

21 June 2018

**Living Conditions Survey (LCS). Year 2017  
Final results**

**Spanish households increased their average annual income by 3.1% in 2016, to 27,558 euros**

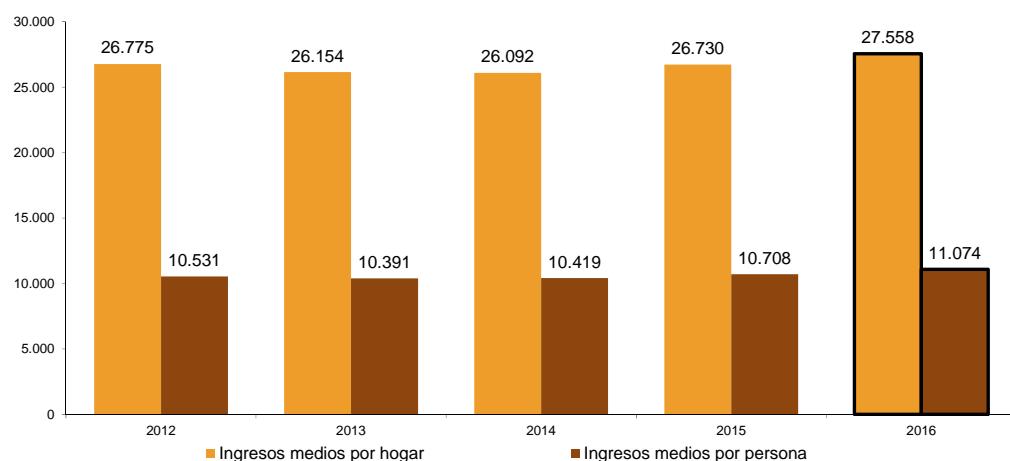
**The average income per person reached 11,074 euros, with an increase of 3.4%**

**The percentage of the population at-risk-of-poverty stood at 21.6% (with income data for 2016), compared to 22.3% the previous year (with income data for 2015)**

**Average income**

The average annual net income per household stood at 27,558 euros in 2016, with an increase of 3.1% over the previous year.

On the other hand, the average income per person reached 11,074 Euro, a figure 3.4% higher than that recorded the previous year.

**Evolution of average income per household and per person  
Euros**

### At-risk-of-poverty threshold

According to Eurostat criteria, the at-risk-of-poverty threshold is set at 60% of the median<sup>1</sup> income per consumption unit<sup>2</sup> of persons. Therefore, it increases or decreases in line with the median income. As income per person increases, so does the at-risk-of-poverty threshold.

In 2017, the at-risk-of-poverty threshold for one-person households (calculated on the basis of income data for 2016) stood at 8,522 euros, that is, 3.8% higher than that estimated in the previous year. In households with two adults and two children under 14 years old, said threshold stood at 17,896 euros.

### Umbral de riesgo de pobreza

Euros

Año de realización de la encuesta:	2013	2014	2015	2016	2017
Ingresos del año:	2012	2013	2014	2015	2016
Hogares de una persona	8.114	7.961	8.011	8.209	8.522
Hogares de 2 adultos y 2 niños	17.040	16.719	16.823	17.238	17.896

### Population at risk of poverty

The population at risk of poverty is a relative indicator that measures inequality. It does not measure absolute poverty but the number of persons with low income as compared with the total population.

In 2017 (and taking into account income in 2016) the percentage of the population below the at-risk poverty threshold (the so called *at-risk-of-poverty rate*<sup>3</sup>) stood at 21.6% of the resident population in Spain, compared with 22.3% the previous year.

By age group, the at-risk-of-poverty rate declined by 1.4 points in the 16-64 age group and by 0.8 points for children under 16. In turn, it increased by 1.8 points for people over 65.

<sup>1</sup>The median is the value that, ordering all individuals from lowest to highest income, leaves half of them below the aforementioned value, and the other half above it. Therefore, as this is a relative measurement, its value depends on the income level, and on how income is distributed among the population.

<sup>2</sup>A **consumption unit** is a person living alone. A household consisting of two adults constitutes 1.5 consumer units. Therefore the poverty threshold is calculated for each type of household. The methodological note provides a more precise definition of consumption unit as well as reference values for poverty thresholds.

<sup>3</sup>The at-risk-of-poverty rate in the LCS-2017 is the percentage of persons whose income of the previous year is below the poverty threshold.

## Población en riesgo de pobreza por edad

Porcentajes

Año de realización de la encuesta:	2013	2014	2015	2016	2017
<i>Ingresos del año:</i>	2012	2013	2014	2015	2016
TOTAL	20,4	22,2	22,1	22,3	21,6
Menos de 16 años	26,7	30,1	28,8	28,9	28,1
16 y más años	19,2	20,7	20,8	21,1	20,4
De 16 a 64 años	20,8	23,2	23,2	23,3	21,9
65 y más años	12,7	11,4	12,3	13,0	14,8

The fact of considering in the calculation of the at-risk-of-poverty rate the value of the dwelling in which the household resides, when it is owned by the household or assigned to it free of charge, causes the rate to decrease.

Thus, if one considers the value of imputed rent<sup>4</sup>, the at-risk-of-poverty rate stood at 19.7% in 2017.

The population over 65 years of age, who are most likely owners of their homes, had the lowest at-risk of poverty rate (8.9%). In turn, the highest rate was among children under 16 years of age (28.3%).

## Población en riesgo de pobreza por edad (con alquiler imputado)

Porcentajes

Año de realización de la encuesta:	2013	2014	2015	2016	2017
<i>Ingresos del año:</i>	2012	2013	2014	2015	2016
TOTAL	18,7	19,9	19,5	19,8	19,7
Menos de 16 años	27,2	29,6	28,7	28,4	28,3
16 y más años	17,0	18,0	17,7	18,2	18,0
De 16 a 64 años	19,7	21,2	20,9	21,5	20,6
65 y más años	6,8	5,9	6,3	6,3	8,9

## Household economic situation

9.3% of Spanish households said that they would have "great difficulty" making ends meet in 2017. This percentage was 6.0 points lower than that registered the previous year.

On the other hand, 37.3% of households did not have the capacity to handle unforeseen expenses, compared to 38.1% in 2016.

34.4% of households could not afford to take a holiday away from home at least one week a year. This percentage was 5.1 points lower than that registered in 2016.

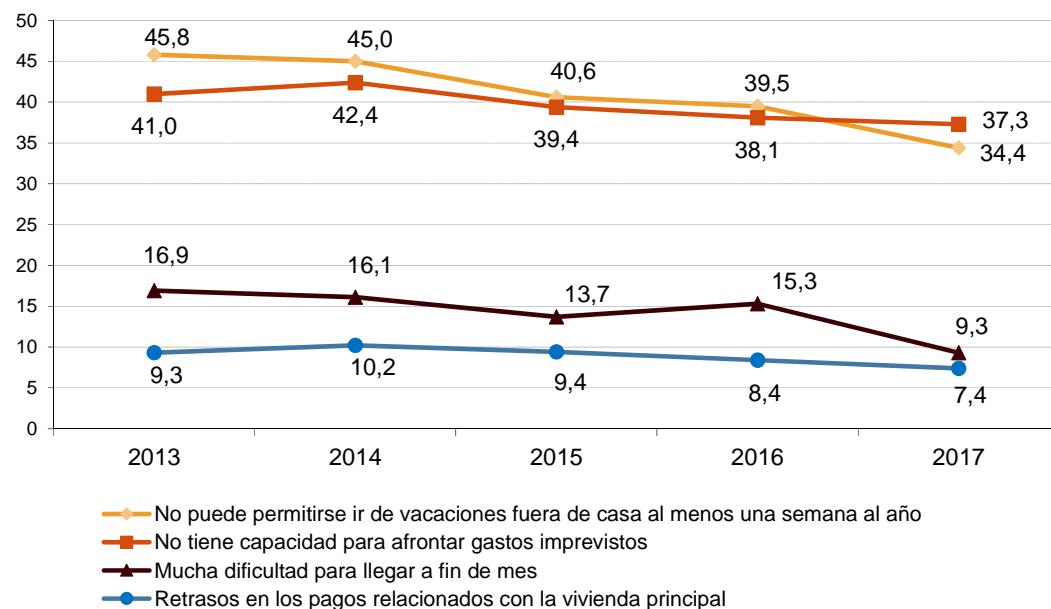
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<sup>4</sup>The LCS, in accordance with Community legislation, estimates the value of the use that the household makes of the dwelling, when it is owned by said household. See the *methodological note* on page 15.

On the other hand, 7.4% of households were late in paying expenses related to the main dwelling (mortgage or rent, gas, electricity or community bills, etc.) in the 12 months prior to the interview. This percentage stood 1.0 points below that recorded the previous year.

### Evolution of household economic difficulties

Percentages



### AROPE Indicator of risk of poverty or social exclusion (Europe 2020 Strategy<sup>5</sup>)

The AROPE indicator of risk of poverty or social exclusion is constructed with the population that is at risk of poverty, or with material deprivation or with low employment intensity. Thus, it is defined as that population that is in at least one of the following three situations:

- At risk of poverty (income per consumption unit below 60% of the median). It is made with the incomes of the previous year.
- In households without employment or with low employment intensity (households where their working-age members did less than 20% of their total work potential during the income reference year, i.e. the year preceding the interview).
- With severe material deprivation (defined as the lack of at least four of the nine concepts in the following list that are asked in the survey). The nine concepts considered are:

1. They cannot afford to go on holiday at least one week a year.

<sup>5</sup>Europe 2020 is the EU's growth strategy for this decade approved by the European Council on 17 June 2010. For further information see page 16.

2. They cannot afford to eat meat, chicken or fish at least every two days.
3. They cannot afford to keep the dwelling at an adequate temperature.
4. They cannot handle unforeseen expenses (of 700 Euro)<sup>6</sup>.
5. They have delays in payments relating to the main dwelling (mortgage or rent, gas or electricity bills, community costs, etc.) or to hire purchase in the past 12 months.
6. They cannot afford a car.
7. They cannot afford a telephone.
8. They cannot afford a TV.
9. They cannot afford a washing machine.

According to the results for these nine concepts, a population distribution in relation to their situation of material conditions of life is estimated.

In 2017, 53.0% of the population had no lack of any of the nine concepts considered, while 5.1% were in a situation of severe material deprivation (with a lack in at least four items on the list of nine).

Of the nine concepts that determine the inclusion of people in this group, the most frequent were: *They cannot afford to go on holiday for at least one week a year* (this affected 98.8% of people in severe material deprivation), *they cannot afford unforeseen expenses* (98.5%), *they cannot afford to keep the dwelling at an appropriate temperature* (77.8%) and *they have had delays in the payment of expenses related to the main dwelling or on hire purchases in the last 12 months* (66.2%).

#### **Personas con carencia material en un determinado número de conceptos. Año 2017** Porcentajes

Personas que consideran que no tienen carencia en ninguno de los nueve conceptos	53,0
Personas que consideran que tienen carencia en al menos un concepto de los nueve	47,0
Personas que consideran que tienen carencia en al menos dos conceptos de los nueve	29,7
Personas que consideran que tienen carencia en al menos tres conceptos de los nueve	12,8
<b>Personas que consideran que tienen carencia en al menos cuatro conceptos de los nueve(1)</b>	<b>5,1</b>
Personas que consideran que tienen carencia en al menos cinco conceptos de los nueve	1,8

(1) Carencia material severa

In the LCS for 2017, the aggregate AROPE Indicator of risk of poverty or social exclusion stood at 26.6% of the resident population in Spain, compared to 27.9% in the previous year.

The reduction in the AROPE rate occurred in its three components. Thus, the low employment intensity fell from 14.9% to 12.8%, the severe material deprivation from 5.8% to 5.1% and the at-risk-of-poverty situation from 22.3% to 21.6%.

<sup>6</sup> It is considered the capacity of the household to meet unforeseen expenses with its own resources only, that is, without resorting to loans or hire purchase to meet the usual expenses that were previously settled in cash. The amount of expenses is revised each year from the evolution of the level of income of the population. This amount stood at 700 Euro in the survey of 2017.

**Indicador AROPE. Población incluida en al menos uno de los tres criterios del riesgo de pobreza o exclusión social por componentes**

Porcentajes

Año de realización de la encuesta:	2013	2014	2015	2016	2017
<i>Ingresos del año:</i>	2012	2013	2014	2015	2016
Indicador AROPE	27,3	29,2	28,6	27,9	26,6
Riesgo de pobreza (1)	20,4	22,2	22,1	22,3	21,6
Carencia material severa	6,2	7,1	6,4	5,8	5,1
Baja intensidad en el empleo (2)	15,7	17,1	15,4	14,9	12,8

(1) Ingresos del año anterior a la entrevista

(2) Año anterior a la entrevista

By age group, the AROPE indicator fell by 2.3 points for those aged 16 to 64 and by 0.7 points for those under 16. In turn, it increased by 2.0 points in those over 65.

**Indicador AROPE. Población incluida en al menos uno de los tres criterios del riesgo de pobreza o exclusión social por grupos de edad**

Porcentajes

Año de realización de la encuesta:	2013	2014	2015	2016	2017
<i>Ingresos del año:</i>	2012	2013	2014	2015	2016
TOTAL	27,3	29,2	28,6	27,9	26,6
Menos de 16 años	31,9	35,4	33,4	31,7	31,0
De 16 a 64 años	29,5	32,0	31,6	30,7	28,4
65 y más años	14,5	12,9	13,7	14,4	16,4

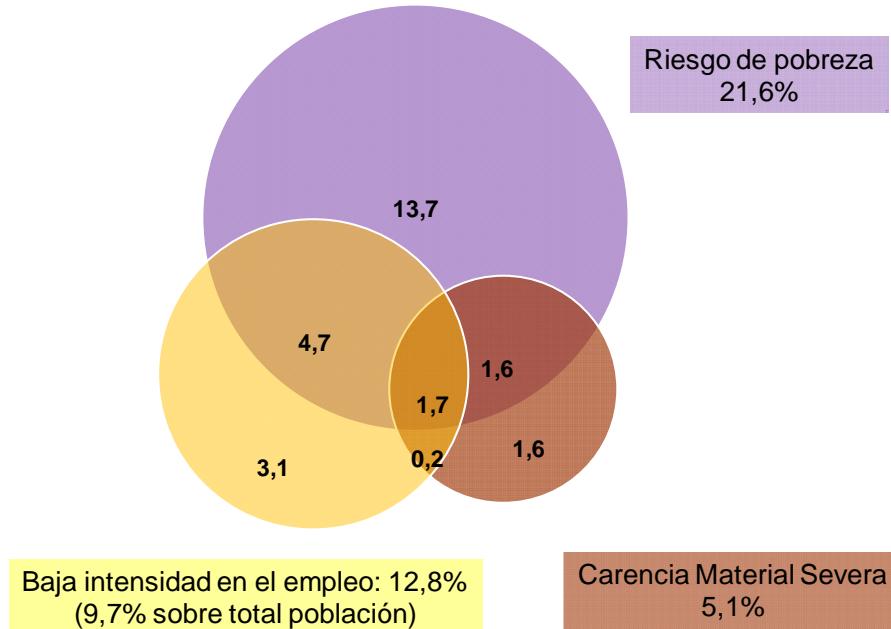
Complementary to the indicator AROPE it builds an indicator of intersection between populations that are in each of the three situations.

Thus, in 2017 (and with income data from 2016), 1.7% of the population was also at risk of poverty, with material deprivation and low employment intensity.

**Intersections between sub-populations.**

Year 2017 (with 2016 income data)

AROPE Indicator 26.6%



**Distribution of the population in quintiles according to their income**

To calculate the income quintiles all persons are ordered according to the amount of income per consumption unit, and are then divided into five equal groups, i.e., with 20% of people in each group. The first quintile corresponds to 20% with lower incomes; the second one, the next 20%, and so on until you reach the fifth quintile corresponding to 20% of people with higher income per consumption unit.

The distribution of income according to quintiles can be disaggregated according to variables such as age, educational level, the relation with the activity, nationality or the size of the household.

With respect to the educational level, 41.6% of the population with higher education was in the fifth quintile (the highest income group).

In connection with the activity, 42.2% of the unemployed were located in the first quintile (the lowest income group), while 6.2% of that group was in the fifth one.

According to nationality, 16.6% of Spaniards were in the first quintile. This percentage was 36.1% for foreigners in the European Union and 48.6% for persons whose nationality is not from an EU country.

Regarding the size of the household, in the first quintile was 36.0% of households with five members or more, while in the fifth quintile this was 11.7%.

**Población por quintiles de renta por unidad de consumo según características.**

Porcentajes

	1º quintil (menor renta): 0-20%	2º quintil (rentas intermedias): 20-40%	3º quintil (rentas intermedias): 40-60%	4º quintil (rentas intermedias): 60-80%	5º quintil (mayor renta): 80-100%
<b>TOTAL</b>	20,0	20,0	20,0	20,0	20,0
<b>GRUPO DE EDAD</b>					
Menos de 16 años	26,3	19,7	17,7	17,9	18,3
De 16 a 29 años	26,3	20,3	19,1	18,7	15,6
De 30 a 44 años	18,2	19,1	19,5	21,3	21,9
De 45 a 64 años	19,3	16,9	19,1	20,8	23,8
65 y más años	13,2	25,8	24,5	19,9	16,5
<b>NIVEL DE FORMACIÓN ALCANZADO</b>					
Educación primaria o inferior	24,3	28,8	23,7	16,4	6,7
Educación secundaria primera etapa	25,1	24,2	22,7	18,5	9,4
Educación secundaria segunda etapa	18,5	18,4	21,0	22,5	19,6
Educación superior	9,0	10,3	15,4	23,7	41,6
<b>RELACIÓN CON LA ACTIVIDAD</b>					
Ocupados	12,9	16,0	19,7	24,0	27,4
Parados	42,2	23,8	17,0	10,8	6,2
Jubilados	11,8	21,9	22,9	21,6	21,8
Otros inactivos	24,5	24,9	22,0	17,1	11,5
<b>NACIONALIDAD</b>					
Española	16,6	19,6	21,1	21,4	21,4
Extranjera (UE)	36,1	22,9	13,8	11,9	15,2
Extranjera (resto del mundo)	48,6	25,1	13,4	8,5	4,3
<b>TIPO DE HOGAR</b>					
Hogares de una persona	20,5	26,1	19,0	15,4	18,9
2 adultos sin niños dependientes	14,9	18,7	20,6	21,7	24,0
Otros hogares sin niños dep.	13,5	18,8	22,3	24,3	21,1
1 adulto con 1 o más niños dep.	39,6	21,5	16,4	14,1	8,3
2 adultos con 1 o más niños dep.	22,3	19,4	18,3	19,5	20,6
Otros hogares con niños dep.	27,0	20,3	23,1	17,5	12,0
<b>TAMAÑO DE HOGAR</b>					
1 miembro	20,5	26,1	19,0	15,4	18,9
2 miembros	16,3	18,7	20,5	21,4	23,2
3 miembros	17,4	18,6	20,0	22,7	21,3
4 miembros	18,7	20,3	21,1	19,9	20,0
5 miembros o más	36,0	19,4	17,1	15,8	11,7
<b>NÚMERO DE PERCEPTORES</b>					
1 percepto	32,6	25,4	18,6	13,4	10,0
2 perceptores	13,9	17,9	20,3	22,2	25,8
3 perceptores o más	9,3	19,0	23,1	26,3	22,3

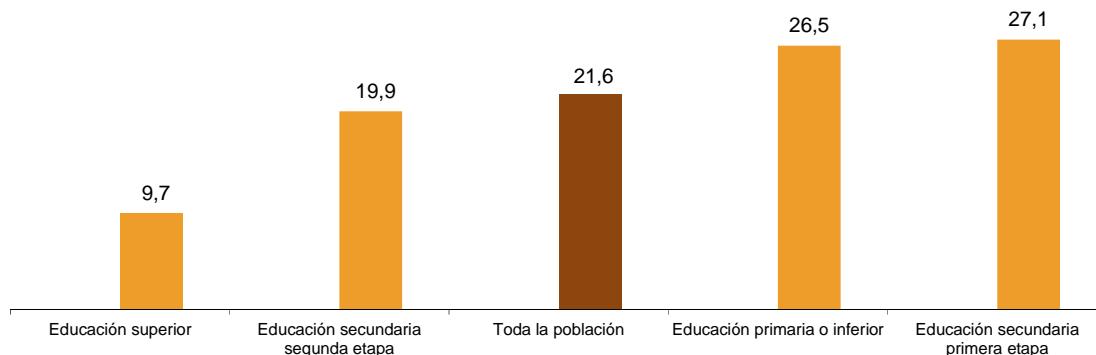
**Population at risk of poverty, according to characteristics**

The at-risk-of-poverty rate can be disaggregated according to characteristics such as level of education or type of household.

Regarding the importance of the educational level, 27.1% of the population that had attained an educational level equivalent to the first stage of secondary education was at risk of poverty in 2017 (with 2016 incomes). In turn, when the level reached was higher education, this rate was reduced to 9.7%.

**At-risk-of-poverty rate, by educational level attained (People aged 16 years old and older). LCS-2017 (income for 2016)**

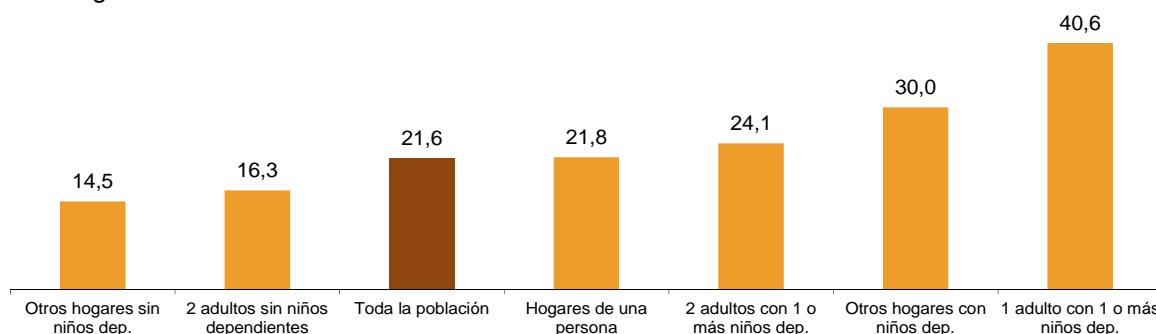
Percentages



According to the type of household, 40.6% of people living in households consisting of an adult with dependent children were at risk of poverty in 2017. Lower risk of poverty rates were in households without dependent children.

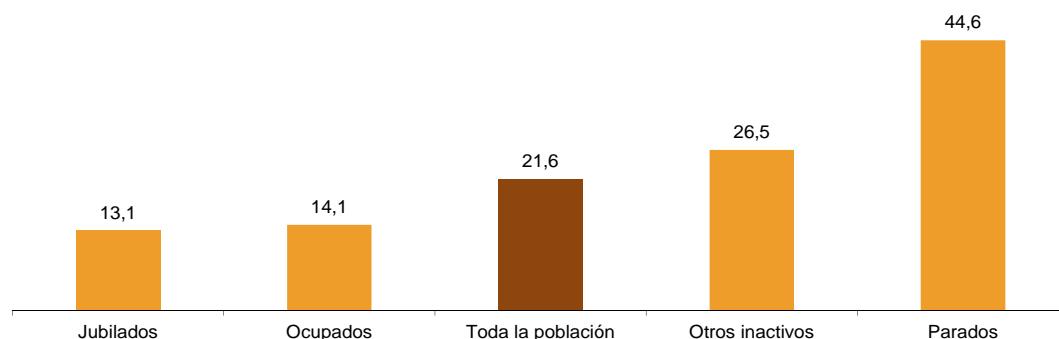
**At-risk-of-poverty rate, by kind of household. LCS-2017 (income for 2016)**

Percentages



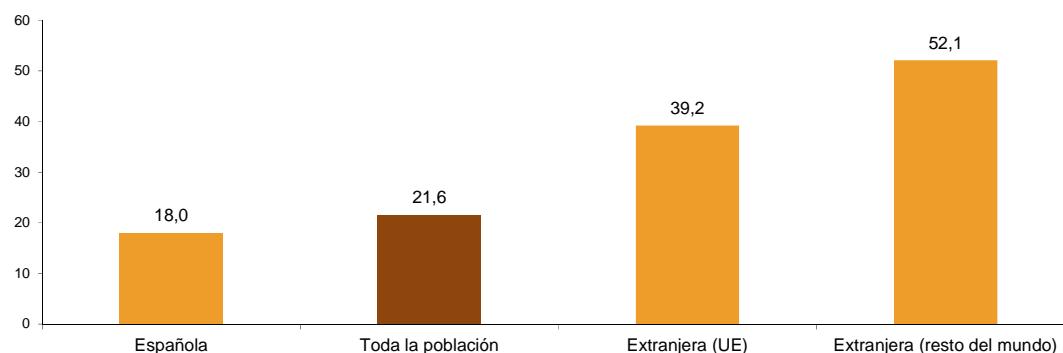
In terms of economic activity, 44.6% of unemployed persons were at risk of poverty, compared with 13.1% of retirees.

**At-risk-of-poverty rate, by relationship with economic activity (persons aged 16 years old and older). LCS-2017 (income for 2016). Percentages**



According to nationality, the percentage of people below the at-risk-of-poverty threshold was 18.0% among Spanish nationals, 39.2% for EU foreigners and 52.1% for persons whose nationality was not from an EU country.

**At-risk-of-poverty rate by nationality (persons aged 16 years old and over)  
LCS-2017 (income for 2016). Percentages**



**Results by Autonomous Communities**

The highest average annual income (in 2016) were registered in País Vasco (14,397 euros per person), Comunidad Foral de Navarra (13,583) and Comunidad de Madrid (13,099).

On the other hand, the lowest average annual income was registered in Extremadura (8,250 per person), Región de Murcia (8,702) and Canarias (8,863).

**Ingresos medios anuales netos por persona.  
ECV-2017 (ingresos de 2016). Euros.**

País Vasco	14.397
Navarra, Comunidad Foral de	13.583
Madrid, Comunidad de	13.099
Cataluña	12.712
Balears, Illes	12.665
Asturias, Principado de	12.244
Rioja, La	12.131
Aragón	12.110
Cantabria	11.293
Castilla y León	11.239
<b>TOTAL</b>	<b>11.074</b>
Galicia	10.753
Comunitat Valenciana	9.801
Andalucía	9.116
Castilla - La Mancha	9.045
Canarias	8.863
Murcia, Región de	8.702
Extremadura	8.250
Ceuta	9.676
Melilla	10.161

Regarding the at-risk-of-poverty rate, the highest rates were registered in Extremadura (38.9%), Andalucía (31.0%) and Canarias (30.5%).

In turn, Comunidad Foral de Navarra (8.3%), País Vasco (9.7%) and La Rioja (9.7%), registered the lowest at-risk-of-poverty rates.

**Tasa de riesgo de pobreza. ECV-2017**

**(Ingresos de 2016). Porcentajes**

Navarra, Comunidad Foral de	8,3
País Vasco	9,7
Rioja, La	9,7
Asturias, Principado de	12,6
Aragón	13,3
Cataluña	15,0
Castilla y León	15,4
Madrid, Comunidad de	16,9
Cantabria	17,6
Galicia	18,7
Baleares, Illes	21,3
<b>TOTAL</b>	<b>21,6</b>
Comunitat Valenciana	25,6
Castilla - La Mancha	28,1
Murcia, Región de	30,1
Canarias	30,5
Andalucía	31,0
Extremadura	38,8
Ceuta	32,5
Melilla	26,2

As regards the economic situation of households, Canarias (20.9%), Región de Murcia (15.5%) and Andalucía (13.9%) were the Autonomous Communities with the highest percentages of households that were making ends meet with "great difficulty" in 2017. Those with the lowest percentages were La Rioja (1.1%), Comunidad Foral de Navarra (1.7%) and Aragón and Illes Balears (both with 4.6%).

52.4% of households in Canarias, 49.8% in Comunitat Valenciana and 49.1% in Andalucía were unable to handle unforeseen expenses in 2017. At the other end of the spectrum were Cantabria (14.5%), País Vasco (17.9%) and Comunidad Foral de Navarra (18.8%).

Andalucía (47.9%), Canarias (44.2%) and Extremadura (42.5%) presented the highest percentages of households that could not afford to go on holiday away from home for at least one week a year in 2017. The lowest percentages corresponded to Comunidad de Madrid (21.0%), País Vasco (22.3%) and Aragón (23.6%).

In the case of households with late payments related to the main dwelling, Canarias (18.7%), Región de Murcia (13.2%) and Comunitat Valenciana (11.0%) presented the highest percentages. In turn, Comunidad Foral de Navarra (2.0%) and Cantabria and Castilla y León (both with 2.3%) recorded the lowest percentages.

### Dificultades económicas de los hogares por CCAA. Año 2017

Porcentajes

	No puede permitirse ir de vacaciones fuera de casa al menos una semana al año	No tiene capacidad para afrontar gastos imprevistos	Retrasos en los pagos relacionados con la vivienda principal	Mucha dificultad para llegar a fin de mes
Total	34,4	37,3	7,4	9,3
Andalucía	47,9	49,1	9,9	13,9
Aragón	23,6	19,4	3,0	4,6
Asturias, Principado de	37,6	38,5	3,7	10,8
Balears, Illes	35,1	35,5	10,9	4,6
Canarias	44,2	52,4	18,7	20,9
Cantabria	27,6	14,5	2,3	7,5
Castilla y León	26,7	25,3	2,3	5,3
Castilla - La Mancha	39,5	41,7	4,3	9,9
Cataluña	30,1	33,0	6,6	6,9
Comunitat Valenciana	39,1	49,8	11,0	11,5
Extremadura	42,5	47,5	7,8	11,1
Galicia	38,8	23,7	3,7	6,2
Madrid, Comunidad de	21,0	34,4	5,6	6,4
Murcia, Región de	38,3	43,1	13,2	15,5
Navarra, Comunidad Foral de	26,3	18,8	2,0	1,7
País Vasco	22,3	17,9	4,4	5,4
Rioja, La	24,9	21,9	2,9	1,1
Ceuta	37,2	36,2	12,1	13,6
Melilla	28,9	29,9	8,1	13,6

The Autonomous Communities with the highest percentage of people in the lowest income group (first quintile) were Extremadura (35.2%), Canarias (29.7%) and Andalucía (28.9%).

On the other hand, the Autonomous Communities with the highest percentage of people with high incomes (fifth quintile) were País Vasco (35.7%), Comunidad de Madrid (30.0%) and Comunidad Foral de Navarra (29.4%).

**Población por quintil de renta por unidad de consumo por CCAA. Año 2017  
(Ingresos de 2016). Porcentajes**

	1 <sup>er</sup> quintil (menor renta): 0-20%	2 <sup>º</sup> quintil (rentas intermedias): 20-40%	3 <sup>º</sup> quintil (rentas intermedias): 40-60%	4 <sup>º</sup> quintil (rentas intermedias): 60-80%	5 <sup>º</sup> quintil (mayor renta): 80-100%
<b>TOTAL</b>	20,0	20,0	20,0	20,0	20,0
Andalucía	28,9	25,6	17,9	14,5	13,1
Aragón	11,3	20,2	20,5	26,0	22,0
Asturias, Principado de	11,9	20,3	22,6	23,9	21,3
Baleares, Illes	18,4	20,8	18,2	17,2	25,5
Canarias	29,7	23,3	20,4	17,5	9,1
Cantabria	15,3	25,9	20,4	19,8	18,7
Castilla y León	14,6	19,3	25,5	21,9	18,7
Castilla - La Mancha	26,5	26,7	18,0	18,1	10,8
Cataluña	13,3	15,6	20,2	23,0	28,0
Comunitat Valenciana	24,3	21,3	22,5	18,4	13,6
Extremadura	35,2	28,0	19,4	10,0	7,4
Galicia	17,7	18,7	24,3	23,9	15,5
Madrid, Comunidad de	15,5	14,8	17,2	22,5	30,0
Murcia, Región de	27,5	24,3	22,2	14,8	11,2
Navarra, Comunidad Foral de	7,7	13,4	16,1	33,4	29,4
País Vasco	8,4	11,8	18,2	25,8	35,7
Rioja, La	9,6	18,7	27,7	21,8	22,3
Ceuta	31,9	14,5	22,8	7,8	23,1
Melilla	25,6	14,6	17,6	18,8	23,4

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## Methodological note

The Living Conditions Survey (LCS) is an annual statistical operation aimed at households, and it is conducted in all European Union countries. This is a harmonised statistic which is supported by Regulation (EC) No 1177/2003 of the European Parliament and of the Council of 16 June 2003 on Community statistics on income and living conditions.

The LCS 2017 has been conducted by the National Statistics Institute (INE), in cooperation with the Statistics Institute of Cataluña (IDESCAT) within the scope of its Autonomous Community. The INE sample was collected in the third quarter of 2017, while the IDESCAT sample was collected in the second quarter. In total, the effective sample consists of more than 34,000 people.

The LCS was conducted for the first time in 2004. Its main objective is to provide information regarding the income, level and composition of poverty and social exclusion in Spain, and to enable making comparisons with other European Union countries. For this purpose, the incomes of the calendar year prior to the interview are collected. Also, many other questions about living conditions, which are referred to the time of the survey, are collected. Therefore, the variables related to the incomes of the survey of 2017 are referred to 2016 whereas the other questions are referred to 2017.

Among its uses, the survey is noteworthy due to its constituting a fundamental reference element for the follow-up of the National Action Plan for Social Inclusion.

The LCS also provides longitudinal information, since it is a panel survey in which the persons interviewed participate for four consecutive years. It is thus possible to ascertain the evolution of variables researched over time.

The LCS is specifically designed to obtain information on:

1. Income in private households, and in general, on their economic situation (the information on income refers to the year prior to the survey year).
2. Poverty, deprivation, social protection and equality of treatment.
3. Employment and activity.
4. Retirement, pensions and the socio-economic situation of elderly persons.
5. Housing and the costs associated with it.
6. Regional development.
7. Educational level, health and effect of both on socio-economic situation.

The Survey for 2017 includes a module requesting information on Health, **which is scheduled for publication on 29 June 2018**.

## Definitions

## **Net household income**

This is the income received during the year prior to the interview (therefore, in the 2017 survey, questions refer to the income received in 2016, whereas in the 2016 survey, questions referred to the income received in 2015) by the members of the household. This income comprises income from employment working for others, profits/losses from freelance work, social benefits, income from private pension schemes not related to work, capital and property income, transfers between households, income received by children and the outcome of the income tax return. Non-monetary components are not included, with the exception of company cars.

## **Net income per household consumption unit and personal income**

In order to allow a better comparison of the income of different types of households the concept of *consumption unit* is used internationally. One person living alone constitutes a consumption unit, given that she or he covers all household expenses alone.

In order to determine the number of consumption units equivalent to different households, the so-called modified OECD scale is used in all countries within the European Union. This scale assigns a weight of 0.5 to the rest of adults and a weight of 0.3 to the persons under 14 years of age. Thus, a household comprising two adults would count as 1.5 consumption units ( $1+0.5=1.5$ ) and a household comprising two adults and two children would count as 2.1 ( $1+0.5+0.3+0.3=2.1$ ) consumption units.

The income per household consumption unit is obtained by dividing the total household income by the number of consumption units comprising that household. Thus, in the aforementioned household, the income would be divided by 2.1 consumption units. Once the income per household consumption unit is calculated, it is assigned to each of its members. This income per consumption unit of persons (or equivalent personal income) is used in calculating measurements of poverty risk.

## **Imputed rent**

Imputed rent constitutes a non-monetary component of household income. It is applied to those households that do not pay a complete rent, either because they are the resident-owners, or because they reside in the dwelling rented at a price under the market price, or because they live in the dwelling free of charge. The amount imputed is equivalent to the going market price of the rent that would have to be paid for a dwelling similar to that occupied, minus any rent actually paid.

The amount of imputed rent is obtained by combining the amount obtained via an objective method, with the subjective rent provided by the household respondent. The objective method used consists of imputing the average of the real rent of dwellings with similar characteristics, in terms of the number of bedrooms, type of dwelling, degree of urbanisation of the area and period of occupation of the dwelling. Likewise, a deduction is made, from the total household income, of the interest of the loans applied for the purchase of the main dwelling.

As with other publications, the at-risk-of-poverty rate by age is calculated also considering imputed rent in the definition of household income.

## Risk of poverty

The poverty threshold depends on the distribution of income by consumption unit of persons. This poverty threshold is set at 60% of the median income per consumption unit of persons. The median is the value that, ordering all individuals from lowest to highest income, leaves half of them below the aforementioned value, and the other half above it.

The at-risk-of-poverty rate is the percentage of persons who are below the poverty threshold. The threshold for the national total has been used in the results presented.

The value of the poverty threshold is established in euros. A person with annual income per consumption unit below this threshold is considered to be at risk of poverty.

The value of the poverty threshold, expressed according to total household income, depends on the size of the household and the ages of its members, that is, the number of consumption units in the household.

Thus, for the 2017 survey, the value of the poverty threshold is obtained by multiplying the number of household consumption units by 8,522. For example, for a household with one adult, the threshold is 8,522 Euro, for a household with two adults, it is 12,783 Euro (or 6,391.5 Euro per person), for a household with two adults and two children under the age of 14, it is 17,896.2 euros (or 4,474.1 euros per person).

## The At-Risk-Of-Poverty or Social Exclusion Indicator, AROPE (Europe 2020 Strategy)

The Risk of Poverty Or Social Exclusion rate (or AROPE indicator, due to the English acronym) is part of the indicators in the European Union Europe 2020 Strategy (for more information, see: [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/framework/europe-2020-strategy\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/framework/europe-2020-strategy_en))

It is defined according to certain criteria established by Eurostat. This is the population that is in at least one of the following three situations:

- At risk of poverty (60% of the median income per consumption unit).
- With severe material deprivation. These are the households that are lacking in at least four concepts from a list of nine.
- In households without jobs or with low intensity employment. These are households in which their working-age members did less than 20% of their total working potential in the year preceding the year of the interview (income reference period).

On the one hand, this calculates the number of months in which the members of the household worked during the reference year, and on the other hand, the total months in which those same members of the household might have worked. The ratio is calculated, and it is determined whether it is less than 20%. This variable is not applied in the case of persons aged 60 years of age and over.