

**PRELIMINARY**

**ASSET-RELATED MEASURES OF POVERTY AND ECONOMIC STRESS**

by Andrea Brandolini\*, Silvia Magri\* and Timothy M. Smeeding\*\*

7th March 2009

**Abstract**

Poverty is generally defined as income or expenditure insufficiency, but the economic condition of a household also depends on its real and financial asset holdings as well as on the possibility to access the credit market. This paper investigates measures of poverty which rely on indicators of household net worth. We review and assess three main approaches followed in the literature: income-net worth measures, asset-poverty, financial vulnerability. We provide fresh cross-national evidence based on data from the Luxembourg Wealth Study and the European Union Survey of Income and Living Conditions.

**JEL Classification:** D31, I32.

**Keywords:** poverty, vulnerability, income, net worth, financial stress.