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Disaggregation of benefits and pensions variables



- **Background**
- **Disaggregation of variables**
- **Use of disaggregated variables**
- **Conclusions**

- **Input**
 - **Wish from EUROMOD to differentiate the income target variables for benefits and pensions by entitlement**
 - **Contributory**
 - **Non contributory and non means-tested**
 - **Non contributory and means tested**
- **Differentiation is connected to different “realms”:**
 - **Micro simulation models: EUROMOD, Soresi, ITABENE, etc.**
 - **ESSPROS classification of benefits and pensions**
 - **Welfare state typologies (e.g. Esping-Anderson)**

- **Microsimulation models**
 - **Construct models based on micro datasets**
 - **Allow for structural variations and variations in time:**
 - **Analyses of reforms, structural changes**
 - **Nowcast and forecast models**
- **Require detailed information on income structure → variables**
- **Differentiated information enable models that are more precise, more differentiated, more sophisticated**

- **ESSPROS provides an „accounting system“ / statistical system for social protection for EU MS**
- **ESSPROS classification provides the framework for the income target variables of EU-SILC**
- **Differentiates between means-tested / non means-tested benefits and contributory / general benefits and pensions**
- **Other distinctions in ESSPROS:**
 - **Compulsory and non compulsory schemes**
 - **Basic and supplementary schemes**
 - **....**
- **Hence, ESSPROS is the main frame for the differentiation exercise**

- **Differentiation of benefits and pensions along the system of entitlement**
- **Allocation of income variable to the differentiated set of income target variables**
- **Problems may arise:**
 - **In general categories (“Other family related benefits”) → mixture of benefits with possibly different eligibilities**
 - **For benefits whose eligibility cut across the distinction between the three types (unemployment assistance in Austria: contributory, since the eligibility is conditional on contributions, but means-tested)**

- **Austrian variables within the framework**

Var.Name	Contributory	non-contributory and non means-tested	non-contributory and means-tested
PY090N/G	Unemployment benefit transition benefit	Vocational training allowance; other training allowances	Unemployment assistance, other unemployment benefits
PY100N/G	old-age pension, invalidity pension, accident benefit	care allowance	
PY110N/G		survivor's benefits (pension insurance and accident insurance)	
PY120N/G	Private accident insurance, private illness insurance, sickness benefit, sickness benefit for unemployed	care allowance	
PY130N/G	invalidity pension, accident benefit	care allowance	
PY140N/G			Scholarships, pupils benefits, other education related benefits
HY050N/G		Maternity allowance, family allowance, child care benefit, advancement for child support	Other family related benefits
HY060N/G			Means-tested minimum income, other social benefits
HY070N/G			Housing allowance

○ Outcomes: Income model of EU-SILC

Income	Income Target variables	Households	Median	Sum (in Mio.)
Income from Employment	PY010+HY010	2.413.354	28.114	79.537
Income from Selfemployment	PY050	652.743	10.800	10.922
Benefits and Pensions 1 - contributory	PY091,PY101,PY111,PY121,PY131,PY141,HY051,HY061,HY071	2.135.716	12.446	34.145
Benefits and Pensions 2 - non-means-tested	PY092,PY102,PY112,PY122,PY132,PY142,HY052,HY062,HY072	1.698.035	4.788	10.722
Benefits and Pensions 3 - means-tested	PY093,PY103,PY113,PY123,PY133,PY143,HY053,HY063,HY073	572.471	2.735	2.511
Private Incomes	PY080,HY080,HY090,HY040	2.932.538	200	5.461
Repayments/Receipts for tax adjustment	HY145	1.870.632	-448	-924
Inter-household cash transfer paid	HY130	400.579	3.000	1.660
Total disposable household income	HY020	3.701.302	33.229	142.562

S: Statistics Austria, EU-SILC 2013

- **Benefits and pensions constitute one third of the households income**
- **Main component are Contributory benefits and pensions (72% of the total sum, 57% of all households receiving an income**
- **Means tested benefits only for 15% of the households, less than 2% of the household income**

- **Analysis of household income composition and redistributive effect of benefits and pensions**
- **Calculation of variables analogous to HY022 and HY023:**
 - **HY020_1 = HY020 - All benefits and pensions**
 - **HY020_2 = HY020 - All non contributory benefits and pensions**
 - **HY020_3 = HY020 - non contributory and non means-tested benefits and pensions**
- **Based on these variables at-risk-of-poverty rates can be calculated**

○ Composition of household income by household type

	Income from Employment	Income from Self employment	Benefits and Pensions 1 - contributory	Benefits and Pensions 2 - non-means- tested	Benefits and Pensions 3 - means- tested	Private Incomes
Total	58%	8%	22%	8%	2%	4%
Households with pension	5%	1%	85%	6%	1%	4%
Single person household male	1%	1%	89%	6%	1%	4%
Single person household female	1%	1%	80%	15%	1%	3%
Multi-person household	6%	2%	85%	4%	1%	4%
Households without pension	69%	9%	8%	8%	2%	4%
Single person household male	72%	14%	8%	2%	4%	3%
Single person household female	56%	4%	11%	20%	3%	6%
Multi-person household without children	71%	8%	13%	3%	1%	4%
Households with children	68%	10%	4%	12%	2%	3%
Single parent household	50%	7%	4%	18%	8%	12%
Multi-person household + 1 child	75%	10%	4%	8%	1%	3%
Multi-person household + 2 children	70%	9%	4%	12%	1%	3%
Multi-person household + 3 and more children	54%	14%	5%	19%	4%	3%

S: Statistics Austria, EU-SILC 2013

- **Contributory benefits and pensions – main importance for pensioners**
- **Importance of non means-tested benefits for families (family benefits) and single females, means-tested benefits for single parents, single person households and families with 3 and more children**

- **Distributive effect of different entitlement principles**

	Total in 1.000	AROP HY020_1	AROP HY020_2	AROP HY020_3	AROP HY020
Total	8.369	44%	25%	16%	14%
Households with pension	1.538	95%	21%	14%	14%
Single person household male	147	97%	16%	12%	11%
Single person household female	300	99%	42%	25%	24%
Multi-person household	1.092	94%	16%	12%	11%
Households without pension	6.830	33%	26%	17%	15%
Single person household male	446	33%	26%	24%	21%
Single person household female	465	53%	50%	28%	25%
Multi-person household without children	1.996	23%	13%	11%	9%
Households with children	3.923	35%	29%	18%	15%
Single parent household	325	56%	56%	38%	27%
Multi-person household + 1 child	1.441	22%	17%	11%	11%
Multi-person household + 2 children	1.453	30%	22%	12%	11%
Multi-person household + 3 and more children	705	60%	58%	33%	28%

S: Statistics Austria, EU-SILC 2013

- **Contributory and non-means tested benefits and pensions have a similar effect: reduction of AROP by 9 percentage points – pensions, unemployment benefits and family related benefits**
- **Means-tested benefits reduce the AROP by 2 percentage points, mainly of importance for single parents and families with 3 and more children**

- **Some problems with the differentiation**
 - **Benefits across the logic of entitlement scheme**
 - **Benefits summed up in variables**
- **Requires expansion of documentation – parallel to ESSPROSS**
 - **Main work in the initial year, but need for continuous updates!**
- **Benefits for further research**
 - **Micro simulation models!**
 - **Differentiated look on welfare states**
 - **Possibility for the analysis of distributive effect of benefits and pensions on household level**
- **The future regulation should include variables analogue to HY022, HY023 constructed on the basis of the new variables**

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Thank you for your attention!