State Transfers and Poverty in Chile

A Comparison of CASEN 2017 and 2024

Contents

1 Executive Summary

This report analyzes changes in poverty rates and the effectiveness of state transfers in Chile between 2017 and 2024, using data from the CASEN (Caracterización Socioeconómica Nacional) surveys. The analysis uses a consistent methodology across both years, measuring poverty against the World Bank's 8.3 PPP per day standard (adjusted for inflation).

Key Finding: Total income poverty fell dramatically from **9.8% (2017) to 4.6% (2024)**, while the efficiency of state transfers in reducing poverty nearly doubled, increasing from 27.8% to 45.4% of autonomous poverty eliminated.

2 Methodology

2.1 Income Definitions

- **Total income**: `ytotcorh / numper` (corrected household income per capita, including all sources)

- **Autonomous income**: `(ytotcorh - ysubh) / numper` (excluding state transfers)

- **State transfers (ysubh)**: Non-contributory pensions + subsidies

- **Contributory pensions (AFP)**: Remain in autonomous income (self-financed)

2.2 Poverty Lines

- **2017**: $107,347 per capita per month (2017 prices)

- **2024**: $152,160 per capita per month (2024 prices)

Both poverty lines are equivalent to the World Bank's $8.3 PPP per day standard, adjusted for Chilean prices in each year.

2.3 Household Categories

Category	Definition
No65	Households with NO members aged 65+
AtLeast1_65	Households with at least one member aged 65+
Only65	Households where ALL members are aged 65+
WorkAge	Households with only members aged 24–64

Table 1: Household age composition categories

3 Main Findings

3.1 Dramatic Reduction in Poverty (2017–2024)

Metric	2017	2024	Change
Total income poverty	9.80%	4.59%	**−5.21 pp**
Autonomous income poverty	13.57%	8.41%	**−5.16 pp**
Transfer impact	3.77 pp	3.82 pp	+0.05 pp

Table 2: National poverty rates comparison

Both total and autonomous poverty decreased by similar magnitudes (∼5 pp), suggesting that poverty reduction was driven primarily by improvements in market income (wages, self-employment, contributory pensions) rather than expansion of state transfers.

3.2 State Transfer Efficiency Doubled

Metric	2017	2024
Transfer impact (pp)	3.77	3.82
% of autonomous poverty eliminated	**27.8%**	**45.4%**

Table 3: Transfer efficiency comparison

Although the absolute transfer impact remained nearly constant (3.77 pp vs 3.82 pp), efficiency increased dramatically because autonomous poverty fell. State transfers now eliminate **45.4%** of pre-transfer poverty, compared to only 27.8% in 2017.

3.3 Near-Elimination of Poverty Among the Elderly

The most striking finding concerns **elderly-only households** (Only65):

Metric	2017	2024	Change
Total income poverty	0.85%	**0.12%**	–0.73 pp
Autonomous income poverty	10.45%	9.34%	–1.11 pp
Transfer impact	9.60 pp	9.22 pp	–0.38 pp
Transfer efficiency	91.9%	**98.7%**	+6.8 pp

Table 4: Elderly-only households poverty indicators

Interpretation:

- Without state transfers, ∼9–10% of elderly-only households would be poor (similar in both years)

- State transfers now eliminate **98.7%** of autonomous poverty among elderly-only households

- Total income poverty among elderly-only households has been virtually eliminated (0.12%)

- This represents one of the most effective targeted transfer programs in Latin America

3.4 Poverty Reduction Across All Household Types

Household Type	2017	2024	Change
No elderly (No65)	11.49%	5.71%	–5.78 pp
At least 1 elderly	5.66%	1.73%	–3.93 pp
Elderly-only	0.85%	0.12%	–0.73 pp
Working-age only	2.78%	1.59%	–1.19 pp

Table 5: Total income poverty by household type

All household types experienced poverty reduction, with households without elderly members showing the largest absolute decrease (–5.78 pp).

3.5 Transfer Efficiency by Household Type

Household Type	2017	2024	Change
Overall	27.8%	45.4%	+17.6 pp
No elderly	17.6%	26.0%	+8.4 pp
At least 1 elderly	55.3%	82.9%	+27.6 pp
Elderly-only	91.9%	**98.7%**	+6.8 pp
Working-age only	28.5%	31.5%	+3.0 pp

Table 6: Transfer efficiency (% of autonomous poverty eliminated) by household type

Key insight: Households with elderly members benefit most from state transfers. For households with at least one elderly member, transfers now eliminate 82.9% of autonomous poverty, up from 55.3% in 2017.

4 Regional Analysis

4.1 Regions with Largest Poverty Reduction

Region	2017	2024	Change
La Araucanía	19.08%	9.30%	**–9.78 pp**
Los Lagos	12.58%	3.60%	**–8.98 pp**
Ñuble	15.84%	7.10%	**–8.74 pp**
Coquimbo	14.89%	6.47%	–8.42 pp
Biobío	13.31%	4.99%	–8.32 pp

Table 7: Regions with largest poverty reduction

Historically poor regions in southern Chile (La Araucanía, Los Lagos) and central-south Chile (Ñuble, Maule) showed the largest improvements.

4.2 Only Region with Poverty Increase

Region	2017	2024	Change
Magallanes	2.25%	2.43%	+0.18 pp

Table 8: Region with poverty increase

Magallanes was the only region where poverty increased slightly, though it remains among the lowest poverty regions.

4.3   Regions with Largest Increase in Transfer Effectiveness

Region	Impact 2017	Impact 2024	Change
Atacama	1.81 pp	3.09 pp	+1.28 pp
Biobío	5.03 pp	5.66 pp	+0.63 pp
Valparaíso	3.57 pp	3.95 pp	+0.38 pp

Table 9: Regions with largest increase in transfer effectiveness

5   Demographic Shifts

5.1   Household Composition Changes (2017–2024)

Category	2017	2024	Change
No elderly	71.09%	71.84%	+0.75 pp
At least 1 elderly	28.91%	28.16%	–0.75 pp
Elderly-only	5.59%	5.77%	+0.18 pp
Working-age only	13.64%	**17.92%**	**+4.28 pp**

Table 10: Population share by household composition

The share of working-age only households (24–64, no children or elderly) increased by 4.28 percentage points, reflecting demographic changes and possibly delayed childbearing.

6   Income Distribution Analysis

6.1   Elderly-Only Households by Income Decile

Using total income decile boundaries, elderly-only households shifted toward higher deciles:

Decile	Total 2017	Total 2024	Auton. 2017	Auton. 2024
1 (poorest)	0.85%	0.22%	10.51%	13.86%
2	2.08%	1.73%	5.39%	11.66%
3	4.93%	2.53%	7.05%	9.41%
Bottom 3 total	**7.86%**	**4.48%**	**22.95%**	**34.93%**

Table 11: Elderly-only household distribution by income decile

Critical observation:

- When measured by **total income**, elderly-only households moved UP the distribution (fewer in bottom deciles)

- When measured by **autonomous income**, elderly-only households moved DOWN (more in bottom deciles)

This divergence reveals that state transfers are doing more work to elevate elderly households out of poverty. Without transfers, 34.9% of elderly-only households would be in the bottom three deciles (up from 23% in 2017). Transfers move most of them to middle and upper deciles.

7 Key Takeaways

7.1 Chile's Transfer System for the Elderly is Highly Effective

State transfers eliminate **98.7%** of autonomous poverty among elderly-only households, bringing total income poverty down to just 0.12%. This is a remarkably successful targeted policy.

7.2 Overall Poverty Reduction Driven by Market Income Improvements

The parallel decrease in both total and autonomous poverty (–5.2 pp each) indicates that economic growth, employment, and market wages improved substantially between 2017 and 2024.

7.3 Transfer Efficiency Nearly Doubled

Even though the absolute poverty reduction from transfers remained constant ($\sim$3.8 pp), transfers now eliminate a much larger share of autonomous poverty (45% vs 28%), as the base of autonomous poor decreased.

7.4 Regional Convergence

Historically poor regions (La Araucanía, Ñuble, Los Lagos) showed the largest poverty reductions, suggesting some regional convergence in living standards.

7.5 Growing Dependence of Elderly on Transfers

Without transfers, more elderly households would fall into poverty in 2024 than in 2017 (as measured by autonomous income distribution). The transfer system is compensating for what would otherwise be a deteriorating position of elderly households in the income distribution.

8 Data Sources and Files

- **CASEN 2017**: `CASEN_2017/Tables/poverty_comparison_extended.xlsx`
- **CASEN 2024**: `CASEN_2024/Tables/poverty_comparison_extended.xlsx`
- **Comparison Tables**: `comparison_2017_2024.xlsx`
- **Analysis Code**: `compare_2017_2024.R`

9 Technical Notes

1. All poverty rates are weighted using survey expansion factors (`expr`)
2. Poverty lines are based on World Bank's \$8.3 PPP per day (moderate poverty)
3. Consistent methodology across both years: `ytotcorh/numper` for total income, `(ytotcorh-ysubh)/` for autonomous income
4. Regional analysis covers all 16 Chilean regions
5. Comunal analysis limited to Región Metropolitana

Report generated: January 2026
Data: CASEN 2017 and CASEN 2024, Ministerio de Desarrollo Social y Familia, Chile