

March 8, 2024

INCOME AND LIVING CONDITIONS

INTERGENERATIONAL TRANSMISSION OF ADVANTAGES AND DISADVANTAGES

2023

THE LEVEL OF EDUCATION IS HIGHER, AND THE RISK OF POVERTY LOWER, FOR THOSE WHO, AT THE AGE OF 14, LIVED WITH PARENTS WHO HAD COMPLETED TERTIARY EDUCATION

The Survey on Income and Living Conditions (SILC) currently consists of a set of data that are collected annually and a system that combines modules that collect pre-defined complementary information on a regular basis and ad hoc modules on new information needs. The results presented in this press release include data from the annual component, as well as information for 2023¹ on "Intergenerational transmission of advantages and disadvantages", relating to the population aged 25 to 59 years, which allows the analysis of the relationship between parental sociodemographic characteristics and conditions of poverty in the present. The information collected is based on the respondents' parental background when they were about 14 years old.

The population aged 25 to 59 accounted² for 45.8% of the total population at the beginning of 2023 (4.8 million people). Of these, 14.9% were at risk of poverty in 2022, which is lower than for the general population (17.0%).³

The risks of poverty in 2022 were 17.3% and 17.2%, respectively, for those in whom the father or mother had not completed more than the current basic education, slightly above the national average (17.0%), but substantially lower for those in which, at the age of 14, one of the parents had completed upper secondary education, post-secondary non-university or higher education (6.8% when it was the father; 8.6% when it was the mother).

For those who lived, at the age of 14, in a household whose father was Portuguese, the risk of poverty in 2022 was 13.7%, compared to 25.1% in situations where the father was a foreigner. There is a similar pattern in relation to the results for the mother's citizenship: 13.8% when Portuguese and 25.5% when foreign.

73.6% of the surveyed population assessed the financial situation of the household in which they lived at the age of 14 as moderately good, good or very good. Despite this, 12.2% were in poverty in 2022, although much lower than the incidence of poverty (21.2%) observed when the financial situation at the age of 14 was assessed as moderately bad, bad or very bad.

More than 95% of respondents had their basic educational and food needs met by the age of 14, but only 46.8% had the possibility of having one week's holiday away from home per year.

¹ The implementation of the SILC module on "Intergenerational Transmission of Social Advantages and Disadvantages and Housing Difficulties" in 2023 was co-financed by the European Union.

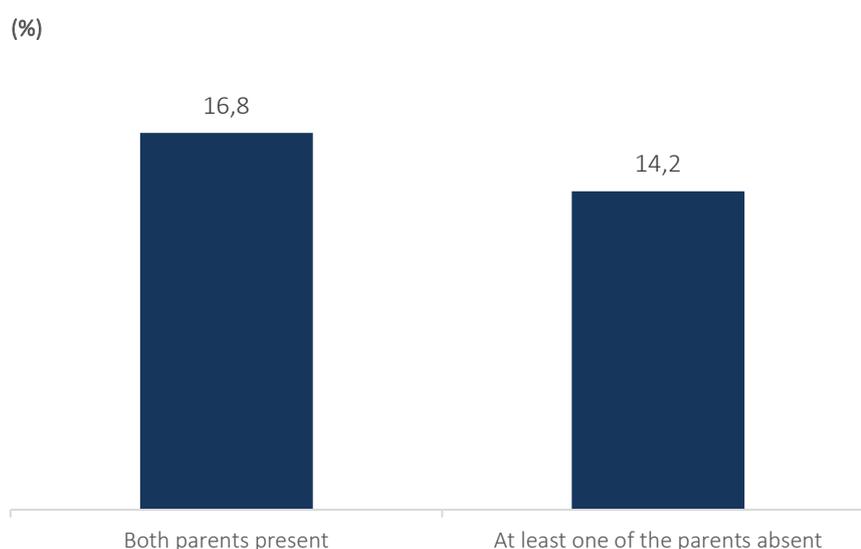
² Born from 1963 to 1997.

³ This [information](#) was released on November 27, 2023, in the Press release with the first results of ICOR 2023.

The risk of poverty is higher for those who, at the age of 14, lived with only one parent

The results indicate that most of the population born between 1963 and 1997 lived with both parents when they were about 14 years old. The risk of poverty reached 14.2% for these people in 2022, 2.6 percentage points (pp) less than the risk of 16.8% in situations where at least one parent was absent.

Figure 1. **At-risk-of-poverty rate according to the presence of parents in the household, at the age of 14, Portugal, 2022**



Source: INE, Survey on Income and Living Conditions 2023.

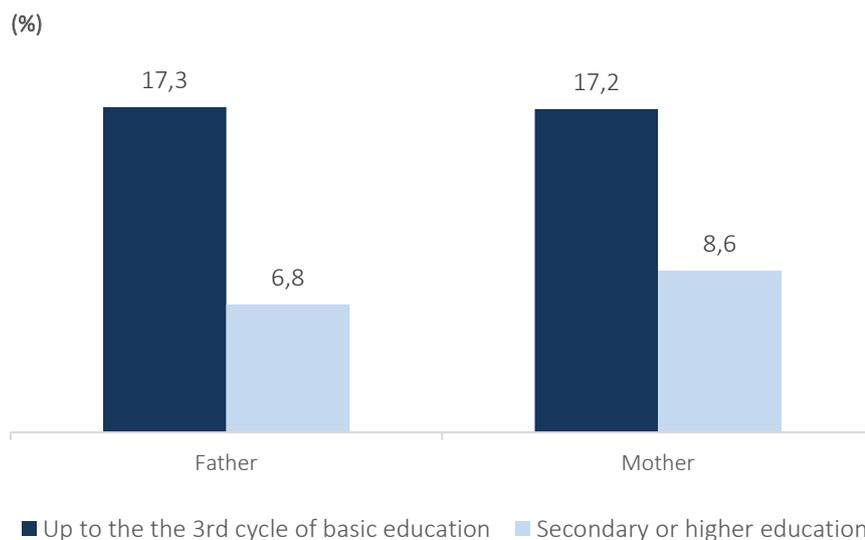
The level of education is higher, and the risk of poverty lower, for those who, at the age of 14, lived with parents who had completed tertiary education

When they were about 14 years old, i.e. roughly between 1977 and 2011, and considering households in which only one or both parents were present, 64.4% of the population under analysis lived in households in which neither parent had completed more than the current 3rd cycle of basic education; 22.4% lived in households where at least one parent had completed secondary or post-secondary non-university education, and 13.2% in households where at least one parent had completed tertiary education.

The distinction of the level of education by type of parent indicates that in 69.3% of the cases the father had not completed more than the current 3rd cycle of basic education (71.1% in the case of mothers), and that in 30.7% of the cases the father had completed secondary, post-secondary non-university or higher education (28.9% in the case of mothers). Considering these same groups, the risks of poverty were, in 2022, 17.3% and 17.2%, respectively, for people whose father or mother had not completed more than the current 3rd cycle of education, slightly above the national average (17.0%). Poverty risks were substantially lower for those who, by the age of

14, one parent had completed secondary, post-secondary non-university or tertiary education (6.8% when it was the father; 8.6% when it was the mother).

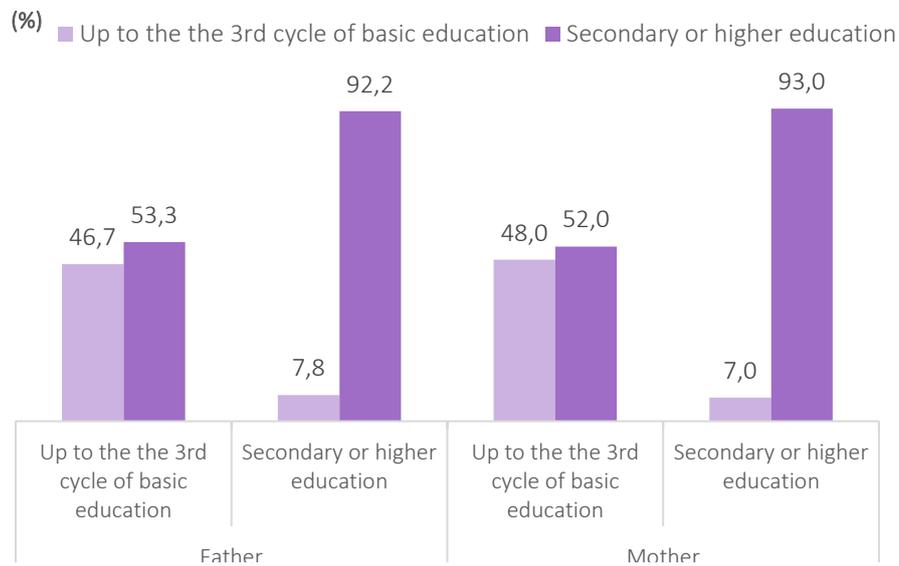
Figure 2. At-risk-of-poverty rate according to parents' level of education, Portugal, 2022



Source: INE, Survey on Income and Living Conditions 2023.

The father's or mother's education can also be analysed from the perspective of transmitting the educational level from parents to children. Although it is also the result of socio-economic developments over the last 50 years, the results of the survey indicate that more than 90% of the children of parents with higher levels of education (secondary or higher) have attained an equal or higher level of education. For those with parents who had not completed more than the current 3rd cycle of basic education, more than 50% are now at a higher level of education.

Figure 3. Distribution of the individual's complete educational level according to the parents' complete educational level, Portugal, 2023

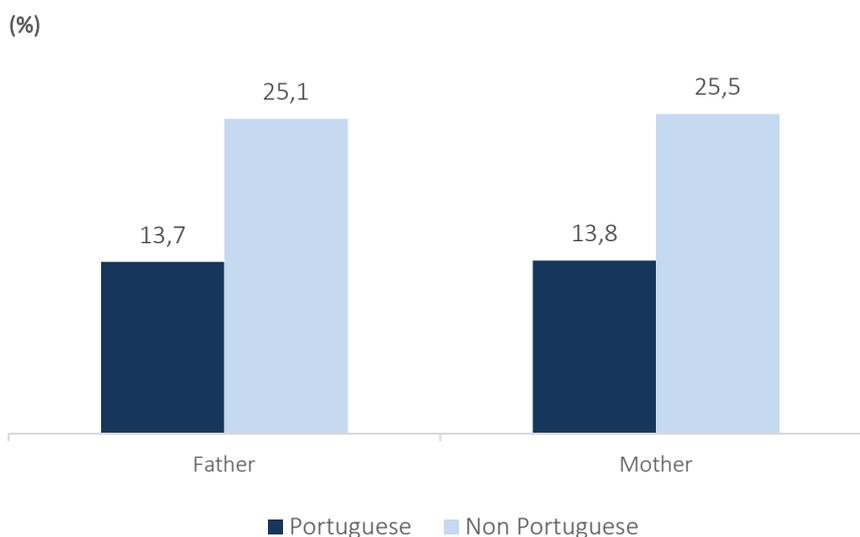


Source: INE, Survey on Income and Living Conditions 2023.

The risk of poverty is higher for those who, at the age of 14, lived with foreign parents

According to the results of the survey, 94.4% of the population aged 25 to 59 lived with a father of Portuguese citizenship and 93.8% with a Portuguese mother, when they were about 14 years old. In 2022, the risk of poverty was higher when the father or mother had foreign nationality, respectively 25.1% and 25.5%, 11.4 pp and 11.7 pp more than the risk affecting those in whom the father or mother was Portuguese (13.7% and 13.8%).

Figure 4. At-risk-of-poverty rate according to parents' nationality, Portugal, 2022



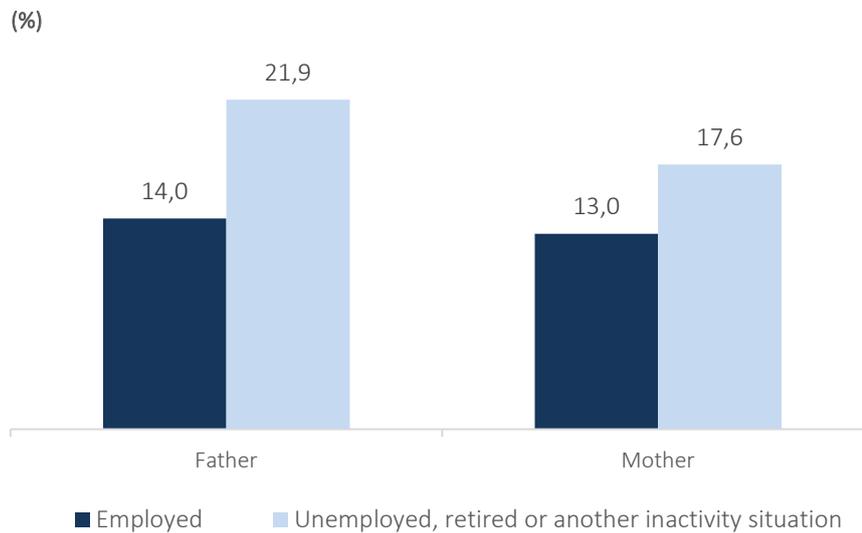
Source: INE, Survey on Income and Living Conditions 2023.

The risk of poverty is lower for those who, at the age of 14, lived with employed parents

At 14 years of age, almost all of the population under analysis lived in households where the father was employed (96.9%) and more than 60% in households where the mother was employed (64.7%).

In 2022, the risk of poverty was 14.0% for persons who, at the age of 14, lived with an employed father (13.0% in the case of the mother), increasing to 21.9% when the father was unemployed, retired or in other situations of inactivity. The characterisation of the person according to the mother's working condition confirms the impact of employment on the current risk of poverty (13.0%, 4.6 pp less than in the situation in which the mother was unemployed, retired or in another inactive situation).

Figure 5. At-risk-of-poverty rate according to parents' activity status at age 14, Portugal, 2022



Source: INE, Survey on Income and Living Conditions 2023.

The household's financial situation when the individual was 14 years old affects their current risk of poverty

73.6% of the surveyed population assessed the financial situation of the household in which they lived at the age of 14 as moderately good, good or very good. Despite this, 12.2% were in poverty in 2022, which is much lower than the incidence of poverty (21.2%) observed when the financial situation, at the age of 14, was assessed as moderately bad, bad or very bad.

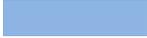
The survey includes the assessment of the satisfaction of three basic needs when respondents were 14 years old, and the reason why they were not met:

- school (books and school equipment);
- food (one daily meat/fish meal or vegetarian equivalent);
- annual enjoyment of a week's holiday away from home.

More than 95% of the respondents reported that their educational and food conditions were met when they were 14 years old, with only 36.7% being able to have one week of vacation per year away from home.

Figure 6. At-risk-of-poverty rate according to household living conditions, at the age of 14, Portugal, 2022

Unit: %

Financial situation of the household		
Very bad, bad or moderately bad		21,2
Moderately good, good or very good		12,2
Basic school needs met		
Yes		12,7
No		32,1
Having daily meal with meat, chicken, fish (or vegetarian equivalent)		
Yes		13,6
No		32,8
One week of annual holiday away from home		
Yes		9,7
No		19,1

Source: INE, Survey on Income and Living Conditions 2023.

The results also show that the ability to meet each of these needs translates into an at-risk-of-poverty in 2022 of:

- 12.7% when basic educational needs were met at the age of 14 (32.1% when they were not, for financial or other reasons);
- 13.6% when basic food needs were met at the age of 14 (32.8% when they were not, for financial or other reasons);
- 9.7% when there was a possibility of a week's vacation away from home at the age of 14 (19.1% when they were not, for financial or other reasons).



THE INFLUENCE OF INTERGENERATIONAL TRANSMISSION OF ADVANTAGES AND DISADVANTAGES ON EDUCATION AND POVERTY

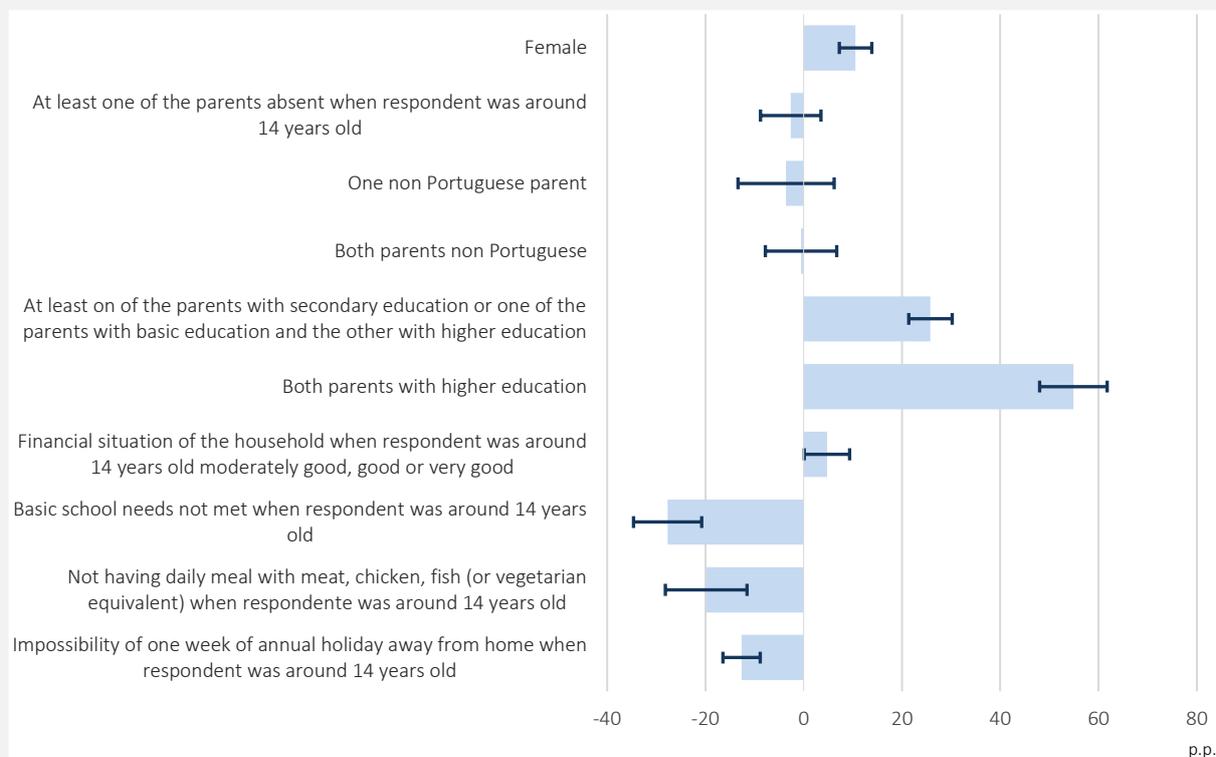
The results in this highlight show relationships between each of the sociodemographic characteristics of people or their parents and the risk of poverty or complete schooling. Seeking to deepen the analysis, we estimated models that capture these relationships when considering all characteristics simultaneously. That is, an attempt to identify, for example, the relationship between being a woman and the risk of poverty, when one simultaneously controls (i.e., everything else constant) for her work condition and the sociodemographic characteristics of her parents⁴.

The first set of results concerns the **probability of completing a tertiary education degree** compared to completing at most secondary or post-secondary education, controlling for the characteristics of each person (aged between 25 and 59) and their parents (when they were 14 years old). The estimation results of this model are presented in the form of changes (in percentage points) in this probability (Figure 7).

The most salient result is the relationship between the probability of completing tertiary education and the parents' education: if both parents have completed a tertiary education degree, the probability increases by 54.9 pp. Parents' living conditions also have a strong relationship, in magnitude, with the likelihood of completing tertiary education, in particular the satisfaction of basic school needs (-27.7 pp) and basic daily food needs (-19.9 pp). In contrast, if the financial situation of the household at the age of 14 was at least moderately good, the probability of obtaining a higher education degree increases by 4.7 pp. Finally, controlling for these characteristics of the parents and the age of the individual, women are 10.5 pp more likely than men to obtain a higher education degree.

⁴ See note at the end of this Press release for the technical specifications of the model.

Figure 7. Average marginal effects – relation to the probability of completing a higher education degree, 2023

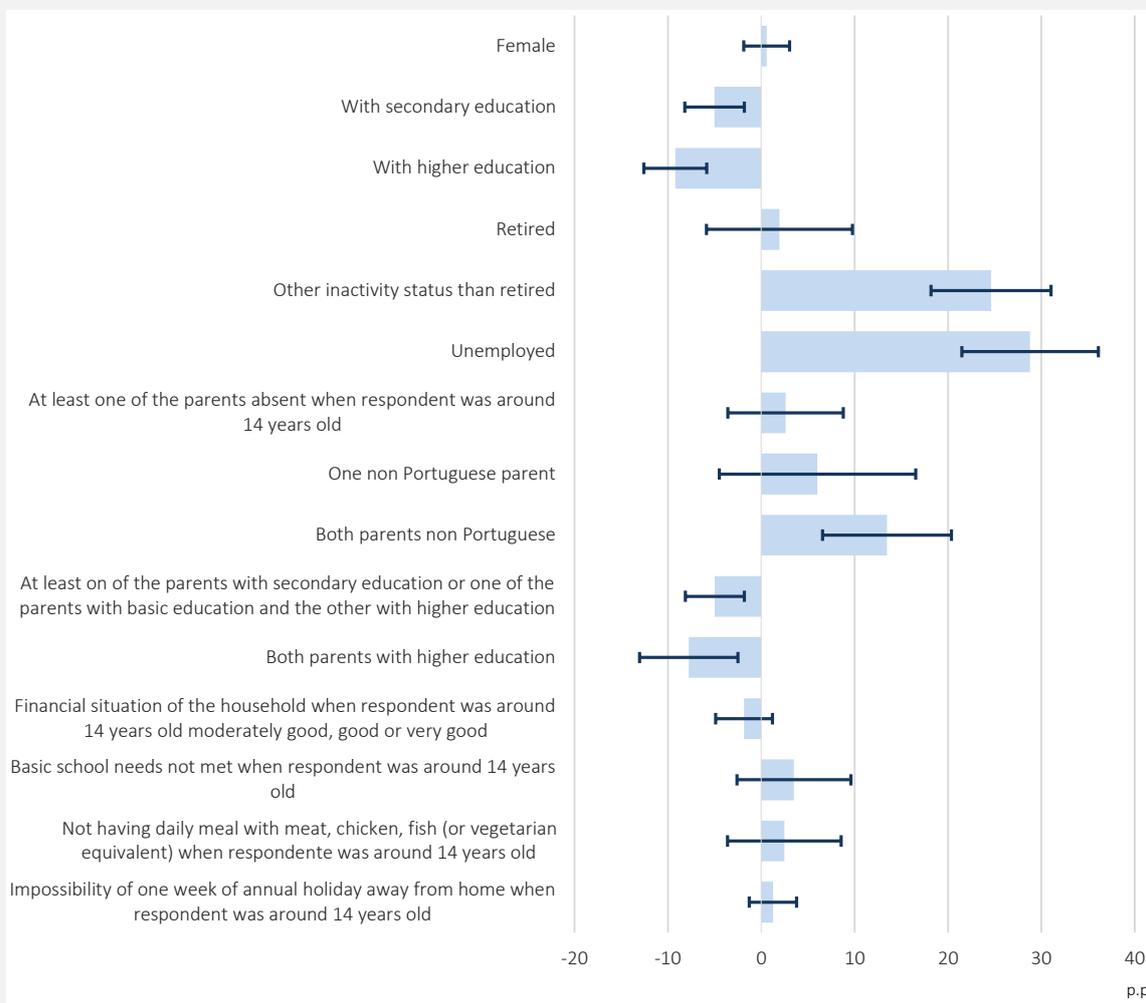


When estimating the risk of poverty – the **probability of being poor** – the results (Figure 8) indicate that when both parents have foreign nationality, the risk of poverty increases by 13.5 pp (when only one of the parents is of foreign nationality, the relationship is not statistically significant). Parental education has a negative relationship with the risk of poverty: it decreases by 7.8 pp when both parents have a higher education.

In this second set of results, in which the condition of work is already controlled, it can be seen that the inactive (other than the retired) and the unemployed are more likely to be poor, by +24.6 pp and +28.8 pp, respectively, when compared to employed persons. Retired people do not show statistically significant differences with employed people regarding the risk of poverty. It should be remembered that these relationships are obtained when considering simultaneously a set of sociodemographic characteristics of oneself and one's parents in adolescence. In this context, in line with the descriptive statistics already presented, self-education has a negative relationship with the risk of poverty⁵: -5.0 pp for secondary and post-secondary education and -9.2 pp for higher education, compared to those who have at most the 3rd cycle of basic education. Even so, the results suggest that the relationship with education is of lower magnitude than the activity status, which is more important for the change in the risk of poverty.



Figure 8. Average marginal effects – relation to the probability of being poor, 2023



In summary, the results suggest that the parents' education and the living conditions during adolescence contribute to the individual's greater education success. In addition, the results indicate that education contributes to poverty reduction and that the risk of poverty is higher among unemployed people. The risk of poverty should not, however, be dissociated from the context in which a person grows up. In particular, when both parents are non-Portuguese, the likelihood of poverty risk increases. In addition, the higher level of education of the parents contributes to the decrease in the likelihood of the person being at risk of poverty.

⁵ A possible extension of this model of probability of being poor would be to condition its estimation to the results of the model of probability of having a certain level of education.



METHODOLOGICAL NOTE

The Survey on Income and Living Conditions (EU-SILC) has been carried out in Portugal since 2004 and, until 2020, was developed within the framework of specific European legislation (Regulation No. 1177/2003), which established a harmonised system for the production of statistics on poverty, deprivation and social exclusion.

As of 2021, the survey is conducted in accordance with specific European regulations and in accordance with Regulation (EU) 2019/1700 of the European Parliament and of the Council of 10 October 2019, which currently consists of a set of data that is collected annually, and a system that combines modules that collect pre-defined complementary information on a regular basis and ad hoc modules on new information needs. The results presented in this press release include data from both the annual component and the 2023 component on "Intergenerational transmission of advantages and disadvantages", and to the population aged 25 to 59 years, which allows the analysis of the relationship between some parental sociodemographic characteristics and poverty conditions in the present. The information collected is based on the respondents' parental background when they were about 14 years old (roughly between 1977 and 2020, for those born between 1963 and 1997).

The survey aims to obtain results for all individuals who reside in the national territory in the reference period, with a NUTS 2 breakdown from 2018 onwards, when the sample size enables the statistical reliability of the results. For income, this reference period corresponds to the year prior to the year in which the interviews are conducted.

In 2023, information was collected through *Computer Assisted Personal Interviewing* (CAPI) and *Computer Assisted Telephone Interviewing* (CATI) between April and July. The survey incorporates questions about the household and also about the personal characteristics of each member, in particular about the income of all members aged 16 and over. In 2023, the survey was addressed to 17,444 households, of which 14,209 had a complete response (with data collected on 33,639 people). For the 25-59 age group, 14,179 responses were collected.

The indicators for poverty and economic inequality were constructed on the basis of the annual net monetary income of households in the year prior to the survey (2022). Other sources of income, such as wages in kind, self-consumption, self-supply and self-rental, are excluded.

To reflect differences in household size and composition, net income has been transformed into equivalent adult income using the modified OECD equivalence scale. Income per equivalent adult is obtained by dividing the net income of each household by its size in number of equivalent adults and its value attributed to each family member.

For more detailed information on the methodological options and concepts used, see the [Press Release of 27 November 2023](#) that released the first results of SILC 2023.

LOGIT MODELS – TECHNICAL SPECIFICATIONS

The results presented in the box seek to complement the analysis of the intergenerational transmission of advantages and disadvantages. The main objective is to try to isolate the relationship between individual sociodemographic characteristics, especially those resulting from intergenerational transmission, and, in a first model, the probability of the individual completing a higher education degree and, in a second model, the probability of being in a situation of poverty. The target

population corresponds to individuals aged between 25 and 59 years. Two binomial Logit models were estimated, with the dependent variable defined, respectively, by:

- 0 – whether the individual has completed at most secondary or post-secondary education; and 1 – whether the individual has completed a higher education degree;
- 0 – whether the equivalent disposable income is equal to or higher than the poverty line; and 1 – whether the equivalent disposable income is below the poverty line.

Among the variables that can potentially explain the probability of the individual completing a higher education degree and the probability of being in a situation of poverty, those that, for theoretical and statistical reasons, are most relevant in each of the models were selected. The potential independent variables are: gender; age; the size of the household; the individual's level of education; the individual's activity status; the presence of parents at the age of 14; the citizenship of the parents; the parents' level of education; the financial situation of the household at the age of 14; the satisfaction of basic school needs (books and equipment) at the age of 14; the satisfaction of basic daily food needs (meat/fish or the vegetarian equivalent) at the age of 14; and the annual enjoyment of at least one week's vacation away from home at the age of 14.

The marginal effects presented can be interpreted as changes in the probabilities of occurrence of the event (completing a higher education degree, in the first model, or being poor, in the second model) associated with each of the explanatory variables (in relation to the reference class), keeping the remaining variables unchanged.

Full results on the average marginal effects and statistical significance of the estimates can be found in the data file annexed to this publication, which also includes the other statistical figures.

DEFINITIONS

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.

Complete educational level: higher level of education that has been successfully completed, or for which equivalence has been obtained, and which confers a certificate or diploma.

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.

Household net monetary 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.

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.