Developing Malta's retirement standards of living

A supplementary paper prepared for the 2025 Pension Strategy Group (PSG) report

Reference: Paper 2

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Introduction

The timing of this analysis is important from both a policy and practice perspective. As populations age and life expectancy increases, ensuring an adequate standard of living in retirement has become a pressing policy challenge. One approach to defining and measuring what constitutes an acceptable post-work income is the use of Minimum Income Standards (MIS) and Reference Budgets (RBs). These frameworks provide a structured way to assess the financial resources required for retirees to meet essential needs and maintain a socially acceptable quality of life.

The Minimum Income Standard is developed through a combination of expert analysis and public consultation, identifying a socially negotiated threshold below which individuals or households would struggle to participate fully in society. Reference Budgets, similarly, outline the goods and services necessary for a decent standard of living, helping policymakers, researchers, and social planners quantify economic well-being. Recognizing their importance, institutions such as the European Commission have emphasized the role of reference budgets in defining social inclusion and poverty thresholds, highlighting their relevance in shaping national policies on social protection and retirement security (European Commission, 2021).

At the European level, the European Pillar of Social Rights has reinforced the need for adequate minimum income schemes, with the European Commission advocating for stronger policy frameworks to ensure economic dignity in old age. The Commission has also funded initiatives such as the European Reference Budgets Network, which supports the development of national benchmarks for a decent living standard, including for retirees. Similarly, the International Labour Organization (ILO) has underscored the necessity of adequate pensions and social protection floors to safeguard older populations from poverty and social exclusion (ILO, 2018).

Applying these frameworks to retirement planning is crucial in the context of demographic shifts, rising living costs, and the evolving nature of pensions and social security systems. By establishing clear benchmarks for minimum retirement income, MIS and RBs can inform public policy, guide financial planning, and support efforts to reduce poverty and inequality among older adults.

This paper explores the role of Minimum Income Standards and Reference Budgets in shaping retirement living standards, examining their methodological foundations, practical applications, and implications for policy development. In doing so, it seeks to contribute to the ongoing discourse on ensuring financial security and dignity in later life.

The long view

Research into reference budget standards has a long history, predating Seebohm Rowntree's influential study in York in 1899 and subsequent surveys in 1935–37 and 1950. These studies have sparked considerable debate within social policy (Veit-Wilson, 1986; Harris, 2000; Glennerster et al., 2004). However, the foundations for such research were already established by earlier pioneers who developed budgetary methods and measurement practices that remain largely intact today. The study of family budgets to assess living standards has been a core component of social policy research, dating back to the emergence of social science itself (Deeming, 2010). The British tradition of empirical social inquiry, rooted in 17th-century budgetary studies, evolved further in the 19th century, when public health advocates used budget standards alongside advances in dietetics to address social concerns.

Budget research in Britain has developed through five key phases. The earliest efforts, in the late 1600s, involved rudimentary estimations by William Petty and Gregory King, who attempted to quantify the incomes of typical workers despite fluctuations in wages and employment. By the late 18th century, researchers such as David Davies and Frederick Morton Eden introduced more systematic household budget surveys, directly analyzing family income and expenditures. They assigned monetary values to market goods to compare earnings with living costs, and Davies even proposed a minimum wage law linked to bread prices.

The 19th century saw further methodological advances, particularly in the application of scientific knowledge to social research. Edward Smith's pioneering survey established a minimum subsistence standard based on nutritional value, preceding the more famous studies of Charles Booth and Rowntree. His work reflected contemporary concerns about malnutrition in industrial England. Other significant inquiries followed, including those by Henrietta Barnett in East London (1886) and Booth's extensive study, *Life and Labour* (1889), which documented poverty in the East End. Before Rowntree's *Poverty: A Study of Town Life* (1901), a collection of 30 family budgets had already illustrated the economic hardships of working families.

By the late 19th century, British social investigators had established poverty thresholds across different social groups, though the precision of their cash budget estimates remained questionable. Budget surveys thrived in Britain until the mid-20th century, benefiting from Arthur Bowley's advancements in statistical sampling, which improved population representation. Over time, national budget surveys replaced local ones, with government officials conducting large-scale data collection. During this period, secondary analyses of official data became a key method for assessing income adequacy and poverty, exemplified by Peter Townsend's early advocacy for minimum income standards for healthy living (Townsend, 1962; Deeming, 2011a).

By the 1960s, researchers widely recognized that income constrained household spending, as demonstrated by Brian Abel-Smith and Townsend in *The Poor and the Poorest* (1965). To address circular reasoning in income adequacy assessments, social researchers such as David Piachaud and Jonathan Bradshaw later helped revive interest in budget standards. Their work integrated emerging theories of 'basic needs' and 'capabilities,' incorporating insights from health research and international human rights frameworks (Deeming, 2005a). These theoretical developments broadened the definition of 'basic' needs, shifting the focus from mere subsistence to a socially acceptable standard of living.

The modern era

At the start of the 21st century, budget standards research in the UK was highly active, with three university-based teams employing distinct methodologies. A report for the Zacchaeus 2000 Trust (2004) and a comparative analysis in the Journal of Social Policy (Deeming, 2005a) outlined these differing approaches:

- The Low Cost but Acceptable (LCA) and Modest but Adequate (MBA) methods tracked societal consumption patterns, influenced by Peter Townsend's (1979) theory of relative deprivation, emphasizing that no one should be left behind (Bradshaw, 1993a, 1993b; Parker, 1998, 2000; Ambrose, 2003).
- The Minimum Incomes for Healthy Living (MIHL) framework was grounded in public health evidence, advocating that everyone should have the means to maintain a healthy life (Morris et al., 2000, 2005, 2007).
- The Consensual Budget Standards (CBS) method, developed at the University of Loughborough, relied on focus groups, reflecting the democratic necessity of consensus in defining minimum income standards (Dobson & Middleton, 1998; Middleton, 2000; Smith et al., 2004).

This period saw significant research innovation, with NGOs urging the government to adopt minimum income standards. A delegation met Prime Minister Tony Blair in September 2003 to push for policy action (Zacchaeus 2000

Trust, 2004). However, political opposition arose, with policymakers criticizing the lack of a unified approach (DWP, 2003; Kennedy & Townsend, 2004; POST, 2015). This scepticism contributed to the rejection of reference budget standards in the UK's 2002–03 review of child poverty measures and a similar policy review in Australia (Deeming, 2005a, 2011b). Unexpectedly, Deeming's own work, intended to evaluate methodologies, was used to discredit budget standards research. The Harmer Review (2009) echoed the UK government's stance, arguing that methodological differences and subjective assumptions led to inconsistent findings (Deeming, 2005a).

While LCA, MIHL, and CBS never claimed to define an identical living standard, comparisons between them were difficult because of differences in household group representation and contextual variation (Deeming, 2009, 2011b). Recognizing the need for political consensus, Deeming (2005a) advocated an integrated approach in Minimum income standards: How might budget standards be set for the UK? He also reached out to Joseph Rowntree Foundation (JRF) CEO Julia Unwin, highlighting the policy challenges and the need for greater collaboration.

In response, the JRF established a Minimum Income Standards (MIS) research team in 2006, led by Sue Middleton and Jonathan Bradshaw. The expert advisory group included Deeming, Robert Walker, and John Veit-Wilson, all of whom had championed consensual poverty measurement methods (Walker, 1987; Veit-Wilson, 1987). The new MIS approach combined public deliberations with expert input, aligning with WHO recommendations on ensuring sufficient resources for health and social participation (CSDH, 2008; Morris & Deeming, 2004).

The initial MIS study (Bradshaw et al., 2008) successfully merged multiple perspectives, integrating elements from CBS, LCA, and MIHL, with further guidance from national and international frameworks (Marmot Review, 2010). Over the following decade, research output from the MIS team at Loughborough University expanded, influencing studies across various countries. Meanwhile, alternative traditions emerged in different national contexts, alongside evolving pan-European and cross-national approaches to budget standards research.

The consensual budget (citizen-led) standard approach

The Minimum Income Standard (MIS) approach differs from expert-led or expenditure-based models by employing a 'bottom-up' methodology, prioritizing public consensus over expert prescriptions (Padley & Shepherd, 2019). Instead of analyzing spending patterns or expert recommendations, MIS engages the public in deliberative focus groups to define and agree upon the necessities for a given standard of living (Davis et al., 2017).

Developed by the Centre for Research in Social Policy, MIS seeks to establish a socially acceptable minimum living standard, reflecting what the public believes everyone should attain (Davis et al., 2018a). Individuals discuss the needs of those in similar life circumstances—retired individuals determine what retired people need, while working-age adults without children do the same for their demographic. This method not only defines the income required for a minimum standard of living but also provides a rich qualitative description of that standard.

MIS is rooted in the idea that living standards should be determined by society itself, not solely by experts or policymakers (Valadez-Martínez et al., 2017). This aligns with Townsend's (1979) perspective that poverty should be understood in relative terms—defined by customary social norms rather than fixed subsistence levels. While universal human needs exist (Doyal & Gough, 1991; Max-Neef, 1992; Nussbaum, 2000), the MIS approach contextualizes these within specific societies, translating them into essential goods and services.

A key distinction between MIS and conventional poverty measures is its participatory nature. Whereas poverty lines offer indirect assessments of well-being, MIS is built through consensus, ensuring a dignified standard of living beyond mere subsistence. It acknowledges the importance of non-material needs such as social participation and community engagement, echoing Sen's (1999) argument that wealth's value lies in what it enables individuals to achieve.

To operationalize a socially constructed definition of a minimum standard, the MIS process includes multiple rounds of focus groups, ensuring iterative refinement of what is considered essential. Different groups focus on different household types, with consensus reached through discussion and negotiation. Disagreements are resolved as subsequent groups refine previous conclusions (Davis et al., 2015). This iterative approach ensures broad agreement and minimizes outlier opinions, leading to a well-rounded definition of a dignified standard of living.

Ultimately, MIS provides a publicly driven framework that challenges traditional expert-led methods, offering a socially legitimate benchmark for reducing inequalities and ensuring a minimum standard of living that is both adequate and widely accepted.

Expert-led approach to defining income

Expert-led approaches to defining living standards rely on specialist knowledge rather than lived experience, with experts from various fields—such as nutritionists or health specialists—determining the goods and services required for different levels of living standards (Padley & Shepherd, 2019). These experts create "living standard baskets," which are then costed to estimate the income necessary for varying living conditions, such as ‘Level A’ or ‘Level B.’ However, because these assessments are based on theoretical assumptions rather than direct experience, they may not fully align with public perceptions of what constitutes an acceptable or comfortable retirement.

The normative budget tradition follows a similar expert-driven methodology to define minimum income and living standards, drawing on scientific and social research to establish essential human needs (Deeming, 2017). Historically, this approach was influenced by medical and dietary standards in the 19th century, later expanding to include broader social needs such as housing and social participation (Dean, 2010; Doyal & Gough, 1991). Researchers in this tradition develop reference budgets, which outline the specific goods and services required to meet these needs. However, a major challenge has been the lack of coordination between national studies, with each country using distinct methodologies and criteria. Recent efforts, such as the ImPRovE project, aim to address this issue by creating cross-nationally comparable reference budgets for European countries, providing a standardized framework for defining minimum living standards (Storms et al., 2014).

To ensure validity, expert-led approaches undergo a process of public acceptability testing, which may include comparisons with household expenditure data or focus group discussions (Morris & Deeming, 2004; Deeming, 2009). While these methods help refine the reference budgets, they remain rooted in theoretical assessments rather than direct public consensus. Although the universal nature of human needs allows for the construction of broad minimum standards, variations in social norms and economic conditions influence how these needs are met across different countries. Researchers argue that harmonizing methodologies across nations could create consistent and comparable minimum standards while still accounting for local differences in expectations for well-being and social participation.

Unlike the Minimum Income Standard (MIS) approach, which takes a bottom-up perspective by building consensus on socially acceptable living standards through public deliberation, expert-led methods prioritize scientific objectivity and normative human needs. While MIS reflects societal values and lived experiences, expert-driven approaches focus on theoretical and medical guidelines, which may result in less public legitimacy in defining what constitutes an adequate standard of living (Padley & Shepherd, 2019).

Top-down expenditure (survey-led) approach

One method for determining required income levels in retirement is based on analyzing expenditure data, under the assumption that individuals' spending patterns reflect what is necessary for a given living standard (Padley & Shepherd, 2019). This approach examines spending habits within specific income percentiles to estimate different levels of living standards. For instance, the leisure expenses of those in the 30th to 40th income percentile could define 'Level A,' while those in the 50th to 60th percentile could define 'Level B.' By applying this method across various expenditure categories, a weekly budget for different living standards can be calculated.

However, this approach does not establish a clear or defined description of what these living standards entail. While it provides insight into average spending patterns, it does not explain why certain expenditures are necessary for a particular quality of life. As a retirement planning tool, these budgets can indicate the income required for different standards of living, but they lack a detailed depiction of the lifestyle that retirees could expect at each income level. Table 1 provides a description of the varying characteristics of the different approaches utilised to determine the reference basket of goods (and expenditure).

	EXPERT-LED	**CITIZEN-LED**	**SURVEY-LED**
WHO IS 'EXPERT'	Scientist/Social Scientist.	Citizen.	Social Scientist.
KEY VALUES/EMPHASIS	Human needs.	Social participation.	Social inclusion.
STANDARDS	Scientific consensus, human needs standard.	Public consensus, publicly acceptable social standard.	Statistical consensus, adequate social standard.
VALIDITY	Scientific, situated in knowledge and understanding of human needs.	Participatory or deliberative democratic, situated in public understanding and the reported experience of citizens.	Scientific, situated in knowledge and understanding of social necessity.
RELIABILITY	High, measure is likely to be consistent across populations but may change across time	Low, as the measure is not designed to be consistent outside the local context in which it was generated.	High, measure is likely to be consistent and comparable across

	(with new knowledge).		populations and time.
GENERALISABILITY	Aims to produce highly generalisable standards across country contexts, with strengths in cross-national comparability.	Aims to produce relative standards grounded in local and national contexts. Methods are generalisable, but standards from one context should not be imposed on another.	Aims to produce relative but highly generalisable cross-national comparative standards.
STRENGTHS	Measuring, monitoring and ensuring a consistent minimum income standard or protection floor in Europe.	Monitoring and shaping national minimum income protection floors in European country contexts.	Measuring and monitoring European living standards and inequality levels across time.

Table 1: Distinguishing between different approaches of determining the reference basket of goods required for living (standard of living).

Chapter 2 – An international and comparative policy perspective on budget standard approaches

This chapter examines international case studies on budget income standards, analyzing how different nations develop and implement these benchmarks. These standards are critical in evaluating minimum living costs, setting social welfare thresholds, and shaping economic policies. The chapter explores various approaches, including government-led and independent frameworks, highlighting the cultural, economic, and political influences on income standards globally. It also considers their effects on social equity and well-being.

United Kingdom

In the United Kingdom, Jonathan Bradshaw reflects on his extensive research in budget standards, including the work of the Family Budget Unit (FBU) and the development of the Minimum Income Standard (MIS). While the FBU's research influenced policies, particularly under the Labour government, it also faced criticism from Conservative politicians. The MIS remains significantly above benefit levels and the poverty threshold, except for pensioners, as it was designed for social participation rather than as a poverty standard. More recently, efforts have been made to create a poverty indicator based on households living below 75% of the MIS.

Ireland

Ireland has a long history of family budget research, primarily led by the Vincentian Partnership for Social Justice. Bernadette Mac Mahon and Robert Thornton discuss the evolution of budget standards, from the Low-Cost but Acceptable (LCA) approach to the Minimum Essential Standards of Living (MESL), which aligns with the UK's MIS and the UN's definition of a minimum acceptable living standard. While social welfare payments do not fully cover MESL costs, the research has influenced policy discussions, particularly regarding Ireland's living wage calculations.

France

France's reference budget research, as outlined by Pierre Concialdi, has been shaped by the MIS approach since 2015, covering six family types. However, the guaranteed minimum income remains below reference budget levels for all groups. Despite this, reference budget research has yet to spark political action or widespread public debate in France.

Japan

In Japan, Aya K. Abe discusses how reference budget research has followed the MIS UK model. The first MIS Japan study was conducted between 2010 and 2013 and repeated in 2017. While the research has contributed to political discussions on social security, it has not led to policy changes. The shift in political power from the Democratic Party to the more conservative Liberal Democratic Party in 2012 likely contributed to this lack of momentum for reform.

Singapore

Kok-Hoe Ng et al. conducted Singapore's first MIS study in 2018, focusing on older adults. The study used the term "basic" instead of "minimum" to emphasize adequacy rather than austerity. The research revealed that existing pension and transfer schemes were inadequate, with many older Singaporeans living on incomes around half the socially acceptable standard. The study accounted for Singapore's ethnic diversity and unique housing system, adapting the UK MIS model accordingly.

South Africa

South Africa presents unique challenges for MIS research due to cultural and economic disparities. Gemma Wright, Matt Padley, and Wanga Zembe-Mkabile discuss the difficulties of defining a "minimum" or "decent" standard of living in a country with vast inequalities and diverse ethnic backgrounds. The study also faced ethical challenges, such as bringing together participants from vastly different socioeconomic backgrounds. Despite these obstacles, the research offers valuable lessons for applying budget standards in diverse and unequal societies.

Finland

In Finland, Anna-Riitta Lehtinen and Kristiina Aalto have worked on consensual reference budgets, first developed in 2010 and updated in 2018. The approach combines public focus group discussions, homework diary assignments, and expert reviews to ensure reliability. The research has gained significant attention from policymakers and the media. However, findings show that only pensioner incomes meet reference budget standards, while other social benefits fall about 70% short.

Belgium

Belgium's reference budget research, discussed by Bérénice Storms, provides a monetary benchmark for adequate social participation. Established in 2008, the program follows human needs theories and expert deliberations, later validated through focus groups. The research has gained significant traction, with policymakers and local authorities using reference budgets to guide financial assistance and social service provision.

Australia

Australia has a long history of family budget research, with significant contributions from the Social Policy Research Centre. Peter Saunders charts the evolution of budget standards, including four major studies from the 1990s to the 2010s. His recent work focuses on the Minimum Income for Healthy Living (MIHL), which integrates public health knowledge and focus group input. Interestingly, MIHL budgets closely resemble the low-cost budget standards from the 1990s. Saunders emphasizes that budget standards serve as rough adequacy benchmarks and should be used alongside other living standard measurements. Despite differences across studies, recurring challenges highlight the complexities of defining minimum income thresholds over time.

Spain

Irene Cussó-Parcerisas, Elena Carrillo Álvarez, and Jordi Riera Romaní estimate the costs of being a child in Catalonia within the ImPRovE project. Reference budgets are developed using expert guidelines, literature, and national adaptations. Prices are assigned, and focus groups, including children, assess acceptability. Children's perspectives enhance reliability—one child notes that lacking a computer can lead to school exclusion. Costs rise with age except for clothing.

Netherlands

J. Cok Vrooman, Benedikt Goderis, Stella Hoff, and Bart van Hulst develop two reference budgets for poverty measurement: a 'basic needs' budget covering essential expenses and an MBA budget including social participation. Experts, administrative data, and expenditure surveys inform the budgets. The MBA criterion indicates 6% of the Dutch population lived in poverty in 2016, while the stricter 'basic needs' threshold shows 4%.

Norway

Marthe Hårvik Austgulen and Elling Borgeraas use an expert-led approach to define an 'acceptable' budget for Norway, determining quantities, quality, and prices of household goods. The work is widely used by policymakers but has caused conceptual confusion when misinterpreted as a 'minimum' rather than an ‘acceptable’ budget. This reflects ongoing challenges in reference budget research.

Denmark

Jens Bonke and Anders Eiler Wiese Christensen develop Danish minimum reference budgets following the LCA approach. Updated in 2015, these budgets outline a modest but socially adequate life. Expert groups define necessary requirements. Comparisons with Norwegian budgets show Norway’s budgets as more generous, particularly for food, while Denmark allocates more to leisure, reflecting national expert judgments.

Sweden

Malin Lindquist Skogar and Ingrid Eriksson analyze Swedish Consumer Agency’s ‘reasonable living expenses’ reference budgets. Expert-led, these budgets balance basic needs with reasonable consumption. They inform governmental income support decisions, municipal budgeting, household financial planning, and banking policies. Statistical and survey data shape expenditure norms.

Slovenia

Nada Stropnik explores Slovenia’s three expert-led approaches for defining minimum income standards. Early reference budgets were based on expert deliberations and expenditure surveys. In 1994, a new method based on the Orshansky ‘food-share’ approach was adopted. Slovenia’s poverty thresholds closely align with the EU’s ‘at-risk-of-poverty’ standard. Stropnik discusses Slovenia’s role in the EU pilot project on reference budget methodologies.

Portugal

José A. Pereirinha, Elvira Pereira, Francisco Branco, Dália Costa, and Inês Amaro compare the MIS and ImPRovE approaches to estimating adequate income. MIS relies on focus groups, while ImPRovE is expert-driven. A comparison of food budgets shows higher costs under ImPRovE due to strict adherence to nutritional guidelines. MIS Portugal’s total budget is compared with minimum wages and social benefits, highlighting inadequacies in social protection.

Europe

Tim Goedemé examines cross-national research establishing reference budgets across EU member states for monitoring income adequacy. The ImPRovE project developed comprehensive budgets in six cities. Goedemé reflects on lessons learned, emphasizing benefits for social protection systems, policy-making, and research capacity while noting challenges in standardization.

Global

Matt Padley and Abigail Davis discuss applying the MIS approach globally. Defining minimum living standards requires cultural adaptation. The MIS method reflects national values and norms, but interpretations vary. Research in Mexico, Singapore, and South Africa shows the concept of ‘minimum’ is culturally relative. In Mexico, ‘la vida Digna’ emerged as a more appropriate framing.

Chapter 3 – An assessment of the local context

This section focuses on the assessment of local studies concerning family budgets required to achieve a decent standard of living. By examining this research, we gain insight into the economic, social, and cultural factors that influence the cost of basic needs for families. These local studies provide a detailed understanding of the minimum income needed to cover essential expenses, such as housing, food, healthcare, and education, offering a clearer picture of financial pressures at the community level. This analysis also helps inform policy decisions aimed at supporting family well-being and reducing poverty. The section specifically assesses the work and studies conducted by CARITAS and the General Workers' Union.

CARITAS 2016, 2020 and 2024 Reports

Over the past decade, Caritas has conducted a series of studies titled the Minimum Essential Budget for a Decent Living (MEBDL), aimed at identifying and pricing a basket of goods and services necessary for various low-income household types to maintain a basic yet dignified quality of life. Table 2 compares the baskets and methodologies applied in the most recent CARITAS reports, including the 2016, 2020, and 2024 versions.

Category	***CARITAS 2016***	***CARITAS 2020***	***CARITAS 2024***
General Description	Literature reviews and market analysis to define minimum living standards.	Four-stage methodology including literature review, stakeholder interviews, and COVID-19 impact analysis.	Regulatory and investigative approach, considering socio-economic inequality.
Definition of Basket	Focused on "living simply" and "with dignity" using research-based definitions.	Emphasized sustainability and resource constraints.	Based on MESL 2020 methodology, ensuring access to essential goods.
Determining the Basket and Method of Assessment	Used health, social, and economic factors with focus groups and price surveys.	Applied cost-minimization principles using multiple data sources.	Relied on MESL 2020 pricing strategies and considered inflation impacts.
Items Included and Method of Assessment	Covered food, clothing, housing, transportation, health, and education.	Updated to reflect modern needs, including digital services.	Retained MESL 2020 categories, adjusted for inflation and market conditions.
Items Not Included	Luxury goods, alcohol, tobacco,	Same exclusions as 2016.	Same exclusions as previous reports.

	high-end electronics, and entertainment.		
Household Types	Considered diverse household compositions.	Included elderly and disabled individuals.	Adjusted to reflect 2017 household survey data, focusing on families with school-aged children.

Table 2: Methodologies of CARITAS reports for the years 2016, 2020 and 2024.

Furthermore, Table 3 compares the expenditure line items reported in the most recent CARITAS reports, including the 2016, 2020, and 2024 versions.

Category	*CARITAS 2016*	*CARITAS 2020*	*CARITAS 2024*
Food (Expenditure)	7-day menu based on WHO and local Health Promotion guidelines; three daily meals and two snacks. No special dietary requirements.	Similar to 2016 but emphasizes calorie and nutrient balance.	Retains 2012 menu with minor updates; includes sustainability principles like local, seasonal ingredients.
Food (Subsidization)	FEAD scheme provides free food for eligible low-income households.	FEAD and SFFD provide food packages throughout the year.	Transitioning to ESF+ Project by 2025, distributing food packages to 3,000 households.
Clothing (Expenditure)	Includes basic seasonal wear and footwear; data from 2008 HBS.	Similar to 2016 but updated using 2015 HBS data.	Introduces capsule wardrobes with thrift shopping, reducing costs by 75%.
Clothing (Subsidization)	No subsidization.	No subsidization.	No subsidization.
Personal Care (Expenditure)	Includes hygiene and grooming items, plus a monthly salon visit for adults and children.	Same as 2016 with updated prices.	No changes from 2020.
Personal Care (Subsidization)	No subsidization.	No subsidization.	No subsidization.
Health (Expenditure)	Covers non-subsidized medicine and medical services; additional costs for elderly care.	Divided into medicines and medical services; accounts for private GP and dental visits.	Adds vitamin supplements and incontinence aids for elderly, recognizing their high costs.
Health (Subsidization)	Free medical aid under the Pink Card, covering pharmaceuticals and some services.	Same as 2016, with additional details on eligibility.	Maintains previous subsidies but adds provisions for supplements and GP visits.
Household Goods & Services (Expenditure)	Includes furniture, appliances, detergents, electricity, water, gas, and communication.	Adds a laptop, Wi-Fi router, and air conditioner.	Increases usage assumptions for appliances and

			internet to reflect current lifestyles.
Household Goods & Services (Subsidization)	Energy Benefit for low-income households, reducing electricity and LPG costs.	Updated Energy Benefit with higher income eligibility.	Further updates to Energy Benefit, increasing maximum assistance for gas and utilities.
Education, Culture & Gifts (Expenditure)	Covers school-related costs but excludes leisure, cultural activities, and gifts.	Adds allowance for cultural activities and introduces a laptop for students.	Increases gift allocation and cultural allowances; assumes grandparents contribute to school expenses.
Education, Culture & Gifts (Subsidization)	State provides free schoolbooks and transport for children.	Adds grants for stationery, uniforms, and extracurricular activities.	Expands eligibility under Scheme 9 for educational support.
Transport (Expenditure)	Excludes private car; assumes use of public transport.	Same as 2016.	Adds an allowance for taxis and special transport needs.
Transport (Subsidization)	Elderly receive subsidized Tal-Linja public transport cards.	Same as 2016.	No transport subsidies included.
Housing (Expenditure)	Assumes renting at a subsidized rate.	Assumes social housing or subsidized rent.	Updates rent calculations based on new 2024 housing policies.
Housing (Subsidization)	Subsidies based on income and family status.	Updates eligibility criteria and subsidy amounts.	Further updates rent calculations based on demand and income levels.
Running a Private Car	Estimated cost: €1,000 annually.	Updated to €1,500 annually.	Revised back to €1,000 annually.
Commercial Rent	Additional €284/month for private rental.	One-bedroom: €700/month, two-bedroom: €800/month.	Updated based on 2023 HA report, with higher rental costs.
Eating Out	Assumed to replace home meals, increasing food costs by 2-3%.	Considered as an add-on expense rather than a substitute.	Includes monthly meal delivery and café visits, increasing costs.

Table 3: Components included in the baskets of living determined by the CARITAS reports for the years 2016, 2020 and 2024.

Going forward, CARITAS provides estimates of both a basic and an augmented basket of goods for living. The Basic Basket includes essential items such as food, clothing, personal care, health, education, household goods, transport, and housing. The Augmented Basket accounts for additional expenses such as dining out, owning a private car, unsubsidized rent, and pet care. Specifically, Table 4 provides a detailed breakdown of expenditure items across the 2016, 2020, and 2024 MEBDL reports, highlighting the costs associated with maintaining a decent standard of living for three household types:

1. Two Adults and Two Children
2. Lone Parent with Two Children
3. Elderly Couple (65+)

Table 4 shows a marked rise in the cost of living for an elderly couple (65+) between 2016, 2020, and 2024. The total basic basket more than doubled over this period, rising from €6,527 in 2016 to €14,533 in 2024. Food was a significant driver, with the seven-day-menu budget increasing from €2,945 in 2016 to €4,489 in 2024, a rise of roughly 52%. Clothing rose even more steeply in proportional terms: after dipping slightly from €303 to €272 between 2016 and 2020, garment spending surged to €1,293 in 2024 — more than four times its 2016 level. Personal care climbed from €616 to €967 over the period, while healthcare placed a growing burden on older households, with medicine and medical-care costs increasing from €185.08 in 2016 to €1,026.06 in 2024, and medical services alone rising from €0 to €180.

Housing showed a similar escalation, with private rent rising from €197 in 2016 to €319 in 2020 and then to €1,415 in 2024, indicating that affordable, decent accommodation is becoming increasingly difficult to secure for those on fixed incomes. The 2020 and 2024 budgets also introduced more holistic provisions for older people, including laptops (€200 in 2020, easing to €150 in 2024), stationery and outings allowances (€104 from 2020), and gift allowances (€60 in 2020, rising to €120 in 2024), reflecting a broader definition of a decent standard of living. Within the augmented basket, private transport remained a major cost: the private-car budget fell from €984 in 2016 to €153 in 2020 before rebounding sharply to €1,846 in 2024, while eating out and take-away moved from €260 to €120 and then up to €624. Taken together, these additional costs pushed the total augmented basket from €11,371 in 2016 to €26,002 in 2024.

Main Category	*2 Adults, 2 Children*			*1 Adult, 2 Children*			*Elderly Couple (65+)*		
	2016	*2020*	*2024*	*2016*	*2020*	*2024*	*2016*	*2020*	*2024*
Food (7-day menu)	€ 6,211	€ 7,121	€ 10,676	€ 4,604	€ 5,168	€ 7,949	€ 2,945	€ 3,375	€ 4,489
Clothing (Garments)	€ 454	€ 409	€ 1,917	€ 404	€ 363	€ 1,258	€ 303	€ 272	€ 1,293
Clothing (Footwear)	€ 322	€ 293	€ 232	€ 237	€ 210	€ 167	€ 175	€ 160	€ 135
Personal Care	€ 760	€ 780	€ 1,107	€ 693	€ 711	€ 1,549	€ 616	€ 632	€ 967
Health (Medicines & Medical Products)	€ 236	€ 307	€ 373	€ 164	€ 193	€ 287	€ 185	€ 413	€ 1,026
Health (Medical Services)	€ -	€ 60	€ 90	€ -	€ 60	€ 75	€ -	€ 180	€ 180
Furniture & Furnishings	€ 186	€ 205	€ 51	€ 184	€ 202	€ 109	€ 184	€ 202	€ 77
Appliances	€ 157	€ 154	€ 157	€ 157	€ 154	€ 1,415	€ 157	€ 154	€ 269
Maintenance and Repair (Material)	€ 160	€ 169	€ 106	€ 153	€ 161	€ 71	€ 153	€ 161	€ 2,610
Maintenance and Repair (Services)	€ 276	€ 284	€ 195	€ 276	€ 284	€ 286	€ 276	€ 284	€ 190
Laundry Detergents	€ 93	€ 70	€ 66	€ 78	€ 61	€ 53	€ 62	€ 47	€ 43
Non-Durable Goods	€ 145	€ 60	€ 88	€ 145	€ 60	€ 88	€ 73	€ 60	€ 88
Electricity	€ 156	€ 209	€ -	€ 140	€ 187	€ -	€ 136	€ 178	€ -
Water	€ 120	€ 120	€ 197	€ 95	€ 95	€ -	€ 70	€ 69	€ -
Gas	€ 120	€ 120	€ 100	€ 120	€ 120	€ 100	€ 140	€ 140	€ 90
Telephone/TV/Internet	€ 396	€ 360	€ 372	€ 396	€ 360	€ 372	€ 396	€ 360	€ 372
Smartphone	€ 268	€ 410	€ 530	€ 134	€ 205	€ 265	€ 268	€ 458	€ 578
Education (Stationary, School bag & outings)	€ 252	€ 498	€ 403	€ 252	€ 498	€ 403	€ -	€ 104	€ 104
Education (Uniforms)	€ 193	€ 193	€ 67	€ 193	€ 193	€ 67	€ -	€ -	€ -
Education (Laptop)	€ -	€ 400	€ 300	€ -	€ 400	€ 300	€ -	€ 200	€ 150
Cultural Activities	€ -	€ 240	€ 480	€ -	€ 180	€ 360	€ -	€ 120	€ 240
Gifts	€ -	€ 60	€ 120	€ -	€ 60	€ 120	€ -	€ 60	€ 120
Transport (Public & Taxi)	€ 744	€ 980	€ 171	€ 576	€ 668	€ 134	€ 192	€ 208	€ 97
Housing (Rent)	€ 197	€ 446	€ 1,424	€ 197	€ 446	€ 1,424	€ 197	€ 319	€ 1,415
Total Basic Basket	**€ 11,446**	**€ 13,947**	**€ 19,222**	**€ 9,197**	**€ 11,038**	**€ 16,852**	**€ 6,527**	**€ 8,157**	**€ 14,533**
Eating Out & Take-away	€ 520	€ 240	€ 1,032	€ 390	€ 180	€ 720	€ 260	€ 120	€ 624
Commercial Rent	€ 3,600	€ 9,154	€ 10,800	€ 3,600	€ 9,154	€ 10,800	€ 3,600	€ 8,081	€ 9,000
Private Car	€ 984	€ 153	€ 1,846	€ 984	€ 153	€ 1,846	€ 984	€ 153	€ 1,846
Total Augmented Basket	**€ 16,550**	**€ 23,493**	**€ 32,899**	**€ 14,171**	**€ 20,525**	**€ 30,218**	**€ 11,371**	**€ 16,510**	**€ 26,002**

Table 4: Basic and augmented baskets of goods for three different household compositions.

GWU – A proposal towards the definition of estimates of the National Living Income in Malta (2022)

The National Living Income Study provides an in-depth analysis of the economic conditions in Malta, focusing on determining the income required for a decent standard of living. The study explores the challenges associated with in-work poverty, rising living costs, and the effectiveness of current government policies, such as the minimum wage and social benefits. The research goes beyond mere survival metrics, instead proposing an income threshold that allows meaningful participation in society through access to leisure, savings, and the ability to plan for unforeseen circumstances.

The study follows a five-stage methodological approach, beginning with a literature review that examines existing concepts of living wages, relative poverty, and quality of life. It acknowledges past work on Minimum Essential Basic Decent Living (MEBDL), a concept introduced by Caritas Malta, but takes a broader approach by considering various household types instead of solely focusing on low-income families. The second stage involves secondary data analysis, using statistics from the European Union's Survey on Income and Living Conditions (EU-SILC) and Malta's National Statistics Office (NSO). By categorizing households based on size, composition, and income levels, this phase establishes a foundational understanding of income distribution and expenditure patterns in the country.

Following this, the study employs qualitative research methods, including interviews and focus groups, to gain deeper insights into the financial realities of Maltese households. The discussions cover essential living expenses such as housing, healthcare, education, transportation, food, and leisure. This stage reveals that many expenses previously regarded as non-essential—such as leisure activities and occasional dining out—are in fact crucial for ensuring social inclusion and mental well-being. The insights from this qualitative phase inform the next stage, a quantitative survey conducted across 1,000 households, with a 95% confidence level and a ±3.1% margin of error. The survey aims to quantify household expenditures and identify spending patterns across different income groups, helping to establish a reliable expenditure benchmark for determining the National Living Income (NLI).

To provide a more detailed perspective, the study (refer to table 5) categorizes spending into the following key areas:

Category	Expenditure Considerations
Housing	Rent, mortgage payments, utilities (electricity, water, internet), home maintenance
Food & Groceries	Supermarket purchases, dining out, special dietary needs
Healthcare	Doctor visits, prescriptions, private insurance, dental & vision care
Education	School fees, books, tutoring, extracurricular activities
Transportation	Public transport fares, fuel, car maintenance, road taxes
Leisure & Social	Hobbies, gym memberships, entertainment, vacations
Savings & Emergency Funds	Unexpected expenses, pension contributions, insurance

Table 5: GWU report breakdown of expenses.

The final stage involves the estimation of the NLI, which follows a detailed computational model. First, households are assigned equivalence scales to adjust for different family sizes, with the first adult given a weight of 1.0, additional adults 0.5, and children 0.3. The study then calculates household expenditure per equivalent individual and determines the income threshold needed for a decent life using the 40th and 50th percentiles of the expenditure distribution. This estimate is further adjusted for taxation and national insurance contributions, leading to the calculation of net and gross NLI figures. Finally, these figures are compared with actual income levels reported in secondary data sources to determine the proportion of households living below the NLI threshold.

Thus, the NLI Study provides a nuanced understanding of expenditure patterns across different household types. By considering actual household spending data, the report highlights how financial burdens vary according to demographics and living conditions. It provides a detailed breakdown of expenses incurred by different individuals and households, emphasizing how costs differ depending on household composition, age, employment status, and living arrangements. The report categorizes expenditure into key areas such as housing, food, healthcare, transportation, education, personal goods, leisure, and savings, recognizing that these costs are essential for maintaining a decent standard of living. Table 6 reports both median and mean expenditures for six main household categories, as well as for the general population. The estimates reflect the spending required to achieve a decent quality of life, rather than merely subsistence.

Household Type	*Estimated Expenditure Range (€ per annum)*
Single Adult (No Children)	€10,535 – €12,476
Adult Couple (No Children)	€15,802 – €18,715
Single Parent with One Child	€13,695 – €16,219
Single Parent with Two Children	€16,856 – €19,962
Two Parents with One Child	€18,962 – €22,457
Two Parents with Two Children	€21,078 – €26,018

Table 6: Median and mean expenditures for six main household categories.

Housing emerges as the most significant expense, especially for individuals and families who rent at market rates, as opposed to those who own property or benefit from subsidized housing. Single adults living alone face a higher individual financial burden, as they cannot share costs, making rent, utilities, and transportation more expensive relative to their income. In contrast, couples without children tend to split costs, allowing for more discretionary spending on leisure and entertainment. Single-parent households experience the highest financial strain due to the absence of a second income, combined with additional expenses for childcare, education, and food.

Families with dependent children allocate a substantial portion of their income toward housing, food, and education, while also facing rising transportation costs as their children grow. Meanwhile, elderly individuals, particularly pensioners, spend less on transportation and childcare but significantly more on healthcare, depending on their access to public or private medical services. The study also highlights geographic differences in expenditure, noting that individuals living in urban areas tend to spend more on rent and transportation, whereas rural households may have lower rent costs but higher commuting expenses due to limited public transport options.

The findings of the study indicate that a significant portion of Maltese households earn below the estimated National Living Income, meaning they struggle to maintain a decent standard of living. The research highlights key gaps in the current economic policies, particularly in the minimum wage, housing affordability, and social benefits. Notably, the study finds that current minimum wages and government support programs are insufficient in ensuring financial stability, particularly for single-parent households and families with dependent children.

One of the strengths of the study's methodology is its mixed-methods approach, which combines qualitative insights with quantitative rigor. The use of focus groups and interviews allows for a nuanced understanding of financial challenges, while the large-scale survey and secondary data analysis provide statistical validation of these experiences. However, a limitation of the study is its reliance on self-reported expenditure data, which may introduce bias or inaccuracies in responses. Additionally, while the equivalence scale method is widely accepted in economic research, it may not fully capture the complexities of household financial needs, particularly for families with special circumstances such as healthcare expenses or disabilities.

The study's conclusions suggest that urgent policy changes are required to address income insufficiency in Malta. Among the recommendations are increasing the minimum wage, expanding housing support, and enhancing social benefit schemes to better reflect actual living costs. Additionally, the research advocates for a more progressive tax structure to ensure that lower-income households are not disproportionately burdened. The report positions the National Living Income as a critical benchmark for shaping future economic policies, emphasizing the need for comprehensive reforms to improve financial security and overall well-being for Maltese citizens.

Overall, this study provides valuable insights into the economic realities of households in Malta, using a robust, multi-layered methodology to determine the income required for a decent life. It highlights the shortcomings of current policies and provides data-driven recommendations for addressing financial insecurity. Similar to CARITAS' baskets, by establishing the NLI as an economic benchmark, the study serves as a crucial resource for policymakers, labour unions, and social justice organizations advocating for fair wages and improved living conditions.

Comparison to a minimum essential budget (GWU Commenting on CARITAS)

The National Living Income (NLI) Study draws significant comparisons with the Minimum Essential Basic Decent Living (MEBDL), a study conducted by Caritas Malta to determine the minimum income necessary for low-income households to live with dignity. While both studies aim to define income adequacy, their scope, methodology, and conceptual frameworks differ significantly. Both approaches recognize that poverty is relative and that living standards should be evaluated within the social and economic context of Malta. However, while MEBDL focuses exclusively on low-income households, the NLI study includes a broader spectrum of household types, providing a more comprehensive economic analysis.

One of the key differences lies in how each study conceptualizes a "decent standard of living." MEBDL strictly defines this as the minimum necessary to meet basic needs, while NLI takes a more expansive approach, considering quality of life, social participation, and financial security. The NLI study explicitly incorporates leisure and savings, recognizing that these are essential components of economic well-being. By contrast, MEBDL focuses on survival needs, limiting its scope to basic food, clothing, healthcare, and housing expenses.

A fundamental distinction between the two studies is their methodological approach to estimating income adequacy. MEBDL uses a cost-based approach, in which researchers construct a predefined basket of goods and services to determine minimum living expenses. This method involves pricing a set of essential items such as food, clothing, rent, and transportation and then calculating the minimum income required to cover these costs. In contrast, NLI employs an expenditure-based approach, relying on actual household spending patterns gathered through surveys and secondary data analysis. By doing so, the NLI study captures variability in consumption habits and reflects the real-life financial decisions that households make.

Another critical difference is in how housing costs are factored into each study. MEBDL assumes that households rely on subsidized or rent-controlled housing, which significantly lowers its estimated income requirements. The NLI study, however, accounts for private market rents, leading to higher estimates of necessary income. This distinction is particularly relevant in Malta, where rising housing costs have become a pressing issue for both low- and middle-income families. Additionally, while MEBDL does not explicitly consider savings, NLI acknowledges that a truly decent standard of living should allow households to prepare for unexpected financial emergencies.

Table 7 summarizes the key methodological and conceptual differences between the two studies:

Feature	*MEBDL (2016, 2020, 2024)*	*National Living Income (NLI)*
Target Population	Low-income households	All income groups
Approach	Cost-based (fixed basket of goods)	Expenditure-based (real household spending)
Focus	Minimum essential needs	Decent standard of living
Housing Costs	Assumes public/subsidized housing	Includes private housing market rates
Savings Considered?	No	Yes
Leisure Included?	Limited	Yes
Flexibility in Expenditure	Rigid spending assumptions	Allows individual spending preferences

Table 6: Key methodological and conceptual differences between CARITAS and GWU reports.

The comparison reveals that NLI estimates tend to be higher than MEBDL estimates, particularly for households that rent on the open market or have additional financial obligations. MEBDL's Augmented Basket, which includes a private vehicle, occasional dining out, and market-rate rent, aligns more closely with NLI estimates. This suggests that even low-income households require more than MEBDL's baseline assumptions to achieve a realistic standard of living.

From a policy perspective, this comparison highlights several areas where economic interventions may be necessary. The NLI study suggests that existing wages and social benefits fall short of providing a truly adequate income, particularly for households with higher living costs. This aligns with previous findings that minimum wage policies and current social welfare programs are not sufficient to guarantee financial security. Given this, there is a strong case for raising the minimum wage, expanding affordable housing initiatives, and improving social benefit structures to better reflect actual household expenses.

In conclusion, while MEBDL provides a crucial benchmark for low-income households, the NLI study presents a broader and more inclusive economic framework. The MEBDL model is effective for identifying poverty thresholds, but NLI goes further by considering long-term financial stability, economic mobility, and a higher quality of life. By incorporating a wider range of income groups and expenditure categories, NLI provides a more accurate and flexible tool for shaping future economic policies. This broader perspective makes it an essential resource for policymakers, unions, and advocacy groups working toward a more equitable economic system in Malta.

Chapter 4 – Methodology, results & discussion

Data and framework for assessment

As this paper focuses specifically on the development of retirement living standards, the applied methodology builds its main estimates using pensioner costings from both the CARITAS reports (2016, 2020, and 2024) and the GWU report. Specifically, the assessment framework of this paper is composed of a three-stage process.

First, because CARITAS household expenditure for the single pensioner is not quoted in the report, expenditure data for different households are used to derive single-pensioner expenditure through cost-transaction matrices.

For ease of reference, cost-transaction matrices break down category-based expenditure, including food, clothing, personal care, health, household goods and maintenance, education and culture, transport, housing, and augmented-basket items, and attribute the costs of specific goods, such as garments, footwear, laptops, and uniforms, to specific household members.

Before this, the types of goods are defined by cost type, namely base, variable, or fixed cost. With reference to Table 8, the difference between fixed and base costs is that fixed costs do not vary according to the number of individuals in the household, while a base cost is linked to the type of household. This step provides the basis for allocating costs to household members according to household setting.

Specifically, Table 9 defines costings by type of household member and household setting. Secondly, component-specific costs are re-integrated according to their nature and then aggregated to form single-pensioner expenditure. Tables 10–12 provide the cost-transaction matrices for the CARITAS 2016, 2020, and 2024 reports. Furthermore, as the GWU report outlines individual annual expenditure for both single and couple pensioner households, no adjustments are required.

Main category	Item reference	Cost type
Food	7-day menu	Variable
Clothing	Garments	Variable
	Footwear	Variable
Personal Care	Personal care articles	Variable
Health	Medicines & medical care products	Variable
	Medical Services	Variable
Household goods & maintenance, laundry, care and services	Furniture & Furnishings (and textiles)	Variable
	Appliances	Base
	Maintenance and repair: Material	Variable
	Maintenance and repair: services	Base
	Laundry detergents	Variable
	Non-durable goods	Base
	Electricity	Variable
	Water	Variable
	Gas	Variable
	Telephone/TV/Internet	Base
	Smartphone	Variable
Education, Culture and gifts	Stationary, School bag & outings	Variable
	Uniforms	Variable
	Laptop	Fixed
	Cultural Activities	Variable
	Gifts	Variable
Transport	Public Transport	Variable
Housing	Rent	Fixed
Augmented basket	Eating out & take-away	Variable
	Commercial rent	Fixed
	Private car	Base

Table 7: Expenditure items by category (base, fixed and variable)

Type	Description
Adult	Variable costs that are linked to the number of adults within the household.
Child	Variable costs that are linked to the number of children within the household.
Pensioner	Variable costs that are linked to the number of pensioners within the household.
Base, all	A fixed cost that all types of households incur, i.e. irrespective of household composition.
Base, no 65+	A fixed cost that types of households with no pensioners incur, i.e. irrespective of household composition.
Base, 65+	A fixed cost that types of households with only pensioners incur, i.e. irrespective of household composition.
Base, 1 adult no 65+	A fixed cost that only the household with 1 adult, which is not a pensioner, incurs.
Base, 1 adult 65+	A fixed cost that only the household with 1 adult, which is a pensioner, incurs.

Table 8: Definition of costings by type of household member and household setting

		Cost-association matrix, 2016								
Main category	**Item reference**	**Adult**	**Child**	**Pensioner**	**Base, all**	**Base, no 65+**	**Base, no 65+ adjusted**	**Base, 65+**	**Base, 1 adult no 65+**	**Base, 1 adult, 65+**
Food	7-day menu	€ 1,607	€ 1,499	€ 1,472	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Clothing	Garments	€ 101	€ 101	€ 151	€ 0	€ 50	€ 0	€ 0	€ 101	€ 0
	Footwear	€ 85	€ 76	€ 88	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Personal Care	Personal care	€ 173	€ 173	€ 308	€ 0	€ 67	€ 0	€ 0	€ 173	€ 0
Health	Medicines & medical care products	€ 72	€ 46	€ 93	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Medical Services	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Household goods & maintenance, laundry, care and services	Furniture & Furnishings (and textiles	€ 46	€ 46	€ 92	€ 0	€ 2	€ 0	€ 0	€ 46	€ 0
	Appliances	€ 0	€ 0	€ 0	€ 157	€ 0	€ 0	€ 0	€ 0	€ 0
	Maintenance and repair: Material	€ 38	€ 38	€ 76	€ 0	€ 7	€ 0	€ 0	€ 38	€ 0
	Maintenance and repair: services	€ 0	€ 0	€ 0	€ 276	€ 0	€ 0	€ 0	€ 0	€ 0
	Laundry detergents	€ 20	€ 20	€ 31	€ 0	€ 15	€ 0	€ 0	€ 20	€ 0
	Non-durabale goods	€ 0	€ 0	€ 0	€ 0	€ 145	€ 145	€ 73	€ 0	€ 0
	Electricity	€ 35	€ 35	€ 68	€ 0	€ 16	€ 0	€ 0	€ 35	€ 0
	Water	€ 24	€ 24	€ 35	€ 0	€ 25	€ 0	€ 0	€ 24	€ 0
	Gas	€ 0	€ 0	€ 0	€ 0	€ 120	€ 120	€ 140	€ 0	€ 0
	Telephone/TV/Internet	€ 0	€ 0	€ 0	€ 396	€ 0	€ 0	€ 0	€ 0	€ 0
	Smartphone	€ 134	€ 0	€ 134	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Education, Culture and gifts	Stationary, School bag & outings	€ 0	€ 126	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Uniforms	€ 0	€ 96	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Laptop	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Cultural Activities	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Gifts	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Transport	Public Transport	€ 168	€ 204	€ 96	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Housing	Rent	€ 0	€ 0	€ 0	€ 0	€ 197	€ 197	€ 197	€ 0	€ 0
Total, Basic	**Sum of all products**	**€ 2,502**	**€ 2,484**	**€ 2,644**	**€ 829**	**€ 645**	**€ 462**	**€ 410**	**€ 437**	**€ 0**
Augmented basket	Eating out & take-away	€ 130	€ 130	€ 130	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Commercial rent	€ 0	€ 0	€ 0	€ 0	€ 3,600	€ 3,600	€ 3,600	€ 0	€ 0
	Private car	€ 0	€ 0	€ 0	€ 984	€ 0	€ 0	€ 0	€ 0	€ 0
Total, Augmented	**Sum of all products**	**€ 2,632**	**€ 2,614**	**€ 2,774**	**€ 1,813**	**€ 4,245**	**€ 4,062**	**€ 4,010**	**€ 437**	**€ 0**

Table 9: Cost-transaction Matrix, CARITAS 2016 report

		Cost-association matrix, 2020								
Main category	**Item reference**	**Adult**	**Child**	**Pensioner**	**Base, all**	**Base, no 65+**	**Base, no 65+ adjusted**	**Base, 65+**	**Base, 1 adult no 65+**	**Base, 1 adult, 65+**
Food	7-day menu	€ 1,954	€ 1,607	€ 1,687	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Clothing	Garments	€ 91	€ 91	€ 136	€ 0	€ 45	€ 0	€ 0	€ 91	€ 0
	Footwear	€ 83	€ 64	€ 80	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Personal Care	Personal care	€ 178	€ 178	€ 316	€ 0	€ 69	€ 0	€ 0	€ 178	€ 0
Health	Medicines & medical care products	€ 114	€ 39	€ 206	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Medical Services	€ 30	€ 0	€ 90	€ 0	€ 0	€ 0	€ 0	€ 30	€ 0
Household goods & maintenance, laundry, care and services	Furniture & Furnishings (and textiles	€ 51	€ 51	€ 101	€ 0	€ 2	€ 0	€ 0	€ 51	€ 0
	Appliances	€ 0	€ 0	€ 0	€ 154	€ 0	€ 0	€ 0	€ 0	€ 0
	Maintenance and repair: Material	€ 40	€ 40	€ 81	€ 0	€ 8	€ 0	€ 0	€ 40	€ 0
	Maintenance and repair: services	€ 0	€ 0	€ 0	€ 284	€ 0	€ 0	€ 0	€ 0	€ 0
	Laundry detergents	€ 15	€ 15	€ 23	€ 0	€ 9	€ 0	€ 0	€ 15	€ 0
	Non-durabale goods	€ 0	€ 0	€ 0	€ 60	€ 0	€ 0	€ 0	€ 0	€ 0
	Electricity	€ 47	€ 47	€ 89	€ 0	€ 22	€ 0	€ 0	€ 47	€ 0
	Water	€ 24	€ 24	€ 35	€ 0	€ 26	€ 0	€ 0	€ 24	€ 0
	Gas	€ 0	€ 0	€ 0	€ 0	€ 120	€ 120	€ 140	€ 0	€ 0
	Telephone/TV/Internet	€ 0	€ 0	€ 0	€ 360	€ 0	€ 0	€ 0	€ 0	€ 0
	Smartphone	€ 205	€ 0	€ 229	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Education, Culture and gifts	Stationary, School bag & outings	€ 0	€ 249	€ 52	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Uniforms	€ 0	€ 96	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Laptop	€ 0	€ 0	€ 0	€ 0	€ 400	€ 400	€ 200	€ 0	€ 0
	Cultural Activities	€ 60	€ 60	€ 60	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Gifts	€ 0	€ 0	€ 0	€ 0	€ 60	€ 60	€ 60	€ 0	€ 0
Transport	Public Transport	€ 312	€ 178	€ 104	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Housing	Rent	€ 0	€ 0	€ 0	€ 0	€ 446	€ 446	€ 319	€ 0	€ 0
Total, Basic	**Sum of all products**	**€ 3,202**	**€ 2,739**	**€ 3,290**	**€ 858**	**€ 1,208**	**€ 1,026**	**€ 719**	**€ 475**	**€ 0**
Augmented basket	Eating out & take-away	€ 60	€ 60	€ 60	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Commercial rent	€ 0	€ 0	€ 0	€ 0	€ 9,154	€ 9,154	€ 8,081	€ 0	€ 0
	Private car	€ 0	€ 0	€ 0	€ 153	€ 0	€ 0	€ 0	€ 0	€ 0
Total, Augmented	**Sum of all products**	**€ 3,262**	**€ 2,799**	**€ 3,350**	**€ 1,011**	**€ 10,362**	**€ 10,180**	**€ 8,800**	**€ 475**	**€ 0**

Table 10: Cost-transaction Matrix, CARITAS 2020 report

		Cost-association matrix, 2024								
Main category	Item reference	Adult	Child	Pensioner	Base, all	Base, no 65+	Base, no 65+ adjusted	Base, 65+	Base, 1 adult no 65+	Base, 1 adult, 65+
Food	7-day menu	€ 2,727	€ 2,611	€ 2,244	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Clothing	Garments	€ 314	€ 314	€ 646	€ 0	€ 659	€ 0	€ 0	€ 314	€ 0
	Footwear	€ 65	€ 51	€ 68	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Personal Care	Personal care	€ 387	€ 387	€ 484	€ 0	-€ 442	-€ 442	€ 0	€ 387	€ 0
Health	Medicines & medical care products	€ 86	€ 101	€ 513	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Medical Services	€ 45	€ 0	€ 90	€ 0	€ 0	€ 0	€ 0	€ 30	€ 0
Household goods & maintenance, laundry, care and services	Furniture & Furnishings (and textiles	€ 27	€ 27	€ 39	€ 0	-€ 58	-€ 58	€ 0	€ 27	€ 0
	Appliances	€ 0	€ 0	€ 0	€ 0	€ 157	€ 0	€ 0	€ 1,415	€ 269
	Maintenance and repair: Material	€ 18	€ 18	€ 1,305	€ 0	€ 35	€ 0	€ 0	€ 18	€ 0
	Maintenance and repair: services	-€ 91	€ 189	€ 95	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Laundry detergents	€ 13	€ 13	€ 22	€ 0	€ 13	€ 0	€ 0	€ 13	€ 0
	Non-durabale goods	€ 0	€ 0	€ 0	€ 88	€ 0	€ 0	€ 0	€ 0	€ 0
	Electricity	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Water	€ 0	€ 0	€ 0	€ 0	€ 197	€ 197	€ 0	€ 0	€ 0
	Gas	€ 0	€ 0	€ 0	€ 0	€ 100	€ 100	€ 90	€ 0	€ 0
	Telephone/TV/Internet	€ 0	€ 0	€ 0	€ 372	€ 0	€ 0	€ 0	€ 0	€ 0
	Smartphone	€ 265	€ 0	€ 289	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Education, Culture and gifts	Stationary, School bag & outings	€ 0	€ 202	€ 52	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Uniforms	€ 0	€ 34	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Laptop	€ 0	€ 0	€ 0	€ 0	€ 300	€ 300	€ 150	€ 0	€ 0
	Cultural Activities	€ 120	€ 120	€ 120	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Gifts	€ 0	€ 0	€ 0	€ 0	€ 120	€ 120	€ 120	€ 0	€ 0
Transport	Public Transport	€ 37	€ 49	€ 49	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Housing	Rent	€ 0	€ 0	€ 0	€ 0	€ 1,424	€ 1,424	€ 1,415	€ 0	€ 0
Total, Basic	**Sum of all products**	**€ 4,014**	**€ 4,115**	**€ 6,014**	**€ 460**	**€ 2,505**	**€ 1,641**	**€ 1,775**	**€ 2,205**	**€ 269**
Augmented basket	Eating out & take-away	€ 312	€ 204	€ 312	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
	Commercial rent	€ 0	€ 0	€ 0	€ 0	€ 10,800	€ 10,800	€ 9,000	€ 0	€ 0
	Private car	€ 0	€ 0	€ 0	€ 1,846	€ 0	€ 0	€ 0	€ 0	€ 0
Total, Augmented	**Sum of all products**	**€ 4,326**	**€ 4,319**	**€ 6,326**	**€ 2,305**	**€ 13,305**	**€ 12,441**	**€ 10,775**	**€ 2,205**	**€ 269**

Table 11: Cost-transaction Matrix, CARITAS 2024 report[1]

[1] Negative values included within tables 10-12 represent certain adjustments which compensate for interactions between specific categorisations of expenditure items within specific household combinations.

Secondly, the derived point annual expenditure estimates for CARITAS (2016, 2020, and 2024) and GWU are either projected or retrospectively adjusted for the five-year period from 2020 to 2024, inclusive. The base-year figures are projected or retrospectively adjusted for this period using the National Statistics Office (NSO) retail price ten sub-indices, namely food; beverages and tobacco; clothing and footwear; housing; water, electricity and gas; household equipment and household maintenance; transport and communication; personal health and care; recreation and culture; and other goods and services. Specifically, as shown in Table 13, the 2016 and 2020 reported figures are projected for the years 2020/1 to 2024, while the 2024 figure is retrospectively projected for the years 2020–2023.

Year reference	**CARITAS REPORTS**			**GWU Report**
	2016 Report	**2020 Report**	**2024 Report**	**2020 Report**
2020	Projected	Base	Retrospective	Base
2021	Projected	Projected	Retrospective	Projected
2022	Projected	Projected	Retrospective	Projected
2023	Projected	Projected	Retrospective	Projected
2024	Projected	Projected	Base	Projected

Table 12: Type of expenses by projection (base, projected or retrospective).

Lastly, the expenditure items are compared and contrasted against the income profiles of the seven (7) main types of pensioners in three different household compositions being:

a. Single Pensioner household, with one pension;
b. Couple Pensioner household, with one pension;
c. Couple Pensioner household, with two pensions.

Furthermore, for ease of comparison, all pensioner types are assumed to have retired in 2020 upon reaching 63 years of age, except for pensioners receiving the two-thirds pension who were born in the post-1962 period. Taking one step back, the pensioner types include:

i. Maximum two thirds pension, pensioner born in pre-62 period;
ii. Maximum two thirds pension, pensioner born in post-62 period;
iii. Guaranteed National Minimum Pension, pensioner age not relevant;
iv. National Minimum Pension, pensioner age not relevant;
v. National Minimum Invalidity Pension, pensioner age not relevant;
vi. National Minimum Widows Pension, pensioner age not relevant;
vii. Old age Pension, pensioner age not relevant;

In terms of income earned, aside from the applicable main pension benefit, the individual's pension income is used to derive, where applicable, other benefit income that the individual was expected to receive. Specifically, these other benefits include the cost-of-living bonus (CLBO), two-thirds of the March and September bonus or special weekly bonus (SPBO), the six-monthly bonus (6MBO), the additional cost-of-living allowance (ADCL), the supplementary allowance (SPA), and the additional supplementary allowance for individuals aged 65 and over. Furthermore, for the pre-1962 pensioner receiving the maximum two-thirds pension, it is assumed that the individual's pensionable income would also have exceeded the 2024 post-1962 MPI, resulting in an MPI and, therefore, a pension adjustment.

Combining different expenditure points & sources

This section provides a detailed breakdown of the evolution of the basic and augmented basket of goods for both single and couple pensioner households. Starting with the descriptive analysis, the following salient points can be derived from Figures 1–5:

i. Utilising the 2016 CARITAS point estimate as the base year;

   a. The basic basket for a single pensioner household in 2020 would have stood at €4,138 and increased to €4,871 by 2024;

   b. The basic basket for a couple pensioner household in 2020 would have stood at €6,956 and increased to €8,189 by 2024;

   c. The augmented basket for a single pensioner household in 2020 would have stood at €9,140 and increased to €10,684 by 2024;

   d. The augmented basket for a couple pensioner household in 2020 would have stood at €12,090 and increased to €14,131 by 2024;

ii. Utilising the 2020 CARITAS point estimate as the base year;

a. The basic basket for a single pensioner household in 2020 stood at €4,867 and increased to €5,717 by 2024;

b. The basic basket for a couple pensioner household in 2020 stood at €8,157 and increased to €9,580 by 2024;

c. The augmented basket for a single pensioner household in 2020 stood at €14,430 and increased to €17,731 by 2024;

d. The augmented basket for a couple pensioner household in 2020 stood at €17,780 and increased to €21,847 by 2024;

iii. Utilising the 2024 CARITAS point estimate as the base year;

a. The basic basket for a single pensioner household in 2020 would have stood at €7,185 and increased to €8,349 by 2024;

b. The basic basket for a couple pensioner household in 2020 would have stood at €12,447 and increased to €14,463 by 2024;

c. The augmented basket for a single pensioner household in 2020 would have stood at €16,219 and increased to €19,979 by 2024;

d. The augmented basket for a couple pensioner household in 2020 would have stood at €21,562 and increased to €26,560 by 2024;

iv. Utilising the 2020 GWU's point estimate as the base year;

a. The basket for a single pensioner household to live decently in 2020 would have stood at €10,535 and increased to €12,745 by 2024;

b. The basket for a couple pensioner household to live decently in 2020 would have stood at €15,802 and increased to €19,103 by 2024;

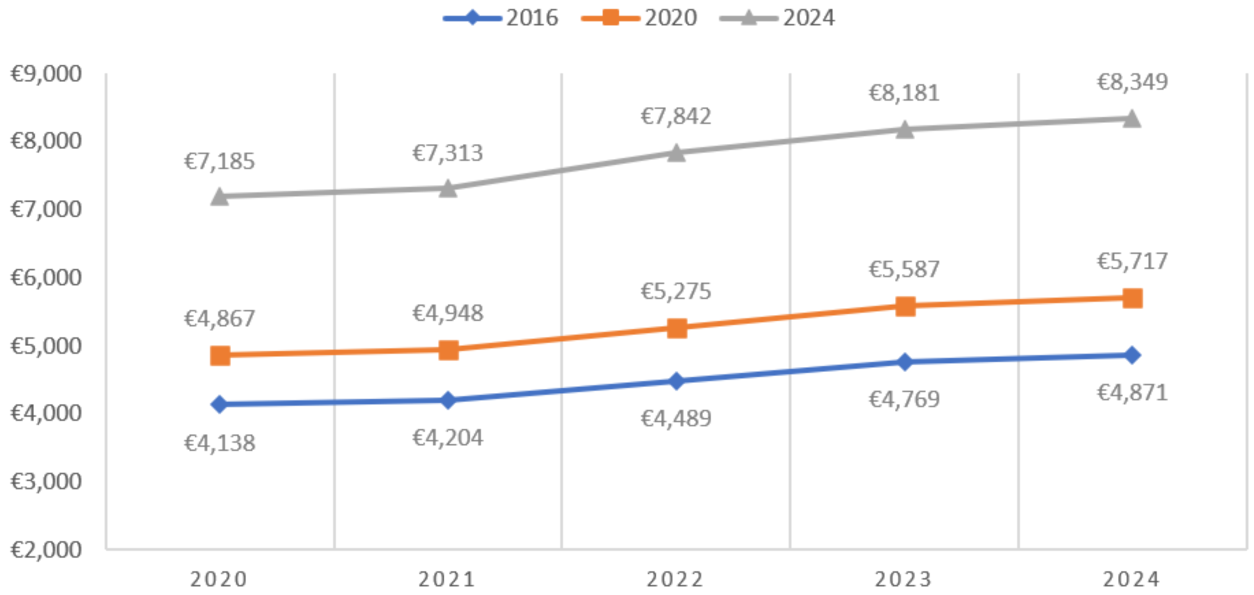

Figure 1: CARITAS basic basket for a single pensioner household.

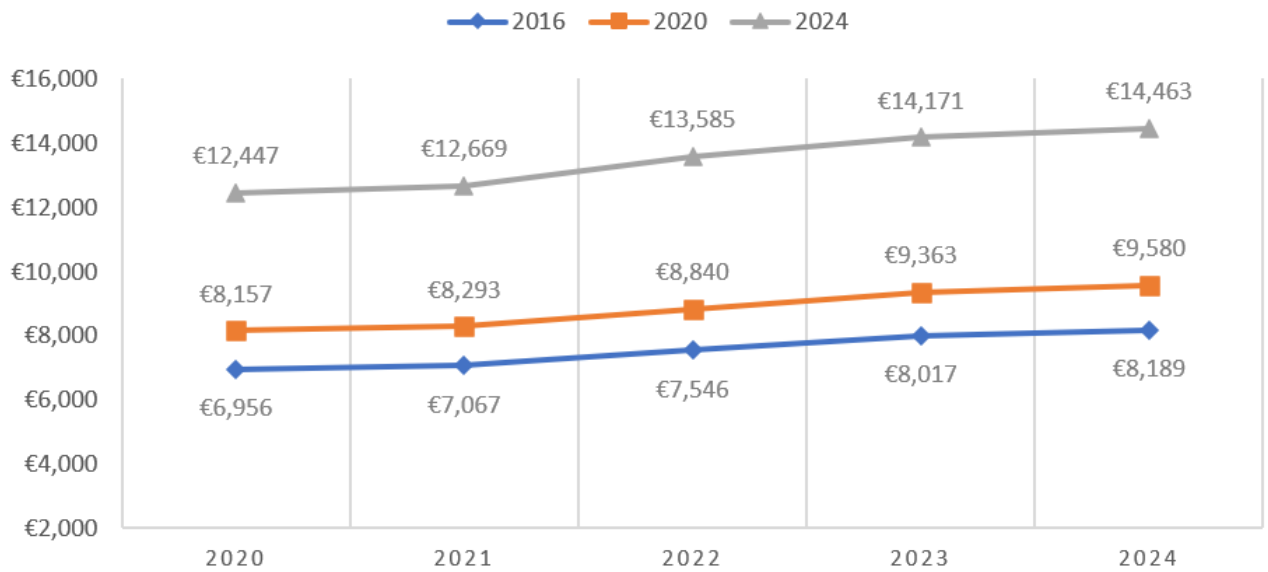

Figure 2: CARITAS basic basket for a couple pensioner household.

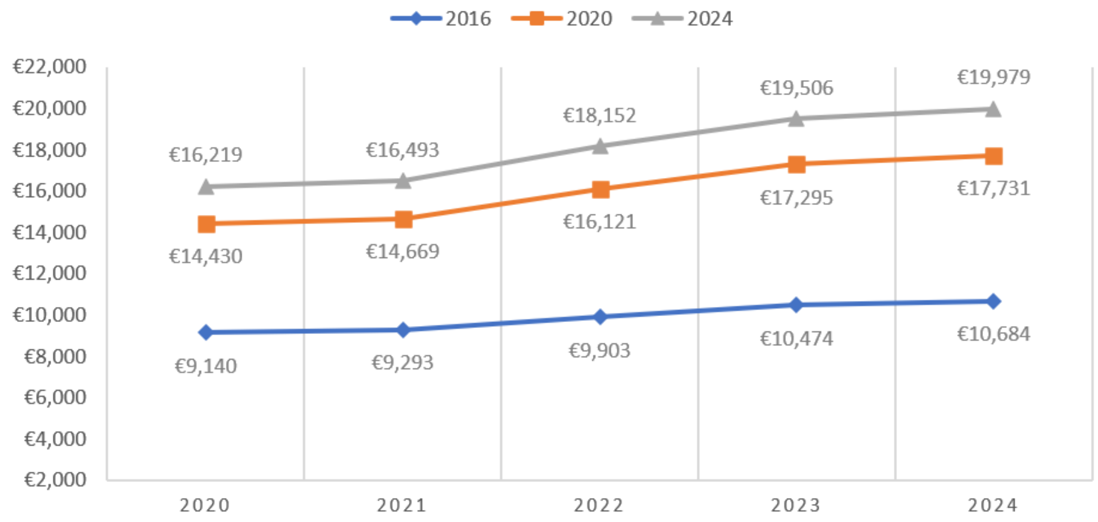

Figure 3: CARITAS augmented basket for a single pensioner household

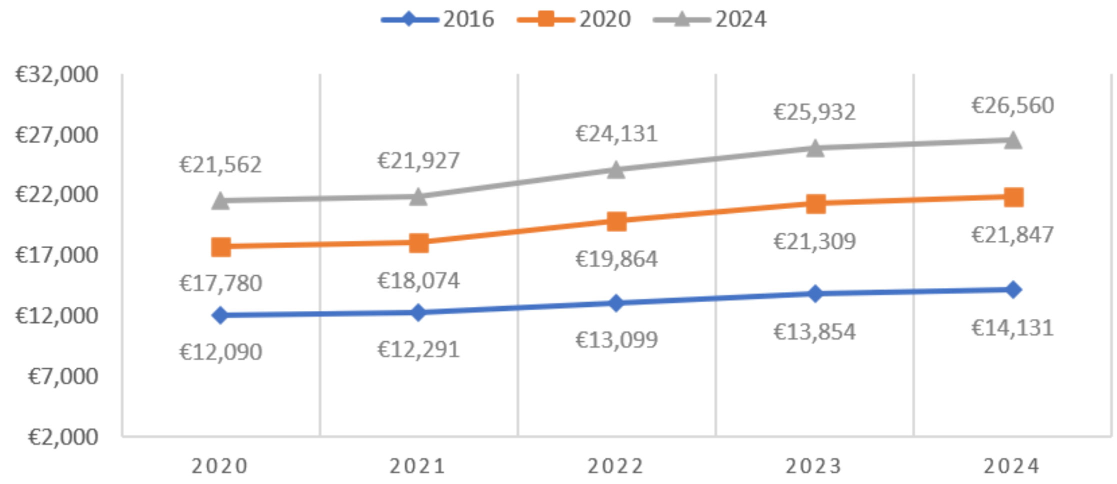

Figure 4: CARITAS augmented basket for a couple pensioner household

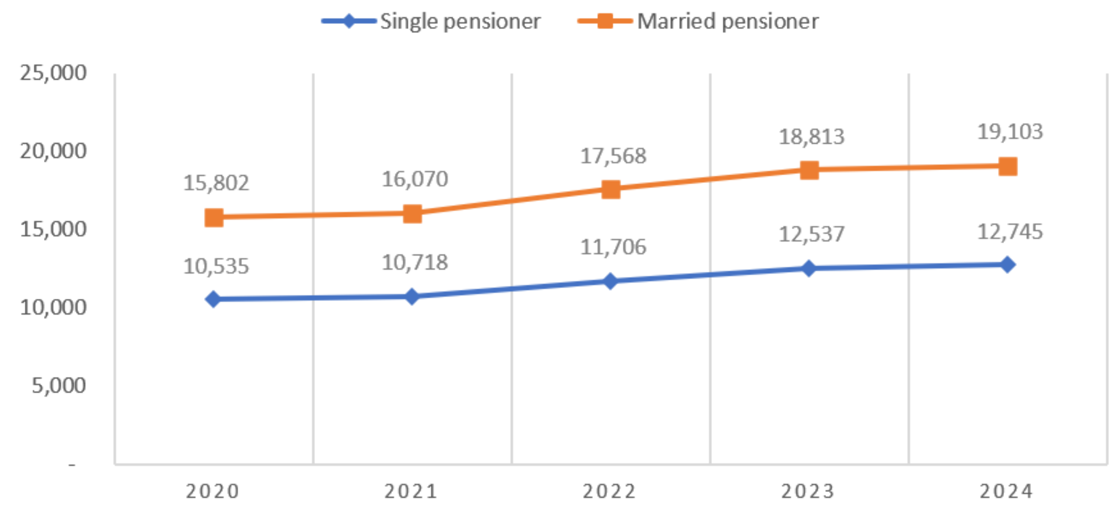

Figure 5: GWU baskets for a single & couple pensioner household.

In light of the preceding remarks, Figures 6 and 7 provide the average costing of the single and couple pensioner baskets using the 2016, 2020, and 2024 CARITAS base-year estimates for basic baskets. They also provide the average costing of the single and couple pensioner baskets using the 2016, 2020, and 2024 CARITAS base-year estimates for both basic and augmented baskets, as well as the average costing using all derived estimates, including the GWU estimates.

With reference to both figures, the following salient points are derived:

i. The average cost of a single pensioner basket, strictly utilising CARITAS basic basket estimates, in 2020 was approximately €5,397 and increased to €6,312 by 2024;

ii. The average cost of a single pensioner basket, strictly utilising CARITAS basic and augmented basket estimates, in 2020 was approximately €9,330 and increased to €11,222 by 2024;

iii. The average cost of a single pensioner basket utilising all estimates in 2020 was approximately €9,502 and increased to €11,439 by 2024;

iv. The average cost of a couple pensioner basket, strictly utilising CARITAS basic basket estimates, in 2020 was approximately €9,187 and increased to €10,744 by 2024;

v. The average cost of a couple pensioner basket, strictly utilising CARITAS basic and augmented basket estimates, in 2020 was approximately €13,165 and increased to €15,795 by 2024;

vi. The average cost of a couple pensioner basket utilising all estimates in 2020 was approximately €13,540 and increased to €16,140 by 2024;

Thus, adjusting the previous statement that positions GWU estimates within the CARITAS estimates, the GWU figures can be considered more reflective of the average basket, including both basic and augmented components, when adjusting for the different CARITAS report base years. When GWU estimates are added to the average, moving from the second to the third indicator, the change is minimal, at approximately 1.9% and 2.2% for the single and couple pensioner baskets, respectively.

Put differently, combining the different estimation methodologies used by CARITAS and GWU provides a reasonable level of consensus in applying an average as the metric for estimating the cost required for single and couple pensioner households to achieve an adequate or decent standard of living.

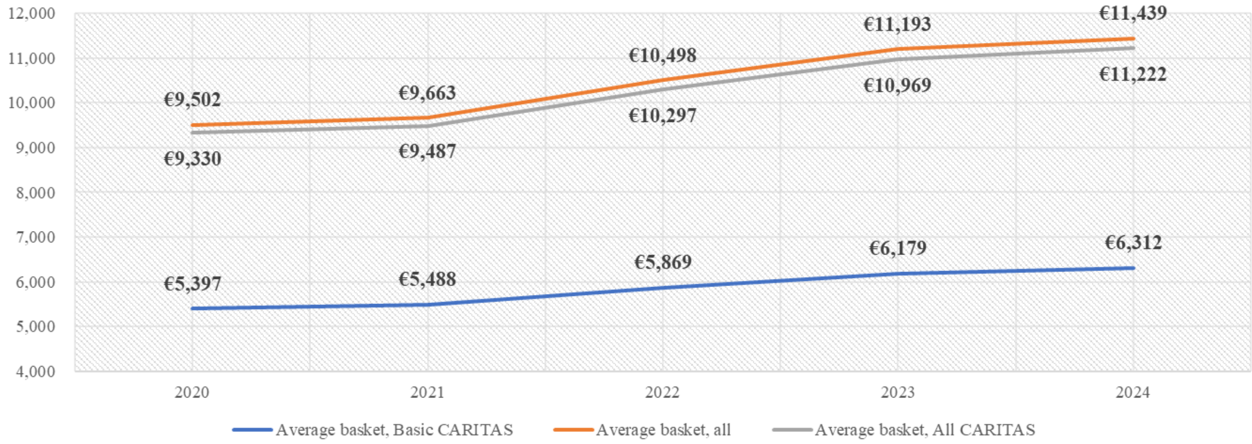

Figure 6: Average cost of single pensioner basket

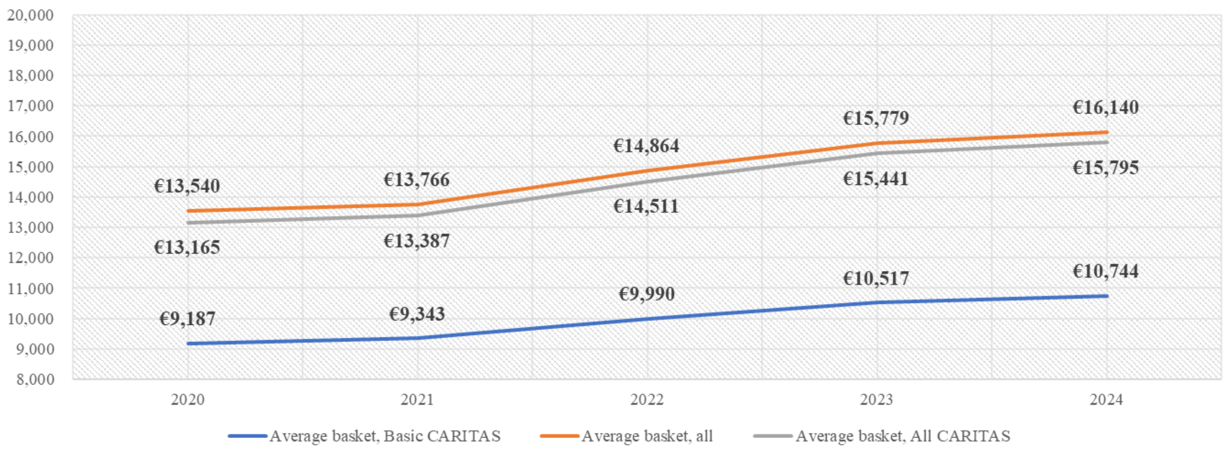

Figure 7: Average cost of couple pensioner basket

Estimated income by pensioner type

As previously mentioned, the assessment framework for pension benefit adequacy is not based solely on the main pension benefit, but also on other applicable contributory and non-contributory benefits that individuals within the household were expected to receive. Building on this, Table 14 presents the definitions of all benefit income considered in this study. Furthermore, Figures 8–10 show total household income by pension type and pensioner household type.

Benefit	***Definition***
Two-thirds pension, pre-1962	Pension related to earnings, payable to persons who have retired after January 1979. This scheme provides for a pension equivalent to two-thirds of the insured person's pensionable income. Maximum and minimum rates are applicable. This refers to an individual born before the 1st of January 1962.
Two-thirds pension, post-1962	Pension related to earnings, payable to persons who have retired after January 1979. This scheme provides for a pension equivalent to two-thirds of the insured person's pensionable income. Maximum and minimum rates are applicable. This refers to an individual born on or after the 1st of January 1962.
Guaranteed National Minimum Pension	A person born on or after the 1st January 1962 who is not entitled to a Service Pension shall be entitled to a Guaranteed National Minimum Pension (GNMP) which shall be payable at a rate which is not less than 60 percent of the National Median Income.
National Minimum Pension	Payable to a person who is not in receipt of a Service Pension from an employer. The rates applicable are four-fifths of the National Minimum Wage in the case of a married man maintaining his wife and two-thirds of the National Minimum Wage in the case of any other person.
National Minimum Invalidity Pension	Payable to persons who are incapable for suitable full-time or part-time employment due to suffering from a serious disease or physical or mental impairment. Applicants must not be in receipt of a service pension.
National Minimum Widows Pension	Payable to widows, irrespective of age, who are not gainfully occupied, who are occupied but earning less than the national minimum wage, or who are carrying out gainful activities but have the care and custody of children under 16 years of age. Rates may vary

	according to conditions outlined in the Social Security Act (Social Security Act, Part IV, and subsequent amendments). Any reference to a widow also means a widower.
(Old) Age Pension	Payable to citizens of Malta over 60 years of age provided that his/her weekly means fall below the benchmark established by the Social Security Act.
Cost-of-living bonus	This is one of three statutory bonuses. Beneficiaries receiving a Contributory Pension (Retirement Pension, Two-Thirds Pension, Widow/er's Pension, or Invalidity Pension) or a Non-Contributory Pension (Age Pension) are entitled to the Cost-of-Living Bonus. This refers to the benefit whereby, when a Cost-of-Living Adjustment (COLA) is announced in the budget, one third of the cost-of-living increase is paid as a pension cost-of-living bonus (CLBO), and the remaining two-thirds are added to the pension rate.
Special weekly bonus	Refers to the payment, added to the pension rate, of two-thirds of the March and September bonus (SPBO).
Six-monthly bonus	A bi-annual payment paid in May/June and November/December.
Supplementary allowance	Payable to households where the total income of the members falls below the limits outlined by the Social Security Act.
Additional Supplementary allowance	Payable to households where the total income of members falls below the limits outlined by the Social Security Act, and where an individual is aged 65 years or over.
Additional Cost-of-living-allowance	An additional COLA payment designed to assist low-income families with the rising cost of living. The mechanism is triggered whenever the following criteria are satisfied: 1. The inflation rate for the 12 months prior exceeds 2%. 2. Individual inflation during the same period is higher than the average of the previous five years for at least three of the five basic components in regard to

	the Retail Price Index (RPI) (i.e. Food; Accommodation; Electricity, Water, Gas and Fuel; Costs related to home maintenance and household appliances; and private health care). The mechanism is payable to all recipients of social benefits whose annual income is below the Median Equivalised Income. Payments vary and depend on each household's income and the number of recipients.
Maximum Pensionable Income Adjustment	Pensioners whose pensionable income is greater than the pre-62 maximum pensionable income benefit from an additional (capped) pension increase.

Table 13: Definitions of all benefit incomes considered in the study.

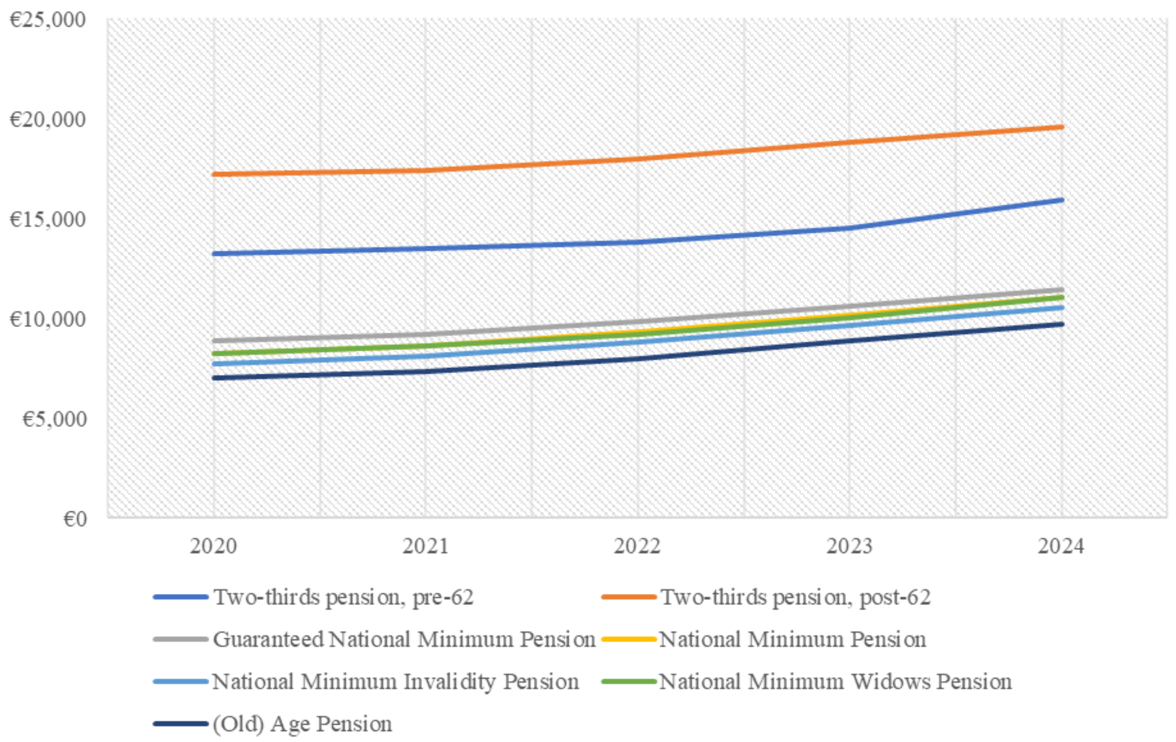

Figure 8: Single pensioner household income, by pension type.

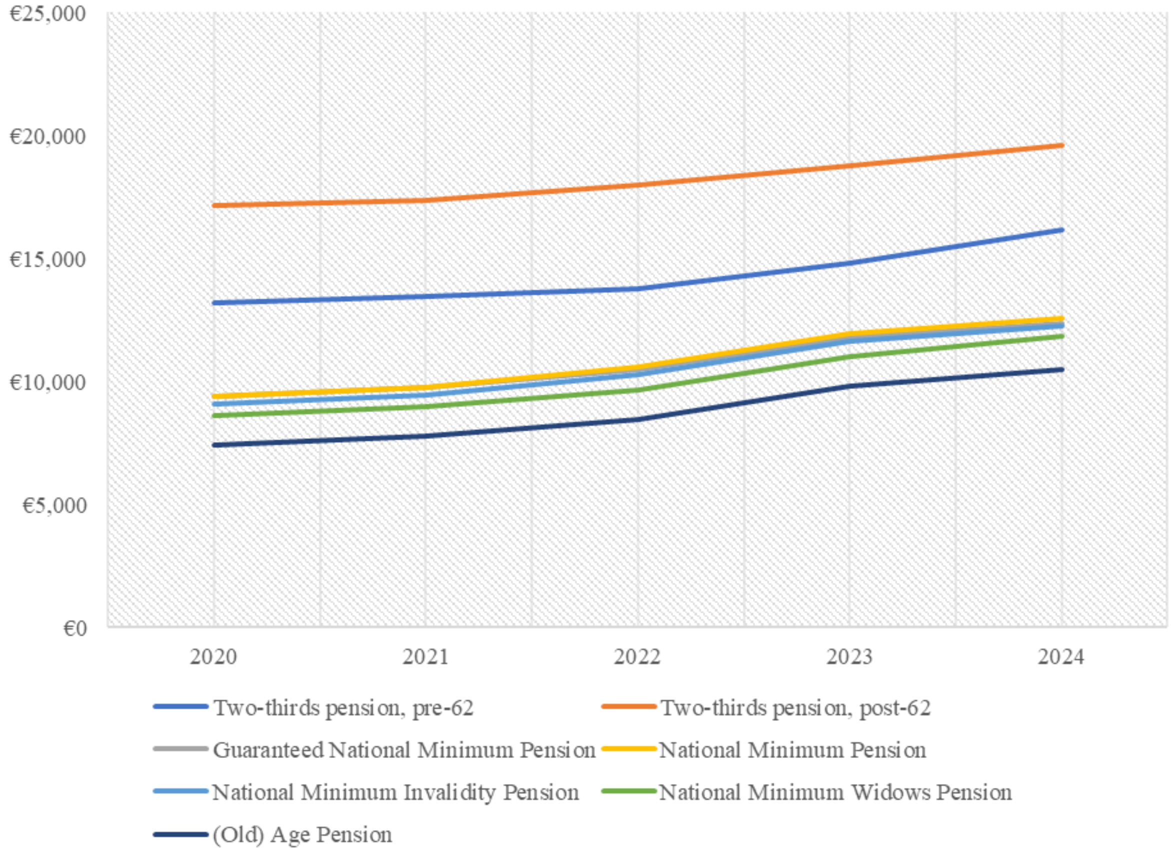

Figure 9: Single-pension couple household income, by pension type.

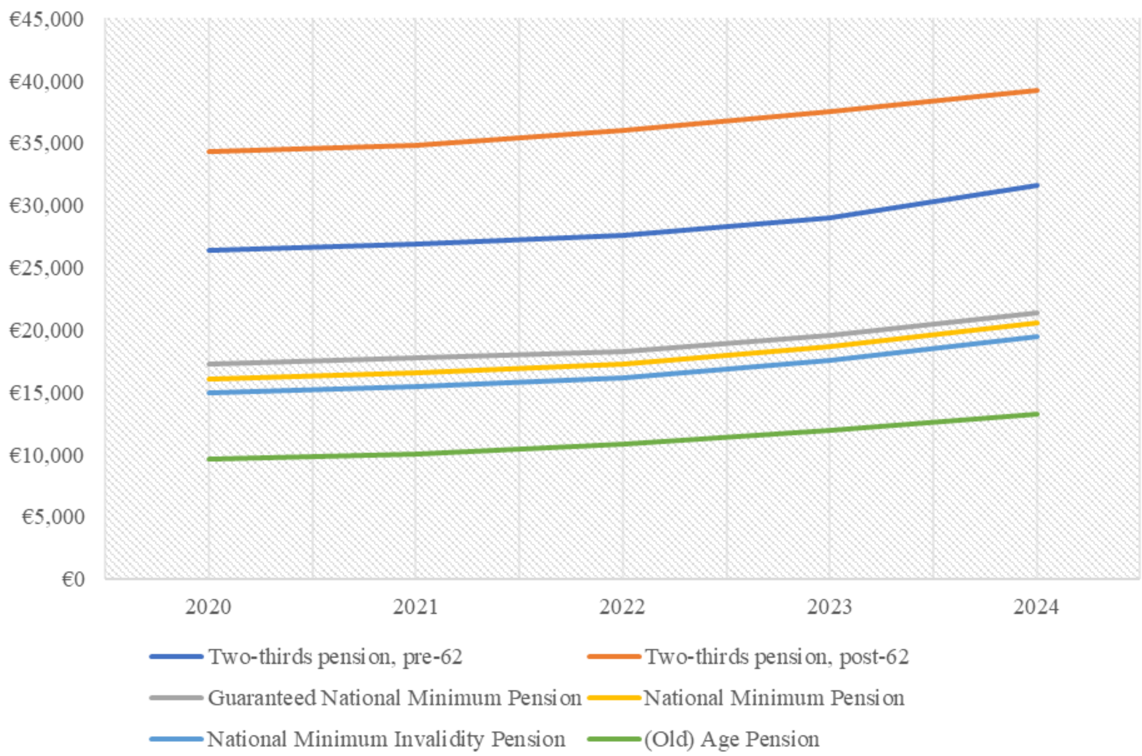

Figure 10: Dual-pension couple household income, by pension type.

Chapter 5 – Discussion and closing remarks

Turning to the central aim of this study, and in line with a priori expectations, pension income adequacy varies considerably across the three household structures and the respective pension types. Single pensioners receiving the maximum Two-Thirds Pension, whether pre-1962 or post-1962, generally enjoy relative financial stability, often exceeding adequacy levels of 200% to 300%. Similarly, although to a lesser extent, individuals receiving the Guaranteed National Minimum Pension (GNMP) reached €11,394, equivalent to 100% of the average cost. However, pensioners reliant on minimum pensions do not reach the higher standards of living, particularly those that extend beyond the average basic CARITAS basket.

Focusing specifically on 2024, TTP pre-1962 and TTP post-1962 incomes remain consistently above the 100% adequacy threshold across all household types, ensuring financial stability for those receiving these pensions. For single-pension couple households, GNMP, NMP, and NMWP incomes reach 100% adequacy under the CARITAS basic basket scenario, but remain below adequacy when assessed against the more demanding CARITAS all-baskets and Average-All basket benchmarks. Similarly, for two-pension couple households, GNMP, NMP, and NMWP incomes approach or exceed 100% adequacy under the CARITAS basic basket scenario, but remain below adequacy when compared with the CARITAS all-baskets and Average-All benchmarks.

In sum, two-pension couples experience the highest level of financial security, while single pensioners remain the most vulnerable, particularly where lower-tier pensions fail to reach 100% adequacy under higher-standard scenarios. Figure 11 presents the evolution of pension adequacy indicators from 2020 to 2024 for all pensioner household types and main pension benefits.

Furthermore, as demonstrated by the preceding analysis, the study highlights the importance of looking beyond pension income alone and examining all forms of benefit income received by pensioners. Before discussing changes in pensioners' income shares between main pension income and other benefit income, whether contributory or non-contributory, Figure 12 presents the same adequacy metrics by pensioner household type and basket definition (CARITAS-basic, CARITAS-all, and Average-All), but with reference to pension income only.

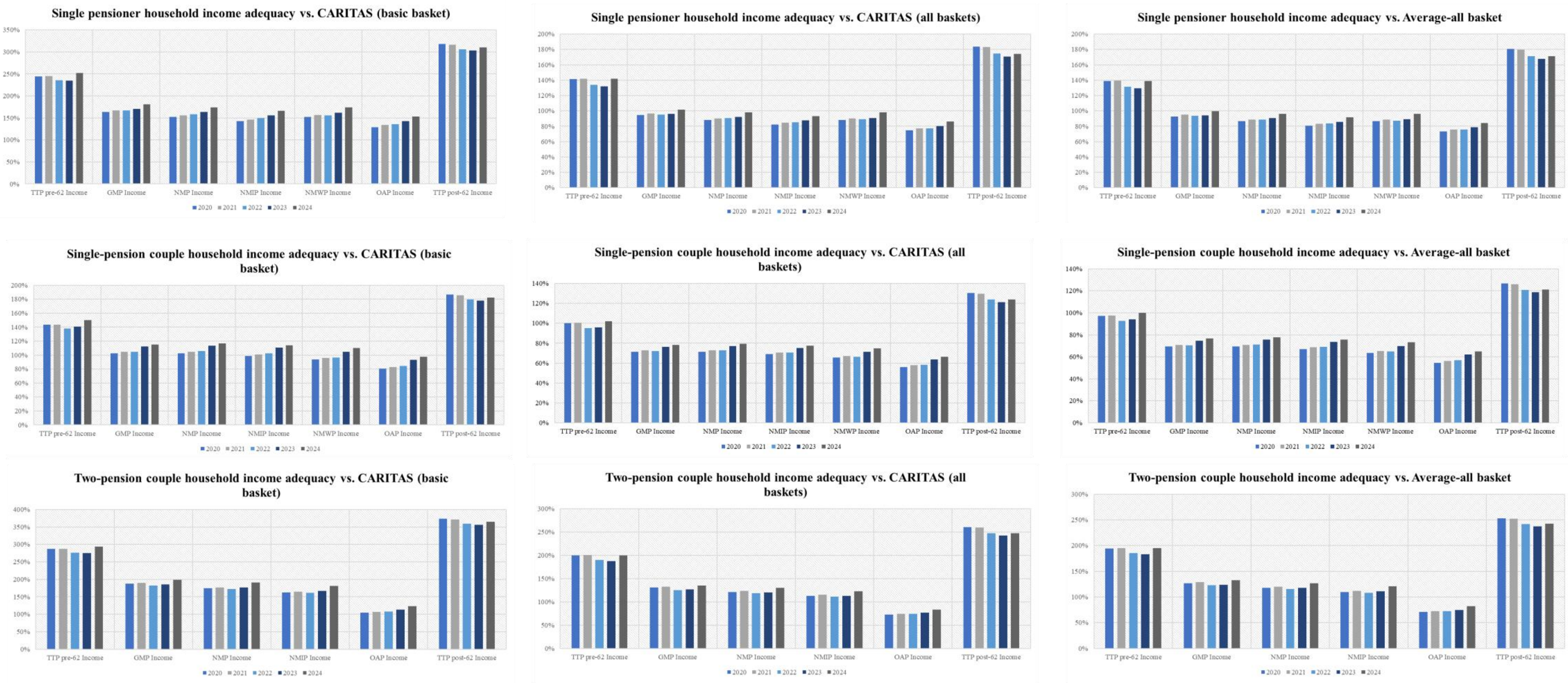

Figure 11: Adequacy metric by type of pensioner household and various basket definitions (CARITAS-basic, CARITAS-all, and Average-All baskets).

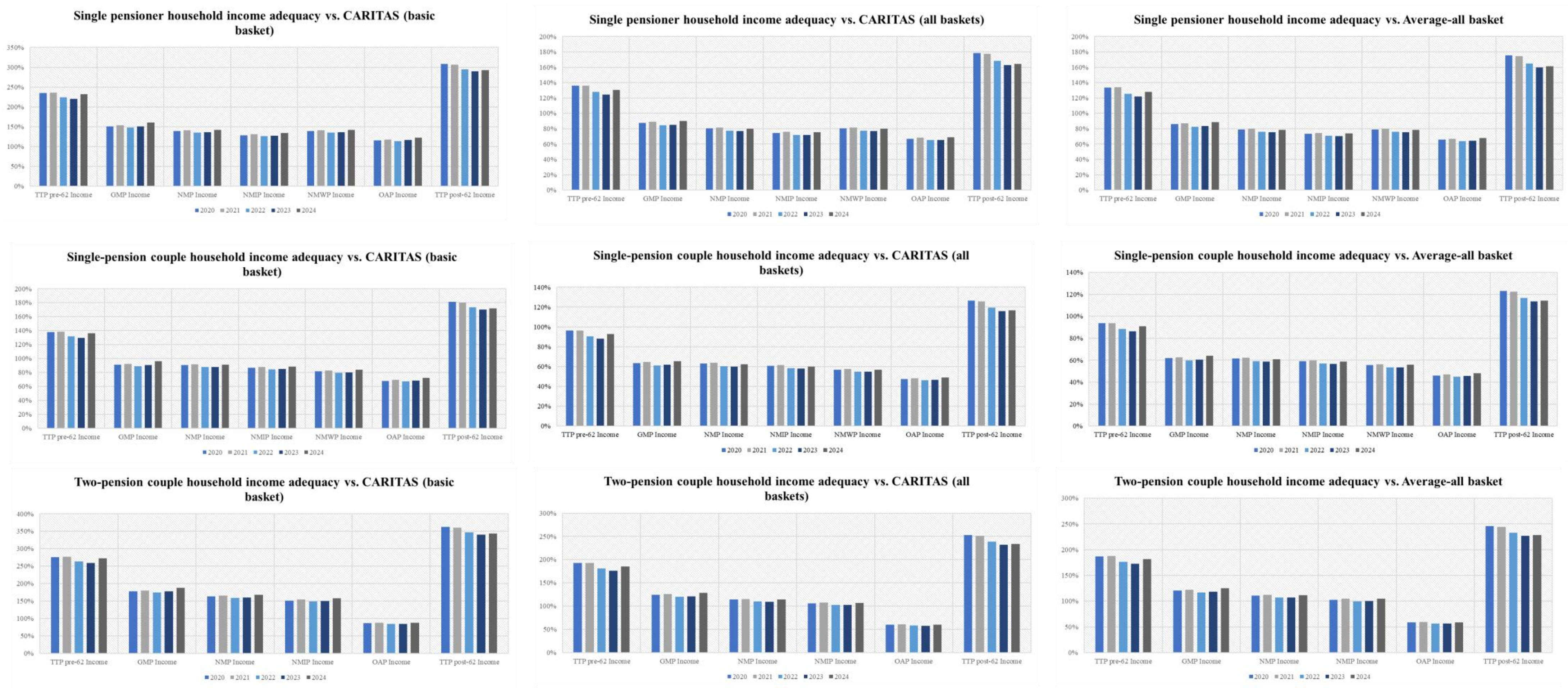

Figure 12: Adequacy metric by type of pensioner household and various basket definitions (CARITAS-basic, CARITAS-all, and Average-All baskets) – strictly pension income.

Table 15 analyses pensioners' income composition from 2020 to 2024, focusing on different household categories, including single pensioners, elderly couples with one pension, and elderly couples with two pensions. Across all categories, pension income remains the primary source of financial support, strictly limited here to pensions and benefits received and excluding any other income from private investments. The share of income derived from pensions generally ranges between 80% and 97%. However, over time, there is a gradual decline in reliance on pensions as the main income source, alongside an increasing share derived from other financial sources.

For single pensioners, the proportion of income derived from pensions has steadily decreased. For example, recipients under the TTP pre-1962 scheme saw their dependence on pension income fall from 96% in 2020 to 89% in 2024, while GNMP recipients experienced a decline from 93% to 89% over the same period. This trend is also reflected among elderly couples, where reliance on pension income has similarly decreased. Correspondingly, other sources of income have become more significant across all pension types and household compositions. For example, single pensioners under the NMP scheme saw the share of other income increase from 9% in 2020 to 19% in 2024, while elderly couples relying on one pension under the NMP recorded an increase from 12% to 22%. The trend is most pronounced among OAP recipients, with single pensioners' reliance on other income growing from 10% to 20%, and elderly couples with two pensions experiencing an increase from 17% to 29% over the same period.

Variations are evident across pension types. TTP recipients maintain the highest reliance on pension income, remaining within the 88% to 97% range across the period under review. By contrast, GNMP and NMP recipients appear to depend more heavily on alternative income sources, suggesting that state pensions alone may not be sufficient for these groups. The growing reliance on other financial sources, particularly among lower-tier pension recipients, indicates that pension income alone does not always provide adequate financial security. This underscores the need for policies that strengthen supplementary pension schemes and encourage voluntary retirement savings to support sustainable retirement incomes. It also raises important questions about the nature of these supplementary income sources, including whether they are derived from employment, savings, investments, or family support.

Single pensioner	TTP, pre-62		GNMP		NM(R)P		NMIP		NMWP		OAP		TTP, post-62	
	Main	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*
2020	96%	4%	93%	7%	91%	9%	91%	9%	91%	9%	90%	10%	97%	3%
2021	96%	4%	92%	8%	90%	10%	89%	11%	90%	10%	88%	12%	97%	3%
2022	95%	5%	89%	11%	85%	15%	84%	16%	87%	13%	84%	16%	96%	4%
2023	94%	6%	88%	12%	83%	17%	82%	18%	85%	15%	81%	19%	95%	5%
2024	89%	11%	89%	11%	82%	18%	81%	19%	82%	18%	80%	20%	94%	6%

Single pension, two person household	TTP, pre-62		GNMP		NM(R)P		NMIP		NMWP		OAP		TTP, post-62	
	Main	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*
2020	96%	4%	89%	11%	88%	12%	88%	12%	91%	9%	84%	16%	97%	3%
2021	96%	4%	88%	12%	88%	12%	87%	13%	90%	10%	83%	17%	97%	3%
2022	95%	5%	85%	15%	83%	17%	82%	18%	87%	13%	79%	21%	96%	4%
2023	92%	8%	81%	19%	78%	22%	77%	23%	85%	15%	73%	27%	95%	5%
2024	88%	12%	83%	17%	78%	22%	78%	22%	82%	18%	74%	26%	94%	6%

Two pension, two person household	TTP, pre-62		GNMP		NM(R)P		NMIP		NMWP		OAP		TTP, post-62	
	Main	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*	*Main*	*Other*
2020	96%	4%	95%	5%	94%	6%	93%	7%	N.A.	N.A.	83%	17%	97%	3%
2021	96%	4%	95%	5%	94%	6%	93%	7%	N.A.	N.A.	82%	18%	97%	3%
2022	95%	5%	95%	5%	93%	7%	92%	8%	N.A.	N.A.	78%	22%	96%	4%
2023	94%	6%	96%	4%	91%	9%	90%	10%	N.A.	N.A.	75%	25%	95%	5%
2024	90%	10%	95%	5%	88%	12%	87%	13%	N.A.	N.A.	71%	29%	94%	6%

Table 14: Source of old-age income (main pension income vs. other benefit income) by main pension type and type of household.

In summary, the study identifies five key trends.

1. First, pension adequacy is highly dependent on the type of pension received. Two-Thirds Pension recipients enjoy comparatively stronger financial stability, while pensioners on minimum pensions are more dependent on benefits other than their main pension.

2. Second, the rising cost of living, particularly in relation to healthcare and housing, is outpacing pension adjustments, leading to a gradual decline in pension adequacy when assessed against higher living-standard benchmarks.

3. Third, and in conjunction with the second point, when all benefits received by pensioners are taken into account, every pensioner income profile has outpaced the cost of living. Specifically:

   a. Using the average basic basket (Basic-CARITAS) metric, total old-age income has outpaced pensioners' cost of living by approximately 12.5%;

   b. Using the average basic and augmented basket (All-CARITAS) metric, total old-age income has outpaced pensioners' cost of living by approximately 5.0%;

   c. Using the average basic and augmented basket (Average-All) metric, total old-age income has outpaced pensioners' cost of living by approximately 5.3%.

4. Fourth, and most importantly, in 2024 the 100% adequacy threshold was reached for most pensioner households when assessed against the average basic basket of goods as defined by CARITAS. The exception is the single-pension couple household receiving the non-contributory old-age pension, which reaches an adequacy level of 98%.

5. Lastly, these trends underline the continued need for supplementary income sources and targeted policy interventions to address financial gaps among pensioners relying on lower-tier pensions.

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