

05/2021

FINNISH CENTRE FOR PENSIONS, STUDIES

SUMMARY

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Pensioners' perceived economic welfare in 2020 compared to in 2017

This study examines pensioners' perceptions of their economic welfare in 2020 and 2017. The study is based on questionnaire surveys conducted by the Finnish Centre for Pensions among 55–85-year-old pensioners. The aim of this study is to present an up-to-date overview of pensioners' perceptions of economic welfare and to evaluate the changes that have occurred in them between 2017 and 2020.

In 2020, most pensioners perceived it somewhat easy to make ends meet

According to the results of this study, most pensioners do not experience difficulties making ends meet. Two out of three (67.4%) found it easy to cover everyday expenses. In addition, two out of three (66.4%) did not find it difficult to pay for necessities. Three out of four (73.7%) had money left over after paying for necessities. Three out of four (74.3%) stated that their income would allow them to cover an unexpected cost of around 1,200 euros. The same proportion assessed their level of financial satisfaction as average or high.

Around ten per cent reported some financial strain, slightly less than five per cent reported great financial strain

Around every third pensioner reported some degree of financial strain. Around 10 per cent reported more serious economic difficulties. 11.1 per cent reported that they have difficulties or great difficulties covering everyday expenses. In addition, 8 per

cent of the pensioners said they had difficulties meeting two or more necessary expenses. The most typical necessity the respondents struggled with was health care expenses. Of the respondents, 8.5 per cent reported that they find it very difficult or difficult to cover health care expenses.

Four per cent found it very difficult to cover everyday expenses. In 2020, 3.8 per cent of the pensioners were often forced to cut back on health care expenses. To cover necessities, some pensioners had to rely on financial assistance from their next-of-kin (5.4%), other assistance from a church or various organisations (2.3%), income support (2.0%) or instant cash loans (1.6%) to cover for necessities.

A smaller share of pensioners experienced financial strain in 2020 than in 2017

Based on each question in the survey, pensioners experienced financial strain less often in 2020 than in 2017. Around one third of the respondents experienced some difficulty with everyday expenses in 2020. In 2017, the same was true for nearly half. In addition, an increasing share of pensioners had some money left over after paying for their necessities. Pensioners' level of financial satisfaction was also higher in 2020 than in 2017.

The difficulties in making ends meet have not decreased evenly among pensioners; the decrease is more clearly visible among those who reported some difficulties in making ends meet. Slight perceived difficulties were clearly less common in 2020 compared to in 2017. There was no change in the frequency of pensioners experiencing more serious financial difficulties; their share was on the same level in both years under review. Relying on income support or other assistance speaks of more serious financial difficulties.

Difficulties making ends meet more frequent for certain groups

The results of our study outline a consistent view of the groups that experience financial strain. Based on all questions in the survey, those in poor perceived health, those who live in rented housing, those with a low income and those who are under 65 years (a large part of whom are on a disability pension) reported financial difficulties more often than others. These groups struggled with making ends meet around twice as often as other pensioners in regards to several of the survey questions. Also those living alone struggled with making ends meet slightly more often than on average.

Correspondingly, those over 75, those with a higher-than-average income, those in good perceived health and those living in owner-occupied houses reported clearly less often than others of financial strain.

Economic difficulties decreased in most population groups compared to in 2017 in the age groups over 75 years, particularly in the age group 80–85 years. Less often than the younger age groups, they also reported that their situation had weakened in the previous five years.

The Publication is available only in Finnish:

Eläkeläisten toimeentulokokemukset vuonna 2020 ja muutos vuodesta 2017
Eläketurvakeskuksen tutkimuksia 05/2021

<http://urn.fi/URN:ISBN:978-951-691-340-0>

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ISBN 978-951-691-340-0 (PDF)

ISSN 1798-7482 (online)

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