

Financial Subsectors in the Integrated Macroeconomic Accounts

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Abstract

After the financial crisis that began in 2008, the G-20 Data Gaps Initiative (DGI) recommended more complete, detailed economic statistics on the financial sector. For the United States, an ideal framework for presenting these improved statistics on the financial sector is the Integrated Macroeconomic Accounts (IMAs), which relate income, saving, investment in real and financial assets, and asset revaluations to changes in net worth for major economic sectors, including financial business. Ideally, the IMAs should present statistics for financial subsectors, such as depository institutions and insurance carriers, which face different risks, markets and regulations. In this paper, we use the framework of the IMAs to present experimental statistics on production, income, and saving for five financial subsectors -- depository institutions, the Federal Reserve banks, pension funds, insurance companies, and other remaining financial institutions. Recent trends in gross value added, net operating surplus, property income, and net lending or borrowing differed substantially across these subsectors; these results highlight the value of a more detailed presentation of the financial sector.

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The financial crisis that began in 2008 exposed a need for improved economic statistics for the financial sector. The G-20 group of nations established the Data Gaps Initiative (DGI) to improve financial statistics in national accounts. Both the DGI and the 2008 *System of National Accounts* (SNA) recommend a disaggregated presentation of the financial sector, with statistics for several financial subsectors that face different markets and risks. The DGI recommends a detailed presentation of “sectoral data:” for the United States, the sectoral accounts are the Integrated Macroeconomic Accounts (IMAs), which relate income, saving, investment in real and financial assets, and asset revaluations to changes in net worth for major economic sectors, including financial business. Parker and Palumbo (2009) argue that the IMAs (produced jointly by BEA and the Federal Reserve Board) would have been more useful during the crisis had they provided additional detail on key financial subsectors, such as those that can and cannot use leverage. Eichner, Donald, and Palumbo (2010) also suggest that the IMAs provide additional detail on the financial sector. To address these recommendations, both BEA and FRB are currently exploring ways to improve financial statistics.

In this paper, we present experimental statistics on production, income, and saving for several financial subsectors, using the framework of the IMAs. We present separate accounts for five subsectors -- depository institutions, the Federal Reserve banks, pension funds, insurance companies, and other nondepository institutions.¹ Recent trends in production, income, and saving differed substantially across these subsectors, highlighting the value of a more detailed presentation of the financial sector. A challenge we faced in this work is that BEA’s traditional source data for business income in the national accounts -- IRS tabulations of data from tax-returns -- are reported on a consolidated basis for companies that include several enterprises from different subsectors; for example, banks are often consolidated with bank holding companies. We used other, enterprise-level data sources to produce statistics for specific financial subsectors, consistent with the SNA and the financial accounts.

1. The Financial Sector in the SNA and the U.S. National Accounts

The SNA and the financial accounts. In the SNA, financial services consist of financial intermediation, financial risk management, liquidity transformation, and auxiliary financial activities (4.98). The SNA recommends nine financial subsectors (SNA Table 4.2), based on a

¹ This paper extends earlier research on financial subsectoring that was presented in “The Integrated Macroeconomic Accounts of the United States” by Marco Cagetti, Elizabeth Ball Holmquist, Lisa Lynn, Susan Hume McIntosh, and David Wasshausen, presented at the Conference on Research in Income and Wealth, September 2012.

corporation's activities and the liquidity of its liabilities. The Federal Reserve's financial accounts are consistent with the SNA recommendations for subsectoring, and show net changes in financial assets and liabilities for an even more detailed set of twenty two financial subsectors.

SNA Financial Corporations Subsectors	Financial Accounts Financial Business Subsectors
Central bank	Monetary authority
Deposit-taking corporations, except central bank	U.S.- chartered depository institutions
	Foreign banking offices in the U.S.
	Banks in U.S.-affiliated areas
	Credit unions
Money market funds (MMFs)	Money market mutual funds
Non-MMF investment funds	Real estate investment trusts
	Mutual funds
	Closed-end funds
	Exchange-traded funds
Other financial intermediaries, ex. insurance corps and pension funds	Government-sponsored enterprises
	Agency- and GSE-backed mortgage pools
	Issuers of asset-backed securities
	Finance companies
Financial auxiliaries	Security brokers and dealers
Captive financial institutions and money lenders	Funding corporations
	Holding companies
Insurance corporations	Property-casualty insurance companies
	Life insurance companies
Pension funds	Private pension funds
	State and local govt employee retirement funds
	Federal government employee retirement funds

Source: Federal Reserve, financial accounts

The NIPAs and Industry Accounts. In the NIPAs and GDP-by-Industry accounts, the definition of the financial sector is based on the North American Industry Classification System (NAICS 52 and 55):

- Finance and Insurance (NAICS 52)
 - Central Bank (521)
 - Credit Intermediation and Related Activities (522)
 - Securities, Commodity Contracts, Other Financial Investments and Related (523)
 - Insurance Carriers and Related Activities (524)
 - Funds, Trusts, and Other Financial Vehicles (525)
- Management of Companies and Enterprises (55)
 - Bank Holding Companies
 - Nonbank Holding Companies

- Corporate, Subsidiary, and Regional Managing Offices

This NAICS-based definition of the financial sector is mostly consistent with the SNA, although “corporate, subsidiary, and regional managing offices” may perform some nonfinancial functions.

The presentation of the financial sector in the NIPAs and GDP-by-Industry Accounts is more aggregated than the presentation in the financial accounts. The NIPA estimates of corporate profits before tax and the Fixed Assets Accounts (FAAs), for example, provide annual data for six financial subsectors:

- Federal Reserve banks
- Credit intermediation and related activities
- Securities, commodity contracts, and investments
- Insurance carriers and related activities
- Funds, trusts, and other financial vehicles
- Management of companies and enterprises.

The GDP-by-Industry Accounts (and compensation statistics in the NIPAs) show annual data for five subsectors, combining Federal Reserve banks and credit intermediation.² The NIPAs present gross value added of financial corporate business (NIPA Table 1.14). This more aggregated presentation, while useful in many ways, groups together institutions that face different markets, regulations, and risks, such as central banks, commercial banks, and nondepository institutions.

One challenge for both defining the boundary of the financial sector and for subsectoring finance in the NIPAs is that the estimates of corporate profits and the income from proprietors and partnerships are based on receipts less deductions from IRS tabulations of corporate income tax returns, adjusted for some conceptual differences. These data are reported at the company level; multi-establishment companies are classified on the basis of the principal industry of all establishments. Measures of profits for finance companies classified in one financial subsector based on the principal industry will include the profits of all establishments in the company, including both non-financial establishments and financial establishments in

² The detailed 5-year benchmark input-output tables (most recently produced for 2007) has the most detailed breakout: 1) Monetary authorities and depository credit intermediation; 2) Nondepository credit intermediation and related activities; 3) Securities and commodity contracts intermediation and brokerage; 4) Other financial investment activities; 5) Insurance carriers; 6) Insurance agencies, brokerages, and related activities; 7) Funds, trusts, and other financial vehicles; 8) Management of companies and enterprises.

other financial subsectors (companies classified as bank holding companies may own banks, for example). Similarly, measures of profits for nonfinancial companies may include the profits of financial establishments (such as captive finance companies). Because of these “company/establishment” problems, and because of the inclusion of some (mainly nonfinancial) activities of corporate, subsidiary and regional managing offices³, the boundaries of the financial sector and financial subsectors in the NIPAs and IMAs are not precisely measured.

The financial sector in the IMAs. The IMAs present estimates for six domestic sectors that reflect the definitions used in the NIPAs and the financial accounts: 1) households and nonprofit institutions serving households (NPISH), 2) nonfinancial noncorporate business, 3) nonfinancial corporate business, 4) financial business (corporate and noncorporate), 5) federal government, and 6) state and local government. The definition of financial business is consistent with the NIPAs. The goal of this paper is to divide financial business into subsectors in a way that is more consistent with the SNA.

The NIPAs/IMAs and the SNA differ in some ways that are worth noting but that probably do not have a major effect on financial subsectors. The SNA groups institutions into a slightly different set of five domestic sectors: 1) nonfinancial corporations, 2) financial corporations, 3) general government, 4) NPISH, and 5) households. A key difference is the treatment of noncorporate business, which includes sole proprietorships, general partnerships, and limited liability partnerships. In the IMAs and the NIPAs, noncorporate business is classified as either nonfinancial noncorporate business or as financial business. Our interpretation of the SNA is that limited liability companies and limited partnerships would be classified as “quasi-corporations” in the financial or nonfinancial corporate sectors while general partnerships and sole proprietorships would be classified in the household sector. Despite this sectoring difference we believe the NIPAs/IMAs and the rules of the SNA classify a similar set of major financial institutions in the financial sector.

Another difference is that NIPAs/IMAs and the SNA treat “government enterprises” in different ways but we think this problem is less important for the financial sector as well. Government enterprises are classified in the government sector in the IMAs and NIPAs but as “quasi-corporations” in the SNA. This issue is less important here because the major financial companies that are “government-sponsored enterprises” (GSEs) are not classified as

³ More specifically, the estimates of depreciation, taxes on production, and fixed investment for finance include the activities of corporate, subsidiary and regional managing offices.

government enterprises in the NIPAs and IMAs⁴; the NIPAs, IMAs, and the SNA place the GSEs in the financial sector. GSEs are financial corporations created by Congress but owned by stockholders, such as the Farm Credit System, Federal Home Loan Banks, Fannie Mae, and Freddie Mac.⁵

The financial business account in the IMAs. In the IMAs, each of the seven sectors has a set of current accounts (production and distribution of income accounts) and accumulation accounts (capital, financial, other volume changes, and revaluation accounts). These accounts show the factors leading to changes in net worth for each sector. The NIPAs provide data for current and capital accounts. The FRB’s financial accounts provide data for the IMA financial accounts. Both the NIPAs and the financial accounts provide data for the other changes in volume, revaluation, and balance sheet accounts.⁶

In the financial business account (Table 1), the current account summarizes the generation, distribution, and uses of income. Within the current account, the production account (rows 1-8) shows the contribution of the financial sector to total gross value added. (The sum of gross value added for all sectors equals Gross Domestic Income, or GDP plus the statistical discrepancy.) Gross value added is the sum of consumption of fixed capital (economic depreciation) and net value added, which equals the sum of compensation, taxes on production and imports less subsidies, and net operating surplus. Net operating surplus is a profits-like measure of income and equals the financial sector’s net interest and miscellaneous payments (private domestic industries), business current transfer payments (net), proprietors’ income, and corporate profits (corporate taxes, net dividends and undistributed profits).

The distribution of income account records the sources of income received by the financial sector (rows 9-26.), including income from the rest of the world. For the entire economy, “net national income” is equal to total national income in the NIPAs (NIPA Table 1.12, line 1), which is equal to net value added plus net income receipts from the rest of the

⁴ Government enterprises in the NIPAs are governmental units that sell goods and services to households and businesses and cover all or most of their expenses from revenue. In the federal government, there are 15 enterprises, including the U.S. Postal Service, regional electric power enterprises, and insurance enterprises such as NFIP and CPIC (which the SNA would place in the financial sector). For state and local governments, specific government functions—such as local transit, utilities, and liquor stores—are classified as enterprises.

⁵ In September, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship in response to a substantial deterioration in the housing markets that damaged Fannie Mae and Freddie Macs’ financial condition and left them unable to fulfill their mission without government intervention.

⁶ For more information on the IMAs, see Yamashita (2013) and Cagetti, Holmquist, Lynn, McIntosh, and Wasshausen (2012).

world. In Table 1, net national income is the share of national income received by the financial sector and equals the sum of net operating surplus plus net property income received. Property income received consists of interest, dividends, and reinvested earnings on U.S. direct investment abroad; property income paid consists of interest, dividends, withdrawals from quasi corporations, and reinvested earnings on foreign direct investment in the U.S. Net national income less taxes on income and wealth and less current transfers equals net disposable income. For financial business, net disposable income equals net saving.⁷

The capital account is the first of the accumulation accounts, which describe the change in the sector balance sheet for the period. The capital account (lines 27-33) records the net acquisition of nonfinancial assets and capital transfers involving the redistribution of wealth used for the purchase of capital. This account consists of net capital formation (gross investment less CFC in the NIPAs) and net capital transfers⁸, which include disaster-related insurance benefits, estate and gift taxes, and financial stabilization payments from the federal government. The sector is a net borrower if net saving is smaller than capital accumulation and a net lender if net saving is greater than capital accumulation.

The financial account (only a few rows of the IMA financial account are presented) records each sector's net acquisitions of financial assets and liabilities. A sector's net lending or borrowing equals its net acquisition of financial assets minus its net incurrence of financial liabilities. In principle, the value of net lending or borrowing in the financial account and the capital account should be equal because net saving not used for capital investment or for capital transfers must be used to acquire financial assets or to retire liabilities. However, the values for the two measures usually differ because of discrepancies in source data, timing differences, difficulties in adjusting the source data to remove holding gains from financial assets, and other reasons. To reconcile the two measures, the difference between NLNB derived from the two methods (line 33 minus line 79) is included as a statistical discrepancy (line 83) in the "other changes in volume account" which also records the effects of disaster losses (such as those from hurricanes) and other volume changes on net worth. The revaluation account shows the changes in net worth resulting from holding gains and losses on different types of assets and

⁷ In the published IMAs for the total economy, households/NPISHs and government sectors, net disposable income less final consumption expenditures equals net saving. In other sectors, including financial business, no final consumption expenditures currently exist, so net disposable income and net saving are equal.

⁸ For other sectors, the capital account also includes the acquisition of nonproduced nonfinancial assets and change in private inventories. Nonproduced nonfinancial assets transactions include purchases of land, payments for drilling rights, electromagnetic spectrum proceeds and miscellaneous international transactions.

liabilities, such as real estate and corporate equity. The change in net worth summarizes changes arising from all sources (net saving, net capital accumulation, other changes in volume, holding gains).

The current and capital accounts show several trends for the financial sector in the years before and after the financial crisis. Gross value added for the financial sector rose to \$1,127.6 billion in 2006, fell to \$851.9 billion in 2008, and then rose to \$1,307.1 in 2013. Net operating surplus (mainly corporate profits) and net national income also fell dramatically in 2007-2008 and then recovered. Net saving and net lending or borrowing turned negative for 2007-2008, rose quickly afterward, and declined from 2010 to 2013. In the financial account, net acquisition of financial assets and net incurrence of financial liabilities turned sharply negative in 2009 and recovered in the following years. For the financial sector, net worth has declined since 2008. These aggregate trends are difficult to interpret because they lump together trends of very different subsectors. The next sections provide separate estimates for some of these subsectors.

2. Depository Institutions

Depository institutions (“banks”) are financial intermediaries that take demand deposits from households and businesses. In the NAICS, depository credit intermediation (5221) includes commercial banks (52211), savings institutions (52212), credit unions (52213), and other depository credit intermediaries (52219). Our proposed method for estimating the current and capital account for banks relies mainly on Consolidated Reports of Conditions and Income (FFIEC 031/041, or Call Reports) for commercial banks and saving institutions, and National Credit Union Association (NCUA)’s Call Reports (NCUA 5300) for credit unions.

Depository institutions in the national accounts. The NIPAs do not publish separate series for depository institutions. Corporate profits before tax and corporate taxes are reported for credit intermediation and related activities (NAICS 522), which also include nondepository institutions. The estimates of corporate profits and taxes and income from proprietorships and partnerships are ultimately based on BEA estimates derived from tax-return data. For the year before the these data become available, the annual estimates of corporate profits of banks are based on Quarterly Banking Profiles from the FDIC⁹, but these estimates are later replaced by BEA estimates based on tax-return data. Profits of credit unions are based on net income after

⁹ In the NIPAs, the quarterly estimates of profits of banks are based on either the Quarterly Banking Profiles or the Call Reports. See Chapter 13 of the NIPA handbook for information on estimates of corporate profits.

dividend payments to shareholders and after interest refunds, from the NCUA. The NIPA estimates of output also include BEA's estimates of financial intermediation services indirectly measured (FISIM).

As mentioned previously, the reliance on company based tax-return data for the NIPA estimates creates a problem for subsectoring banks. Measures of banks profits will include the profits of non-bank establishments that are part of companies that are classified as banks. Similarly, measures of bank profits will exclude the profits of banks that are part of companies not classified as banks, such as bank holding companies (BHCs). Moreover, industry series may not be fully comparable over time: the classification of a company may change as a result of shifts in the level of consolidation of entities for which company reports are filed or as a result of mergers and acquisitions.

The GDP-by-Industry Accounts publish value added and gross operating surplus for the industry that consists of the central bank and credit intermediation and related activities. The industry accounts use data from the Economic Census to estimate gross output (and include BEA's estimates of FISIM) and extrapolate inter-census years with data from the Call Reports. For estimates of compensation, the industry accounts use the Quarterly Census of Earnings and Wages (QCEW) from BLS.

The financial accounts produce balance sheets for all private depository institutions, and for U.S. chartered depository institutions, credit unions, foreign banking offices in the United States, and banks in the U.S. affiliated areas. The data are based on regulatory filings by depository institutions – FDIC Call Reports for commercial banks and saving institutions, NCUA Call Reports, and Reports of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) for foreign banking offices in the United States. An advantage of these data is that the boundary of depository institutions is well-defined: the data cover only insured banking operations and not the operations of non-deposit taking entities.

Proposed method for depository institutions. The proposed method for estimating gross output, intermediate expenses, and other lines in the current and capital accounts for depository institutions relies primarily on the same data sources used for the financial accounts. Data for commercial banks and savings institutions come from Statistics of Depository Institutions (SDI) published by FDIC. Data for credit unions are available in Financial Performance Report (FPI) published by NCUA. The “SDI and FPR data” are compiled from Call Reports filed with these regulatory agencies. By relying on the same data sources as the financial accounts, our proposed method ensures consistency across the current, capital, and

financial accounts, and minimizes classification problems for banks that arise with the company-based data from consolidated tax returns.¹⁰

These classification problems with company-based data may be especially notable in recent years, when large banks (often affiliated with BHCs) acquired smaller, independent banks, which were then submerged into larger BHCs (NAICS 5511). As a result of this industry consolidation, the measured size of the depository credit intermediation sector can shrink spuriously over time in company-based data. The SDI data report banks' affiliation with BHCs and confirm that in recent years, larger banks that are subsidiaries of BHCs have been buying independent banks (Figure 1). After 2007, several measures of expenses (the number of offices, employees, compensation, and non-interest expense) drop sharply for banks not affiliated with BHCs but stay stable or rise for BHC-affiliated banks. After 2007, estimates for depository institutions derived from company-based tax-return data alone may be biased because of the acquisition of smaller independent banks by larger banks owned by BHCs. By using SDI and FPR data, we avoid misclassification of subsidiary banks.

For similar reasons, the SDI and FPR data provide more reliable estimates of dividends paid by depository corporations. In the NIPAs (Table 6.20D), net corporate dividends paid by the credit intermediation sector (line 54, derived by BEA from company-based data from tax returns) vary between \$6 and \$16 billion from 2001 to 2011, but net dividends paid by banks in the SDI/FPR data are far larger, ranging from \$45 to \$104 billion. These results imply --- implausibly, we think -- that the non-depository credit intermediation sector pays large negative net dividends. We suspect that net dividends in the NIPAs include only dividends paid by banks and nondepository institutions not owned by BHCs. Net dividends paid by BHCs are reported under management of companies (line 65), but this line excludes the BHCs' receipts of dividends from subsidiary banks. We think the SDI data correctly capture dividends paid by subsidiary banks to their parent BHCs.

Another benefit of our proposed method is that it captures all compensation paid by banks rather than compensation paid solely at banking establishments. The SDI and FPR data report compensation paid by depository institutions regardless of where the employees work. The QCEW, on the other hand, is establishment-based and assigns some establishments belonging to depository institutions to other industries. Specifically, bank employees in call centers and data processing (back office support) centers are assigned to NAICS 56142 and

¹⁰ We therefore limit the scope of the sector to banks that have access to deposit insurance and that file regulatory reports. The exclusion of uninsured banks is not a significant problem. In 2012 Economic Census, "other depository credit intermediation" 0.2% of the total revenue of the depository credit intermediation sector.

51821 in the QCEW, so the QCEW may understate compensation (and overstate net operating surplus) for banks. A finding that is consistent with this problem is that estimates of employment from the Economic Census, which is establishment-based but adjusted to an enterprise basis with the establishment's Employer Identification Number (EIN), are always larger than estimates from the QCEW (Table 2).

One problem with the compensation data in the SDI is that it includes compensation in foreign offices, so we must subtract an estimate of foreign compensation to estimate domestic compensation. The SDI data report income and expenses on the world-wide basis,¹¹ but the banks also report income and expenses incurred in foreign offices (file FFIEC 031), so we can easily subtract the income and non-interest, non-compensation expense from foreign operations. However, banks do not report foreign compensation, so we must estimate this expense. Some banks incur significant expenses in foreign offices: Citibank, N.A. has the largest international operations of all banks: its domestic employment accounts for only 31 percent of its world-wide employment. Employment is noticeably higher in the SDI than in the Economic Census (Table 2), a finding consistent with the inclusion of foreign compensation in the SDI data. We estimate that domestic compensation is 79-86 percent of total worldwide compensation based on an analysis of 2007 data from the Economic Census and SDI data.¹²

Table 3 summarizes our proposed approach for estimating the IMA current and capital account. Gross output for depository institutions includes explicit fees charged for services and income from financial intermediation services indirectly measured (FISIM).¹³ Gross value

¹¹ Although only few banks have substantial international operations, they comprise a major portion of the banking industry. In 2013, only 56 institutions (0.8 percent) out of 6,798 report having foreign offices, but these few banks account for 43.4 percent of total banking offices domestically, 60.8 percent of domestic interest income and 73.9 percent of domestic fee income earned by all SDI institutions.

¹² The proposed measures based on SDI/FPR data have a few additional minor shortcomings. First, the SDI data reflect the operations of banks that operate in the U.S. territories, while the NIPAs and Industry Accounts currently exclude activities in the territories. Second, the NIPAs measure compensation from defined-benefit (DB) pension plans on the accrual basis, consistent with the SNA, but the SDI/FPR data report compensation from DB plans on a cash basis. Because employer contributions to DB pension plans are a small fraction of total compensation, we expect this problem to be minor.

¹³ As defined in the SNA, gross output for depository institutions also includes the spread between ask/bid price and the mid-price for foreign exchange transactions. We are unable to estimate the third part but we think this problem is minor. For the Call Reports, banks are only required to report total gains and losses from foreign exchange trading so we cannot separate the implicit service fees from holding gains and losses from currency fluctuations. For U.S. banks, we suspect these service fees are relatively small as exporters and importers can invoice in dollars and do not rely on banks for foreign exchange.

added (Table 3, line 1) equals gross output less non-interest operating expense (based mainly on SDI/FPR data). Net value added (GVA less CFC from the NIPAs) equals compensation, taxes on production (NIPAs) and net operating surplus (derived by subtraction). Net operating surplus includes profits and excludes net interest income: net interest received is part of profits, but the addition of net interest paid removes interest income. Net income equals net operating surplus plus net interest and dividends received (mainly from SDI/FPR data) plus net other property income received (SDI/FPR and other sources). The NIPAs provide current taxes and transfers, capital transfers, and gross fixed capital formation. Net saving and net lending or borrowing are derived.

Recent trends. Gross value added for depository institutions (Table 4) fell from \$313 billion in 2007 to \$239 billion in 2011 and still remained below pre-crisis levels by 2013. The trends in gross value added for depository institutions and for financial business as a whole clearly differ, a result that underscores the value of estimating accounts for financial subsectors. Net operating surplus (mainly profits) fell from \$134 billion in 2007 to \$38 billion in 2011. Our estimates, which depict a modest recovery after 2011 and a lower level of gross value added and net operating surplus in the sector in 2013 than in 2007, seem consistent with the history of bank failures (Figure 2). The number of bank failures increased almost four-fold in 2009 from a year earlier. The bank failures peaked in 2010 and gradually declined. However, banks were still failing in 2013 at a rate faster than in years before 2007.

Net national income, which includes net interest and dividends receipts, followed a different pattern: it rose to \$92 billion in 2006, fell to \$74 billion in 2007, rose sharply to \$137 billion in 2008 and to \$181 billion in 2010, and remained at \$130 billion by 2013. The trend in national income in these years is largely explained by trends in net interest receipts (Figure 2), which grew substantially after 2007 because interest paid by banks fell much more than interest received. Banks tend to receive interest on long-term assets, often at fixed rates (mortgages) and pay interest on short-term liabilities (deposits); as interest rates declined, interest payments adjusted to the new rates faster than interest receipts, and net interest received by banks increased notably. Dividends paid also fell sharply in 2008, contributing to the increase in net national income. As a result of these trends, net saving rose from \$29 billion in 2007 to \$174 billion in 2009 and remained at \$79 billion by 2013. Net lending or borrowing followed a similar pattern. In sum, the trends in the current and capital accounts added to the net worth of depository institutions during these years.

The estimates of net lending for depository institutions differ in the current and capital account (Table 4) and in the financial accounts (from the FRB). According to the estimates of net lending or borrowing from the financial accounts (Financial Accounts, Table F 109, line 3)

, depository institutions were net borrowers in 2001-2002, 2004, and 2009 -2012; in 2009, net borrowing was \$317 billion. On the other hand, our measures show consistently positive net lending for this sector.

3. Federal Reserve Banks

The central bank of the United States is the Federal Reserve System, which includes the Board of Governors and twelve regional, private Federal Reserve banks. The Fed¹⁴ conducts the nation's monetary policy by influencing money and credit conditions, supervises and regulates banks and other financial institutions to ensure the safety and stability of the banking and financial system, contains systemic risk in financial markets, and provides some financial services to the U.S. government, U.S. financial institutions, and foreign official institutions, and plays a major role in operating and overseeing the nation's payments systems. In the NIPAs, the IMAs, and the GDP-by-Industry accounts, the Board of Governors is classified in the federal government sector, while the Federal Reserve banks are classified as private for-profit financial corporations. For several reasons, we believe the best way to create a separate account for the Federal Reserve banks is to treat them as non-market producers rather than as for-profit corporations.

Federal Reserve banks in the published NIPAs. In the NIPAs, corporate profits before tax from the Federal Reserve banks is estimated as total current income less current expenses and assessments. (See Table 10, "Income and expenses of the Federal Reserve Banks, by Bank, 2013" from the Fed's *2013 Annual Report*; hereafter "FRB Table 10") Current income (\$91,150 million in 2013, middle of page 1 of FRB Table 10) consists mainly of interest income. Interest income comes mainly from holdings of treasury securities, Federal agency and government-sponsored enterprise mortgage-backed securities, and government-sponsored enterprise debt securities. "Priced services" are payments for services to depository and other institutions such as collecting checks, operating an automated clearinghouse (ACH) service, transferring funds and securities, and providing a multilateral settlement service. "Compensation received for services provided" are payments made by Federal Reserve banks to one another for ACH services, Fedwire funds transfer, securities transfer services, and the provision of electronic access services to depository institutions (footnote 2, FRB Table 10). Securities lending fees and other income are received from private banks.

¹⁴ http://www.federalreserve.gov/faqs/about_12594.htm

Net expenses (\$9,135 million in 2013, page 1-2 of FRB Table 10) consist of expenses for personnel, administration, building, “compensation received for services provided” (which offsets the identical income line), pension expenses, interest expenses (footnote 5 of FRB Table 10), and other items.¹⁵ The Federal Reserve banks also pay assessments (\$1,845 million in 2013) for activities classified as part of the federal government sector in the NIPAs: currency costs, the Board of Governors, the Consumer Financial Protection Bureau, and the Office of Financial Research within the Treasury Department.

For the NIPAs, the profit before tax of Federal Reserve banks (unpublished) equals net income less assessments and some minor adjustments, or about \$80,200 million. For the Federal Reserve banks, net income less assessments, plus additional adjustments for items not classified as income from current production in the NIPAs, appears as earnings remittances to the Treasury (\$79,633 million in 2013). In the NIPAs, these earnings remittances are classified as a corporate tax, the assessments are classified as a current transfer from business to government, and dividends to member banks are classified as corporate dividends.

The monetary authority as a nonmarket producer. While the Federal Reserve banks are legally private banks that provide some services to financial institutions for a fee, they function in many ways like a nonmarket producer controlled by government. They produce mainly collective services: they conduct monetary policy, regulate financial institutions, and ensure the soundness of the financial system. The SNA supports its treatment as a nonmarket producer that is a public corporation in the financial sector:

- *SNA 6.151 ... There are three broad groups of central bank services...monetary policy services, financial intermediation and borderline cases. Monetary policy services are collective in nature, serving the community as a whole, and thus represent non-market output. Financial intermediation services are individual in nature and in the absence of policy intervention in the interest rates charged by the central banks, would be treated as market production. The borderline cases, such as supervisory services, may be classified as market or non-market services depending on whether explicit fees are charged that are sufficient to cover the costs of providing the services.*

- *6.152 ... a distinction should be made between market and non-market output but in practice the possible resource intensiveness of the exercise and the relative importance of making the distinction should be considered before implementing the conceptual recommendations. In cases where market output is not separated from non-market output, the*

¹⁵ Recoveries (payments to recover the costs of unpriced services), expenses capitalized, and reimbursements are negative costs. These items may or may not be current operating expenses and their correct timing in the IMA account is unclear, but changing the treatment of these expenses will have only minor effects on the sector.

whole of the output of the central bank should be treated as non-market and valued at the sum of costs.

A problem with treating the Federal Reserve banks as for-profit financial corporations is that the estimates of net operating surplus (the net return on capital) are persistently negative, a theoretically implausible result. In the currently published IMA estimates, net operating surplus for the Federal Reserve banks (part of net operating surplus for financial business) equals profits before tax (which include substantial net interest receipts) plus the capital consumption adjustment (small) plus net interest paid (which offsets net interest receipts). In other words, net operating surplus mainly equals non-interest receipts less non-interest expenses, and is usually negative.

While this problematic result does not appear in the published IMAs and NIPAs, which do not publish a separate net operating surplus value for the Federal Reserve banks, it will appear with the publication of a separate central bank account. When the Federal Reserve banks are instead treated as nonmarket producers, net operating surplus is by definition fixed at zero, avoiding the problem¹⁶. The size of this revision to net operating surplus (an upward revision from of \$1 to \$4 billion) is small as a proportion of the net operating surplus of the entire financial sector (\$200-\$400 billion from 2000-2013). Accordingly, the treatment of Federal Reserve banks as nonmarket producers is consistent with the SNA, more accurately describes the Fed's function, resolves problems with the for-profit treatment, and has only minor effects on gross value added, net operating surplus, and other major aggregates.

The proposed monetary authority account. The proposed IMA account (Table 5) measures the activity of the Federal Reserve banks. We leave the Board of Governors in the federal government sector, consistent with the current NIPA treatment. The main data source for most of these estimates is still “Table 10: Income and Expenses of the Federal Reserve Banks” (FRB Table 10) from annual reports for several years.

Gross value added equals the sum of CFC, compensation, taxes on production and imports (from the NIPAs and FRB Table 10) and net operating surplus, now set to zero. Net income equals net operating surplus plus net property income received, which consists mainly of net interest received. Interest received in 2013 equals \$90.5 billion (“total interest income”

¹⁶ SNA 20.71...by convention no return to capital on assets used in non-market production is included when output is estimated as the sum of costs. Consequently gross operating surplus is equal to the consumption of fixed capital and net operating surplus is zero (possibly excepting small amounts of operating surplus coming from secondary market production).

in FRB Table 10). Interest paid equals monetary interest paid (part of operating expenses on the second page of the table) plus the NIPA estimate of FISIM. Dividends paid (page 3 of FRB Table 10) equal \$1,649 million in 2013. Consistent with the published NIPAs, the earnings remittance to the Treasury is classified as a corporate tax, and the assessments are classified a current transfer paid to government. For nonmarket producers, net saving equals disposable income less final consumption expenditures (line 26), which equals non-interest expenses less non-interest receipts from sales. (This line did not exist when the sector was treated as for-profit.) Capital formation (fixed investment) is based on FRB Table 10 and BEA estimates.

The treatment of the Federal Reserve banks as a nonmarket producer leads to minor revisions, relative to the published estimates (more precisely, relative to the unpublished detail that are part of published aggregates, in which the Federal Reserve banks are treated as for-profit corporations). Revisions to net value added, gross value added, and net income are equal to the (minor) upward revision to net operating surplus. Interest, dividends, fixed investment, CFC, compensation, taxes on production, corporate taxes, and current transfers are all unrevised. Net saving and net lending or borrowing are both unrevised when the FRB is treated as a nonmarket producer because the revisions to disposable income and final consumption expenditures offset one another.

One of the main advantages of providing a separate account for the Federal Reserve banks is the identification of the rising interest receipts and corporate taxes paid after the financial crisis.¹⁷ Many other series are fairly stable during these years. The statistical discrepancy for net lending or borrowing for this sector accounts for only a small portion of the statistical discrepancy for financial business.

The treatment of FISIM. One research topic for the future is the treatment of central bank FISIM. The proposed account and the published IMAs and NIPAs include imputed interest paid by the central bank for FISIM. In recent years, central bank FISIM has been steady at \$1-\$3 billion in the NIPAs, even during the growth in commercial bank deposits at the Fed during the financial crisis. The NIPA estimates extrapolate central bank FISIM with FRB expenses, which have been stable during the past several years. From the 2003 *Survey of Current Business* article on FISIM:

- *The assets of commercial banks also include balances due from Federal Reserve Banks, which include required reserves. In exchange for the user cost of these balances due (which equals the amount they would have earned if they had been invested at the reference rate of*

¹⁷ Interest and profit flows related to Variable Interest Entities (VIEs) are not included in the central bank accounts in this paper, the NIPAs or the IMAs; the financial accounts classify these entities as funding agencies.

*interest) banks are assumed to receive implicit services from the Federal Reserve Banks of equivalent value. To be consistent, implicit services from the Federal Reserve Banks are also imputed to the Federal Government on Treasury deposits, to the rest of the world on international deposits, and to business in connection with other deposits. Therefore, the total output of the Federal Reserve Banks equals the user cost of their deposit liabilities; no output is imputed in connection with their assets because they consist primarily of securities that earn the reference rate of interest. In the revised measures, the implicit services of Federal Reserve Banks that are consumed by commercial banks are treated as an intermediate input.*¹⁸

In other words, commercial banks keep deposits at the Fed for payment clearing and liquidity management purposes, so the Federal Reserve banks must be producing unpriced services. The only incentive to keep deposits at the Fed (besides complying with reserve requirements) was to receive unpriced services, especially when the Federal Reserve banks paid zero interest on deposits. In the NIPAs the Federal Reserve banks pay imputed interest to the commercial banks to purchase these services. This imputed income raised the net operating surplus of the Federal Reserve banks.

With the financial crisis, the Federal Reserve banks' reserves grew considerably, so perhaps central bank FISIM should also have grown. Fixler and Zieschang¹⁹ attempt to measure Federal Reserve FISIM. They define SNA FISIM "to comprise three main components: account servicing on both asset and liability financial instruments, asset management on assets, and what we will call 'risk intermediation' on liabilities." Their FISIM estimates for the Federal Reserve grew to around \$50 billion after the financial crisis, as the Federal Reserve banks took on more deposits and risk.

Alternatively, one could argue that the Federal Reserve banks, even when treated as for-profit corporations, either do not produce FISIM or produce a level of FISIM (for check clearing and related services) that does not depend on the size of deposits at the Fed or on interest rates. Banks' decisions about the level of deposits to keep at the Fed primarily reflect a response to monetary policy rather than a choice to receive implicit services. Before the crisis, banks kept close to the minimum required reserves at the Fed, even though no interest was received, mainly because they were required to do so. After the crisis, deposits held at the Fed rose as a consequence of Federal Reserve banks' lending to keep financial markets flowing; banks were arguably not receiving additional implicit services. The Federal Reserve banks

¹⁸ Dennis J. Fixler, Marshall B. Reinsdorf, and George M. Smith. "Measuring the Services of Commercial Banks in the NIPAs," Survey of Current Business, September 2003.

¹⁹ Dennis Fixler and Kimberly Zieschang. "Financial Services Output in the National Accounts: Evidence from US Banking Data" December 2013 paper presented at the AEA meetings.

began to pay interest on deposits to keep interest rates close to target levels;²⁰ it is unclear whether these interest payments should affect an estimate of FISIM that banks receive from the Fed. Once we treat the Federal Reserve banks as nonmarket producers and measure their output as the sum of expenses, then the expenses to provide check clearing and similar services to banks are already counted in gross output, and so there may be no need to estimate additional implicit services.

4. Property-Casualty and Life Insurance

The 2008 SNA (4.115) defines the insurance sector as “incorporated, mutual and other entities whose principal function is to provide life, accident, sickness, fire or other forms of insurance to individual institutional units or groups of units or reinsurance services to other insurance corporations.” The SNA insurance subsector corresponds to NAICS industry 5241, “Insurance carriers.” Insurance agents and brokers are classified as financial auxiliaries in the SNA and as “Agencies, Brokerages, and Other Insurance Related Activities” in NAICS (5242). In this section, we focus on the insurance carriers.

The insurance subsector provides financial protection to policyholders by pooling risk and by providing financial intermediation services by investing reserves to help cover extraordinary losses. Policyholders make regular payments of premiums to insurance companies in exchange for guarantees of payments/reimbursement in the event of death, accidents, sickness, and so on. Insurance companies invest the premiums paid by policyholders and use premiums and investment income to pay claims, meet operating costs, build up insurance reserves to cover future claims, and earn profits.

In the NIPAs, treatment of the property casualty insurance industry is largely consistent with the SNA.²¹ The output of the property casualty insurance industry is measured as direct

²⁰ Todd Keister and James J. McAndrews. “Why Are Banks Holding So Many Excess Reserves?” *Current Issues in Economics and Finance* Volume 15, Number 8, December 2009. Also note that if we eliminate central bank FISIM, there will be offsetting effects on imputed interest for banks that received central bank FISIM.

²¹ In the SNA, the output of direct insurance is the “margin that insurance companies can retain” after premiums and investment income on premiums (“premium supplements”) is earned, and claims are paid. A portion of investment income earned on premiums is imputed to policyholders; the SNA shows this investment income paid as a separate line under property income titled “investment income attributable to insurance policy holders,” disaggregated into life and non-life insurance pieces. Net premiums earned (defined as “actual premiums plus premium supplements less the insurance service charge payable by policy holders,” SNA 17.35) are netted with actual claims paid and are recorded as current transfers, with the exception of insurance

premiums earned plus premium supplements (the investment income insurance companies expect to earn from the investment of reserves) minus normal losses (estimated expected losses based on the history of past claims) and dividends to policyholders. The premium supplements also appear in the NIPAs as an imputed interest payment from insurance companies to policyholders. The difference between actual losses and normal losses, or “net insurance settlements,” is recorded as a business current transfer from insurance companies to policyholders.²² In the event of a major disaster such as Hurricane Katrina²³ in 2005, insurance payouts for damages are classified as capital transfers rather than current transfers.

Life insurance carriers provide services that combine both insurance and saving. They earn property income (dividends and interest) on insurance reserves that are held for the benefit of policyholders and that will be paid out to the beneficiaries as distributions of income in the future. In the NIPAs, life insurance carriers charge policyholders an imputed fee that is equal to the institutions’ operating expenses for the services provided. The imputed fees are included in gross value added of life insurance and are treated as personal outlays and are recorded as “life insurance” in PCE. The property income of life insurance carriers is recorded as “imputed interest received from life insurance carriers” in personal interest income.²⁴

The published estimates for the NIPAs and GDP-by-Industry accounts are generally similar. The estimates for insurance in both the NIPAs and GDP-by-Industry accounts differ from the SNA in that they combine insurance carriers and brokers. (The benchmark input-output accounts do provide separate estimates for carriers and brokers.) Nonprofit carriers are

reimbursements for catastrophes, which are recorded as capital transfers paid by insurers and received by policyholders.

²² See Baoline Chen and Dennis J. Fixler, “Measuring the Services of Property-Casualty Insurance in the NIPAs,” *Survey of Current Business* 83 (October 2003): 10–26; Brent R. Moulton and Eugene P. Seskin, “Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts,” *Survey of Current Business* 83 (June 2003)

²³ An event is classified as a disaster or catastrophe if losses incurred are equal to or greater than 0.1% of GDP. See Eugene P. Seskin and Shelly Smith, “Preview of the 2009 Comprehensive Revision of the NIPAs: Changes in Definitions and Presentations,” *Survey of Current Business* 89 (March 2009)

²⁴ Personal saving is raised by the amount that the property income of these institutions exceeds the imputed fees that are added to PCE. The underwriting income of life insurance carriers (premiums less benefits) is treated as a transfer payment within the personal sector; this intrasectoral transaction is not recorded in the NIPAs. See NIPA Handbook, Chapter 5, Personal Consumption Expenditures at www.bea.gov

included in insurance industry in the GDP-by-Industry accounts and benchmark input-output accounts, but not in the estimates of insurance in the NIPAs (they are in the NPISH sector).²⁵

The financial accounts provide separate accounts for property-casualty insurance carriers and life insurance carriers. The financial accounts classify nonprofit insurance carriers and insurance brokers in the households and institutions sector.²⁶

Proposed treatment. The estimates (Table 6) are derived from NIPA estimates. BEA source data for many insurance-related series are available at the 4-digit NAICS level, but only at the 3-digit NAICS level (carriers and brokers combined) for TOPI, business current transfer payments, proprietors' income, and compensation. For these series we use the Economic Census and other sources to estimate shares for carriers.

Gross value added is the sum of compensation (mainly from the QCEW), taxes on production and imports (BEA estimates), CFC (from BEA's fixed assets accounts) and net operating surplus. Net operating surplus equals the sum of corporate profits before taxes, net interest paid, the capital consumption adjustment, net business current transfer payments, and proprietors' income. Interest received includes both imputed interest (from BEA estimates) and monetary interest. Interest paid also includes monetary and imputed interest; consistent with the SNA, this imputed interest includes imputed interest paid by life insurance carriers and property and casualty insurance companies to policyholders. Current transfers paid includes net insurance settlements paid by insurance companies. Capital transfers paid (net) include net disaster-related payouts by insurers (BEA estimates) as well as financial stabilization payments received by insurers from the federal government.

Results. The results (Table 7 and Figure 3) highlight the additional information obtained by producing a separate account for insurance carriers within the financial sector. Throughout the period estimated, gross value added for insurance ranged between 21% and 30% of gross value added for financial business. Net operating surplus and net lending or borrowing has been more stable for insurance carriers in recent years than for financial business as a whole: for financial business, net operating surplus fell by over \$300 billion in 2006-2008 and then rose by over \$200 billion afterward; for insurance carriers, the changes were proportionately smaller. At the same time, the volatility in net operating surplus (and other measures) for insurance as a whole

²⁵ See Chapter 13 of the NIPA handbook for more details on the estimates of corporate profits for insurance.

²⁶ Insurance estimates in the financial accounts are largely based on source data purchased from SNL Financial; their insurance carrier estimates include most insurance companies that file blue blanks (for life or health insurance) or yellow blanks (for property and casualty insurance) with state regulators.

(carriers and brokers) arises mainly from the insurance carriers rather than from the brokers (who are classified as financial auxiliaries).

Both the capital accounts and the financial accounts confirm that insurance carriers are net lenders (Net lending/net borrowing above zero) for most years. The financial account measure of net lending/borrowing is also greater than the capital account measure for most years, and is more volatile. A distinguishing feature of the insurance carrier subsector is that, unlike other financial subsectors, it is a net payer of interest, largely because interest paid includes imputed interest paid by life insurers to households and businesses.

5. Pensions

Pension funds are personal savings for retirement. The SNA defines the pension sector as “social insurance schemes [that] may be organized by employers or by government, they may be organized by insurance corporations on behalf of employees or separate institutional units may be established to hold and manage the assets to be used to meet the pensions and to distribute the pensions. The pension fund subsector consists of only those social insurance pension funds that are institutional units separate from the units that create them” (SNA 4.116). Economic activity related to the management of pension funds is reflected in the separate financial auxiliary subsector (SNA 4.112g).

Employer-sponsored retirement plans include defined contribution plans, which provide benefits during retirement based on the amount of money that has accumulated in an employee’s account, and defined benefit plans, which provide benefits during retirement based on a formula that typically depends on an employee’s length of service and average pay among other factors. To fund promised benefits to retirees, defined benefit plans primarily rely on contributions from employers and employees as well as interest and dividend income earned on the financial assets that the plans hold. In addition, many plans hold assets that are expected to yield capital gains, which are treated as changes in the balance sheet rather than as current income in the NIPAs.

Pensions in the NIPAs. In 2013, BEA adopted the accrual accounting approach for measuring pension income and entitlements, relying on actuarial estimates of pension costs. This treatment is largely consistent with the SNA. BEA treats defined benefit pension plans as “pass-through” entities that are effectively owned by the household sector and classifies these plans as financial corporations that receive contributions and property income on behalf of plan participants but do not have income or saving of their own. The proposed current and capital

account for the pension sector in the IMAs is very similar to the current NIPA treatment which is summarized in NIPA Table 7.20 (shown in Table 8) ²⁷

Current receipts (line 1) consist of output, contributions, and income receipts on assets. Consistent with the SNA, the output of pension plans (line 2) measures the implicit sale of the administrative expenses or service charges of the pension plan to households (SNA 17.135) and is included in PCE. Contributions include “claims to benefits,” which consist of actual monetary contributions by employers and employees and a measure of imputed employer contributions for defined benefit plans. Because actual employer cash contributions for defined benefit pension funds frequently deviate from actuarially computed changes in pension fund liabilities in a given period, imputed employer contributions are required to put the contributions (and measures of employee compensation) on an accrual basis. Imputed employer contributions equal total employer normal cost (the actuarial value of benefit entitlements earned through service in the period) plus pension service charges, less actual employer and employee contributions. Imputed employer contributions are positive when plans are underfunded and employers need to make “catch-up payments” to close funding gaps.²⁸ The employer contributions are effectively income to households, who then transfer the contributions to the pension plan.

Income on assets received by pension plans (lines 11-15) include monetary interest and dividends earned on the assets held by the plan and imputed interest earned on the unfunded actuarial liabilities. The interest and dividend income that the pension fund earns by investing in financial assets are passed through to households as imputed payments of interest and dividend income, and the households reinvest the same amount of income in the fund in the form of “household pension contribution supplements” (line 9). Current receipts are recorded net of service charges for defined contribution and defined benefit plans.

The current expenditures of the pension plan sub-sector will consist of administrative expenses (line 17, equal to output in line 2), imputed income payments on assets to persons (which were rerouted to the pension plan as contribution supplements), benefit payments and

²⁷ See “Preview of the 2013 Comprehensive Revision of the National Income and Product Accounts: Changes in Definitions and Presentations, *Survey of Current Business*, March 2013. See also Reinsdorf, Marshall “Comment on the Treatment of Defined Benefit Pension Plans in the SNA,” April 2, 2013, Presented at the Working Party on Financial Statistics Workshop on Pensions, April 22-24, 2013. Reinsdorf, Lenze, Rassier, “Bringing Actuarial Measures of Defined Benefit Pensions Into the U.S. National Accounts,” July 2014

²⁸ Reinsdorf, Lenze, Rassier, “Bringing Actuarial Measures of Defined Benefit Pensions Into the U.S. National Accounts,” July 2014, p. 18.

withdrawals, the net change in benefit entitlements for defined benefit plans, and the net change in assets from current transactions for defined contribution plans.²⁹ A pension plan distributes benefit payments and withdrawals of employee contributions to persons. These distributions reduce households' claims for future benefits; the net growth in claims on a pension plan for future payments of benefits is known in the SNA as the "adjustment for the change in benefit entitlements" (SNA 17.140), and counts as income for households in an accrual accounting framework. This adjustment for the change in benefit entitlements represents the difference between the cash accounting and accrual accounting measures of household income.

With these adjustments, distributions paid by the plan to households will equal contributions to the pension plan. The equality between adjusted distributions and contributions implies that net current transfers from the pension plan sector to the household sector will be zero. The corporate profits and undistributed profits of the pension plan subsector will be zero, because all accrued income is passed through to persons. Also, because the pension funds' monetary and imputed interest and dividends are paid out in the form of imputed interest and dividends to persons, the pension plan subsector's net interest paid (interest paid less received) and net dividends (paid less received) are zero.

The NIPA treatment of defined contribution and defined benefit pension funds is similar to the SNA in most respects, but there are a few differences. First, if a defined contribution pension plan has an unfunded actuarial liability, the national accounts show an imputed interest expense for the employer, who is responsible for making up the foregone investment earnings of the underfunded plan. In effect, the imputed interest charge reflects an implied loan from the pension fund to the employer. Second, as Table 7.20 shows, the NIPAs assume that the imputed interest payable to households on benefit entitlements is equal to the sum of the actual property income and the imputed interest received by the plans. In contrast, the SNA recommends that the interest accrued on benefit entitlements be calculated from the actuarial assumptions alone. The third difference is that the national accounts show an accrual approach throughout the pension account, including measures of disposable income and saving. The SNA disposable income measures are based on cash benefits, but measures of savings are based on accrued benefit entitlements. Fourth, contributions are recorded as social contributions received in the SNA (SNA 17.136), but as current transfers received in the national accounts.

²⁹ In the SNA, this measure is shown in the use of income account between measures of disposable income and saving, and is payable to households by the pension fund (SNA 17.140).

The treatment of the pension subsector in the financial accounts is similar to the treatment in the NIPAs. The financial accounts, like the NIPAs, present a consolidated private and pension fund table and separate tables for private, federal government, and state and local government funds. Each pension fund table includes both defined benefit and defined contribution pension funds. The assets include specific instruments as well as unfunded claims of the pension fund on the pension sponsor. Pension liabilities reflect the actuarial value of accrued pension entitlements in defined benefit plans and assets of defined contribution plans. The liabilities of the pension funds are assets of the household sector. Financial flows of assets generally equal the flows of liabilities, consistent with treating the fund as a pass-through. The balance sheet shows funded and unfunded pension entitlements for defined benefit plans. In the financial accounts, the measure of net lending/net borrowing for the financial accounts is close to zero.

Proposed IMA account for the pension subsector. The proposed IMA pension subsector methodology largely mirrors the treatment of defined benefit and defined contribution pensions in the NIPAs and is largely a restatement of NIPA Table 7.20. The IMA pension subsector includes only the pension funds; activities related to the management of pension funds (such as output) are excluded, as the SNA classifies pension fund management activities in the “financial auxiliaries,” subsector. Consistent with the treatment of pension fund economic activity as a “pass-through” to the household subsector, our proposed subsector shows net operating surplus, net interest, net dividends, disposable income, net savings, and net lending/net borrowing of zero in all years. To provide as much information as NIPA Table 7.20, we add to the IMA account some additional rows of detail on current transfers paid and received, which net to zero, and also cash flow.

6. Remaining Financial Subsectors

We can also estimate an additional account for all remaining financial subsectors by subtracting the estimates for depository institutions, the Federal Reserve banks, pensions, and insurance companies from the published financial business account. As we have noted, the boundaries of the IMA financial sector and this residual financial subsector are imperfectly estimated, mainly because of limitations of source data, but the results are nevertheless useful. Based on the NAICS, this subsector includes the nondepository portion of credit intermediation and related activities; securities, commodity contracts, other financial investments and related activities; insurance brokers; funds, trusts, and other financial vehicles (other than pension funds); and management of companies and enterprises (including holding companies).

According to the more detailed financial accounts, the residual subsector should include money market mutual funds, mutual funds, closed-end and exchange-traded funds, the GSEs, agency- and GSE-backed mortgage pools, issuers of asset-backed securities, finance companies, real estate investment trusts, security brokers and dealers, holding companies, and funding corporations.

Gross value added for this financial subsector fell from \$538.4 billion in 2006 to \$286.5 billion in 2008 and then increased to \$697.6 billion in 2013. This subsector was a significant contributor to the downturn in total gross value added during the recession. Net operating surplus fell from \$82.8 billion in 2006 to -\$212.3 in 2008 and then recovered. National income also turned negative in 2007-2008. Both interest paid and received fell by more than half after 2007. Net lending or borrowing turned negative starting in 2004, fell to -\$226.1 billion in 2008, and turned positive again until 2013.

7. Conclusion

In this paper, we use the framework of the Integrated Macroeconomic Accounts to develop experimental estimates for several subsectors of the existing financial business account in the IMAs. These estimates for depository institutions, the Federal Reserve banks, property-casualty and life insurance companies, defined benefit- and defined-contribution pension funds, and all other financial business are consistent with the recommendations for a more detailed presentation of financial business from the SNA and from the G-20 Data Gaps Initiative. The estimates reflect the use of data from regulatory reports (Call Reports) for depository institutions, the treatment of Federal Reserve banks as a nonmarket producer, and the accrual basis treatment of defined-benefit pension plans.

The results confirm that recent trends in gross value added varied considerably across these financial subsectors (Figure 4). Put another way, these subsectors made different contributions to changes in GDI over the course of the recession and recovery. Similarly, recent trends in other major aggregates (net operating surplus, net national income, net interest received, net lending or borrowing) also varied across the financial subsectors, which have different goals and face very different markets, risks, and regulations. A major share of the large declines in gross value added, net operating surplus, net national income, and net lending or borrowing -- resulted from trends in the other financial institutions. All of these results show the value of a more disaggregated presentation of the financial sector.

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Table 1: The Integrated Macroeconomic Account for Financial Business

[Billions of dollars]

Line		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Current account														
1	Gross value added	847.2	849.0	885.6	922.1	1,034.3	1,127.6	1,068.8	851.9	1,015.4	1,042.8	1,045.8	1,178.3	1,307.1
2	Less: Consumption of fixed capital	115.6	122.1	130.0	139.3	148.9	156.8	165.4	173.9	177.4	176.7	168.6	174.1	182.2
3	Equals: Net value added	731.6	726.9	755.6	782.8	885.5	970.9	903.4	678.1	838.0	866.1	877.2	1,004.1	1,124.9
4	Compensation of employees (paid)	445.6	444.0	460.5	498.5	535.4	579.8	618.2	612.9	549.0	574.3	606.8	631.1	642.3
5	Wages and salaries	375.1	371.1	390.6	423.0	449.4	490.8	527.1	517.9	466.2	486.4	513.5	537.5	546.7
6	Employers' social contributions	70.5	72.9	69.9	75.5	86.0	89.0	91.1	95.0	82.8	87.9	93.3	93.7	95.5
7	Taxes on production and imports less subsidies	37.6	39.9	42.9	46.6	49.5	52.5	54.7	55.6	64.2	64.8	58.3	61.2	62.8
8	Operating surplus, net	248.4	243.0	252.2	237.7	300.6	338.5	230.5	9.5	224.8	227.1	212.1	311.8	419.8
9	Net national income/Balance of primary incomes, net	164.9	207.0	206.6	213.1	200.3	205.2	110.7	-2.1	290.1	376.8	320.0	309.0	249.3
10	Operating surplus, net	248.4	243.0	252.2	237.7	300.6	338.5	230.5	9.5	224.8	227.1	212.1	311.8	419.8
11	Property income (received)	1,807.0	1,562.8	1,501.3	1,742.7	2,154.2	2,747.1	3,200.8	2,833.1	2,203.8	2,126.7	2,109.1	2,081.6	2,016.3
12	Interest	1,667.8	1,418.0	1,338.0	1,533.2	1,922.3	2,444.6	2,831.9	2,444.8	1,877.4	1,749.5	1,722.4	1,662.3	1,578.1
13	Distributed income of corporations (dividends)	128.0	130.6	142.2	179.4	229.0	261.6	323.1	338.8	275.7	308.9	319.5	361.3	372.7
14	Reinvested earnings on U.S. direct investment abroad	11.3	14.3	21.1	30.1	2.9	40.9	45.7	49.5	50.7	68.3	67.2	57.9	65.5
15	Less: Uses of property income (paid)	1,890.5	1,598.8	1,546.8	1,767.3	2,254.5	2,880.4	3,320.6	2,844.7	2,138.6	1,977.0	2,001.2	2,084.4	2,186.8
16	Interest	1,625.2	1,316.2	1,243.5	1,394.0	1,820.9	2,379.0	2,754.2	2,321.6	1,679.7	1,505.2	1,504.6	1,470.2	1,426.9
17	Distributed income of corporations	270.8	282.3	300.9	364.1	425.5	488.6	556.9	515.8	455.1	460.8	481.5	595.2	741.0
18	Dividends	212.5	228.1	250.7	316.7	377.9	438.6	517.0	492.8	380.8	376.0	427.2	521.0	662.5
19	Withdrawals from income of quasi-corporations (1)	58.3	54.2	50.1	47.4	47.7	50.0	39.8	23.0	74.4	84.9	54.3	74.2	78.5
20	Reinvested earnings on foreign direct investment	-5.6	0.3	2.5	9.3	8.0	12.8	9.5	7.3	3.7	10.9	15.1	18.9	18.9
21	Rents on land and natural resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Net national income/Balance of primary incomes, net	164.9	207.0	206.6	213.1	200.3	205.2	110.7	-2.1	290.1	376.8	320.0	309.0	249.3
23	Less: Current taxes on income, wealth, etc. (paid)	92.1	95.2	110.9	119.1	140.5	165.7	151.7	81.7	91.6	150.0	150.3	183.4	144.9
24	Less: Other current transfers (paid)	30.8	10.5	-9.7	-6.5	-13.4	-21.1	7.5	45.6	26.5	18.4	20.0	-21.6	2.7
25	Equals: Disposable income, net	42.1	101.3	105.5	100.5	73.1	60.7	-48.5	-129.4	171.9	208.4	149.7	147.2	101.7
26	Equals: Net saving	42.1	101.3	105.5	100.5	73.1	60.7	-48.5	-129.4	171.9	208.4	149.7	147.2	101.7
Capital account														
27	Net saving less capital transfers	34.3	101.3	105.5	84.3	45.4	60.7	-48.5	-68.9	293.9	249.9	182.1	137.6	101.7
28	Net saving	42.1	101.3	105.5	100.5	73.1	60.7	-48.5	-129.4	171.9	208.4	149.7	147.2	101.7
29	Less: Capital transfers paid (net)	7.7	0.0	0.0	16.2	27.7	0.0	0.0	-60.5	-121.9	-41.5	-32.4	9.6	0.0
30	Capital formation, net	38.5	33.8	26.5	37.2	31.1	31.9	46.1	22.3	-10.5	-13.9	-1.2	16.1	19.2
31	Gross fixed capital formation (nonresidential)	154.1	155.9	156.5	176.5	180.0	188.7	211.5	196.2	166.9	162.8	167.5	190.2	201.4
32	Less: Consumption of fixed capital	115.6	122.1	130.0	139.3	148.9	156.8	165.4	173.9	177.4	176.7	168.6	174.1	182.2
33	Net lending (+) or borrowing (-), capital account (lines 27-30)	-4.2	67.5	78.9	47.1	14.3	28.8	-94.6	-91.2	304.4	263.8	183.3	121.5	82.5
Financial account (only a subset of rows presented)														
35	Net acquisition of financial assets	3,261.1	2,613.9	3,246.9	3,769.0	3,771.1	4,626.7	5,484.2	3,799.7	-1,278.3	2.2	2,137.5	1,824.9	3,545.8
59	Net incurrence of liabilities	3,262.4	2,613.6	3,057.0	3,815.8	3,429.8	4,371.2	5,364.4	3,960.0	-1,307.8	28.7	2,108.6	1,707.6	3,383.6
79	Net lending (+) or borrowing (-), financial account (lines 35-59)	-1.3	0.3	189.9	-46.7	341.3	255.5	119.7	-160.3	29.5	-26.5	28.8	117.3	162.2
Other changes in volume account														
80	Total other volume changes	330.0	556.5	-697.3	-418.3	36.4	-419.1	-71.4	1,232.3	-1,062.6	-864.2	-119.7	-430.2	-1,003.7
83	Less: Statistical discrepancy (lines 33-79) (3)	-2.9	67.2	-111.0	93.8	-327.0	-226.7	-214.3	69.1	274.9	290.3	154.4	4.3	-79.7
Revaluation account														
99	Changes in net worth due to nominal holding gains/losses	-156.6	-172.5	101.0	80.7	104.8	2.8	1,313.2	472.0	439.9	122.0	230.8	-22.2	-71.5
Changes in balance sheet account														
100	Change in net worth (lines 30+33+80+99)	207.8	485.3	-490.9	-253.3	186.5	-355.6	1,193.3	1,635.4	-328.8	-492.3	293.2	-314.8	-973.4
Balance sheet account (end of period)														
101	Total assets	41,981.4	43,524.7	48,067.3	53,012.4	57,468.5	63,336.5	69,523.7	68,918.7	69,914.1	70,997.1	72,589.4	76,743.1	82,657.4
130	Total liabilities and net worth	41,981.4	43,524.7	48,067.3	53,012.4	57,468.5	63,336.5	69,523.7	68,918.7	69,914.1	70,997.1	72,589.4	76,743.1	82,657.4
131	Liabilities	43,082.4	44,140.4	49,173.9	54,372.3	58,641.8	64,865.5	69,859.4	67,619.0	68,943.2	70,518.5	71,817.7	76,286.1	83,173.9
151	Net worth	-1,101.0	-615.7	-1,106.6	-1,359.9	-1,173.3	-1,529.0	-335.7	1,299.7	970.9	478.5	771.7	457.0	-516.5

(1) Consists of rental income of tenant-occupied housing and proprietors' income. Quasi-corporations are unincorporated enterprises that function as if they were corporations; they primarily cover their operating costs through sales, and they keep a complete set of financial records

(3) The statistical discrepancy is the difference between net lending or net borrowing derived in the capital account and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts

Figure 1: Banks by BHC Affiliation

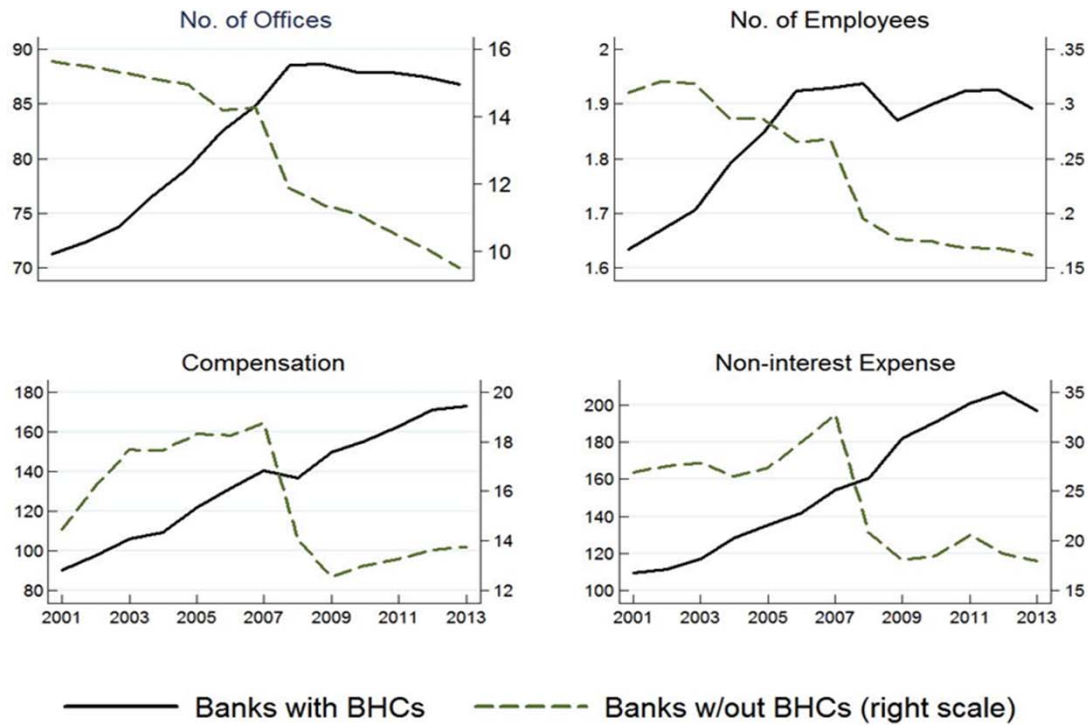


Table 2: Employment of Banks, Based on a Comparison of Regulatory Reports, Economic Census, and QCEW

	FDIC Institutions			Credit Unions		
	SDI (Call Reports)	Economic Census	QCEW	FPR (Call Reports)	Economic Census	QCEW
2002	1,989,904	1,983,482	1,518,059	n.a.	208,038	199,324
2007	2,205,662	1,899,735	1,573,182	n.a.	243,862	228,896
2012	2,094,658	1,780,390	1,495,090	n.a.	257,038	232,500

SDI reports employment as FTEs at year end. The Economic Census and QCEW report number of employees for the pay period including March 12 and December 12, respectively.

Table 3 Method for Estimating Current and Capital Accounts for Depository Institutions

Line	Line Item	Explanation
Current account		
1	Gross value added	Fee income (SDI/FPR)+income from operating leases (SDI/FPR & Economic Census)+borrower&depositor service FISIM (NIPAs)- noninterest operating expense (SDI/FPR)+CFC (NIPAs)
2	Less: Consumption of fixed capital	Total CFC for depository(NIPAs), which includes BHCs
3	Equals: Net value added	Derived (=line 1 - line 2)
4	Compensation of employees (paid)	SDI domestic compensation + FPR compensation
5	Wages and salaries	line 4 times the ratio of wages in compensation (NIPAs)
6	Employers' social contributions	Derived (line 4 - line 5)
7	Taxes on production and imports less subsidies	Unpublished details of TOPIs for NAICS 522000, allocated to NAICS 5221 based establishment shares from.
8	Operating surplus, net	Derived (=line 3 - line 4 - line 7)
9	Net national income	Derived (= line 10 + line 11 - line 15)
10	Operating surplus, net	=Line 8
11	Property income (received)	Derived (line 12 + line 13 + line 14)
12	Interest	Interest on deposits (NIPAs) – income from operating leases (SDI/FPR & Economic Census) + borrower service FISIM (NIPAs)
13	Distributed income of corporations (dividends)	Dividends from FRB, FHLB (annual reports). Dividends from FHLBs are allocated by the share of regulatory capital stock held by depository institutions (Table 5, FHLB annual reports).
14	Reinvested earnings on U.S. direct investment abroad	Reinvested earnings for financial business x share of direct investment abroad by US-chartered depository institutions
15	Less: Uses of property income (paid)	Derived (sum of lines 16, 17, 20, 21)
16	Interest	Interest expense (SDI/FPR)+depositor service FISIM (NIPAs)
17	Distributed income of corporations	Derived (line 18+ line 19)
18	Dividends	SDI reported cash dividends; credit union dividends are counted as interest payments to members
19	Withdrawal from income of quasi-corporations	One percent of NIPA proprietors' income for NAICS 522000
20	Reinvested earnings on foreign direct investment	Reinvested earnings for financial business x share of foreign direct investment by affiliates of foreign banks
21	Rents on land and natural resources	Assumed zero
22	Net national income	= line 9
23	Less: Current taxes on income, wealth, etc. (paid)	Unpublished NIPA data for banks and bank holding companies
24	Less: Other current transfers (paid)	Business current transfers to persons for NAICS 522 x the share of NAICS 5221's establishments in total establishments of 522.
25	Equals: Disposable income, net	Derived (= line 22 - line 23 - line 24)
26	Equals: Net saving	= Line 25
Capital account		
27	Net saving less capital transfers	Derived (line 28 - line 29)
28	Net saving	= Line 26
29	Less: Capital transfers paid (net)	Unpublished NIPAs data
30	Capital formation, net	Derived (line 31 - line 32)
31	Gross fixed capital formation (nonresidential)	Unpublished NIPA data
32	Less: Consumption of fixed capital	= Line 2
33	Net lending (+) or borrowing (-), capital account	Derived (= line 27 - line 30)

Table 4: IMA for Depository Institutions

Line		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Current account													
1	Gross value added	212.7	230.1	243.9	247.2	271.0	300.0	312.6	304.4	282.1	261.2	238.5	272.1	289.6
2	Less: Consumption of fixed capital	26.0	26.7	27.8	29.3	30.3	31.1	31.6	31.9	32.1	31.8	31.8	32.3	33.0
3	Equals: Net value added	186.6	203.4	216.0	217.9	240.7	268.9	280.9	272.5	250.0	229.4	206.8	239.7	256.6
4	Compensation of employees (paid)	95.6	106.5	116.0	119.1	128.5	133.8	139.8	132.9	147.3	151.0	158.8	167.5	170.8
5	Wages and salaries	80.6	89.2	99.1	101.6	108.4	113.6	118.7	111.7	125.3	128.3	134.3	143.3	146.0
6	Employers' social contributions	15.0	17.2	17.0	17.5	20.1	20.2	21.1	21.2	22.0	22.7	24.5	24.2	24.8
7	Taxes on production and imports less subsidies	5.0	5.2	5.7	6.0	6.3	6.6	7.0	8.4	9.4	9.4	9.6	9.7	10.0
8	Operating surplus, net	86.0	91.7	94.4	92.9	105.9	128.5	134.1	131.2	93.4	68.9	38.4	62.5	75.8
9	Net national income/Balance of primary incomes, net	68.0	73.5	60.8	86.6	87.8	92.0	74.4	136.8	180.9	181.1	123.8	114.3	130.3
10	Operating surplus, net	86.0	91.7	94.4	92.9	105.9	128.5	134.1	131.2	93.4	68.9	38.4	62.5	75.8
11	Property income (received)	356.2	320.0	298.1	304.5	375.1	452.8	487.4	408.2	410.6	411.9	379.0	343.3	321.3
12	Interest	351.0	314.9	292.1	296.3	372.0	441.3	474.6	392.9	393.7	388.0	355.2	322.4	298.3
13	Distributed income of corporations (dividends)	2.3	1.9	1.9	1.8	2.3	2.8	3.1	2.8	1.9	2.1	2.1	2.2	2.4
14	Reinvested earnings on U.S. direct investment abroad	2.8	3.2	4.0	6.4	0.7	8.6	9.6	12.5	15.0	21.7	21.7	18.6	20.7
15	Less: Uses of property income (paid)	374.2	338.1	331.6	310.7	393.1	489.3	547.1	402.6	323.0	299.7	293.7	291.5	266.8
16	Interest	315.5	263.0	240.4	243.1	317.2	391.7	437.2	350.1	274.8	242.8	211.5	189.4	176.6
17	Distributed income of corporations	60.2	75.0	90.5	64.4	72.9	93.2	107.1	50.9	47.3	54.1	77.9	96.2	84.2
18	Dividends	60.1	75.0	90.4	64.3	72.8	93.1	107.0	50.6	47.1	53.9	77.8	96.0	83.9
19	Withdrawals from income of quasi-corporations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.2
20	Reinvested earnings on foreign direct investment	-1.5	0.1	0.8	3.2	3.0	4.3	2.7	1.7	0.9	2.8	4.3	5.9	6.0
21	Rents on land and natural resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Net national income/Balance of primary incomes, net	68.0	73.5	60.8	86.6	87.8	92.0	74.4	136.8	180.9	181.1	123.8	114.3	130.3
23	Less: Current taxes on income, wealth, etc. (paid)	32.6	37.0	38.7	42.7	55.0	54.2	41.1	15.8	2.7	18.7	23.5	31.7	44.3
24	Less: Other current transfers (paid)	3.0	3.1	3.3	3.5	3.8	4.0	4.1	4.2	4.3	4.5	5.6	6.2	6.7
25	Equals: Disposable income, net	32.4	33.4	18.8	40.4	29.0	33.8	29.2	116.8	173.9	157.9	94.7	76.4	79.3
26	Equals: Net saving	32.4	33.4	18.8	40.4	29.0	33.8	29.2	116.8	173.9	157.9	94.7	76.4	79.3
	Capital account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	Net saving less capital transfers	32.4	33.4	18.8	40.4	29.0	33.8	29.2	159.6	192.0	157.9	95.0	76.4	79.3
28	Net saving	32.4	33.4	18.8	40.4	29.0	33.8	29.2	116.8	173.9	157.9	94.7	76.4	79.3
29	Less: Capital transfers paid (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-42.8	-18.0	0.0	-0.3	0.0	0.0
30	Capital formation, net	4.6	3.0	3.0	4.4	0.8	5.2	2.5	3.8	-0.1	-4.6	-5.0	-3.6	-2.8
31	Gross fixed capital formation (nonresidential)	30.6	29.7	30.8	33.7	31.1	36.3	34.1	35.6	32.0	27.2	26.8	28.8	30.2
32	Less: Consumption of fixed capital	26.0	26.7	27.8	29.3	30.3	31.1	31.6	31.9	32.1	31.8	31.8	32.3	33.0
33	Net lending (+) or borrowing (-), capital account (lines 27-30)	27.8	30.4	15.8	35.9	28.1	28.7	26.7	155.8	192.0	162.5	99.9	80.0	82.1
79	Net lending (+) or borrowing (-), financial account	-55.1	-75.5	33.1	-111.5	184.5	113.0	96.0	83.5	-316.8	-24.5	-14.5	-71.3	55.2

Figure 2: Trends for Depository Institutions

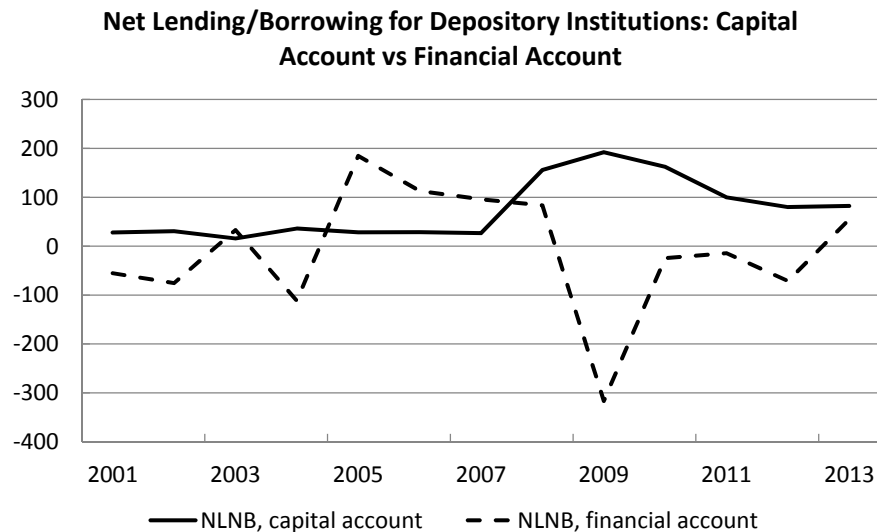
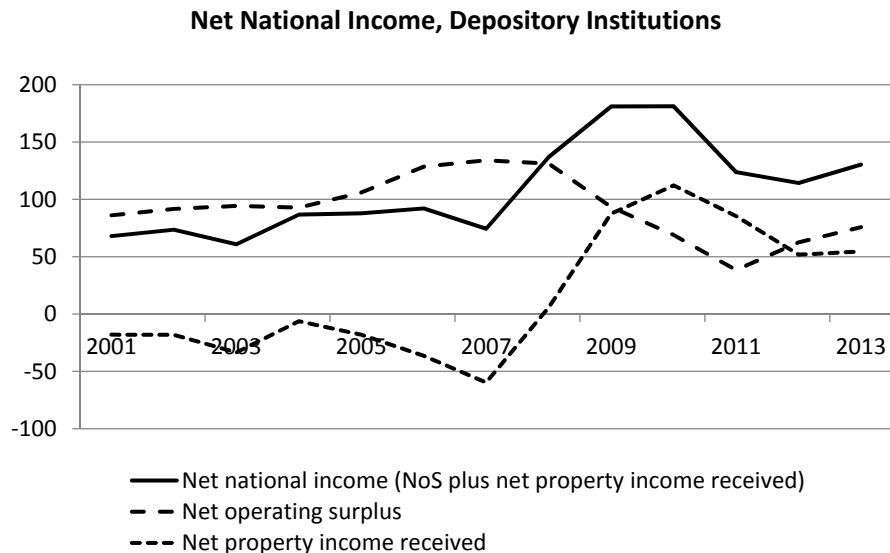
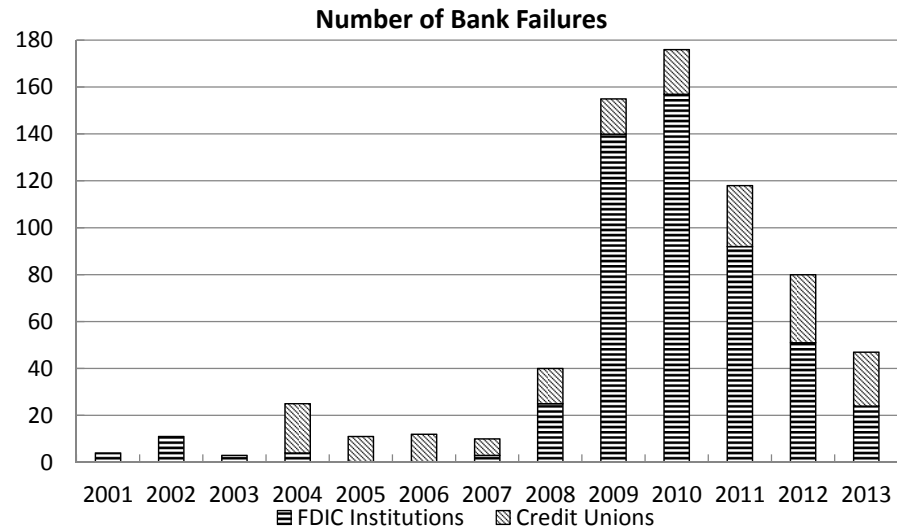
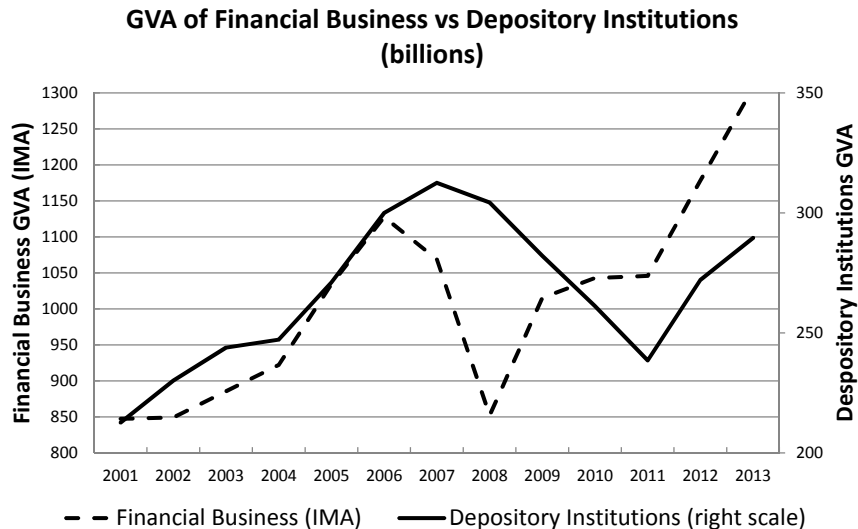


Table 10. Income and expenses of the Federal Reserve Banks, by Bank, 2013

Thousands of dollars

Item	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Current income													
Interest income													
Primary, secondary, and seasonal loans	194	3	8	8	3	8	20	32	20	32	25	12	23
Term Asset-Backed Securities Loan Facility	5,820	...	5,820	...	...	...	...	...	...	...	...	...	...
Total loan interest income	6,014	3	5,828	8	3	8	20	32	20	32	25	12	23
Treasury securities	51,590,721	1,324,218	28,690,734	1,549,286	1,316,045	3,327,905	3,345,243	2,806,982	824,023	484,241	991,670	2,003,698	4,926,676
Government-sponsored enterprise debt securities	2,166,447	55,397	1,205,500	65,521	55,252	140,766	139,782	118,036	34,552	20,290	41,776	84,144	205,431
Federal agency and government-sponsored enterprise mortgage-backed securities	36,628,566	940,868	20,367,668	1,098,442	934,413	2,359,400	2,377,359	1,992,374	585,213	343,952	703,632	1,422,584	3,502,661
Foreign currency denominated assets	95,996	4,589	30,711	7,511	7,451	20,131	5,471	2,721	799	401	970	1,524	13,717
Central bank liquidity swaps ¹	21,717	1,004	6,955	1,722	1,676	4,547	1,238	611	180	90	219	345	3,130
Total SOMA interest income	90,503,447	2,326,076	50,301,568	2,722,482	2,314,837	5,852,749	5,869,093	4,920,724	1,444,767	848,974	1,738,267	3,512,295	8,651,615
Total interest income	90,509,461	2,326,079	50,307,396	2,722,490	2,314,840	5,852,757	5,869,113	4,920,756	1,444,787	849,006	1,738,292	3,512,307	8,651,638
Priced services	441,203	...	89,595	...	...	...	273,919	77,689	...	...	...	...	...
Compensation received for services provided ²	174,294	14,460	2,530	4,342	5,373	20,095	683	21,941	3,089	54,413	31,547	7,524	8,297
Securities lending fees	10,161	260	5,654	307	259	659	656	553	162	95	196	395	965
Other income	14,834	320	9,255	378	320	825	806	681	200	132	246	487	1,184
Total other income	640,492	15,040	107,034	5,027	5,952	21,579	276,064	100,864	3,451	54,640	31,989	8,406	10,446
Total current income	91,149,953	2,341,119	50,414,430	2,727,517	2,320,792	5,874,336	6,145,177	5,021,620	1,448,238	903,646	1,770,281	3,520,713	8,662,084
Net expenses													
Personnel													
Salaries and other personnel expenses	2,021,610	116,018	485,013	90,901	85,768	309,462	151,251	153,786	107,714	102,096	128,280	106,999	184,322
Retirement and other benefits	663,857	32,511	151,969	34,275	32,860	96,864	55,592	52,392	33,548	33,738	37,618	40,046	62,444
Administrative													
Fees	186,689	4,099	48,684	9,009	4,928	72,511	18,128	7,405	8,758	3,288	2,458	2,039	5,382
Travel	87,798	3,641	11,446	3,580	5,388	13,281	8,588	10,085	5,483	3,701	6,860	5,071	10,674
Postage and other shipping costs	14,099	288	893	319	1,347	687	2,637	365	762	384	1,021	2,553	2,843
Communications	47,471	966	6,233	595	730	28,862	1,851	2,040	1,040	1,291	1,190	1,389	1,284
Materials and supplies	66,467	3,542	22,520	6,515	2,709	7,198	4,672	4,803	2,390	1,608	3,187	3,530	3,793
Building													
Taxes on real estate	48,443	6,175	14,269	1,879	1,102	2,864	3,229	3,465	739	3,621	3,412	3,608	4,080
Property depreciation	132,304	11,693	26,883	6,463	6,793	14,373	9,191	15,483	7,878	4,312	8,159	9,769	11,307
Utilities	38,703	4,169	10,127	1,545	1,520	4,208	3,165	2,172	1,822	1,889	2,137	2,847	3,102
Rent	35,837	199	7,562	910	973	22,437	522	927	1,125	250	502	167	263
Other building	59,044	4,988	11,016	5,081	3,150	5,841	4,823	6,840	2,276	2,634	2,300	6,741	3,354
Equipment/software													
Purchases	30,680	1,807	4,804	1,100	999	8,794	1,933	2,171	1,315	1,510	1,924	1,947	2,376
Rentals	3,386	301	1,272	183	237	248	314	664	18	68	14	42	25
Depreciation	69,888	3,914	6,439	3,315	1,693	36,641	3,021	2,829	2,024	1,353	2,389	2,616	3,654
Repairs and maintenance	64,786	5,527	5,517	2,837	2,100	25,483	5,221	3,535	1,650	1,445	2,401	3,063	6,007
Software	182,073	5,247	34,345	9,896	6,605	70,858	14,347	3,913	4,582	6,434	6,340	9,430	10,076

(continued on next page)

Table 10.—continued

Item	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Other expenses													
Compensation paid for service costs incurred ²	174,294	...	36,899	...	...	...	125,501	11,894	...	...	...	...	...
Other expenses	78,369	16,436	84,988	24,425	6,644	-314,839	31,463	59,243	80,963	24,110	16,091	22,966	25,882
Recoveries	-159,790	-16,665	-21,102	-5,232	-4,935	-51,197	-12,236	-9,900	-5,930	-2,246	-8,552	-15,530	-6,265
Expenses capitalized ³	-80,541	-6,141	-30,016	-2,779	-5,104	5,137	-423	-2,480	-4,726	-10,486	-10,671	-1,671	-11,182
Total operating expenses before pension expense and reimbursements	3,765,467	198,715	919,761	194,817	155,507	359,713	432,790	331,632	253,431	181,000	207,060	207,622	323,421
Net periodic pension expense ⁴	616,286	-268	618,944	-37	-183	820	-187	-882	-86	-345	-742	273	-1,021
Reimbursements	-530,055	-38,427	-120,184	-38,501	-27,235	-48,487	-22,223	-6,127	-122,239	-34,484	-33,468	-24,604	-14,076
Operating Expenses	3,851,698	160,020	1,418,521	156,279	128,089	312,046	410,380	324,623	131,106	146,171	172,850	183,291	308,324
Interest expense on securities sold under agreements to repurchase	60,201	1,516	33,575	1,871	1,534	4,023	3,808	3,298	954	559	1,175	2,339	5,549
Interest on reserves ⁵	5,211,912	82,253	3,712,634	98,956	51,443	214,826	114,022	168,129	27,382	19,351	47,516	114,405	560,995
Interest on term deposits ⁶	10,845	24	7,400	614	0	247	707	525	4	111	162	67	984
Net expenses	9,134,656	243,813	5,172,130	257,720	181,066	531,142	528,917	496,575	159,446	166,192	221,703	300,102	875,852
Current net income	82,015,297	2,097,306	45,242,300	2,469,797	2,139,726	5,343,194	5,616,260	4,525,045	1,288,792	737,454	1,548,578	3,220,611	7,786,232
Additions to (+) and deductions from (-) current net income													
Profit on sales of federal agency and government-sponsored enterprise mortgage-backed securities	50,954	1,397	28,044	1,335	1,305	2,857	3,598	2,703	836	497	923	1,978	5,481
Foreign currency translation gains (losses)	-1,256,960	-60,198	-402,109	-98,276	-97,594	-263,625	-71,631	-35,639	-10,462	-5,252	-12,699	-19,959	-179,516
Net income from consolidated variable interest entities ⁷	181,149	...	181,149	...	...	...	...	...	...	...	...	...	...
Other additions	653	21	5	1	2	6	598	7	2	1	2	3	5
Other deductions	-5,537	-1	-3,639	59	-1,759	-216	-54	-39	-9	-4	0	139	-13
Net deductions to (-) current net income	-1,029,741	-58,781	-196,550	-96,881	-98,046	-260,978	-67,489	-32,968	-9,633	-4,758	-11,774	-17,839	-174,043
Cost of unreimbursed Treasury services	9	...	9	...	...	...	...	...	...	...	...	...	...
Assessments by Board													
Board expenditures ⁸	580,000	27,934	185,239	44,711	45,553	121,717	33,374	16,233	4,867	2,446	5,908	9,467	82,552
Cost of currency	701,522	34,109	138,873	35,901	41,991	62,923	107,591	64,837	23,237	15,201	22,089	54,932	99,838
Consumer Financial Protection Bureau ⁹	563,200	26,966	179,558	43,280	44,357	117,808	32,547	15,686	4,743	2,384	5,751	9,303	80,819
Assessments by the Board of Governors	1,844,722	89,009	503,670	123,892	131,901	302,448	173,512	96,756	32,847	20,031	33,748	73,702	263,209
Net income before providing for remittances to Treasury	79,140,825	1,949,516	44,542,089	2,249,024	1,909,779	4,779,768	5,375,259	4,395,321	1,246,312	712,665	1,503,056	3,129,070	7,348,980
Earnings remittances to Treasury	79,633,271	1,981,758	45,940,958	2,189,384	1,749,365	4,495,626	5,286,388	4,406,921	1,245,055	721,260	1,485,464	3,105,049	7,026,043
Net income (loss)	-492,446	-32,242	-1,398,869	59,640	160,414	284,142	88,871	-11,600	1,257	-8,595	17,592	24,021	322,937
Other comprehensive income (loss)	2,288,811	16,763	2,024,343	19,205	22,884	51,493	29,116	36,783	15,747	17,300	11,988	29,031	14,157

(continued on next page)

Table 10.—continued

Item	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Comprehensive income	1,796,365	-15,479	625,474	78,845	183,298	335,635	117,987	25,183	17,004	8,705	29,580	53,052	337,094
Distribution of comprehensive income													
Dividends on capital stock	1,649,277	78,102	525,884	126,774	129,908	345,446	94,989	45,858	13,877	6,992	16,902	27,207	237,338
Transferred to/from surplus and change in accumulated other comprehensive income	147,088	-93,581	99,576	-47,932	53,388	-9,812	22,996	-20,672	3,128	1,718	12,675	25,850	99,755
Earnings remittances to Treasury	79,633,271	1,981,758	45,940,958	2,189,384	1,749,365	4,495,626	5,286,388	4,406,921	1,245,055	721,260	1,485,464	3,105,049	7,026,043
Total distribution of net income	81,429,636	1,966,279	46,566,418	2,268,226	1,932,661	4,831,260	5,404,373	4,432,107	1,262,060	729,970	1,515,041	3,158,106	7,363,136

Note: Components may not sum to totals because of rounding.

¹ Represents interest income recognized on swap agreements with foreign central banks.

² The Federal Reserve Bank of Atlanta (FRBA) has overall responsibility for managing the Reserve Banks' provision of check and automated clearinghouse (ACH) services and recognizes total System revenue for these services. The Federal Reserve Bank of New York (FRBNY) has overall responsibility for managing the Reserve Banks' provision of Fedwire funds transfer and securities transfer services, and recognizes the total System revenue for these services. The Federal Reserve Bank of Chicago (FRBC) has overall responsibility for managing the Reserve Banks' provision of electronic access services to depository institutions, and recognizes the total System revenue for these services. The FRBA, the FRBNY, and the FRBC compensate the other Reserve Banks for the costs incurred in providing these services.

³ Includes expenses for labor and materials capitalized and depreciated or amortized as charges to activities in the periods benefited.

⁴ Reflects the effect of the Financial Accounting Standards Board's Codification Topic (ASC 715) Compensation-Retirement Benefits. Net pension expense for the System Retirement Plan of \$625,019 thousand is recorded on behalf of the System in the books of the FRBNY. The Retirement Benefit Equalization Plan and the Supplemental Employee Retirement Plan are recorded by each Federal Reserve Bank.

⁵ In October 2008, the Reserve Banks began to pay interest to depository institutions on qualifying balances held at the Federal Reserve Banks.

⁶ In April 2010, the Reserve Banks began to pay interest on term deposits under the Term Deposit Facility.

⁷ Represents the portion of the consolidated variable interest entities' net income recorded by the FRBNY. The amount includes interest income, interest expenses, realized and unrealized gains and losses, and professional fees.

⁸ For additional details, see "Board of Governors Financial Statements" in section 11.

⁹ The Board of Governors assesses the Reserve Banks to fund the operations of the Consumer Financial Protection Bureau and Office of Financial Research. These assessments are allocated to each Reserve Bank based on each Reserve Bank's capital and surplus balances as of the most recent quarter.

... Not applicable.

Table 5: IMA for the Federal Reserve Banks

[Billions of dollars]

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Current account														
1	Gross value added	2.5	2.4	2.4	2.4	2.4	2.5	2.6	2.8	2.9	3.0	2.9	2.9	3.1
2	Less: Consumption of fixed capital	1.1	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9
3	Equals: Net value added	1.4	1.5	1.5	1.5	1.6	1.7	1.8	2.0	2.1	2.1	2.1	2.1	2.2
4	Compensation of employees (paid)	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.9	2.1	2.1	2.0	2.0	2.2
5	Wages and salaries	1.2	1.3	1.3	1.3	1.3	1.4	1.5	1.7	1.8	1.8	1.8	1.8	1.9
6	Employers' social contributions	0.0	0.2	0.5	0.3	0.4	0.5	0.6	0.7	1.2	1.1	1.1	1.3	1.3
7	Taxes on production and imports less subsidies	0.032	0.029	0.029	0.031	0.032	0.033	0.033	0.038	0.037	0.041	0.042	0.047	0.048
8	Operating surplus, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Net national income/Balance of primary incomes, net	29.0	24.1	21.2	20.8	26.7	33.6	37.2	34.5	47.6	72.1	76.6	72.6	80.3
10	Operating surplus, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Property income (received)	30.9	25.8	22.9	22.6	29.2	36.8	40.9	38.9	53.3	78.5	84.5	80.9	90.5
12	Interest	30.9	25.8	22.9	22.6	29.2	36.8	40.9	38.9	53.3	78.5	84.5	80.9	90.5
13	Distributed income of corporations (dividends)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Reinvested earnings on U.S. direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Less: Uses of property income (paid)	1.9	1.7	1.7	1.8	2.6	3.3	3.8	4.4	5.7	6.4	7.9	8.4	10.2
16	Interest	1.5	1.2	1.2	1.2	1.8	2.4	2.8	3.2	4.3	4.8	6.3	6.7	8.6
17	Distributed income of corporations	0.4	0.5	0.5	0.6	0.8	0.9	1.0	1.2	1.4	1.6	1.6	1.6	1.6
18	Dividends	0.4	0.5	0.5	0.6	0.8	0.9	1.0	1.2	1.4	1.6	1.6	1.6	1.6
19	Withdrawals from income of quasi-corporations (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	Reinvested earnings on foreign direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Rents on land and natural resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Net national income/Balance of primary incomes, net	29.0	24.1	21.2	20.8	26.7	33.6	37.2	34.5	47.6	72.1	76.6	72.6	80.3
23	Less: Current taxes on income, wealth, etc. (paid)	27.1	24.5	22.0	18.1	21.5	29.1	34.6	31.7	47.4	79.3	75.4	88.4	79.6
24	Less: Other current transfers (paid)	0.6	0.6	0.8	0.8	0.7	0.8	0.9	0.9	0.9	1.1	1.4	1.6	1.8
25	Equals: Disposable income, net	1.3	-1.0	-1.7	1.9	4.5	3.7	1.7	2.0	-0.7	-8.3	-0.2	-17.4	-1.2
26	Final consumption expenditures	0.8	0.9	1.2	1.0	1.1	1.3	1.5	0.8	2.2	2.3	2.4	2.7	2.8
27	Equals: Net saving	0.5	-1.9	-2.8	1.0	3.4	2.4	0.2	1.2	-2.9	-10.6	-2.6	-20.2	-4.0
Capital account														
28	Net saving less capital transfers	0.5	-1.9	-2.8	1.0	3.4	2.4	0.2	1.2	-2.9	-10.6	-2.6	-20.2	-4.0
29	Net saving	0.5	-1.9	-2.8	1.0	3.4	2.4	0.2	1.2	-2.9	-10.6	-2.6	-20.2	-4.0
30	Less: Capital transfers paid (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Capital formation, net	0.0	-0.4	-0.2	0.0	-0.3	0.0	0.1	-0.2	0.0	-0.2	-0.2	0.0	0.0
32	Gross fixed capital formation (nonresidential)	1.0	0.6	0.6	0.8	0.6	0.8	0.9	0.7	0.8	0.7	0.6	0.8	0.9
33	Less: Consumption of fixed capital	1.1	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9
34.0	Net lending (+) or borrowing (-), capital account (lines 28-31)	0.5	-1.6	-2.6	1.0	3.7	2.4	0.1	1.4	-2.9	-10.4	-2.4	-20.2	-4.0

Table 6: Method for Estimating the Current and Capital Account for Property-Casualty and Life Insurance

Line	Explanation
CURRENT ACCOUNT	
1	Gross value added Derived. Net value Added + CFC
2	Less: Consumption of fixed capital Unpublished estimates from BEA Fixed Assets Accounts, for NAICS 5241
3	Equals: Net value added Derived. Compensation + TOPI + Net Operating Surplus
4	Compensation of employees (paid) Compensation paid, insurance, NIPAs (Table 6.2D line 60, includes brokers) * Share of wages of insurance carriers in total insurance
5	Wages and salaries Wages and salaries paid, insurance, NIPAs (Table 6.3D line 60, includes brokers) * Share of wages of insurance carriers in total insurance
6	Employers' social contributions Derived. Compensation - wages
7	TOPI less subsidies TOPI for insurance (NAICS 524) in NIPA business income estimates * 95.7% (Share of TOPIs for insurance carriers / total insurance, from 2007 benchmark input-output tables)
8	Operating surplus, net For insurance carriers, profit before tax w/o CCAadj + proprietors' income + net int paid + insur CCAadj + business current transfer payments (to persons, government, rest of world; includes net insurance settlements)
9	Net national income/Balance of primary incomes, net Derived. NoS + net property income received
10	Operating surplus, net Line 8
11	Property income (received) Derived. Interest + Dividends + Reinvested earnings
12	Interest Unpublished NIPA interest data for insurance carriers (monetary and imputed interest received, for corporations and sole proprietors and partnerships)
13	Distributed income of corporations (dividends) Unpublished NIPA data for insurance carriers
14	Reinvested earnings on U.S. direct investment abroad From financial accounts/NIPAs
15	Less: Uses of property income (paid) Derived. Interest + Distributed Income + Reinvested Earnings
16	Interest Unpublished NIPA interest data for insurance carriers (monetary and imputed interest paid, for corporations and sole proprietors and partnerships)
	<i>of which</i>
	Interest imputed to insurance policyholders NIPA Table 7.11, line 45+46
	paid by life insurance carriers NIPA Table 7.11, line 45
	paid by property and casualty insurance cos NIPA Table 7.11, line 46
17	Distributed income of corporations Derived. Dividends + w/d from income of quasi corporations
18	Dividends Unpublished NIPA data for insurance carriers
19	Withdrawals from income of quasi-corporations (1) Proprietors' income without CCAadj for insurance (524, carriers and brokers, unpublished NIPA data) * 36% (share of revenues of insurance carriers in total insurance, 2007 Economic Census)
20	Reinvested earnings on foreign direct investment From financial accounts/NIPAs
21	Rents on land and natural resources Assume 0 (for all financial business)
22	Net national income/Balance of primary incomes, net Derived. NoS + net property income received
23	Less: Current taxes on income, wealth, etc. (paid) Unpublished NIPA data, corporate income tax paid by insurance carriers (part of NIPA Table 6.18D, line 56)
24	Less: Other current transfers (paid) Insurance (N524) industry business current transfers to persons, government, net insurance settlements, ROW net insurance transfers
	<i>Of which:</i>
	Net non-life insurance premiums
	Non-life insurance claims
25	Equals: Disposable income, net Derived. NNI - current taxes - current transfers paid
26	Equals: Net saving = Disp income. NNI - current taxes - current transfers paid
CAPITAL ACCOUNT	
27	Net saving less capital transfers Derived. Net saving - capital transfers paid
28	Net saving = Disp income. NNI - current taxes - current transfers paid
29	Less: Capital transfers paid (net) From NIPA Table 5.11 Financial corporate disaster insurance paid (line 4) - received (line 27) - financial stabilization payments received from Federal government.
30	Capital formation, net Derived. GFCF - CFC
31	Gross fixed capital formation (nonresidential) Unpublished FAA detail, insurance carrier investment
32	Less: Consumption of fixed capital Unpublished FAA detail, insurance carrier CFC
33	Net lending (+) or borrowing (-), capital account Derived. Net saving less capital transfers - net capital formation

Table 7: IMA for Property-Casualty and Life Insurance

[Billions of dollars]

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Current account														
1	Gross value added	215.1	181.4	200.7	254.2	269.9	286.7	308.8	258.2	285.7	269.2	253.2	269.4	316.9
2	Less: Consumption of fixed capital	18.6	19.9	21.6	23.5	24.7	25.2	25.6	26.7	27.6	27.4	27.0	27.7	28.9
3	Equals: Net value added	196.6	161.5	179.1	230.7	245.3	261.6	283.2	231.6	258.1	241.9	226.2	241.7	287.9
4	Compensation of employees (paid)	91.6	93.6	98.1	104.0	108.3	113.9	118.2	119.5	116.0	118.7	127.2	132.4	134.3
5	Wages and salaries	76.1	77.5	82.4	87.2	89.8	95.3	99.1	99.3	97.4	99.5	107.1	112.3	113.6
6	Employers' social contributions	15.5	16.1	15.7	16.8	18.5	18.7	19.1	20.2	18.6	19.1	20.1	20.1	20.7
7	Taxes on production and imports less subsidies	14.0	15.1	17.0	18.9	19.7	20.4	21.1	21.4	22.1	22.3	23.1	23.8	24.7
8	Operating surplus, net	90.9	52.8	64.1	107.8	117.2	127.2	144.0	90.6	120.0	100.9	75.8	85.5	128.9
9	Net national income/Balance of primary incomes, net	22.9	9.0	17.6	68.9	61.0	58.0	73.7	27.9	55.6	65.2	23.3	22.2	56.2
10	Operating surplus, net	90.9	52.8	64.1	107.8	117.2	127.2	144.0	90.6	120.0	100.9	75.8	85.5	128.9
11	Property income (received)	203.7	211.4	206.4	219.2	233.4	265.6	295.0	301.5	273.1	287.3	266.3	278.3	268.2
12	Interest	191.3	197.3	191.6	199.3	220.2	240.2	267.4	273.8	251.5	248.0	241.7	250.5	239.2
13	Distributed income of corporations (dividends)	9.1	9.0	8.0	11.9	12.5	15.3	17.4	19.2	12.2	27.9	13.0	17.1	16.6
14	Reinvested earnings on U.S. direct investment abroad	3.2	5.1	6.7	7.9	0.8	10.1	10.2	8.6	9.3	11.4	11.6	10.7	12.5
15	Less: Uses of property income (paid)	271.7	255.2	252.8	258.1	289.6	334.8	365.2	364.3	337.5	323.1	318.8	341.5	341.0
16	Interest	253.8	232.3	231.8	237.5	264.7	309.0	339.3	342.0	325.7	304.6	302.8	313.2	309.9
	<i>of which</i>													
	Interest imputed to insurance policyholders	226.7	205.6	205.6	210.7	227.7	259.4	286.7	285.3	265.7	259.3	267.9	276.4	277.6
	Paid by life insurance carriers	195.6	172.5	171.4	177.5	196.1	227.4	255.2	251.0	238.1	235.2	242.2	249.1	248.8
	Paid by property and casualty insurance carriers	31.1	33.1	34.2	33.2	31.6	32.0	31.5	34.3	27.6	24.1	25.7	27.3	28.8
17	Distributed income of corporations	18.9	22.8	20.6	19.1	23.7	23.6	24.5	21.5	11.3	17.1	13.6	24.8	27.7
18	Dividends	13.7	16.7	14.7	13.0	17.1	17.2	18.1	15.5	5.4	13.5	10.8	21.2	23.7
19	Withdrawals from income of quasi-corporations (1)	5.2	6.1	5.9	6.2	6.6	6.4	6.4	6.1	5.9	3.7	2.8	3.5	4.0
20	Reinvested earnings on foreign direct investment	-1.0	0.1	0.4	1.5	1.2	2.2	1.3	0.7	0.4	1.3	2.4	3.6	3.3
21	Rents on land and natural resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Net national income/Balance of primary incomes, net	22.9	9.0	17.6	68.9	61.0	58.0	73.7	27.9	55.6	65.2	23.3	22.2	56.2
23	Less: Current taxes on income, wealth, etc. (paid)	11.1	13.1	26.4	31.5	32.6	45.3	42.4	20.7	25.0	28.9	23.0	30.3	41.7
24	Less: Other current transfers (paid)	20.9	-5.6	-27.0	-13.1	-21.3	-39.9	-7.6	31.5	-4.9	-8.4	-13.9	-61.2	-24.5
	Of which:													
	Net non-life insurance premiums													
	Non-life insurance claims													
	final consumption expenditures													
25	Equals: Disposable income, net	-9.2	1.5	18.2	50.5	49.8	52.6	38.9	-24.4	35.4	44.7	14.3	53.1	39.0
26	Equals: Net saving	-9.2	1.5	18.2	50.5	49.8	52.6	38.9	-24.4	35.4	44.7	14.3	53.1	39.0
Capital account														
27	Net saving less capital transfers	-16.9	1.5	18.2	34.3	22.1	52.6	38.9	-21.5	40.9	44.7	14.3	38.8	39.0
28	Net saving	-9.2	1.5	18.2	50.5	49.8	52.6	38.9	-24.4	35.4	44.7	14.3	53.1	39.0
29	Less: Capital transfers paid (net)	7.7	0.0	0.0	16.2	27.7	0.0	0.0	-2.8	-5.5	0.0	0.0	14.3	0.0
30	Capital formation, net	4.6	2.2	4.1	2.7	-0.3	-1.0	0.4	0.8	0.1	-4.3	-2.4	-0.1	-0.3
31	Gross fixed capital formation (nonresidential)	23.1	22.1	25.7	26.2	24.3	24.2	26.0	27.4	27.7	23.1	24.7	27.6	28.7
32	Less: Consumption of fixed capital	18.6	19.9	21.6	23.5	24.7	25.2	25.6	26.7	27.6	27.4	27.0	27.7	28.9
33	Net lending (+) or borrowing (-), capital account (lines 27-30)	-21.5	-0.7	14.1	31.6	22.4	53.6	38.5	-22.3	40.8	49.0	16.6	38.9	39.2
Financial account														
79	Net lending (+) or borrowing (-), financial account (lines 35-59)	-12.4	48.8	58.3	78.6	42.0	46.1	76.5	23.7	128.6	-4.7	35.2	80.2	34.3

Figure 3: Trends for Property-Casualty and Life Insurance Carriers

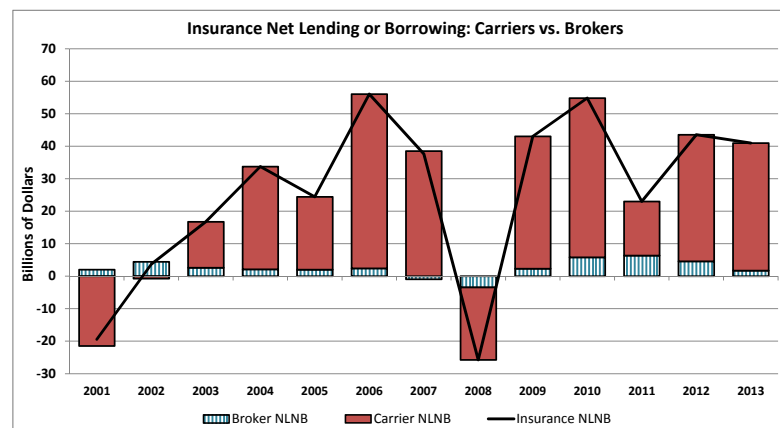
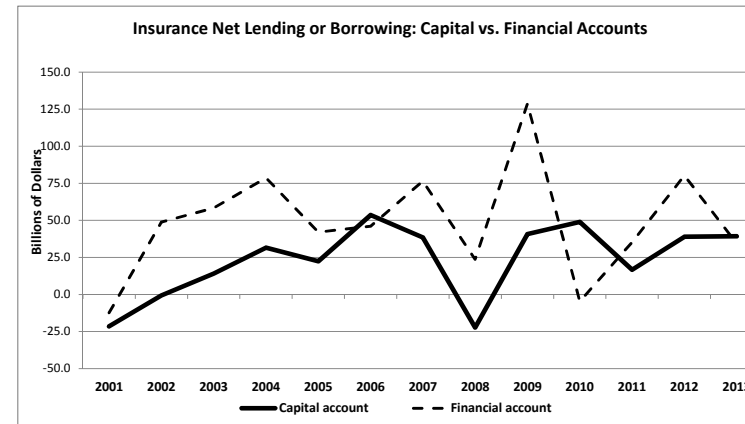
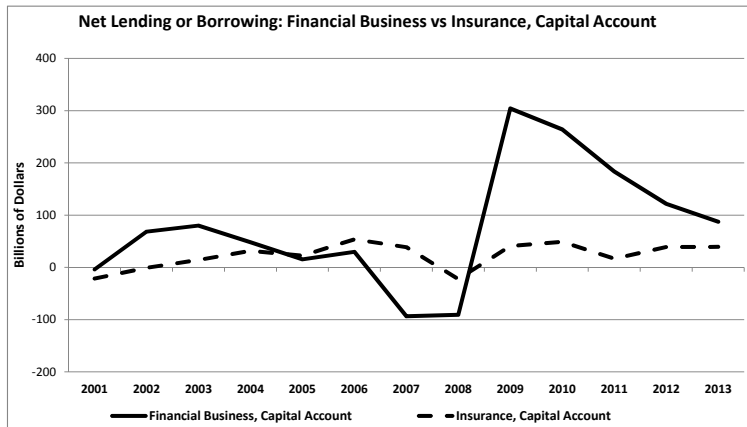
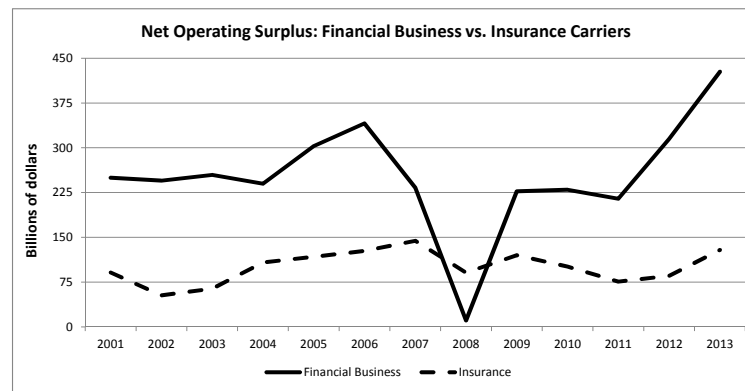
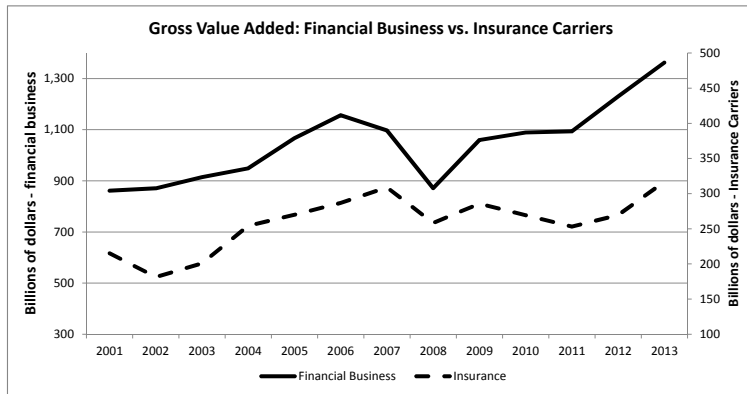


Table 8: NIPA Table 7.20: Transactions of Defined Benefit and Defined Contribution Pension Plans

[Billions of dollars]

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1 Current receipts	1,107.2	1,172.4	1,221.9	1,290.1	1,345.8	1,433.5	1,531.9	1,651.0	1,693.9	1,706.8	1,734.7	1,788.6	1,804.3
2 Output \1\	16.8	16.9	17.1	19.2	20.8	24.4	26.7	23.4	21.3	24.2	25.1	26.0	27.4
3 Contributions	781.5	824.1	859.1	913.8	955.3	1,018.7	1,087.3	1,162.5	1,183.2	1,206.1	1,227.0	1,259.3	1,275.3
4 Claims to benefits	474.6	494.8	515.3	558.7	587.9	630.7	672.0	700.2	697.3	734.2	749.1	760.5	779.1
5 Actual employer contributions	244.7	290.5	339.1	331.1	347.4	370.3	389.5	453.3	467.0	503.5	525.8	531.7	533.9
6 Imputed employer contributions	64.3	31.7	-0.9	37.0	36.1	34.9	39.2	-5.8	-22.9	-30.1	-51.5	-53.5	-50.6
7 Actual household contributions	180.3	187.5	192.2	207.7	222.9	247.3	267.2	273.3	271.0	280.5	295.2	303.8	317.8
8 Less: Pension service charges for defined benefit pension plans \1\	14.7	15.0	15.1	17.1	18.5	21.9	23.9	20.6	17.9	19.7	20.3	21.6	22.0
9 Household pension contribution supplements \2\	309.0	331.3	345.7	357.2	369.7	390.5	418.0	465.1	489.4	476.5	482.6	503.3	501.6
10 Less: Pension service charges for defined contribution pension plans \1\	2.0	2.0	2.0	2.1	2.3	2.5	2.8	2.8	3.4	4.5	4.8	4.5	5.4
11 Income receipts on assets	309.0	331.3	345.7	357.2	369.7	390.5	418.0	465.1	489.4	476.5	482.6	503.3	501.6
12 Interest	249.0	270.3	280.9	279.8	279.0	284.9	296.0	335.4	371.3	360.9	366.2	375.6	360.9
13 Monetary interest	186.8	177.5	173.9	171.9	174.4	182.4	194.5	188.9	172.3	166.0	171.0	165.1	165.0
14 Imputed interest on plans' claims on employers \3\	62.1	92.8	107.0	107.9	104.6	102.6	101.5	146.5	199.1	194.9	195.2	210.5	195.9
15 Dividends	60.0	61.0	64.9	77.4	90.7	105.6	121.9	129.7	118.0	115.6	116.4	127.7	140.7
16 Current expenditures	1,107.2	1,172.4	1,221.9	1,290.1	1,345.8	1,433.5	1,531.9	1,651.0	1,693.9	1,706.8	1,734.7	1,788.6	1,804.3
17 Administrative expenses (8+10)	16.8	16.9	17.1	19.2	20.8	24.4	26.7	23.4	21.3	24.2	25.1	26.0	27.4
18 Imputed income payments on assets to persons	309.0	331.3	345.7	357.2	369.7	390.5	418.0	465.1	489.4	476.5	482.6	503.3	501.6
19 Interest	248.9	270.3	280.9	279.8	279.0	284.9	296.0	335.4	371.3	360.9	366.2	375.6	360.9
20 Dividends	60.0	61.0	64.9	77.4	90.7	105.6	121.9	129.7	118.0	115.6	116.4	127.7	140.7
21 Benefit payments and withdrawals	525.1	541.6	541.9	590.8	628.5	706.9	772.9	766.4	762.2	831.7	864.7	923.5	960.4
22 Net change in benefit entitlements for defined benefit plans \4\	153.3	169.5	191.2	201.2	200.5	186.8	187.1	211.9	231.4	221.7	207.2	176.6	140.9
23 Net change in assets from current transactions for defined contribution plans	103.1	113.1	125.9	121.9	126.2	124.9	127.3	184.1	189.6	152.7	155.1	159.2	174.0
24 Cash flow	130.0	158.0	211.0	178.2	186.0	174.3	173.7	255.3	244.8	209.6	218.6	178.8	169.6
25 Actual employer and household contributions (5+7)	425.0	478.1	531.3	538.8	570.3	617.7	656.7	726.6	738.0	784.0	821.0	835.6	851.7
26 Monetary income receipts on assets (13+15)	246.9	238.5	238.8	249.3	265.1	287.9	316.5	318.6	290.3	281.6	287.5	292.8	305.7
27 Less: Benefit payments and withdrawals	525.1	541.6	541.9	590.8	628.5	706.9	772.9	766.4	762.2	831.7	864.7	923.5	960.4
28 Less: Administrative expenses	16.8	16.9	17.1	19.2	20.8	24.4	26.7	23.4	21.3	24.2	25.1	26.0	27.4
Effect of participation in defined benefit and defined contribution pension plans on personal income, saving, and wealth:													
29 Effect on personal income (1-7-9 or 16-7-9)	617.9	653.5	684.0	725.2	753.2	795.7	846.7	912.6	933.5	949.8	956.9	981.5	984.9
30 Less: Effect on personal consumption expenditures (2)	16.8	16.9	17.1	19.2	20.8	24.4	26.7	23.4	21.3	24.2	25.1	26.0	27.4
31 Equals: Effect on personal saving	601.2	636.6	666.9	706.1	732.4	771.3	820.1	889.2	912.2	925.6	931.8	955.5	957.5
32 Plus: Implied funding of benefits from holding gains and other changes in assets \5\	-259.3	-205.8	561.8	313.4	389.8	394.0	304.2	-1,064.7	647.3	504.0	-9.3	445.6	922.5
33 Equals: Change in personal wealth \6\	341.9	430.8	1,228.7	1,019.5	1,122.3	1,165.3	1,124.3	-175.5	1,559.6	1,429.6	922.5	1,401.1	1,880.1

1. Included in personal consumption expenditures as part of financial services furnished without payment.

2. Imputed income payments received by persons from the pension plans (line 18) are reinvested as household pension contribution supplements.

3. For defined benefit plans, plans' claims on employers equals the difference between actuarial liabilities and financial assets held by plans. When actuarial liabilities exceed plan assets, imputed interest is positive; when plan assets exceed actuarial liabilities, imputed interest is negative.

4. Excludes implied funding of benefits from holding gains on assets and excludes effects on change in the estimated value of benefit entitlements that come from differences between actual experience and previous actuarial assumptions, changes in actuarial assumptions, and changes in plan provisions.

5. Consists of implied funding of benefits from holding gains on assets for defined benefit pension plans (table 7.21, line 30) and holding gains and other changes in assets for defined contribution pension plans (table 7.25, line 30).

6. For defined benefit plans, excludes effects on change in the estimated value of benefit entitlements that come from differences between actual experience and previous actuarial assumptions, changes in actuarial assumptions, and changes in plan provisions.

Note. In the NIPAs, pension plans are classified as financial corporations that receive contributions and property income on behalf of plan participants but do not have saving or net worth of their own. Tables 7.20, 7.21, 7.22, 7.23, 7.24, and 7.25 show the transactions of the pension subsectors.

Table 9: IMA for the Defined benefit and Defined Contribution Pension Sector (Billions of Dollars)

LINE	Source	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
CURRENT ACCOUNT														
1	Gross value added	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Less: CFC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Equals: Net value added	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Compensation paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Wages and salaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Employers' social contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	TOPI less subsidies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Operating surplus, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Net national income/Balance of primary incomes, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Operating surplus, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Property income (received)	309.0	331.3	345.8	357.2	369.7	390.5	417.9	465.1	489.3	476.5	482.6	503.3	501.6
12	Interest	249.0	270.3	280.9	279.8	279.0	284.9	296.0	335.4	371.3	360.9	366.2	375.6	360.9
13	Distributed income of corporations (dividends)	60.0	61.0	64.9	77.4	90.7	105.6	121.9	129.7	118.0	115.6	116.4	127.7	140.7
14	Reinvested earnings on U.S. direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Less: Uses of property income (paid)	309.0	331.3	345.8	357.2	369.7	390.5	417.9	465.1	489.3	476.5	482.6	503.3	501.6
16	Interest	249.0	270.3	280.9	279.8	279.0	284.9	296.0	335.4	371.3	360.9	366.2	375.6	360.9
17	Distributed income of corporations	60.0	61.0	64.9	77.4	90.7	105.6	121.9	129.7	118.0	115.6	116.4	127.7	140.7
18	Dividends	60.0	61.0	64.9	77.4	90.7	105.6	121.9	129.7	118.0	115.6	116.4	127.7	140.7
19	Withdrawals from income of quasi-corporations (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	Reinvested earnings on foreign direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Rents on land and natural resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Net national income/Balance of primary incomes, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	Less: Current taxes on income, wealth, etc. (paid)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Plus: Other current transfers received, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Contributions Received	781.5	824.1	859.1	913.8	955.3	1,018.7	1,087.3	1,162.5	1,183.2	1,206.1	1,227.0	1,259.3	1,275.3
	Claims to pension benefits	474.6	494.8	515.3	558.7	587.9	630.7	672.0	700.2	697.3	734.2	749.1	760.5	779.1
	Actual employer contributions	244.7	290.5	339.1	331.1	347.4	370.3	389.5	453.3	467.0	503.5	525.8	531.7	533.9
	Imputed employer contributions	64.3	31.7	-0.9	37.0	36.1	34.9	39.2	-5.8	-22.9	-30.1	-51.5	-53.5	-50.6
	Actual household contributions	180.3	187.5	192.2	207.7	222.9	247.3	267.2	273.3	271.0	280.5	295.2	303.8	317.8
	Less: pension service charges for defined benefit pension plans	14.7	15.0	15.1	17.1	18.5	21.9	23.9	20.6	17.9	19.7	20.3	21.6	22.0
	Household pension contribution supplements	309.0	331.3	345.7	357.2	369.7	390.5	418.0	465.1	489.4	476.5	482.6	503.3	501.6
	Less: pension service charge for defined contribution plans	2.0	2.0	2.0	2.1	2.3	2.5	2.8	2.8	3.4	4.5	4.8	4.5	5.4
	Less: benefit payments and withdrawals	525.1	541.6	541.9	590.8	628.5	706.9	772.9	766.4	762.2	831.7	864.7	923.5	960.4
	Less: net change in benefit entitlements from defined benefit plans	153.3	169.5	191.2	201.2	200.5	186.8	187.1	211.9	231.4	221.7	207.2	176.6	140.9
	Less: net change in assets from current transactions for defined contribution plans	103.1	113.1	125.9	121.9	126.2	124.9	127.3	184.1	189.6	152.7	155.1	159.2	174.0
25	Equals: Disposable income, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	Equals: Net saving	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL ACCOUNT														
27	Net saving less capital transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	Net saving	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Less: Capital transfers paid (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Capital formation, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Gross fixed capital formation (nonresidential)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Less: Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Net lending (+) or borrowing (-), capital account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADDENDA														
	Pension fund cash flow	130.0	158.0	211.0	178.2	186.0	174.3	173.7	255.3	244.8	209.6	218.6	178.8	169.6
	Actual employer and household contributions	425.0	478.1	531.3	538.8	570.3	617.7	656.7	726.6	738.0	784.0	821.0	835.6	851.7
	Monetary income receipts on assets	246.9	238.5	238.8	249.3	265.1	287.9	316.5	318.6	290.3	281.6	287.5	292.8	305.7
	Less: Benefit payments and withdrawals	525.1	541.6	541.9	590.8	628.5	706.9	772.9	766.4	762.2	831.7	864.7	923.5	960.4
	Less: Administrative Expenses	16.8	16.9	17.1	19.2	20.8	24.4	26.7	23.4	21.3	24.2	25.1	26.0	27.4

Table 10: IMA for All Other Financial Institutions

[Billions of dollars]

Line	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Current account														
1	Gross value added	417.0	435.0	438.7	418.4	490.9	538.4	444.8	286.5	444.7	509.4	551.2	633.9	697.6
2	Less: Consumption of fixed capital	69.9	74.5	79.7	85.7	93.1	99.7	107.3	114.5	116.9	116.7	109.0	113.2	119.4
3	Equals: Net value added	347.0	360.5	358.9	332.7	398.0	438.8	337.5	172.1	327.8	392.7	442.2	520.6	578.2
4	Compensation of employees (paid)	257.0	242.5	244.9	274.0	297.1	330.5	358.5	358.5	283.7	302.5	318.8	329.2	335.1
5	Wages and salaries	217.2	203.1	207.9	233.0	249.8	280.5	307.8	305.2	241.7	256.7	270.3	280.1	285.2
6	Employers' social contributions	40.0	39.4	36.8	40.9	47.1	49.7	50.3	52.9	41.0	45.0	47.6	48.1	48.8
7	Taxes on production and imports less subsidies	18.6	19.5	20.2	21.7	23.4	25.4	26.5	25.7	32.7	33.1	25.6	27.7	28.0
8	Operating surplus, net	71.4	98.5	93.8	37.0	77.5	82.8	-47.6	-212.3	11.4	57.2	97.8	163.8	215.0
9	Net national income/Balance of primary incomes, net	45.0	100.4	107.0	36.8	24.8	21.6	-74.6	-201.3	6.0	58.5	96.3	99.9	-17.5
10	Operating surplus, net	71.4	98.5	93.8	37.0	77.5	82.8	-47.6	-212.3	11.4	57.2	97.8	163.8	215.0
11	Property income (received)	907.3	674.3	628.2	839.2	1,146.7	1,601.4	1,959.6	1,619.3	977.6	872.5	896.6	875.8	834.6
12	Interest	845.6	609.8	550.5	735.2	1,021.8	1,441.4	1,753.0	1,403.8	807.6	674.1	674.7	632.9	589.3
13	Distributed income of corporations (dividends)	56.5	58.6	67.3	88.3	123.5	137.9	180.7	187.1	143.5	163.3	188.0	214.3	213.0
14	Reinvested earnings on U.S. direct investment abroad	5.3	6.0	10.3	15.8	1.4	22.2	25.9	28.5	26.4	35.2	33.9	28.6	32.4
15	Less: Uses of property income (paid)	933.7	672.5	614.8	839.5	1,199.5	1,662.6	1,986.6	1,608.4	983.1	871.3	898.2	939.7	1,067.1
16	Interest	805.4	549.4	489.2	632.3	958.2	1,391.0	1,678.8	1,290.9	703.5	592.0	617.7	585.3	570.8
17	Distributed income of corporations	131.3	123.0	124.4	202.6	237.4	265.3	302.4	312.5	277.1	272.4	272.0	344.9	486.7
18	Dividends	78.2	75.0	80.2	161.4	196.5	221.8	269.0	295.8	208.9	191.5	220.6	274.5	412.5
19	Withdrawals from income of quasi-corporations (1)	53.0	48.0	44.1	41.1	41.0	43.5	33.3	16.7	68.2	81.0	51.4	70.4	74.2
20	Reinvested earnings on foreign direct investment	-3.1	0.2	1.3	4.6	3.8	6.3	5.5	4.9	2.4	6.8	8.5	9.4	9.6
21	Rents on land and natural resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Net national income/Balance of primary incomes, net	45.0	100.4	107.0	36.8	24.8	21.6	-74.6	-201.3	6.0	58.5	96.3	99.9	-17.5
23	Less: Current taxes on income, wealth, etc. (paid)	21.2	20.5	23.8	26.8	31.4	37.1	33.5	13.5	16.5	23.2	28.4	33.0	-20.7
24	Less: Other current transfers (paid)	6.3	12.3	13.1	2.3	3.4	14.1	10.1	9.0	26.2	21.2	26.9	31.8	18.6
25	Equals: Disposable income, net	17.6	67.5	70.1	7.7	-10.1	-29.5	-118.3	-223.9	-36.8	14.1	41.0	35.1	-15.3
26	Equals: Net saving	18.4	68.4	71.3	8.6	-9.0	-28.2	-116.8	-223.1	-34.6	16.4	43.4	37.8	-12.5
Capital account														
27	Net saving less capital transfers	18.3	68.4	71.3	8.6	-9.0	-28.2	-116.8	-208.2	63.9	57.9	75.5	42.6	-12.5
28	Net saving	18.4	68.4	71.3	8.6	-9.0	-28.2	-116.8	-223.1	-34.6	16.4	43.4	37.8	-12.5
29	Less: Capital transfers paid (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-14.9	-98.4	-41.5	-32.1	-4.7	0.0
30	Capital formation, net	29.3	29.0	19.7	30.1	30.9	27.7	43.1	17.9	-10.5	-4.8	6.4	19.8	22.3
31	Gross fixed capital formation (nonresidential)	99.3	103.5	99.4	115.8	124.0	127.4	150.4	132.5	106.3	111.9	115.4	133.0	141.6
32	Less: Consumption of fixed capital	69.9	74.5	79.7	85.7	93.1	99.7	107.3	114.5	116.9	116.7	109.0	113.2	119.4
33	Net lending (+) or borrowing (-), capital account (lines 27-30)	-11.0	39.5	51.6	-21.5	-39.9	-55.9	-159.9	-226.1	74.5	62.7	69.1	22.8	-34.8

Figure 4: Major Aggregates for the Financial Subsectors (Billions of Dollars)

