

Eila Tuominen (ed.)

Aspects of pensioner welfare

– from income to consumption and time use

The report consists of three articles, which analyse older people's welfare from the different viewpoint. The first article surveys the research on ageing people's welfare and its main focus is on analysis of health and income. The second article describes changes in ageing people's consumption and consumption patterns from the mid-1960s to the beginning of the 2000s. The third article monitors the changes in the retired population's time use from the end of the 1980s to the beginning of the 2000s.

Ageing people healthier and more active than before – real-term increase in income level

The article *Eläkeläisten hyvinvoinnin jäljillä – katsaus viimeaikaiseen tutkimukseen* (On the tracks of ageing people's welfare – a summary of recent research) surveys the research related to ageing people's welfare, where the main focus is on the monitoring of changes in health and income. In addition, the article asks what indicators based on objective income data, on the one hand, and indicators based on pensioners' subjective experiences, on the other hand, reveal about the adequacy of pensioners' income.

According to the studies, the proportion of pensioners who consider their health good has increased by a good ten percentage points over the past fifteen years. Only the state of health of the oldest age groups (85+) does not seem to have improved. In 2007 almost half of the over-64s considered their health good or fairly good. The share of persons who considered

their health good decreased clearly only in the age group of over-80s. Older people's functional ability has also improved over the past 20 years, according to the studies.

The analyses of the development in pension income indicate that the pension level has increased from the beginning of the 1990s by almost one-fourth in real terms. The average total pension increased from slightly over 1,000 euros to 1,240 euros per month. The real-term increase in pension level can to a large extent be explained by the turnover in the pension stock. The pension level of new retirees is higher than that of persons who have been retired for a long time. This is mainly affected by the general increase in earnings level, women's increased employment and the gradual maturation of the pension scheme.

The real-term increase in earnings level can also be observed when surveying pensioner households. Over the period 1987–2004 the disposable income of pensioner households (by consumption unit) increased in real terms from 12,000 euros to 17,500 euros. Towards the end of the observation period the growth in pensioner households' disposable income was slightly slower than for economically active households, so the relative position of pensioner households in relation to economically active households weakened somewhat.

Pension recipients' relative poverty has increased since the end of the 1990s, but poverty has increased the most among the unemployed and students. When comparing pensioner households' poverty to the average poverty risk of the whole population, poverty among the retired population is not more frequent than among the population on average. On the one hand, analyses of perceived income provide a basis for the conclusion that a low income does not for everyone mean financial problems. More than half of the pensioners who on the basis of the disposable income were at risk of poverty stated that they were able to cope with their outlays fairly easily or easily. On the other hand, among the pensioners who were above the poverty limit there were also persons who had problems coping with their outlays.

Older people's consumption increased steadily, but slower than in younger age groups

The article *Ikääntyvän väestön kulutustapojen muutokset vuosina 1966–2001* (Changes in the ageing population's consumption habits in 1966–2001) monitors long-term changes in consumption. The data in the article are the consumption surveys of Statistics Finland for 1966–2001, where the base sample consists of Finnish private households. The empirical analyses are divided into two parts: the first part analyses the development of consumption expenditure and average propensity to consume. In addition, the effect of the household's income level on the picture of the average propensity to consume in different age groups is studied. The second part studies the changes in consumption patterns. In addition to a general analysis of consumption patterns, changes in consumption related to housing, health and leisure are studied in more detail.

According to the results, there is a clear link between age and consumption. The propensity to consume decreases gradually with age. Older persons consume clearly more than other age

groups commodities which may be considered necessities, such as food and housing. Overall, older people's consumption has to a large extent followed the changes in consumption in general, but on the other hand, the same features typical of ageing people's consumption can still be observed in their consumption. Their consumption expenditure has increased steadily as the consumerist society has developed, but with the exception of the beginning of the 1990s, the growth has been slower than in younger age groups. The share of necessity consumption in total expenditure has also decreased over time for both ageing people and others, but older people still consume more necessities in proportion than younger age groups.

The oldest pensioners' time use more passive – the youngest, well-to-do pensioners' time use more active

The article *Eläkeläisten ajankäyttö ja sen muutokset 1990-luvulla* (Pensioners' time use and its changes in the 1990s) monitors changes in time use among old-age pensioners aged 65–79. In the background there is the idea of old-age pensioners in the so-called third age, who are healthier and more active than before. It is also assumed that pension recipients' improved financial situation can be observed in their time use. The article surveys how the relations between activities classified as passive, such as watching television and reading, on the one hand, and active leisure activities which require only small financial resources, on the other hand, as well as paid, commercial and entertainment activities have changed. The data used are the data of the time use surveys of Statistics Finland for 1987–1988 and 1999–2000.

According to the results, old-age pensioners' time use did, against expectations, not become more active in the 1990s. Even though there was more interest in, for instance, physical exercise, time use had become more passive due to increased television watching and less socialising. However, an analysis by age group supports the idea of a more active time in retirement. The time use of the youngest pensioners had become more active, and this was especially true for those who had an above average income level.

The Publication is available only in Finnish:

Näkökulmia eläkeläisten hyvinvointiin – toimeentulosta kulutukseen ja ajankäyttöön.
Eläketurvakeskuksen raportteja 2008:4.

More information:

Eila Tuominen
E-mail: eila.tuominen@etk.fi
Telephone: +358 10 751 2151

Ordering of publications:

aineistotilaukset@etk.fi
ISSN 1236-5948
ISBN 978-951-691-107-9 (PDF)
ISBN 978-951-691-106-2 (printed book)