

# The effects of Minimum Income schemes on the working-age population in the European Union

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## **Strand 8: Social Assistance Schemes (either 8.1 or 8.2)**

### **ABSTRACT**

The purpose of this paper is to explore and compare the effectiveness of Minimum Income (MI) schemes in the European Union in protecting people of working age from poverty. These are the cash benefits of “last resort” that are intended to provide a minimum level of support. Using the EU-wide microsimulation model EUROMOD, we present the methodological steps necessary to investigate two issues. The first is the adequacy of the MI schemes in relation to the level of income achieved (a) by other people, (b) in other countries, and (c) relative to the national poverty threshold. The second issue is coverage: whether the minimum level of income is in fact guaranteed, or whether there are groups of working age people who do not qualify for one reason or another.

Previous comparative studies on the effects of MI benefits have tended to rely on comparisons of the effects on stylised families or analyse survey data directly. However, using EUROMOD it is possible to capture the full range of individual and household circumstances, to identify each MI benefit separately, to identify the relevant MI assessment unit and the role of other household income in protection against poverty. It also makes possible the use of a comparable approach across countries in the simulation of the entitlements to MI schemes, which generally provide an upper bound on the likely actual effects of MI schemes.

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