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FSO News

20 Economic and social situation of the population

Neuchâtel, October 2017

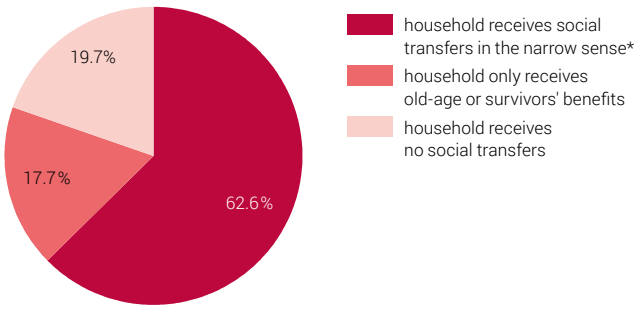
Income and Living Conditions (SILC) 2015

Poverty before social transfers

The poverty rate before social transfers measures the proportion of the Swiss population that would be affected by poverty if no social transfers were allocated. In Switzerland, these benefits can be seen to make a considerable contribution to reducing income poverty. This contribution, however, varies between population groups.

As in other welfare states, in Switzerland there are a number of social transfers which are intended to hedge financial risks and prevent poverty (see box on p.2). A comparison between the poverty rates before and after social transfers enables conclusions to be made as to what extent these benefits contribute to reducing income poverty.

Percentage of persons in households receiving social transfers, total population **G1**



* Incl. persons who receive both social transfers in the narrow sense and old-age or survivors' benefits. Results from a distribution of persons. Social transfers in the narrow sense cover all social transfers excluding old-age or survivors' benefits (see box on p.2).

Source: FSO – Statistics on Income and Living Conditions (SILC) 2015, version 19.06.2017

In this paper we will examine how high the poverty rates in Switzerland would be without social transfers and among which groups these rates are most substantially reduced by social transfers. We are particularly interested in whether the structure of the population identified as poor is changed through the payment of these transfers.

Four out of five people live in households that receive social transfers

As many social transfers in Switzerland are allocated regardless of need, most households receive one or even several benefits: for around 80% of people, their household income includes at least one benefit (cf. G1).

Even if only social transfers in the narrow sense[1] are considered (excluding old-age and survivors' benefits, see box on p.2), almost two thirds of persons still live in households that receive social transfers. This is particularly due to the fact that most households with children receive family allowances.

The receipt of social transfers is greatly dependent on age: Among persons aged 65 and over, old-age and survivors' benefits are predominant, while persons of working age are more likely to receive family allowances, benefits to prevent social exclusion or unemployment insurance daily allowances.

[1] This designation is analogous to that used in the German report on poverty and wealth (cf. BMAS 2017).

What are social transfers?
Here social transfers are defined as social support for private households through state or private institutional units (state, canton, commune, church, NGOs etc.) (Eurostat 2016).

Social transfers in the narrow sense are benefits
- In the event of unemployment (unemployment insurance daily allowances);
- For families/children (e.g. family allowances, alimony advances, supplementary benefits for families);
- In the event of illness and disability (e.g. sick-day benefits and invalidity pensions incl. supplementary benefits [SB]);
- For educational support (educational grants);
- For reduction of living costs (housing assistance);
- To prevent social exclusion (e.g. granting of reduced health insurance premiums, social assistance, benefits from other institutions [church, private relief funds, charitable organisations]).

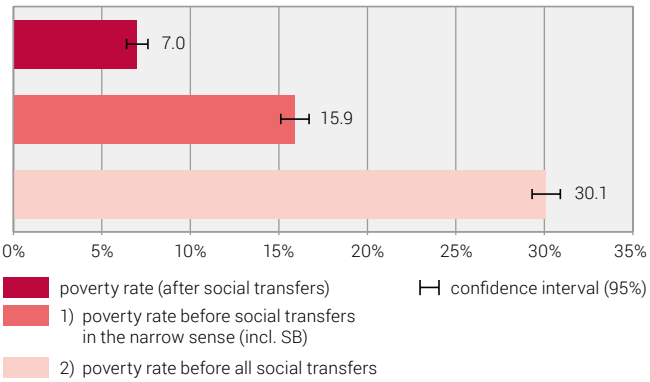
Social transfers in a broader sense also include pension claims acquired through the payment of contributions
- In old-age (1st and 2nd pillar old-age pensions, incl. SB);
- For survivors (1st and 2nd pillar survivors' pensions, incl. SB).

By contrast, alimony, other payments from private households and 3rd pillar pensions or voluntary life insurance are not considered as social transfers.

Poverty is greatly reduced by social transfers

In the first instance, the comparison of poverty rates before and after social transfers shows that government redistribution can significantly reduce poverty in Switzerland (cf. G2). With the exclusion of all social transfers, almost one third of the Swiss population would be affected by poverty (30.1%)[2]. If only social transfers in the narrow sense are subtracted from income, the poverty rate falls to 15.9%. When all transfers have been taken into account it is ultimately 7.0%[3]. The percentage of income poor people in Switzerland is thus reduced by roughly 50% (excluding old-age benefits) to 75% (including old-age benefits) through social transfers.

Poverty rates before and after social transfers, total population **G2**



Social transfers in the narrow sense cover all social transfers excluding old-age or survivors' benefits (see box). Accordingly, in variant 1) old-age or survivors' benefits (incl. SB) are included in the household income and are not considered as social transfers. In variant 2) by contrast, all social transfers are deducted from the disposable household income.

Source: FSO – Statistics on Income and Living Conditions (SILC) 2015, version 19.06.2017, without imputed rent

Old-age benefits from old age and survivors' insurance (OASI[4], 1st pillar) and the occupational pension fund (BV, 2nd pillar) are by far the most important social transfers in the Swiss social security system. They are allocated regardless of need following the insurance principle: i.e. on reaching pension age they are paid out to all persons that have paid the necessary contributions.

[2] This is a theoretical consideration that works on the premise that all other factors remain unchanged. However, it should be assumed that omitting social transfers would also influence people's behaviour. For example, presumably many people where possible would save more and/or work longer if they were not entitled to receive old-age benefits.

[3] This corresponds to the regular poverty rate according to the absolute poverty concept published by the FSO every year (cf. www.statistics.admin.ch → Look for statistics → Economic and social situation of the population → Social situation, well-being and poverty → Poverty and material deprivation → Poverty).

[4] OASI is the English abbreviation for old age and survivors' insurance. This insurance is often more widely recognised by the German, French and Italian abbreviations (AHV and AVS respectively) but OASI has been used for the sake of simplicity in this publication.

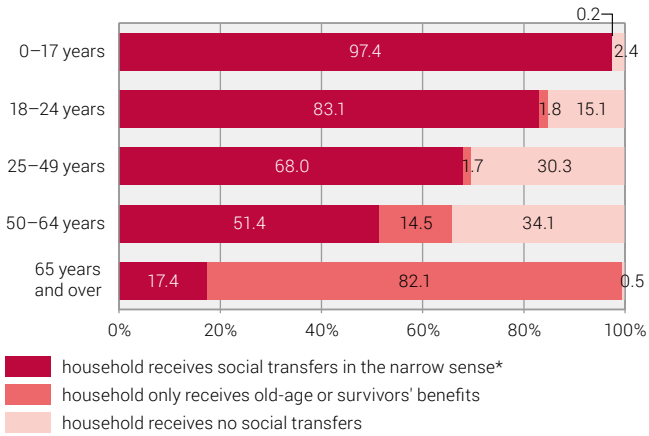
In order to calculate the poverty rate, the poverty threshold is usually compared with the **disposable household income**. This is calculated by totalling all household income components (including social transfers) and then subtracting compulsory expenditure (taxes, deductions for social insurance, basic health insurance premiums, payments to other households etc.). Poverty is thus generally defined as **poverty after social transfers**, i.e. anyone who has an income that is below the poverty threshold after consideration of all transfers and payments is deemed poor. The situation is therefore taken into consideration post-redistribution.

To examine to what extent social transfers contribute to fighting income poverty, hypothetical income before social transfers may also be calculated as an alternative. For this purpose, social transfers are subtracted from the disposable income to give a **disposable household income before social transfers**[5].

Two variants are calculated pursuant to European specifications (Eurostat 2016): disposable income before social transfers in the narrow sense (old-age and survivors' benefits are still included as income) and disposable income before all social transfers (all social transfers are subtracted from the household income). By comparing these with the poverty threshold, a **poverty rate before social transfers in the narrow sense** and a **poverty rate before all social transfers** may then be calculated.

Coverage among the population is very high in particular in the case of OASI: the household income of 98% of persons aged 65 and over includes at least one OASI old-age benefit and in the case of just under half (47%) of persons this also includes an old-age benefit from the occupational pension fund. Such benefits usually make up most of the income of a person of pension age. Indeed, these are often the only substantial source of income for this age group[6].

Percentage of persons in households receiving social transfers, by age group **G3**



* Incl. persons who receive both social transfers in the narrow sense and old-age or survivors' benefits. Results from a distribution of persons. Social transfers in the narrow sense cover all social transfers excluding old-age or survivors' benefits (see box on p.2).

Source: FSO – Statistics on Income and Living Conditions (SILC) 2015, version 19.06.2017

In contrast, among persons of working age, old-age benefits play only a marginal role. They are only slightly more common among the 50–64 age group (cf. G3)[7]. Among the under 65 age group in contrast, social transfers in the narrow sense (e.g. family allowances, invalidity pensions, unemployment insurance daily allowances or social assistance[8]) are a priority. However, they are less important among persons aged 65 and over. On average, around 10% of the household income of persons aged between 18 and 64 comes from such benefits.

Family allowances are by far the most frequently received social transfers in the narrow sense (45% of the overall population or 90% of households with at least one child under 25 years). However, in terms of amount this benefit is not very substantial. It is usually allocated as a supplement to income from employment and accounts for just under 5% of the total household income in the case of households with children. Around half of these households (47%) do not receive any further social transfers in addition to family allowances.

In the case of around one quarter of the population, further benefits to prevent social exclusion (e.g. granting of reduced health insurance premiums or social assistance) are included in the household income, among 11% unemployment benefits and among 8% invalidity benefits. All other benefits only concern less than 5% of persons.

5 By contrast, compulsory expenditure remains constant and is not adjusted to modified income, i.e. old-age pensions are subtracted from income, yet their taxation on the expenditure side is still to be deducted. Consequently, there is a tendency to overestimate poverty before social transfers. However, sensitivity analyses have shown that the impact of this is extremely limited and can therefore be ignored (cf. FSO 2017a).

6 In 2015 almost three quarters of the household income of persons aged 65 and over came from old-age benefits and around 20% from employment and property income on average. Survivors' benefits were proportionately the second most important social transfer although they accounted for only 2% of household income. For almost one quarter of persons of this age group (22.5%), at least 99% of the household income came from old-age benefits.

7 Around 20% of 50–64-year olds lived in households claiming an old-age benefit in 2015. This mostly concerned women (pension age 63–64 years), early retirees and those who lived in the same household as an older person.

8 Social assistance is almost exclusively claimed by persons under the age of 65 years as it is generally replaced by benefits supplementary to old-age and survivors' insurance on retirement.

Four out of five people would be affected by poverty at retirement age without social transfers

As the receipt of social transfers varies considerably between persons of working age and those of retirement age, in this section particular focus will be given to persons aged 65 and over.

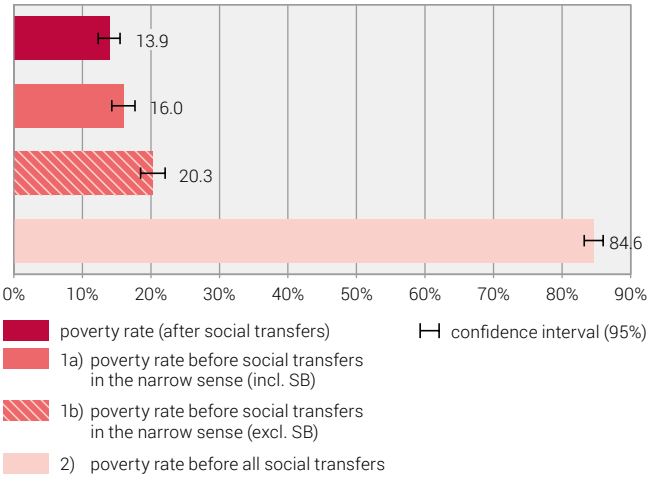
Those who receive OASI benefits are entitled to supplementary benefits (SB), provided that they are able to demonstrate sufficient need. As SB to OASI are intended to prevent old-age poverty, we will analyse their impact separately by comparing the poverty threshold with an additional hypothetical variant of the disposable income. In this additional variant, only old-age and survivors' benefits paid out regardless of need are counted as income. In actual terms, these are the 1st and 2nd pillar pensions. SB to OASI, however, are excluded (cf. variant 1b in T 1). Subsequently, their effect on poverty rates can be considered separately.

The considerable importance of old-age benefits for persons aged 65 and over is reflected in particularly high poverty rates before social transfers: Excluding all social transfers, 84.6% of persons aged 65 and over would be in income poverty (cf. G 4)[9].

After all social transfers, the poverty rate of the older population is 13.9%. Social transfers thus reduce the poverty rate by around 71 percentage points. Most of this decrease (91%) is apportioned to non means-tested old-age or survivor's benefits from the 1st and 2nd pillars (excl. SB). After these transfers, the poverty rate of persons aged 65 and over is still 20.3%.

Accounting for 6% of the total decrease, the SB also make a substantial contribution to fighting old-age poverty and result in a further decrease of the poverty rate to 16.0%. In contrast, social transfers in the narrow sense (in particular invalidity pension and family benefits) have only a comparatively low impact on the poverty rate of persons aged 65 and over. They account for only 3% of the decrease.

Poverty rates before and after social transfers, persons aged 65 years and over — G 4



All poverty rates are based on income and do not take into account any financial assets. In variant 1a) old-age or survivors' benefits (incl. SB) are included in the household income and are not considered as social transfers. In variant 1b) by contrast, the SB are also deducted from income. In variant 2), all social transfers are deducted from the disposable household income.

Source: FSO – Statistics on Income and Living Conditions (SILC) 2015, version 19.06.2017, without imputed rent

Without social transfers, around 85% of persons aged 65 and over would be income poor. In many cases, 1st and 2nd pillar pensions are their only substantial source of income.

Four poverty rate variants before social transfers — T 1

Income components included in disposable household income:	Non-transfer income	Non means-tested old-age or survivors' benefits (excl. SB)	Supplementary benefits for OASI (SB)	All other social transfers
poverty rate (after social transfers)	X	X	X	X
1a) poverty rate before social transfers in the narrow sense (incl. SB)	X	X	X	
1b) poverty rate before social transfers in the narrow sense (excl. SB)	X	X		
2) poverty rate before all social transfers	X			

Source: FSO – own diagram

[9] However, older persons are also more likely to have financial assets that may be used to finance daily needs. Therefore, income only partly reflects the financial means of this age group (cf. FSO 2014).

Groups at risk are largely identical before and after social transfers

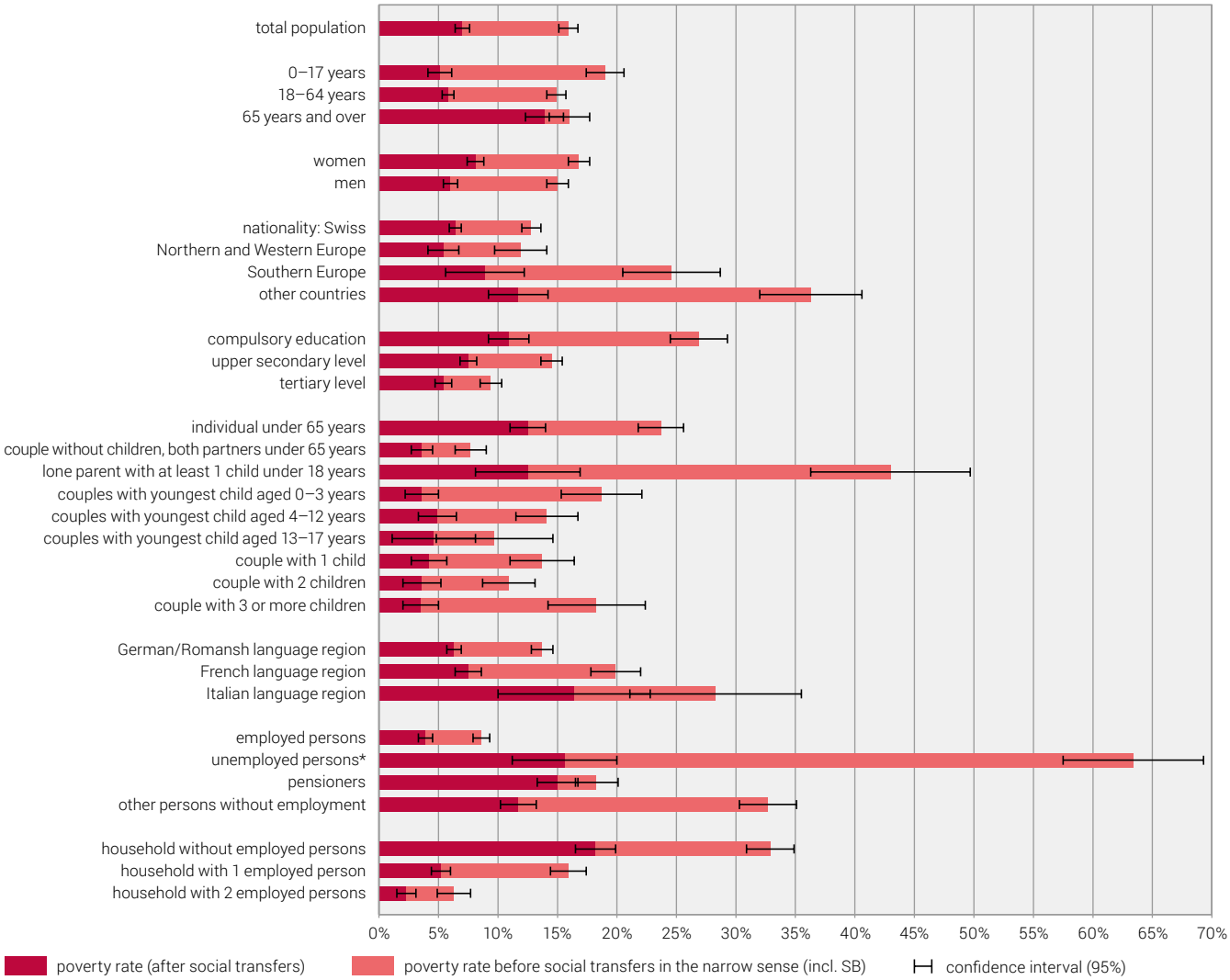
As old-age and survivors' benefits play hardly any role among persons under the age of 65, we will only consider the poverty rate before social transfers in the narrow sense below (incl. SB, cf. variant 1a in T 1). For this indicator, old-age and survivors' benefits (incl. SB) are the only social transfers counted as income.

Research into poverty has shown that a number of variables may affect the risk of poverty. Poverty rates may differ, e.g. typically by educational attainment, household type and household participation in the employment market.

The main question discussed below is whether the same groups would be identified as particularly vulnerable without social transfers or whether shifts occur between the groups through the allocation of social transfers. Poverty rates before and after social transfers are thus compared by certain characteristics.

The first result is that the poverty rates of the various groups are influenced to different degrees by social transfers in the narrow sense (cf. G 5): While the poverty rate falls on average by around 56% through these benefits, among persons aged 65 and over it falls only by 13%. However, among couples with three or more children the decrease is more than 80%. Social transfers therefore do not have the same impact in fighting poverty among all groups of the population.

Poverty rates before and after social transfers, by different characteristics **G 5**



* This value is based on low case numbers and should therefore be interpreted with caution.

Both poverty rates are based on income and do not take into account any financial assets. In the case of the poverty rate before social transfers in the narrow sense, old-age or survivors' benefits (incl. SB) are included in the household income and are not considered as social transfers. The household variables are based on persons who live in households with these characteristics. The variables relating to the educational and labour market are only collected for persons aged 18 or over. All persons under the age of 25 who live with their father and/or mother are considered to be children.

Source: FSO – Statistics on Income and Living Conditions (SILC) 2015, version 19.06.2017, without imputed rent

For example, considerable differences can be seen before social transfers among foreign nationals by country of origin; these differences are reduced substantially by social transfers. For instance, excluding social transfers, more than one third (36.3%) of persons from "other countries"[10] and around one quarter (24.6%) of persons from Southern Europe would be affected by poverty. As a result of social transfers, the poverty rates fall to 11.7% and 8.9% respectively and no longer significantly differ from one another[11].

Social transfers also reduce the impact of a person's educational level on their risk of poverty. Although there are still considerable differences after social transfers, among persons without post-compulsory education the poverty rate after social transfers is reduced far more substantially than it is among people with a tertiary diploma (decrease from 26.9% to 10.9% compared with a decrease from 9.4% to 5.4%). Persons who have only completed compulsory education often have a lower income meaning that social transfers account for a larger part of their household income (14.0%) than is the case for persons who have completed upper secondary level (7.5%) or tertiary level education (5.3%).

Social transfers have a particularly strong influence on the poverty rates of households with minor children. Without social transfers, these households would have far higher poverty rates than comparable households without children. For example, lone mothers or fathers with children under 18 would be far more likely to experience income poverty (43.0%) than persons under the age of 65 who live alone (23.7%). Through social transfers, the value in both groups falls to 12.5%. This means that the transfers help to compensate for the risk of poverty of these types of households[12]. However, these two groups have considerably higher poverty rates both before and after transfers than the population as a whole.

In the case of households with minor children, social transfers play a greater role in combating poverty than they do in comparable households without children.

Measured in terms of disposable income before social transfers, poverty rates among couples with minor children are also considerably higher than for couples under 65 without children (7.7%), especially if the youngest child is under the age of three (18.7%) or three or more children live in the household (18.3%). After considering all social transfers, the poverty rates of persons in couple households with and without children are virtually identical (3.6% and 3.5%).

The majority of couples with children (53%) only receive family allowances. As previously mentioned, these are only for small amounts. A further 33% were granted reduced health insurance premiums. For a substantial number of these households that are not considered to be affected by poverty after all transfers, their disposable household income is thus only marginally above the poverty threshold[13].

A person's employment status is also another important influencing factor. The poverty rate before social transfers of unemployed persons registered the highest value of all groups considered with over 60%[14]. Through social transfers – these are mainly benefits from unemployment insurance (24% of the household income[15]), invalidity insurance (5%) and benefits to prevent social exclusion (9%) – the poverty rate of this group falls to 15.6% and no longer differs from that of pensioners and other persons without employment. Although this value is still considerably higher than it is among the population as whole, the differences are smaller.

Social transfers have a compensatory effect on the risk of poverty of the various groups. Yet the risk factors for poverty in Switzerland still remain largely unchanged both before and after social transfers.

Social transfers in Switzerland therefore have a compensatory effect overall. Yet there are only minor changes in the structure of the population defined as poor. Although social transfers considerably reduce the poverty rate in many groups, they are still more likely to be affected by income poverty even after transfers than the population as a whole.

[10] This remaining category covers all persons who do not originate from Northern, Western or Southern Europe (cf. glossary). However, the actual composition of this category may vary quite substantially from year to year due to the sample size of the survey. In 2015 the following countries were most represented: Kosovo, Macedonia, Turkey, Serbia, Croatia and Sri Lanka.

[11] The confidence intervals of both values overlap (cf. G5).

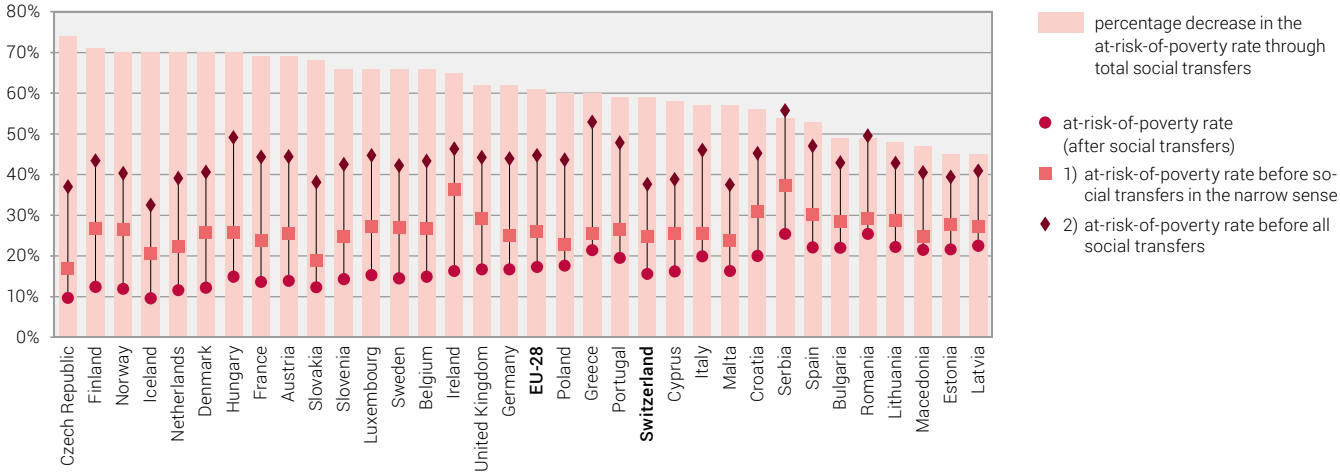
[12] In addition to social transfers that account for around 23% of income in lone-parent households, transfer payments from private households are also of relevance to this group (15%, e.g. alimony). According to Eurostat guidelines (2016), these however are not to be considered as social transfers.

[13] These households are accordingly far more likely to be at risk of poverty than couples without children (cf. FSO 2017b, chapter 8.2).

[14] This value is based on low case numbers and should be interpreted with caution.

[15] This low value can be explained by the fact that only 70% of persons who were mostly unemployed in 2015 received unemployment benefits during this period and around half of these lived in households with at least one employed person.

At-risk-of-poverty rates before and after social transfers, European comparison **G 6**



The at-risk-of-poverty threshold for all three indicators is set at 60% of the median equivalised disposable income after social transfers (not considering any financial assets). Social transfers in the narrow sense cover all social transfers excluding old-age or survivors' benefits (see box on p.2). Accordingly, in variant 1) old-age or survivors' benefits (incl. SB) are included in the household income and are not considered as social transfers. In variant 2) by contrast, all social transfers are deducted from the disposable household income.

Source: FSO – EU-SILC 2015, version 15.06.2017, without imputed rent

Many European countries show a similar pattern to Switzerland

To enable comparisons with other European countries, the European defined at-risk-of-poverty rate before social transfers is used. Pursuant to the Eurostat guidelines (2016), the at-risk-of-poverty threshold set at 60% of the median equivalised disposable income after social transfers is compared with both variants of disposable income before social transfers (cf. G 6).

Switzerland is among the countries with the lowest at-risk-of-poverty rate before all social transfers with 37.6% (after Iceland with 32.5%, the Czech Republic with 37.0% and Malta with 37.5%). However, without social transfers more than one in two residents would be at risk of poverty in Greece (52.9%) and Serbia (55.7%). These very high values overall confirm the importance of social transfers in European countries in hedging the social risks of age and death of family members.

If old-age and survivors' benefits are counted as income (at-risk-of-poverty rate before social transfers in the narrow sense), between 37.2% (Serbia) and 16.8% (Czech Republic) of European residents are at risk of poverty.

In general, social transfers tend to reduce the at-risk-of-poverty rate considerably in all of the countries considered. The influence of social transfers is greatest in the Czech Republic where the at-risk-of-poverty rate after social transfers is approx. 75% lower than it is before all social transfers. In Scandinavia (except Sweden), the Netherlands and Hungary, it also falls by 70% or more. In Switzerland the at-risk-of-poverty rate is reduced by 59% through social transfers. This corresponds roughly to the European average (61%). By contrast, in the Baltic states, Macedonia, Romania and Bulgaria, the at-risk-of-poverty rate falls by less than 50%.

In the majority of countries, most of the decrease can be accounted for by old-age and survivors' benefits. It is only in Ireland that social transfers in the narrow sense reduce the at-risk-of-poverty rate far more considerably than old-age and survivors' benefits. In Norway, Iceland and Denmark, the at-risk-of-poverty rate is roughly halved once again by social transfers in the narrow sense. By contrast, in Greece, Romania and Macedonia the rate is almost just as high before social transfers in the narrow sense as it is after social transfers. In Switzerland, social transfers in the narrow sense make a larger than average contribution to reducing the at-risk-of-poverty rate. These account for 42% of the total decrease (EU-28: 32%).

Conclusions

The allocation of social transfers has a major influence on poverty rates in Switzerland: depending on the indicator in question, they are reduced by around 50% (excluding old-age benefits) to 75% (including old-age benefits). Therefore, in more than half of cases where household income would otherwise lie below the poverty threshold, social transfers bring these households above the threshold.

For persons aged 65 and over, old-age benefits have a particularly large impact. Without these benefits, more than four in five older persons would be income poor. Old-age benefits (incl. SB) are therefore by far the most important social transfers in the social security system. For this age group, other social transfers play only a marginal role.

By contrast, for younger people social transfers in the narrow sense (invalidity benefits, family allowances, benefits to prevent social exclusion (e.g. social assistance) and unemployment benefits) are of particular importance. For most groups the poverty rate is considerably reduced by such benefits. However, the structure of the population considered to be poor remains largely unchanged. Both before and after social transfers, the largest risk factors for poverty in Switzerland are a low level of school education and inadequate integration into labour market.

Only the poverty risk posed by the presence of children in the household can be evidently compensated for by social transfers. Without social transfers, lone-parent households and couple households with very young and/or several children would be far more likely to be affected by income poverty than individuals and couples without children. By contrast, after social transfers no differences can be found between households of working age with and without children. It should however be noted that the household incomes of many of these households lie only just above the poverty threshold meaning that in many cases their financial situation is therefore likely to remain difficult even after social transfers.

In European comparison, many countries show a similar pattern to Switzerland. For example, the at-risk-of-poverty rate is usually lowered more considerably by old-age and survivors' benefits than by other social transfers. While the influence of the total social transfers in Switzerland on the at-risk-of-poverty rate is average, social transfers in the narrow sense play a slightly larger role than on European average.

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Survey on income and living conditions (SILC)

The present analysis is based on the survey SILC (Statistics on Income and Living Conditions) which is coordinated on a European basis with the annual participation of more than 30 countries. The purpose of the survey is to examine income distribution, poverty, social exclusion and living conditions. In Switzerland, it is based on a sample of approximately 7500 households, i.e. more than 17 000 persons who are randomly selected from a sampling frame for the FSO's person and household surveys (SRPH). The reference population is comprised of the permanent resident population living in private households (incl. non-permanent residents living in a household with at least one permanent resident). The income included in the 2015 SILC survey refers to the year 2014.

For further information please see www.silc.bfs.admin.ch

Accuracy of estimates

All estimates calculated on the basis of a sample are subject to a degree of uncertainty as only part of the population (sample) is used to estimate a characteristic of the overall population. This error margin can be quantified by calculating a 95% confidence interval which grows closer the more precise the results are. The term **"confidence interval"** expresses that the true value of the overall population's characteristics is very likely (95% likely) to lie within the interval.

The confidence interval is used to determine whether the observed differences are **statistically significant**. Example: The poverty rate before social transfers is 30.1% (± 0.8), the poverty rate after social transfers 7.0% (± 0.6). The confidence intervals of these two rates are 29.3% to 30.9% and 6.4% to 7.6% and do not overlap. The difference observed is therefore statistically significant.

Glossary

Employment status

Employed persons are all persons aged 18 or older who during the calendar year prior to the interview (= reference periods for income in the SILC) were mostly, i.e. for at least half of all months, either employed or self-employed. During the same period, **unemployed persons** were mostly jobseekers or retired **pensioners**. Persons in training, persons who are not able to work and other persons who are not professionally active are classified as **other economically inactive persons**. The person's self-assessment is authoritative.

Income

The **gross household income** includes all income from all of the members of a private household (income from employment and self-employment, pensions and social transfers, income from property, alimony and other maintenance payments from other households). However, it does not include any financial assets. The income included in the 2015 SILC survey refers to the year 2014.

The **disposable household income** is calculated by subtracting compulsory expenditure from the gross household income. Compulsory expenditure includes social insurance contributions, taxes, basic health insurance premiums, alimony and other maintenance payments.

The **disposable equivalised income** is calculated on the basis of the disposable household income, taking into account the size and composition of households. The oldest member of the household is given a weighting of 1, every other person aged 14 or over is weighted 0.5 and every child under the age of 14 is weighted 0.3 (OECD-modified scale). This allows for savings which result from the communal economic activity of a household with several persons.

Median

The median or central value divides the observation values classified by size into two equally sized halves. One half of the values is above the median, the other half below.

Nationality

Switzerland: All persons with Swiss nationality (including persons holding more than one nationality)

Northern and Western Europe: Nationals of the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Iceland, Ireland, Liechtenstein, Luxembourg, Monaco, the Netherlands, Norway, Sweden

Southern Europe: Nationals of the following countries: Andorra, Greece, Italy, Portugal, San Marino, Spain, Vatican

Other countries: all persons who do not hold any of the nationalities specified above

Poverty

There are two approaches for defining monetary poverty: the absolute and the relative approach. Both concepts are based on income only and do not take into account any financial assets **(income poverty)**.

The **poverty rate** is based on an "absolute" threshold: People are considered to be poor if they do not have the financial means to buy goods and services that are necessary for a socially integrated life. The poverty rate thus serves as a foundation for the evaluation of social policy. The **poverty threshold** used is based on the social subsistence level. It consists of a fixed amount to cover living expenses, individual housing costs as well as CHF 100 per month per person aged 16 or over for additional expenses. In 2015, the poverty threshold on average was around CHF 2239 per month for a single person and around CHF 3984 for two adults with two children.

The **at-risk-of-poverty rate** is based on a "relative" threshold: People are considered to be at risk of poverty if they have an equivalised disposable income that is considerably below the standard income level in the country concerned. Thus poverty is seen as a form of inequality. By convention, the European Union has set the **at-risk-of-poverty threshold** at 60% of the median disposable equivalised income (OECD: 50%).

Further information

www.statistics.admin.ch → Look for statistics → Economic and social situation of the population → Social situation, well-being and poverty → Poverty and material deprivation → Poverty before social transfers

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