# Household income

In Q4 2024, household gross disposable income (GDI) slowed (+0.4% adjusted for the effect of Financial Intermediation Services Indirectly Measured, FISIM), after a 1.2% increase in Q3 (►**Figure 1**). Social benefits remained vigorous (+1.0% after +1.3%), with the increase in additional pensions. Earned income increased moderately (+0.4% after +0.5%): employment fell back and the wage dynamic remained steady, as the effect of the early increase in the minimum wage on 1st November was offset by the reduction in payments under the value-sharing bonus scheme at the end of the year (►**Sheet Wages**). Property income slipped back temporarily in the last quarter with the further increase in property tax. Income from financial investments, meanwhile, stayed at a moderate pace, with the drop in income from interest-bearing products being offset by the dynamism of payments from life insurance. Social and tax contributions rebounded at the end of the year, after edging down considerably in the summer: income tax paid by households decreased across the whole of H2. Finally, household consumer prices, excluding the FISIM effect, increased by 0.2% at the end of the year, as they had done in the previous quarter. Thus the purchasing power of household GDI slowed at the end of the year (+0.2% after +1.0% in Q3).

Across the whole of 2024, purchasing power overall increased much more than GDP growth (+2.5% +1.1% respectively), and purchasing power per consumption unit (CU) picked up (+1.9% after +0.3% in 2023) in a context of disinflation (►**Figure 2**). In real terms, social benefits in cash increased significantly in 2024, as there was a time lag in indexing them to earlier inflation, especially the 5.3% increase in basic pensions at the beginning of the year.

In Q1 2025, household GDI excluding the FISIM effect is expected to grow at the same pace as at the end of 2024 (+0.4%). Earned income should continue to increase moderately: employment is expected to fall back but wages should increase a little. In addition, sole proprietors' income is expected to be buoyant, driven by the increase in the consultation fee for general practitioners, which was effective from the end of December 2024. Social benefits are expected to rise once again, faster than earned income because basic pensions are indexed to earlier inflation (+2.2% on 1st January 2025). Property income looks set to rebound automatically at the beginning of the year. Income from investment is expected to edge down substantially: interest-bearing products will probably be quick to pass on the cut in the ECB's base interest rate, as with the reduction in the "Livret A" savings account rate in February, whereas interest paid by households is expected to continue to rise, as the average rate on the stock of real estate loans is more sluggish. Dividend payments are likely to slow since financial results were less favourable in 2024 and because of the exceptional increase in corporate tax decided

### ►1. Components of household gross disposable income
(variations in %)

| | Quarterly changes | | | | | | | | | | Annual changes | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | | 2024 | | | | 2025 | | 2023 | 2024 | 2025 ovgh |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | | |
| **Gross disposable income (100%)** | **1.4** | **1.5** | **1.4** | **1.6** | **1.2** | **0.5** | **1.1** | **0.1** | **0.2** | **0.1** | **8.0** | **4.5** | **1.0** |
| ***Gross disposable income excluding SIFIM (98.8%)*** | ***0.9*** | ***0.9*** | ***1.1*** | ***1.4*** | ***1.3*** | ***0.9*** | ***1.2*** | ***0.4*** | ***0.4*** | ***0.2*** | ***6.1*** | ***4.6*** | ***1.6*** |
| Earned income (69.1%) | 1.0 | 0.7 | 0.9 | 1.4 | 0.5 | 0.8 | 0.5 | 0.4 | 0.4 | 0.3 | 5.2 | 3.2 | 1.4 |
| *of which Gross wages and salaries (61.8%)* | *1.0* | *0.7* | *0.9* | *1.5* | *0.5* | *0.9* | *0.5* | *0.4* | *0.3* | *0.3* | *5.3* | *3.4* | *1.4* |
| *GOS of sole proprietors* (7.3%)* | *0.8* | *1.0* | *0.8* | *0.7* | *-0.1* | *0.1* | *0.5* | *0.0* | *1.0* | *-0.1* | *4.6* | *1.3* | *1.2* |
| Social benefits in cash (33.5%) | 0.9 | 0.5 | 0.9 | 1.3 | 2.7 | 1.0 | 1.3 | 1.0 | 1.1 | 0.6 | 4.7 | 6.1 | 3.2 |
| Property income, of which GOS of pure households (22.9%) | 5.6 | 4.8 | 2.6 | 1.0 | 2.0 | -1.0 | 0.2 | -1.3 | 0.2 | -0.6 | 17.1 | 4.2 | -1.4 |
| *Income from assets excluding FISIM (20.7%)* | *3.1* | *1.9* | *1.3* | *0.2* | *2.5* | *0.8* | *0.7* | *-0.3* | *1.0* | *0.1* | *8.4* | *4.7* | *1.4* |
| *Of which Property income excluding FISIM (7.1%)* | *8.3* | *5.3* | *2.9* | *1.9* | *2.0* | *0.8* | *0.8* | *1.0* | *-1.7* | *-1.5* | *23.6* | *7.5* | *-1.4* |
| *Of which GOS of pure households excluding FISIM (13.6%)* | *0.8* | *0.3* | *0.5* | *-0.8* | *2.7* | *0.9* | *0.6* | *-1.1* | *2.5* | *1.0* | *1.9* | *3.2* | *2.9* |
| Social contributions and taxes (-24.6%) | 3.1 | 0.8 | 0.4 | 0.3 | 2.0 | 0.7 | -0.9 | 0.8 | 2.0 | 0.8 | 3.6 | 2.9 | 2.9 |
| **Household consumer prices**** | **2.4** | **1.8** | **1.1** | **0.5** | **0.7** | **-0.1** | **0.1** | **0.0** | **0.1** | **0.0** | **7.1** | **2.0** | **0.1** |
| ***Income from assets excluding FISIM*** | **1.7** | **1.0** | **0.7** | **0.3** | **0.8** | **0.5** | **0.2** | **0.2** | **0.3** | **0.2** | **4.8** | **2.1** | **0.8** |
| **Purchasing power of gross disposable income** | **-0.9** | **-0.3** | **0.3** | **1.1** | **0.6** | **0.6** | **1.0** | **0.2** | **0.1** | **0.1** | **0.9** | **2.5** | **0.9** |
| **Purchasing power per consumption unit** | **-1.1** | **-0.4** | **0.2** | **1.0** | **0.4** | **0.4** | **0.9** | **0.0** | **0.0** | **-0.1** | **0.3** | **1.9** | **0.5** |

Forecast.

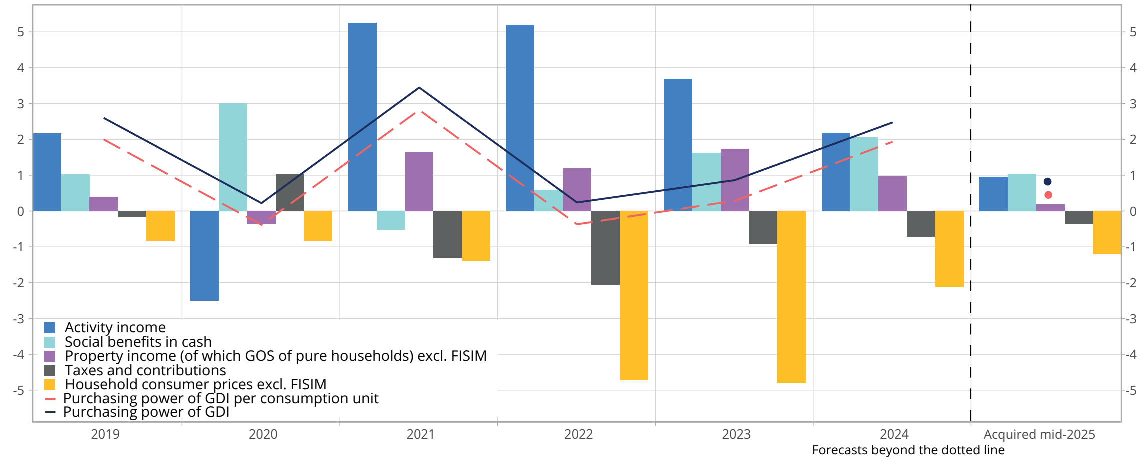
* the gross operating surplus (GOS) of sole proprietors is the balance of the operating account of sole proprietorships. This is mixed income as it remunerates work carried out by the owner of the sole proprietorship, and possibly members of their family, but it also contains profit made as a sole proprietor.
** The dynamics of household consumer prices in 2023 differ significantly from those of the Consumer Price Index (CPI) as a result of the accounting effect of the earlier increase in interbank rates.
**Note**: figures in brackets give the structure for 2023.
**How to read it**: the purchasing power of household gross disposable income (GDI) rose by 0.2% in Q4 2024.
**Source**: INSEE.

for 2025 (►Focus on the effects of the 2025 fiscal consolidation on growth). Finally, social and tax contributions are expected to be dynamic. Income tax in particular is expected to pick up, after being hampered in H2 2024 by adjustments linked to the indexing of the income tax scale to prices. Since household consumer prices are expected to increase by 0.3%, excluding the FISIM effect, the purchasing power of GDI looks set to increase very modestly at the beginning of the year (+0.1%).

In Q2 2025, household GDI is expected to slow (+0.2% adjusted for the FISIM effect). Earned income should again increase weakly due to the contraction in employment and wage moderation. In addition, sole proprietors' income is unlikely to show any further benefit after the one-off boost at the beginning of the year with the increase in doctors' income. Wealth income is also expected to slip back, in line with further cuts expected in the ECB's base interest rate, whereas property income should return to a more trend-based pace. Social benefits look set to slow, because of the lowering of the ceiling on daily allowances and the entry into force of the new rules on unemployment benefits (►Focus on the effects of the 2025 fiscal consolidation on growth). Finally, social and tax contributions are likely to return to a more trend-based pace. As household consumption prices are expected to increase by 0.2%, excluding the FISIM effect, GDI purchasing power should be virtually stable in spring 2025 (+0.1%).

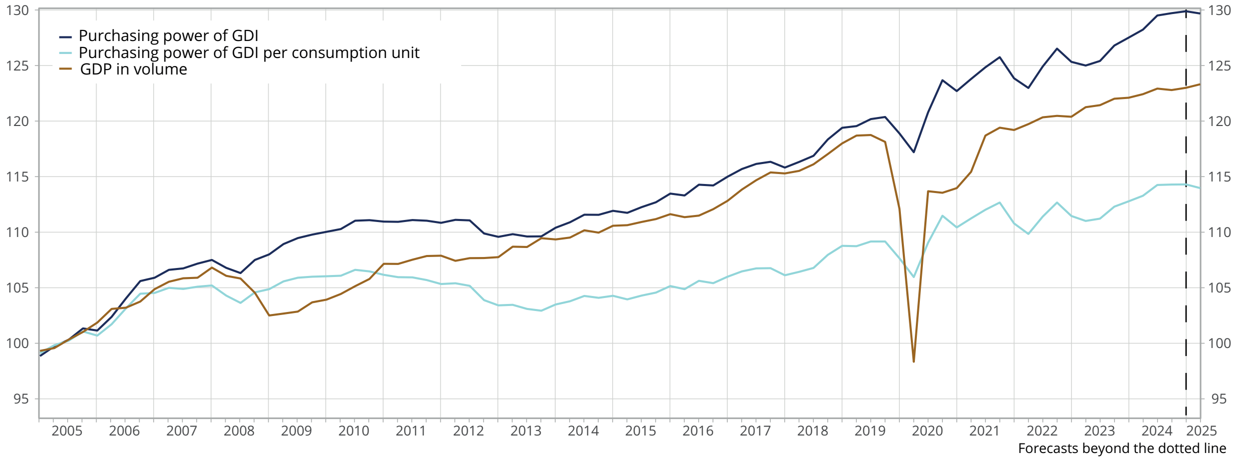
For 2025, the mid-year overhang for change in purchasing power (i.e. the annual change forecast if purchasing power were to remain stable in H2) is higher (+0.9%, i.e. +0.5% per consumption unit) than the GDP growth overhang (+0.4%), mainly due to the dynamism of benefits in real terms, especially pensions. This purchasing power overhang for 2025 had basically been achieved by the end of 2024, since the GDI purchasing power is only expected to increase slightly in H1 2025 (►Figure 3).

### ►2. Annual variation in purchasing power of household gross disposable income (GDI) and its main contributions exc. FISIM
(annual changes in %, contributions in points)




**How to read it**: GDI purchasing power increased by 2.5% in 2024. Social benefits accounted for 2.1 percentage points of the increase in household GDI excluding the FISIM effect.
**Source**: INSEE.

### ►3. Change in purchasing power of household gross disposable income (GDI) and of GDP since 2005
(base 100 = 2005)




**Last point**: Q2 2025 (forecast from Q1 2025).
**Source**: INSEE.