

01/2012

FINNISH CENTRE FOR PENSIONS, REPORTS

EXECUTIVE SUMMARY

Nina Kahma and Mervi Takala

Trust in pension security

The citizens' lack of trust in the pension system has lately been an issue of concern to the authorities responsible for the pension system. Thus, issues of concern to decision-makers include the costs of pension security and allocation of the costs between different population groups in order for the system to work in an efficient, sustainable and fair manner, and for the pension promise given to the insured to be fulfilled. Citizens, on the other hand, react to the solutions of the decision-makers by presenting their own opinions and views. Information of the level of trust is important for decision-making, but also in a broader sense from the perspective of welfare research.

The report provides up-to-date information on the Finnish population's trust in the pension system. Alongside trust in pension security, trust in individuals and political decision-makers is also examined. The data analyzed in the report is the *Trust in pension security* data, which was collected by the Finnish Centre for Pensions. The data represents the Finnish population. The data was collected in late spring 2011 and the information contained therein was later completed by register data.

Trust in pension security is reviewed through questions, some of which relate to opinions of the pension system and some of trust in the pension system and the parties behind it. In addition knowledge of pension issues and experiences of pension services are being covered. The questions pertaining to trust and the pension system vary in their level of difficulty. A regular citizen can be assumed to have a better understanding of, for example, what kind of lower age limit would be suitable for the old-age pension than of how the financing of pensions

should be arranged or whether the money in the scheme will be sufficient for financing future pensions. Alongside trust in the institutions of the pension system, trust in political decision-makers and trust in other people are also examined. According to previous research, focused on social capital, these have proved to be connected.

Based on the results, Finns do not appear to be very trusting of the pension system. Trust in policy and politicians, however, is at an even weaker level. On the other hand, a majority of Finns trust other people.

Trust in the pension system varies according to age and social status. Trust is dependent on the stage of life and on how the costs and benefits of the pension system are evaluated from the viewpoint of the respondents own position. The younger age groups take a more trusting stance towards the pension system than do older age groups, although they do not themselves expect to benefit from the system. Older respondents, for whom the pension promise will soon be met, are more prone to believe that their pensions will in fact be paid out, although they do not trust the system at the same rate as younger respondents do. The results also show that respondents belonging to the working population, respondents with higher educational level and respondents with fair or good level of income are more trusting of the pension system. The unemployed respondents do not trust the system to the same level. The level of trust of pensioners is also weaker than that of the working population.

More information:

Nina Kahma
E-mail: nina.kahma@etk.fi
Telephone: +358 29 411 2150

Mervi Takala
E-mail: mervi.takala@etk.fi
Telephone: +358 29 411 2162

Ordering of publication:

www.etk.fi › Publications › Research publications › Reports ›
› Trust in pension security
or aineistotilaukset@etk.fi

ISBN 978-951-691-161-1 (s-b)
ISBN 978-951-691-162-8 (PDF)
ISSN-L 1238-5948
ISSN 1238-5948 (printed)
ISSN 1798-7490 (online)



Finnish Centre for Pensions
ELÄKETURVAKESKUS

Finnish Centre for Pensions
FI-00065 Eläketurvakeskus Finland
Telephone +358 29 411 20
Fax +358 9 148 1172

Eläketurvakeskus
00065 ELÄKETURVAKESKUS
Puhelin 029 411 20
Faksi 09 148 1172

Pensionsskyddscentralen
00065 PENSIONSSKYDDSCENTRALEN
Telefon 029 411 20
Fax 09 148 1172

www.etk.fi
› Publications