Issue No. 36 (December 2025)

Inequality Matters

Quarterly updates on inequality research, LIS micro data releases, and other developments at LIS

MESSAGE FROM THE EDITOR

Dear readers,

We have added extensive new data to the *Luxembourg Income Study (LIS) Database*. For Czechia, 15 new datasets (CZ05–CZ23) and for Panama 20 new datasets (PA96–PA19) have been added.

Other updates include new LIS datasets for Austria (AT23), Canada (CA22), Ireland (IE22, IE23), Israel (IL22), and the United States (US24). In the *Luxembourg Wealth Study (LWS) Database*, new datasets have been added for Canada (CA23) and Chile (CL24).

Alongside these data updates, we share important methodological developments. The World Bank 2021 PPPs are now available in LISSY and on our website. We have also slightly updated our methodology for computing the LIS Key Figures, and the LISSY system itself has undergone an upgrade. More details can be found in our *News* section.

This issue's *Inequality Matters* section is extremely rich, featuring six revealing articles on diverse topics. Using LIS data, Anne-Catherine Guio (Luxembourg Institute of Socio-Economic Research (LISER)) and Chiara Mussida (Università Cattolica del Sacro Cuore) assess how alimony affects post-separation poverty risks for both paying and receiving parents. Nicole Kapelle (Trinity College Dublin) and Andreas P. Weiland (Technical University of Dortmund) analyse intra-couple pension and wealth gaps in Germany and beyond from a cross-national perspective. Gabriele Mariani (University of Antwerp) examines relative income poverty among childless adults across welfare systems. Gonçalo Marques (LIS) evaluates the impact of the revised 2021 PPPs on key LIS indicators. Alessio Fusco (Luxembourg Institute of Socio-Economic Research (LISER)) and Philippe Van Kerm (University of Luxembourg & LIS) document Luxembourg's poverty trends from 1985 to 2023, and Kun Lee (LIS & Luxembourg Institute of Socio-Economic Research (LISER)) highlights key insights from the 2025 (LIS)²ER-SHARE Luxembourg workshop on "Pensions and Old-age Well-being: Policy Challenges in Ageing Societies".

Please note that LIS and the Luxembourg Institute of Socio-Economic Research (LISER) invite applications to their continued joint visiting researcher's programme. For more information, please visit this link.

Enjoy reading! Jörg Neugschwender

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Alimony received and paid: What is the impact on the risk of poverty after separation?*

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1. Introduction

Household dissolution may be harmful for separated parents and their children. Single-parent households face significantly higher poverty risks compared to two-parent families, highlighting the vulnerability associated with limited income sources and greater costs (Bradshaw et al., 2025). This trend is consistent across countries.

Alimony might be important to alleviate poverty risk after separation. The transfer of alimony for children (also known as child maintenance or child support) is based on the principle that both parents remain financially responsible for their child, even after separation or divorce. This transfer between households aims at redistributing income from non-custodial to custodial parents due to unequal caregiving roles or to minimise the income gap between the two post-separation households, ensuring that the child does not face a significant drop in living standards when moving between them.

Alimony has an impact on the available resources of both the parent who receives them and the parent who pays them and hence on their respective poverty risk and that of their children. This explorative paper uses the Luxembourg Income Study (LIS) data to quantify this impact and to explore the role of alimony on the poverty risk after separation.

In terms of policy implications, this topic is essential to further study as child poverty has deep short-term as well as life-long consequences for children experiencing it (see among others De Schutter, Frazer, Guio and Marlier, 2023). It is therefore crucial to better understand the impact of family dissolution on the poverty risk of households and the potential need for additional public intervention to adequately support separated parents.

2. Data description

By "alimony", we mean in this study both alimony directly paid by the ex-partner and public alimony paid by the public system when the defaulting parent failed to pay the maintenance as required. We are not able to differentiate between alimony paid to the ex-partner and the alimony paid for children both which are regrouped into a single variable.

It is largely documented that in many cases, alimony is not paid by the non-caring parent and that the alimony default payments are not effectively guaranteed by public authorities. It would therefore be worth to compare the situation of caring parents receiving and not receiving alimony and similarly for the non-caring parent. It is however difficult to perform such analysis with the LIS data, it is not possible to identify whether the household has children from a previous union. To estimate the impact of alimony on the poverty risk, we therefore select only households receiving/ paying alimony and compute their poverty rate with and without alimony.

Focusing on the sub-sample of alimony recipients (respectively of alimony payers), we measure the impact of alimony on the poverty risk, by comparing two poverty risk rates:

- One using the household disposable income (i.e., including alimony received and subtracting alimony paid) to compute the first poverty risk rate
- One using the "pre-alimony income" (i.e., excluding the amount of alimony received and including the amount of alimony paid) to compute a counterfactual poverty rate.

We are aware that this is a simplistic estimation, as we do not take into account the interplay between child support and social allowances (Olson, 2022). Indeed, in a number of countries, the income test to define the eligibility and amount of means-tested social allowances takes into account the amount of alimony received/ paid. It would also be interesting to take into account the interplay between child support payments and other social protection policies. In that case the poverty alleviation function of child support becomes ineffective (Hakovirta and Jokela, 2018; Hakovirta et al., 2020).

The poverty threshold is defined as 60% of the national median equivalised income[1].

As we estimate the impact of alimony on different household types and as some concern only a small share of the population in some countries, we checked whether our computations were performed on minimal sub-samples, to ensure that findings are accurate, reliable, and meaningful, and not prone to random noise and large standard errors. A rule of thumb was to disregard sub-populations having 50 observations or less.

The household type available in the LIS data – variable *typehh* – uses the concept of dependent child, defined as a child aged 17 or younger, or a child aged 18 to 24 who is still in education.[2]

We selected the following countries for which there is available information on the alimony received and paid: Austria (2021), Belgium (2021), Denmark (2022), Finland (2016), Sweden (2021), and Luxembourg (2021). For details on the child maintenance system in these countries see, for instance, OECD (2024).

3. Distribution of alimony recipients and payers by household type

The following descriptive analyses explore the effect of the payment and the reception of alimony on the risk of poverty among people living in different household types.

First, Table 1 reports the weighted proportions of individuals in each household type who receive or pay alimony and highlights the household types with the highest probability of being affected by the receipt or payment of alimony.

As expected, people living in households composed of a lone parent with at least one dependent child [household type 31] are proportionally more likely to receive alimony, however with sizeable cross-country variation.[3] The percentage ranges from 17.8% in Denmark to 44.2% in Austria. Notably, Austria is also the country where the average amount received is comparatively higher as confirmed by the available evidence (Hakovirta and Mesiäislehto, 2022). Multigenerational family [41] and the residual category other household type [90] may be the next most likely to receive alimony,

Table 1. Proportion of people living in household type receiving (r) or paying (p) alimony (%)

typehh	AT		SE		BE		DK		FI		LU	
	r	p	r	p	r	p	r	p	r	p	r	p
[10] one person household	1.3	6.2	0.6	2.0	0.5	4.4	0.3	4.3	1.7	0.9	1.0	4.9
[20] couple without children	0.2	5.3	0.1	1.1	0.1	1.2	0.1	2.5	0.2	1.1	0.4	2.6
[31] lone parent with at least one dependent child	44.2	5.9	34.8	12.7	27.1	1.9	17.8	8.1	34.4	1.1	31.3	2.7
[32] one parent with non-dependent children only	4.8	4.9	4.1	2.2	6.2	1.6	1.3	8.6	0.0	1.2	2.5	5.4
[33] couple with at least one dependent child	5.1	4.7	4.7	3.6	2.8	2.4	2.5	5.5	3.6	1.8	4.4	4.3
[34] couple with non-dependent children only	0.1	4.3	0.9	0.0	0.0	0.0	0.3	5.4	0.1	1.1	2.5	3.4
[41] multigenerational family	11.7	3.7	25.4	8.8	0.9	0.4	3.6	6.5	1.0	1.0	3.1	2.8
[90] other household type	3.4	0.7	10.8	8.8	3.1	21.7	3.8	8.8	0.0	0.5	3.6	0.4

Note: r for receiving, p for paying.

Source: Authors' elaborations by using LIS data

especially in Sweden (25.4% and 10.8%, respectively) and Austria (11.7% and 3.4%, respectively), although these results are less robust due to small sample sizes (see Table A2 in the Annex). People living in couples with at least one dependent child [33] constitute another group of alimony recipients. Although the proportion of recipients is lower in this group (ranging from 2.5% to 5.1%), this may represent a non-negligible number of people as a substantial share of the population lives in this household configuration (OECD, 2024).

Focusing now on alimony payers, they are represented across nearly all household types. Their share is relatively similar across all household types in Austria and Denmark (around 5%). In the other countries, the household type most concerned by alimony payments differs. In Belgium, people living alone are proportionally more likely to pay alimony (4.4%). The same holds in Luxembourg (4.9%), although lone parents (5.3%) and couples with dependent children (4.3%) are also concerned. Sweden stands apart, with lone parents the most likely to pay alimony (12.7%), followed by multigenerational and complex households (both around 8%). In Finland, the frequency of alimony payment is much lower, across all household types (around 1%). The probability of receiving and paying alimony may be influenced by the national legal rules, the sharing of responsibility and involvement between parents or the type of custody chosen. The latter varies a lot between the countries analysed in this paper, as shown by the data from the EU-SILC specific module on custody collected in 2021[4]: the proportion of children in shared custody after separation is the highest in Sweden (54%) and Denmark (41%), followed by Finland (33%) and Belgium (30%) and it is much lower in Austria (10%) (no available data for Luxembourg).

4. Impact of alimony on the poverty risk of people received or paying them

The effect of receiving alimony on the risk of poverty is shown in Table 2. The results show, that for the entire population of alimony recipients, the impact on the poverty rate varies across countries, ranging from 10 percentage points (pp) in Austria and Luxembourg to around 3 pp in Sweden and Denmark, with Belgium occupying an intermediate position (7 pp). These differences can be explained by the amount of alimony and the position of alimony recipients in the income distribution.

Table 2. Poverty rates by household type for the population receiving alimony only: income including vs. excluding alimony receipt (%)

typehh	AT		SE		BE		DK		FI		LU	
	r	nr	r	nr	r	nr	r	nr	r	nr	r	nr
[10] one person household	ss	ss	ss	ss	ss	ss	79.1	86.2	ss	ss	ss	ss
[20] couple without children	ss	ss	ss	ss	ss	ss	39.0	44.1	ss	ss	ss	ss
[31] lone parent with at least one dependent child	28.8	43.6	27.7	34.2	29.9	40.3	17.6	22.6	20.8	33.8	19.6	34.7
[32] one parent with non-dependent children only	ss	ss	ss	ss	ss	ss	18.5	20.4	ss	ss	ss	ss
[33] couple with at least one dependent child	13.6	15.2	ss	ss	13.6	16.3	4.1	5.1	4.0	4.0	37.8	43.3
[34] couple with non-dependent children only	ss	ss	ss	ss	ss	ss	ss	ss	ss	ss	ss	ss
[41] multigenerational family	ss	ss	ss	ss	ss	ss	4.0	4.0	ss	ss	ss	ss
[90] other household type	ss	ss	37.1	37.1	ss	ss	23.3	27.3	ss	ss	ss	ss
Total	19.4	28.5	16.8	20.4	23.5	31.0	14.5	17.8	14.1	21.2	27.3	37.8

Note: r for receiving, nr for not receiving; ss for low sample size (50 obs or lower)

Source: Authors' elaborations by using LIS data

Table 3. Poverty rates by household type for the population paying alimony only: income including vs. excluding alimony payment (%)

typehh	AT		SE		BE		DK		FI		LU	
	p	np	p	np	p	np	p	np	p	np	p	np
[10] one person household	23.1	14.1	ss	ss	23.1	13.6	15.7	12.2	ss	ss	11.8	10.2
[20] couple without children	7.7	6.1	ss	ss	ss	ss	4.4	3.5	ss	ss	9.8	3.2
[31] lone parent with at least one dependent child	ss	ss	21.8	20.8	ss	ss	16.3	13.2	ss	ss	ss	ss
[32] one parent with non-dependent children only	ss	ss	ss	ss	ss	ss	7.6	7.1	ss	ss	ss	ss
[33] couple with at least one dependent child	8.9	7.1	9.6	7.1	8.6	3.6	5.0	4.4	ss	ss	34.7	15.5
[34] couple with non-dependent children only	ss	ss	ss	ss	ss	ss	1.5	1.1	ss	ss	ss	ss
[41] multigenerational family	ss	ss	ss	ss	ss	ss	3.1	3.1	ss	ss	ss	ss
[90] other household type	ss	ss	ss	7.4	ss	ss	5.2	4.3	ss	ss	ss	ss
Total	12.5	8.0	14.5	12.2	12.0	6.4	8.6	7.0	1.7	1.6	21.8	11.4

Note: p for paying, np for not paying; ss for low sample size (50 obs or lower)

Source: Authors' elaborations by using LIS data

The effect of paying alimony on the poverty rate is reported in Table 3. The impact for the population of payers at the national level is the largest in Luxembourg (about 10 pp) and ranges between 2 pp and 5 pp in the other countries (no effect in Finland). Depending on the country, the sample is large enough to report results only for a few household types ([10], [20], [31], and [33]). In Finland, the sample of alimony payers is too small to show any results by household type.

The largest impact on the poverty rate is observed for alimony payers living alone [10] in Austria and Belgium (10 pp). In the other household types, the impact is lower (except in Luxembourg).

5. Conclusions and discussion

The paper presents very rough (mechanical) estimates of the impact of alimony on the poverty risk of people living in household receiving or paying them.

Overall, this descriptive exercise revealed alimony is crucial to reduce poverty among recipients, by up to 10 percentage points—especially for lone-parent households—while paying alimony can increase poverty risk for some payers (notably singles), the impact is much lower, with sizeable cross-country variation.

However, as previously explained, this analysis only focuses on alimony recipients and payers and thus omits the households not receiving/paying alimony but having children from previous unions. This therefore does not allow generalisation, as the latter may differ from the sample of those included in this analysis. Indeed, the determinants of whether a caring parent receives alimony (or spousal support) from the previous partner are influenced by a combination of legal, financial, and relational factors and are not randomly distributed (Cancian et al, 2025). The probability of receiving them is correlated with other determinants of poverty—such as education level, labour market attachment, and number of children—which makes it difficult to isolate the net effect of alimony on poverty risk. The same applies to households paying alimony. It would therefore be worthwhile to explore these interrelations further and to estimate the net effect of alimony once the usual poverty determinants are controlled for.

The data do not allow to know whether there is no alimony decided on between parents or whether the parent is in default of payment, whether there are other arrangements in terms of expenses sharing or family allowances sharing. Similarly, we have no data on the possible intervention of the public fund for alimony defaulting. However, it is well known that countries in which child support payments are guaranteed by the government perform much better in terms of securing the living standards of parents with the main custody, mothers in particular (Skinner & Hakovirta, 2020; Hakovirta et al. 2020).

This analysis also shows that better data are needed to better track the living conditions of children in separated families. It is important to clarify the rules governing inclusion of children living in multiple households in the sample survey. If the aim is to study the social, psychological and material living conditions of the children with separated parents, it makes sense to identify their living conditions in the different households to which they belong. Furthermore, this study is only based on household income. It would also be important to collect detailed data on expenses and cost sharing between the separated parents, as well as on family benefits sharing.

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[1] *Household incomes are 'equivalized' to render households of different composition comparable. We use the modified OECD equivalence scale which assigns a weight of 1 to the respondent, 0.5 to other persons over 13 years old in the household, and a weight of 0,3 to children below 14 years old.*

[2] typehh *includes: [10] one person household; [20] couple without children; [31] lone parent with at least one dependent child; [32] lone parent with non-dependent children only; [33] couple with at least one dependent child; [34] couple with non-dependent children only; [41] multigenerational family; [90] other household type.*

[3] *For completeness, Table A1 in the Appendix reports the weighted poverty rate by household type in each country, for those receiving, paying, and the overall population.*

[4] *See Meyer et al., 2024.*

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Appendix

Table A1. Poverty rate by household type for those receiving and paying alimony and the whole population (%)

*typehh**	AT			SE			BE			DK			FI			LU		
	r	p	w	r	p	w	r	p	w	r	p	w	r	p	w	r	p	w
[10]	ss	23.1	23.0	ss	ss	29.7	ss	23.1	24.7	79.1	15.7	26.6	ss	ss	28.0	ss	11.8	16.9
[20]	ss	7.7	8.9	ss	ss	5.4	ss	ss	9.8	39.0	4.4	6.1	ss	ss	5.3	ss	9.8	8.8
[31]	30.0	ss	31.2	27.7	21.8	27.8	29.9	ss	33.2	17.6	16.3	22.5	20.8	ss	20.0	19.6	ss	36.6
[32]	ss	ss	11.8	ss	ss	19.4	ss	ss	18.8	18.5	7.6	10.4	ss	ss	9.8	ss	ss	12.2
[33]	13.6	8.9	14.0	ss	9.6	11.9	13.6	8.6	10.3	4.1	5.0	5.9	4.0	ss	1.2	37.8	34.7	21.8
[34]	ss	ss	3.3	ss	ss	8.1	ss	ss	9.3	ss	1.5	2.7	ss	ss	3.4	ss	ss	8.3
[41]	ss	ss	11.2	ss	ss	14.0	ss	ss	14.7	4.0	3.1	5.5	ss	ss	3.6	ss	ss	7.9
[90]	ss	ss	37.3	37.1	ss	24.0	ss	ss	3.0	23.3	5.2	13.2	ss	ss	9.5	ss	ss	5.0
Total	19.4	12.5	14.7	16.8	14.5	16.1	23.5	12.0	14.4	14.5	8.6	12.2	14.1	1.7	11.4	27.3	21.8	17.5

Note: * *typehh* includes: [10] one person household; [20] couple without children; [31] lone parent with at least one dependent child; [32] lone parent with non-dependent children only; [33] couple with at least one dependent child; [34] couple with non-dependent children only; [41] multigenerational family; [90] other household type.; r for receiving, p for paying; w for the whole population in each household type; ss for low sample size (50 obs or lower)

Source: Authors' elaborations by using LIS data

Table A2. (Unweighted) sample size of each household type in the total sample

typehh	AT	SE	BE	DK	FI	LU
[10] one person household	2.355	2.364	2.327	139.973	2.432	1.187
[20] couple without children	3.542	5.862	3.612	152.684	7.832	2.296
[31] lone parent with at least one dependent child	565	1.184	1.435	42.471	919	421
[32] one parent with non-dependent children only	286	237	456	8.383	315	141
[33] couple with at least one dependent child	4.256	9.404	5.738	213.791	11.675	3.793
[34] couple with non-dependent children only	511	653	693	14.893	1.187	682
[41] multigenerational family	298	72	429	7.021	191	325
[90] other household type	195	352	80	9.325	145	102

Source: Authors' elaborations by using LIS data

Behind Closed Doors: Intra-Couple Pension and Wealth Gaps in Germany and Beyond [1,2]

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Key Messages

- Significant pension and wealth gaps persist within retired couples, particularly in West Germany, where gendered employment trajectories translate into markedly lower individual resources for women.
- Institutional design matters: countries with dual-earner employment models and more universal public pensions show much smaller intra-couple disparities than systems relying heavily on earnings-related and private pension pillars.
- Strengthening individual pension rights and supporting continuous employment for women—through childcare provision, equitable parental leave, and inclusive pension rules—is essential to ensuring financial security for both partners in retirement.

Introduction

Financial security in retirement is increasingly shaped by the opportunities and constraints individuals face across their working lives. As pension systems in many OECD countries have moved towards greater reliance on individual contributions and private savings, continuous employment and stable earnings have become more important for determining economic stability in old age (Ebbinghaus, 2015). These dynamics interact with strongly gendered patterns of labour market participation, caregiving responsibilities, and earnings trajectories (Madero-Cabib & Fasang, 2016).

Although retirement is often analysed at the individual or household level, it is, for most people, experienced within a couple. Understanding how economic resources are composed and organised within households is therefore essential. The common assumption that couples pool and share their economic resources does not reflect the reality of how pensions and personal wealth are held or managed within a substantial share of couples (see Kapelle (2025) for an overview). This has important implications for autonomy and financial security in later life (LeBaron-Black et al., 2024), particularly for women, who frequently experience longer periods of widowhood and may rely heavily on their own pension entitlements and personal wealth.

Within this broader context, understanding intra-couple financial inequalities is a necessary foundation for analysing gender differences in retirement outcomes and for assessing the effectiveness of pension policies in promoting financial security.

Why Intra-Couple Inequalities Matter

The distribution of financial resources within couples is shaped by institutional structures, tax and pension rules, and the organisation of paid and unpaid work (Kapelle, 2025). Pension systems that place a strong weight on individual contributions can amplify differences that accumulate over the life course (OECD, 2021), particularly when women's employment trajectories remain more fragmented than men's (Madero-Cabib & Fasang, 2016). At the same time, focusing solely on household-level aggregates conceals how individuals within couples may enter retirement with very different levels of personal financial security.

Exploring these dynamics helps clarify how current pension arrangements interact with gendered life-course patterns and how vulnerabilities may emerge at key transitions such as widowhood, separation, or the onset of care needs. It also sheds light on how institutional contexts may mitigate or reinforce inequalities that originate earlier in life.

Gendered Accumulation Paths of Pensions and Wealth

Pensions and personal wealth follow distinct accumulation logics. Pension entitlements are generally tied to labour market participation, contribution histories, and the design of public and private schemes (OECD, 2021). These mechanisms reflect the gendered organisation of work and care, as well as the incentives embedded in national policy frameworks. Wealth, by contrast, depends not only on earnings capacity but also on savings opportunities, homeownership, asset markets, and intergenerational transfers (Spilerman, 2000). Some assets are jointly held within couples, while others remain individual. These differences mean that pension entitlements and net wealth may follow different trajectories and respond differently to institutional and life-course factors.

Understanding how these accumulation processes interact within couples provides important insights into the resources individuals bring into retirement and the extent to which inequalities may persist across different forms of economic resources.

Institutional Background: The Example of Eastern and Western Germany

The German case illustrates how institutional legacies continue to shape couples' financial resources in retirement. Before unification, West Germany followed a male-breadwinner model, with pension entitlements strongly tied to full-time, continuous employment. This framework encouraged gender-specialised roles and resulted in distinct employment biographies for women and men. In contrast, the former German Democratic Republic (GDR) in East Germany promoted universal full-time employment and provided an extensive childcare infrastructure, facilitating more continuous employment among women. These differing institutional legacies shaped the employment histories of today's retiree cohorts and form an important backdrop for understanding variation in couples' financial resources in later life.

Using data from the 2017 wave of the German Socio-Economic Panel, we analyse pension wealth—the discounted value of public and occupational pensions over individuals' remaining life expectancy—and personal net wealth, defined as individually owned assets minus liabilities, with jointly held items allocated by reported shares. The results reveal marked gendered inequalities within couples, which differ substantially between Eastern and Western Germany.

Figure 1 presents the average values held by women and men, along with the absolute differences within couples.

Figure 1. Spouses' mean personal pension wealth and personal net wealth in Euros in Eastern and Western Germany

Source: Own estimations based on data from the Socio-Economic Panel Survey v37. Weighted and imputed data.

Pension wealth shows the most pronounced differences. In Western Germany, women hold on average €194,600 in pension wealth—about 53% less than their male spouses. These wide gaps reflect the long-term imprint of a labour market organised around the male-breadwinner model, with many women spending extended periods in part-time work or outside paid employment.

In Eastern Germany, by contrast, women's pension wealth is only around 12% lower than men's. The much smaller gap reflects the legacy of continuous full-time employment under the GDR, combined with comparatively lower average male pensions. As a result, intra-couple pension differences are more muted.

Gaps in personal net wealth are notably smaller. In Western Germany, women hold around €161,000, about 8% less than men. The narrower difference reflects widespread joint ownership of major assets, especially housing.

In Eastern Germany, overall wealth levels are much lower due to historical constraints on private wealth accumulation. Women hold on average €41,800, with an absolute intra-couple gap of roughly €11,200, amounting to a 21% relative difference. Although the percentage gap is larger than in the West, the underlying absolute wealth differences are considerably smaller.

Across both regions, a significant share of couples report similar levels of personal wealth—around 42% in the Eastern and 30% in the Western—which is largely driven by joint ownership of housing assets. Financial wealth, by contrast, tends to be more unequally distributed.

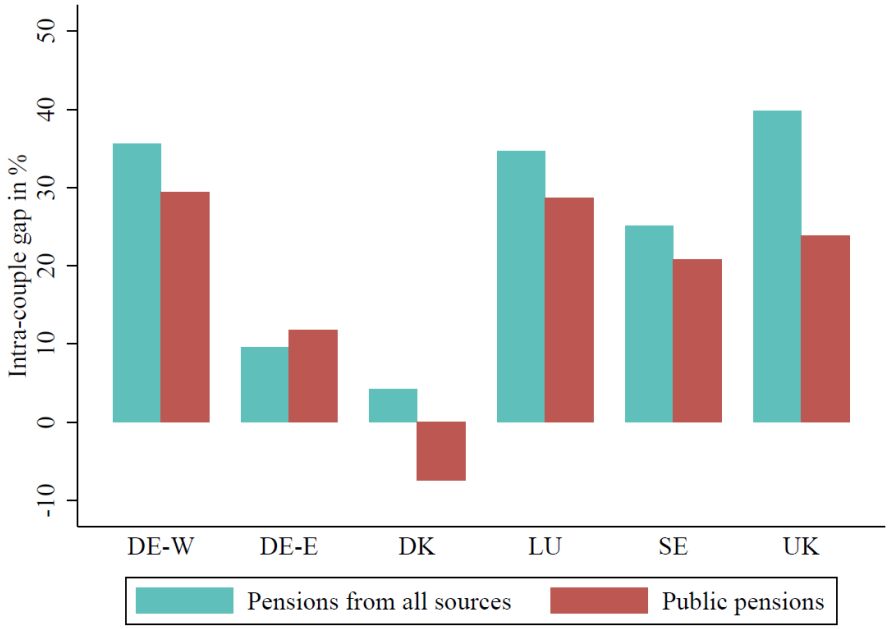
Overall, the German case shows that institutional legacies shape intra-couple inequalities long before retirement begins. Pension wealth closely mirrors gendered employment trajectories rooted in West Germany's breadwinner arrangements and East Germany's dual-earner model. Personal wealth, by contrast, is shaped more by household-level ownership practices and norms of financial jointness. Regression analyses confirm that pension wealth gaps remain sizeable even after accounting for demographic and partnership characteristics, while personal wealth differences are only weakly explained by such factors.

Pension Differentials in Comparative Perspective

A comparative perspective helps situate the German results within a broader institutional context. Because comparable individual-level wealth data remain scarce internationally, we focus on intra-couple gaps in annual pension income from all sources—public, occupational, and private—using the 2021 wave of the Luxembourg Income Study. The selected countries and contexts—Western Germany, Eastern Germany, Denmark, Luxembourg, Sweden, and the United Kingdom—illustrate different combinations of labour-market arrangements and pension-system designs that shape how men and women accumulate resources across their working lives and into retirement.

These countries and contexts also differ in the extent to which they support gender-equal versus gender-specialised employment patterns. In Western Germany, Luxembourg, and the United Kingdom, couples have historically followed more asymmetric employment constellations, with men typically working full-time and women more

Figure 2. Intra-couple gaps in total and public pensions (annual) across selected countries



Notes: Married and cohabitating partners both at least 65 years old and indicating a total individual pension income >0€. Adjusted for 2017 PPP and weighted.

Source: Luxembourg Income Study 2021 wave

often experiencing part-time work or career interruptions. In contrast, Eastern Germany, Denmark, and Sweden are rooted in more egalitarian dual-earner models.

Pension institutions reinforce these patterns in different ways. Bismarck-type systems—as seen in Eastern and Western Germany and Luxembourg—centre on earnings-related public pensions that primarily aim to maintain living standards. Beveridge-type systems, represented here by Denmark and the United Kingdom, rely more strongly on flat-rate or means-tested public benefits focused on income security, with occupational and private schemes generating additional stratification. Sweden occupies an intermediate position, combining basic pensions for older cohorts with increasingly earnings-related and means-tested elements for younger ones.

Figure 2 summarises the intra-couple gaps in total annual pension income as well as in public pensions alone. Considering total pensions, the United Kingdom shows the largest gap between partners at 39.8%, followed by Western Germany (35.6%), Luxembourg (34.7%), and Sweden (25.1%). In contrast, gaps are markedly smaller in Eastern Germany (9.5%) and Denmark (4.2%), consistent with their dual-earner profiles and more redistributive public pension components.

For public pensions, gaps are smaller in most countries, highlighting the role of occupational and private pensions in shaping overall disparities. Public pension differences are highest in Western Germany (29.4%) and Luxembourg (28.6%), reflecting their strong reliance on earnings-related social insurance. Denmark again stands out, with a 7.4% gap in favour of women: while its basic pension provides broadly similar entitlements for both partners, women are somewhat more likely to qualify for income-tested supplements.

Taken together, the comparative findings show that countries combining dual-earner employment patterns with universal or redistributive public pensions tend to exhibit smaller intra-couple gaps. When pension systems depend strongly on individual earnings and private or occupational schemes, differences in women's and men's employment histories show up more sharply in their retirement incomes.

Conclusion and Policy Implications

The results from Germany and the comparative analysis make clear that financial resources in retirement are not distributed equally within couples, and that these inequalities reflect both gendered life-course trajectories and the design of institutional systems, most notably the pension systems. Pension wealth and income, in particular, carry the imprint of earlier employment patterns, leaving women with lower individual entitlements even when households appear financially secure at the aggregate level. These disparities matter not only for women's economic autonomy, but also for couples' joint resilience: when pension systems reward continuous full-time employment, shocks experienced by the main earner can translate into long-term vulnerability for both partners.

The cross-country comparison additionally shows that these outcomes are strongly shaped by institutional choices. Countries that support stable dual-earner employment and provide a substantial, universal foundation of public pension rights tend to display much smaller intra-couple gaps. In systems where pensions are more tightly linked to individual earnings and supplemented by occupational and private schemes, inequalities accumulated during working life resurface more sharply in retirement.

Reducing these disparities requires interventions at different stages of the life course. On the labour-market side, policies that strengthen women's continuous and full-time employment—through accessible childcare, flexible working arrangements, and parental-leave schemes designed to encourage fathers' participation—can mitigate gaps before they emerge. Within pension systems, more inclusive benefit structures can help safeguard individual security, for example, through better recognition of part-time and care-related employment, broader

access to occupational pensions, more generous minimum or basic pensions, or instruments such as pension splitting.

A sustainable approach to retirement security recognises that couples share their lives, but not always their economic resources—making individual rights essential. Policies that promote more equal employment opportunities and more balanced pension entitlements and accumulation of other economic resources can help ensure that both partners enter retirement on a more equal and secure footing, benefiting not only individuals but also the long-term fairness and stability of pension systems.

[1] *This Policy Brief is partially based on the following publication: Kapelle, N., & Weiland, A. P. (2025). Intra-couple gaps in retirees' financial resources: Their extent and predictors across Eastern and Western Germany. European Societies, 27(2), 288–319. https://doi.org/10.1162/euso_a_00013*

[2] *This article is an outcome of a research visit carried out in the context of the (LIS)²ER initiative which received funding from the Luxembourg Ministry of Higher Education and Research.*

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Childless households and relative income poverty outcomes: a cross-country comparison[1,2]

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Introduction

A large body of research on income poverty has placed households with children at the centre stage. Childless households, however, have received far less attention despite their growing share of the population and rising poverty risks, particularly among singles (Alm et al., 2020; Brady & Parolin, 2020; Edmiston et al., 2025; Gornick et al., 2024; Kreyenfeld & Konietzka, 2017; Parolin, Desmond & Wimer, 2023).

This emphasis on households with children is understandable: children are more vulnerable to poverty (Minujin et al., 2006), and child poverty has long-term consequences on individual development (Cooper & Stewart, 2020). Moreover, high poverty rates among single parents have reasonably drawn sustained attention towards this specific demographic (Brady & Burroway, 2012; Maldonado & Nieuwenhuis, 2015; Van Lancker et al, 2015). Equally important, however, social policy research has focused on this group because an increasing number of anti-poverty measures specifically target households with children (Ferragina & Seeleib-Kaiser, 2014; Frericks & Gurìn, 2023; Morgan, 2013; Thévenon, 2011). Still, this emphasis has often obscured the limited support available to childless households and how these policies may increase inequalities between households with and without children.

In this sense, evidence shows that existing welfare systems – particularly when strongly geared towards targeting – fail to adequately support low-paid childless individuals, particularly singles (Alm et al., 2020; Edmiston et al., 2025; Gornick et al., 2024). For the United States, Parolin et al. (2023) show that the shift towards greater categorical targeting, particularly in tax credits, has improved the position of households with children, while leaving childless households behind. Social benefits have also remained relatively lower for childless households, contributing to a rise in deep poverty among this demographic, while this has fallen among households with children (Brady & Parolin, 2020; Parolin & Brady, 2019). Gornick et al. (2024) also show that – next to generally low levels of social assistance for this group – the federal minimum wage is insufficient to keep low-paid and non-working childless individuals out of poverty.

None of these existing studies, however, has assessed relative poverty rates among this group from a large cross-country perspective. In this short note, we fill this gap, by analysing poverty outcomes among working-age childless households across twenty countries in Europe and North America for the year 2019; we do so by employing harmonised data from the Luxembourg Income Study (LIS) Database. We adopt a specific focus on the U.S. as an archetypal case of a tax-transfer system that over the last few decades has shifted toward increased targeting to specific groups, including households with children. To maximise the number of cases, we choose 2019 as the most recent data point with sufficient country-level data on the LIS database. Our sample includes countries that profoundly differ with respect to income protection and labour market characteristics. In terms of sample selection, we include only respondents of working-age (aged 25-59).

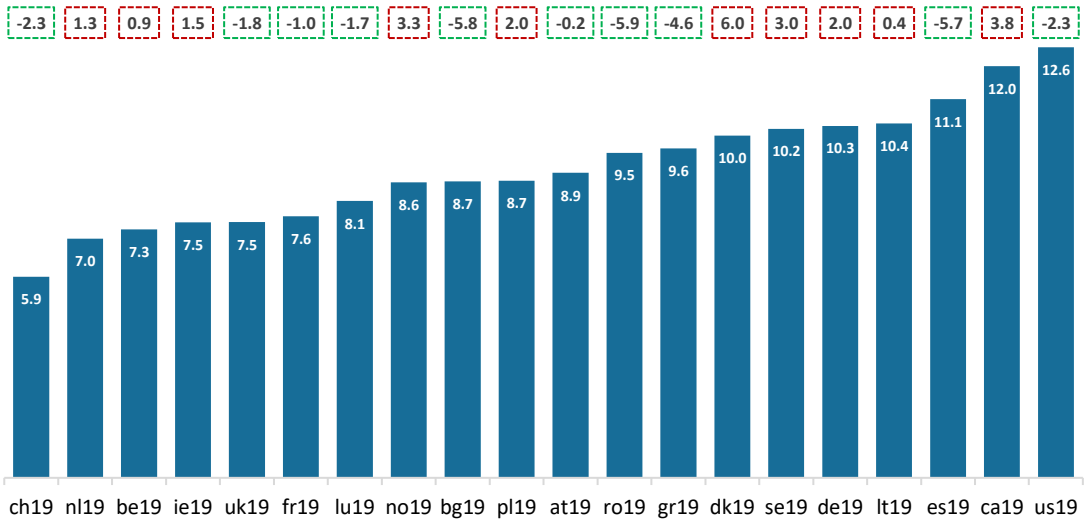
Our goal is to assess how childless adults – defined as those who do not reside with dependent children under age 18 – fare in terms of relative income poverty across distinct welfare systems, and how distinct tax-transfer systems compare with the U.S. in reducing poverty among this group. We also examine cross-country differences in poverty rates among distinct demographic groups within childless households and contrast these outcomes with those of households with children.

Findings

Post-tax-post-transfer poverty

The United States stands out for its high poverty among childless households: 12.6% of working-age individuals living in childless households are poor[3] – the highest poverty incidence among the twenty countries analysed (Figure 1). Notably, this rate is more than double that

Figure 1. Poverty rate (%), difference between childless and non-childless (pp), Post-tax-post-transfer, Childless households, Working-age population, by country, 2019



Source: *LIS Database*

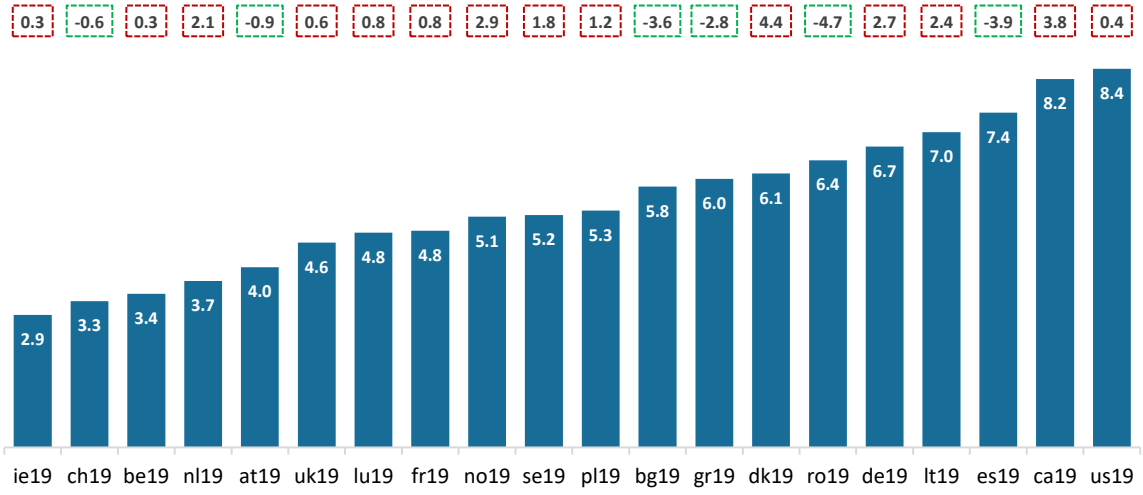
of Switzerland (5.9%), the best-performing country, indicating large cross-national disparities.

Childless households in the U.S., however, have a lower poverty rate than households with children (-2.3pp). This pattern is far from universal: at least in six countries – Denmark (+6pp), Canada (+3.8pp), Norway (+3.3pp), Sweden (+3pp), Poland (+2pp), and Germany (+2pp) – childless households are significantly more exposed to poverty. Remarkably, the U.S. ranks among the countries where childless households fare better relative to households with children – only Romania (-5.9pp), Bulgaria (-5.8pp), Spain (-5.7pp), and Greece (-4.6pp) show larger gaps.

Deep poverty reveals a starker divide. When this is defined as having an income below 40% of the median equivalised household income, the United States records the highest rate among childless households (8.4%, Figure 2). This is more than twice the deep poverty rate of top performing countries, such as Ireland (2.9%), Switzerland (3.3%), Belgium (3.4%), the Netherlands (3.7%), and Austria (4%).

Unlike the standard poverty measure, deep poverty in the U.S. is slightly higher among childless households than among households with children (+0.4pp). A similar pattern emerges in the United Kingdom, France, and Luxembourg, where childless households face relatively higher deep poverty despite lower poverty rates under the 50% threshold.

Figure 2. Deep poverty rate (%), difference between childless and non-childless (pp), Post-tax-post-transfer, Childless households, Working-age population, by country, 2019



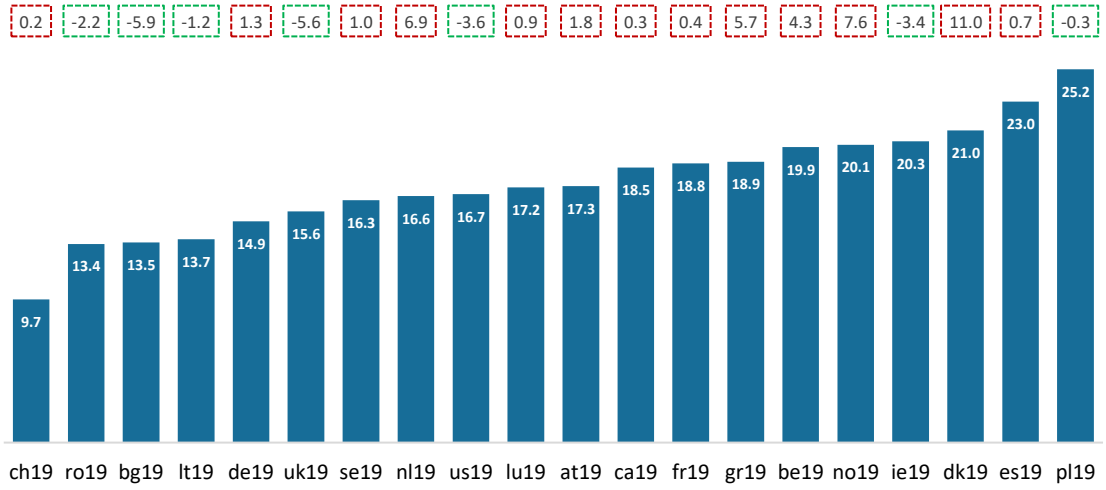
Source: *LIS Database*

Table 1. Poverty rate (%), Post-tax-post-transfer, by sociodemographic group, Childless households, Working-age population, by country

	Total	Single Female	Single Male	Married Female	Married Male	Employed	Not employed	25-34	35-54	55-59
ch19	5.9	7.7	6.4	4	3.8	3.4	19.1	6.6	5.2	6.4
nl19	7	8.6	9.1	4.1	4.2	3.8	21.4	9.2	5.3	6.8
be19	7.3	9.2	8.3	4.1	5.3	2.2	23.4	6.5	7.5	7.9
ie19	7.5	9.3	12.4	2	2.3	3.7	19.2	4.8	7.7	11.3
uk19	7.5	8.8	9.9	4.9	4.5	2.9	29.8	4.1	8.4	10.2
fr19	7.6	9.3	11.2	3.7	3.7	3.8	21.3	6.7	8.3	7.6
lu19	8.1	11.7	8	6.7	6.1	4.2	19.8	7.8	7.3	10.4
no19	8.6	9.5	11.4	3.1	5.8	1.9	30.9	13.7	7.2	4
bg19	8.7	9.4	11.4	6.1	6.2	4.3	27.3	4.8	9.9	9.6
pl19	8.7	9.8	12.4	7	5.9	4.9	22.4	5.4	8.6	12.1
at19	8.9	12.6	12.4	3.8	3.7	4.8	25	12.3	7.5	7.4
ro19	9.5	9.9	13.9	7.6	6.9	6.7	22.6	6.7	9.4	14
gr19	9.6	11.1	8.2	9.5	10.4	4.6	18.3	8.5	9.7	10.7
dk19	10	12.9	14.1	2.6	3.8	3.6	27.3	19.3	6.8	3.7
se19	10.2	11.4	12.8	4.8	4.7	5.8	31.4	13.6	7.8	9.4
de19	10.3	15.1	15.1	3.5	3.5	6	39.8	16.1	8.3	8.6
lt19	10.4	13.1	18.8	3.3	3	4.1	35.8	5.9	12.7	10
es19	11.1	12.5	12.7	8.9	8	6.1	22.3	9.6	11.6	11.8
ca19	12	19.1	16.6	7.1	6.8	6.6	32.9	11.5	12.1	12.7
us19	12.6	19.4	16	7.1	6.6	6.2	38.1	10.2	13.1	14.9

Note: The cell colour indicates where each value falls within the total range of values, with blue indicating smaller and red indicating higher poverty rates.
Source: *LIS Database*

Figure 3. Poverty rate (%), difference between childless and non-childless (pp), Pre-tax-pre-transfer, Childless households, Working-age population, by country, 2019



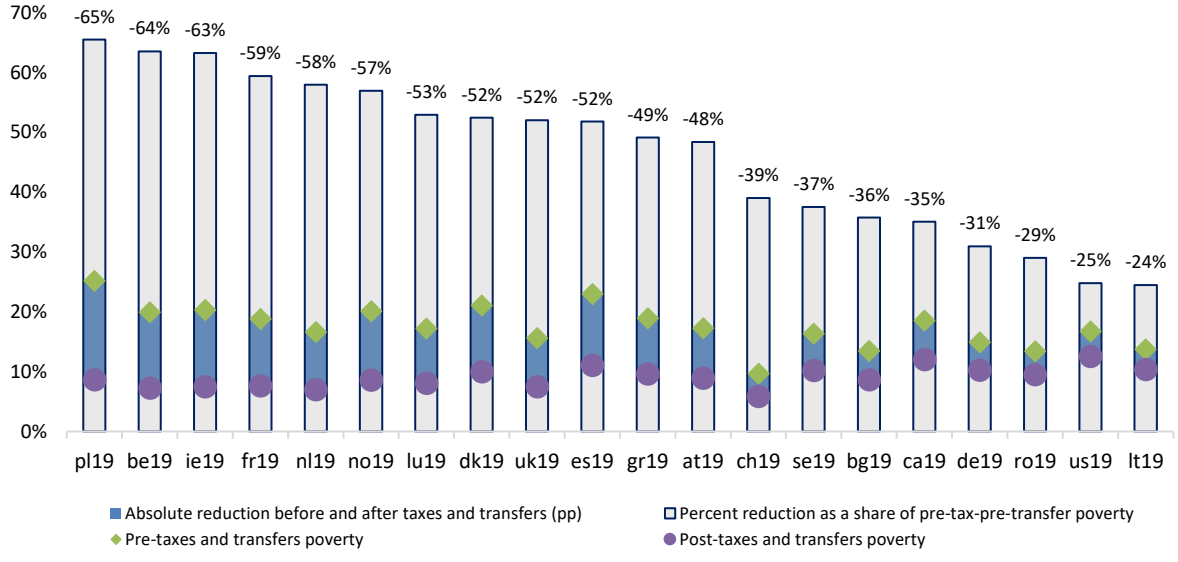
Source: *LIS Database*

Employment status is the strongest predictor of poverty among childless households (Table 1). Non-employed individuals are three times more likely to be poor than the group average – and up to four times in Germany, the United Kingdom, and Norway. The United States ranks second only to Germany, with rates nearly three times the group mean. In Romania, Greece, and Spain the gap is smaller but significant, at roughly twice the average. By contrast, being employed, is associated with a lower poverty rate. Employed individuals are more than twice as unlikely to be poor, compared to the group average. Still, this is less the case in some countries, such as Romania, Switzerland and Germany.

Being single is another strong predictor of poverty among the childless, with gender being a key factor. The United States has the highest poverty incidence among single women in childless households (19.4%), 3.4pp higher than for single males. Only in Canada is the poverty rate for single females proportionally larger relative to the group average. By contrast, Lithuania has the highest rate among single men (18.8%). On the contrary, married individuals in childless households are half as likely to be in poverty compared to the average. Such an association is the strongest in Ireland, Denmark, and Lithuania.

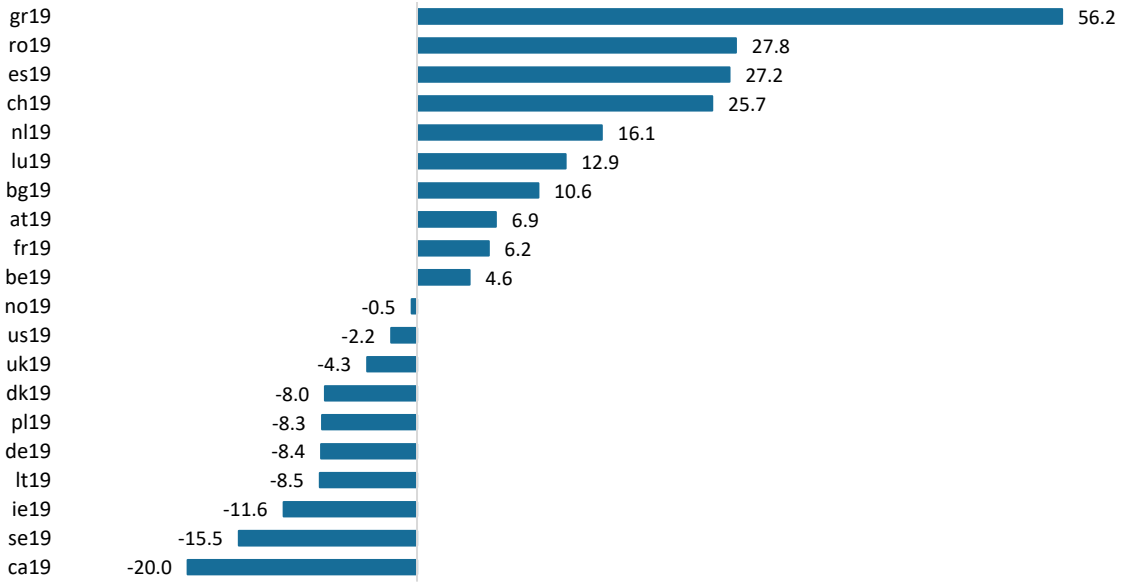
Age is also a relevant variable. The United States stands out for having the highest poverty rate among the intermediate (35-54) and oldest age groups (55-59) – respectively 13.1% and 14.9%. By contrast, the Nordic countries have the highest poverty incidences among the younger age group (25-34): in Denmark (19.3%) and Norway (13.7%), but also in Germany (16.1%), poverty among younger adults is twice the average. In Denmark, there is a staggering 15.6pp difference between the youngest and the oldest age groups. By contrast, in Romania, Poland, Ireland, and the United Kingdom, the older age group is twice as poor as the younger age group.

Figure 4. Percent reduction in poverty, Childless households, Working-age population, by country, 2019



Source: *LIS Database*

Figure 5. Difference in percent reduction in poverty (pp), Childless vs. non-childless households, Working-age population, by country, 2019



Note: The bars extend to the left of the zero line when poverty reduction favours households with children; the bars extend to the right when poverty reduction is greater for households without children.

Source: *LIS Database*

Pre-tax-pre-transfer poverty

Countries rank much differently when poverty is calculated on household incomes before redistribution The United States (16.7%) sits close to the twenty-country average[4], while Poland records the highest pre-tax-pre-transfer poverty rate (25.2%) – over four times Switzerland's (5.7%), the lowest estimate.

Overall, childless households face worse poverty outcomes than households with children in thirteen countries, underscoring their relative exposure to market-generated poverty. This gap is especially pronounced in Denmark (+11pp), Norway (+7.6pp), and the Netherlands (+6.9pp), with Greece (+5.7pp) and Belgium (+4.3pp) also showing notable differences. By contrast, in Bulgaria (-5.9pp), the United Kingdom (-5.6pp), the U.S. (-3.6pp), Ireland (-3.4pp), Romania (-2.2pp), and to a lesser extent, Lithuania (-1.2pp) and Poland (-0.3pp), childless households have lower pre-redistribution poverty rates. On average, the difference between the two groups is larger before redistribution than after, highlighting the role of the tax-transfer system in narrowing these gaps.

The poverty-reducing effectiveness of income taxes and transfers

The poverty outcomes described in the previous section highlight that childless households are not systematically less exposed to poverty than households with children. In fact, they are relatively more exposed to poverty in at least half of the countries. When it comes to deep poverty, they are poorer in three cases out of four. The role of the tax-transfer system is central to explaining these gaps. There is indeed great cross-country variation in the degree to which income taxes and transfers reduce market-generated poverty[5]. We measure a welfare system's effectiveness in offsetting poverty by looking at the percent reduction in the poverty rate before and after taxes and transfers.

A comparison of this measure across countries (Figure 4) highlights striking differences in the impact of national tax-transfer systems on poverty among childless households. Lithuania (24%) and the United States (25%) reduce poverty the least – only about a quarter of pre-tax-pre-transfer poverty. Every other country achieves a greater reduction, ranging from 30% in Romania and Germany to 65% in Poland and Belgium.

At the lower end of the spectrum, a cluster of countries – including Canada, Bulgaria, Sweden and Switzerland – also reduce poverty by less than 40%, while in all other countries this is reduction is close to or above half of pre-tax-pre-transfer poverty.

Looking at absolute differences (blue bars in Figure 4) among individuals living in childless households, Poland stands out with a -16.5pp reduction, well above the other countries. At the bottom of the ranking, the U.S. (-4.2pp) does only slightly better than Switzerland (-3.8pp) and Romania (-3.9pp), while Lithuania remains the worst-performer with just a -3.4pp reduction.

The extent to which tax-transfer systems reduce pre-tax-pre-transfer poverty varies sharply between households with and without children. In half of our sample, the tax-transfer system is more effective for households with children (Figure 5). This is most evident in Canada (-20pp), Sweden (-15.5pp), and Ireland (-11.6pp), and to a lesser degree in Lithuania (-8.5pp), Germany (-8.4pp), Poland (-8.3pp), and Denmark (-8pp). Even in the United Kingdom (-4.3pp), the United States (-2.2pp) and Norway (-0.5pp) the advantage still leans towards households with children.

When the opposite occurs, however, the gap between the two household groups is more important. In Greece, the poverty reduction for the childless group, for instance, is more than twice the reduction achieved for households with children. Romania (+27.8pp), Spain (+27.2pp), and Switzerland (+25.7pp), also show larger differences than any of the cases favouring households with children. This pattern reveals an important asymmetry: while tax-transfer systems often reduce poverty more for households with children, when the opposite occurs, the gains for childless households are greater.

Discussion

For many valid reasons, poverty research has long focused on households with children. This may have inadvertently fostered the assumption that childless households are relatively less vulnerable to poverty. Our findings challenge this belief. In half of the twenty countries analysed, childless households are indeed more exposed to poverty than households with children. When it comes to deep poverty, childless households are especially likely to fall below the poverty line – in three countries out of four, the poverty rate of childless households is indeed higher than that of households with children.

The tax-transfer system plays a decisive role in determining these distinct poverty outcomes. In half of the countries in our sample, the tax-transfer system reduces poverty more among households with children than among childless households: when the reverse occurs, however, childless households appear to enjoy a comparatively larger advantage. On average, across our sample, childless households are relatively poorer than households with children even before redistribution in thirteen countries – a clear majority.

Within this broader comparative picture – in which childless households often face a higher poverty incidence – the United States stands out. Within our sample, it has the highest poverty rate among childless households. While households with children still show higher poverty under the standard 50% threshold, the deep poverty rate of childless households is relatively higher, a pattern shared with only three other countries in our sample – the United Kingdom, France, and Luxembourg.

Among childless households in the U.S., single women are particularly exposed to poverty; their poverty rate is more than three times that of single men and twice the mean for the childless group in general.

Again, the tax-transfer system is central to explaining these poverty outcomes. After Lithuania, the U.S. reduces poverty the least among childless households – only about a quarter of its pre-tax-pre-transfer poverty is reduced. Moreover, its tax-transfer system reduces poverty to a greater extent among households with children.

Pre-tax-pre-transfer poverty rates tell a different story: the U.S. is one of the seven countries within our sample, where poverty before redistribution is lower for childless households than those with children.

These findings underscore that childless households deserve as much attention in poverty research as households with children. This is especially important given that, at the policy level, many income support measures – including most of the programs that have expanded in recent decades – target primarily households with children. The United States illustrates this vividly: its welfare system is heavily shaped by conditionality and categorical eligibility, favouring households with children while leaving others with limited income support. In this context, the stark poverty differences between the U.S. and other countries highlighted earlier remind us that the generosity of anti-poverty policies matters, but so does their design – namely, how they target, and under what conditions.

In the forthcoming article, we plan to examine more closely the specific contribution of distinct income transfers to poverty reduction and investigate how variations in institutional setups shape poverty risks. While we will focus primarily on the U.S. case, such work would help clarify why similar levels of spending can yield different outcomes across countries and inform more effective policy design.

[1] *This note extends research presented in a 2024 paper commissioned by the Brookings Institution's Hamilton Project (Gornick et al. 2024). A longer version of this note – coauthored by Mariani, Marx, and Gornick – is in progress.*

[2] *This article is an outcome of a research visit carried out in the context of the (LIS)²ER initiative which received funding from the Luxembourg Ministry of Higher Education and Research.*

[3] *We consider a household as relatively income poor if its equivalised income is below half of the country's median equivalised household income.*

[4] *Compositional differences – in particular, a greater share of extended households – might partly explain such a lower poverty rate before redistribution. We will further assess the prevalence of extended households and its consequences on poverty in the next phase of this project.*

[5] *Taxes include income taxes and social contributions, while transfers include pensions, public social benefits, and private transfers.*

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The Impact of 2021 PPPs on LIS Indicators

Gonçalo Marques ✉, LIS

Introduction

In May 2024, the International Comparison Program (ICP) released a revised set of Purchasing Power Parity (PPP) rates for the year 2021 (World Bank, 2024). This release is part of the ICP's ongoing global effort to measure relative price levels across countries and to support more accurate and consistent international comparisons. Although market exchange rates can convert incomes into a common currency, they fail to account for differences in domestic price levels. PPPs address this limitation by adjusting for variations in the cost of living and reflecting the real purchasing power of national currencies, thereby providing a more meaningful basis for comparing living standards across countries.

Computing PPP rates is a highly complex endeavor, not only technically but also in terms of international coordination. For this reason, the ICP releases PPP updates in multi-year rounds. The most recent round, covering PPPs for 2021, was released in May 2024; the previous round, covering 2017 and revising the 2011 PPPs, was published in 2020. Although the 2021 PPPs were produced using the same core methodology[1], as earlier rounds, the ICP implemented enhanced data-collection procedures and other methodological refinements aimed at improving overall data quality.

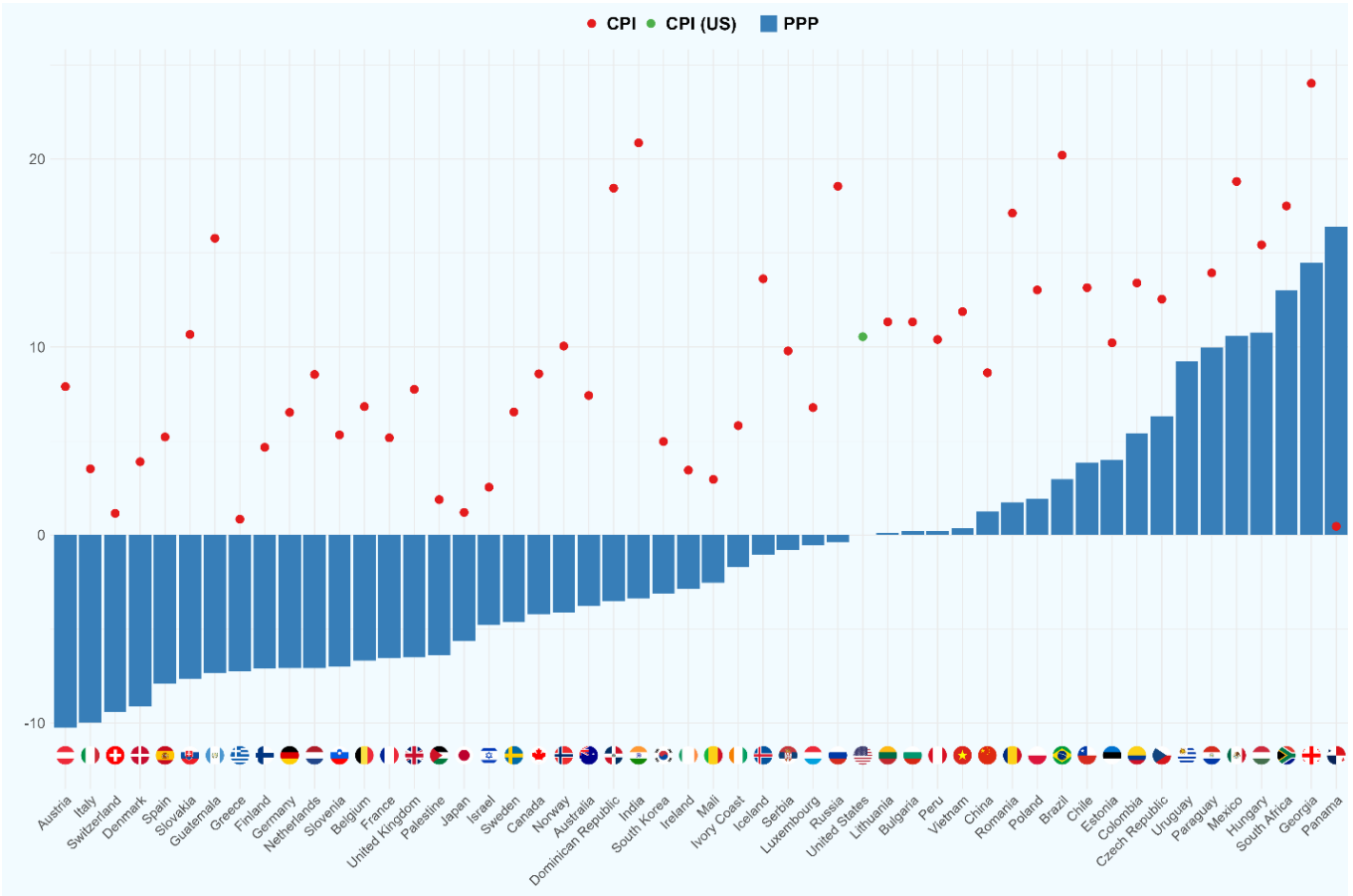
In this article, we begin by examining the revisions in the PPP rates and the evolution in the Consumer Price Index (CPI) across all countries present in LIS. This provides context for the subsequent analysis, which focuses on the implications of adopting a new base year and incorporating the revised PPP values on LIS estimates. In particular, we concentrate on a single indicator, median income, and examine how it varies both across alternative specifications and across countries. These results provide LIS users with an initial benchmark against which they can assess the effects of updating their own estimates to the most recent base year.

Changes in PPP and CPI in LIS Countries

Figure 1 presents two measures of price variation for every country in the LIS database[2]. The vertical bars show the percentage change between each country's 2021 PPP rate and its corresponding value from the previous ICP round expressed in 2017 base-year prices. The dots show the rate of change in the Consumer Price Index (CPI) over the same period.

As stated in (Jolliffe et al., 2024) "PPPs measure how much it costs to purchase a basket of goods and services in one country compared to how much it costs to purchase the same basket of goods and services in the United States". A positive PPP variation therefore indicates that a country has become relatively more expensive compared with the benchmark country, in this case the United States. Conversely, if PPPs

Figure 1. Variation in PPP and CPI Between 2017 and 2021 – LIS Countries



Note: For scaling purposes, the data point for Uruguay's inflation rate between 2017 and 2021 (37.3 %) has been omitted. In the United States, it was 10.5%, while for countries with positive PPP variation, the average inflation rate was 14.8%.

Source: World Bank.

are revised downwards, fewer units of the local currency (e.g., euros, yen, Mexican pesos) are required to match the purchasing power of one U.S. dollar spent in the United States, meaning the country has become relatively cheaper.

It is important to note however, that changes in PPPs from one round to another, may reflect more than real shifts in relative purchasing power between two countries. They can also arise from statistical adjustments to expenditure weights, improvements in data collection, or even from the composition of the representative basket of goods and services. As a result, PPP movements do not always map directly into the day-to-day economic reality of households between 2017 and 2021.

Nonetheless, it is possible to observe that, on average, countries with upward revisions in their PPP values exhibited higher inflation rates than the United States, while those with declining PPPs generally experienced lower inflation. From a geographical perspective, the countries that became relatively cheaper compared with the United States are predominantly located in Western and Northern Europe. In contrast, the largest relative price increases are observed among South American countries and among Central and Eastern European countries outside the euro area[3].

Finally, all countries with no exception experienced positive inflation between 2017 and 2021. This implies that a nominal unit of currency in 2021 purchased less in real terms than the same amount did in 2017.

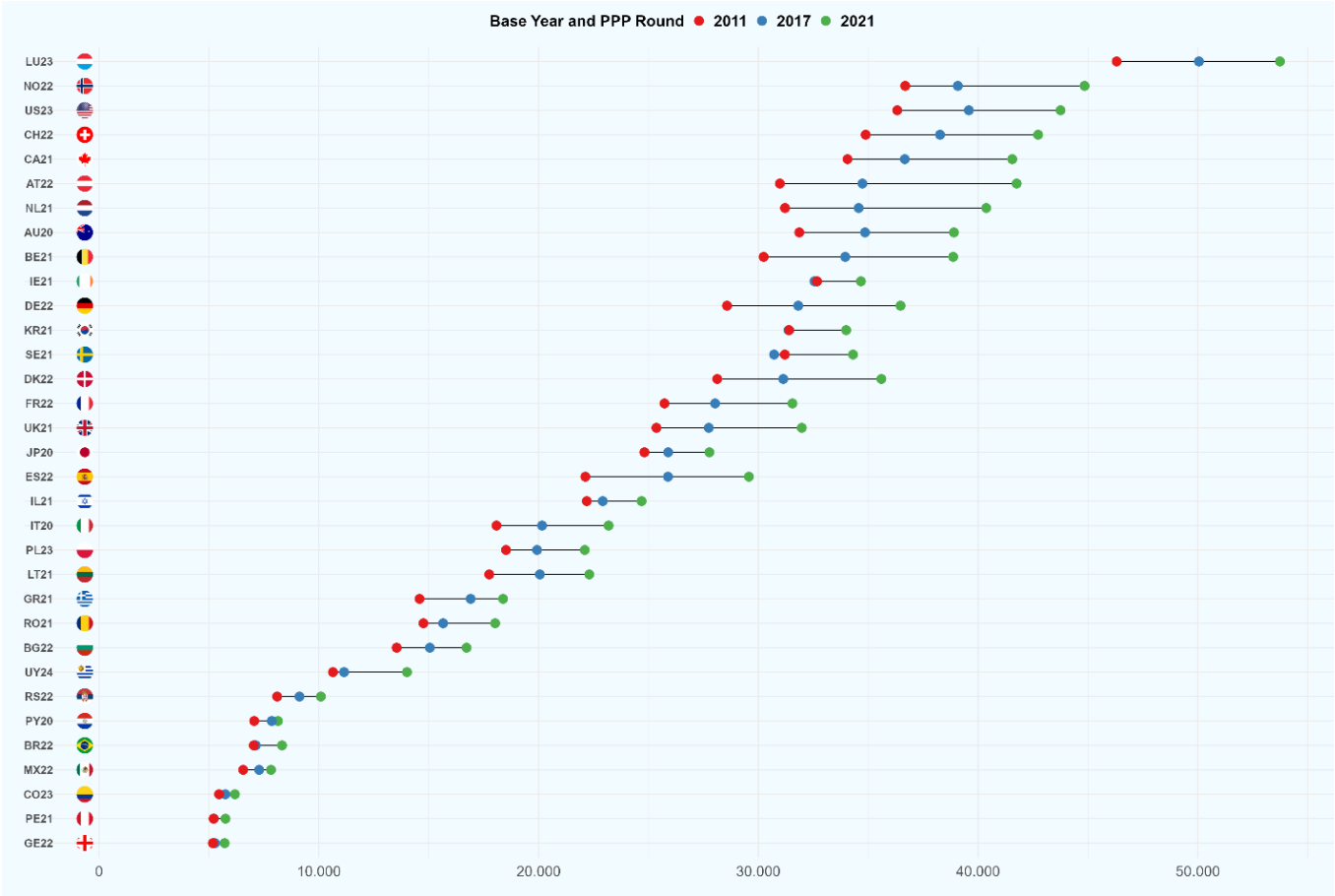
Impact of Base-Year and PPP Revisions on Median DHI

For the remainder of this article, our aim is to illustrate what LIS users can expect when updating their estimates using the new base year and the newly released PPP values. To do so, we rely on the most recent datasets available in LIS for all high and upper middle-income countries (except Taiwan; see footnote 2), provided that their latest data point is from 2020 onwards. Our variable of interest is *equivalized disposable household income*, derived from household-level datasets, and prepared following the same procedures used to compute the LIS Inequality Key Figures[4].

Before turning to the results, it is essential to clarify two aspects. First, the following analysis is *time-fixed*: one country, one year. The changes we document must therefore not be interpreted as trends or developments in median income over time. Instead, they show how the value of each indicator would differ solely as a result of using a different base year or PPP round.

Second, modifying the PPPs or changing the base year imposes a monotonic transformation on the underlying microdata. In practical terms, this shifts the entire income distribution for a given country-year to the right or left[5], while leaving the shape of the distribution unchanged. Consequently, inequality indicators such as the Gini coefficient, percentile ratios, or the relative poverty rate remain unaffected.

Figure 2. Equivalized Median DHI – international $



Note: PPP values for 2011 remain available on the LIS website. Households with missing values were excluded from the sample. Income was top- and bottom-coded to remove outliers and equivalized using the square-root scale. See footnote 4.

Source: Luxembourg Income Study (LIS).

By contrast, indicators expressed in international dollars to allow comparisons across countries, are naturally affected by these transformations. This includes monetary measures such as average income and income percentiles (e.g., the median), as well as absolute poverty rates, when they rely on a poverty threshold expressed in international dollars. For these indicators, revisions to the base year and the PPP round can materially alter cross-country comparisons.

In Figure 2, we plot the median equivalized disposable household income for each country-year pair across three distinct base years and PPP rounds. A clear pattern emerges: median values generally increase as the base year is updated to a more recent year. For the United States, which serves as the benchmark country, the variation across specifications aligns exactly with the evolution of the CPI. Since inflation was positive in all countries between 2017 and 2021[6], it is unsurprising that nominal values tend to increase when the base year is updated. The pattern is not universally guaranteed, however, Sweden being one of the exceptions. In all countries, excluding the US, part of the variation is also driven by changes in their PPPs, which explains why some countries are more affected than others.

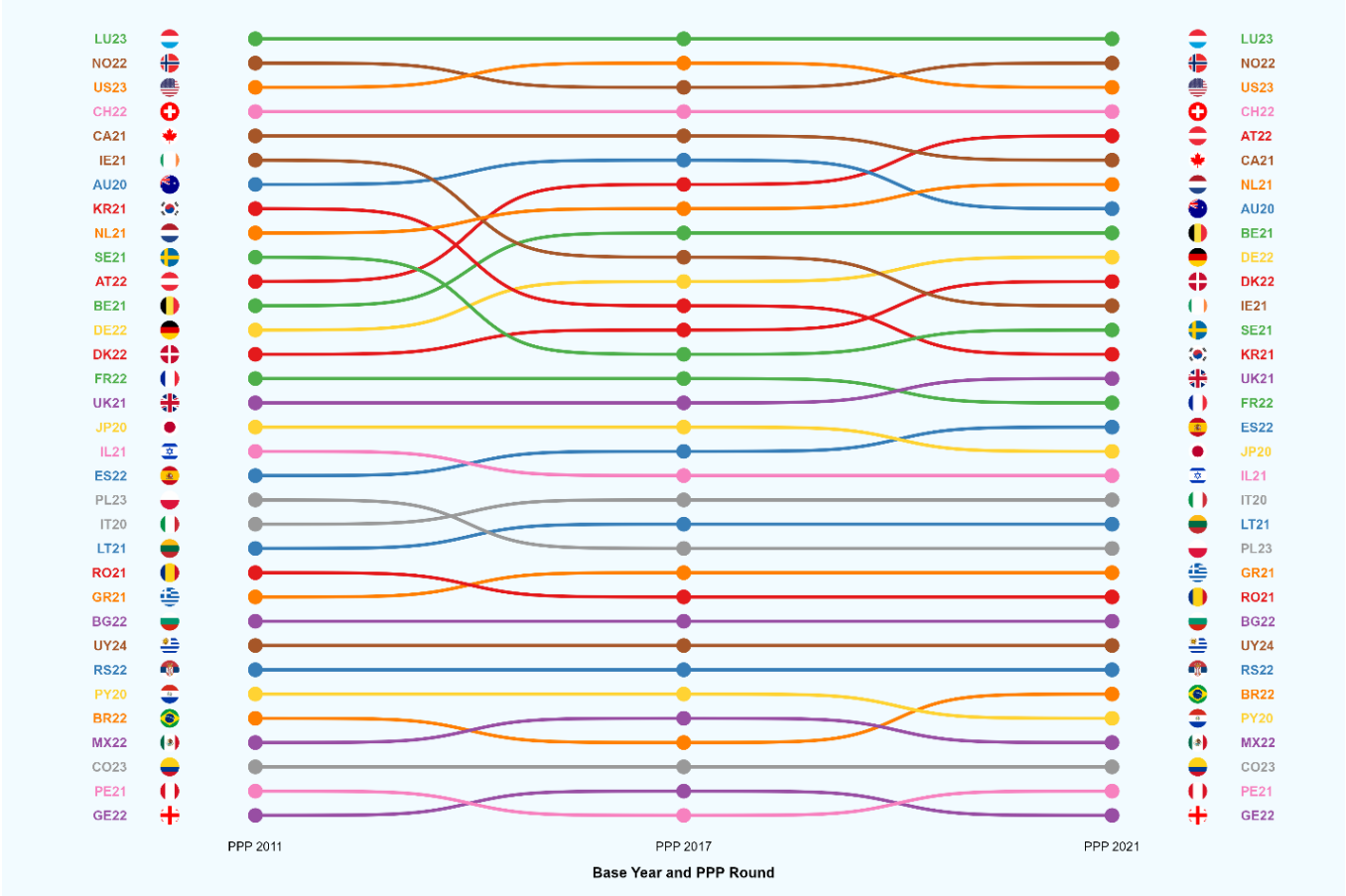
In particular, some South American countries experienced high inflation over this period, yet updating the base year from 2017 to 2021 did not result in correspondingly large increases in median income expressed in international dollars. This is due to a relative 'penalization' effect: their incomes lost purchasing power compared with the United States, so when converted into international dollars, the impact of both the base-year change and their high inflation is noticeably muted.

The different exposures of countries to inflation and to PPP revisions lead to varying degrees of change in the estimates plotted in Figure 2, as described above. Because of this, even though our analysis is static in time and the underlying household incomes remain unchanged, notable shifts in cross-country rankings can still be observed. Figure 3 shows these shifts and makes it possible to see which countries move ahead of others under each specification.

Countries with large downward revisions in their PPP rates, such as Austria and Denmark, now receive a more favorable conversion into international dollars, improving their position relative to the other countries in LIS. The opposite occurs for countries like Ireland and South Korea. Brazil illustrates yet another case. Although its PPP increased by nearly 3%, this rise was modest compared with Mexico and Paraguay, whose PPPs grew roughly 10–11%. As a result, Brazil surpasses both countries when 2021 is used as the base year to adjust the median disposable household income (DHI). These examples highlight that the exercise is far from innocuous, as the choice of base year and PPP round can substantially influence how countries compare with one another.

This article is a shortened version of LIS Technical Working Paper No. 15, which also examines the World Bank's recent increases in the International Poverty Lines. It further assesses their impact on absolute poverty rates, together with the effects of rebasing incomes from 2017 to 2021 and applying the newly released PPPs discussed in this article.

Figure 3. LIS Ranking – Equivalized Median DHI – international $



Source: Luxembourg Income Study (LIS).

[1] *According to the ICP, three main developments were nevertheless implemented; (i) CIS treated as a sixth core region; (ii) hybrid housing-PPP method for Asia–Pacific; and (iii) regression-based PPP imputations for non-participating economies.*

[2] *The ICP database compiling the PPP rates, does not contain figures on Taiwan.*

[3] *The Baltic nations of Estonia and Lithuania, are members of the euro area since 2011 and 2015, respectively.*

[4] *LIS Inequality Key Figures are expressed in national currency units. See all the data preparation steps here.*

[5] *Reflecting a change in the units of measurement (local currency converted into international dollars prices).*

[6] *Between 2011 and 2017 only two countries experienced a decline in their CPI: Greece (-2.20%) and Switzerland (-1.96%).*

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Poverty trends in Luxembourg 1985–2023

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Philippe Van Kerm ✉, University of Luxembourg & LIS

"You study poverty in Luxembourg? So you think anyone is in poverty in the richest EU country?' "Yes. Because poverty is *relative*." Over the last forty years, Luxembourg has experienced sustained economic and population growth. According to estimation based on the Luxembourg Income Study, average real disposable income expressed in 2022 prices rose from €25,000 in 1985 to €51,500 in 2023 – an average annual growth rate of 1.97%. Yet, the latest national statistics on poverty show that 18.1% of the population is 'at risk of poverty' (STATEC, 2025). And the rate is on an upward trend – up from, e.g., 14.5% in 2010 and 16.4% in 2017. While Luxembourg has largely achieved in its resident population the UN's Sustainable Development Goals (SDG) 1.1 of "eradicating extreme poverty by 2030 for all people everywhere" currently measured as people living on less than $2.15 a day, achieving SDG 1.2 "to reduce by 2030 at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions" appears utopian.

Key to SDG 1.2 is the *according to national definitions* clause. The "at-risk-of-poverty" indicator – or poverty rate, for short – is defined as the percentage of the population living in households whose annual disposable income is below 60% of the national median. Reducing relative poverty therefore not just requires a growth in low incomes, it requires that incomes at the bottom grow *faster* than incomes around the middle of the distribution. This is what is needed for the country to meet its SDG 1.2 target.

How much poverty is there and has it changed?

Figure 1 presents estimates of the evolution of the poverty rate in Luxembourg from 1985 to 2023 based on the series compiled in LIS. The figure shows the aggregate poverty rate and poverty rates among individuals under age 20, and among individuals aged at least 65. (Here and in all subsequent figures, we show 3-year moving averages of each estimate to smooth out transitory variations and focus on long-term trends.) These estimates confirm the upward trend documented in official statistics. Our estimates indicate an increase from 9.5% in 1985 to 17.3% in 2023 – almost a doubling of the share of the population in

(relative) poverty.

These estimates are in line with those found in other EU countries. Figure 2 compares Luxembourg's poverty rates to those of five selected European countries – neighbouring Belgium, France and Germany as well as a Scandinavian country (Sweden) and a Mediterranean country (Italy). By 2023, Luxembourg has the third highest poverty rate in this group. What is notable is the steeper increase in poverty rates relative to neighboring and other EU countries over the 40 years period. None of the five countries compared experienced an increase of poverty as large as Luxembourg's.

The age profile of poverty

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

Figure 1 – Trends in poverty rates – aggregate for selected age groups (3-year moving averages)

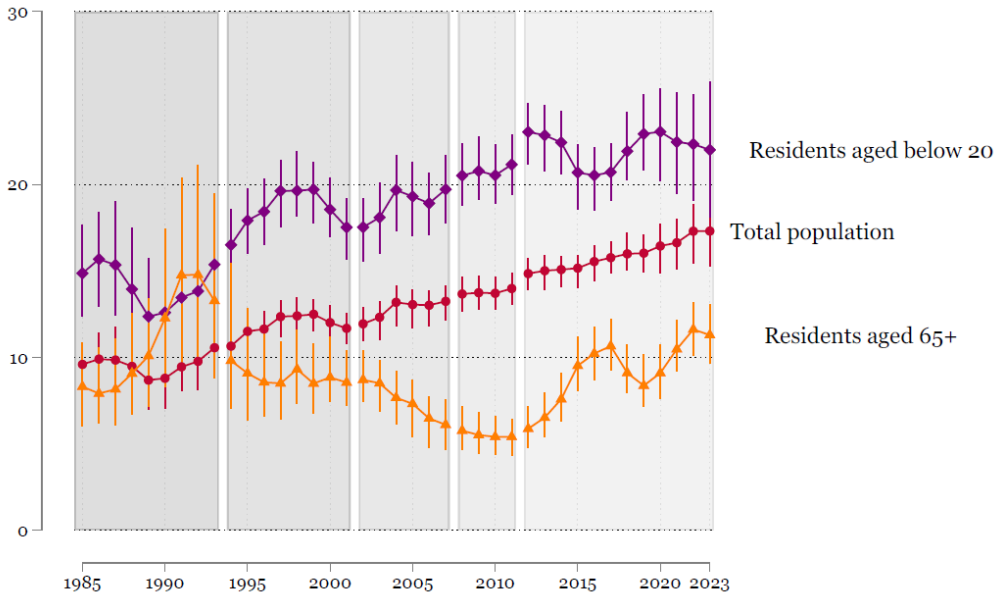
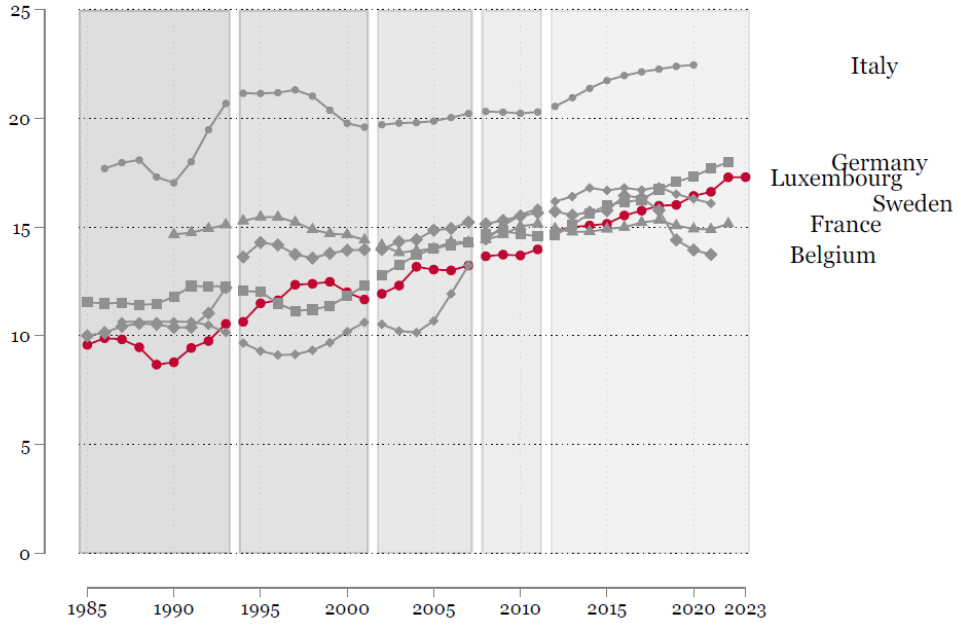


Figure 2 – Trends in poverty rates in Luxembourg and selected EU countries



The diversity of poverty risks

While poverty rates vary by age group, age is certainly not the main nor most important driver of poverty risks. Variations in poverty risks *within* age groups are large – much larger than variations *between* age groups. Figure 3 illustrates the diversity of poverty risks across population subgroups defined by combinations of age, of household structure, and of sex, education, nationality and age of the household head. The diagram show estimates of poverty risks for 103 groups formed by combinations of these characteristics. Estimates of poverty risks were derived using a machine learning predictor (random forest). Following up on our age-based perspective, groups are bundled by age: the purple spikes show poverty risks for groups involving children and teenagers, brown spikes are for residents aged 20–34, 35–49, and 50–64 (with the age groups ordered counter-clockwise, next to the purple, the group aged 20-34, and then the two remaining groups 35–49, and 50–64), and orange spikes are risks for groups involving residents aged at least 65. We highlight key attributes of the groups that have a poverty risk higher than 250% of the national average.

Many combinations of attributes are associated with low poverty risks while others have estimated risks close to 75%. Groups facing risks above 250% of the average are found in all age groups. There is consistency in the profile of the high risk group: all the households that are part of the high risk group are headed by a person without tertiary education. Not having Luxembourg citizenship is also a common attribute of high risk groups. In the youngest age group, high risks additionally concern children in female-headed, lone parent households.

Figure 3 – Diversity of poverty risks

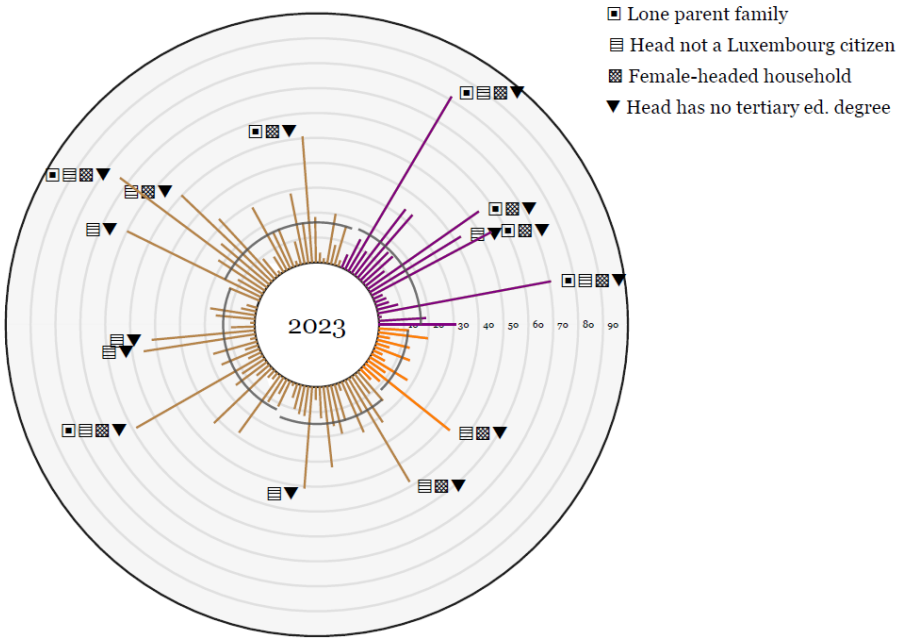
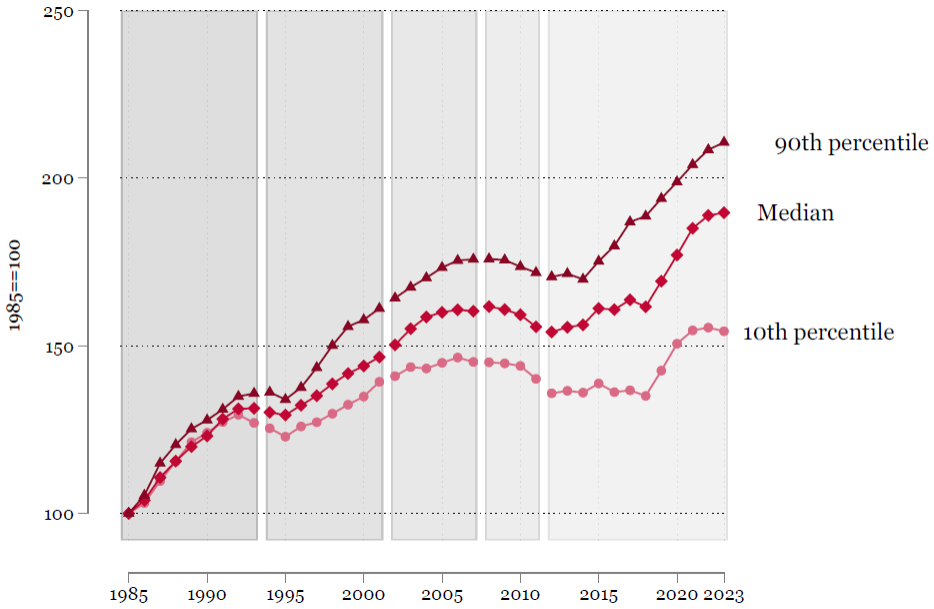


Figure 4 – Evolution of low, middle and upper percentiles of the income distribution



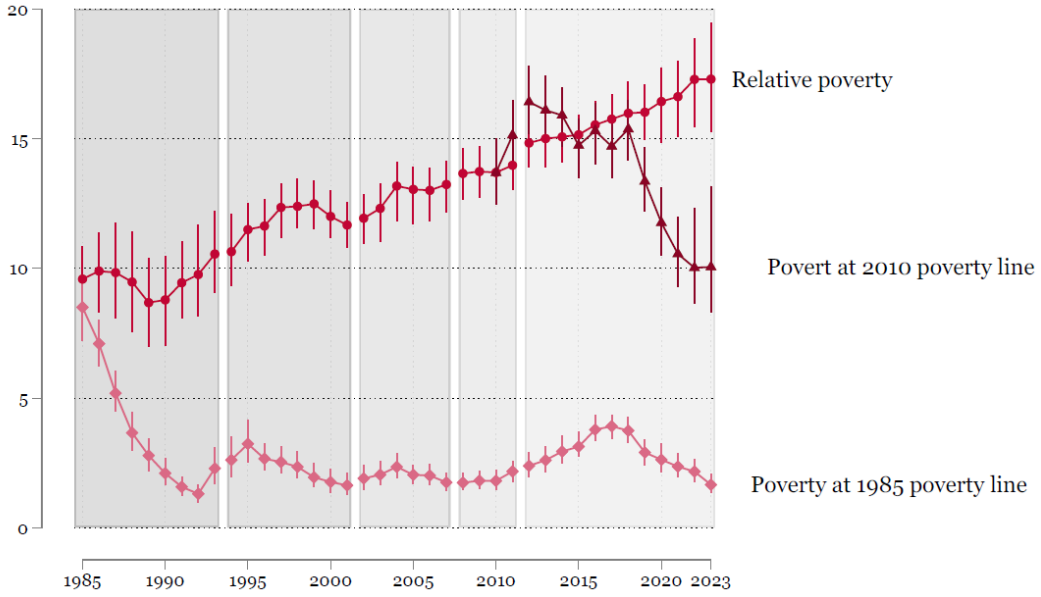
The race between median and low incomes

The increase in relative poverty reflects the fact that incomes at the lower end of the distribution have not kept pace with those at the top. This widening gap is evident in the evolution of income percentiles shown in Figure 4, which shows faster growth in the upper decile compared to the lower one. While the bottom decile increased by a remarkable 50 percent since 1985, the median increased by 90 percent and the upper percentile increased by 110 percent over the same period.

A simple simulation illustrates how rising median living standards – and consequently of poverty threshold – have been driving the growth in relative poverty. In Figure 5, the *relative poverty* line (circles) replicates the trend shown in Figure 1. The *1985 poverty* line (diamonds) represents a counterfactual scenario in which the poverty threshold is anchored to the 1985 median income and adjusted only for inflation afterwards. The *2010 poverty* line (triangles), diverging from the relative poverty line in 2010, shows the evolution of poverty if the threshold had been frozen in 2010 and similarly adjusted for inflation.

Under the 1985-anchored scenario, the poverty rate would have declined sharply. Anchoring to threshold to the 2010 median would also yield a lower poverty rate. The 2010-anchored poverty rate briefly exceeded the observed relative poverty rate in 2012–2013, when the median temporarily fell following the Great Recession. This episode illustrates how volatile relative poverty measures can be during downturns. By 2023, only 10% of the population falls below the 2010-anchored threshold, well below the contemporaneous poverty rate.

Figure 5 – Trends in relative poverty rates with actual and counterfactual poverty lines anchored at their 1985 and 2010 levels



A changing population

Between 1985 and 2023, households have become smaller: the share of individuals living alone has increased by 11 percentage points(pp.), and the share living in couples without children by 7pp. The share of individuals living in a female-headed household has risen by 24pp. There has been an increase of 22pp. in the share of individuals living in a household whose head does not have Luxembourgish citizenship, while the share living in a household whose head has no tertiary education has fallen by 43pp. Some attributes associated with higher poverty have increased but at the same time attributes related to low poverty has also increased, notably the prevalence of tertiary education. So on balance, what is the weight of the change in the population structure on the overall trends in poverty?

To try and answer this question, we re-estimated measures of poverty under a scenario in which the population shares were fixed at the values observed in 2020. Those results are displayed in Figure 6. The increase over time in poverty rates would have been much smaller had the population structure not changed. In the absence of population change, there would have been hardly any increase in the total population poverty rate from the 1990s through to the current period. The poverty rate among young people would also have largely been flat, barring an uptick in 2010. The decline in the poverty risk of the elderly residents is still observed in spite of the evolution of the population structure. Clearly, the change in the composition of the population has been a key mechanical driver of the evolution of relative income poverty.

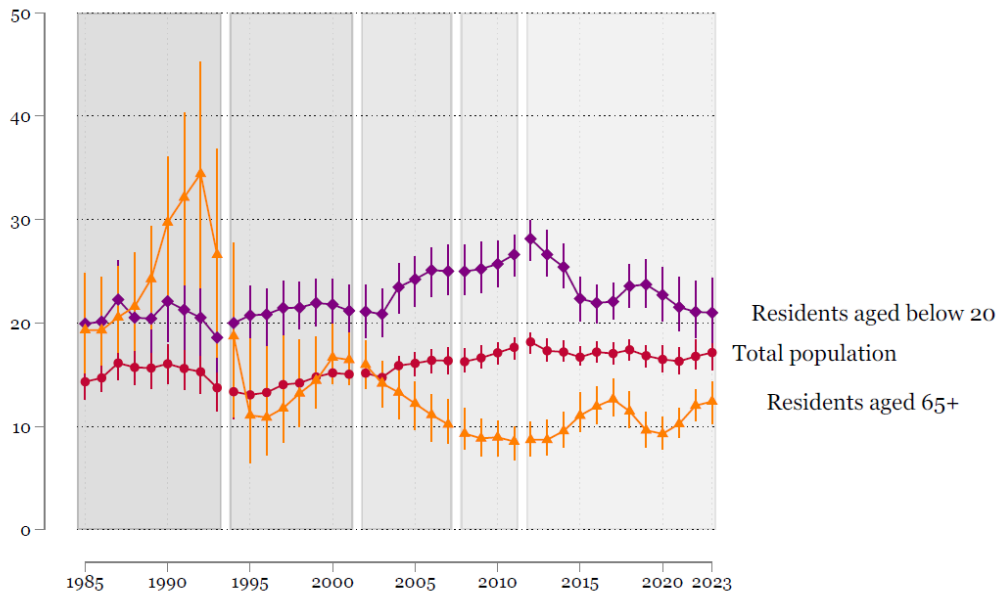
Envoi

Examination of the LIS series for Luxembourg confirms that sharp increases in indicators of (relative) poverty and sustained growth in living standards can coexist. The doubling of the poverty rate between 1985 and 2023 does not depict a deterioration of the absolute living standards of the low income population, but instead a race between the bottom and the middle – a race that the bottom tends to lose. The evolution is also fueled by large demographic change. Underlying the trends are however persistently large differences in poverty risks across population groups, with children and lone-parent families particularly exposed.

Reference

STATEC (2025), *Rapport Travail et Cohésion Sociale*, STATEC, Luxembourg.

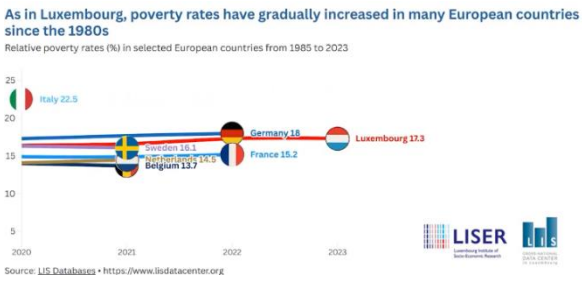
Figure 6 – Counterfactual poverty rates at fixed 2020 population composition



"Luxembourg poverty statistics in motion"

Watch the video here.

Stay tuned for the forthcoming LISER policy brief, which will present the analysis and cross-country comparison in detail.



Highlights from the 2025 (LIS)2ER-SHARE Luxembourg Workshop: "Pensions and Old-age Well-being: Policy Challenges in Ageing Societies

Kun Lee ✉, LIS & Luxembourg Institute of Socio-Economic Research (LISER)

On November 27-28, the LIS Cross-National Data Center and LISER co-hosted the 2025 (LIS)²ER–SHARE Luxembourg Joint Workshop on "Pensions and Old-age Well-being: Policy Challenges in Ageing Societies". The two-day workshop, supported by the (LIS)²ER Initiative and the SHARE Country Team, brought together interdisciplinary researchers and policy experts to examine socio-economic issues and policy challenges faced by ageing societies in Europe. The workshop featured five thematic sessions with ten academic presentations, followed by a policy roundtable on pension reforms.

The workshop opened with a session themed on the perspectives on elderly care. **Jérôme Schoenmaeckers** (HEC-Liège) discussed the double burden of low-income persons facing a higher risk of old-age dependency, while **Yarine Fawaz** (Universidad Autónoma de Madrid) shed light on how informal caregivers, without proper institutional support, bear adverse social consequences over a long term.

In Session 2 on health and well-being, **Terhi Ravaska** (Tampere University) presented evidence on how reduced working hours improved health outcomes among older workers based on part-time pensions in Finland. **Mathieu Lefebvre** (University of Strasbourg) also showed how worsening health conditions reshape the patterns of consumption and well-being in later life.

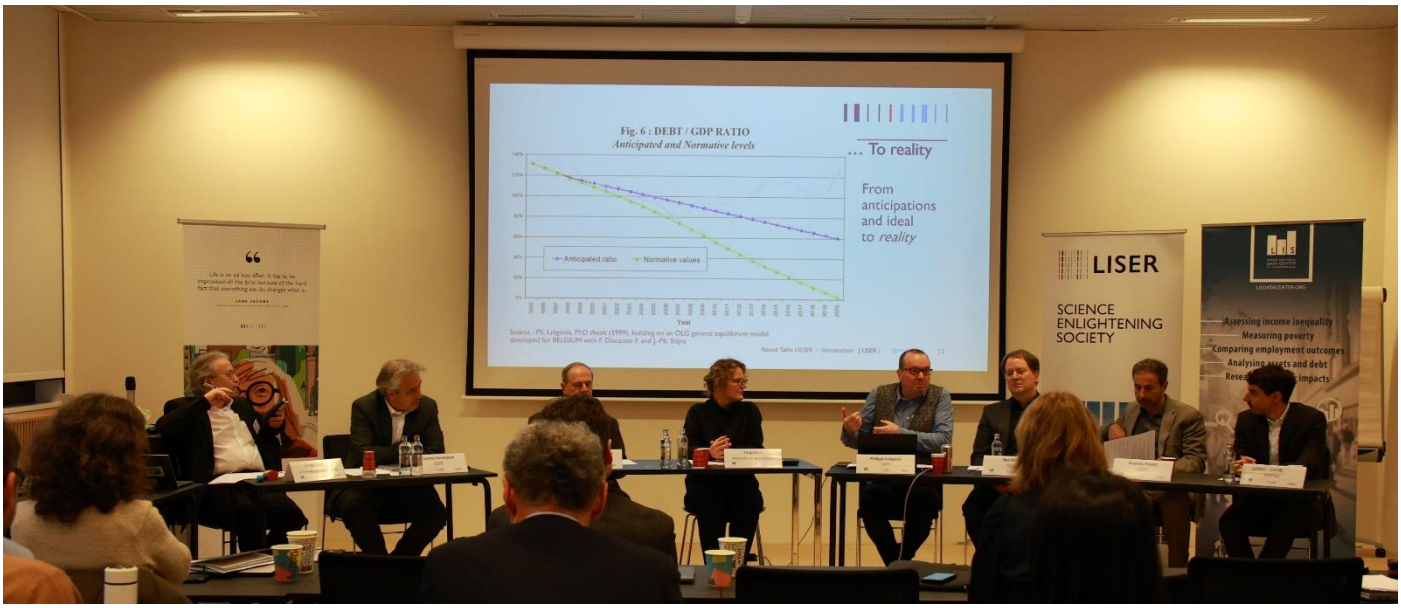
In Session 3 on retirement wealth, **Noelia Bernal Labato** (Universidad del Pacífico) presented strategies to encourage low-status workers' participation in retirement saving plans, based on a randomized policy experiment in Peru. **Kun Lee** (LIS & LISER) offered a macro-comparative view on how the public-private mix in pension systems shapes wealth inequality in later life.

In Session 4, two presentations by **Marike Knoef** (Tilburg University) and **Pilar Garcia-Gomez** (Erasmus University Rotterdam) highlighted the intergenerational consequences of grandparents' delayed retirement and parental job loss on children's educational and health outcomes, using high-quality administrative data from the Netherlands.

In Session 5 on retirement policies, **Vincenzo Galasso** (Bocconi University) examined how policy uncertainty influences retirement preferences, increasing in early-retirement decisions. **Arthur Seibold** (LMU Munich) demonstrated the spillover effects of raising retirement ages, augmenting behavioural responses through close social networks.

The workshop concluded with a policy roundtable, "Shaping the Future: The Acceptability of Pension Reforms", bringing together **Louis Chauvel** (University of Luxembourg), **Thomas Dominique** (IGSS), **Bernhard Ebbinghaus** (University of Mannheim), **Tanja Kirn** (University of Liechtenstein), **Neil Martin** (OECD), **Eugenio Peluso** (LISER) and **Gabriel Gomes** (STATEC), moderated by **Philippe Liégeois** (LISER). The seven panelists discussed some pressing issues and challenges surrounding pension reforms across Europe, such as uncertainties and complexities in making long-term fiscal projections and intergenerational justice in the context of demographic transition, polycrisis, and welfare state reforms. The speakers also emphasized the importance of fairness, communications and the processing of information in shaping the public acceptability of pension reforms.

Overall, the workshop showcased the importance of interdisciplinary collaborations and effective communications between policymakers, academics and the public to translate scientific evidence into policy actions. We thank all presenters, discussants, panelists and participants for their contributions and engagement to these rich discussions on one of the most pressing policy challenges of our time.



Data News / Data Release Schedule

Austria *(1 new LIS dataset and 1 revised)* – one new dataset (**AT23**) added to the **LIS** Database.

Canada *(1 new LIS dataset)* – one new dataset (**CA22**) added to the **LIS** Database.

Canada *(1 new LWS dataset and 2 revised)* – one new dataset (**CA23**) added to the **LWS** Database.

Chile *(1 new LWS dataset and 4 revised)* – one new dataset (**CL24**) added to the LWS Database.

Czechia *(15 new LIS datasets and 8 revised)* – annualisation of the series from **CZ05** to **CZ23** in the **LIS** Database.

Ireland *(2 new LIS datasets and 20 revised)* – two new datasets (**IE22**, **IE23**) added to the **LIS** Database.

Israel *(1 new LIS dataset and 25 revised)* – one new dataset (**IL22**) added to the **LIS** Database.

Panama *(20 new LIS datasets and 4 revised)* – annualisation of the series from **PA96** through **PA19** in the **LIS** Database.

United States *(1 new LIS dataset)* – one new dataset (**US24**) added to the **LIS** Database.

Switzerland *(3 revised LIS datasets)* – revisions to the Swiss LIS series **CH20** to **CH22**.

Data Releases and Revisions – Luxembourg Income Study (LIS)

Austria

One new dataset (**AT23**) has been added to the LIS Database. The dataset is based on the Austrian Survey on Income and Living Conditions (EU-SILC) conducted by Statistics Austria. The previous wave (**AT22**) has been slightly revised in income (*hi46:* housing benefits) with some effect on the LIS Key Figures.

Canada

One new dataset (**CA22**) has been added to the LIS Database. The dataset is based on the Canadian Income Survey (CIS), conducted by Statistics Canada.

Czechia

Fifteen new datasets for the period **CZ05** to **CZ23** have been added to the LIS Database. The datasets are based on the Czech Statistics on Income and Living Conditions survey (EU-SILC), conducted by Czech Statistical Office. Note that the Czech data series has been reviewed for adopting the official country name "Czechia". In the microdata this means that the previous entry "Czech Republic" in variable *cname* has been updated to "Czechia". This change concerns also the entries in METIS, the PPP files and the datasets.txt/dta files.

While harmonizing the annual series a few minor consistency revisions have been carried out to the labour market and income sections in earlier datasets based on the EU-SILC survey (**CZ04**, **CZ07**, **CZ10**, **CZ13**, **CZ16**). In **CZ04**, *educ_c/educlev/educ* was updated with a new variable that offers better overtime comparability and parental education (*edmom_c* and *eddad_c)* was filled in both **CZ04** and **CZ10.** For **CZ02,** an error in the construction of variable *dweltyp* (type of dwelling) has been corrected.

Ireland

Two new datasets (**IE22** and **IE23**) have been added to the LIS Database. The datasets are based on the Irish Survey on Income and Living Conditions / EU-SILC, conducted by Central Statistics Office (CSO). Changes in the sampling procedure (increasing from 4 rotational panels to 5 in **IE19** and **IE20** and finally to 6 rotational panels starting with **IE21**) triggered revisions in the weighting and calibration procedures by the data provider. Based on the 2020 population estimates, Central Statistics Office (CSO) recalibrated the weights by age and sex, as well as by region, household composition and tenure status at household level. The datasets **IE19**, **IE20**, and **IE21** are provided now with the revised weights.

The variable *wage1* is not provided anymore for **IE19**, **IE20**, and **IE21** because monthly wage is not available in the data and the yearly labour income, on which the variable was based, is not the ideal proxy. The variable *immigr_c* was revised with a more detailed content in **IE10** & **IE18**, based on the country of birth of parents; the content is now similar to the one that is available in the data **IE22** and **IE23**. Other minor revisions, mostly in the labour market section, were performed to be in line with the newest data release.

Israel

One new dataset (**IL22**) has been added to the LIS Database. The datasets are based on the Household Expenditure Survey (HES), conducted by Central Bureau of Statistics and reworked by the National Insurance Institute of Israel. 25 earlier waves have been revised. Datasets **IL19** to **IL21** now provide information in *nrooms* (number of rooms available in the household). For datasets **IL02** to **IL21** *edrys* (years of education) was improved to provide the exact number of years instead of the estimated number of years based on the highest completed education level. For the datasets in the series, where no clear information on enrollment is available (**IL86** to **IL11**, **IL17** and **IL18**), variable *depchild* (dependent child) was revised to exclude any person aged 18 to 24 years, who was currently mainly employed in the reference period. This revision also impacts the derived variables *oneparent* (lone parent) and *typehh* (household type), which are constructed based on the provided content in *depchild.*

Panama

Twenty new datasets (**PA96, PA97, PA98, PA99, PA00, PA01, PA02, PA03, PA04, PA05, PA06, PA08, PA09, PA11, PA12, PA14, PA15, PA17, PA18, PA19**) and four re-harmonised waves (**PA07**, **PA10**, **PA13**, **PA16**) have been added to the LIS Database. The datasets are based on the Continuous Household Survey (ECH), conducted by the National Institute of Statistics and Census (INEC). The data are collected before taxes and contributions; therefore, LIS carried out

simulation of taxes (*p/hxitax*) and contributions (*p/hxscont*) in order to calculate disposable household income (*dhi*). The revised series and the new datasets contain slightly improved calculations of social contributions and income taxes. Other consistency revisions concern mostly the socio-demographic variables, notably *ethnic_c*: indigenous population, *educ_c*: highest diploma / completed years of education, and *edyrs* (education years).

United States

One new dataset (**US24**) has been added to the LIS Database. The data comes from the March 2025 ASEC component of the Current Population Survey, carried out by the Bureau of Labor Statistics (BLS) / U.S. Census Bureau.

Switzerland

Three waves (**CH20**, **CH21**, **CH22**) based on the Swiss Statistics on Income and Living Conditions (SILC) have been revised in the LIS Database. LIS received an updated version by the Swiss Federal Statistical Office (FSO), which allowed LIS to incorporate revised content in the variables *educ_c* (highest education level attained) and *area_c* (degree of urbanisation) and slightly modified values in *hxitsc* (income taxes and contributions), in line with the latest data release for Eurostat (December 2025).

Data Releases and Revisions – Luxembourg Wealth Study (LWS)

Canada

One new dataset (**CA23**) has been added to the LWS Database. The dataset is based on the Survey of Financial Securities (SFS), conducted by Statistics Canada. Two earlier waves (**CA19** and **CA16**) have been revised. Variables *fyft* (full-year full-time), *cna (amount of non-home equity lines of credit), pir inheritance/gift received (dummy)* were added and in CA19 variable *bocd1_c (constraints in debt repayment)* was also added.

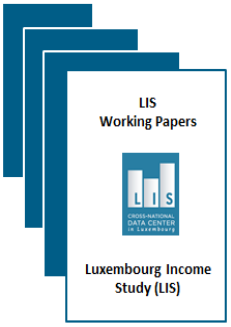
Chile

One new dataset (**CL24**) has been added to the LWS Database. The dataset is based on the Household Financial Survey (EFH) carried out by the Central Bank of Chile. The four earlier waves (**CL07, CL14, CL17, CL21**) have been slightly revised. Specifically, in **CL07, CL14,** and **CL17** the codes for variables *bocc1_c* (objective credit constraints 1) and *bocs_c* (subjective credit constraints) were updated to align with the coding used in the other LWS datasets (no content was changed). In **CL21**, variables *basp2, basp5, basp9* (savings purpose) were updated with more detailed information, while the variable *ppr* (purchase price of principal residence) and *ppy* (year of purchase of principal residence) were added. Additionally, in **CL07**, variable *emp_ilo* (employed (ILO definition)) was added.

LIS/LWS Data Release Schedule

	Spring 2026	Summer 2026
LIS Database		
Italy	IT22	
Mexico	MX24	
Panama		PA96-PA22
Paraguay	PY21-PY22	
Peru		PE22, PE23, PE24
Sweden		SE75-SE99, SE22, SE23
LWS Database		
Finland	FI87, FI88, FI94, FI98, FI04	
Ireland	IE13, IE18, IE20	
Italy	IT22	

Working Papers & Publications



Focus on Building a Comparable Measure of Consumption: Concepts and Measurement Challenges Faced by Emerging and Advanced Economies LIS WP No. 912 by Thesia I. Garner, Peter F. Lanjouw, Brett Matsumoto, Gintare Mazeikaite, Teresa Munzi, Jörg Neugschwender, Heba Omar, Jake Schild

This collaborative effort between the Bureau of Labour Statistics (BLS) and LIS aims to take stock of the different conceptual elements of consumption as defined and applied in emerging and advanced countries, and data collection efforts based on household surveys. It contributes to the discussion of how to guide statistical authorities in building a consumption-based economic well-being measure at the household level. The purpose of this paper is twofold: (1) to further clarify the conceptual framework for defining a comparable consumption-based well-being concept; and (2) to provide an empirical, descriptive, distributional analysis by consumption components and demographic groups across low, middle and high-income countries. This comparative work is based on nine country case studies: Mali, Laos, Palestine, Peru, Georgia, Italy, France, the United Kingdom (U.K.), and the United States (U.S.). The authors open by revisiting and extending Mancini and Vecchi's (2023) feasibility study concerning the development of a Luxembourg Consumption Study (LCS) Database. Their update elaborates on the intended aggregation plan and the granularity of variables to be included, and positions these design choices in relation to both the OECD ICW framework (2013) and the 2018 COICOP definitions of consumption components.

The empirical section first presents the core differences in the analyzed surveys and then provides a distributional analysis. To their knowledge, this is the first analysis of consumption patterns across low, middle and high-income countries as a set. They conclude that there are challenges concerning what to include or exclude in consumption, for example, with regard to what to consider as durables, shelter maintenance and repairs, and accounting for insurance. In addition, they discuss the major considerations as to whether health and education expenditures should be part of an economic well-being measure. The authors find that data for own-produced goods for consumption are often collected for emerging economies, but they are systematically missing in expenditure surveys conducted by high-income countries. The importance of equivalence scales is discussed with reference to major differences in consumption inequality across countries. Finally, the decomposition of the Gini coefficient highlights how the structure of consumption and its impact on inequality shifts with economic development, with basic needs driving inequality in poorer countries and more diverse consumption patterns driving it in wealthier nations.

LIS working papers series

LIS working papers series - No. 905
The Changing Demographics of Cohabiting Unions in Latin America: The Income Gradient
by Julieta Pérez Amador, Adriana Robles

LIS working papers series - No. 906
Income Taxation Across Countries
by Xincheng Qiu, Nicolo Russo
Published: IZA Discussion Paper, no. 18190, (2025), https://www.iza.org/publications/dp/18190/income-taxation-across-countries

LIS working papers series - No. 907
The Ebb and Flow of Economic Distribution Amid a Long-Running Civil War: Mali
by Vladimir Hlasny

LIS working papers series - No. 908
Combating Inequalities: What Role for Universal Social Protection?
by Shahra Razavi, Umberto Cattaneo, Helmut Schwarzer, Andrea Visentin
Published: -International Labour Organization, ILO Working Paper, no. 128, (2024), https://doi.org/10.54394/EOAY4970

LIS working papers series - No. 909
Revisiting Poverty Measures Using Quantile Functions
by Nair Unnikrishnan, S.M. Sunoj, Namitha Suresh
Published: Forthcoming in Journal of Income Distributions

LIS working papers series - No. 910
Diminishing Returns? Revisiting the Welfare State-Poverty Association
by Jakub Sowula, Lyle Scruggs

LIS working papers series - No. 911
The Luxembourg Consumption Study (LCS): Feasibility and First Steps
by Giovanni Vecchi, Giulia Mancini

LIS working papers series - No. 912
Building a Comparable Measure of Consumption: Concepts and Measurement Challenges Faced by Emerging and Advanced Economies
by Thesia Garner, Peter F. Lanjouw, Brett Matsumoto, Gintare Mazeikaite, Teresa Munzi, Jörg Neugschwender, Heba Omar, Jake Schild

LWS working papers series

LWS working papers series - No. 50
Missing Wealth Distribution, Wealth Inequality and Anti-inequality Policies
by Michele Bavaro, Piotr Paradowski

Technical working papers series

Technical working papers series - No. 15
The impact of 2021 PPPs on the analysis of income and poverty using LIS data
by Gonçalo Marques

News, Events and Updates

Call for proposals: Research stays in Luxembourg

LIS and the Luxembourg Institute of Socio-Economic Research (LISER) invite applications to a joint visiting researchers programme. We are inviting individual researchers of all seniority levels (or small teams of researchers) interested in spending between 2 and 8 weeks on the Belval Campus (Luxembourg) to undertake research based on the Luxembourg Income Study (LIS) and Wealth Study (LWS) databases (and potentially the forthcoming Luxembourg Consumption (LCS) Study) around the theme of Policies to Fight Inequality.

Calendar

- Submission of proposals: **January 31, 2026.**
- Communication of decision: **February 15, 2026.**
- Earliest start date: **March 1, 2026.**

For more information about the call and how to apply, please visit this link.

Introducing LISSY 10.0: System Upgrade with the New 3.1 Web User Interface — An Enhanced Remote-Execution Experience

As of November 27th, LIS has released its newly upgraded LISSY system, featuring the latest version of our Remote-Execution System (LISSY 10.0) together with its Web User Interface (Version 3.1). This upgrade introduces a range of improvements designed to enhance system performance and deliver a smoother, more efficient user experience.

Key updates in this release include:

- LISSY now runs Stata 19 (previously 16.1)
- The R environment has been upgraded from version 4.0.5 to 4.4.2
- A new job termination feature allows users to stop running jobs directly from the interface
- Interface display fixes, including corrected menu sizing and layout improvements.

More information about this upgrade is available here.

We encourage users to report any technical issues or bugs through this link.

LIS Joins the UK SafePod Network (SPN)

On November 17th, LIS has officially joined the UK SafePod Network (SPN) — a major research infrastructure designed to enable secure, standardised access to sensitive data across the United Kingdom.

Through this collaboration, eligible UK-based LIS researchers can now securely access LIS data from participating universities across the SPN in the UK.

Interested? For more information about the secure data access pathways and application procedures, please see here.

Updating LIS Estimates with the Latest 2021 PPPs

With the Winter data release, LIS is adopting the updated 2021 Purchasing Power Parity (PPP) rates issued by the World Bank in May 2024. These new PPPs, produced with improved data collection and methodological refinements, offer more accurate cross-country comparisons by better reflecting real price-level differences. The World Bank has also revised its international poverty lines (May 2025), increasing all thresholds to account for inflation and updated national standards. LIS has assessed how these updates—the new PPP base year and revised poverty lines—affect indicators such as median income and absolute poverty, providing users with an initial benchmark for updating their own estimates.

For further details on this update, please consult the brief article in this newsletter issue or the detailed LIS Technical Working Paper No. 15 here.

Note on Percentile Methodology Used in LIS Key Figures

Beginning with the Winter data release of December 2025, LIS adopts definition 4 from Hyndman & Fan (1996) for the computation of the LIS Key Figures and all percentile-based estimates (median, percentile ratios, poverty lines based on the median, decile shares, etc.). Under this definition, a percentile is obtained by locating its position in the cumulative distribution and linearly interpolating between the two adjacent ordered values, producing smooth and stable estimates. As a result, previously published figures have been revised to align with this unified approach. Even though indicators not directly based on percentiles may be affected, as an interquartile rule is applied to cap top and bottom coded disposable household incomes in every dataset, only 36 statistics showed a difference larger than 1 % between old and new estimate (=0.23 % of all concerned statistics). Users can already apply the new method in LISSY via lissyrtools (R) and percentils (Stata). Replication codes are available here. Please note that this methodology is only applied to calculation of indicators, while the microdata in LISSY are not affected.

More information about the new methodology can be accessed from here.

The Atlas of Inequality Aversion (Version 2)

This is an updated version of the dataset, *The Atlas of Inequality Aversion* (initially released in 2022), now based on new LIS datasets and 2021 PPPs. The 2022 version included 664 country–year observations; the 2025 version has been substantially extended and now covers 1,031 country–year observations for 56 countries over time, and includes all LIS data updates between June 15, 2022 and December 15, 2025. Due to LIS data updates, the estimates may differ between the initial 2022 version and the current 2025 version. As in the initial release, this complementary dataset provides estimates of the inequality-aversion parameter ε of the constant relative inequality aversion utility function (Atkinson, 1970). It is derived from the condition for the existence of a social welfare function fitted to a parametric income distribution (GB2(a, b, p, q)). Building on these analytical tools, the dataset also reports the Atkinson index and the equally distributed equivalent income (Atkinson, 1970) for all covered country–year cases.

The dataset can be accessed from here.

2025 (LIS)2ER-SHARE Luxembourg Workshop: "Pensions and Old-age Well-being: Policy Challenges in Ageing Societies"

On November 27-28, the LIS Cross-National Data Center and LISER co-hosted the 2025 (LIS)²ER–SHARE Luxembourg Joint Workshop on "Pensions and Old-age Well-being: Policy Challenges in Ageing Societies". The two-day workshop, supported by the (LIS)²ER Initiative and the SHARE Country Team, brought together interdisciplinary researchers and policy experts to examine socio-economic issues and policy challenges faced by ageing societies in Europe. The workshop featured five thematic sessions with ten academic presentations, followed by a policy roundtable on pension reforms. Overall, the workshop showcased the importance of interdisciplinary collaborations and effective communications between policymakers, academics and the public to translate scientific evidence into policy actions. We thank all presenters, discussants, panellists and participants for their contributions and engagement to these rich discussions on one of the most pressing policy challenges of our time. A full recap of the workshop is available here.

More information about the workshop and the available presentation, available here.

LIS at University of Xiamen: "Conference on International Development Experiences"

Within the framework of the ongoing active collaboration between LIS and the University of Xiamen, the *Conference on International Development Experiences* was held on 10-12 October in Xiamen, China. The conference brought together leading scholars, early-career researchers, and policy practitioners to share cutting-edge research on household microdata, income and consumption inequality, and policy analysis using the LIS Database and related datasets, including Chinese microdata.

Conference Highlights included:

1. Using LIS and national microdata in the era of AI and Big Data - showcasing recent global research and methodological innovations.
2. Selected research papers - contributions from scholars and PhD students working with LIS, Chinese, and other datasets.
3. Policy implications - case studies illustrating how diverse microdata sources inform economic and social policy.
4. Data and measurement issues – discussions on comparability, harmonisation, and methodological challenges.
5. Press release – launch of the Chinese Household Consumption Report, a joint initiative with Ant Group Research.

Three LIS staff members delivered keynote presentations:

- Peter Lanjouw: *How Accurate is a Poverty Map Based on Remote Sensing Data? An Application to Malawi.*
- Philippe Van Kerm: *SDG#1, poverty and prosperity in LIS countries.*
- Teresa Munzi: *The Luxembourg Income Study: Concepts and Data for Comparative Research*.

LIS Team Participation in Conferences/Workshops

- September 12 – Teresa Munzi and Piotr Paradowski delivered a presentation titled "Health and Socioeconomic Status: Exploring LIS/LWS Data" at the *EAPS Health, Morbidity, and Mortality Working Group event "Living Longer, Living Better? Inequality in Health and Longevity."*
- September 16 – Heba Omar presented the LIS Remote-Execution System LISSY during a virtual webinar organized by Statistics Canada (StatCan).
- September 29 – Heba Omar delivered an introductory session on the use of LIS data via the LIS Remote-Execution System to researchers at the Joint Research Centre (JRC) of the European Commission.
- October 11 – Piotr Paradowski presented "Luxembourg Wealth Data: An International Database of Wealth Microdata" at the *ISI Wealth Conference*, Munich, Germany.
- November 5 (English) and November 14 (French) – Taylor Kroezen, Gonçalo Marques, and Heba Omar delivered two webinars titled "Introduction to LIS Databases – LISSY." The sessions were organized by StatCan and targeted the Canadian research community.

LIS Data Utilised in Recent International Reports

In recent years, data from the LIS and LWS Databases have been extensively featured across multiple flagship publications:

- OECD's new flagship report *"To Have and Have Not – How to Bridge the Gap in Opportunities."*, 2025
- The UNDP Human Development Report 2025 – *A Matter of Choice: People and Possibilities in the Age of AI*
- UN Women's *World Survey on the Role of Women in Development 2024*
- ESCWA Inequality Projection for Poverty Analysis (2024)
- UNICEF Report Card 18 – *Child Poverty in the Midst of Wealth* (2023)
- ECLAC publication *La distribución del ingreso y la riqueza: nuevas aproximaciones* (2023)
- ILO Working Paper 128 – *Combating Inequalities: What Role for Universal Social Protection?* (2024)

Collectively, these reports highlight the central role of LIS and LWS data in advancing evidence-based policymaking and comparative research on inequality, poverty, and development across the globe.

Visiting Research Stays at LIS

During this quarter, LIS hosted two short-term visitors as part of the (LIS)²ER 2025 Visitors Programme. William Fernandez (Hertie School) visited LIS from October 14th till November 5th, during his visit he worked on a "*Spillover Effects of Increasing the Retirement Age for Women on Female Labor Supply in Brazil and Germany*". From November 19th to December 3rd, LIS welcomed Terhi Ravaska (Tampere University & CoE in Tax System Research (FIT) Economics), who worked on *Nordic pension reforms and old-age poverty"* As part of the (LIS)²ER Visitors.

Call for Papers: SOEP 2026 – 16th International German Socio-Economic Panel User Conference

The 16th International German Socio-Economic Panel User Conference (SOEP2026) will be held in Berlin from **July 8 to 9, 2026**.

The conference provides researchers who use the SOEP (including the SOEP part of the Cross-National Equivalent File (CNEF), LIS/LWS data, and SOEP-IS, and with the opportunity to present and discuss their work with their peers. Researchers from all disciplines are invited to submit an abstract.

Full information on the Call for Papers, and more information on how to apply and the participation fees is available here.

Submission deadline: **February 28, 2026.**

Call for Papers: EcoMod2026 International Conference on Economic Modeling and Data Science

The International Conference on Economic Modeling and Data Science will take place in **Luxembourg, on July 8–10, 2026**. The event will be hosted by the National Institute of Statistics and Economic Studies (STATEC) on the premises of the University of Luxembourg in Esch/Belval.

For more information on registration categories, participation fees, and accommodation options, please check the conference website.

Call for Senior Visiting Fellowships at Excellence Cluster "The Politics of Inequality" (University of Konstanz)

The Cluster of Excellence "**The Politics of Inequality**" at the University of Konstanz is offering Visiting Fellowships. Fellowships are available for 2 to 6 months per selected Fellow during the academic year 2026/27.

Applications are open to researchers from outside the University of Konstanz with an established track record and international visibility, as well as a keen interest in the Cluster's concepts and lines of research. We are looking for scholars in inequality research broadly defined and the fields directly related to the Cluster's research agenda, though not necessarily in disciplines already represented at the Cluster.

Find more information here.

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