

7 February 2021

Income and Living Conditions 2020 (Provisional data)

The downward reduction of the at-risk-of-poverty continued in 2019. In 2020 there was a decrease in material deprivation and health conditions worsened

In 2020, the material deprivation rate in Portugal decreased to 13.5% (15.1% in 2019) and the severe material deprivation to 4.6% (5.6% in 2019). The information collected on material deprivation, from April to September 2020, confirms the downward trend in material deprivation, except for the lack of economic capacity to have a meat or fish meal (or vegetarian equivalent), every 2 days, which increased from 2.3% in 2019 to 2.5% in 2020.

In the same year, 51.3% of the population rated their health status as good or very good, 1.2 pp more than in 2019. However, 2020 was, among the last 5 years, the one that registered the highest proportion (43.2%) of people aged 16 and over with chronic disease, the largest annual increase in the indicator (2.0 pp) and an inversion in relation to the two previous successive annual decreases.

The unmet need for medical appointments in the 12 months prior to the interview increased in 2020 and affected 3.9% of the population aged 16 or over, in contrast to the downward trend of the last 5 years.

The Survey on Living Conditions and Income, carried out in 2020 on income from the previous year, also indicates that 16.2% of people were at-risk-of-poverty in 2019 (compared with 17.2% in 2018), maintaining the downward trend in the indicator. The risk of poverty rate corresponded, in 2019, to the proportion of inhabitants with a net monetary income per equivalent adult below 6,480 euros per year (540 euros per month).

According to the indicator that combines the conditions of risk of poverty, severe material deprivation and very low labor intensity per capita, 2,037 thousands of people were at-risk-of-poverty or social exclusion in 2020 (2019 incomes). The rate of poverty or social exclusion in 2020 was 19.8% (21.6% a year earlier).

13.5% in material deprivation in 2020

In 2020, the rate of material deprivation of residents in Portugal decreased to 13.5% and the rate of severe material deprivation to 4.6%, maintaining the downward trend of both indicators.

The intensity of material deprivation (i.e. the average number of items lacking for the population in material deprivation) maintained the value recorded in the previous year (3.5).

Figure 1. Indicators on material deprivation, Portugal, 2017-2020						
	2017	2018	2019	2020		
Material deprivation rate (%)	18.0	16.6	15.1	13.5		
Severe material deprivation rate (%)	6.9	6.0	5.6	4.6		
Intensity of material deprivation (no.)	3.6	3.5	3.5	3.5		





Material deprivation indicators are based on a set of nine items related to the economic and durable goods needs of households, listed in the Technical note, which may be more or less reactive to changes in the economic and financial conditions of families.

The information collected for each of these items from April to September 2020 confirms the downward trend towards reduced deprivation, except in the case of the lack of financial capacity to afford a meal with meat, chicken or fish every second day, which increased from 2.3% in 2019 to 2.5% in 2020.

Figure 2. Items of material deprivation for the total population, Portugal, 2019-2020							
Unable to afford one week's annual holiday away from home	40.0 38.0						
Unable to face un expected financial expenses (without asking for financial help)	33.0 30.7						
Unable to keep the home adequately warm	18.9 17.4						
Unable to pay on time for mortgage or rent payments, utility bils, hire purchase instalments or other loan payments	5.8 5.4						
Unable to afford a car	5.3 4.4						
Unable to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day	2.3 2.5						
Unable to afford for a washing machine	0.8 2019 0.7						
Unabl to afford for a telephone (induding a mobile phone)	■ 2020 0.4 0.0						
Unable to afford for a color TV	0.2 0.2 (%)						

Regardless of the reduction, in 2020:

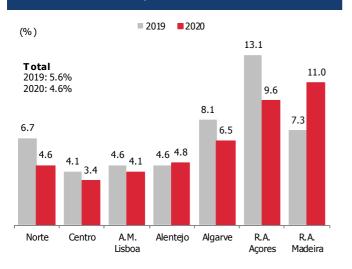
- 38.0% of people live in households unable to afford one week's annual holiday away from home (2.0 pp less than in 2019);
- 30.7% of people live in households unable to face unexpected financial expenditure of 500 euros, close to the previous year's monthly national atrisk-of-poverty threshold (the proportion was 33.0% in 2019 for an unexpected financial expenditure of 470¹ euros);
- 17.4% of people live in households unable to keep the home adequately warm (1.5 pp less than in 2019);
- 5.4% of people live in households with arrears on mortgage or rent payments, utility bills, hire purchase installments, or other loan payments (0.4 pp less than in 2019);
- 4.4% live in households unable to afford a car (0.9 pp less than in 2019).

In 2020, the region of Centro kept the lowest rate of severe material deprivation in the country (3.4% of residents in the region). The autonomous regions continue to have the highest rates of people in severe material deprivation: 9.6% 'in the Região Autónoma dos Açores, despite the reduction of 3.5 pp to the previous year, and 11.0% in the Região Autónoma da Madeira (3.7 pp more than in the previous year).

¹ Roughly the monthly national at-risk-of-poverty threshold obtained in the survey held in 2018.



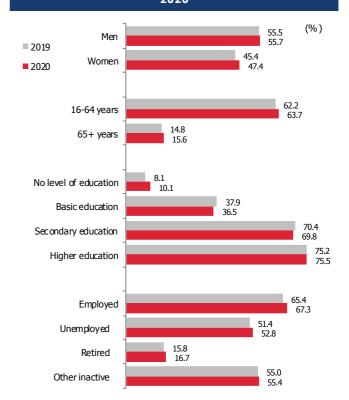
Figure 3. Severe material deprivation rate, Portugal and NUTS 2, 2019-2020



51.3% of people rated their health status as good or very good in 2020

In 2020, 51.3% of the population rated their health status as good or very good, 1.2 pp more than in 2019. Although the percentage of positive evaluation has increased mainly for women (from 45.4% in 2019 to 47.5% in 2020), there was still a substantial distance from the evaluation made by men (55.5% in 2019 and 55.7% in 2020).

Figure 4. Proportion of population aged 16 or over with self percetion of heatlh as "good or very good", Portugal, 2019-2020

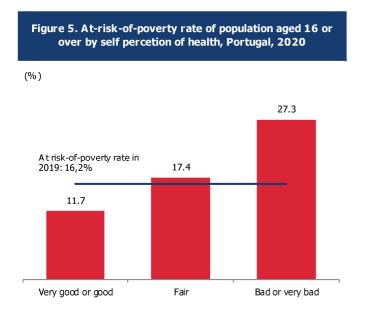


The level of education is the characteristic that most distinguishes the population in relation to the positive evaluation of health status: in 2020, 10.1% of the population who did not complete any level of education, 36.5% of the people who completed basic education, 69.8% of those who finished secondary or post-secondary non-tertiary education and 75.5% of people who completed higher education.

The comparison of poverty status for the three categories of self-perception of health status indicates that poverty is significantly higher for the population evaluating their health negatively (27.3% in 2020, 11.1 pp more than the national at-risk-of-poverty rate in the previous year). In turn, the at-risk-of-poverty for the population that evaluates health status positively



(11.7%) is 4.5 pp lower than the national at-risk-of-poverty rate.

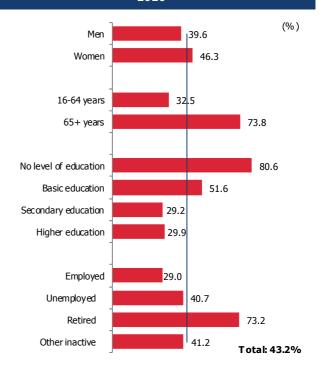


The percentage of people with a chronical disease or a longstanding health problem increased in 2020

Chronic diseases or longstanding health problems (i.e. a problem that lasts or may last at least six months) affected 43.2% of the population in 2020 (41.2% in 2019). This condition affected more women (46.3%) than men (39.6%) and a larger number of elderly people: 73.8%, i.e. 2.3 times the population under 65 years old (32.5%).

By level of education, this condition affected 80.6% of people without any level of education, 29 pp more than people with basic education (51.6%) and almost three times people with secondary or post-secondary non-tertiary education (29.2%) or who completed higher education (29.9%).

Figure 6. Proportion of population aged 16 or over with chronic disease or long-standing health problems, Portugal, 2020



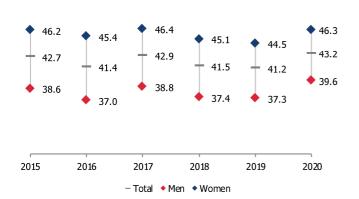
The year 2020 was, among the last 5 years, the one that registered the highest proportion (43.2%) of people aged 16 and over with chronic disease, the largest annual increase in the indicator (2.0 pp) and an inversion in relation to the two previous successive annual decreases. This increase affected both sexes, although more evident in the case of men (2.3 more pp) than in the case of women (more 1.8 pp).



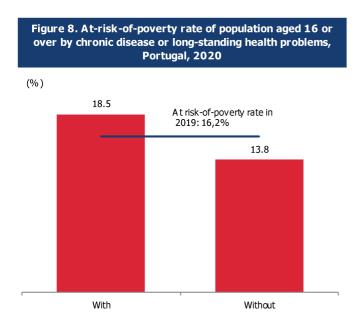


Figure 7. Proportion of population aged 16 or over with chronic disease or long-standing health problems by sex, Portugal, 2015-2020

(%)



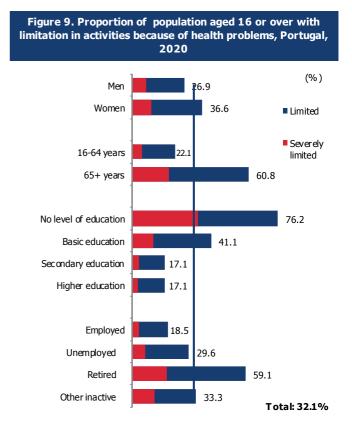
Referring to 2019 incomes, the risk of a person with a chronic disease or longstanding health problem being poor was 4.7 pp above someone without these problems.



There is a higher risk of poverty when there is a limitation in activities due to health problems

In 2020, 32.1% of the population aged 16 or over reported having some limitation in carrying out activities due to health problems. Of these, more than 1/4 reported to suffer a severe limitation (8.5% in relation to the total population in analysis).

The existence of some limitation in carrying out activities reached more women (36.6%) than men (26.9%) and almost three times more the elderly population (60.8%) than the population aged 16 to 65 years (22.1%).



The proportion of people with some limitations in carrying out activities due to health problems was higher among retired people (59.1%). Almost 30% of

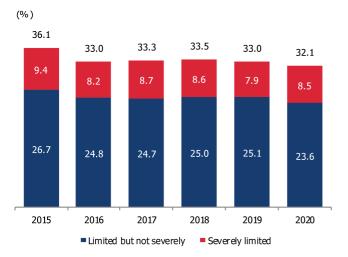




the unemployed population and 18.5% of the employed population reported having some physical limitation. Per se, the existence of severe limitations affected 6.6% of the unemployed and 3.2% of employees.

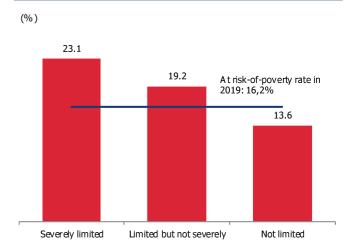
In 2020, the decreasing trend for the percentage of people with some limitation was maintained, but the proportion of people with severe limitations increased in relation to the previous year, from 7.9% to 8.5%.





Taking 2019 income as a reference, the at-risk-ofpoverty for a person with some limitation was 3.0 pp higher the national at-risk-of-poverty rate; for the population with severe limitations the increase in the at-risk-of-poverty reaches 6.9 pp.

Figure 11. At-risk-of-poverty rate of population aged 16 or over by limitation in activities, Portugal, 2020



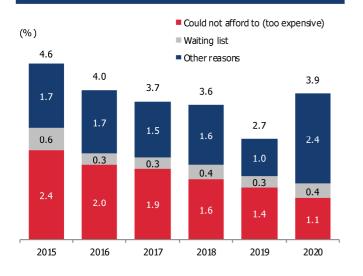
Around 4% referred unmet needs for medical examination or treatment

The unmet need for medical appointments in the 12 months prior to the interview increased in 2020 and affected 3.9% of the population aged 16 or over, in contrast to the downward trend of the last 5 years. More than 60% of those in this condition mentioned other reasons² than a waiting list or financial difficulties, a percentage substantially higher than the average of the previous 5 years (around 40%).

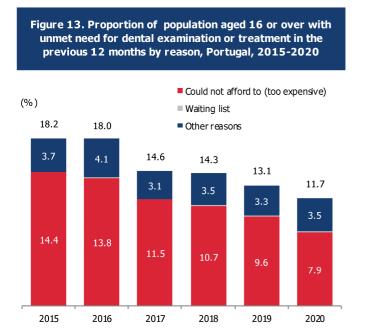
² Other reasons include the lack of time (due to professional, domestic or other activities), distance (too far or due to lack of transport), fear of doctors, hospitals, treatments, etc., the decision to wait for see if the problem improves, or not knowing a good doctor/ dentist, among others.



Figure 12. Proportion of population aged 16 or over with unmet need for medical examination or treatment in the previous 12 months by reason, Portugal, 2015-2020



In turn, the proportion of people who needed dental care in the 12 months prior to the interview and could not satisfy this need was 11.7% in 2020, 1.4 pp less than in the previous year and 6.5 pp less than in 2015.



The lack of financial capacity was the main reason mentioned in the case of unmet needs for dental treatment, representing more than 2/3 of the cases in 2020.

INSTITUTO NACIONAL DE ESTATÍSTICA

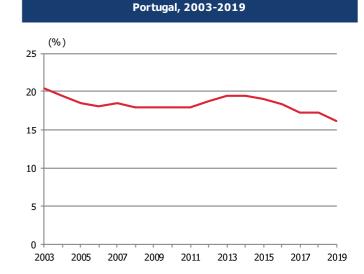
STATISTICS PORTUGAL

16.2% of population at-risk-of-poverty in 2019

The Survey on Income and Living Conditions (EU-SILC) held in 2020 on previous year incomes also showed that 16.2% of people were at-risk-of-poverty in 2019, keeping the downward trend of the indicator (17.2% in 2018).

The at-risk-of poverty rate in 2019 corresponded to the proportion of residents living with annual net monetary income per adult equivalent of less than 6,480 euros (540 euros per month). This threshold, or relative poverty line, corresponds to 60% of the median (10,800 euros) of the distribution of equivalent monetary disposable incomes.

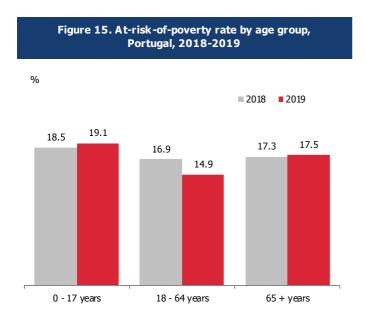
Figure 14. At-risk-of-poverty rate after social transfers,





Other inactive

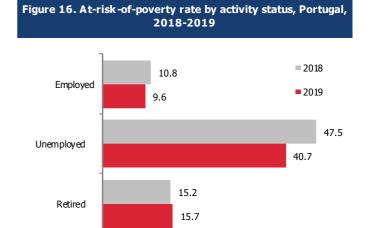
The at-risk-of-poverty rate for working-age adults decreased to 14.9% in 2019, 2.0 pp less than in 2018, but the risk of poverty for those under 18 and the elderly population increased to 19.1% and 17.5%, respectively.



In 2019, the risk of poverty decreased for both sexes, from 16.6% to 15.6% for men, and from 17.8% to 16.7% for women.

The at-risk-of-poverty decreased for the active population

The at-risk-of-poverty has decreased both for the employed population, from 10.8% in 2018 to 9.6% in 2019, and for the unemployed population, from 47.5% to 40.7%.



The risk of poverty for the retired population increased, with a rate of 15.7%, 0.5 pp more than in 2018 (15.2%).

31.0

%

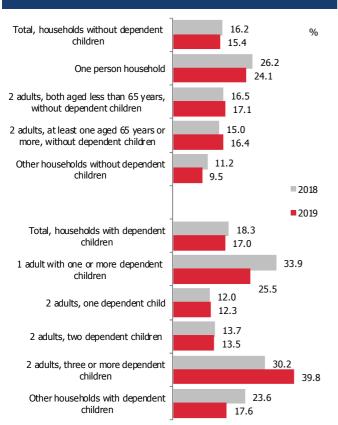
28.9

The risk of poverty decreased especially for households with children

In 2019, the risk of poverty decreased for households without dependent children (15.4%, less 0.8 pp than in 2018) and for households with dependent children (17.0%, less 1.3 pp than the previous year).



Figure 17. At-risk-of-poverty rate by household type, Portugal, 2018-2019

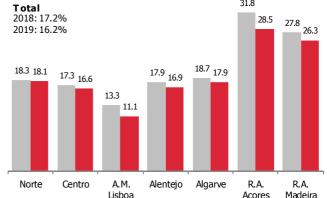


The presence of children in a household continued in 2019 to be associated with an increased in the risk of poverty, especially in the case of households composed of an adult with at least one dependent child (25.5%) and those composed of two adults with three or more dependent children (39.8%). The risk of poverty for "Other households with children" was 17.6%.

The risk of poverty remains highest in the autonomous regions

In 2019, as in the previous year, only the Área Metropolitana de Lisboa showed a significantly lower risk of poverty rate than the national value.



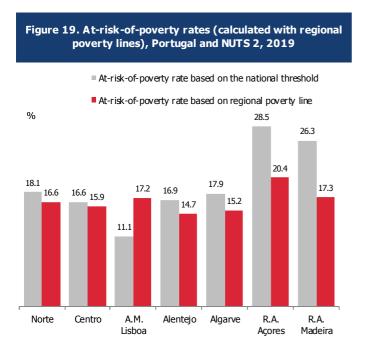


In contrast, the autonomous regions of Açores and Madeira recorded at-risk-of-poverty rates of 28.5% and 26.3%, respectively, well above the national value.

The at-risk-of-poverty rates have decreased in all NUTS 2 regions compared to 2018, however with different orders of magnitude, with two regions showing substantial reductions above 2 p.p. (Área Metropolitana de Lisboa and Região Autónoma dos Acores). At the opposite, the reduction in the at-risk-of-poverty rate in Although monetary incomes in Portugal continue to follow a strongly asymmetrical distribution This analysis can be complemented by the calculation of regional poverty lines. In each NUTS 2 region, the regional poverty line corresponds to the proportion of the population living in that region with equivalent disposable monetary incomes less than 60% of the median of the distribution of the equivalent disposable monetary incomes in that region. With the exception of the Área Metropolitana de Lisboa, regional poverty lines fall below the national poverty threshold, reflecting the different socioeconomic conditions, namely the different levels of cost of living.

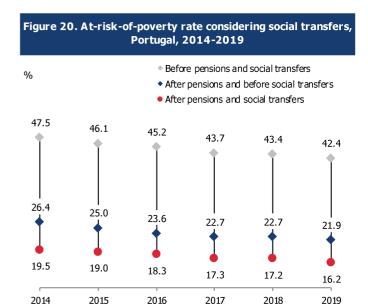


The use of regional poverty lines results in the increase in the risk of poverty for the region with a median income higher than the national median income (17.2% in the Área Metropolitana de Lisboa) and in the reduction of poverty risks for the remaining regions (very significantly, for instance, in the Região Autónoma da Madeira with 26.3% when considering the national threshold, and 17.3% when taking into account the regional line).



The contribution of social transfers to the reduction of the at-risk-of-poverty rate was 5.7 pp in 2019

Considering only income from employment, propriety and capital property income and private transfers, 42.4% of Portuguese residents would be at-risk-of-poverty in 2019. Income from retirement and survivors' pensions contributed to a 26.2 pp decrease in the at-risk-of-poverty rate, thus resulting in an at-risk-of-poverty rate after pensions and before social transfers of 21.9%.



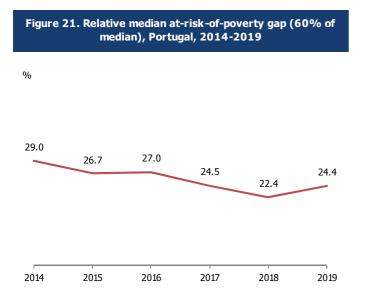
Social transfers related to sickness and disability, family, unemployment, and social inclusion contributed to a reduction of 5.7 pp in the at-risk-of-poverty rate, higher than in the previous year (5.5 pp).

The relative median at-risk-of-poverty gap increased in 2019

The relative median at-risk-of-poverty gap is an indicator of the greater or lesser distance of the median income of the poorer from the at-risk-of-poverty threshold, as a percentage of the latter. In 2019, the relative median at-risk-of-poverty gap was 24.4%, higher than the previous year (22.5%).



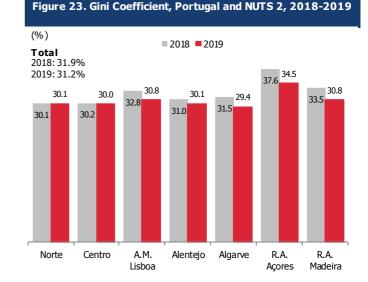




lowest income, was 8.1, less than in the previous year (8.6).

Figure 22. Indicators on income inequality, Portugal, 2016-2019						
	2016	2017	2018	2019		
Gini Coefficient (%)	33.5	32.1	31.9	31.2		
S80/S20 (no.)	5.7	5.2	5.2	5.2		
S90/S10 (no.)	10.0	8.7	8.6	8.6		

By region, the Região Autónoma dos Açores was the one with the highest inequality: 34.5%, higher than the national value of 31.2%. In 2019, the region of Algarve was that where the income distribution was less unequal (29.4%).



The very low work intensity kept a downward trend in 2019

Besides income, there are other conditions that may enhance the risk of social exclusion of a household,

The inequality decreased in 2019

The three main indicators of inequality decreased in 2019, although monetary incomes in Portugal continue to follow a strongly asymmetrical distribution:

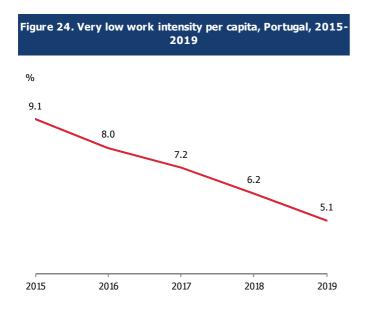
- The Gini Coefficient, which takes into account the entire income distribution, reflecting income differences across all population groups, and not only those with the highest and lowest incomes, stood at 31.2%, 0.7 pp less than in the previous year (31.9%).
- The S80/S20 ratio, which is the ratio of the net equivalent monetary income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income, was 5.0, less than in the previous year (5.2);
- The S90/S10 ratio, which is the ratio of the net equivalent monetary income received by the 10% of the population with the highest income to that received by the 10% of the population with the



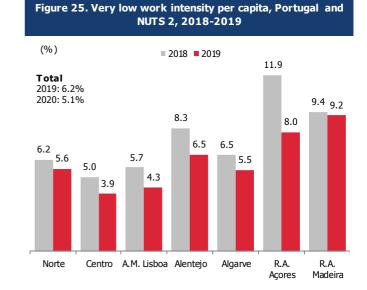
namely the degree of participation of its members in the labour market.

People in a very low work intensity condition are those aged less than 60 who, in the income reference period, lived in households where adults aged 18-59 (excluding students) worked on average less than 20% of the labour potential.

The share of the population aged less than 60 years old lived in households with very low *per capita* work intensity was 5.1% in 2019 (1.1 pp less than in the previous year).



In 2019, as in the previous year, there were two regions where the very low work intensity rate was lower than the national average, namely Área Metropolitana de Lisboa (4.3%) and Centro (3.9%). The proportion of people aged less than 60 that lived within very low work intensity households was higher in the autonomous regions (8.0% in Açores and 9.2% in Madeira).



The at-risk-of poverty or social exclusion rate decreased to 19.8%

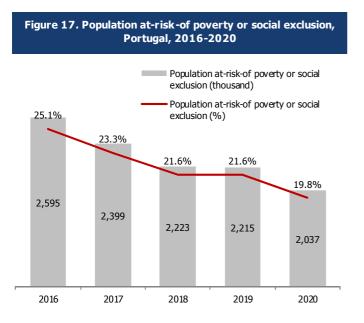
Europe 2020, the European Union's growth strategy for this decade, defines, among other objectives, a reduction of at least 20 million of the number of people at-risk-of-poverty or social exclusion in the European Union by 2020.

Within this scope, an indicator was set out regarding the population at-risk-of-poverty or social exclusion, joining the condition of relative at-risk-of-poverty– people with an annual net equivalent income below the poverty threshold – with those of severe material deprivation and of very low work intensity per capita (see Technical note). By EU convention, the indicator takes as a reference the year to which the severe material condition is referred, despite the relative atrisk-of-poverty being the determining element in its trajectory.

In 2020 (2019 incomes), 2,037 thousand people were at-risk-of-poverty or social exclusion (people

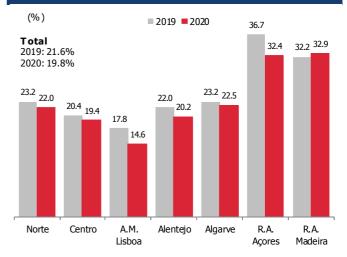


at-risk-of-poverty or living in households with very low work intensity per capita or severely materially deprived). Therefore, the at-risk-of-poverty or social exclusion was 19.8% i.e. 1.8 pp less than in the previous year.



As shown in the three base indicators – poverty, material deprivation and low work intensity –, the atrisk-of-poverty or social exclusion are quite higher in the autonomous regions of the Açores (32.4%) and Madeira (32.9%).

Figure 27. At-risk-of poverty or social exclusion rate, Portugal and NUTS 2, 2019-2020







Technical note

The indicators related to poverty and economic inequality were constructed based on the net annual monetary income of households in the year prior to the interview (2019). Other income sources are excluded, namely wages in kind, self-consumption and imputed rents associated with owner occupation.

As to reflect the differences in the size and composition of households, net income was transformed into equivalent income using the OECD-modified equivalence scale. Equivalent income is obtained by dividing the net income of each household by its size in number of adult equivalents and their value assigned to each household member.

Data on material deprivation refer to the survey data collection year (2020).

At-risk-of-poverty rate: percentage of the population with an equivalent income lower than the at-risk-of-poverty threshold, which is defined as 60% of the median equivalent income.

At-risk-of-poverty threshold: income threshold under which a household is considered to be living in risk of poverty. It was conventionalised by the European Commission as 60% of the median national equivalent income.

Equivalent income: the result of the division of the household's disposable income by its size in terms of "equivalent adults". Note: "Equivalent adults" is a unit resulting from the application of the OECD modified scale.

Gini coefficient: inequality income distribution indicator aiming at transmitting in one sole value the asymmetry of that distribution, with values between 0 (everyone having exactly the same income) and 100 (one person has all the income, while everyone else has zero income).

Health problem: health-related issue that raises the need for health care.

Health status: health profile of an individual or population that is identifiable through an organized set of indicators.

Household net disposable income: total monetary net annual income of a household from all sources: wages and salaries, self-employment and capital income, public and private transfers and other income sources, net of income taxes and social security contributions.

Intensity of material deprivation: mean of items of material deprivation lacked by the population in material deprivation.

Longstanding health problem: health problem that lasts or is expected to last for six months or more..

Low per capita labour intensity: population aged less than 60 who, in the income reference period, lived in households where adults aged 18-59 (excluding students) worked on average less than 20% of the labour potential.

Material deprivation rate: percentage of population with an enforced lack of at least three out of the following nine items, due to economic difficulties: a) capacity to face unexpected financial expenses (without asking for financial help); b) capacity to afford paying for one week's annual holiday away from home, paying travel and accommodation costs for all household members; c) capacity to pay on time for mortgage or rent payments, utility bills, hire purchase installments or other loan payments; d) capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day; e) capacity to pay for keeping its home adequately warm; f) capacity to afford for a washing machine; g) capacity to afford for a color TV; h) capacity to afford for a telephone (including a mobile phone); i) capacity to afford a car.

Modified OECD equivalence scale: an equivalence scale that assigns a weight of 1.0 to the first household member aged 14 or over, 0.5 to each additional member aged 14 or more and 0.3 to each member aged less than 14 years old. The use of this scale accounts for differences in size and age composition among households.

Population at-risk-of-poverty or social exclusion: population at-risk-of-poverty or living in households with a very low per capita labour intensity or severely materially deprived.

Relative median at-risk-of-poverty gap: corresponds to the difference between the poverty threshold and the median income of at-risk-of poverty population in percentage.

 $Relative median at risk of poverty gap = \frac{At risk of poverty threshold - Median income of the tarisk of poverty population}{At visit a for a start of the tarisk of poverty population} \times 100$

At risk of poverty threshold

S80/S20 Ratio: inequality income distribution indicator defined as the ratio of the total income received by the 20% of the population with the highest incomes (top quintile) to that received by the 20% of the population with the lowest incomes (lowest quintile).

S90/S10 Ratio: inequality income distribution indicator defined as the ratio of the total income received by the 10% of the population with the highest incomes (top decile) to that received by the 10% of the population with the lowest incomes (lowest decile).

Self-perception of health status: Subjective appreciation that each person makes of his/her health.

Severe material deprivation rate: percentage of population with an enforced lack of at least four out of the same nine items considered in the material deprivation rate.

Social transfers (except pensions): include social transfers related to family, education, housing, sickness and disability, unemployment, and social exclusion.



The Inquérito às Condições de Vida e Rendimento das Famílias (EU-SILC) has been held in Portugal since 2004, within the framework of specific EU legislation (Regulation (EC) No 1177/2003), establishing a common EU program for the systematic production of statistics on poverty, deprivation, and social exclusion.

This survey aims to obtain results for all those residing in Portuguese territory in the reference period, detailed by NUTS 2 as from 2018. For income, this reference period corresponds to the year prior to that when interviews are carried out.

In Portugal, information was regularly collected on an annual basis through Computer Assisted Personal Interviews (CAPI) in the second quarter of each year. Yet, as a result of public health measures subsequent to the COVID-19 pandemic, namely lockdown and social distancing, in 2010 the survey was carried out exclusively through Computer Assisted Telephone Interviewing (CATI), the size of the annual rotation has been increased and the collection period has been extended until September.

The questionnaire includes questions on the household and also on each member's personal characteristics, particularly on the income of all members aged 16 and over. In 2020 the Survey was addressed to 18,874 households, of which 11,367 with a complete interview (data was collected on 27,698 persons; 24,236 aged 16 and over).

Households are selected by stratified two-stage sampling, from a sampling frame of dwellings of usual residence. The longitudinal nature of the sample, as well as the limitation of the statistical burden on respondents, are ensured by setting up an annual rotational scheme involving four independent sub-samples, each one being replaced every year. Hence, each household is interviewed four times at most, and thus the overlapping of ³/₄ of respondents vis-à-vis the previous year is guaranteed.

Up to 2012 the sample was selected exclusively from the Master Sample. However, from 2013 onwards a gradual transition of the latter to the new sampling frame was initiated (based on the National Dwellings Register – FNA in Portuguese). This transition took place over four years: between 2013 and 2015 dwellings selected from both sampling frames co-existed in the sample. As from 2016, the Survey annual sample, i.e. all four sub-samples is selected from the sampling frame based on the National Dwellings Register.

Sampling selection follows a NUTS 2 stratified multistage sampling design, with primary sampling units (INSPIRE grid cells of 1km²) being selected with probability proportional to the number of dwellings of usual residence, and secondary sampling units (dwellings) selected systematically in each primary sampling unit. All households and individuals residing in the selected dwellings are interviewed.

The estimated results are obtained using household and individual weights, calibrated by region, household size, age, and sex.

The 2019 Survey definitive results will be available in May 2021.

Statistics Portugal is developing efforts to obtain detailed and infra-annual information of an administrative nature from Social Security, with a view to producing statistical information more frequently and reducing the gap between the reference period and the dissemination of indicators. This information will be integrated with data from other administrative sources, allowing for a more granular characterization of the socioeconomic conditions of Portuguese households, while naturally respecting statistical confidentiality. Statistics Portugal thanks in advance for the collaboration of public entities that can contribute to this development.