employed persons are calculated to have negative self-employment incomes, their self-employment income is set to zero.

### Non-state pensions

Include payments received from occupational pensions and personal pension schemes, widow's employee pensions, trade union and friendly society pensions, annuity pensions, trusts and covenants.

### Investment income

Includes interest and dividends received from savings and investments such as:

- Current accounts
- Basic bank accounts
- Post Office accounts
- Other bank / building society accounts
- TESSAs
- Gilts
- PEPs
- Unit trusts
- Stocks and shares
- ISAs

Income from investments deriving from joint accounts is assumed to be received equally by the account holders.

### Total benefit income

This includes all state benefits except those that are available at a household level.

For publication purposes, total benefit income has been split into three statistical categories: dependent benefits, mainly personal benefits and individual benefits.

### Dependent benefits

These are all those benefits where more than 10 per cent of claimants receive the benefit, as a whole or in part, for any dependents. The benefits included in this category are; Child Benefit, Income Support (excluding Minimum Income Guarantee – see below), Disability Working

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Allowance, Jobseeker's Allowance (Income Based), Guardian's Allowance, and Widowed Mother's Allowance.

### Mainly personal benefits

These are all those benefits where less than 10 per cent of claimants receive the benefit, or a component of the benefit, as a whole or in parts for any dependents. The benefits included in this category are: Incapacity Benefit, Industrial Injuries Disablement Benefit, Carer's Allowance, Retirement Pension, Severe Disablement Allowance and War Disablement pension.

For married pensioner couples, the man generally receives a state Retirement Pension on the basis of his National Insurance contributions. Where his wife is not entitled to a state Retirement Pension on the basis of her own National Insurance contributions, in most cases, she is entitled to a married woman's pension on the basis of her husband's National Insurance contributions. The married women's pension is lower than the state Retirement Pension for a single person: where based on full National Insurance contributions, the married women's pension is around 60 per cent of the State Retirement Pension for a single person.

It should also be noted that for single pensioners and pensioner couples, any Retirement Pension and/or Minimum Income Guarantee/Pension Credit that is received is reported together in the mainly personal benefits category because of the known problems with the identification of benefits received by pensioners on the FRS.

### Individual benefits

These are all those benefits where all claimants receive the benefit on an entirely individual basis. The benefits included in this category are: Attendance Allowance, Back to work Bonus, Disability Living Allowance (Care and Mobility needs), Jobseekers Allowance (Contributory), Maternity Allowance, Statutory Maternity Pay, Statutory Sick Pay, Widow's Pension and Social Fund Grants.

### Individual benefits

These are all those benefits where all claimants receive the benefit on an entirely individual basis. The benefits included in this category are: Attendance Allowance, Back to Work Bonus, Disability Living Allowance (Care and Mobility needs), Jobseeker's Allowance (Contributory, Maternity Allowance, Statutory Maternity Pay, Statutory Sick Pay, Widow's Pension and Social Fund Grants.

### Other Income

This includes: any income from an absent spouse or partner, income received as a mail order agent, allowances from an individual or organisation, allowances from a local authority for a foster child or adopted child, income as a sleeping partner, income from odd jobs, income from babysitting, trade union sick or strike pay, student grants and any other miscellaneous incomes.

**Net Individual Income** is defined as:

*Individual income net of income tax and National Insurance contributions*

Net individual income is weekly gross individual income,

- Plus tax credits
- Less income tax payments
- Less National Insurance contributions

**Disposable Individual Income** is defined as:

*Individual income, including deductions and additions which are potentially shared in different ways across benefit units / household (eg housing and maintenance), net of income tax and National Insurance contributions, childcare and travel to work costs.*

Disposable individual income is weekly net individual income,

- **plus** Housing Benefit / Council Tax Benefit payments, apportioned across household adults where appropriate
- **plus** income from letting or sub-letting, apportioned across household adults where appropriate
- **less** all maintenance and child support payments, which are deducted from the income of the person making the payment.
- **less** parental contributions to students living away from home
- **less** housing costs, apportioned across household adults where appropriate
- **less** childcare costs
- **less** travel to work costs

All the above are values converted into weekly amounts.

Note: the deduction of shared outgoings such as housing will mean that some individuals will have negative disposable incomes.

### Parental contributions to students living away from home

These will be shared equally by the appropriate parents within the household.

### Childcare costs

Childcare costs will be assigned to the mother.

### Travel to work costs

These are based on answers to questions on distance, frequency and mode of transport; costs of travel cards or fares; contributions made to and received by drivers of cars and motorcycles. Costs of running cars and motorcycles are estimated using mileage rates which are meant to cover all the running costs.

### Housing Costs

In households where there is more than one benefit unit and information on contributions to housing costs is provided on an individual basis, these payments will be taken into account in the derivation of disposable individual income. In the same households, where comparable information on Housing Benefit / Council Tax Benefit (HB / CTB) receipt by individuals is available, HB / CTB payments will be added to disposable income before the deduction of contributions to housing costs.

In households where there is only one benefit unit, and households where there is more than one benefit unit but no information on contributions to housing costs are available on an individual basis, it will be assumed that any property income from letting or sub-letting, any HB / CTB payments and all housing costs will be shared equally by the non-dependent adult members of the household. Housing costs include the following:

- Domestic rates / Council Tax
- Rent (Gross of Housing Benefit)
- Mortgage interest rates (net of tax relief)

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- Structural insurance premiums (for owner occupiers)
- Ground rent and service charges

In the calculation of individual income for women and men, any sources of income which are available at only a household level or family unit level have been excluded from the income of the head of the household or the head of the family unit as appropriate. As a result, adding together the individual incomes of the members of a household or a family unit may well result in a figure that is less than the overall household or family unit income.

### Part-time Work

Based on self-assessment for the main job rather than the number of hours worked. Includes those doing unpaid work in a business that a relative owns.

### Pensioner

A person of state pension age or above (65 for men, 60 for women).

### Self-employed

Self-employment is based on self-assessment for the main job rather than the number of hours worked. Includes those doing unpaid work in their own business.

### Sick/Disabled

Sickness and disability is based on self-assessment. A respondent will be classified under this heading if they are not working due to either a temporary or permanent sickness or disability.

### State Support

All income from state benefits, except those that are available at a household or family unit level, plus tax credits.

### Student

Not working due to study.

### Total family income

Includes total income of all adults, total income of dependent children, and household level income.

### Total income of dependent children

Any income from spare time jobs, trust funds, education grants or Education Maintenance Allowance, plus Disability Living Allowance paid to 16-18 year olds.



## Appendix 3: Methodology of Individual Income

### Individual Incomes of women and men

1. This publication looks at the individual incomes of women and men within a household and relates these to social and economic factors such as family type, source of income, marital status and employment status. The unit of analysis is individual adults, so the populations and percentages in the tables are numbers and percentages of individual adults.
2. The family type groupings used in some tables are classifications of individuals according to the characteristics of the family unit to which they belong. Therefore, these tables are analyses of individuals classified by their type of family unit and by their individual income.

### Population covered in the analyses

3. The analyses are based on the Family Resources Survey (FRS) in Northern Ireland for 2002/03. The survey covers the private household sector and all the results exclude people living in institutions, (eg nursing homes, barracks or jails), and homeless people living rough or in bed and breakfast accommodation.
4. Households containing a married adult whose spouse is temporarily absent, whilst within the scope of the FRS, are excluded from this analysis.

### Family Resources Survey

5. The FRS was launched in October 1992 to meet the information requirements for the Department of Social Security (DSS, now subsumed within the Department for Work and Pensions), and was introduced in NI in April 2002 for the first time.

### Grossing

6. In the processing of the FRS, sample results are grossed to provide national estimates. The grossing package CALMAR is used and it operates at the individual, family unit and household levels simultaneously.
7. Details of the grossing methodology can be found in the paper titled "The New Family Resources Survey Grossing Regime", available at [www.dwp.gov.uk/asd/frs/reports/index.asp](http://www.dwp.gov.uk/asd/frs/reports/index.asp).
8. It should be noted that the new regime aligns FRS-based estimates to regional populations by age and sex. This should improve regional and national estimates in instances where differential responses by age, sex and region are a significant influence on the accuracy of the statistics concerned. Some elements of the grossing system however are only applied at a national level; other factors potentially related to non-response do not enter the grossing at all; and sample sizes are smaller at regional level. For these reasons, regional results based on the FRS still need to be treated carefully.
9. Adjustments are made to sample cases at the top of the income distribution to correct for volatility in the highest income captured in the survey. This adjustment was developed for use in Houses Below Average Income (HBAI) statistics, and uses HM Revenue and Customs' statisticians' projections of data from the Inland Revenue's Survey of Personal Incomes (SPI) to control the numbers and income levels of the very rich while retaining the FRS data on the characteristics of their household. The methodology defines a household as rich if it contains a rich individual and it adjusts pensioners and non-pensioners separately. For 2002/03 and 2003/04, non-pensioners are classified as rich if their net income exceeds £150,000 per annum and pensioners are rich if their gross income exceeds £60,000 per annum. Equivalent figures for 1996/97 are net incomes in excess of

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£100,000 for non-pensioners and gross incomes in excess of £100,000 for pensioners. These thresholds have been set at the level above which, for each group, the FRS data is considered to be volatile due to small numbers of cases. More information can be found in the HBAI report (see [www.dwp.gov.uk/asd/hbai.asp](http://www.dwp.gov.uk/asd/hbai.asp)).

10. The numbers of pensioners and non-pensioners are adjusted to the correct totals by introducing two extra control totals into the grossing regime and re-calculating the grossing factors. The grossing factors for individual cases are only marginally changed as a result of this adjustment.

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