



Press release

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20 Economic and social situation of the population

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Survey on income and living conditions in Switzerland in 2014

Standard of living in Switzerland remains one of the highest in Europe

Neuchâtel, 25.04.2016 (FSO) – **In 2014 Switzerland was one of the countries with the highest living standards in Europe. This does not exclude financial difficulties, as 6.6% of the population, i.e. approx. 530,000 people were affected by income poverty. Roughly one person in ten cannot afford a week's holiday away from home according to the Federal Statistical Office's survey on income and living conditions (SILC).**

Together with Norway and Luxembourg, the general standard of living in Switzerland continued to be amongst the highest in Europe in 2014. The general standard of living is measured by the median equivalised disposable income, after adjustment for differences in price levels between countries. In Switzerland this income was 1.7 times higher than that in Italy and 1.3 times higher than that in Germany or France. This means that despite the high price levels in Switzerland, the population's financial situation, after deduction of obligatory expenditure, was more comfortable than that of its neighbouring countries and most countries in the European Union. Furthermore, people's average level of satisfaction with their financial situation was the highest in Europe.

Income inequality comparatively low in Switzerland

In 2014, the ratio between the total income of the richest 20% and that of the poorest (the S80/S20 ratio) placed Switzerland's income equality below the European average. In Switzerland, the total income of the richest 20% was 4.4 times higher than that of the poorest 20%, whereas in European average this was 5.2. The countries that showed the greatest inequalities in income distribution were Serbia (9.8), the former Yugoslavian republic of Macedonia (7.2), Romania (7.2) and Spain (6.8). The narrowest gap between the richest and poorest was in Iceland (3.1) and Norway (3.4).

Extremely disadvantaged living conditions for 4.6% of the population

In Switzerland, 4.6% of the population were living in material deprivation in 2014; this means that for this part of the population, their living conditions were greatly disadvantaged by a lack of financial resources. This rate is one of the lowest in Europe (18.6% in the EU). In Switzerland, the most common material deprivation was related to financial difficulties, such as not being able to meet an unexpected expense of CHF 2,500 within a month (21.6%).

Moreover, 9.7% of the population could not afford a week's holiday away from home (36.9% European average). This rate increased to 22.6% for people living in a single parent family. 1.7% of people could not afford a full meal (meat, fish or vegetarian equivalent) every other day. Here too, the figure is low in European comparison (EU 9.5%).

6.6% of the Swiss population affected by poverty

In 2014 some 530,000 people (poverty rate 6.6%) were affected by income poverty as defined by standards for access to social assistance. Some 123,000 of these were employed persons (poverty rate 3.3%). The social groups most at risk of poverty were people living in a single parent family (14.1%), people who do not work (13.1%) and those without post-compulsory training or education (12.6%).

The poverty rate was also higher than average among people aged 65 and over (13.6%), particularly among old people living alone (22.7%). However, it should be noted that the poverty rate is calculated solely on the basis of income and does not consider financial assets. However, people aged 65 and over often draw on their savings to fund their outgoings.

More detailed information on poverty and deprivation can be found in the publication ["Poverty and material deprivation, results from 2007 to 2014"](#).

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Detailed results

Detailed results are available on the following pages (available in French, German or Italian):

Income distribution

www.bfs.admin.ch/bfs/portal/de/index/themen/14/02/04.html

Poverty and material deprivation

www.bfs.admin.ch/bfs/portal/de/index/themen/14/02/04.html

Evaluation of the household financial situation

<http://www.bfs.admin.ch/bfs/portal/de/index/themen/20/03/blank/key/09/03.html>

Well-being in Europe

www.bfs.admin.ch/bfs/portal/de/index/themen/14/02/04.html

European comparisons and Eurostat publications

<http://ec.europa.eu/eurostat/web/income-and-living-conditions/data>

Survey on income and living conditions in Switzerland in 2014

The SILC survey is coordinated on a European basis with the annual participation of more than 30 countries. The purpose of the survey is to examine income distribution, poverty, social exclusion and living conditions by means of indicators that are comparable at European level. In Switzerland, it is based on a sample of approximately 7000 households, i.e. more than 17,000 persons who are randomly selected from a sampling frame for the FSO's person and household surveys (SRPH). The reference population is comprised of the permanent resident population living in private households. People who take part in the survey are interviewed for four consecutive years. This enables us to document important stages in individual lives and to study trends in living conditions.

Improvements to methodology in the SILC survey 2014

From 2014, the SILC sample has been drawn from the new sampling frame for person and household and population surveys (SRPH). This enables us to include people in the survey without a landline telephone. The weighting model was subsequently revised and improved to take account of new data from administrative registries. Following these changes, the results from 2014 are no longer directly comparable with those of previous years. More detail is given in the [methodology report](#) (available in French, German or Italian).

www.silc.bfs.admin.ch

Definitions

Material deprivation:

Material deprivation is the fact of not possessing durable consumer goods or the absence of the conditions of a minimal existence due to lack of financial resources. Material deprivation is defined as the absence, for financial reasons, of at least three out of nine factors. Coordinated on a European basis, the nine items taken into account relate to the following areas of life:

Financial difficulties:

- capacity to face unexpected financial expenses equal to 1/12 of the at-risk-of-poverty threshold (set at 60%) for a person living alone (CHF 2500, within one month in Switzerland),
- capacity to afford a one week annual holiday away from home,
- to have no arrears (mortgage or rent, utility bills or hire purchase),
- capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day,
- ability to keep home adequately warm.

Deprivation of consumer durables:

- owning a washing machine, a colour television, a telephone, a car.

A single member of the household is asked these questions and the answers imputed to all household members. The severe material deprivation rate is defined as the absence, for financial reasons, of at least four out of nine factors.

Gross income: A household's gross income is composed of all income from all household members (income from employment or self-employment, pensions and social transfers, income from property, etc.). In order to take into consideration the financial advantage represented by owning one's dwelling or by benefiting from rent that is lower than the market rate, an "imputed rent" is added to the gross income of the households concerned for the indicators published at the Swiss level. This "imputed rent" corresponds to the rental value of this property, after deduction of the dwelling costs actually paid. The income included in the 2014 SILC survey refers to the year 2013. This imputed rent is not calculated in all countries; it is not taken into account in the equalised disposable income for European comparisons.

Disposable income: Disposable income is calculated by deducting the compulsory expenditure from gross income, i.e. social security contributions, taxes, basic health insurance premiums, alimony paid and other maintenance payments paid to other households.

Equivalised disposable income: The equivalised disposable income is calculated from the disposable income of each household divided by the number of persons it consists of by means of the household equivalence scale. In order to take into account economies of scale (a family of four does not have to spend four times more than a single person to ensure the same standard of living), a weight of 1.0 is assigned to the oldest person in the household, a weight of 0.5 to all other persons aged 14 and above and a weight of 0.3 to each child aged under 14 (these values correspond to the OECD's new equivalence scale); the "equivalence size" of the household is equal to the total values assigned to the people in that household. For European comparisons, the equivalised disposable income is expressed in **standard purchasing power (SPP)**, a monetary unit that eliminates differences in price levels between countries. With one SPA the same volume of goods and services can be bought in all countries. This unit enables the comparison of economic indicators between countries.

Poverty: There are two approaches for defining monetary poverty: the absolute and the relative approach. The poverty rate based on an "absolute" threshold: People are considered to be poor if they do not have the financial means to buy goods and services that are necessary for a socially integrated life. The poverty threshold used is based on guidelines from the Swiss Conference for Social Welfare (SKOS). It consists of a fixed amount to cover living expenses, individual housing costs as well as CHF 100 per month per person aged 16 or over for additional expenses. The *at-risk-of-poverty rate* refers to the relative approach: people are considered at risk of poverty if they live in a household whose financial resources (excluding capital stock) are considerably lower than the usual level of income in the country under consideration. Poverty is, therefore, seen as a form of inequality. The European Union has fixed the risk-of-poverty threshold at 60% of the median equivalised household income.

S80/S20 ratio: The S80/S20 ratio is the ratio between the total income of the richest 20% and that of the poorest 20%. It is an indicator of inequality of distribution of income in a given society. The higher it is, the greater the inequality of income distribution. A ratio of 4, for example, shows that the total income of the wealthiest persons is four times greater than that of the poorest. It is calculated on the basis of the equivalised disposable income.

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New publication:

Poverty and material deprivation, Results from 2007 to 2014, order number 1379-1400.

Price: free of charge

Publication orders, tel.: +41 32 71 36060; fax: +41 32 71 36061 email: order@bfs.admin.ch

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Online:

Further information and publications in electronic form are available on the FSO homepage:

www.statistics.admin.ch > Topics > Economic and social situation of the population

Statistics counts for you. www.education-stat.admin.ch

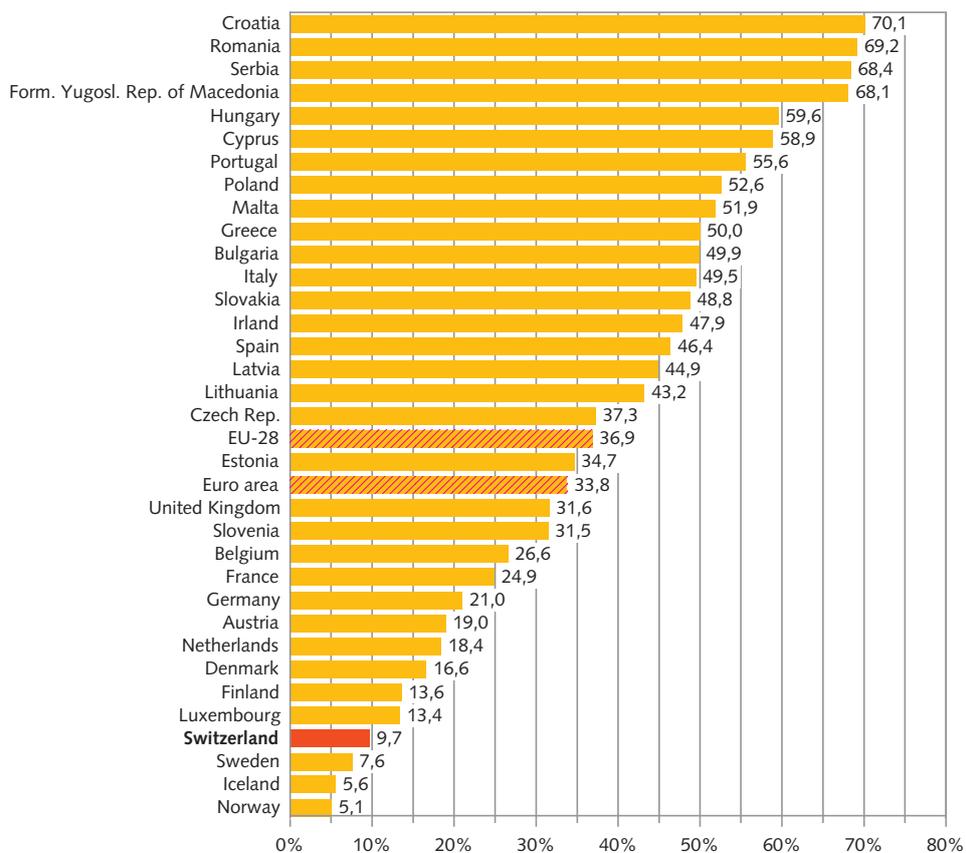
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Percentage of people living in a household who could not afford paying for one week annual holiday away from home, in 2014



Source: EU-SILC 2014, Eurostat (05.04.2016 version)