



# Poverty Indicators Explained

Consider 13 persons living in households with different disposable incomes



Median Household disposable income = €45,000 (Household C)

## Assign weights for calculating equivalised household size

Equivalisation is a method of attributing household income to individual household members

1

First adult =

1



Second and subsequent adults =

0.66



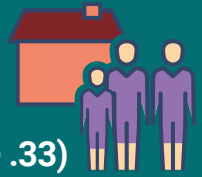
Child and subsequent children =

0.33



Example: Household D =

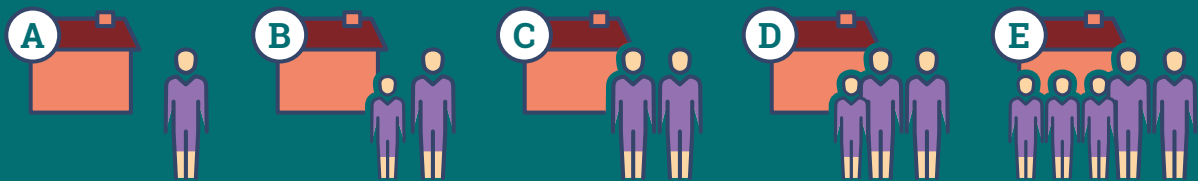
1.99 (1 + .66 + .33)



## Calculate equivalised disposable income for each household

Divide household disposable income by household weight

2



Equivalised household size (weight)

1

1.33

1.66

1.99

2.65

Equivalised disposable income

€18,000

€15,789

€27,108

€25,126

€26,415

## Allocate equivalised disposable income to each household member

Rank income from lowest to highest and select the middle (Median) value

3



Please turn over →

## The “at risk of poverty” threshold is defined as 60% of the median equivalised disposable income (in this example, €26,415)

60% of the median equivalised disposable income (€26,415) = €15,849

In this example, 2 persons (Household B) have an equivalised disposable income less than 60% of the median equivalised disposable income.

### At risk of poverty rate:

$$\begin{array}{r} 2 \text{ persons (Household B)} \\ \div 13 \text{ (Total number of persons in all households)} \\ \hline = 15.4\% \end{array}$$

**Enforced deprivation** is where a household experiences two or more of the following deprivation items:

1. Without heating at some stage in the last year
2. Unable to afford a morning, afternoon or evening out in last fortnight
3. Unable to afford two pairs of properly fitting shoes in good condition that are suitable for daily activities
4. Unable to afford a roast once a week
5. Unable to afford a meal with meat, chicken, fish, or vegetarian equivalent every second day
6. Unable to afford new (not second-hand) clothes
7. Unable to afford a warm waterproof coat
8. Unable to afford to keep the home adequately warm
9. Unable to afford to replace any worn out furniture
10. Unable to afford to have family or friends for a drink or a meal once a month
11. Unable to afford to buy presents for family or friends at least once a year

**Consistent poverty** those who are at risk of poverty and experience two or more deprivation items (above)