

25 April, 2017

Living Conditions Survey (LCS). Year 2016
Final results

Spanish households received an average annual income of 26,730 Euro in 2015, with a 2.4% increase when compared with the previous year

Average net annual monetary income per person for 2015 reached 10,708 Euro, with a 2.8% raise, when compared with the previous year

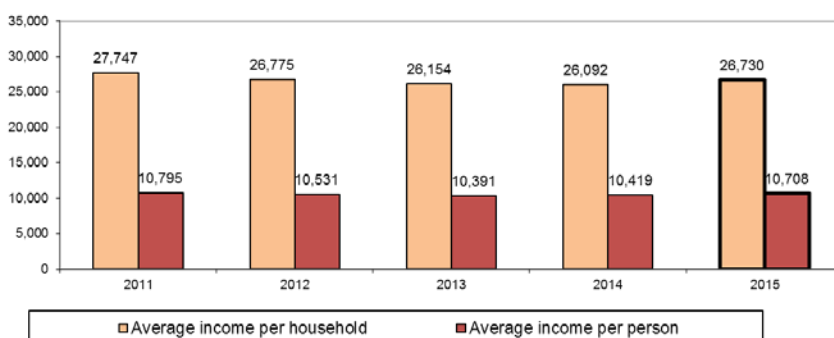
The percentage of population of poverty risk is situated in 22.3% (with data registered from 2015), compared to 22.1% from the previous year (with data registered from 2014)

Average income

The results of the Living Conditions Survey (LCS) in Spring for the year 2016 provided information regarding the average income of households during the year 2015. Average net annual monetary income per household reached 26,730 Euro, with a 2.4% decrease, when compared with the previous year.

On the other hand, income per person reached 10,708 Euro, 2.8% higher than the figure registered the previous year.

Evolution of the average income per person
Euro



At-risk-poverty threshold

Following the criteria recommended by Eurostat, this threshold is set at 60% of the median¹ income per person² consumption unit. Therefore, it increases or decreases in line with the median income. Due to the fact that the person's income increases, the at-risk-of-poverty threshold does so as well.

In 2016, the at-risk-of-poverty threshold for one-person households (estimated with 2015 incomes) stood at 8,209 Euro, that is, 2.5% more than that calculated for the previous year. In the case of the households including two adults and two minors under 14 years old, said threshold stood at 17,238 Euro.

At-risk-poverty threshold

Euro					
Year when the survey is conducted:	2012	2013	2014	2015	2016
<i>Income for the year:</i>	2011	2012	2013	2014	2015
One-person households	8,321	8,114	7,961	8,011	8,209
Households with 2 adults and 2 children	17,473	17,040	16,719	16,823	17,238

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 the ECV in 2016 (and taking into account the income of 2015) the percentage of population below the at-risk poverty threshold (the so called at-risk-of poverty rate³) stood at 22.3% of the resident population in Spain, compared with 22.1% the previous year.

Note the increase in this rate for older than 65 years of age (0.7 points). On its part, the at-risk-of-poverty rate among those persons under 16 years of age stood at 28.9%, that is, 6.6 points higher than that of the whole population.

¹ 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.

² A **consumer unit** is a person living by him self. A home conformed by two adults constitutes 1.5 consumer units. So, poverty threshold is calculated for each kind of home. In the methodological there is a more precise definition of the consumer unit, as well as the reference values for the poverty thresholds.

³ The at-risk-of-poverty rate in the ECV-2016 is the percentage of persons whose income of the previous year is below the poverty threshold.

At-risk-of-poverty rate by age

Percentages

Year when the survey is conducted:	2012	2013	2014	2015	2016
Income for the year:	2011	2012	2013	2014	2015
TOTAL	20.8	20.4	22.2	22.1	22.3
Under 16 years old	26.9	26.7	30.1	28.8	28.9
16 years of age and older	19.7	19.2	20.7	20.8	21.1
From 16 to 64 years of age	20.9	20.8	23.2	23.2	23.3
65 years of age and older	14.8	12.7	11.4	12.3	13.0

The fact of considering the value of the dwelling of the at risk poverty rate in which the household resides in the calculation, when said dwelling is owned by the household or the household has it free of charge, leads to its decrease for all age groups.

So, on considering the value of imputed rent⁴, the at-risk-of-poverty rate stood at 19.8% in the year 2016.

The population over 65 years of age, for which a greater proportion owned its dwelling of residence, presented the lowest at-risk-of-poverty percentage (6.3%). In turn, the highest percentage was registered among the persons under 16 years of age (28.4%).

At-risk-of-poverty rate by age (with imputed rent)

Percentages

Year when the survey is conducted:	2012	2013	2014	2015	2016
Income for the year:	2011	2012	2013	2014	2015
TOTAL	19.0	18.7	19.9	19.5	19.8
Under 16 years old	28.0	27.2	29.6	28.7	28.4
16 years of age and older	17.2	17.0	18.0	17.7	18.2
From 16 to 64 years of age	19.7	19.7	21.2	20.9	21.5
65 years of age and older	7.5	6.8	5.9	6.3	6.3

Household economic situation

At the time of the survey (Spring of 2016), a total of 15.3% Spanish households stated that they had “a great deal of difficulty” making ends meet. This percentage was 1.6 points higher than that registered in the previous year.

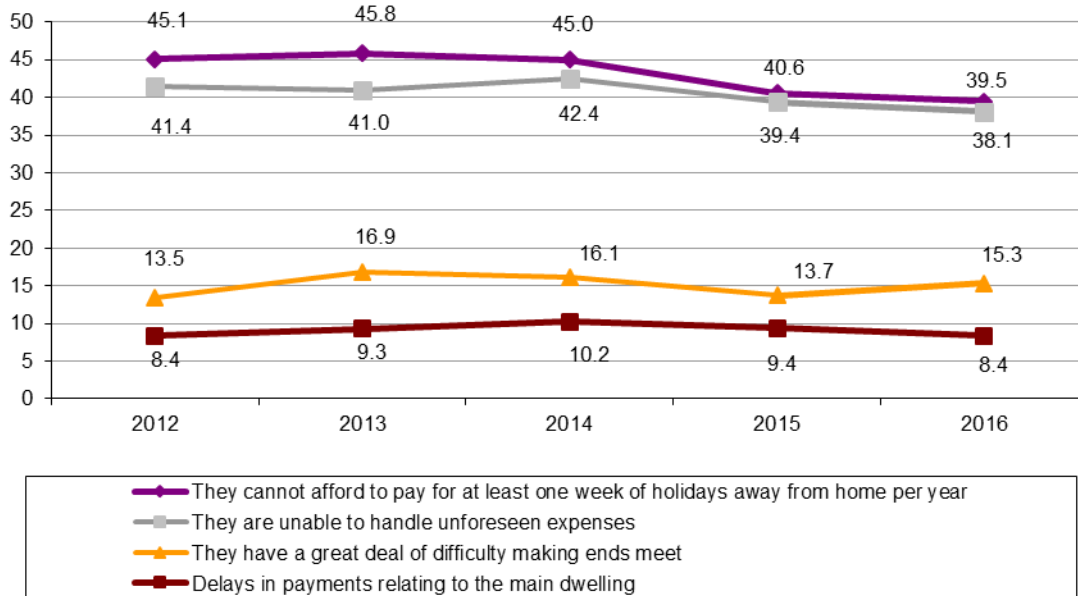
In turn, 38.1% of households could not handle unforeseen expenses, as compared with 39.4% from the year 2015.

39.5% of households could not afford to pay for at least one week of holidays away from home per year. This percentage was 1.1 points lower than that registered in 2015.

⁴ The LCS, in accordance with community regulations, estimates the value of the use made of the dwelling by the household, when it is owned by said household. See the *methodological note* on page 15.

8.4% of households had late payments when paying expenses related to the main dwelling (mortgage or rent, gas or electricity bills, community costs, etc.) in the 12 months prior to the interview. This percentage was 1.0 points lower than that from the previous year.

Evolution of household economic difficulties. Percentages



The At-Risk-of-Poverty or Social Exclusion Indicator, AROPE (Europe 2020 Strategy⁵)

The At-Risk-Of-Poverty or Social Exclusion Indicator, AROPE, is constructed with the population that is in risk of poverty, or the material insufficiency or with low work intensity. Thus, it is defined as that population that is in at least one of the following three situations:

- At risk of poverty (60% of the median income per consumption unit). It is made with the incomes of the previous year.
- In households without work or with low work intensity (households in which the members of a working age did so for less than 20% of their total working potential during the reference year, that is, the previous year of the survey).
- In severe material deficiency (defined as lack of concepts at least four of the nine from the list below that were asked in the survey). The nine concepts considered are:

⁵ Europe 2020 is the growth strategy of the EU for the this decade approved by the European Council on the 17 June 2010. For further information see page 16.

1. The person or household cannot afford to go on holiday at least one week a year.
2. They cannot afford to eat meat, chicken or fish at least every two days.
3. The person or household cannot afford to keep the dwelling at an adequate temperature.
4. They cannot handle unforeseen expenses (of 650 Euro)⁶.
5. They have delays in payments relating to the main dwelling (mortgage or rent, gas or electricity bills, community costs, etc.) or hire purchase loans 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 2016, 49.5% of the population had no deprivation in any of the nine considered concepts, while 5.8% of the population was in a situation of severe material deficiency (with deprivation in at least four of the nine concepts on the list).

Of the nine concepts that determine the inclusion of people in this group, the most frequent were: it has no capacity to deal with unforeseen expenditure (applies to 99.4% of persons in a situation of severe material deprivation), they cannot afford to go on holiday at least one week per year (99.2%), they cannot afford to maintain dwelling with a suitable temperature (81.1%) and has had delays in the payment of expenses related to the main dwelling or in purchases in the last 12 months (75.7%).

Persons with deprivation in a given number of concepts. Year 2016

Percentages

People who have no deprivation in any of the nine concepts	49.5
People who feel that they have deprivation at least in one of the nine concepts	50.5
People who feel that they have deprivation at least in two of the nine concepts	34.5
People who feel that they have deprivation at least in three of the nine concepts	15.2
People who feel that they have deprivation at least in four of the nine concepts⁽¹⁾	5.8
People who feel that they have deprivation at least in five of the nine concepts	2.2

(1) Severe material deprivation

In 2016, the At-Risk-of-Poverty or Social Exclusion Indicator, AROPE, stood at 27.9% of the population resident in Spain, as compared with 28.6% registered in the previous year.

The overall reduction rate AROPE occurred in two of its three components. Thus, severe material lack went from 6.4% to 5.8% and the low employment intensity dropped from 15.4% to 14.9%.

⁶ The capacity of a household to handle unforeseen expenses is only considered taking into account the own resources, that is, not applying for loans or hiring purchase loans in order to face usual expenses that were previously paid 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 650 Euro in the survey of 2016.

AROPE Indicator. Population included within at least one out of three criteria of poverty risk or social exclusion by components

Percentages

Year when the survey is conducted:	2012	2013	2014	2015	2016
<i>Income for the year:</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
AROPE Indicator	27.2	27.3	29.2	28.6	27.9
Risk of poverty (1)	20.8	20.4	22.2	22.1	22.3
Severe material deprivation	5.8	6.2	7.1	6.4	5.8
Low work intensity (2)	14.3	15.7	17.1	15.4	14.9

(1) Income in the year prior to the interview (2) Year prior to the interview

By age group, note the decrease of AROPE indicator among younger than 65 years of age.

AROPE Indicator. Population included in at least one of the three criteria of the risk of at-poverty-risk rate and social exclusion by age

Percentages

Year when the survey is conducted:	2012	2013	2014	2015	2016
<i>Income for the year:</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
TOTAL	27.2	27.3	29.2	28.6	27.9
Under the age of 16	31.4	31.9	35.4	33.4	31.7
From 16 to 64 years of age	29.0	29.5	32.0	31.6	30.7
65 years of age and older	16.5	14.5	12.9	13.7	14.4

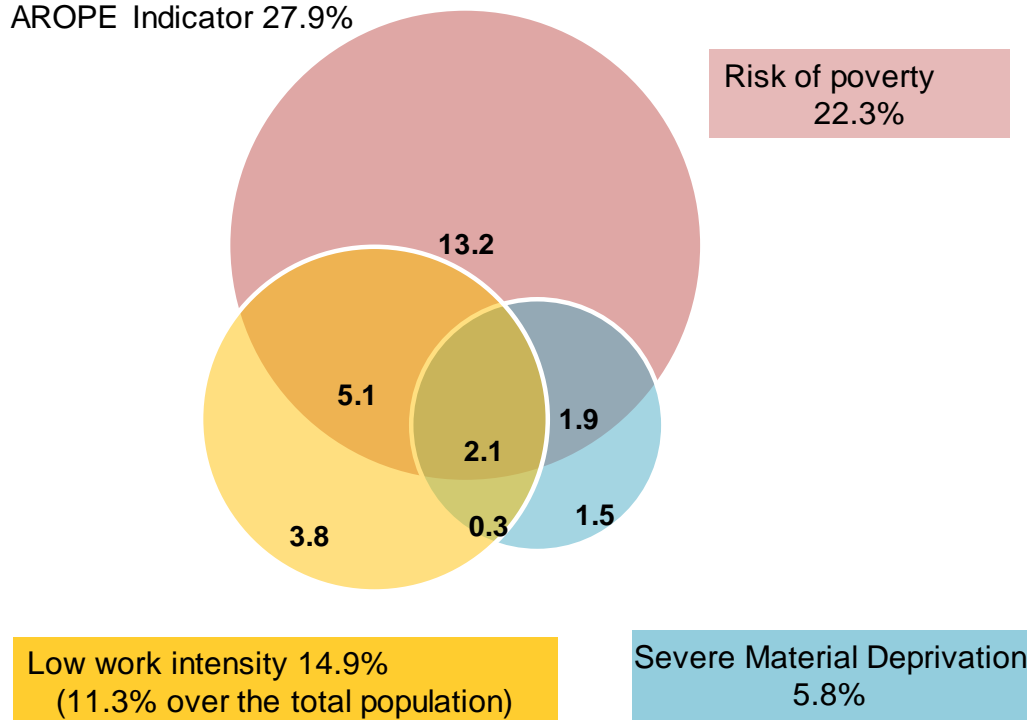
Complementary to the indicator AROPE it builds an indicator of intersection between populations that are in each of the three situations.

Thus, in 2016 (and with income data from 2015), 2.1% of the population was also at risk of poverty, with material deprivation and low employment intensity.

Intersections between sub-populations

Year 2016 (with 2015 income data).

AROPE Indicator 27.9%



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, level of training, the relation with the activity, nationality or the size of the home.

With respect to the level of training, 41.5% of the population with higher education was in the fifth quintile (the one of people with higher incomes).

In connection with the activity, 44.7% of the unemployed were located in the first quintile (the one for the lower income), while 5.3% of that group was in the fifth one.

According to nationality, 16.6% of Spaniards were in the first quintile. This percentage was 37.7% for foreigners in the European Union and 47.1% for persons whose nationality is not a country in the EU.

Regarding the size of the household, in the first quintile was 34.0% of households with five members or more, while in the fifth quintile this was 14.3%.

Persons per income decile, by consumption unit regarding characteristics.

Percentages

	1 ^{er} quintil (least income): 0 -20%	2 ^o quintil (middle income): 20 -40%	3 ^o quintil (middle income): 40 -60%	4 ^o quintil (meddle income): 60 -80%	5 ^o quintil (major income): 80 -100%
TOTAL	20.0	20.0	20.0	20.0	20.0
AGE GROUP					
Under the age of 16	26.6	18.8	18.4	18.4	17.8
From 16 to 29 years of age	26.8	20.8	18.6	17.3	16.4
30 to 44 years of age	19.2	18.0	19.3	23.0	20.5
45 to 64 years of age	19.6	18.1	18.8	19.3	24.2
65 years of age and older	10.5	25.9	25.3	20.6	17.7
EDUCATIONAL LEVEL ATTAINED					
Primary education or lower	23.1	28.4	24.7	16.8	7.1
First stage secondary education	26.1	24.1	21.8	17.9	10.2
Second stage secondary education	18.0	18.2	20.5	22.8	20.6
Higher education	9.0	10.8	14.9	23.8	41.5
RELATIONSHIP WITH ACTIVITY					
Employed persons	12.4	15.4	20.2	24.4	27.5
Unemployed persons	44.7	25.1	14.4	10.4	5.3
Retired persons	9.0	20.8	25.1	21.5	23.6
Other economically inactive persons	22.6	26.1	20.6	17.4	13.3
NATIONALITY					
Spanish	16.6	19.8	20.9	21.1	21.6
Foreign (UE)	37.7	21.6	16.3	12.7	11.7
Foreign (rest of the world)	47.1	25.0	12.2	12.0	3.7
KIND OF HOUSEHOLDS					
One-person households	18.0	26.5	19.8	17.1	18.5
2 adults, without dependent children	13.9	18.5	21.1	23.1	23.5
Other households without dependent children.	13.7	18.5	22.1	22.2	23.5
1 adult with 1 or more dependent children.	38.8	21.2	15.7	11.3	13.0
2 adults with 1 or more dependent children.	23.3	17.8	18.7	20.3	19.9
Other households with dependent children.	27.3	26.2	20.6	14.5	11.4
HOUSEHOLD SIZE					
1 member	18.0	26.5	19.8	17.1	18.5
2 members	15.4	18.6	20.7	22.3	22.9
3 members	17.4	18.3	20.8	22.7	20.7
4 members	20.9	20.3	19.6	19.4	19.8
5 members or more	34.0	20.1	17.9	13.7	14.3
NUMBER OF RECIPIENTS					
1 receiver	31.6	25.2	18.6	14.2	10.4
2 receivers	13.9	17.3	20.3	23.4	25.1
3 receivers or more	10.8	20.4	23.2	22.0	23.6

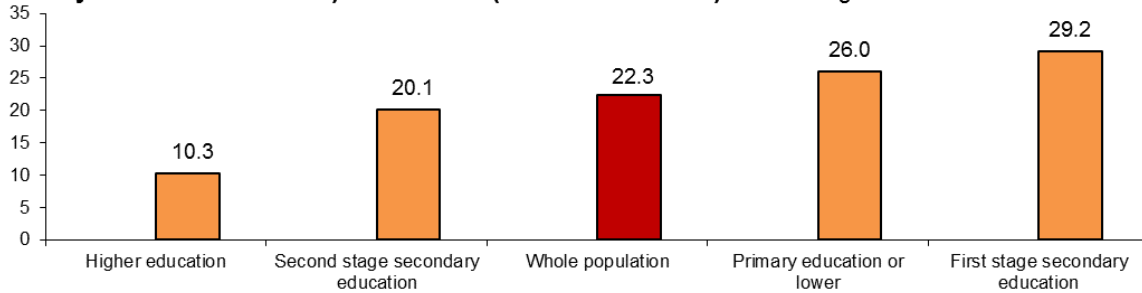
Population at risk of poverty, according to characteristics

The at-risk-of-poverty rate differs, depending on the educational level of the individual and the type of household.

Regarding the importance of the educational level, 29.2% of the population that had attained an educational level equivalent to first or secondary stages of education was at risk of poverty

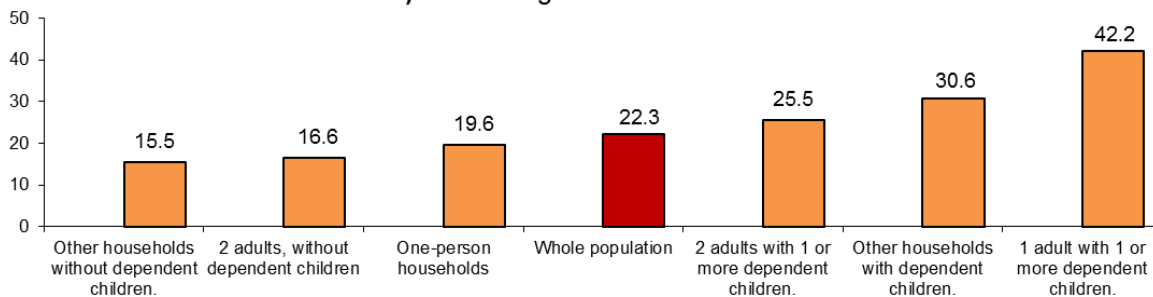
in 2016 (with 2015 incomes). In turn, when the level reached was higher education, that rate stood at 10.3%.

At-risk-of-poverty rate, by educational level attained (persons aged 16 years old and older). LCS-2016 (income for 2015). Percentages



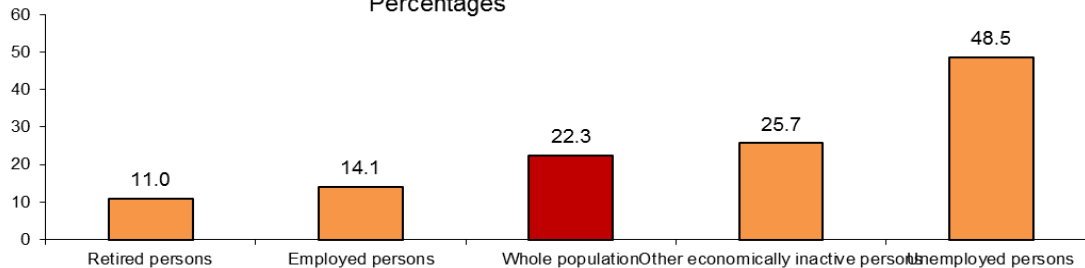
With regard to the importance of the type of household, 42.2% of the persons living in households comprising one adult and dependent children stood at risk of poverty in 2016. Lower risk of poverty rates were in households without dependent children.

At-risk-of-poverty rate, by kind of household. LCS-2016 (income for 2015). Percentages



In terms of economic activity, 48.5% of unemployed persons were at risk of poverty, against a 11.0% of the retiree.

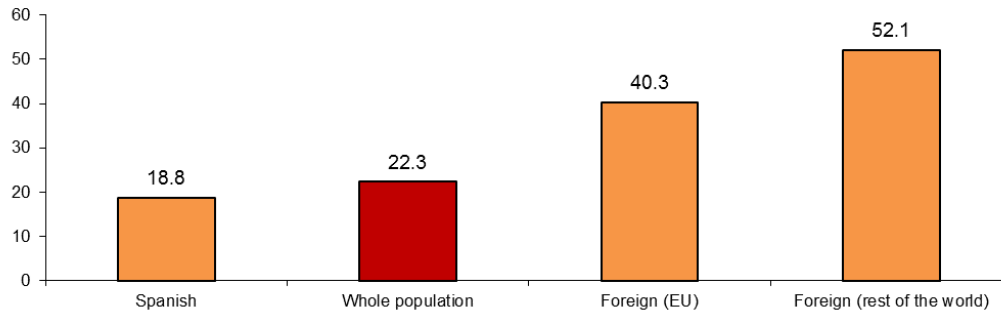
At-risk-of-poverty rate, by relationship with economic activity (persons aged 16 years old and older). LCS-2016 (income for 2015). Percentages



According to nationality, the percentage of persons below the at-risk-of-poverty threshold was 18.8% among Spanish nationals, 40.3% among Non-Spanish nationals from a country within

the European Union (EU) and 52.1% for persons whose nationality was from a country outside the EU.

At-risk-of-poverty rate, by nationality (persons aged 16 years old and older). LCS-2016 (income for 2015). Percentages



Results by Autonomous Communities

The highest average annual income (year 2015) were registered in País Vasco (14,345 per person), Comunidad Foral de Navarra (13,408 per person) and Cataluña (12,660).

In turn, the lowest average annual income was registered in the Autonomous Communities of Murcia (8,273 per person), Región de Andalucía (8,398) and Extremadura (8,674).

Net average annual income per person.

LCS-2016 (income for 2015). Euro

País Vasco	14,345
Navarra, Comunidad Foral de	13,408
Cataluña	12,660
Madrid, Comunidad de	12,647
Balearic Islands	12,222
Asturias, Principado de	12,060
Aragon	11,649
Rioja, La	11,589
Castilla y León	10,815
TOTAL	10,708
Cantabria	10,670
Galicia	10,439
Comunitat Valenciana	9,265
Castilla - La Mancha	8,731
Canarias	8,702
Extremadura	8,674
Andalucía	8,398
Murcia, Región de	8,273
Ceuta	9,435
Melilla	10,883

Regarding the at-risk-of-poverty rate, the highest rates were registered in Andalucía (35.4%), Canarias (35.0%) and Castilla-La Mancha (31.7%).

In turn, Comunidad Foral de Navarra (9.0%), País Vasco (9.0%) and La Rioja (11.9%), registered the lowest risk of poverty rates.

At-risk-of-poverty rate. LCS-2016 (Income for 2015). Percentages

Navarra, Comunidad Foral de	9.0
País Vasco	9.0
Rioja, La	11.9
Cataluña	13.2
Asturias, Principado de	13.4
Cantabria	15.3
Balears, Illes	15.5
Aragon	15.7
Castilla y León	17.7
Madrid, Comunidad de	18.2
Galicia	19.0
TOTAL	22.3
Comunitat Valenciana	24.4
Murcia, Región de	28.9
Extremadura	30.4
Castilla - La Mancha	31.7
Canarias	35.0
Andalucía	35.4
Ceuta	36.0
Melilla	21.8

Regarding the economic situation of households, Canarias (34.5%), Comunitat Valenciana (25.7%) and Región de Murcia (24.5%) were the Autonomous Communities with the highest percentages of households who to make ends meet at the end of the month with "great difficulty" in 2016. The ones that presented the lower percentages were Principado de Asturias (4.8%), Aragón (5.1%) and Castilla y León (5.2%).

60.4% of households in Canarias, 52.4% in Andalucía and 47.9% in Región de Murcia could not handle unforeseen expenses in 2016. At the other end of the spectrum were País Vasco (with 19.0%), La Rioja (21.1%) and Comunidad Foral de Navarra (22.7%).

Canarias (56.4%), Andalucía (56.1%) and Región de Murcia (48.7%) presented the highest percentages of households that could not afford to pay for at least one week of holidays away from home per year in 2016. The lowest percentages corresponded to País Vasco (22.4%), Comunidad Foral de Navarra (23.2%) and Comunidad de Madrid (24.7%).

In the case of households with late payments when paying expenses related to the main dwelling, Castilla-La Mancha (13.2%), Canarias (12.3%) and Región de Murcia (10.7%) presented the highest percentages. Conversely, the lowest annual rates were registered in Extremadura (3.8%), Comunidad Foral de Navarra (3.9%) and Castilla y León (4.4%).

Household economic difficulties by Autonomous Community. Year 2016

Percentages

	They cannot afford to pay for at least one week of holidays away from home per	They are unable to handle unforeseen expenses	Delays in payments relating to the main dwelling	They have a great deal of difficulty making ends meet
Total	39.5	38.1	8.4	15.3
Andalucía	56.1	52.4	10.5	22.8
Aragón	29.9	27.6	6.4	5.1
Asturias, Principado de	34.9	24.4	5.7	4.8
Balears, Illes	36.5	28.6	9.9	14.1
Canarias	56.4	60.4	12.3	34.5
Cantabria	38.8	34.5	6.2	12.9
Castilla y León	30.4	24.5	4.4	5.2
Castilla - La Mancha	42.3	36.4	13.2	14.7
Cataluña	34.5	37.7	8.7	12.2
Comunitat Valenciana	44.2	43.3	10.1	25.7
Extremadura	45.2	42.5	3.8	16.4
Galicia	45.4	29.7	5.3	6.0
Madrid, Comunidad de	24.7	32.1	6.7	10.5
Murcia	48.7	47.9	10.7	24.5
Navarra	23.2	22.7	3.9	6.7
País Vasco	22.4	19.0	5.3	5.8
La Rioja	25.6	21.1	8.3	6.9
Ceuta	43.6	58.1	19.0	11.1
Melilla	31.8	45.7	11.5	12.2

The Autonomous Communities with the highest percentage of people in the lower income (first quintile) group were Canarias (33.0%), Andalucía (31.9%) and Castilla - La Mancha (30.0%).

For its part, the Autonomous Communities with the highest percentage of people with high incomes (fifth quintile) were País Vasco (38.2%), Comunidad Foral de Navarra (30.7%) and Comunidad de Madrid (29.8%).

Population by quintil of the per consumption unit income by Autonomous Communities. Year 2016
(Income for 2015. Percentages)

	1 ^{er} quintil (list income): 0 -20%	2 ^o quintil (average income): 20 -40%	3 ^o quintil (average income): 40 -60%	4 ^o quintil (average income): 60 -80%	5 ^o quintil (major income): 80 -100%
TOTAL	20.0	20.0	20.0	20.0	20.0
Andalucía	31.9	24.9	18.1	14.4	10.7
Aragón	14.5	17.8	18.1	27.0	22.7
Asturias, Principado de	11.8	15.5	21.8	28.4	22.6
Baleares, Illes	13.4	20.5	18.2	21.3	26.6
Canarias	33.0	23.1	17.2	14.0	12.7
Cantabria	14.9	25.3	22.4	19.2	18.2
Castilla y León	15.9	21.3	21.8	22.5	18.4
Castilla - La Mancha	30.0	20.5	20.6	16.8	12.0
Cataluña	11.5	14.1	20.2	25.6	28.5
Comunitat Valenciana	21.8	26.4	24.4	15.6	11.8
Extremadura	25.4	29.6	21.2	12.8	10.9
Galicia	16.0	23.5	23.3	20.3	17.0
Madrid, Comunidad de	16.0	14.3	17.2	22.7	29.8
Murcia, Región de	25.5	27.2	22.5	13.4	11.4
Navarra, Comunidad Foral de	8.6	8.1	19.0	33.6	30.7
País Vasco	8.1	10.4	18.7	24.6	38.2
Rioja, La	11.8	17.2	26.0	26.5	18.5
Ceuta	28.9	17.4	25.6	7.6	20.5
Melilla	20.1	11.3	13.1	33.0	22.5

Methodological note

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

The LCS, 2016 has been conducted by the National Statistics Institute (NSI), in cooperation with the Statistics Institute of Cataluña (SIC) within the territorial scope of the Autonomous Community.

The LCS was conducted for the first time in 2004. The survey is carried out during Spring of each year, usually between March and June. 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, which are referred to the natural year previous to carrying out the survey, 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 2016 are referred to 2015 whereas the other questions are referred to 2016.

Among its uses, the survey is noteworthy due to its constituting a fundamental reference element for tracking 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. Level of training, health and effect of both on socio-economic situation.

Survey for 2016 includes a module where information about material well-being and deprivation is requested. **A press release on this module is scheduled to be published on May 23rd, 2017.**

Definitions

Net household income

This is the income received during the year prior to the interview (therefore, in the 2016 survey, questions refer to the income received in 2015, whereas in the 2015 survey, questions referred to the income received in 2014) 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 other 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 consumption unit is used internationally. One person living alone constitutes a consumption unit, given that s/he covers all household expenses alone.

In order to determine the number of consumption units equivalent to the households, the 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 units would contain 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. Imputed rent 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 group has been used in the results presented.

The value of the poverty threshold is established in Euro. In other words, 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 2016 survey, the value of the poverty threshold is obtained by multiplying the number of household consumption units by 8,208.5. For example, for a household with one adult, the threshold is 8,208.5 Euro, for a household with two adults, it is 12,312.8 Euro (or 6,156.4 Euro per person), for a household with two adults and two children under the age of 14, it is 17,237.9 Euro (or 4,309.5 Euro 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: http://ec.europa.eu/europe2020/index_en.htm)

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 with insufficiency in at least four concepts from a list of nine. The concepts considered are as follows:
 - 1) They cannot afford to go on holiday at least one week a year.
 - 2) They cannot afford a meal with meat, chicken or fish at least every other day.
 - 3) They cannot afford to keep the dwelling at an adequate temperature.
 - 4) They are unable to handle unforeseen expenses.
 - 5) They have been late paying expenses relating to the main dwelling (mortgage or rent, gas bills, community costs, etc.) or in the payment of instalment purchases in the last 12 months.
 - 6) The person or household cannot afford a car.
 - 7) They cannot afford a telephone.
 - 8) They cannot afford a colour television.
 - 9) They cannot afford a washing machine.

- In households without jobs or with low intensity employment. These are the households in which the members of working age actually worked for less than 20% of their total work potential during the year prior to that 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.

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