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Poverty trends in Luxembourg 1985–2023: A ‘race’ between the middle and the bottom

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In December 2025, the Luxembourg government adopted its first National Action Plan to prevent and combat poverty, demonstrating a renewed political commitment to addressing a challenge that has intensified over the past four decades. To inform this effort, this policy brief examines the evolution of poverty in Luxembourg between 1985 and 2023 using harmonized data from the Luxembourg Income Study. It documents disparities in poverty risk across different age groups, positions Luxembourg within the context of other high-income countries and highlights a key structural driver of rising measured poverty: the upward trend in poverty is fueled by increasing poverty thresholds in a ‘race’ between the bottom and the middle. By documenting long-term trends transparently, the brief provides an evidence base supporting informed policy decisions.

Background

Luxembourg has experienced sustained economic growth over the last forty years. Between 1985 and 2023, real gross national income per capita increased by an average of 1.79% each year. This economic expansion has led to improvements in living standards. According to an estimation based on Luxembourg Income Study data—see the Appendix for details—average real disposable income, expressed in 2021 prices, increased from €25,000 in 1985 to €51,500 in 2023, representing an average annual growth rate of 1.97%. Median income increased from approximately €23,000 in 1985 to €45,500, representing an annual growth rate of 1.82%. However, the latest national statistics on poverty indicate that 18.1% of the population is at risk of poverty (STATEC, 2025), up from 14.5% in 2010 and 16.4% in 2017.

While Luxembourg has largely achieved SDG 1.1 (UN's Sustainable Development Goals), which aims to eradicate extreme poverty—as measured by the proportion of people living on less than $2.15 a day—by 2030 for everyone,[1] achieving SDG 1.2 appears to be a utopian goal. This goal, adopted in 2015, aims to reduce by at least half the proportion of men, women and children of all ages living in poverty in all its dimensions, according to national definitions.

Key to SDG 1.2 is the *according to national definitions'* clause. As part of the European Pillar of Social Rights Action Plan, EU countries have agreed on common definitions for a range of social indicators used to monitor social outcomes and living conditions. The at-risk-of-poverty indicator—or poverty rate for short—is one of these core indicators. It is defined as the percentage of the population living in households with an annual disposable income below 60% of the national median. This national definition measures *relative* poverty; the poverty threshold is not defined in relation to a subsistence level or objective measures of meeting basic needs. Instead, it is a fixed fraction of median incomes. By 2023, the threshold amounts to around €2,275 per month for a single adult (at 2021 prices).[2]

'You study poverty in Luxembourg? So you think anyone is in poverty in the richest EU country?'

'Yes. More than 100,000. Because poverty is relative'

Given this relative definition, the poverty threshold increases as the median income grows. Therefore, reducing relative poverty requires not just growth in low incomes, but also faster growth in incomes at the bottom than in those around the middle of the distribution. This is what is needed for the country to meet its SDG 1.2 target, which is a challenge for Luxembourg.[3],[4]

1 This note focuses on poverty among the 'ordinary' resident population living in private households. The data used here does not cover extremely vulnerable groups such as people experiencing homelessness, whose situations may be substantially more severe (Baptista et al. 2025). A count carried out in June 2024 reported 306 homeless people in Luxembourg City and Esch-sur-Alzette (Weitzel, 2025).

2 This figure is slightly below the gross minimum wage for a full-time, low-skill worker (€2,330), but slightly above STATEC's reference budget for a single adult (€2,250). However, it is above the income support that a single individual can receive under REVIS—Luxembourg's minimum income scheme—which is equal to €1,630 (based on the 2023 social parameters deflated to 2021 prices for comparability with our series).

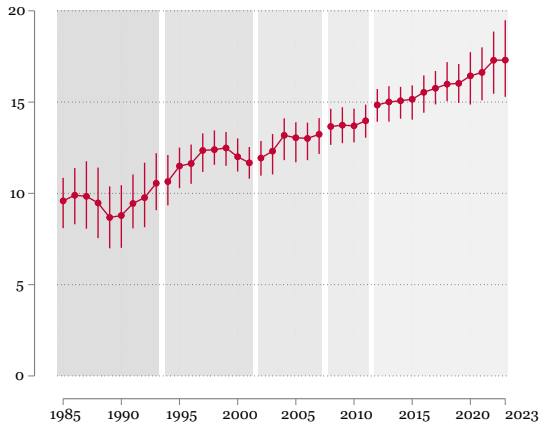
3 We are taking a simplifying shortcut here. The target SDG 1.2 measure adopted in 2021 for Luxembourg and other EU countries is actually the at-risk-of-poverty-and-social-exclusion (AROPE) indicator. This indicator also classifies individuals of working age living in a household with low work intensity and individuals living in a household that declares an inability to meet a number of basic needs as 'in poverty', even if their income is above the poverty line. In practice, AROPE is generally only a few percentage points higher than our AROP measure (MFSVA 2025). Here, we focus on the income-poverty component because data are available from a longer time period.

4 Neither of these measures reflects the situation of cross-border workers or Luxembourg citizens residing abroad. Anti-poverty policy is a national competence, so cross-border workers are included in poverty statistics in their country of residence.

How much poverty is there and has it changed?

Figure 1 presents estimates of how the poverty rate in Luxembourg has changed from 1985 to 2023, based on the series of survey data on household incomes compiled in the Luxembourg Income Study. These estimates confirm the upward trend documented in official statistics. They indicate an increase from 9.5% in 1985 to 17.3% in 2023—almost a doubling of the share of the population in (relative) poverty. Applied to the 2023 population of about 672,000 residents, this corresponds to roughly 115,000 individuals living in poverty, compared to about 35,000 out of 367,000 residents in 1985.[5]

Figure 1—Trends in poverty rates

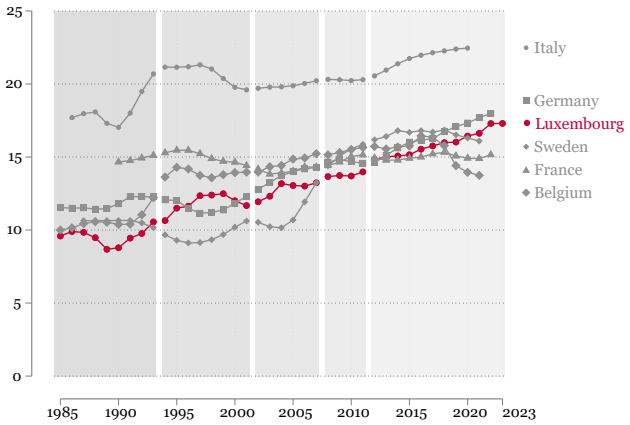


Source: Calculation from Luxembourg Income Study

While these numbers may appear high, they are in line with those found in other EU countries. Figure 2 compares Luxembourg's poverty rates to those of five selected European countries—neighboring Belgium, France and Germany as well as a Scandinavian country (Sweden) and a Mediterranean country (Italy). By 2023, Luxembourg has the third highest poverty rate in this group. More notable is the steeper increase in poverty rates relative to neighboring and other EU countries over the 40-year period. None of the five countries compared experienced an increase of poverty as large as Luxembourg's. While no country saw a decline in poverty, France experienced no apparent increase, and the increase was more muted in the other four comparison countries.

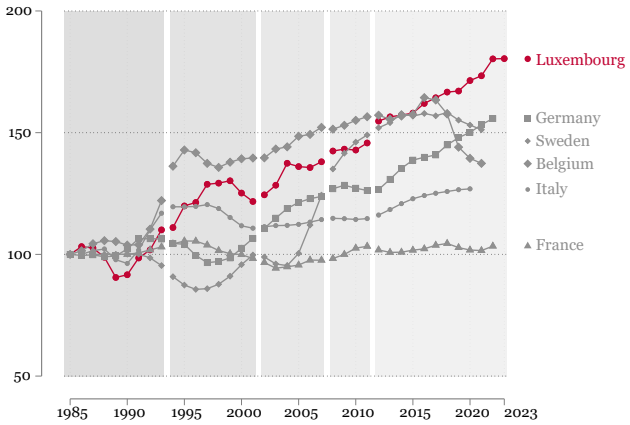
Figure 2—Trends in poverty rates in Luxembourg and selected EU countries

(a) Poverty rates



Source: Calculation from Luxembourg Income Study

(b) Relative change (initial observation = 100)



Source: Calculation from Luxembourg Income Study

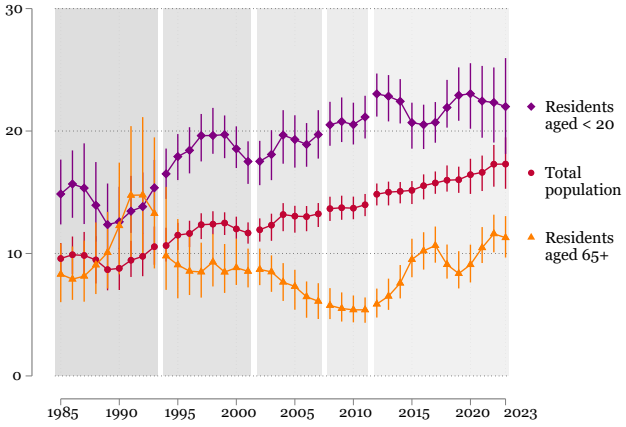
Luxembourg has largely eliminated extreme income poverty, but is off track to halve relative poverty by 2030 under SDG 1.2. Relative poverty increased from 9.5% in 1985 to 17.3% in 2023

5 Population figures are extracted from STATEC (2024).

The age profile of poverty

Aggregate poverty rates conceal variations in poverty risk across the population. Figure 3, for example, compares the level and evolution of poverty rates among individuals under age 20 to those aged at least 65. Remember that SDG 1.2 aims to halve poverty rates among all age groups (and gender) by 2030. The two age groups we focus on here often receive particular attention because they are considered vulnerable due to their limited access to paid employment

Figure 3—Trends in poverty rates for selected age groups

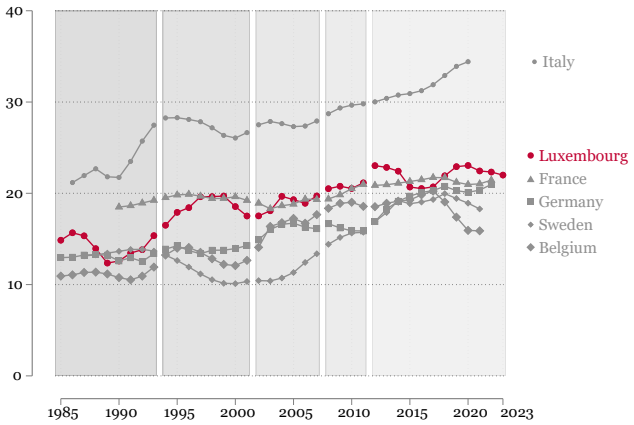


Source: Calculation from Luxembourg Income Study

The contrast between those groups is rather large. As illustrated in Figure 4, the poverty rate among children and teenagers has been consistently higher than poverty rates in the overall population. Estimates are around or above 20% since about 2008 and the onset of the Great Recession. In our comparison group of six countries, only Italy has higher poverty rates for residents under 20. By contrast, the situation of the elderly improved during the 1990s, and despite a recent uptick, their poverty rate in 2023 had declined to approximately 11%, half the rate observed among the younger age group. This relative improvement among the elderly is not atypical. France also experienced low levels of elderly poverty rates and many countries observed stagnating or declining elderly poverty—but Luxembourg exhibits the lowest rate of elderly poverty in most years.

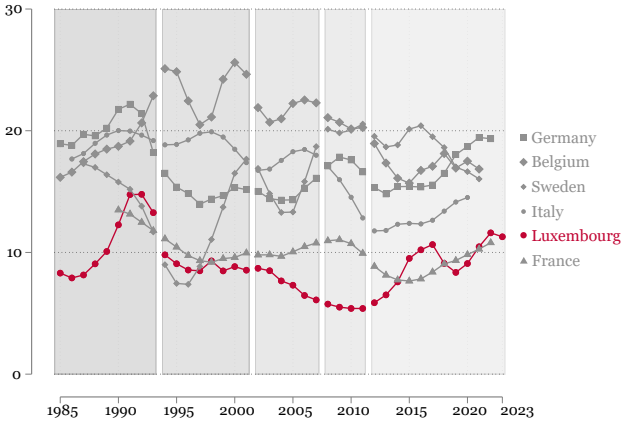
Figure 4—Poverty rates in Luxembourg and selected EU countries

(a) for children and teenagers (aged < 20)



Source: Calculation from Luxembourg Income Study

(b) for elderly (aged 65+)



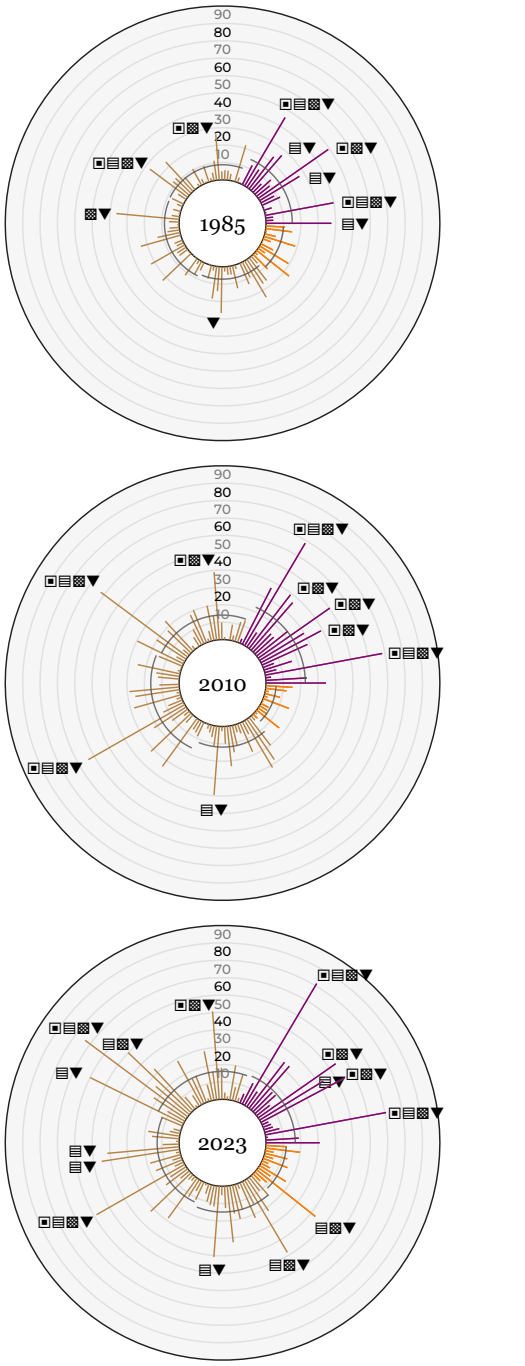
Source: Calculation from Luxembourg Income Study

The diversity of poverty risks

While poverty rates vary by age group, age is certainly not the primary driver of poverty risks. Variations in poverty risks within age groups are large—much larger than variations between age groups. Figure 5 illustrates the diversity of poverty risks across population subgroups defined by combinations of individuals' age, of household structure, and of sex, education, nationality and age of the household head. The diagrams show estimates of poverty risks for 103 groups formed by combinations of these characteristics.[6]

6 Poverty risk estimates were derived using a machine learning predictor (random forest). The household structure is classified in five groups: individuals living alone, couples without children, couples with children, single parents, and other configurations. Estimates are reported only for groups that have at least two respondents in the sample data in every year from 1985 to 2023.

Figure 5—Diversity of poverty risks



Source: Calculation from Luxembourg Income Study

Following up on our age-based perspective, groups are bundled by age and arranged counterclockwise from 3 o'clock: the purple spikes show poverty risks for groups involving children and teenagers, orange spikes are risks for groups involving residents aged at least 65, and brown spikes are for residents aged 20-34, 35-49, and 50-64. We highlight key attributes of groups with poverty risk higher than 250% of the national average.

Child and youth poverty have risen, while poverty among those aged 65+ has declined and is comparatively low

The first striking point is the overall increase in poverty risks, as evidenced by the increase in the size of the spikes from 1985 to 2010 and 2023. The second is the diversity of estimated risks across groups. Many combinations of attributes are associated with low poverty risks while others have estimated risks close to 75%. In 1985 and 2010, high risks primarily affected children and teenagers. However, by 2023, groups facing risks above 250% of the average were found in all age groups. There is consistency in the profile of the high-risk group: all the households that are part of the high risk group are headed by a person without tertiary education. Not having Luxembourg citizenship is also a common attribute of high-risk groups. In the youngest age group, high risks also affect children in female-headed, lone-parent households. Lone parenthood and female headship also mark high-risk groups among adults aged 20-35. Unsurprisingly, in 2023, the groups with highest poverty risk are those of age below 50 that combine the four attributes: a lone-parent household with a female head with no tertiary education and no Luxembourg citizenship.

What is behind the upward trends in poverty?

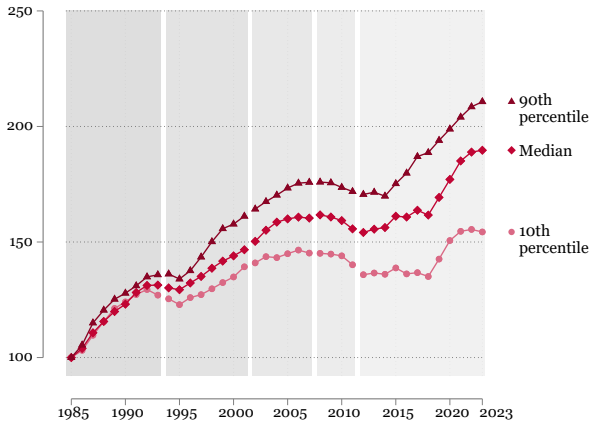
In the four decades of data that we examine, the share of the population living in poverty has almost doubled and it was persistently higher among children and teenagers than among the elderly. While these features are not exceptional by international standards, they are more marked than in neighboring countries. We also illustrate wide disparities in poverty risks once we detail poverty rates by narrowly defined population subgroups.

Let us now try to shed some light on the forces underlying these trends using some simple back-of-the-envelope calculations. These simple calculations aim to guide the interpretation of the observed trends, but of course provide no complete account of all the underlying social and economic forces behind them. We examine three channels: (i) the 'race' between low incomes and median income, (ii) shifts in the relative situations of different age groups, in particular between younger people and the elderly, and (iii) changes in the composition of the population.

The race between median and low incomes

The increase in relative poverty reflects the fact that incomes at the lower end of the distribution have not kept pace with those at the top. This widening gap is evident in the evolution of income percentiles shown in Figure 6, which shows faster growth in the upper decile compared to the lower one. While the bottom decile increased by a remarkable 50% since 1985, the median increased by 90% and the upper decile increased by 110% over the same period. The growth in the median implies that the poverty threshold increased substantially—and clearly increased faster than the incomes at the bottom.

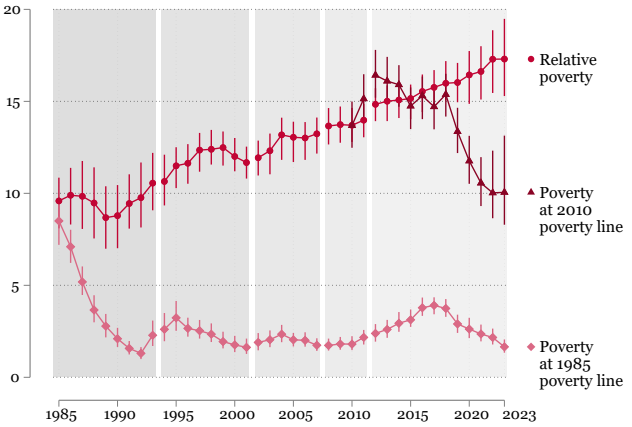
Figure 6—Evolution of low, middle and upper percentiles of the income distribution (Base 1985 = 100)



Source: Calculation from Luxembourg Income Study

A simple simulation illustrates how rising median living standards—and consequently of poverty threshold—have driven the growth in relative poverty. In Figure 7, the relative poverty line (circles) replicates the trend shown in Figure 1. The 1985 poverty line (diamonds) represents a counterfactual scenario in which the poverty threshold is anchored to the 1985 median income and adjusted only for inflation thereafter. The 2010 poverty line (triangles) diverges from the relative poverty line in 2010 and shows how poverty would have evolved if the threshold had been frozen in 2010 and adjusted only for inflation.[7]

Figure 7— Trends in relative poverty rates with actual and counterfactual poverty lines anchored at their 1985 and 2010 levels



Source: Calculation from Luxembourg Income Study

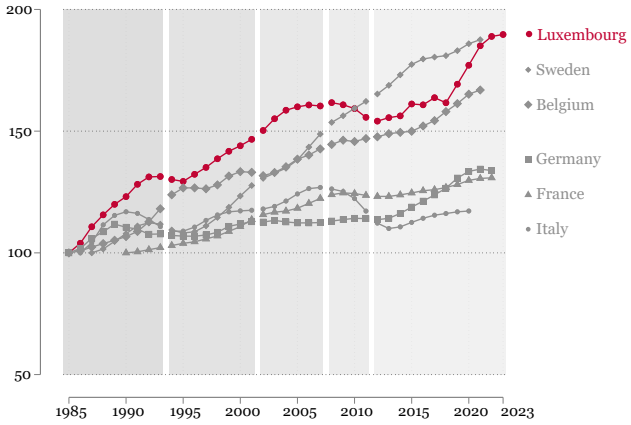
Under the 1985-anchored scenario, the poverty rate would have declined sharply, particularly during the 1980s and 1990s: today, only about 1.7% of the population has an income below the 1985 anchored poverty line. Anchoring to threshold to the 2010 median would also yield a lower poverty rate. The 2010-anchored poverty rate briefly exceeded the observed relative poverty rate in 2012-2013, when the median temporarily fell following the Great Recession. This episode illustrates how volatile relative poverty measures can be during economic downturns and highlights the need to distinguish between relative and absolute poverty in policy analysis. By 2023, only 10% of the population falls below the 2010-anchored threshold, which is well below the contemporaneous poverty rate.

7 The 1985 and 2010 anchored poverty line are equal to 13,851 and 22,898 euros in 2021 prices.

When the poverty line is anchored to past medians (1985 or 2010), poverty falls sharply. Real incomes at the bottom have risen but not as fast as the median

These counterfactuals highlight the sensitivity of relative poverty measures to changes in the median income. Rising poverty rates partly mirror a rising median income—middle incomes have grown faster than those at the bottom—rather than a decline in real incomes among the poor. International comparisons can help again put these numbers in perspective. The growth in median incomes in Luxembourg—and therefore of the poverty line—outpaced that of most other comparison countries (see Figure 8). Only Sweden exhibits a similar growth of median income. According to our estimates, the median income almost doubled in real terms since 1985—in spite of about a decade of stagnation between about 2005 and 2015. By contrast, median incomes have only increased by 25-30% in Italy, France and Germany.

Figure 8— Relative trends in median incomes in Luxembourg and selected other EU countries (earliest year of observation = 100)



Source: Calculation from Luxembourg Income Study

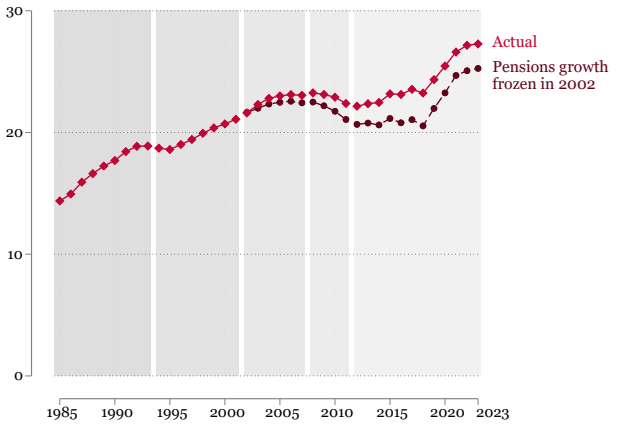
Changes in the relative situations of age groups

The decline in poverty among the elderly represents a notable achievement. However, this raises the question of whether improvements in one group may contribute to deteriorating conditions in others. Because relative poverty is defined in relation to median income, gains among one group can raise the poverty threshold, thereby worsening the relative position of others!

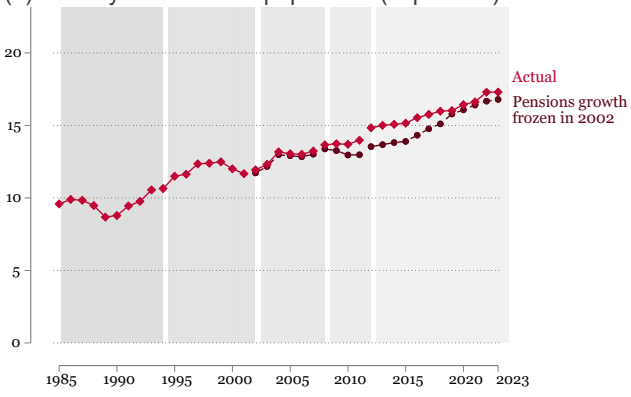
To illustrate this potential 'spillover' in relative poverty measures, Figure 9 presents a simulation in which the growth of pension incomes is constrained to match that of other income sources from 2002 onward. Under this scenario, the overall median income—and thus the poverty line (Panel a)—would be lower because pension incomes actually grew faster on average than other income sources after 2002. The poverty rate for the total population (Panel b) would remain close to the observed series, but poverty risks would shift across age groups.

Figure 9—What if pension income had grown in line with other sources of income since 2002?

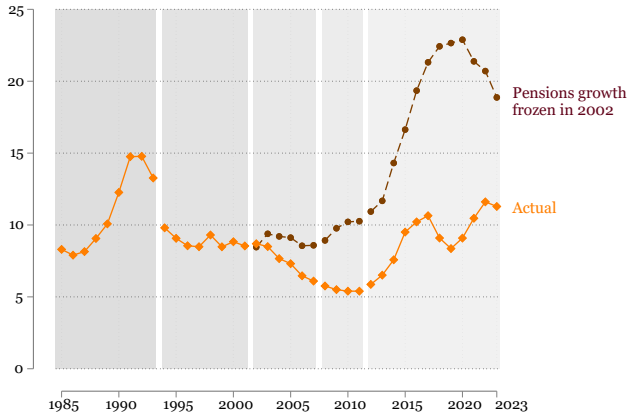
(a) Poverty line (in thousand euros; 2021 prices)



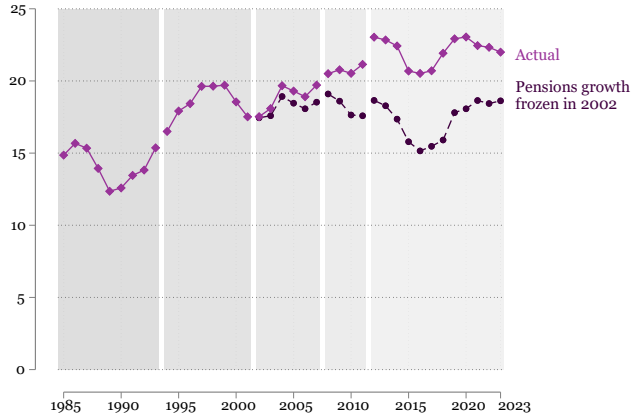
(b) Poverty rates of total population (in percent)



(c) Poverty rates of 65+ (in percent)



(d) Poverty rates among young people (in percent)



Source: Calculation from Luxembourg Income Study

The disposable income of older people would be lower, so that, as expected, their poverty rate would be substantially higher than currently observed (Panel c).

The incomes of younger individuals (except those living in households receiving pensions) would remain unchanged. However, as the poverty line falls with the median, their poverty rate would be lower by almost 5 percentage points (henceforth, pp) (Panel d). This exercise illustrates again that relative poverty trends are shaped not only by absolute income levels but also by the relative positioning of groups within the income distribution.

Faster growth in pension incomes pushes up the median and the poverty line, mechanically raising measured poverty among younger people

A changing population

The poverty rate in a given year is a weighted average of the poverty risks of many subgroups of individuals weighted by the size of those groups. An increase in poverty rates could therefore arise from an increase in the poverty risks of some (or all) population subgroups. Alternatively, it could also be driven by an increase in the population share of high-risk subgroups. What we observe is, in fact, a combination of those two factors. Poverty risks of subgroups vary over time—as Figure 5 shows—and the population structure changes at the same time.

Long-run demographic change (more single and female-headed households, more non-native heads, fewer low-educated heads) contributed to the upward trend in poverty.

Figure 10 depicts some of the changes in the characteristics of the population between 1985 and 2023. Households have become smaller: the share of individuals living alone has increased by 11 pp, as did the share living in couples without children (7 pp). The share of individuals living in a female-headed household has risen by 24 pp. There has been an increase of 22 pp in the share of individuals living in a household whose head does not have Luxembourgish citizenship, while the share living in a household whose head has

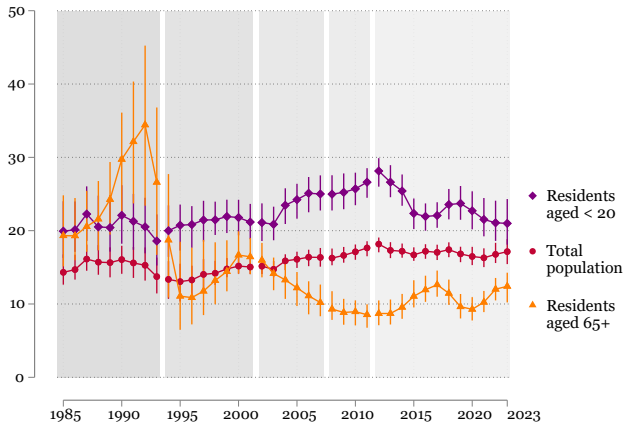
Figure 10—Changes in population characteristics 1985–2023

Source: Calculation from Luxembourg Income Study

no tertiary education has fallen by 43 pp. By contrast, the share of individuals living in lone-parent families—the group most exposed to relative poverty—has remained broadly stable. Thus, some attributes associated with higher poverty have increased—such as not having Luxembourg citizenship or living in a female headed household—but at the same time attributes related to low poverty has also increased, notably the prevalence of tertiary education.

On balance, what is the weight of the change in the population structure on the overall trends in poverty? To answer this question, we have re-estimated our aggregate measures of poverty under a scenario in which the population shares were fixed at their value observed in 2020. In other words, we applied the poverty risks shown in Figure 5 to the population structure as we observed it in 2020. Those results are displayed in Figure 11.

Figure 11—Counterfactual poverty rates at fixed 2020 population composition



Source: Calculation from Luxembourg Income Study

The main result of this exercise is that the increase over time in poverty rates would have been much smaller, had the population structure not changed (compare the slopes of the poverty trends in Figure 3 and in Figure 11). Overall, in the absence of population change, there would have been hardly any increase in the total population poverty rate from the 1990s through to the current period. The poverty rate among young people would also have largely been flat, except for an uptick in 2010. However, the decline in the poverty risk of the elderly residents is still observed in spite of the evolution of the population structure. The change in the composition of the population has been a key mechanical driver of the evolution of relative income poverty.

Key findings and policy implications

In Luxembourg, the at-risk-of-poverty rate increased from about 9-10% in 1985 to over 17% in 2023, which is one of the steepest increases among comparable EU countries. Over the same period, the age profile of poverty inverted: risks increased among children and young adults, while they declined for people aged 65+ (despite a recent uptick).

This note highlights three key elements. First, the increase in relative income poverty in Luxembourg does not imply that absolute living standards have deteriorated; rather, it reflects the fact that incomes at the lower end of the distribution have grown more slowly than those around the middle. When we anchor the poverty line to the 1985 or 2010 median in real terms, poverty is substantially lower. This shows that real incomes at the bottom have generally increased, but not nearly as fast as the median income. Second, and relatedly, with a relative poverty line, income changes in one subpopulation may affect the poverty rate calculated in other subpopulations. In our age-based analysis, simulations suggest that part of the divergence between age groups is mechanical: rapid growth in pensions raised the national median income and the poverty line, pushing up relative poverty estimates among younger people whose incomes grew more slowly. Third, changes in population composition have also pushed measured poverty upwards: as single, female-headed and non-Luxembourgish-headed households became more common, the weight of high-risk groups in the population increased, reinforcing the shift in the age profile of poverty.

The evolution of poverty rates in Luxembourg since the mid-1980s confirms that sharp increases in indicators of poverty and sustained growth in living standards can occur simultaneously. This suggests that economic growth has not been evenly shared and that income disparities have widened. The fact that children are particularly exposed while the elderly are better protected likely reflects interacting pension, labor-market and demographic developments (Berger et al. 2014; Fusco et al. 2014; Kyzyma et al. 2022).

Because relative poverty is a moving target—the threshold itself rises with median income—reducing it is difficult, even in a growing economy. Growth alone is unlikely to be sufficient to achieve SDG 1.2. More broadly, these patterns underline the limitations of relying solely on relative poverty rates to track progress.

When designing and evaluating policy, it is useful to complement relative indicators with anchored and absolute (income and non-income) poverty measures.[8] Also, it is important to bear in mind that income-based approaches focus on individuals' resources rather than on their lived experience. Disposable income is a measure of the resources available to households to cover their living expenses, to pay for accommodations, and save for the future. How these are spent and what is accessible with this income does not affect income-based measures of poverty. Changes in the cost of living may influence the experience of financial hardship in ways that are not picked up by income poverty statistics. Similarly, variations in services provided in-kind—whether free or at reduced rates, and whether universal or targeted at low-income families—are largely blinded in official statistics of relative poverty.[9]

Progress toward SDG 1.2 requires action on several fronts; there is no single 'silver bullet' for relative poverty reduction. Recent work advocates the combined use of a range of policy instruments (Marchal and Marx 2024) of the type adopted in the 2025 Luxembourg National Action Plan for the Prevention and Fight Against Poverty (MFSVA 2025).[10] In the short term, reinforcing the income floor is the main objective. This includes for example preserving and promoting adequately paid employment, maintaining high standards of income protection with a tightly knit and sufficiently generous social safety net and enhancing labor market integration for those furthest from employment (Fusco et al. 2024).[11] Such measures protect households against severe deprivation and income shocks, even if they do not automatically reduce relative poverty when the median income continues to rise. A second, more explicitly redistributive priority is to ensure that a larger share of resources is directed to low-income households. For a given budget envelope, means-tested transfers are generally more effective at reducing relative income poverty per euro spent than universal benefits, provided that non-take-up (Franziskus and Guio 2024), stigma and work disincentives are kept in check.

In the longer term, reducing poverty in a durable way requires sustained investment in human capital and childhood. For example, social investment policies need to develop skills in response to technological changes and the green transition or to fully implement the European Child Guarantee (Baptista et al. 2023; MENJE 2025). This will ensure that all children in need have effective and free access to early childhood education and care, schooling and extracurricular activities, nutritious meals every school day, health care, and adequate housing. Achieving these objectives requires systematic quantitative and qualitative evaluation and monitoring of public policies—using high-quality survey and administrative data. It is also important to recall that such long-term policies will not translate immediately into lower poverty rates, as many of the returns on investments made in today's children will only materialize in the next generation.

8 See Goedemé et al. (2022) for a recent proposal of income-based indicator combining relative and absolute components in a single measure.

9 Alternative indicators exist to such purpose, such as expenditure-based indicators and measures of 'material deprivation' that estimate the fraction of the population that cannot afford a series of basic consumption goods, such as eating fish or meat twice per week or going for a week of holiday out of home. When assessed with such measures of 'severe material deprivation,' Luxembourg fares much better. At around 2-3% of the population, this is among the lowest rate observed across the EU (STATEC 2025).

10 In particular, Marchal and Marx (2024, p. 236) call for a 'multi-instrumental and multi-layered approach and a redistributive approach that builds on the principle of targeting within universalism.'

11 These elements are consistent with Principles 14 and 6 of the European Pillar of Social Rights, which affirm the right of people in need to adequate minimum income benefits and the right of workers to fair wages ensuring a decent standard of living.

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Appendix: Data, methods and technical definitions

Data sources

Research on income poverty typically relies on large, representative household surveys that collect information on income sources and household composition. These surveys are necessary for poverty analysis to capture the multiple sources of income as well as the composition and demographic characteristics of households. We exploit the annual series from the socio-economic study 'Liewen zu Lëtzebuerg' (PSELL). PSELL—now EU-SILC—consists of three independent and consecutive studies: PSELL1 (1985-1994), PSELL2 (1995-2002) and PSELL3/EU-SILC (2003+) which were collected by LISER (formerly CEPS/INSTEAD) until 2015 and afterwards STATEC. Specifically, we use the harmonized versions of the PSELL surveys available in the Luxembourg Income Study (LIS) database.[12] The LIS database contains micro-data on household incomes from 53 (mostly) high- and middle-income countries. Micro-data are curated to maximize consistency in variable definitions and income concepts across countries and over time. This harmonization allows for the construction of a coherent time series of poverty indicators for Luxembourg from 1985 to 2023. Moreover the LIS framework makes it easy to assess Luxembourg's poverty trends in relation to those of other high-income countries.

Despite efforts of data harmonization, differences in original data collection are potentially associated with breaks in the series. In all diagrams, we therefore visualize different 'vintages' of underlying data using boxes that represent major changes in the underlying survey instruments.

Coverage

Our household surveys are probability samples drawn from the population of individuals residing in private households in Luxembourg. Cross-border workers are not part of the study and, until 2015, households in which all adults were not affiliated to the national social security—EU civil servants and other employees from international institutions—were not included in the sampling frame.

Individuals residing in institutions (e.g., care homes) or individuals without a private address in Luxembourg are not covered. This excludes some of the most vulnerable populations, such as asylum-seekers, undocumented migrants, or part of the homeless population who are excluded from official poverty statistics and the type of analysis we conduct here.

Sample sizes vary from approximately 1,650 to 1,950 households until 1993, 2,300 to 3,000 between 1994 and 2001, about 3,500 up to 6,000 households after 2002 and the implementation of the EU-SILC instrument.

Income definition

The income concept used is disposable household income, which includes all earnings, self-employment income, pensions, social transfers, and other sources, net of taxes and social contributions received in the calendar year prior to the survey. To account for differences in household size and composition, incomes are converted to single-adult equivalent using a modified OECD scale, which assigns weights to household members based on age

12 See https://www.lisdatacenter.org/our-data/lis-database/ or Luxembourg—Annualisation from 1985 to 2019 for the LIS Database (21 new and 14 revised).

and position in the household. The weights correspond to 1 for the first adult, 0.5 for other household members aged 14+ and 0.3 for each child aged less than 14. Nominal income values were inflated to be expressed in 2021 equivalent prices using the consumer price index.

The exact definition of household disposable income in LIS differs slightly from the definition used in official national statistics (based on EU-SILC guidelines), notably in the treatment of private transfers sent (alimonies, remittances) which are included in LIS but excluded from official statistics. Also LIS staff conducts additional consistency checks and re-imputed some missing income sources. The poverty measures we derive may therefore differ from those shown in official statistics. Note also that in the LIS database—and therefore in our estimates—the year corresponds to the income reference period, whereas in EU-SILC and official statistics it refers to the survey year.

Inference

All statistics reported in the note have been calculated annually but we report smoothed estimates using three year moving averages—measures at year t are averages of estimates from year t-1, t and t+1. This is to smooth out transitory variations and provide a clearer picture of the long-term trends that we focus on. This, too, will lead to differences with official statistics.

Since all estimates are derived from probability samples, they are subject to sampling variability. The 95% confidence intervals reported for our main measures are based on Bayesian bootstrap resampling. They are only approximate as full sampling design information required for exact inference are not available in our datasets. They should therefore be taken as indicative of broad magnitudes of sampling variability.

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