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FINNISH CENTRE FOR PENSIONS, REPORTS

EXECUTIVE SUMMARY

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Trust in pension security in 2011 and 2014

The aim of this report is to provide current information on the level of trust Finns have for the pension scheme. Having information on the level of trust is important to pension security decision-making, but also from a wider perspective of welfare research.

The data forming the basis of the research is nationally representative questionnaire data gathered at the initiative of the Finnish Centre for Pensions. The data was collected in spring 2014, and was later completed with register data on the respondents. The questionnaire was sent out to 5,000 Finns aged between 18 and 67 years old and speaking Finnish or Swedish as their mother tongue. The data from 2011 was collected in the spring of 2011 based on the same criteria. The response rate for the 2011 data was 49.5 per cent, and 43.5 per cent for the 2014 data.

Trust in pension provision is investigated with the help of questions: some concern opinions of the pension scheme while others gauge trust in the pension scheme and the parties behind it. The research also includes questions concerning preparation for retirement and the level of pension knowledge. Trust in pension provision is explained using factors such as age, sex, education level, main occupation and income level.

In 2014, only a few per cent of respondents estimated their knowledge of the national and earnings-related pension scheme to be good. 14 per cent estimated that their knowledge of the system was fairly good, and 38 per cent considered it passable. Almost half of all respondents had poor or fairly poor knowledge of the scheme. These figures have remained virtually unchanged over the last three years.

The primary purpose of the pension scheme is to guarantee income security, in other words to ensure the payment of pensions in the event of old age, disability and the death of the family provider. In 2014, 54 per cent of respondents considered pension to be a guarantee for reasonable income in old age. Three years prior, the share of those agreeing was 62 per cent. The change has been more considerable among women than among men, with less than half of the women now agreeing with this statement. Younger age cohorts were more likely to believe that a pension will guarantee a reasonable income in old age.

In 2014, 37 per cent of respondents considered pension to guarantee a reasonable income in the case of disability. The share of those agreeing was considerably higher in 2011, with a difference of 10 percentage points between the different times of polling. In 2014, only one third of women and 42 per cent of men agreed with this statement. In 2014, the young were more likely than the old to believe that disability pension guarantees a reasonable income.

In 2014, more often than in 2011, both men and women were of the opinion that pension does not guarantee a reasonable income in the event of the death of the family breadwinner. Only 29 per cent of Finns believe that survivors' pension constitutes a reasonable income. The ageing rarely believed this statement to be true – the share who agreed with this statement has decreased by twenty per cent in three years.

Future pensions are often referenced as promised pensions or the pension promise. A fairly well-established meaning of the pension promise is that the pension that has been promised will also be paid. In 2011, 37 per cent of the respondents agreed with the statement that pensions promised will also be paid in the future. Three years later, the figure has dropped to 30 per cent. The decrease has been greater for men than for women, and for the young more than the ageing.

Where trust is concerned it is important that citizens are treated equally and fairly. That is why the operations of the pension scheme may be reviewed also from the viewpoint of equal and fair treatment of citizens. In 2014, 30 per cent of the respondents considered the pension scheme to be fair, while the result in 2011 was 36 per cent of the respondents. Women were less likely to consider the pension scheme to be fair. The young had a clearly lower perception of pension security fairness in 2014 than in 2011.

Regarding the equal treatment of age cohorts or generations, the following statement was presented: "the younger generations are unduly burdened with the payment of pensions". In 2011, approximately 60 per cent of the respondents were of the opinion that the payment burden on the young is too great. In 2014, the share of those agreeing with the statement had decreased to 53 per cent. Especially women disagreed more often with the statement in 2014.

Finns give the pension scheme an overall grade of 6.5. Men and women gave the same grade. Older and retired respondents rated the reliability of the pension scheme higher than the younger respondents did.

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