



Working, yet poor

The dynamics behind Europe's in-work poverty rate

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In 2025, 8.3% of workers in the EU-27 were at risk of poverty. The same headline rate can emerge from very different situations - persistent poverty among people who remain in work, new entries into poverty among previously non-poor workers, or poverty among people who have just entered employment. Using longitudinal EU-SILC data we show that in-work poverty is highly persistent: workers who were already poor the year before form a small group, but most of them remain poor, and they account for more than half of the in-work poverty rate in most countries. Then, a job does not always end poverty: one in five people who have just entered employment is poor, six times the rate among workers who were already in work and not poor.

Working, yet poor: what the headline indicator measures

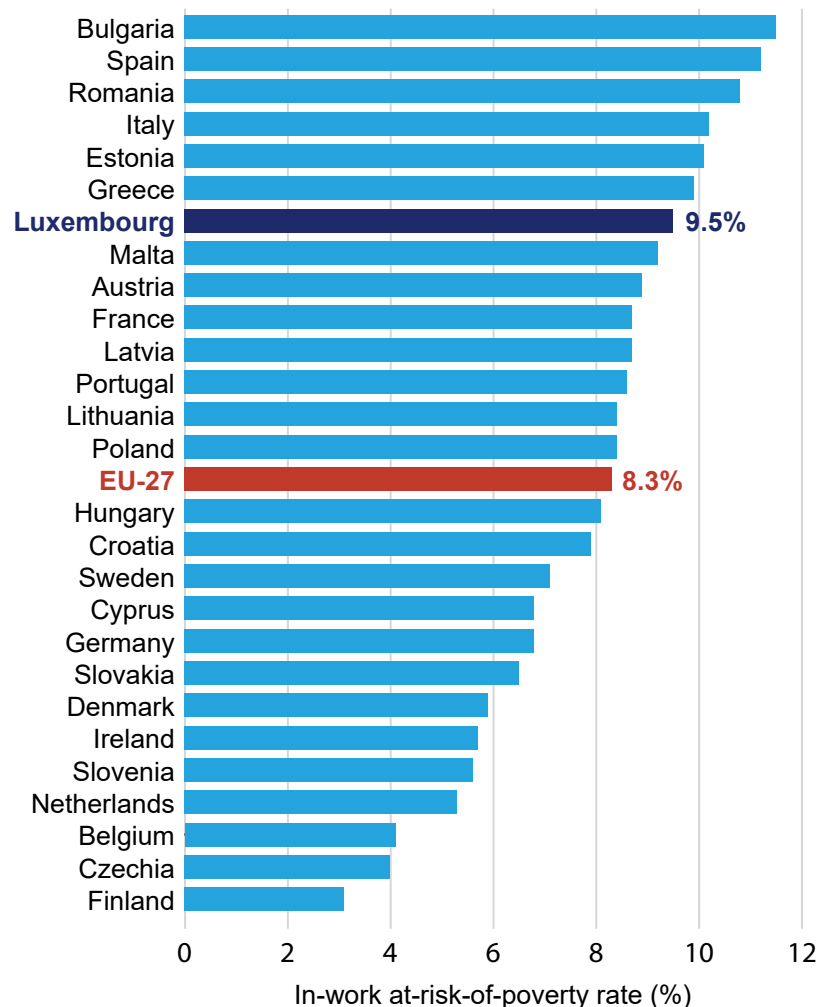
A job is one of the strongest protections against poverty, but it is not a guarantee. The EU-27 in-work at-risk-of-poverty rate attains 8.3% in 2025 - compared with 9.7% in 2015 (European Commission, 2026). Around 16 million workers aged 18–64 are poor in the EU-27. Across Member States, the rate ranges from 3.1% in Finland to 11.5% in Bulgaria; Luxembourg stands at 9.5%, above the EU average – see Figure 1.

The indicator is ‘dual’ by construction. The In-work poverty (IWP) indicator was agreed at the EU level in 2003 and defines the in-work poor as individuals who are ‘at work’ and whose household equivalised disposable income is below the poverty threshold (see Bardone and Guio, 2005). The first part - being ‘in-work’ - is an individual characteristic: a person is classified as working when employment was the predominant activity for more than half of the income reference period. The second part - being ‘at-risk-of-poverty’ - is assessed at household level: the worker lives in a household whose equivalised disposable income after social transfers falls below 60% of the national median. A person is counted as in-work poor only when both conditions hold at the same time.

Why this matters

A worker can have a low wage and still live above the poverty threshold because the household income is supported by other household members. Conversely, a worker with earnings above a conventional low-wage threshold may still live in poverty when those earnings must support several dependants or when other adults in the household are not working. IWP is therefore about the interaction between job circumstances and household resources and conceptually differs from low wage employment.

Figure 1 – In-work poverty across the EU, 2025



Note: share of employed persons aged 18–64 living in households with equivalised disposable income below 60% of the national median. Luxembourg and the EU-27 average are highlighted.
Source: Eurostat [ilc_iw01].

Risk factors of IWP include both individual and household characteristics. Almost 13% of part-time workers were at risk of poverty, compared with 7% of full-time workers; the rate was about 13% for workers on temporary contracts versus 5% for those in permanent jobs. But household circumstances matter just as much: workers living without another adult faced a poverty rate of around 13%, compared with 7% among those living with other adults. In multi-adult households, workers who were the sole earner had an estimated poverty probability of almost 11%, versus 2% when at least one other household member worked full-time (European Commission, 2026).

From states to transitions

The headline rate tells us how many workers are poor at a given point in time, but not whether they are the same people from one year to the next. An IWP rate of 8%, for example, could mainly reflect a small group trapped in poverty year after year, a larger group repeatedly entering and leaving poverty, or workers who have only just entered employment but whose household income remains below the poverty line. These situations look identical in a cross-sectional statistic, but they describe different transitions.

This is especially important for IWP because the population 'at risk' is itself changing. When someone moves into or out of employment, they enter or leave the population used to calculate IWP. When household income changes, poverty status may change even if the person's own job does not. Employment and poverty therefore need to be followed jointly.

From states to transitions

Dynamic analysis asks three simple questions that the headline rate cannot answer:

1. Who was already poor while working?
2. Who becomes poor despite remaining in work?
3. What happens to people who enter employment from an out-of-work position?

Following these pathways reveals whether the same aggregate rate is being generated by persistence, new poverty or labour-market entry.

Please note that dynamic estimates are no substitutes for official cross-sectional IWP indicator which is largely used in the EU social monitoring.

Following workers from one year to the next

A new study takes this dynamic view. D'Aguianno, Guio and Van Kerm (forthcoming) use longitudinal EU-SILC data, which follow the same people over consecutive years, for workers aged 25–65 in 26 EU countries (all Member States except Germany for which

data are not available). Each person in work in a given year is classified according to their situation the year before: whether they were in work or not, and whether they were poor or not. The analysis covers two periods, 2012–2013 and 2023–2024, and applies the same framework to the concept of in-work *material deprivation*, which measures a household's inability to afford a common set of items rather than its disposable income. Income-based measures may partly reflect changes in the national median income threshold, whereas a material deprivation measure is based on a list of items and a threshold held constant over time, which makes it closer to a measure of absolute change in living conditions.

Three paths into IWP

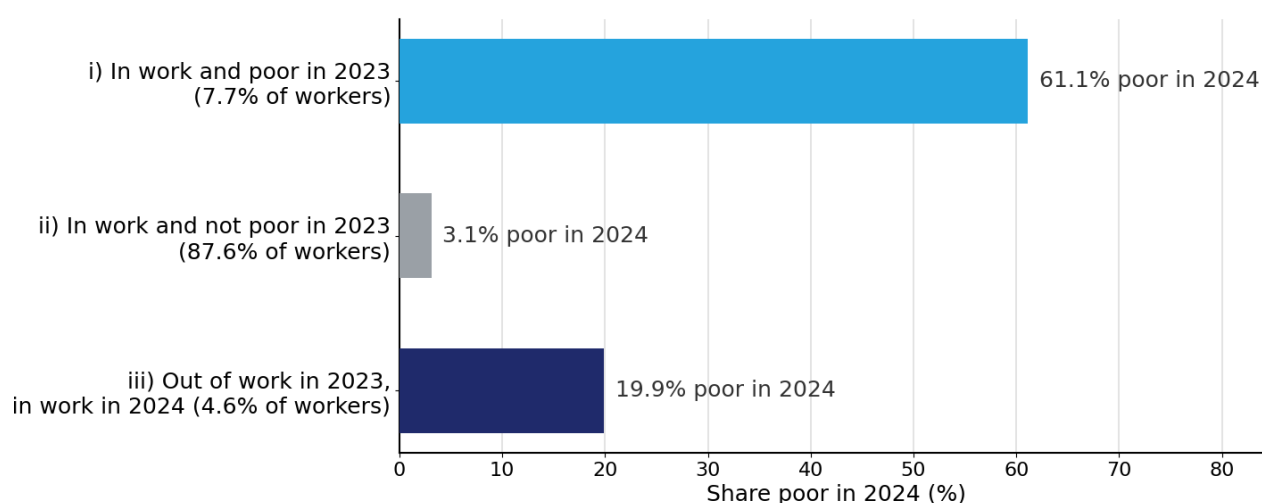
A worker who is poor in a given year (say in 2024) has reached this situation by one of three paths: i) they were already in work and poor the year before (in 2023); ii) they were in work and not poor the year before; or iii) they were out of work the year before (2023) and have just entered employment. [Figure 2](#) shows how likely workers on each path are to be poor in 2024, on the basis on their situation in 2023.

Poverty among workers is persistent. Among all workers in 2024, those who were already in work and poor in 2023 form a small group, 7.7% of workers in 2024, but 61% of them are still poor. Overall, this group accounts for more than half (56%) of the IWP rate at the EU level in 2024. The pattern holds across countries, with differences in intensity. Persistence accounts for more than 60% of the rate in ten countries (Cyprus, Denmark, Finland, Greece, Ireland, Luxembourg, Malta, the Netherlands, Romania and Slovenia), and the risk of remaining poor exceeds 70% in Bulgaria, Denmark and Romania.

Non-poor workers entering poverty is another important component of IWP. Among all workers in 2024, those who were not poor in 2023 face a low risk of poverty in 2024 (3.1% on average, ranging from 0.5% to 5.7% across countries); however, they matter because they represent almost nine in ten workers. Together, they account for about one third of the IWP rate of 2024.

Employment is not always a route out of poverty. Workers who have just entered employment from an out-of-work situation, whether they were previously poor or not, form a small group (4.6% of workers in 2024), but one in five of them is poor, more than six times the

Figure 2 – Risks of in-work poverty in 2024 depends strongly on workers' situation in 2023



Note: Share of workers on each path who are at risk of poverty in 2024; the share of all workers on each path is shown in brackets. Worker shares may not sum to 100% due to rounding. Workers aged 25–65, 26 EU countries combined (all Member States except Germany), transitions observed in 2023–2024.

Source: D'Aguanno, Guio and Van Kerm (forthcoming).

rate among workers who were already in work and not poor. For these workers, having a job is not enough to lift household resources above the poverty threshold.

What changed between 2013 and 2024?

The study also analyses changes in IWP over time.

Comparing the two periods, 2012–2013 and 2023–2024, it asks whether a change in the aggregate rate comes from a change in the mix of workers across pathways, from a change in the poverty risk within those pathways, or from both.

At pooled level, income-based IWP hardly moved: 8.7% in 2013 versus 8.4% in 2024, a decline of just 0.3 percentage points (p.p.). But this apparent stability conceals very different national trajectories. The study records sizeable declines in Romania (-7.6 p.p.), Greece (-3.3 p.p.), Portugal (-2.6 p.p.) and Luxembourg (-2.4 p.p.), alongside increases in Bulgaria (+5.8 p.p.) and Slovakia (+4.8 p.p.). The decomposition shows that these changes do not follow a common pattern: in some countries they mainly reflect changes in poverty risks associated with some specific transitions; in others, the composition of current workers across origin states matters more. [Figure 3](#) illustrates the former for two groups: the share of poor workers who are still poor a year later (persistence), and the share of non-poor

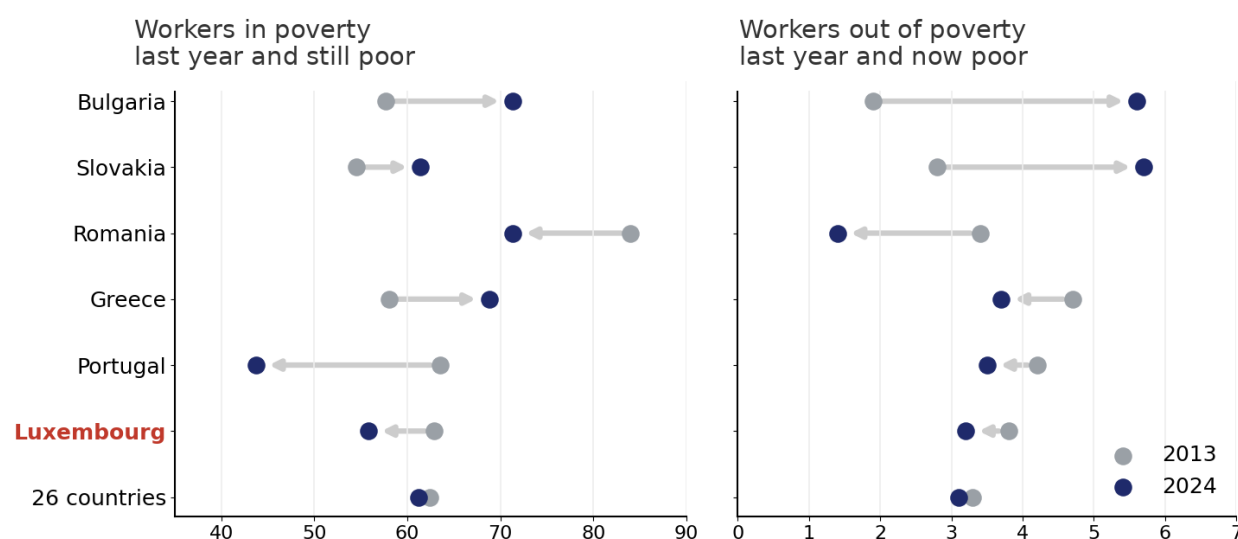
workers who become poor (entry). Workers who have just entered employment (the third path in [Figure 2](#)) are not shown in [Figure 3](#) because they have little influence on changes in the aggregate IWP rate.

In Bulgaria and Slovakia, IWP rose sharply (by 5.8 and 4.8 percentage points), mainly because more workers fell into poverty: the entry rate tripled in Bulgaria and doubled in Slovakia. In Portugal, the decline came from the other end: persistence fell from 64% to 44%, meaning that many more poor workers escaped poverty. In Greece, the IWP rate fell from 13.8% to 10.5%, mainly because fewer workers had been poor in the preceding year, as the poverty accumulated during the economic crisis receded. Persistence among poor workers rose from 58% to 69%, highlighting a problem of persistent IWP for those in that category.

Income poverty and material deprivation do not tell the same story

Income-based IWP is relative to each country's contemporary median income. Material deprivation captures the inability to afford a common set of goods and activities and is closer to an indicator of living standards. The two measures can therefore move differently, and the study shows that using them together provides a richer picture of workers' economic hardship. Italy, for instance, has one of the highest IWP rates in 2024

Figure 3 – Persistence and entry risk into in-work poverty varies widely across countries and over time, 2013 and 2024



Note: Workers aged 25–65, transitions observed in 2012–2013 and 2023–2024. The 26 countries are all EU Member States except Germany.
Source: D’Aguanno et al. (forthcoming).

(11.3%) but a much lower deprivation rate (7.8%), whereas Bulgaria, Greece and Romania record high rates on both measures, and even higher rates of deprivation. Trends also differ. Between 2013 and 2024, in-work material deprivation fell in 19 of the 26 countries, from 15.6% to 9.1% across the sample. Nine countries recorded declines of roughly 10 to 26 percentage points. In most countries where deprivation fell, the reduction is largely associated with two developments: fewer current workers were already deprived in the past year, and non-deprived workers had a lower risk of entering deprivation. In 17 of the 19 countries with a decline, these two terms account for more than 70% of the reduction.

What do we see in Luxembourg?

Luxembourg has an IWP rate above the EU average.

Analysis of longitudinal data adds two main observations:

- persistence accounts for more than 60% of IWP. In 2024, 9.1% of workers in Luxembourg had been poor the year before, more than the 7.7% observed across the 26 countries covered in the study. Their chances of remaining poor (56%) were below average (61%), but this group still accounted for more than 60% of the IWP rate, one of the ten highest shares in the sample;

- IWP in Luxembourg fell from 10.5% to 8.1% between 2013 and 2024. The decline reflects slight improvement in all components: persistence fell from 63% to 56% and entry from 3.8% to 3.2% (Figure 3), and workers entering employment were also less often poor.

While income-based measures of IWP are comparatively high, rates fall dramatically if we consider material deprivation rather than the standard income-based poverty concept. In fact, material deprivation is low and stable among workers. Only 3.9% of workers were materially deprived in 2024, among the lowest rates of the 26 countries, and this rate is virtually unchanged since 2013 (3.5%). As in Austria and France, a sizeable share of workers fall below a relative income threshold that is high in absolute terms, while still being able to afford basic items. The headline rate should therefore be read alongside material deprivation (Guio et al, 2021; Ratti, 2023; D’Aguanno et al., 2026).

From monitoring to diagnosis: why dynamics matter for policy

A headline IWP rate is indispensable for monitoring, but the dynamic evidence shows why policy interpretation should start by identifying which mechanism is producing the observed rate. The study does not estimate the causal effect of particular policies, and

is purely descriptive. Its value is to identify where the problem sits (see table below) – and therefore where more targeted explanatory analysis is needed.

This perspective also changes cross-country comparison. Countries can have very different profiles. Persistence accounts for more than 60% of the IWP rate in ten countries, including Luxembourg, whereas in Croatia, Czechia and Hungary new entries into poverty among previously non-poor workers contribute

more than persistence. A country with a relatively low aggregate IWP rate may also face a high risk on one particular pathway: in Denmark, for instance, the rate is below 5%, but more than 70% of workers who were poor the year before remain poor. The same headline indicator can therefore call for different policy responses depending on which pathway dominates.

What the dynamics show	What it means	Policy questions to investigate
Persistent poverty among workers	People remain employed but household income stays below the poverty threshold.	Are wages, working hours, household work intensity, benefits (including family policies), childcare and household needs sufficient to generate a durable exit from poverty?
High poverty after entering employment	Finding a job does not lift some households above the poverty threshold.	What is the quality and intensity of the jobs entered? How are earnings combined with taxes, benefits (including in-work benefits), childcare and other household resources during the transition?
New poverty among previously non-poor workers	Workers stay employed but move below the poverty threshold.	Which income, work-hours or household changes precede the transition? Are specific groups more exposed to adverse shocks?
IWP stable but deprivation falling	Relative income position changes little while material living standards improve.	Why are broad living standards improving without comparable movement in workers' position in the national income distribution? Are the improvements in material deprivation supported by provision of affordable public services and other policies reducing the costs and supporting the needs of the household?

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