LIVING WAGE TECHNICAL DOCUMENT

Calculating a Living Wage for the Republic of Ireland

Living Wage Technical Group

Reviewed
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www.livingwage.ie

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This document has been collectively authored by the Living Wage Technical Group. It has emerged from a series of meetings to discuss the practicalities of calculating in a transparent, yet technical, and sustainable way a Living Wage for the Republic of Ireland.

The group proposes to occasionally update this technical document when appropriate. It is complemented by an annual Living Wage document which presents the value of the Living Wage for each year.

Further details are available on the Living Wage website: www.livingwage.ie

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1 Living Wage

1.01 What is the Living Wage?

1.01.01 The Living Wage is based on the concept that work should provide an adequate income to enable individuals to afford a socially acceptable minimum standard of living.

The Living Wage is the average gross salary which will enable full-time employed adults (without dependents) across Ireland to afford a socially acceptable minimum standard of living.

Unlike the National Minimum Wage, the Living Wage is an evidence-based rate of pay which is grounded in social consensus. It is derived from Consensual Budget Standards research, which establishes the cost of a Minimum Essential Standard of Living in Ireland today.

The Republic of Ireland Living Wage adds to an international movement on this issue.[*]

1.02 How is the Living Wage Calculated?

1.02.01 The Living Wage for Ireland is calculated on the basis of the Minimum Essential Standard of Living (MESL) research in Ireland, conducted by the Vincentian MESL Research Centre at SVP. This research establishes a consensus on what members of the public believe is a minimum standard that no individual or household should live below. Working with deliberative focus groups, the minimum goods and services that everyone needs for a Minimum Essential Standard of Living (MESL) are identified. With a focus on needs not wants, the concern is with more than survival as a MESL is a standard of living which meets physical, psychological and social needs, at a minimum but acceptable level.[†]

The Living Wage for Ireland is an evidence-based rate of pay, grounded in social consensus about what people need to afford an acceptable minimum standard of living.

1.02.02 The Minimum Essential Standards model details the expenditure and income needs for household types in a variety of scenarios. There is not a single answer to what the cost of a Minimum Essential Standard of Living (MESL) or Minimum Income Standard (MIS) is. The result is complex, as the cost of an MESL varies by household type and composition, location, and employment pattern.

[*] The international context is profiled in Collins, M.L., 2014. 'A Living Wage for Ireland: some considerations and initial estimates', N*ERI Working Paper Series 2014/no. 12*. Dublin, NERI.
[†] This methodology is described in section 1.05 of this document.

The dataset can specify the MESL expenditure needs for a variety of household situations. The MESL expenditure need and resulting MIS income requirement vary by the region of the country the household is situated in, primarily due to differences in the expenditure required for housing and transport.

1.02.03 The Minimum Essential Standard of Living model allows for all these variations to be taken into account, and calculates the MESL expenditure need and MIS salary requirements for a specific household composition and scenario.

The detail and flexibility of the model therefore provides an evidence-based measure, grounded in the lived experience of households, with which to assess the adequacy of wage levels across a broad variety of household situations.

The Living Wage approach provides a method to distil the multiple MIS rates into a central rate of pay. This approach builds on the MESL model and methodology, and its calculation follows a clearly stated and transparent process.

1.02.04 The Living Wage Technical Group has decided to focus the calculation of a Living Wage for the Republic of Ireland on a single-adult household. In its examination of the methodological options for calculating a robust annual measure, the group concluded that a focus on a single-adult household was the most practical approach.

In recognition of the fact that households with children experience additional costs which are relevant to any consideration of such households' standards of living, the group proposes to simultaneously publish estimates of a Family Living Incomes each year. Section 2 of this document outlines the Technical Group's approach on this issue.

1.02.05 To calculate the Living Wage rate the following steps are undertaken:

- The weekly core cost of a Minimum Essential Standard of Living for a working age Single Adult household type is established for four regions (see 1.04.04) across Ireland,
- The appropriate minimum standard housing cost is identified for the household type in each region,
- Having established the full minimum expenditure need for the household type in each region, the Minimum Income Standard salary rate required to afford that standard of living is calculated for each region,
- The Living Wage rate is calculated from this range of regional MIS rates by producing an average wage requirement. The average is weighted by the proportion of the labour force resident in each of the four regions defined in the Living Wage calculations.

1.03 National Living Wage Rate

1.03.01 The calculations present one Living Wage rate for the country.

1.03.02 The minimum expenditure required varies in different parts of the country. This is due to the different cost of the items required to enable this Minimum Essential Standard of Living in different regions, and some regional variation in what is required.

For example, the cost of housing varies greatly around the country. Also, the availability of public transport is limited in some parts of the country, thereby making a car an essential item for people in some parts of the country but not in others.

1.03.03 To take account of the variations in these costs around the country, the Living Wage calculations define four regions, differentiating the MESL expenditure need for each.

1.03.04 The four Living Wage regions are:

- Dublin
  Dublin City & Suburbs, and other towns in Dublin County
- Cities
  The City & Suburbs of Cork, Galway, Limerick & Waterford
- Towns
  All towns with a population of 5,000 and above
  (excluding those towns in Dublin)
- Rural / Rest of Ireland
  All towns & villages with a population of under 5,000 and all other rural areas

1.03.05 To produce a single national rate, the results of the calculations for the four regions are averaged to produce a single rate for the country; with each regional rate being weighted in proportion to the population in the labour force in each region.

1.03.06 The weighting for the calculation of the Living Wage is based on the distribution of the population in the labour force.

- Prior to 2018 the weightings were based on data from Census 2011.
- Updated weightings from Census 2016 were applied for the Living Wage rate calculation from 2018.
- From 2024 updated weightings from Census 2022 data are applied.
  The calculation of the regional weightings is presented Table 1.03-A on page 4.

1.03-A Regional Weighting – persons aged 15 years and over in the labour force

Region	Census Areas	No. in Labour Force
Dublin		761,326
	Dublin City	329,455
	Dún Laoghaire-Rathdown	113,598
	Fingal	168,113
	South Dublin	150,160
Cities		233,817
	Cork City & Suburbs	111,416
	Limerick City & Suburbs	48,661
	Waterford City & Suburbs	29,334
	Galway City & Suburbs	44,406
Towns		507,880
	Towns, population > 10,000 *minus Dublin towns*	384,297
	Towns , population 5,000 - 9,999 *minus Dublin towns*	123,583
Rural / Rest of Ireland		1,028,076
	National Total	2,531,099
	- Dublin	- 761,326
	- Cities	- 233,817
	- Towns	- 507,880

Source: Author calculations, using CSO (2023) Census 2022 data

1.04 Source of the expenditure data

1.04.01 The Living Wage calculations are derived from the Irish Minimum Essential Standards research, which establishes the expenditure needed for a Minimum Essential Standard of Living (MESL) and the Minimum Income Standard (MIS) required by household types to afford that standard of living.

1.04.02 The Minimum Essential Standard of Living (MESL) dataset is the product of multiple research projects, each building on the previous tranche. The work on establishing Minimum Essential Standard of Living was undertaken by the Vincentian Partnership for Social Justice (VPSJ) from 2004 - 2022.

In 2022 the Vincentian MESL Research Centre at SVP was established to continue this research.

1.04.03 This research establishes a consensus on what members of the public believe is a minimum standard that no individual or household should live below. Working with deliberative focus groups (and expert opinion where necessary e.g. nutrition and home heating), the cost of the minimum goods and services that everyone needs for a socially acceptable minimum standard of living are identified. Focusing on needs and not wants, the concern is with more than survival as this is a standard of living which must meet physical, psychological and social needs, at a minimum but acceptable level. It is not a standard for people in poverty; it is a standard for everyone, below which no one should be expected to live.

1.04.04 The research and data are focused on single family-unit households.

These are households that are comprised of either a single adult or a couple, and any dependent children. Therefore, households with other adults, e.g. a household with adult children still resident with their parents, or a household with a couple, their children, and an elderly parent (grandparent to the children), are not covered in the data. This restriction means the MESL dataset established the minimum expenditure and income needs of 85% of households in Ireland, and 82% of working age households. The households not covered by the dataset are households with other adults and households with more than four children.

1.04.05 Minimum Essential Standard of Living (MESL) research

The MESL research in Ireland has been ongoing since 2004, with *Minimum Essential Budgets for Six Household Types* (Urban)[*] establishing the initial foundations of the dataset. Subsequent research established MESL budgets for rural based households[†].

A Minimum Income Standard for Ireland[‡] was published in early 2012. This research added further detail to the dataset, enabling the examination of minimum expenditure and income needs for a broader range of household types. While a follow-up project established the additional needs of larger family households[§]

The MESL baskets are updated annually for price inflation, with periodic repricing every three years.

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[*] Mac Mahon, B., Carey, J., & Stokes, A., 2006. *Minimum Essential Budget Standard for Six Household Types*. Dublin: Vincentian Partnership for Social Justice.

[†] Mac Mahon, B., Weld, G., & Thornton, R., 2010. *Minimum Essential Budgets for Households in Rural Areas.* Dublin: Vincentian Partnership for Social Justice.

[‡] Collins, M., Mac Mahon, B., Weld, G., Thornton, R., 2012. *A Minimum Income Standard for Ireland: A consensual budget standards study examining household types across the lifecycle*. Dublin: The Policy Institute, Trinity College Dublin.

[§] Mac Mahon, B., Weld, G., Thornton, R., 2012. *2012 Review of the MESL Baskets and Addition of the 3rd & 4th Child to Household*. Available from https://budgeting.ie/

A review of the contents of the MESL baskets is undertaken every six years, with deliberative focus groups reviewing and updating the range of goods and services required.

This process was most recently completed for households with children in 2025*, and for households without dependent children in 2026†.

The MESL dataset covers the following broad household types in both Urban and Rural areas:

- Two Parent household, 1 to 4 children
- One Parent household, 1 to 4 children
- Single Adult, working-age
- Couple, working-age
- Older Single Adult, living alone
- Older Couple

At its heart, the model defines the cost of a Minimum Essential Standard of Living (MESL). This cost is directly based on the actual price of a detailed basket of over 2,000 items which the research has established as essential for enabling a socially acceptable minimum standard of living.

The costs of the majority of these items are fixed, but others vary according to the specifics of the scenario. The fixed core costs include categories such as food, clothing, and household energy.

The final weekly expenditure figure is the cost of all the goods and services broken down over the lifespan of each item and contains everything from daily food to household furniture. While some items are bought on a weekly basis such as food, others are bought less frequently, in terms of weeks, months or even years.
To calculate the weekly cost of each good and service, the cost of the item is divided by the number of weeks the item is reasonably expected to last e.g. a three piece suite of furniture may cost €730, which with a lifespan of 780 weeks (15 years) equates to a cost €0.94 per week.

More detailed information on the latest MESL data and research is available through the Vincentian MESL Research Centre's website, www.budgeting.ie

* Thornton, R., O'Carroll, N., McGovern, A., & Boylan, H., 2025. *MESL 2025*. Dublin: Vincentian MESL Research Centre at SVP. Available from https://www.budgeting.ie/publications/mesl-2025/

† Thornton, R., O'Carroll, N., Smith, K., 2026. *MESL 2026*. Dublin: Vincentian MESL Research Centre at SVP. Available from https://budgeting.ie/pdf/mesl-2026-report/

1.04.06 The Urban MESL expenditure data is used for the calculations in three of the four Living Wage regions:

- Dublin
- Cities
- Towns

The Urban dataset was compiled with a focus on Dublin based household types. However, the pricing for the majority of goods and services was conducted in retailers that are national chains; consequently, the Dublin expenditure data is generally applicable to other Urban areas. Exceptions to this are in the categories of transport and housing, and the pricing of these categories for the City and Town regions is detailed below.

1.04.07 The Rural MESL expenditure data identifies the additional and different expenditure needs of households in rural areas, small villages and towns across Ireland. This expenditure data is used for the calculations in the Rural / Rest of Ireland region.

1.04.08 Further detail for the following expenditure categories is provided below:

- Housing Paragraph 1.05, Page 7
- Transport Paragraph 1.06, Page 9
- Health Insurance Paragraph 1.07, Page 10

1.05 Housing

1.05.01 The Living Wage is intended to be a floor wage that is broadly applicable. Therefore, it is crucial that the housing costs included in the calculations be broadly representative of the situations most commonly found.

In the context of the current provision of social housing in the Republic of Ireland, and given that the Living Wage is being estimated for a single adult household, the Living Wage Technical Group concluded that it was unreasonable to base general housing costs for working age single adults on social housing.

Therefore, the Living Wage and the Family Living Incomes (see section 2) housing costs are based on a proportion of the average cost of Private Rented accommodation.

1.05.02 The Residential Tenancies Board (RTB) average rent index is the source for the housing costs.[*]

1.05.03 For the Single Adult household type the housing cost is based on the average cost of a one-bedroom dwelling. The average for all property types is used. Given that high rents can distort the average, the Living Wage Technical Group decided to base the

[*] See https://data.cso.ie/product/RTB

calculation on a proportion of the reported average. The Living Wage housing cost is 90% of the average monthly rent for each region.

1.05.04 **Dublin**

The housing cost for Dublin is based on the RTB average data for the entire Dublin City and County area.

1.05.05 **Cities**

The housing cost for the cities of Cork, Limerick, Galway and Waterford is based on the RTB average data for the four cities. A weighted average housing cost is then calculated by weighting the average monthly price by the labour force population of each of the four city and suburb areas.

1.05.06 **Towns**

The housing cost for towns is based on the available RTB average data for each of the towns with a population of over 10,000 as listed in the Census data (towns in the Dublin area are excluded as the housing cost for these is incorporated in the Dublin figure). A weighted average housing cost is then calculated by weighting the average monthly price by the labour force population of each of the towns.

1.05.07 **Rural / Rest of Ireland**

The following counties are amongst the most rural in Ireland, and do not have a very large town or city.

- Leitrim
- Roscommon
- Monaghan
- Longford

Housing costs for the rural calculations are based on the RTB average data for these four counties, as it should exclude the effect of higher rental costs in larger towns and cities on the average data for the county.

1.05.08 The most recent RTB average rent data by quarter available at the time of the annual Living Wage calculations is used.

In some cases, there is insufficient data for the RTB database to provide average rent costs for the most recent quarter. In the case where data from the last quarter is not available, the data for the most recent half year is used. Where data for the half year is not available, data on the average cost for the last full year is used.

1.06 Transport

1.06.01 Transport needs are based on the requirements identified in the MESL research. It establishes the type and cost of transport required for an acceptable minimum standard of living in Urban and Rural areas.

1.06.02 **Dublin**

The transport costs for Dublin household types are based on public transport only.

For the Dublin Single Adult household type, the budget for transport is comprised of:

- TFI 90 Minute Fare – 12 journeys per week
- Night bus – 1 per week
- An allowance for a taxi – 1 per month

1.06.03 **Cities**

The transport costs for other city household types are based on public transport only.

For the Cities Single Adult household type, the budget for transport is comprised of:

- City bus service Leap Card monthly ticket – 12 per year
  The weighted average price of a monthly ticket for each of the four cities is calculated.
- An allowance for a taxi – once per month, 12 per year
- An allowance for sharing a taxi – weeks of the year not included above, 40 per year

1.06.04 **Towns**

The MESL expenditure data includes the overall cost of a car for urban household types in areas where the available public transport service is inadequate.

The transport costs for urban town household types are based on private transport only.

For the purposes of the calculation, the Towns (Single Adult household type) budget for transport is comprised of:

- A small car e.g. Renault Clio / Opel Corsa / Ford Fiesta / Toyota Yaris with a 1.2 – 1.5 litre engine
- Car is purchased used, six-years old car, and expected to have a useful lifespan of 10 years (520 weeks)
- The net cost of the car includes the estimated residual trade-in value at the end of its lifespan in the MESL basket
- Annual service & maintenance

- Motor Tax and National Car Test
- Driving Licence Fee spread over 520 weeks (10 years)
- An allowance for fuel based on average KM driven in urban areas
- An allowance for parking charges – €8.00 per week
- Car Insurance, is based on Fully Comprehensive insurance, with 10 years driving experience, no claims and no penalty points

These costs are updated in line with the MESL research annually.

1.06.05 **Rural / Rest of Ireland**

The MESL expenditure data includes the overall cost of a car for rural household types as the available public transport service in rural towns & villages is found to be inadequate for enabling a minimum standard of living.

The transport costs for household types are based on private transport only.

For the purposes of the calculation, the 'Rest of Ireland' (Single Adult household type) budget for transport is comprised of:

- A small car e.g. Renault Clio / Opel Corsa / Ford Fiesta / Toyota Yaris with a 1.2 – 1.5 litre engine
- Car is purchased used, six-years old car, and expected to have a useful lifespan of 10 years (520 weeks)
- The net cost of the car includes the estimated residual trade-in value at the end of its lifespan in the MESL basket
- Annual service & maintenance
- Motor Tax and National Car Test
- Driving Licence Fee spread over 520 weeks (10 years)
- An allowance for fuel based on average KM driven in rural areas
- An allowance for parking charges
- Car Insurance, is based on Fully Comprehensive insurance, with 10 years driving experience, no claims and no penalty points

These costs are updated in line with the MESL research annually.

1.07 Health Insurance

1.07.01 The Living Wage calculation includes a provision for health insurance as the MESL research has found that Health Insurance is regarded as an essential need for individuals when there is no entitlement to a full Medical Card.

The level of Health Insurance specified by the focus group research is a package which provides both for public hospital care and covers a proportion of primary health care costs (GP Visits, Physio, etc.)

1.07.02 The MESL expenditure budget for health is based on the assumption that the individual/household in question is generally in good health. Given this, the expenditure budget allows for a minimum number of visits to a GP each year, and includes a visit to the optician and the dentist.

The health insurance plan for households with no Medical Card provides a partial refund for these areas of expenditure. The value of this refund is calculated on the basis of the number of visits budgeted for in the MESL expenditure data, and the particulars of the health insurance plan (taking account of the outpatient excess).

The gross health insurance premium is reduced by the value of the refund for the year, to produce a net cost. This weekly cost of the net premium is included in the expenditure budgets for household scenarios with no Medical Card.

1.07.03 Health Insurance costs are updated in line with the annual updating of the MESL baskets, when repricing multiple plans are examined to ascertain which plan best meets the criteria specified by the MESL research participants.

1.08 Minimum Income Standard Calculation

1.08.01 The Living Wage calculations use the Minimum Income Standard (MIS) method, establishing the gross salary required by a household type in order for the household's net income (salary net of tax plus any social welfare entitlements) to afford the MESL expenditure costs previously identified.

The MIS method and process was established in the 2012 *A Minimum Income Standard for Ireland* research project. The model has been updated each year to take account of relevant changes in the Irish tax and social welfare system.

1.08.02 The calculation of the MIS rates will be updated annually to reflect the structure of the taxation and welfare systems. Table 1.08-A outlines the tax and social welfare items included in the current MIS calculation model.

1.08.03 The Living Wage defines MIS income scenarios which are based on the adult in the household being employed full-time (39 hours per week).

1.08.04 The MIS calculations establishes the amount of earned income that is required to afford the MESL expenditure requirement established for each household type, by region, given the current structure of the taxation and social welfare systems.

1.08-A Tax & Social Welfare assessed in Single Adult Living Wage calculations

Tax	Tax Credits	Social Transfers	Other
Income Tax	Single Person	Medical Card (Full)	'My Future Fund' auto-enrolment pension

PRSI	PAYE	GP Visit Card
Universal Social Charge	Rent Tax Credit	

1.09 Auto-Enrolment Pension Contributions

1.09.01 The 'My Future Fund' auto-enrolment pension has been introduced from the start of 2026. It applies to employees not already contributing to a pension through their salary, with earnings over €20,000 a year (€5,000 per quarter), and aged between 23 and 60. For the first three years of the scheme the employee contribution is 1.5%. The employee contribution will increase in stages to 6% by 2035.

Employees can opt out of auto-enrolment (AE) however this is limited. After six months of contributing there is a two month window to opt out. If not taken, the employee will again have the option to opt out six months after a change in their contribution rate. If an employee opts out, they are automatically re-enrolled after two years.

1.09.02 Neither the MESL expenditure basket nor the Living Wage calculation have previously included pension provisions. To reflect this new government policy Auto-Enrolment pension contributions are incorporated into the calculation of the Living Wage from September 2026.

1.10 Employment Pattern Assumptions

1.10.01 Full-Time hours

The Living Wage rate is calculated on the basis of full-time employment, with the assumption of 39 hours in the working week.

1.10.02 Weeks in the year

For the calculation of the annual value of the hourly and weekly gross salary, we assume 52.14 weeks in the year – the number of days in a non-leap year (365) divided by the number of days in a week.

1.10.03 The Living Wage is expressed in terms of an hourly figure. However, this hourly rate will only provide a true Living Wage when it is paid in the context of regular, consistent, full-time employment.

1.11 Updating Process

1.11.01 The Living Wage Technical Group will update the Living Wage annually using the calculation method outlined in this document.

1.11.02 The Minimum Essential Standard of Living (MESL) expenditure data is updated annually. A rolling research programme ensures the data reflects changes in prices, consumption patterns, and living standards.

In standard years the cost of each item in the MESL basket is adjusted for inflation.

In every third year the basket items are repriced, as inflation adjusted estimates can reduce in accuracy over time.

Every six years the Consensual Budget Standards is conducted, with a structured series of deliberative focus groups to review what is required for an acceptable minimum standard of living and update the contents of the MESL baskets for all household types.

1.11.03 The most recent review process was completed in 2026, and provides the basis for the current Living Wage calculations.

1.11.04 It is the intention of the Living Wage Technical Group to update the Living Wage rate in the 3rd quarter of each year.

1.12 Limits on Annual Increase

1.12.01 The annual update of the Living Wage will be based on the calculations outlined above so that any increases in the wage rate are related to changes in the income required to purchase the basket of minimum essential expenditure items.

However, the Living Wage Technical Group has established a limit to the annual increase in recognition of the fact that employers require some degree of certainty of the direction of labour costs when committing to paying their employees a living wage.

The limit established by the group is equal to the percentage nominal increase in private sector average hourly earnings for the most recent 12-month period prior to the annual update. This data is published by the CSO in their Quarterly Earnings and Labour Costs releases.

Where it is the case that the limit is required, both the effective living wage (the updated hourly amount limited by the increase in average hourly earnings) and a reference hourly amount (the living wage figure if it was updated by the change in income required) will be published.

1.12.02 The Living Wage Technical Group will review the relationship between the living wage and the reference hourly amount every five years. If at that point the living wage has not kept pace with the increases in the income required to purchase the basket of goods outlined earlier, the difference between these two amounts will be retrospectively phased in over the subsequent five years. This will ensure that over the medium term the living wage will keep up with inflation.

1.12.03 There was exceptional inflationary pressure on living costs, and particularly on the cost of a minimum standard of living, in 2022 and 2023.

These extraordinary circumstances required a change of approach. The limit on the rate increase was temporarily suspended for 2022.

Due to the further inflation in 2023 the Technical Group came to the conclusion to again suspend the application of the limit. The 2023/24 Living Wage rate reflects the full impact of the increase in minimum living costs.

Following an easing of the inflationary pressure in 2024, the change in the Living Wage rate for 2024/25 and 2025/26 did not trigger the limit mechanism.

2 Family Living Incomes

2.01 Family Living Incomes

2.01.01 While the calculation of the Living Wage is based on a single-adult household, the Living Wage Technical Group recognises that households with children experience additional costs which are relevant to any consideration of such households' standards of living.

To put the Living Wage rate in context, and demonstrate the additional income and social support needs of households with children, a range of Family Living Incomes needs are calculated, following a complementary method to that used for the Living Wage.

Our approach to estimating these amounts is outlined in this section.

Details of the Family Living Incomes will be published each year to accompany the annual Living Wage update.

2.01.02 Households with children have both additional expenditure needs due to the larger size, and different expenditure needs due to the different needs of children and parents. The budget standards data includes the Minimum Essential Standard of Living (MESL) expenditure need for family households with one or two parents and one to four children.

2.01.03 The Family Living Incomes data summarises the varying expenditure and income needs for a set of the most commonly occurring family household compositions. For each household composition, the range in the Family Living Incomes needed across the four regions is presented.

2.01.04 The Family Living Incomes for Two Parent and One Parent household types are calculated, for the set of illustrative compositions listed below.

2.01-A Family Household Compositions

Household	Child Age Groups
Two Parents, 1 Child	Infant
Two Parents, 2 Children	Pre-School, Primary
Two Parents, 3 Children	Infant, Pre-School, Primary
Two Parents, 4 Children	Two Primary, Two Second Level
One Parent, 1 Child	Primary
One Parent, 2 Children	Pre-School, Primary

2.01.05 To calculate the Family Living Incomes the following steps are undertaken:

- The core weekly cost of a Minimum Essential Standard of Living (excluding housing and childcare) is compiled for each household composition, for the four regions (Dublin, Cities, Towns, Rural / Rest of Ireland)
- The MESL expenditure for childcare is determined
- The appropriate minimum standard housing cost is identified for each household composition
- Having established the full expenditure need for each household composition, the Minimum Income Standard salary rate required to afford that standard of living is calculated for each composition
- The range of income needs for each household composition across the four Living Wage regions is presented, in terms of Gross & Net Salary, and Household Disposable Income (Net Salary + Social Transfers)

2.02 Source of the Expenditure Data

2.02.01 As with the Living Wage calculations the Family Living Incomes calculations are derived from the Irish Minimum Essential Budget Standards model (see Section 1.05, page 4), and utilise the Minimum Essential Standard of Living (MESL) expenditure dataset for Urban and Rural household types.

The data in the MESL model is supplemented with additional pricing for transport and childcare costs, for regions not covered by the current MESL expenditure data.

2.02.02 The Minimum Essential Standards model can specify the MESL expenditure needs for a multitude of household situations. The dataset allows for the examination of the expenditure needs of households with 1 to 4 children across four age-groups, this equates to 69 possible Two Parent household compositions and 69 possible One Parent household compositions.

2.02.03 There is an enormous range of possible results for the Minimum Income Standard (MIS) need for a household with children. For each household type and composition, the expenditure and income need is different. Further variation in the MESL and MIS need are introduced by the consideration of different employment patterns which determine the level of childcare required by a household, and consequently the MESL expenditure need. Finally, the housing costs particular to a given scenario, also contribute to the large variation in results.

2.02.04 The Minimum Essential Standards model allows for these variations to be taken account of, and calculates the MESL expenditure need and MIS salary requirements for a specific household composition and scenario.

2.02.05 Further detail on the following expenditure categories is provided below:

2.03 Childcare

2.03.01 The MESL dataset details the minimum expenditure required for children across four age groups.

- Infant
- Pre-School age
- Primary school age-group
- Second level age-group

2.03.02 The focus group consensus on the minimum needs for childcare, determined that childcare is a necessity (when required by parental employment) for children in the first three age groups, but not for second level age children.

2.03.03 The MESL expenditure budgets have costs for both full and part-time childcare. In two parent household types part-time childcare costs are included in scenarios where one adult is employed full-time and the other part-time, and full-time childcare costs are included where both adults are employed part-time. In one parent household types, part-time childcare costs are included in scenarios where the parent is employed part-time, and full-time childcare costs where the parent is employed full-time.

2.03.04 Childcare costs are based on data on the use of full-time formal childcare for infants and pre-school age children. For primary school age children, the childcare costs are based on the use of formal after school-care and full-time care during school holidays.

Childcare costs are based on a review of the fee tables published by providers, on the National Childcare Scheme portal, in the first quarter of the year. [*]

The childcare costs for infant and pre-school age children are based on private childcare providers. The National Childcare Scheme (NCS) and the Early Childhood Care and Education (ECCE) scheme are included where applicable.

Net childcare costs are included in the final household calculations, reducing gross costs by either the NCS or ECCE where applicable.

[*] https://www.ncs.gov.ie/en/childcare-search/

2.03.05 The Family Living Incomes calculations are based on all adults in each household type being engaged in full-time employment. Therefore, full-time childcare costs are included in the households' MESL expenditure needs as appropriate.

2.04 Transport

2.04.01 Transport costs are based on the requirements identified in the Minimum Essential Standard of Living research. It establishes the type and cost of transport required for an acceptable minimum standard of living in Urban and Rural areas.

The transport costs for household types with children follow the same pattern as those for the single adult household type and as such are based on the use of public transport in Dublin and other Cities, and private transport use in Towns and Rural / Rest of Ireland.

2.04.02 **Dublin**

The transport costs for Dublin household types are based on public transport only.

- For the adult(s) in household types with children, the transport budget allows for weekly Leap Card fare cap. The cost is based on the TFI 90 minute fare.
- For children of primary school age, one return bus journey per week is included.
- For second level age children, the Leap Card weekly fare cap for public transport in the Dublin area is included.

2.04.03 **Cities**

The transport costs for other Cities household types are based on public transport only.

- For the adult(s) in household types with children, the transport budget is comprised of a city bus service Leap Card monthly ticket for each adult in the household (12 per year).
- For children of primary school age, one return bus journey per week is included.
- For second level age children, regular use of the bus across the week is included.
- The weighted average price of Leap Card bus fares across the four cities is calculated in each case.

2.04.04 **Towns**

The MESL expenditure data includes the overall cost of a car for urban household types in areas where the available public transport service is inadequate.

The transport costs for urban Towns household types with children are based on private transport only. For the purposes of the calculation, the budget for transport is comprised of:

- A used mid-sized family car (e.g. Renault Megane)
- Car is purchased used, seven-years old, and expected to have useful lifespan of five years (260 weeks)
- The net cost of the car includes the estimated residual trade-in value at the end of its lifespan in the MESL basket
- Annual service and maintenance
- Motor Tax and National Car Test
- Driving Licence Fee spread over 520 weeks (10 years) – for each adult in the household
- An allowance for fuel based on average KM driven in urban areas
- An allowance for parking charges
- Car Insurance, is based on Fully Comprehensive insurance, with 10 years driving experience, no claims and no penalty points

For households compositions with four children a larger car is required. In this case, the transport budget is as above, with the vehicle and associated running costs based on a larger seven seat family car (e.g. Citroen C4).

In both cases these costs are updated in line with the MESL research annually.

2.04.05 **Rural / Rest of Ireland**

The MESL expenditure data includes the overall cost of a car for rural household types as the available public transport service in rural towns & villages is found to be inadequate for enabling a minimum standard of living.

The transport costs for household types are based on private transport only.

For the purposes of the calculation, the budget for transport for the One Parent household types is comprised of:

- A used mid-sized family car (e.g. Renault Megane)
- Car is purchased used, seven-years old, and expected to have useful lifespan of five years (260 weeks)
- The net cost of the car includes the estimated residual trade-in value at the end of its lifespan in the MESL basket
- Annual service and maintenance
- Motor Tax and National Car Test

- Driving Licence Fee spread over 520 weeks (10 years) – for each adult in the household
- An allowance for fuel based on average KM driven in urban areas
- An allowance for parking charges
- Car Insurance, is based on Fully Comprehensive insurance, with 10 years driving experience, no claims and no penalty points

For the Two Parent household types, the MESL research established that this household type needs two cars. In this case, the transport budget is comprised of:

- The mid-sized family car detailed above, and
- A small car (e.g. Renault Clio). The car is purchased used, six-years old, and expected to have a useful lifespan of six years (312 weeks). The net cost of the car includes the estimated residual trade-in value at the end of its lifespan in the MESL basket.
- Annual service and maintenance of both cars
- Motor Tax and National Car Test for both cars
- Driving Licence Fee spread over 520 weeks (10 years) for each adult in the household
- An allowance for fuel based on average KM drive in rural areas for both cars
- Car Insurance for both cars, is based on Fully Comprehensive insurance, with 10 years driving experience, no claims and no penalty points

For households compositions with four children a larger car is required. For the purposes of the calculation the mid-sized family car specified in the budget for smaller household compositions is replaced by a larger family car. The transport budget is above, with the vehicle and associated running costs based on a larger seven seat family car (e.g. Citroen C4).

These costs will be updated in line with the MESL research annually.

2.05 Housing

2.05.01 The housing budget for household types with children is priced following the same method as that detailed for the Living Wage calculations in Section 1.06 (page 7).

Reflecting that approach, the Living Wage Technical Group concluded that housing costs should be based on a proportion of the average cost of Private Rented accommodation.

2.05.02 As in the Living Wage calculations, RTB data on the average cost of private rent by region is used. See Section 1.06 (page 7) for details of the basis of the regional costs.

The cost for each household type varies in accordance with dwelling size needed. The size chosen is based on the minimum acceptable size (number of bedrooms) specified by focus groups in the MESL research.

For households with one child the housing cost is based on 90% of the average monthly rent of a two-bed dwelling.

For households with more than one child the housing cost is based on 90% of the average monthly rent of a three-bed dwelling type.

2.06 Health Insurance

2.06.01 The 2025 review of MESL baskets for households with children group deliberations reached the consensus that health insurance was not a need. However, it was agreed that a contingency allowance for unanticipated health related costs should be included for situations where a household does not have a full Medical Card.

It was agreed that this is a need for parents, and young children (0 – 4) but not for school age children.

2.07 Minimum Income Standard Calculations

2.07.01 The calculation of the Family Living Incomes for households follows the same method as that detailed for the Living Wage for Single Adult household types.

2.07.02 The MIS calculations are based on establishing the gross salary required by a household type in order for the household’s net income (salary net of tax plus any social welfare entitlements) to afford the MESL expenditure costs previously identified.

2.07.03 The calculation of this amount will be updated annually to reflect the structure of the taxation and welfare systems. Table 2.07-A outlines the tax and social welfare items considered in the current Family Income calculations.

2.07-A Tax & Social Welfare assessed in MIS calculations

Tax	Tax Credits	Social Transfers	Other
Income Tax	Married Couple	Medical Card (Full) GP Visit Card	‘My Future Fund’ auto-enrolment pension
PRSI	Single Person Child Carer	Child Benefit	
Universal Social Charge	PAYE	One-Parent Family Payment	
	Rent Tax Credit	Working Family Payment	
		Fuel Allowance	
		Back to School Clothing & Footwear Allowance	

2.07.04 The income scenarios in the Family Living Incomes calculations are based on all adults in the household being employed full-time (39 hours per week).

2.07.05 The Family Living Incomes calculations establish the amount of earned income that is required to afford the expenditure amounts established earlier given the current structure of the taxation and social welfare systems for the various family types.

3 2026/27 Calculations

3.01 Expenditure & Income

3.01.01 The Living Wage and Family Living Incomes have been updated in line with the updated MESL data & MIS calculations, following the procedure detailed in this document.

For the first time the calculation of the rate now includes Auto-Enrolment pension contributions, as outlined in Section 1.09 on page 12.

3.02 Reference Rate

3.02.01 The annual update of the Living Wage is calculated in line with the method detailed above.

3.02.02 In 2026 this produces a reference hourly Living Wage rate of **€16.35** per hour for 2026/27. This represents a 6.2% (€0.95) change from the 2025/26 rate of €15.40 per hour.

3.03 Effective Rate

3.03.01 As detailed in section 1.12 there is a limit on the annual increase in the Living Wage. This is linked to the percentage nominal increase in private sector average hourly earnings for the calendar year prior to the annual update.

3.03.02 There was a 3.8% increase in private sector average hourly earnings in the 12 months to 2026Q2[*].

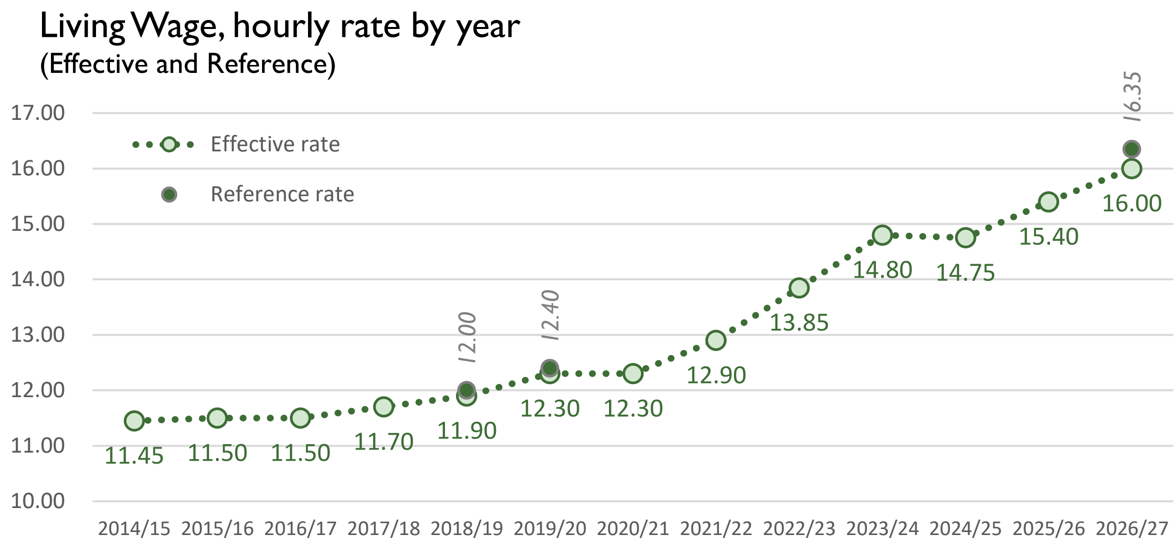
The change in the Reference Rate to €16.35 is a 6.2% increase from 2025/26.

The rate of increase in the Reference Rate exceeds the limit, requiring the Effective Rate to be limited.

3.03.03 The imposition of the limit, 3.8%, results in an un-rounded rate of €15.98, this is rounded to the nearest €0.05.

3.03.04 The effective rate for 2026/27 is **€16.00** per hour (€624 per week / €32,535 per annum).

[*] CSO (2026) Earnings and Labour Costs: Table EHQ08. Accessed on 27/08/2026, from https://data.cso.ie/table/EHQ08



3.04 Previous Operation of the Limit on Annual Increases

3.04.01 As detailed in section 1.12, the Living Wage calculations include provision for a limit on the level of annual increase in the Living Wage rate.

The limit has imposed a ceiling linked to the percentage increase in private sector average hourly earnings, in the 12-months prior to the annual Living Wage update.

3.04.02 The limit on the annual increases has previously applied to the updated rate in 2018 and 2019, with the gap between limited rate and reference rate closed in 2020.

3.04.03 The Reference Living Wage rate for 2018 was €12.00, a 2.56% increase from the 2017 rate of €11.70 per hour.

The rate of increase in this Reference Living Wage rate exceeded the rate of increase in private sector average hourly earnings (1.61%) for the calendar year prior to the annual update. Following the imposition of the limit, the Living Wage rate for 2018 was €11.90 per hour.

3.04.04 The Reference Living Wage rate for 2019 was €12.40 per hour, a 4.2% increase from the 2018 limited rate of €11.90 per hour.

The rate of increase in this Reference Living Wage rate exceeded the rate of increase in private sector average hourly earnings (3.41%) for the calendar year prior to the annual update.

Following the imposition of the limit, the Living Wage rate for 2019 was €12.30 per hour.

3.04.05 In 2020 the gap between the reference rate and limited rate closed.

The Reference Living Wage rate for 2020/21 was €12.30 per hour. The 2020 rate was unchanged from the 2019 limited rate of €12.30 per hour.

The limit on annual increases was not required in 2020.

3.04.06 The exceptional inflation in living costs in 2022 and 2023, and the above average rate of inflation in the MESL basket, required the suspension of the limit for the 2022/23 and 2023/24 rate.

3.04.07 In 2024, the inflationary pressure on living costs moderated and adjustments to personal taxation (primarily the Rent Tax credit) saw a slight decrease in the Living Wage rate and the cap was not required.

Membership of the Living Wage Technical Group

The Living Wage Technical Group was established in March 2014 and worked to establish a methodology for calculating the Republic of Ireland Living Wage and to complete this technical document.

The current members of the group are:

- Hannah Boylan, Vincentian MESL Research Centre at SVP
- Dr Micheál Collins, School of Social Policy, Social Work and Social Justice, UCD
- John McGeady, Social Justice Ireland
- Ciarán Nugent, Nevin Economic Research Institute
- Niamh O’Carroll, Vincentian MESL Research Centre at SVP
- Dr Nat O’Connor
- Allison O’Malley Graham, Society of St. Vincent de Paul
- Michael Taft, SIPTU
- Robert Thornton, Vincentian MESL Research Centre at SVP

THE LIVING WAGE TECHNICAL GROUP IS SUPPORTED BY: