



# In-work poverty in the EU

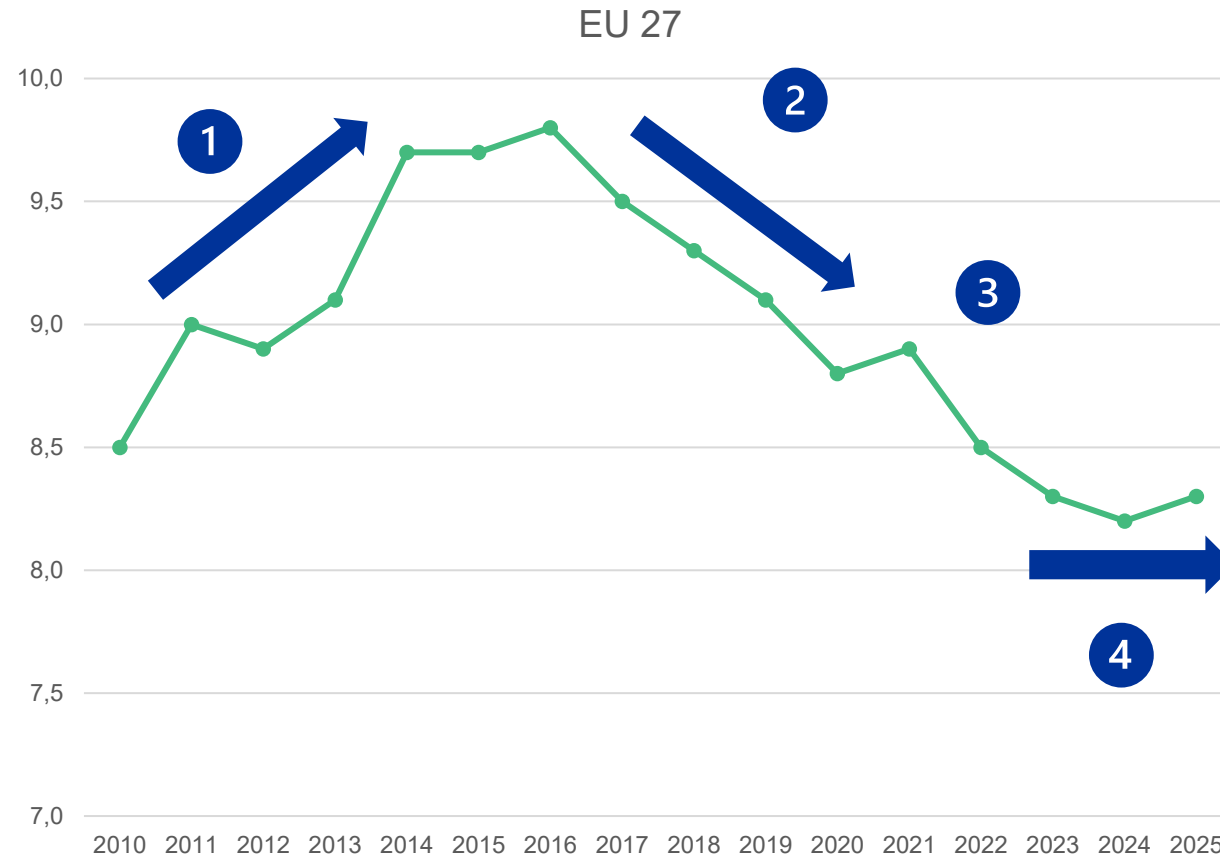
**Olivier Bontout**, Deputy Head of Unit – Social Policies,  
European Child Guarantee, SPC – DG EMPL

*Bocconi Conference, 9<sup>th</sup> October 2026*

# In-work poverty in the EU (1/2)

## In-work poverty over the last 15 years

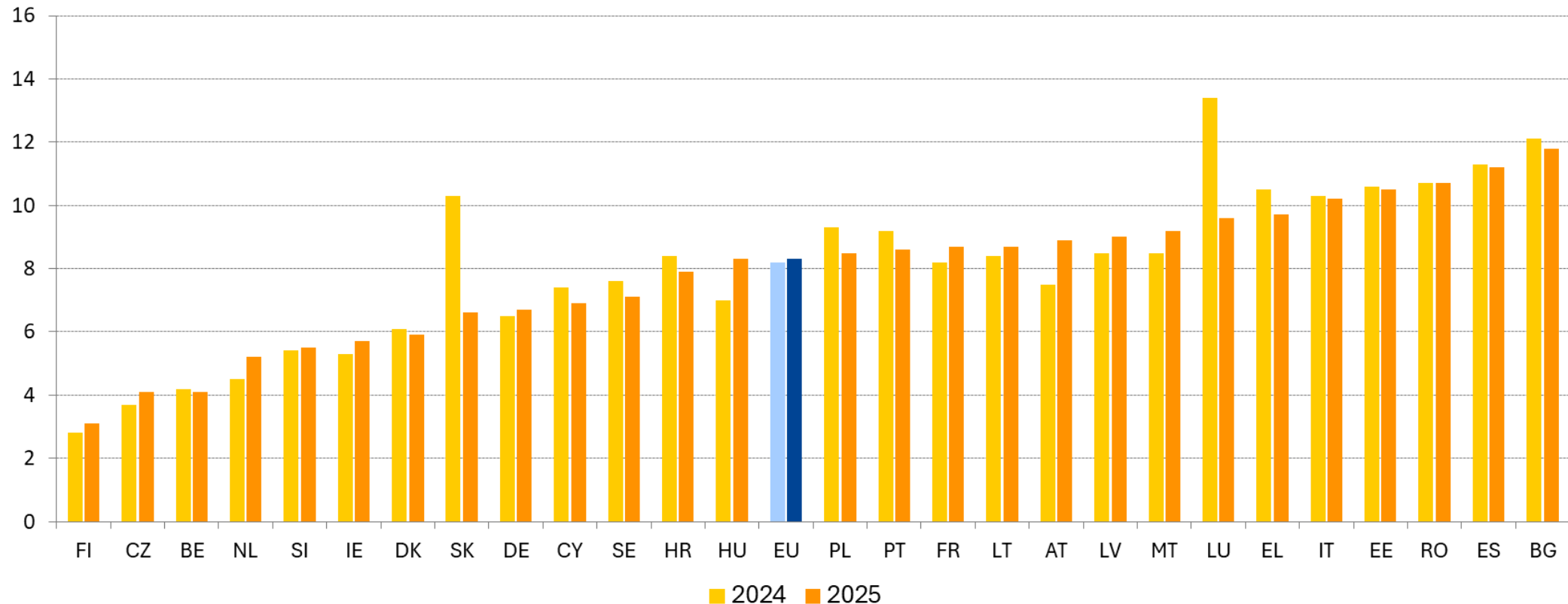
- 1) Sharp increase in the first half of the 2010s
- 2) Significant decrease as the EU economy recovered
- 3) A small COVID-19-related bump
- 4) Plateau in more recent years



# In-work poverty in the EU (1/2)

**In 2025, 8.3%** of workers aged 18-64 are at risk of poverty, a slight increase from 2024 (8.2%)

**Very significant differences among Member States**, from around 3% to around 12%



# Employment, AROPE and in-work poverty

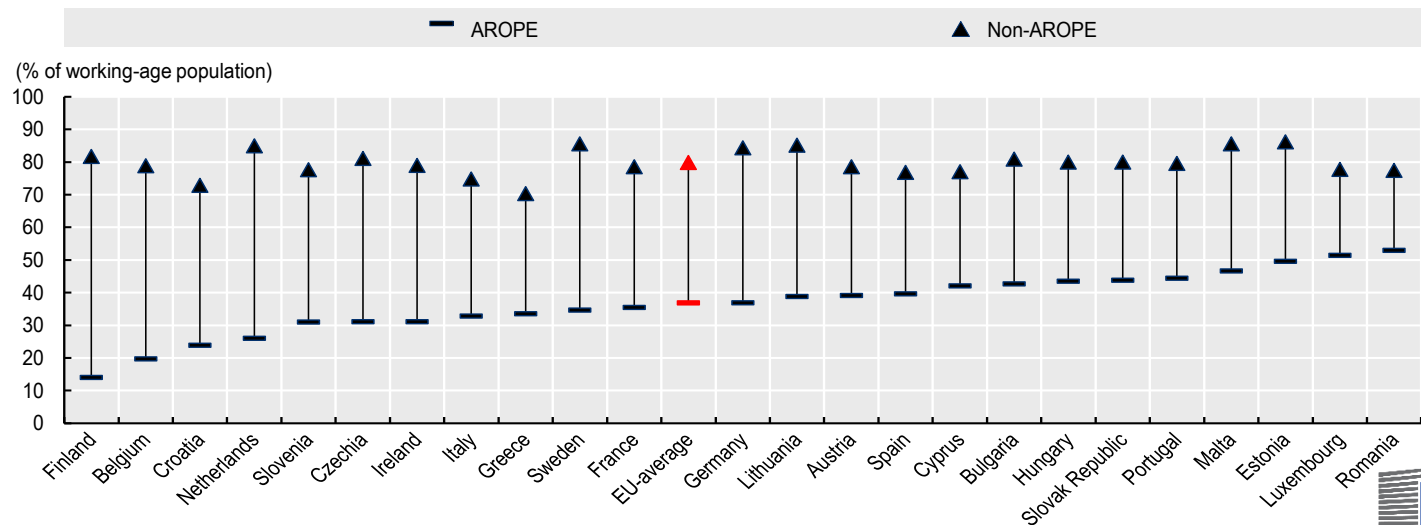
**Employment income is the main income source (over 50%) for AROPE working age households**

**Around 1/3 of working age persons at risk of poverty are mainly in-work, with 2/3 are belonging to a working household**

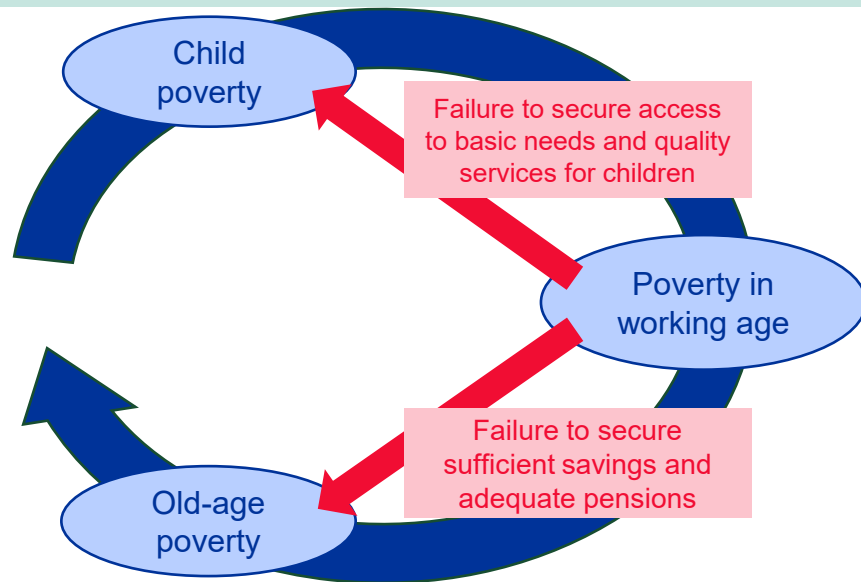
Average household income by income source as a percentage of national median disposable income, working-age individuals (EU-average, 2022)



Share of working age individuals mainly in work in the previous calendar year (2022, in percent)



# In-work poverty in the EU Anti-Poverty Strategy



Addressing in-work poverty is key to anti-poverty efforts

- It undermines the role of employment as the best protection and shortest way out of poverty
- It strikes working age individuals, but its effects are felt across the whole life cycle

The EU Anti-Poverty Strategy announces a **dedicated initiative**, as well as related actions:

**2027**

**Commission Recommendation** on preventing and combating in-work poverty in close cooperation with the Member States and social partners

**2026**

**First-stage consultation of European social partners** on EU action to support labour market activation and gender equality in labour market opportunities

**2027**

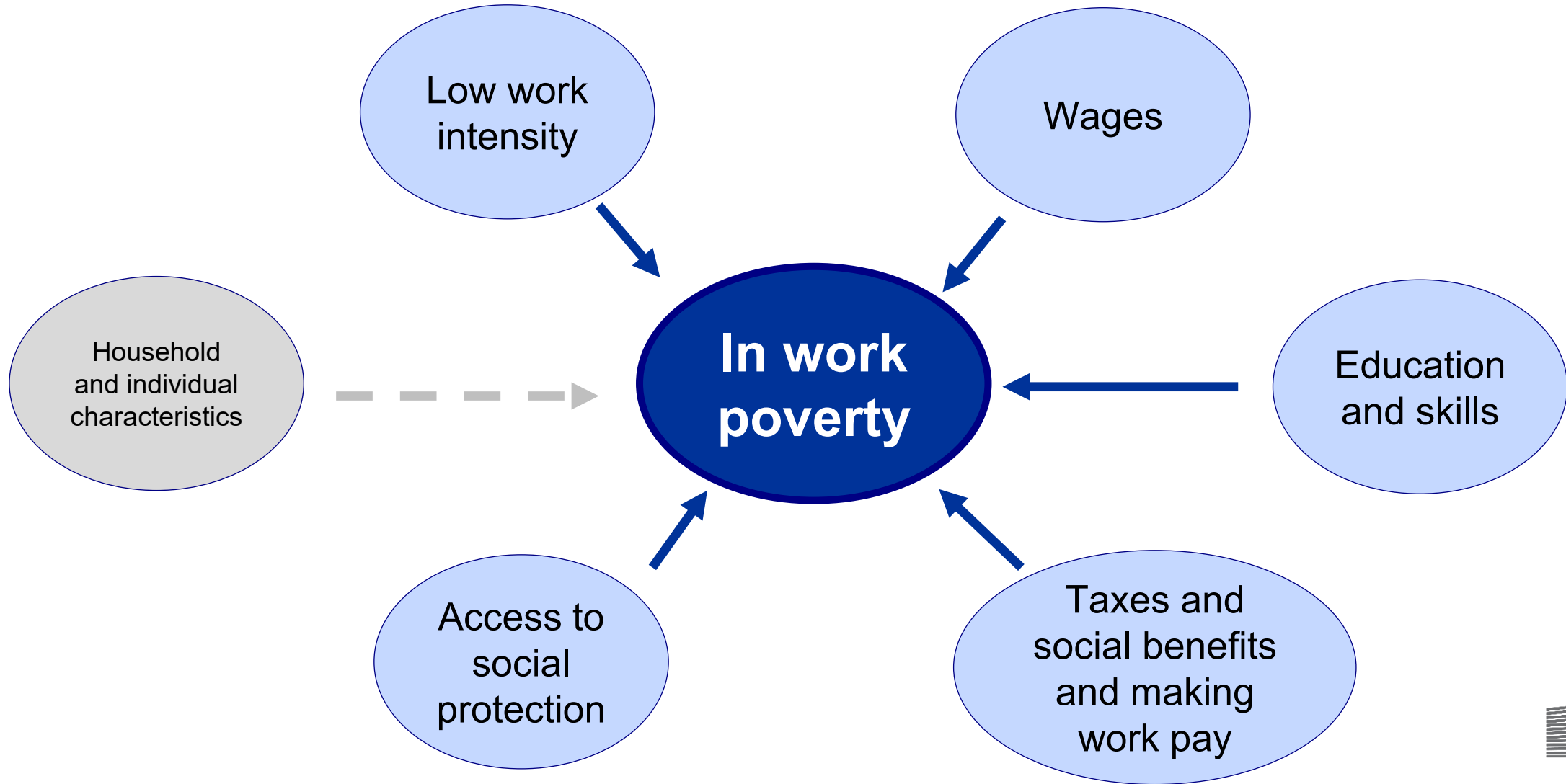
**Compendium of best practices to help address the non-take-up of benefits**

**2027**

**Commission Recommendation** on enhancing the efficiency of child-related benefit systems in addressing child poverty



# Key dimensions and drivers



# Labour market drivers: labour market attachment and work intensity (1/2)

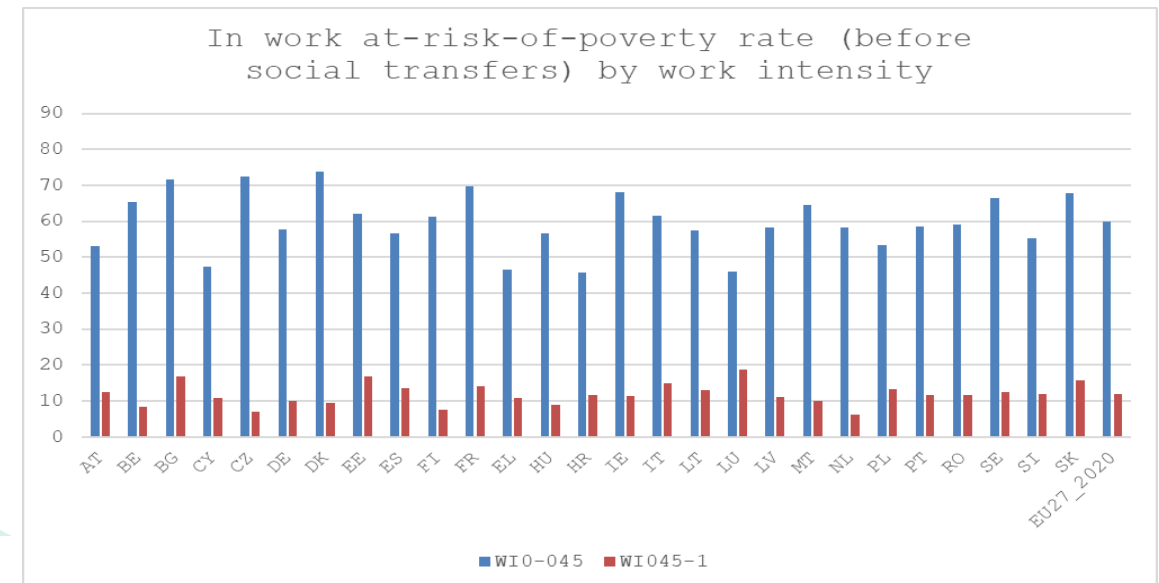
**What is the association between employment and exit from poverty?**

**Probability of exiting poverty upon entry into employment, varies a lot with work intensity** – *measured in months worked within a calendar year*

- <6 months: 15% (M), 18% (W)
- 6–9 months: 35% (M), 31% (W)
- 10–12 months: 42% (M), 37% (W)

*This is reflected in the EU-SILC data:*  
Before social transfers, in-work poverty risk at the EU-level varied greatly by household work intensity:

**0 – 45 % of working potential → 60%**  
**45 – 100% of working potential → 12%**



# Labour market drivers: labour market attachment and work intensity (2/2)



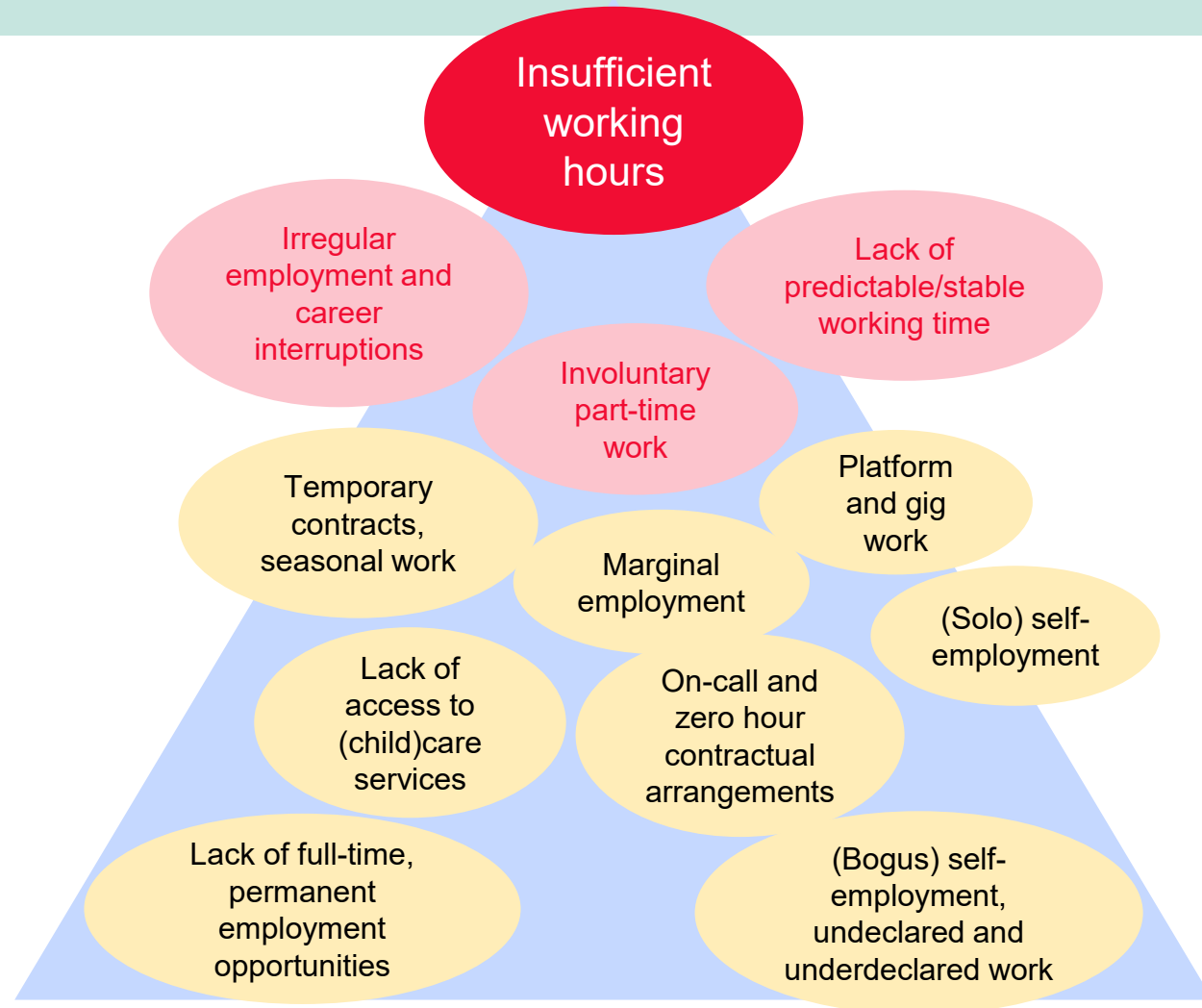
Part-time  
workers  
13.5%



Temporary  
workers  
12.9%

Major factors for insufficient working hours at the individual worker level include:

- Nature of **contractual arrangements**, and labour law provisions
- Dynamics of local **labour markets**
- Access to **enabling services**



# Labour market drivers: wages, education and skills

**Low wages** are a clear drivers of in-work poverty...

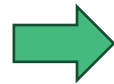
- **1 in 5 workers who earn 2/3 or less of national median monthly wage are at risk of poverty.**
- Conversely, only 2% of workers earning above this threshold are at risk of poverty.



...as are **education gaps and skill deficits**:



Workers with low  
education attainment  
**18.8%**



Higher education and skills are associated with:

- Higher chances of securing full-time, permanent employment
- Increased likelihood of employment in higher-paying jobs, occupations and/or sectors
- Easier access to training, upskilling and reskilling

# Role of tax-benefit measures in reducing in-work poverty

Tax and benefit policies are estimated to positively contribute to in-work poverty reduction\*, by **almost 3 percentage points**

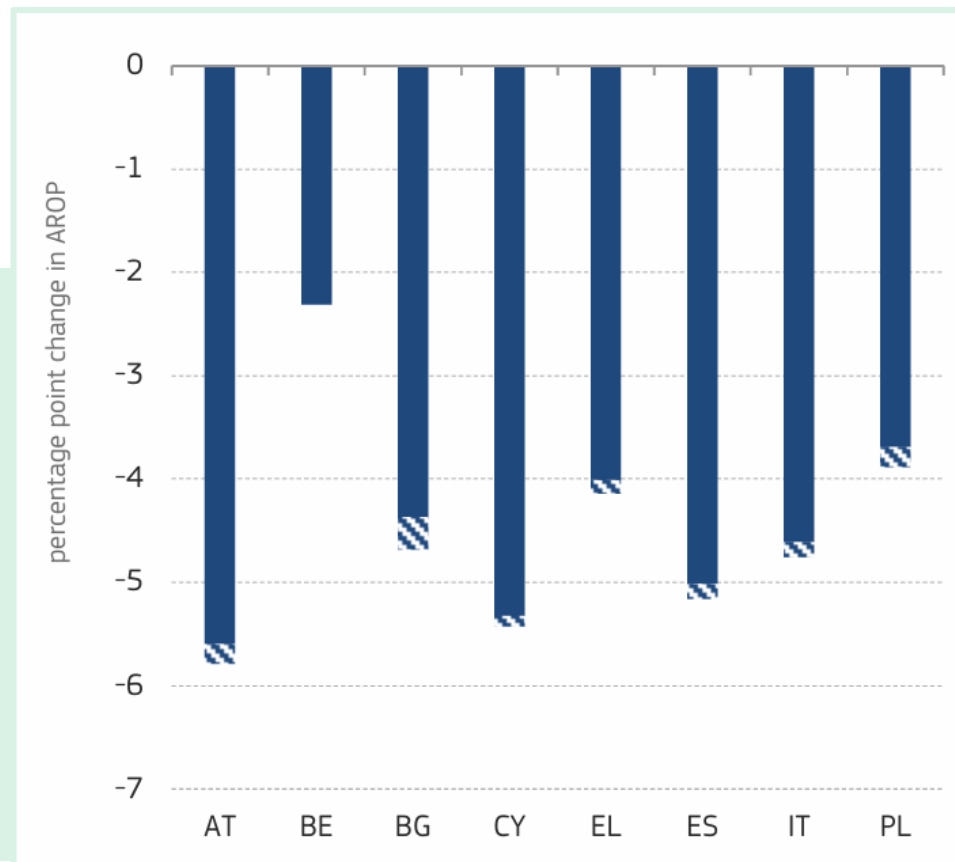
## In-work benefits

In-work benefits are cash benefits (or tax credits) targeted at lower income working individuals

- 1 Direct income support effect  
2.3 pp – 5.6pp reduction in AROP
- 2 Indirect employment increase effect  
0.1 – 0.5 % increase in employment

\* Reduction compared to “market” income - (EUROMOD simulation, EESO 2026, forthcoming)

Percentage point change in the AROP rate following the introduction of an in-work benefit scheme by country



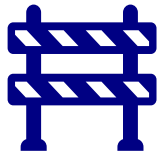
Source – ESDE 2025



# Tax-benefit systems: access to contributory social protection for vulnerable workers

In **18 out of 27** Member States, **non-standard workers lack access to at least one branch of social protection**

→ This is often short-term income replacement benefits, such as unemployment, sickness and parental leave benefits



**Low coverage** linked to fragmented social protection system, where some categories of workers are treated separately, or only have voluntary coverage



**Eligibility provisions**, incl. exclusions from the full legal entitlement, stringent **minimum contributory periods**



As a consequence, non-standard workers more often have to forgo their income during unemployment or other forms of incapacity, exposing them to **a higher risk of in-work poverty**

# Thank you!

Links:  
[EU Anti-poverty Strategy](#)

[Strengthening of the European Child Guarantee](#)

[Proposal for Council Recommendation on housing exclusion](#)



[employment-social-affairs.ec.europa.eu](https://employment-social-affairs.ec.europa.eu)



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# Definitions, trends and impacts



# How is in-work poverty defined?

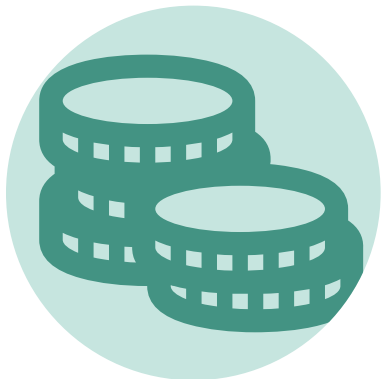
There are **two main criteria** to be considered in-work poor:



## **Labour market status:**

To be in-work is defined as to be working more than 6 months out of the year – whether part time or full time

This is based on the Eurostat definition and associated indicator:  
**In-work poverty (ilc\_iw)**

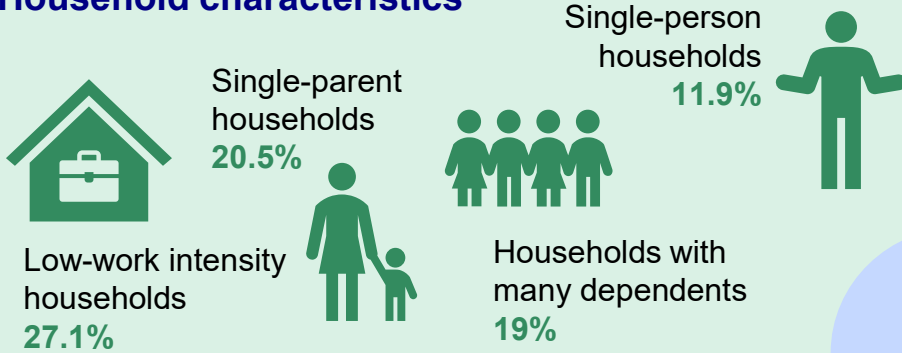


## **Income:**

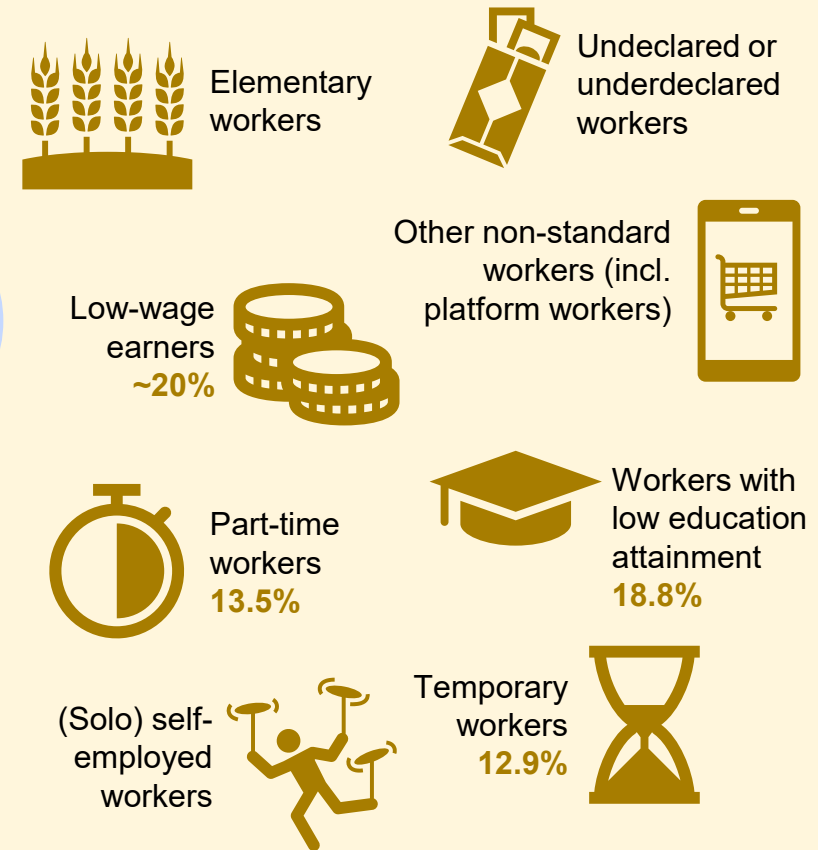
To be poor means to be part of a household whose equivalised income is below the monetary poverty threshold (60% of median income)

# Who are the working poor?

## Household characteristics



## Labour market status



## Personal characteristics



# Tax-benefit systems: social assistance and income support

**Social assistance** – including family and child benefits, minimum income benefits, housing benefits, etc. can positively impact in-work poverty, **depending on its design:**

## COVERAGE



Eligibility criteria need to be designed to include vulnerable workers – in particular by ensuring **means-test thresholds do not exclude the in-work poor**

## ADEQUACY



Benefit levels remain adequate, relative to the poverty line and against rising inflation, and **they taper gradually with increased working hours**, tackling low wage traps

## TAKE-UP



Take-up of benefits is ensured through **simplified application procedures, increased awareness of rights** esp. of workers, who are more likely to assume they are not eligible

In many Member States, because of gaps along these three dimensions, working households receive inadequate income support, especially from means-tested social assistance

