

Strategic Social Report

Finland 2014

Contents

2.1 Introduction.....	2
2.2. Progress in achieving the poverty target	3
2.3 Recent reforms in social inclusion policies.....	4
2.4 Recent reforms in pension policies	8
2.5 Recent reforms in health care policy.....	8
3. Access to social security rights of young unemployed persons.....	10
Annex 1. Background information.....	11

2.1 Introduction

Measures and policy approaches under the Finnish social and health policy are based on the strategy 'Socially Sustainable Finland 2020', and the Government Programme dated 22 June 2011 of Prime Minister Jyrki Katainen.

According to the current Government Programme, the drafting of legislation on early childhood education and care and day care services, and its administration and supervision were transferred from the responsibility of the Ministry of Social Affairs and Health to the responsibility of the Ministry of Education and Culture as from 1 January 2013. Since the switch, day care has no longer been a social service under the Social Welfare Act but one of the educational services.

The continuing poor trend in the Finnish economy has increased the short- and long-term challenges for social security. With an ageing population, the baby boom generation is leaving the labour market, pension expenditure is rising, and the need for more nursing and care is imminent. Employment has fallen and unemployment is increasing slightly. The number of long-term unemployed has risen substantially. Youth unemployment has remained at former levels. In 2013, there were approximately 73,700 persons who had been unemployed for over a year, which is one fifth more than in the previous year.

In 2013, social expenditure was approximately EUR 63 billion, which, if inflation is taken into account, is just under 4% more than for the previous year. Social expenditure also increased in relation to GDP, to around 33% of GDP. The rise in social expenditure as a share of GDP is partly explained by poor economic performance in 2012 and 2013, resulting in a fall in GDP in real terms. The biggest increase in social expenditure still came from earnings-related pensions, the costs of which rose by around EUR 1.3 billion in 2013. However, earnings from insurance premiums associated with these pensions are still greater than the annual outlay. The combined investment portfolio for pension insurers was worth EUR 162.2 billion at the end of 2013. The portfolio had grown by EUR 12.6 billion in a year. Furthermore, unemployment security expenditure continued to grow rapidly, with the number of beneficiaries rising to over 10%. As a result, expenditure was up by around EUR 400 million. In addition, the costs of the social and health services accounted for a major part of the growth in social expenditure.

The aim of the financial and economic policy of Prime Minister Jyrki Katainen's Government is to strengthen the prerequisites for economic growth and the funding base for the welfare society to make public finances sustainable. In March, the Government decided on new, immediate adjustment measures in the country's economy and agreed on a plan for public finances for the period 2015-2018. The agreed measures also include adjustments to social services expenditure, such as cuts in the index increments in benefits and savings to be made in child benefits. At the same time, changes to taxation safeguard the position of the people at risk of poverty and aim to narrow income differences.

Indicators describing the social situation and the population's health and living conditions are given in Annex 1 of this report.

In its programme, the Government decided that one of its three strategic priority areas should be a cross-administrative action programme to reduce exclusion, poverty and health problems. Under the programme, a permanent operating model will be established for the promotion of well-being and health and for a reduction in inequality to play a part in all policy-making. The programme is an umbrella for more than 30 key projects supporting its objectives. The programme's implementation

has made good progress. Some of the key projects are already completed and the others are also progressing as planned. The programme has given rise to an increase in cross-administrative cooperation among administrative sectors. Target indicators have been specified for the programme in order to monitor the achievement of the aims of measures.

In autumn 2013, a Government Structural Policy programme to close the sustainability gap was drafted. The Government decided on its implementation in November. The key objectives of the programme are prolonging working careers and boosting service productivity.

The Government's Equality Programme has 66 measures, the implementation of which is proceeding according to plan.

Ministry experts responsible for the thematic areas covered have been in charge of drafting this report. The report was debated by the EU sub-committee for social affairs, which consulted representatives of NGOs, labour market organisations, research institutes and the Church. The report was made available to the Finnish Parliament.

2.2. Progress in achieving the poverty target

When all the poverty related indicators decided by the European Council are taken into account, the risk of poverty and exclusion affected around 854,000 persons altogether in Finland in 2012. There were approximately 635,000 individuals in low-income households, around 351,000 members of under-employed households, and about 132,000 members of households suffering material deprivation. Under the target set in the Europe 2020 strategy, the combined figure for those at risk of poverty or exclusion in 2020 should be no more than 760,000, because Finland's purpose is to reduce the base figure for 2008 (which was 910,000) by 150,000. (See Annex 1, Figure 8.)

In 2012, the number of people at risk of poverty was 635,000. The number of those at risk of poverty has remained close to 700,000 in recent years, but in 2012 that figure went down by 70,000. The share of the population at risk of poverty was 11.9%, while for the previous year it was 13.2%. The number of individuals at risk of poverty was down in all age groups in 2012. In relative terms, it was the number of children living in low-income households that was down the most. (See Annex 1, Table 2, Figures 2 and 3.)

Lowering the threshold accounts only partly for the fall in the number of those at risk of poverty. In 2012, several changes to taxation and social security took effect, and these are having a particular impact on the livelihoods of those at risk of poverty, on the poverty threshold and on income distribution. There were increases to basic and earnings-related unemployment benefits, to basic income support and the housing allowance as well as to the income limits entitling people to a housing allowance. In addition, the income tax allowance and basic allowance in taxation were raised. As a result of these changes to the law, it was predicted that poverty levels would fall slightly. The share of income earned by the lowest tenth of the population is growing slightly and that earned by the top tenth is falling. The Gini coefficient, which synthetically describes income inequalities, was predicted to go down by 0.4 percentage points as a result of the changes.

The long-term upward trend that continued in the at risk of poverty category from the mid-1990s has thus come to a halt, although it is still too early to say if the fall indicates a permanent change, merely on the basis of the results for one year.

2.3 Recent reforms in social inclusion policies

Support for people's employment and the prevention of their exclusion

As part of the Structural Policy programme, the Finnish Government has accomplished several measures to support employment and prevent exclusion. Applying for jobs with short-term employment contracts has been made easier with changes to the guidelines on the application of the Unemployment Security Act as from the start of 2014, with unemployment benefit being paid on application in advance. Furthermore, to improve work incentives, the start of 2014 saw the introduction of a protected share of earned income, to encourage recipients of the Labour Market Subsidy to accept short-term employment. The protected share is also added to the discretionary housing allowance. There is also support for the employment of the partially disabled through legislation, the clarification of the benefits system, and through the reconciliation of the available benefits.

Fewer local authority responsibilities and the municipal experiments

As part of the effort to balance public finances, the Government's Structural Policy programme includes an evaluation and the pruning of the statutory responsibilities and obligations of the local authorities. In the move to cut the responsibilities of local authorities, an attempt has been made to evaluate the responsibilities of various actors and increase the functional benefits involved.

To help reduce the number of tasks that local authorities are responsible for, municipal experiments have begun aiming at breaking down the barriers to cooperation between different actors and improve ways of working. The experiments are concerned with developing the integration of well-being services, educational services, housing services for the elderly and disabled, approaches to improve monitoring, cooperation between the local authorities and the Social Insurance Institution and to advance the various approaches to the implementation of the Youth Guarantee. A total of 18 local authorities or areas have been initially approved for the experiments. The amendments to the law that the municipal experiments have called for will be made in 2014, and the experiments themselves will go ahead in the period 2015-2016.

Improving the status of the Roma

Finland's National Policy on Roma was adopted in 2009. The work group overseeing the programme has approved a monitoring report, to be handed to the Minister of Health and Social Services during spring 2014. In 2013, there were consultations and seminars organised for the Roma population and local authorities, and these provided information on the National Policy on Roma and opportunities for funding. Local authorities are being encouraged to apply for project grants out of the National Development Programme for Social Welfare and Health Care and the European Social Fund. They have also been prompted to set up local Roma work groups to increase the local involvement of Roma.

The National Policy on Roma will continue until 2017. It is a comprehensive and realistic programme of action consisting of 147 separate measures on the part of different administrative sectors. The programme covers the education, training and employment of Roma, their social and health care services, equal treatment and access to services, the Roma language and culture, their involvement in society and the community, and international policy on Roma issues.

Improving the status of immigrants

The Future of Immigration 2020 strategy has clear targets. The implementation plan for the Immigration Strategy and the State Integration programme are to be adopted in spring 2014. The cross-administrative action plan produced to ensure that the aims are achieved includes concrete measures that are capable of being monitored. The programme includes both new and existing measures. The strategy has been drawn up for the period 2013-2020, and the action plan will be updated as and when necessary.

A Centre of Excellence for Integration under the Ministry of Employment and the Economy is to be established in spring 2014. The centre's role will be the nationwide supervision and monitoring of integration, providing support for regional and local actors, the dissemination of information, and increased cooperation and interaction among the various parties. The Integration.fi website, which includes electronic tools relating to the Act on the Integration of Immigrants and Reception of Asylum Seekers and to the reception of refugees, will open in March 2014.

Implementation of the Youth Guarantee

The Youth Guarantee came into force at the start of 2013. It aims to ensure that young people can find a path to education and employment. Under the Youth Guarantee, each person under the age of 25 and recent graduate under the age of 30 will be offered training, a work trial, a workshop place or a job within three months after registering as unemployed. The availability and viability of the services used to support youth employment have improved from the start of its first year up till spring 2014. The education and training guarantee applies to young people ending lower secondary education after the beginning of 2013.

It was recently decided to raise the age at which compulsory education ends to 17. The aim of the reform is to reach in particular those young people who cannot join vocational training courses after basic education. Besides providing work, education and training, the Youth Guarantee includes a promise of the availability of rehabilitation services covering youth health care, social work and substance abuse and mental health services. Studies suggest that it is here that there is the greatest need for improvements, because the Youth Guarantee does not allocate a separate appropriation for social or health care services, which is the case for the services provided by the employment and educational administration.

Some local authorities have been slow to adopt the Youth Guarantee, although they are on the right course. In addition to measures in receipt of budget funds, the success of the Youth Guarantee depends on the viability of basic services for young people: for example, closer cooperation between the local authorities, the state, the third sector and businesses and the adoption of new working practices and methods. One way to establish closer cooperation is the planned Youth Guarantee municipal experiment, which is to start from the beginning of 2015.

Development of rehabilitative work activities

The development of the activation plan and that of rehabilitative work activities are elements in the Government's Structural Policy programme. The Government's aim is to save EUR 3 million in local authority expenditure. The intention is to reform the way rehabilitative work is directed, so that the service is targeted more satisfactorily and at those who need it in particular. The reform supports longer-term development of legislation and the service system, where the role of the social welfare services in providing support for groups in a disadvantaged labour market position is de-

financed more closely. The matter is being considered by a work group whose term of office ends on 30 June 2014. Then a Government proposal on necessary changes to the legislation will be issued.

Improving the labour market position of the partially disabled

A work group which finished its work in autumn 2013 looked into the possible changes in the law that were necessary to promote the employment of the partially disabled and make it possible for them to continue at work.

In addition, an operating concept was developed to ensure that the partially disabled have access to a proper package of social benefits, services and other remedies to allow them to be employed. A work ability coordinator at the workplace designs the package together with the partially disabled employee. The use of the concept is being piloted at present in 12 different organisations.

To make it easier to employ the operating concept, and to disseminate the latest information on solutions for the partially disabled, an open access and up-to-date web-service is to be established, and the preliminary investigations are completed and its design is under way.

Parents to share childcare leave

The aim of the reform is to support the participation of both parents in childcare and promote the employment of women. The change will be realised, with an amendment to the law on childcare leave, so that as from 1 August 2015, childcare leave will be shared between the father and mother. Parents will have the right to receive unpaid childcare leave from work until the child is three years old. Leave can be taken by either the father or mother, but both parents cannot be on childcare leave at the same time.

A home care allowance will be paid for the duration of childcare leave. A parent will also have the right to partial childcare leave up until the end of a child's second year at school. At present, a parent caring for a child of under the age of three and doing shorter working hours is paid a flexible care allowance. The parents of children in grade 1 and 2 may receive a partial care allowance. The legislation on this has been amended. The size of the benefit comes at two levels, depending on the weekly working hours on average of the recipient.

It is intended to amend the legislation on childcare leave so that it is shared between the father and mother as from 1 August 2015. Now it is almost exclusively women who take childcare leave, and that is seen to cause problems for the employment and career of women.

Implementation of the Disability Policy programme

The implementation of Finland's Disability Policy programme 2010-2015 is in progress. Its implementation is being evaluated by the National Council on Disability VANE and the National Institute for Health and Welfare (THL), which published the first monitoring report in 2013. The report suggests that most of the 122 measures under the programme are under way. However, the quality and impact of the measures carried out vary enormously. A total of 27 of the measures were ones that had not yet got under way in spring 2013, or where the ministries had provided no information on how to carry out the measure. Concrete legislative measures have been introduced with respect to 12 of them. With regard to eight of the measures, it was stated that a legislative project was pending or the preparation of an investigatory project relating to legislative work had obviously begun. A

significant number of the measures under the Disability Policy programme are ongoing activities to promote and develop disability policy.

Measures to improve the position of children:

Reform of the Child Welfare Act

The Child Welfare Act was amended as from 1 January 2014 so that in future a child client plan will have to state how often a social worker who is familiar with the child's circumstances and the child are to meet personally. The change will strengthen a child's right to be consulted on his/her own affairs and will help ensure that children will receive information on child welfare that is comprehensible for someone of their age.

Reform of early childhood education and care and day care services

The Ministry of Education and Culture set up a work group for the period 7 February 2012 - 28 February 2014 to reform the legal provisions on day care. The move to establish a work group to reform legislation on early childhood education and care was based on the Government Programme and the Education and Research Development Plan decided by the Government on 15 December 2011, which is to enact a law on early childhood education and care. The work group submitted its proposal to Education Minister on 21 March 2014, and it will be circulated for comments in spring 2014.

In its Structural Policy programme of 29 August 2013, the Government agreed that pre-primary education should be made compulsory to improve equal learning opportunities for children when they go to comprehensive school. Making pre-primary education compulsory ensures that all those in the age group participate in pre-primary education, in line with the aim of the Government programme. The legislation will enter into force on 1 January 2015.

Pupil Welfare Act

The new Pupil and Student Welfare Act will enter into force on 1 August 2014. The Act will improve preventive community and individual student welfare and give weight to the position of students and parents/guardians. For the first time, the Act will include the services of a psychologist and welfare officer in secondary level education. Student welfare will be implemented as a systematic, multi-professional, functional whole.

Reduction in homelessness and its prevention

Action under the National Programme to reduce long-term homelessness, begun in 2008, is continuing now and for a second term. During the first term - 2008-2011 - long-term homeless was halved, and the aim in the second term 2012-2015 is to eliminate it entirely. This cannot be a realistic goal unless there is support for the reduction programme through the more efficient use of the stock of rented accommodation and the remedies under the general housing policy to safeguard the supply of affordable rented accommodation.

A total of 10 local authorities where homelessness is greatest are involved in the homelessness programme. The programme is based on the 'housing first' principle, according to which someone searching for accommodation is first allocated somewhere to live, and afterwards the other support

measures the client needs are looked into. During the programme's second phase, the priority for development has switched to the development of more mobile support models for decentralised housing. The aim in future is to make work on homelessness a more integrated part of the prevention of exclusion and policy on social empowerment. Investing in prevention means, for example, identifying the risk factors associated with homelessness and their early intervention, and strengthening the factors that prevent people from being homeless. Furthermore, the spread and development of approaches to advice and guidance on housing and other preventive remedies are being strengthened. The prevention of eviction and timely intervention in it reduces the risk of homelessness.

Reforms to the system of housing allowances

The system of housing allowances has not had any legislative amendments made to it this year and none are due. A new Act on general housing allowances is just being forwarded to Parliament in the form of a Government proposal. It is intended that the Act will enter into force on 1 January 2015. The legislative proposal contains a protected share of EUR 300 in earned income, which should take effect on 1 September 2015.

2.4 Recent reforms in pension policies

We refer to the National Reform Program (NRP) Report. There has not been any new legislation during the reporting period. The central labour market organisations will be negotiating the pensions reform up until autumn 2014. The Government will forward legislative proposals to Parliament immediately after the parliamentary elections in 2015. The reform should take effect no later than from the start of 2017. The reform takes comprehensive account of social factors and gender- and generation-related effects.

Persons covered for employment pension insurance (private and public sector together) were 2.4 million in 2012. Total pension expenditure was 25.7 billion euros. The estimate for the year 2013 is 26.6 billion euros. Pensions were paid to 1.54 million persons. The average pension was 1,549 euro/month in 2013. The employment pensions were increased with index 1.37% in January 2014. National pension index increased with 1.3%.

2.5 Recent reforms in health care policy

Supervision of the health care system

Reform of the social welfare and health care service structure

The situation with respect to the drafting of the new service structure for social welfare and health care has been reported on in connection with the implementation of the national recommendations.

The National Development Programme for Social Welfare and Health Care (Kaste) 2012-2015 is a strategic guidance tool for the reform of social welfare and health care services. Several parts of the programme, but especially sub-programme 4 (services and structures), lay the emphasis on basic services. The projects funded out of the Kaste programme help, for example, to improve the availability of consultation services and the treatment of long-term illness and self-care. Funding has begun for two extensive projects promoting the integration of social welfare and health care. In 2013, a total of EUR 14 million was granted in government grants for development projects for local authorities and joint municipal authorities in the year under review.

Supply of health care services

Implementation of the Directive on Patient's Rights

The Act on Cross-Border Healthcare entered into force in Finland on 1 January 2014 and implemented the EU's Patient Directive. The Patient Directive applies to all health care services, regardless of how they are organised, provided or funded. Someone for whom Finland is liable to pay the costs of health care has the right to receive compensation from the Social Insurance Institution of Finland for costs incurred in health care received abroad. The same principles apply to compensation for travel costs linked to treatment as for journeys made in Finland.

Investment in health care staff

Extended right to prescribe medicines

The drugs covered by the restricted right to prescribe medicines are regulated by decree of the Ministry of Social Affairs and Health, and a Government decree provides for the prescription of a drug and the further training required for prescribing a drug. The parliamentary Social Affairs and Health Committee has called on the Ministry of Social Affairs and Health to draw up a monitoring report on the restricted prescription of medicines within two years of the time the system starts.

In 2013, a work group on the restricted prescription of medicines was set up. Its task is to assess current practices and produce a plan for improvements by autumn 2015. Currently under way are the webropol surveys for drafting a report. The surveys are meant for health care units, nurses and doctors, universities of applied sciences and state universities. The results of the survey will be used for planning further training.

Improving access to services and the freedom of choice of patients

Act on Care Services for Older Persons

The measures associated with the new Act on Care Services for Older Persons have been reported in connection with the implementation of national recommendations.

Housing for people with intellectual disabilities and related services

The aim of KEHAS, a programme for the housing of the mentally disabled, is to permit the existence of independent accommodation arrangements for mentally disabled persons leaving institutions and home. The programme has been allocated funding from the Housing Finance and Development Centre of Finland ARA and the Finnish Slot Machine Association RAY, and will help to realise the target in the programming period for 2010-2015, which is to deliver 3,600 residential units for mentally disabled persons leaving institutional care or home, which is an average of 600 units a year.

On 29 April 2013, the Ministry of Social Affairs and Health set up a national implementation monitoring group for KEHAS to aid its implementation. Among other tasks, the monitoring group will hold workshops and make a tour covering all the special welfare districts/joint municipal authorities between May 2014 and June 2015, consisting of familiarisation visits, group interviews with offi-

cial and clients and discussions. The monitoring group's term of office will continue until the end of 2015.

Reform of legislation on disability

A work group with the task of reforming legislation on disability was set up for the period 3 May 2013-31 December 2014. The work group's task is to coordinate the current Disability Services Act and the Act on Special Care for People with Intellectual Disabilities to produce a new special law on disability services to safeguard the principle of equal services for disabled groups. Its role is also to examine any other needs for the reform of legislation on disability services. Another of its tasks is to explore other needs to reform special legislation on disabled people, taking into account the changes that have taken place in the operating environment, the obligations imposed on national legislation resulting from the UN Convention on the Rights of Persons with Disabilities, the Resolution on Housing and Services for the Mentally Handicapped, and work relating to the reform of social welfare and health care legislation.

The work group will make a suggestion in the form of a Government proposal for a new act on special services for disabled people and assess the impact on costs of the reform by the end of 2014. The next Government will take the work over.

Extending national freedom of choice in public health services

Freedom of choice in public health care under the Health Care Act was extended from the start of 2014, with the option to choose a health centre unit responsible for primary health care from among all the local authority health care units in Finland, and, in the case of specialised medical care, from among all local authority units responsible for specialised medical care, where the service required is available according to the doctor making the referral.

3. Access to social security rights of young unemployed persons

Public social welfare and health services in Finland are not linked to labour market status. The time at work condition under the Unemployment Security Act is met if a person has been working for six months for at least 18 hours a week in the past 28 months. The time at work condition was reduced from eight to six months at the beginning of 2014. Unemployed job seekers who fail to meet the time at work condition receive a labour market subsidy. However, labour market subsidies and basic unemployment allowances under the Unemployment Security Act do not add to an earnings-related pension.

Annex 1. Background information

Changes in income inequalities and at risk of poverty levels in the 2000s

Income inequalities

Relative income inequalities have not risen to any appreciable extent during the first decade of the 21st century. Income inequalities rose very rapidly during the latter five-year-period of the 1990s but, later on, variations were smaller and mainly due to cyclical reasons. Since the peak year of 2007, income inequalities have stabilised a little.

Table 1. Income distribution in general 2000–2012

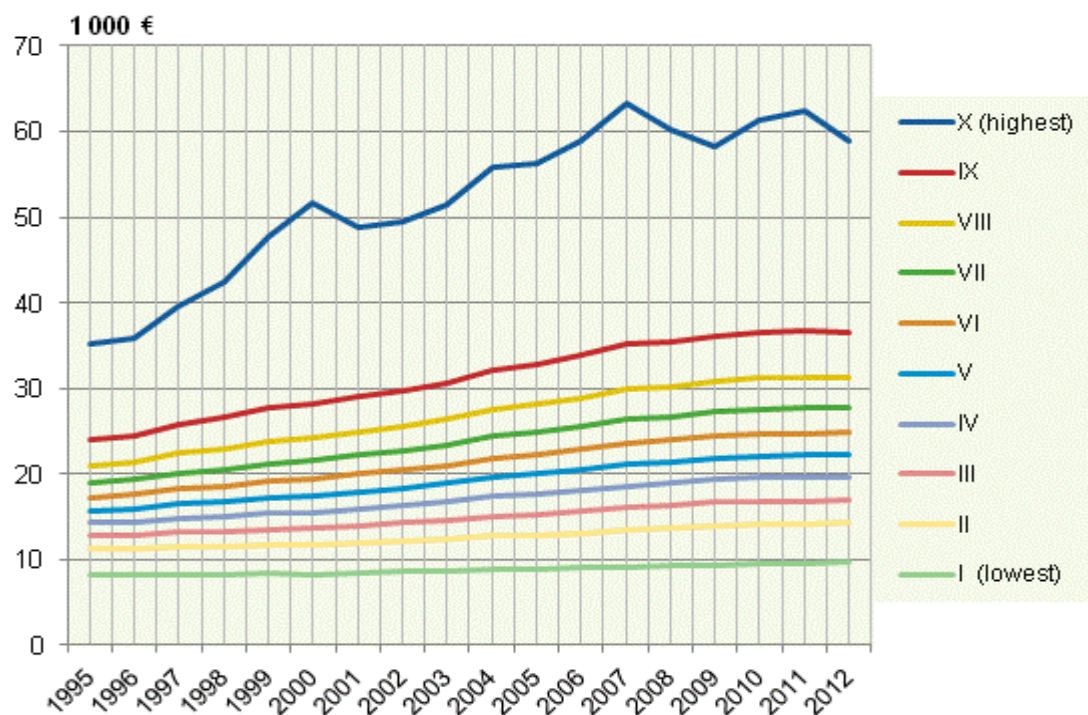
	S80/S20	Gini
2000	4.01	0.284
2001	3.81	0.269
2002	3.81	0.268
2003	3.88	0.272
2004	4.07	0.282
2005	4.08	0.281
2006	4.19	0.287
2007	4.36	0.295
2008	4.17	0.284
2009	4.06	0.276
2010	4.16	0.282
2011	4.21	0.285
2012	3.97	0.272

S80/S20: Relationship of equivalent disposable household income shares between the lowest and highest income quintiles.

Source: Statistics Finland, total statistics on income distribution

Figure 1 describing absolute income inequalities illustrates better the development of income inequalities. In this diagram, the concurrent expansion of the range of the real income and the growing differences between the deciles, while the Gini coefficient shows no clear increase, is explained by the fact that the Gini coefficient describes the changes in relative income inequalities, while the changes of decile mean income describes the growth of absolute income inequalities.

Figure 1. Equivalent disposable income in household-dwelling units by decile 1995–2012, in real terms, mean € per year



Source: Statistics Finland, total statistics on income distribution

At risk of poverty rates

Relative at risk of poverty rates have risen in the 2000s. The general income development has been faster than the income development of the population with the lowest income. After 2007, however, the rise halted, and in 2012 the share of the population at risk of poverty fell.

The trend in income among the population most at risk of poverty shows a gradual tendency towards impoverishment, which nevertheless seems to have slowed down in recent years. The at risk of poverty rates based on the national statistics on income distribution show that the share of the population living below the 40% and 50% risk-of-poverty threshold has increased somewhat since 2000. After 2007 the figures levelled off, and in 2012 the share of the population defined as being at risk of poverty declined slightly for all definitions of what being at risk of poverty means. The at risk of poverty rates reduced by the fixed 60% and 50% thresholds in 2005 have fallen throughout the current century, although the downward trend slowed down slightly between 2005 and 2009. In 2012 the risk of poverty measured by these thresholds also fell. Furthermore, the growing poverty gap indicates that poverty among those at risk is increasing (Figure 2).

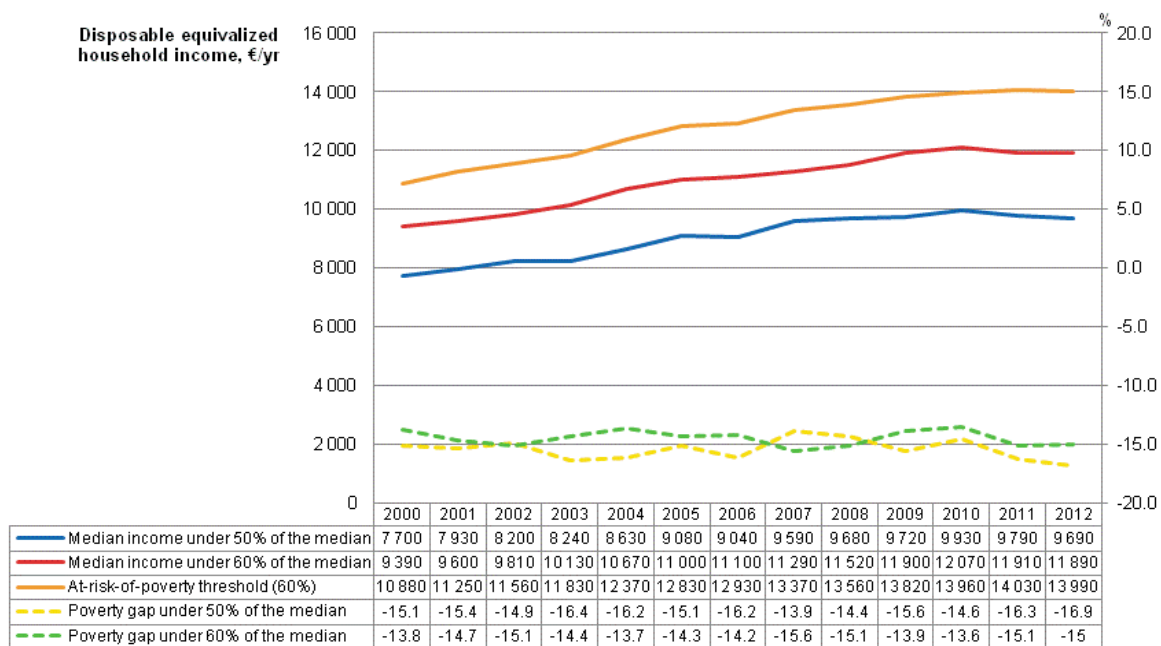
Table 2. At risk of poverty rates, different thresholds, 2000–2010

	At risk of poverty, by threshold			At risk of poverty anchored at 2005 thresholds	
	60%	50%	40%	60%	50%
2000	10.5	4.6	1.8	21.0	9.7
2001	11.6	5.2	2.1	18.8	9.2
2002	11.3	5.2	2.1	17.0	8.1
2003	11.1	4.9	2.0	15.5	6.7
2004	11.9	5.1	2.1	13.9	6.0
2005	12.7	5.3	2.1	12.7	5.3
2006	13.1	5.6	2.3	12.8	5.3
2007	13.8	6.6	2.5	11.7	5.5
2008	13.9	6.4	2.5	11.4	5.0
2009	13.2	5.5	2.4	9.8	4.2
2010	13.7	6.0	2.4	9.2	4.1
2011	13.2	6.1	2.6	9.4	4.1
2012	11.9	5.4	2.1	8.4	3.9

Source: Statistics Finland, Income Distribution Statistics

Poverty gap

Figure 2. Median income and poverty gaps in different groups at risk of poverty, 2000–2012

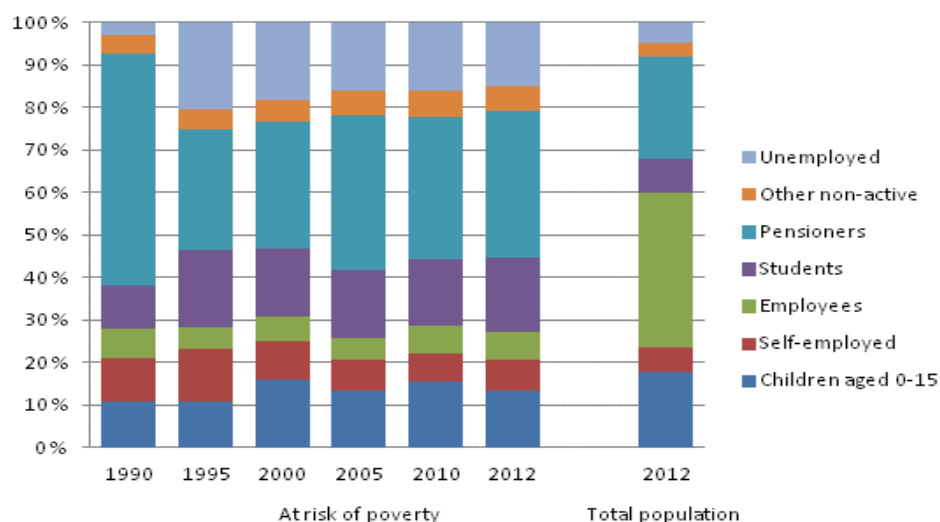


Source: Statistics Finland, Income Distribution Statistics

At risk of poverty and general income development by socio-economic status

The socio-economic structure of the population at risk of poverty differs clearly from the rest of the population: compared to the population overall, the share of low-income wage-earners is very low, while the over-representation of unemployed persons and students is noteworthy. The socio-economic make-up of the population at risk of poverty has altered over the long term, especially with the fall in the number of pensioners, but there have been major changes in the structure this century. The share of children has decreased a little, while the share of pensioners has increased.

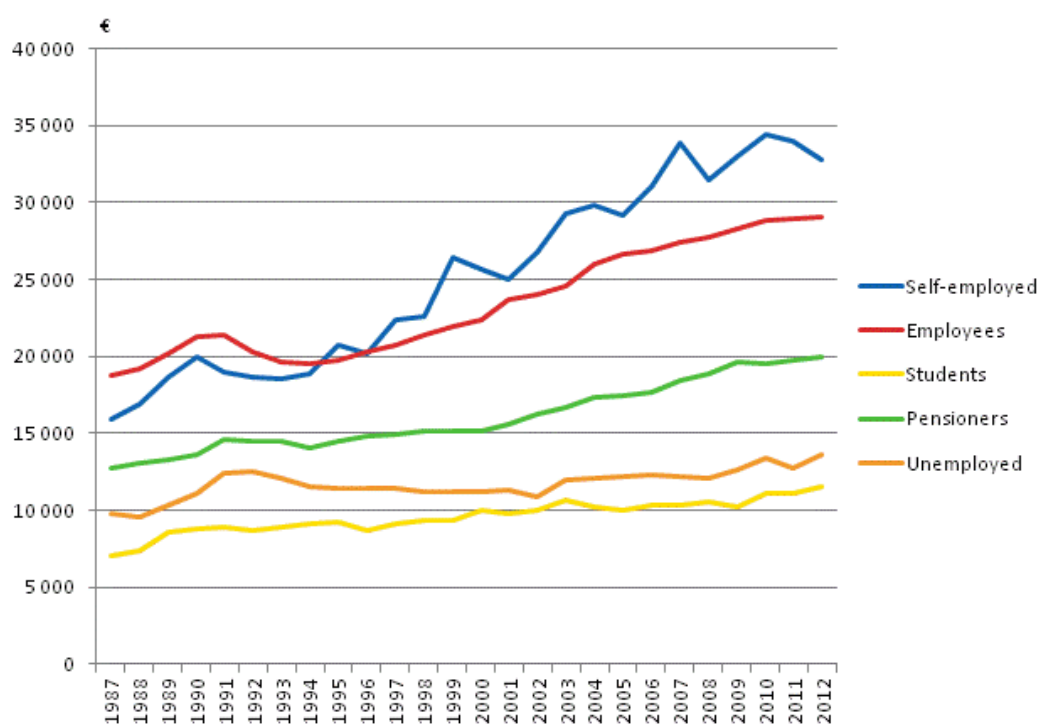
Figure 3. Distribution of population in socio-economic groups in 1990–2012, population at risk of poverty and total population 2012



Source: Statistics Finland, Income Distribution Statistics

The average disposable income of households per consumption unit has, as a rule, increased in the long term in nearly all socio-economic groups. An exception is households where the reference person is unemployed: these households show the poorest trend in income development.

Figure 4. Household's mean equivalent money income by socio-economic status, 1987–2012, €/cu/year



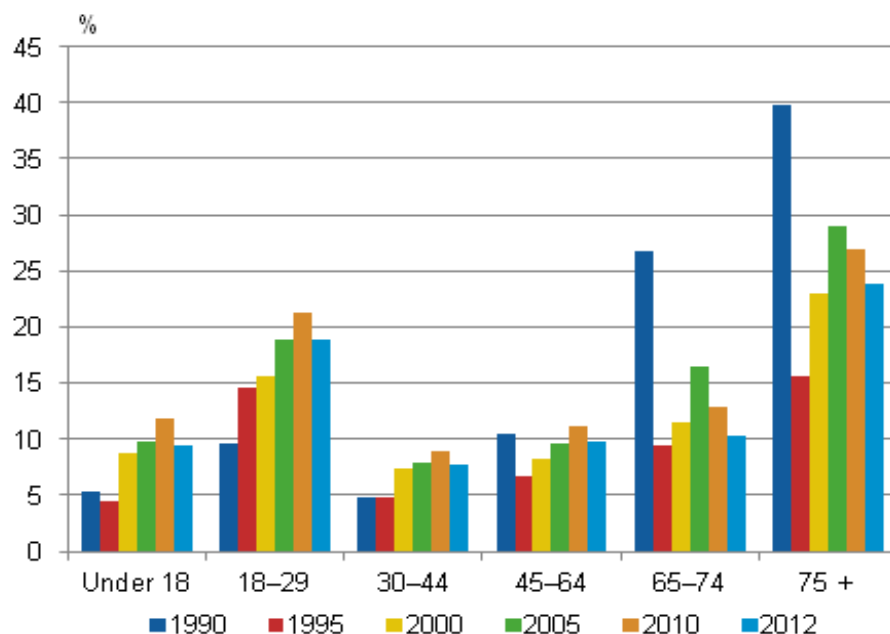
Source: Statistics Finland, Income Distribution Statistics

At risk of poverty by age group

The age groups at greatest risk of poverty are 18-29 year olds (19%) and those over 75 (24%). The income levels of one-person households and students especially are below the at risk of poverty threshold. Based on interview data, income transfers from parents have also been considered. Study loans are not considered income, and the full value of services (such as subsidized housing and meals, etc.) received by young students is not taken into account.

The time series describes how the at risk of poverty rate for the age group 75 and over first decreased from a high level in the early 1990s but has since then increased again. The opposite development is observed in child poverty, which for two decades was at a low level, but rose to the level of the average population in the early 2000s and has since remained at that level (Figure 5). The general fall in the at risk of poverty rate in 2012 is reflected in all age groups.

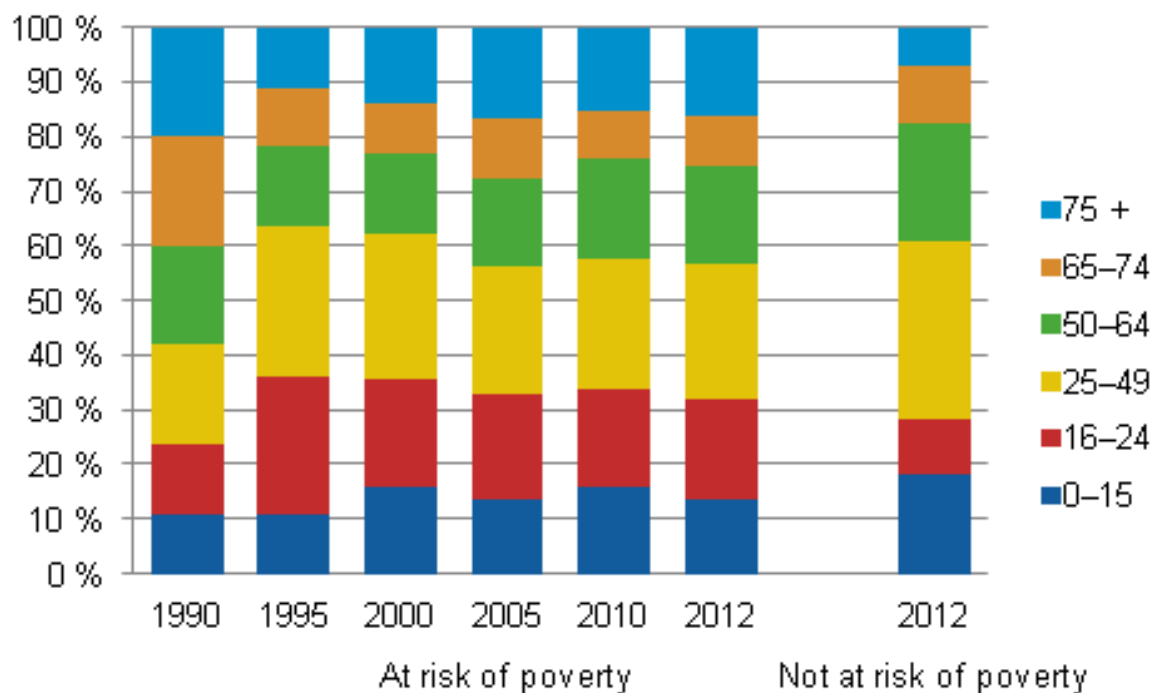
Figure 5. At risk of poverty rate in age groups, 1990–2012



Source: Statistics Finland, Income Distribution Statistics

The age distribution of the population at risk of poverty has gone through a significant change since 1990, when low income groups were fairly evenly distributed among all age groups. Since then, the age distribution has changed as the at risk of poverty threshold has differentiated for different age groups. At present, the age distribution of the population at risk of poverty is considerably different from that of the rest of the population. Despite their high at risk of poverty threshold, income for the age group over 65 is very close to the 60% income poverty threshold. Figure 6 compares the age distribution of the population at risk of poverty and the rest of the population in 2012.

Figure 6. Age distribution of persons at risk of poverty in 1990-2012 and of persons not at risk of poverty in 2012



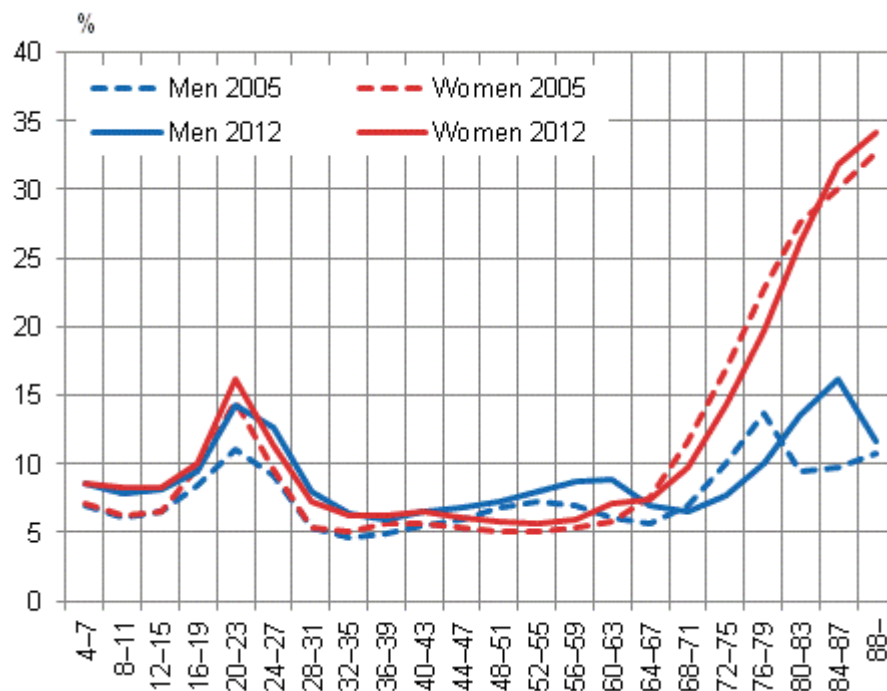
Source: Statistics Finland, Income Distribution Statistics

Persistent risk of poverty

Persistent risk of poverty (household members whose income is below the at-the-risk-of-poverty threshold in the reference year and in three out of the four preceding years) has doubled from 4.5% in 1998 to 9.0% in 2012. The risk is accentuated in two stages of life: on the one hand, in reaching retirement age (predecessors of the baby boomers) and, on the other, in young adulthood (at the ages of 15–29).

Compared to 2005, persistent risk of poverty levels have risen among both men and women. If examined by age, however, an exception is women between 64 and 83 and men between 68 and 79, among whom persistent risk of poverty is lower than in 2005. Persistent risk of poverty among older women, however, is clearly more common than among older men.

Figure 7. Persistent at risk of poverty 2005 and 2012 by age and gender



Source: Statistics Finland, total statistics on income distribution

Register-based data on income distribution has been collected as a time series since 1995. The 2012 data enables already a 17-year retrospective examination of the duration of at risk of poverty. Those who were at risk of poverty in 2012 had on average five at risk of poverty years between 1995 and 2012.

Strategy 2020 indicators

The risk of poverty and exclusion affects some 854,000 individuals in Finland. There are approximately 632,000 individuals in low-income households, around 351,000 members living in households with very low work intensity, and about 132,000 members of households suffering severe material deprivation.

Figure 8. People at risk of poverty or social exclusion 2012

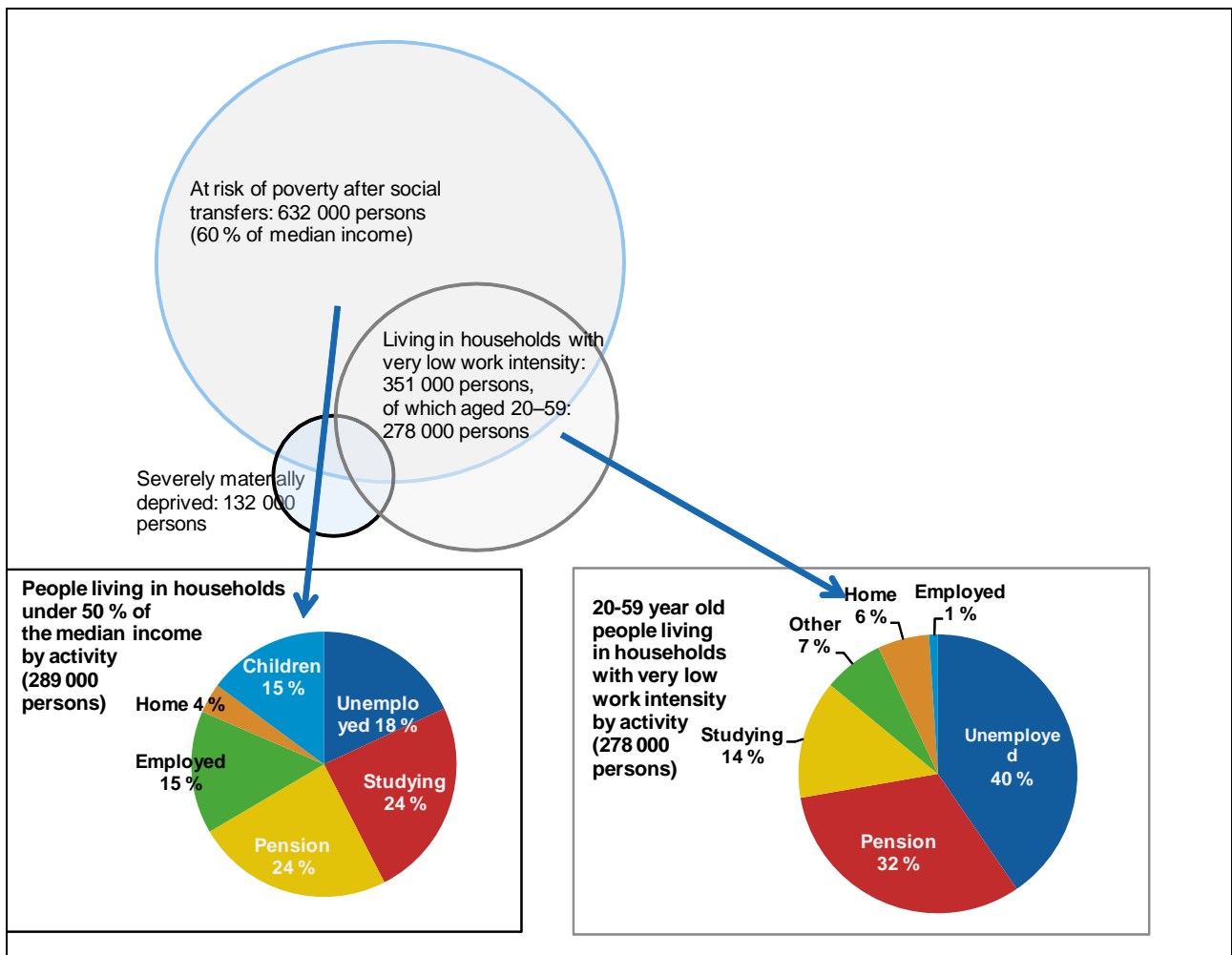
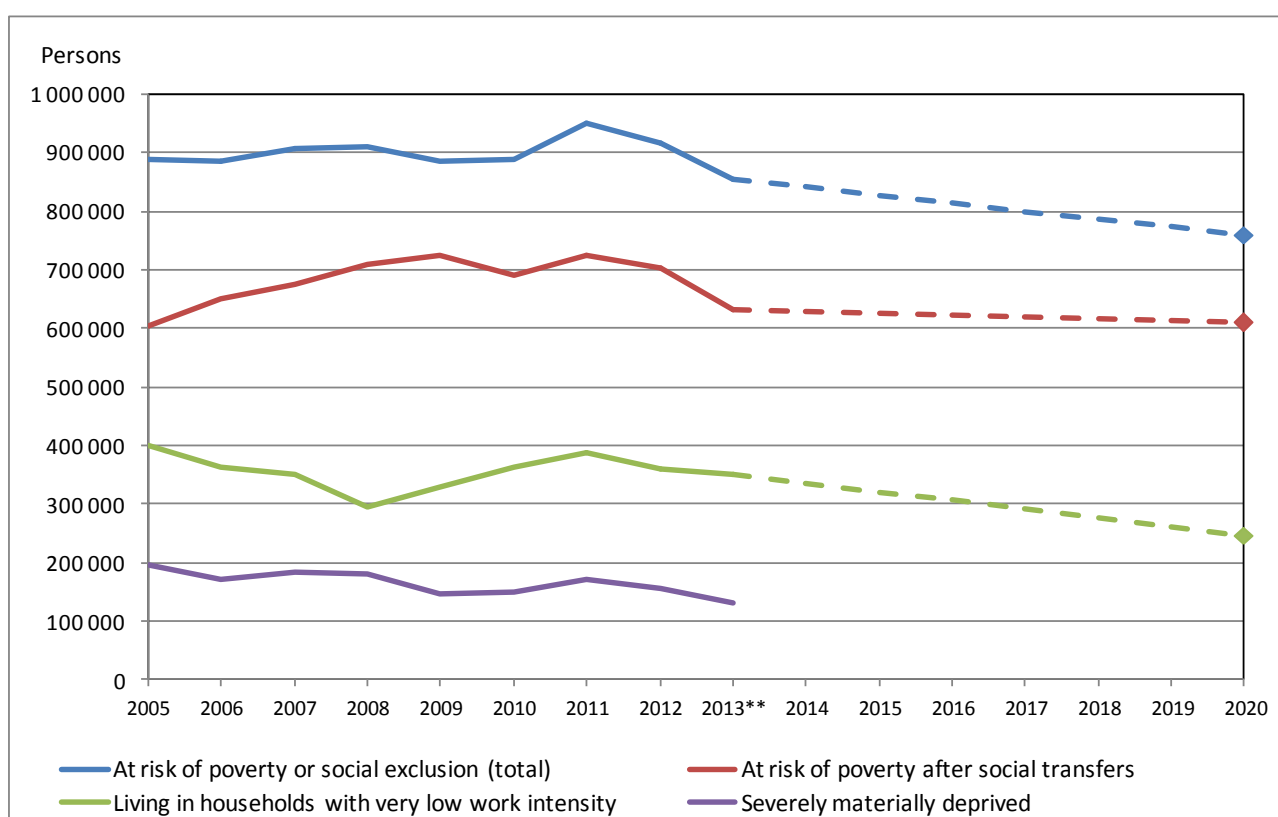


Figure 9. At risk of poverty or exclusion indicators 2005-2013**



Source: Eurostat and Statistics Finland (preliminary information on 2013)

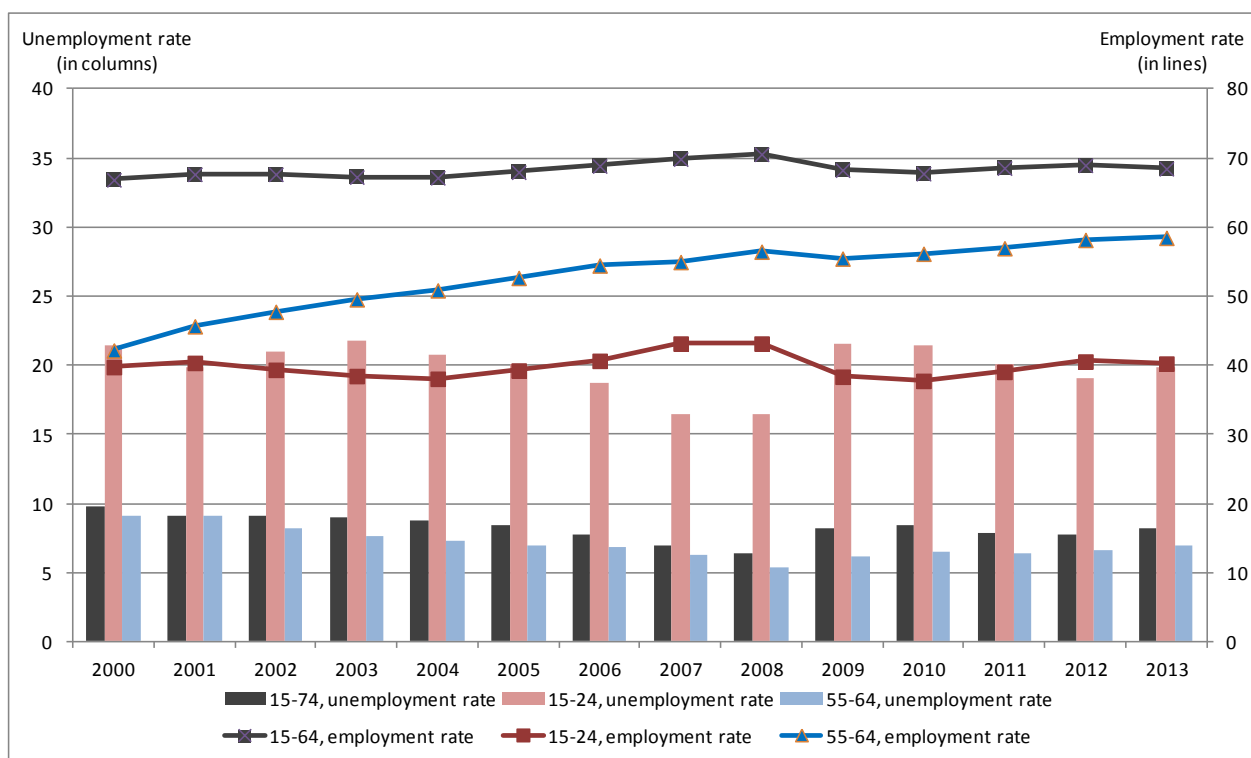
Employment and unemployment

Employment fell and unemployment increased in 2013. The employment rate was 68.5%, which was 0.5 percentage points lower than in the previous year. The employment rate among men was 69.2% and among women 67.8%. Population changes also affect the employment rate. In recent years there has been a decline in the population aged 15-64, the post-war baby boomers having moved into the 65-74 age group.

In 2013, the unemployment rate averaged 8.2%, while in 2012 it was 7.7%. In 2013, an average of 219,000 people were unemployed, which was 12,000 more than the year before. In 2013, in addition, there were 124,000 outside the work force and known as the hidden unemployed, who might have liked to and could have accepted employment, but did not actively look for it. The number of the hidden unemployed grew by 11,000 compared to 2012. The hidden unemployed were mainly in the age groups 15-24 (38,000) and 55-64 (32,000).

The unemployment rate among the young (15-24 year olds) has remained at the 20% level more or less in recent years. It is, however, still higher than during the top years 2007 and 2008 of the 2000s when the youth unemployment rate was below 17%. The employment rate for older people (age group 55-64) has risen since the late 1990s with the exception of a brief decline in the employment rate for older men in 2009 due to the financial crisis. The employment rate for older people is still, however, around ten percentage units lower than for people in working age.

Figure 10. Unemployment rate and employment rate by age group in 2000 - 2013



Source: Statistics Finland

Long-term unemployment

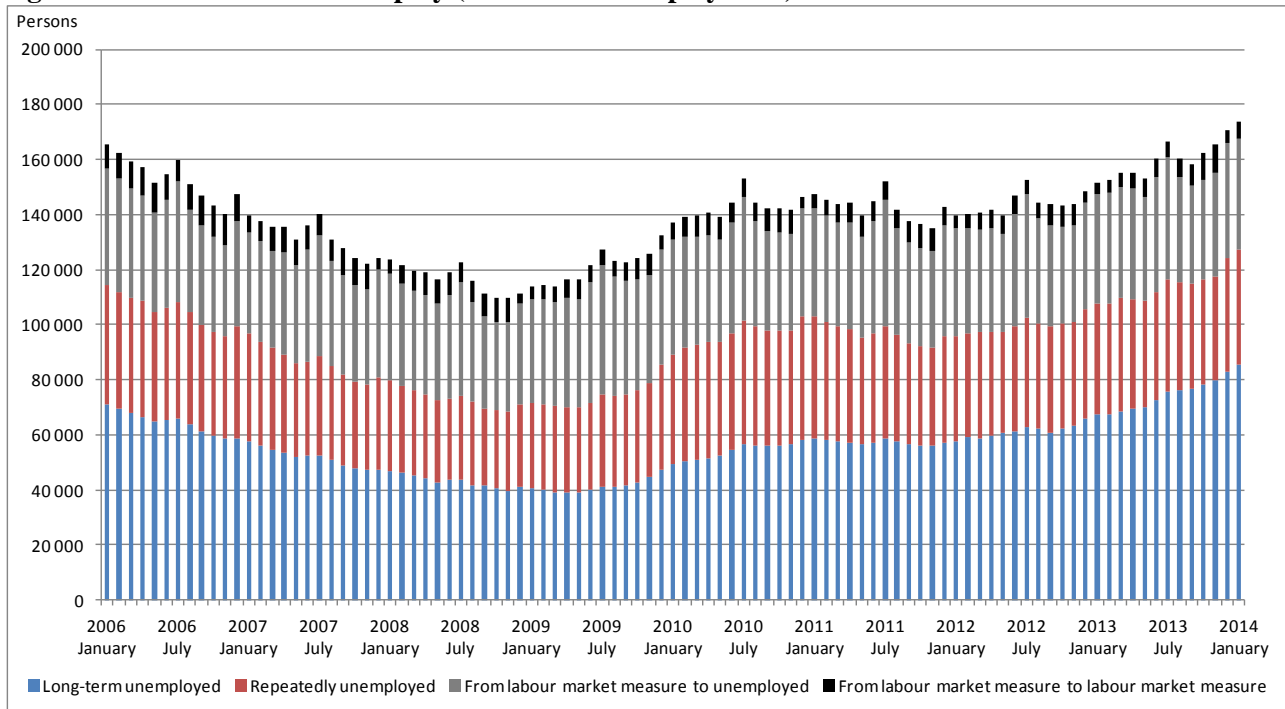
The number of persons unemployed more than a year increased significantly in 2013. In 2013, there were approximately 73,700 persons who had been unemployed for over a year, which is one fifth more than in the previous year. The number of long-term unemployed rose continuously between 2010 and 2013. The number of difficult-to-employ job seekers has gone up to 160,000-170,000.

Table 3. Long-term unemployed in 2006 – 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Persons unemployed more than a year								
Total	64,400	51,700	43,100	41,300	54,000	57,200	61,200	73,700
Men	35,400	28,100	23,500	23,800	32,900	34,100	36,000	43,300
Women	28,900	23,600	19,600	17,500	21,100	23,100	25,100	30,400

Source: Ministry of Employment and the Economy

Figure 11. Those difficult to employ (structural unemployment) in 2006 – 2013



Source: Ministry of Employment and the Economy

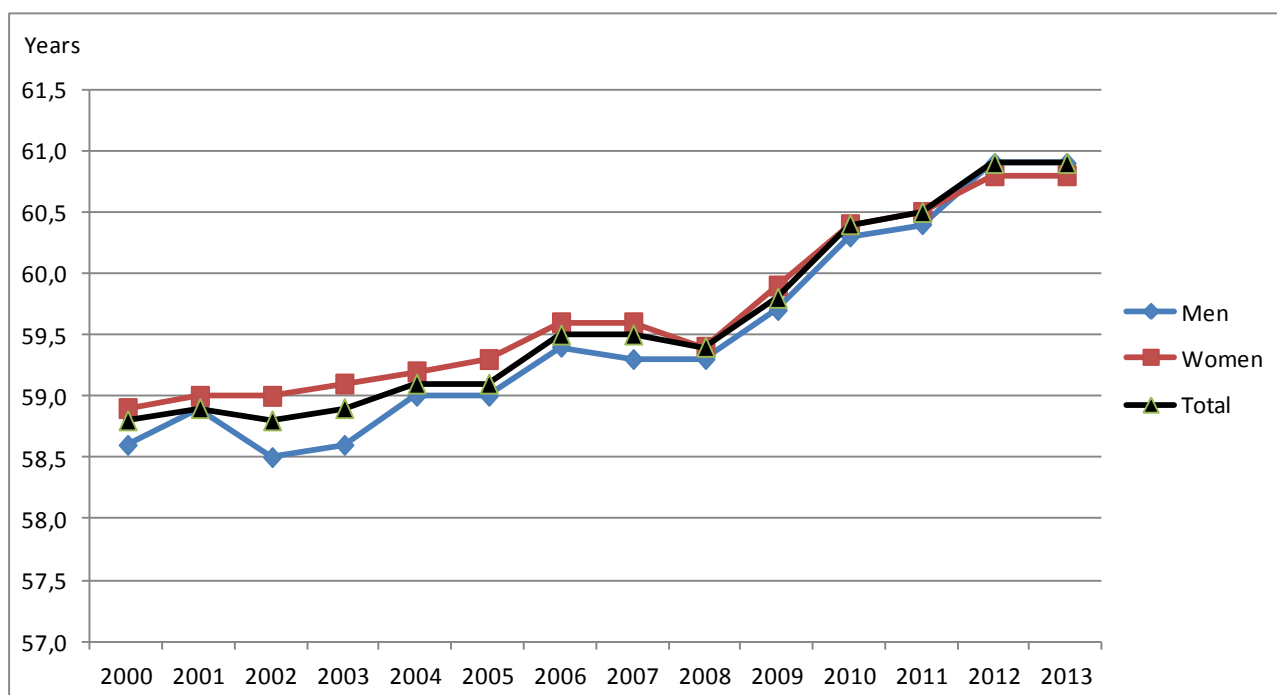
Developments in the length of working careers

In 2013, the expected effective retirement age for 25 year olds was 60.9, i.e. the same as in 2012. The expected effective retirement age has risen by nearly 2 years compared to the level before the 2005 pension reform. In recent years the difference between men and women as regards the expected effective retirement age has narrowed substantially. There is now hardly any difference, and men and women tend to retire at the same age. The figures for 2013 suggest that the working life expectancy of Finns is just under 34 years. Employment, which has showed a discouraging trend, reduced working life expectancy by a few months compared to the previous year. It is now around 2 years higher than in 2000.

Future trends depend on changes in people's behaviour and developments in the economy and employment. In recent years, the unemployment rate among older people has shown a favourable trend.

A positive sign for longer working careers is the fact that there has been a reduction in recent years in those retiring on a disability pension, and there has been greater use made of partial disability pensions and partial sickness allowances. These reduce the incidence of working careers being cut short prematurely.

Figure 12. Expected effective retirement age for 25-year-olds in 2000 - 2013 (in the earnings-related pension scheme)



Source: Finnish Centre for Pensions

Retiring on a disability pension

The incidence of retirement on a disability pension has declined in recent years, but in 2013 the age-standardised commencement of disability pensions remained at the level for the previous year. Around one-third of all persons retiring on a disability pension had a disease of the category of mental and behavioural disorders, while nearly as many retired on disability pension due to musculoskeletal disorders. Two-thirds of those below the age of 45 had a mental disorder, while almost a half of those aged 55 years or more had a musculoskeletal disorder.

Table 4. Number of persons having retired on a disability pension and age-standardised beginning of disability pensions in 2000 and 2007—2013

	2000	2007	2008	2009	2010	2011	2012	2013
Number of persons having retired on a disability pension (in the earnings-related pension scheme)								
Total	22,839	25,422	25,574	23,870	22,898	22,983	20,457	20,383
Men	12,144	12,948	13,019	12,246	11,576	11,465	10,213	9,900
Women	10,695	12,474	12,555	11,624	11,322	11,518	10,244	10,483
Age-standardised prevalence of disability pensions in the earnings-related pension scheme (%) ¹⁾								
Total	8/7	8/4	8/4	7/6	7/2	7/2	6.3	6.3
Men	9/1	8/5	8/4	7/7	7/2	7/1	6.2	6.0
Women	8/3	8/4	8/3	7/5	7/2	7/4	6.5	6.6

1) The standardisation year is 2000.

Source: Finnish Centre for Pensions

In 2013, around a quarter of those retiring on a disability pension actually retired on a partial disability pension. The share of partial disability pensions has increased significantly in recent years. In 2013, approximately 5,200 people retired on a partial disability pension, two-thirds of whom were women. In all, some 23,000 individuals received a partial disability pension in 2013, which is a third more than in 2005.

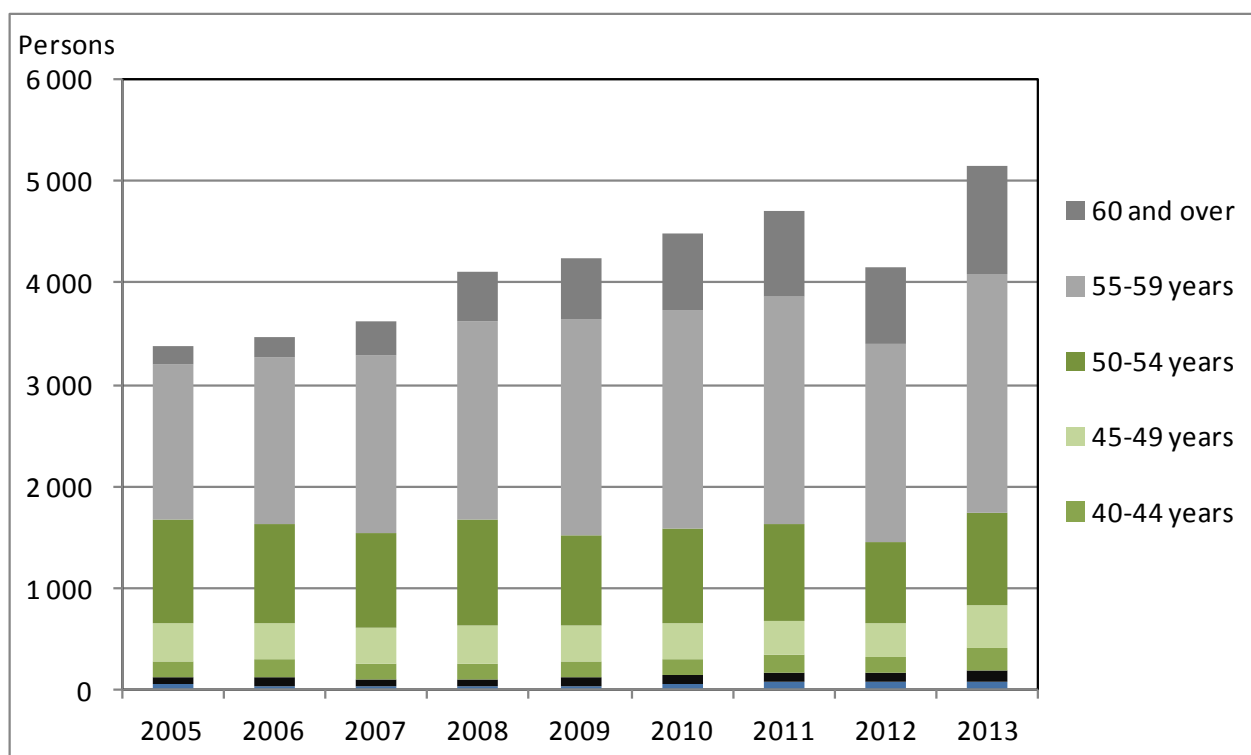
Table 5. Number of persons having retired on a partial disability pension in 2005 - 2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total									
- % all persons having retired on a disability pension	3,372 13%	3,475 14%	3,615 14%	4,117 16%	4,240 18%	4,480 20%	4,715 21%	4,149 20%	5,157 25%
Men									
- % all men having retired on a disability pension	1,138 9%	1,170 9%	1,227 9%	1,316 10%	1,431 12%	1,407 12%	1,438 13%	1,422 14%	1,607 16%
Women									
- % all women having retired on a disability pension	2,234 19%	2,305 19%	2,388 19%	2,801 22%	2,809 24%	3,073 27%	3,277 28%	2,727 27%	3,550 34%

Source: Finnish Centre for Pensions

In 2013, two-thirds of the persons retiring on a partial disability pension were aged 55 years or more. In recent years, the rise in the number of persons retiring on a partial disability pension has been in the age group 55 and over.

Figure 13. Number of persons having retired on a partial disability pension by age group in 2005 - 2013



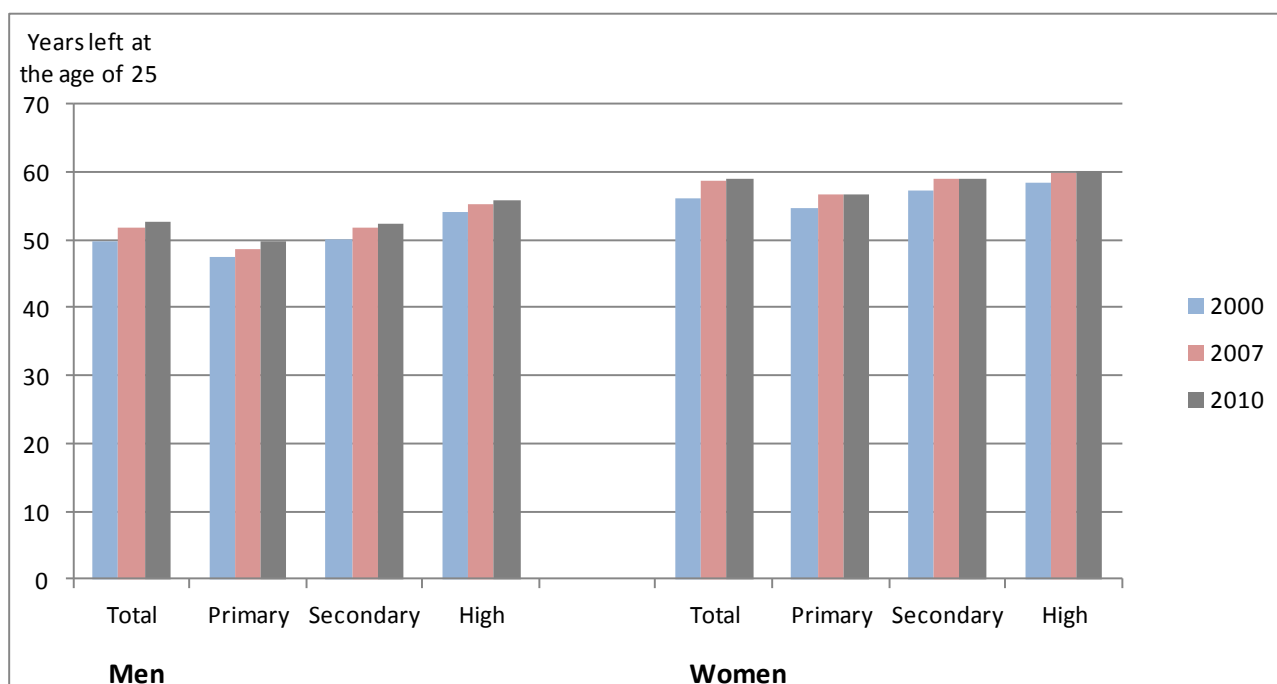
Source: Finnish Centre for Pensions

Health differences and lifestyles

According to the Health 2000 and Health 2011 surveys, the health, functional capacity and well-being of Finns over the age of 30 have improved this century. Middle-aged people and pensioners in particular are healthier, while the health and well-being of those between 30 and 44 have barely improved at all. There are still big differences regionally and between the genders and education groups. The most important factors behind differences in health are living conditions and lifestyles, such as alcohol use, smoking, nutrition and physical exercise. Socio-economic differences in health are already visible among children and young people.

One positive side to this is the fact that lifestyles in recent years, especially among the young, but also among adults, have shown a favourable trend. For example, total alcohol consumption has decreased, and this is also reflected in the incidence of substance abuse. The use of drugs and alcohol, particularly among the young, has shown a favourable trend. The same is true of smoking, which is in decline, and in the increase in fitness and exercise.

Figure 14. Average life-expectancy at 25 years of age by level of education in 2000, 2007 and 2010

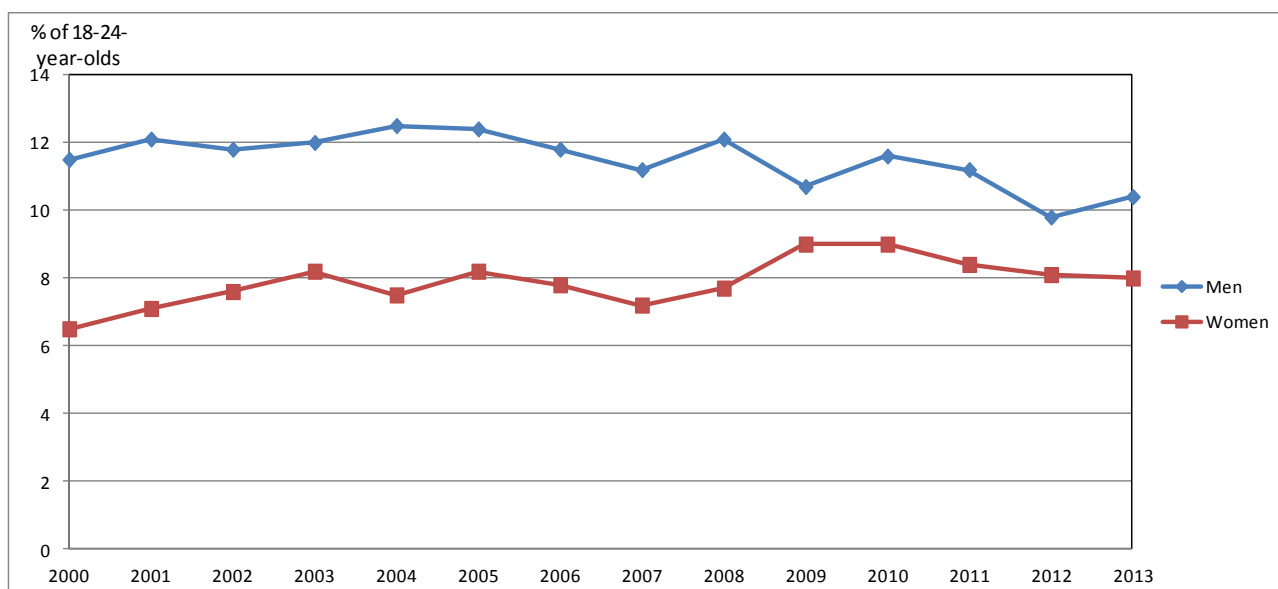


Source: National Institute for Health and Welfare (2000 and 2007) and Eurostat (2010)

Social exclusion of young people

Almost one-tenth of the 18–24 age group are early leavers from education. Thus, included in the figure are those young people who have no post-lower-secondary education and are not in education or training. When we exclude from that figure young people who are outside education but who are working, on childcare leave, doing military service or on a pension, approximately 5% of 18-24 year olds are at risk of exclusion (6% of boys and 4% of girls).

Figure 15. Early leavers from education: percentage of the population aged 18-24 with at most lower secondary education and not in further education or training in 2000 - 2013

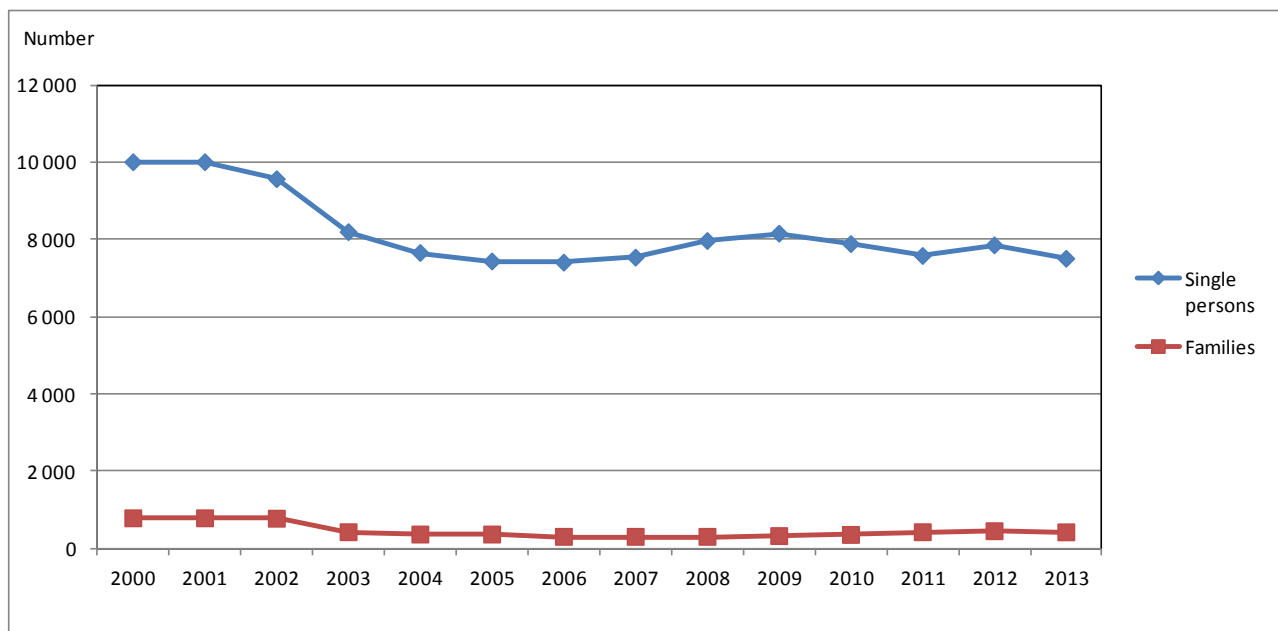


Source: Eurostat

Homelessness

The number of single homeless people has been between 7,500 and 8,000 since 2003. In 2013, there were 7,500. There were some 2,500 long-term homeless people, which is 30% less than in 2008. Most homeless people still tend to be men, but homelessness among women, the young and immigrants has increased in the last few years.

Figure 16. Homelessness in 2000 - 2013

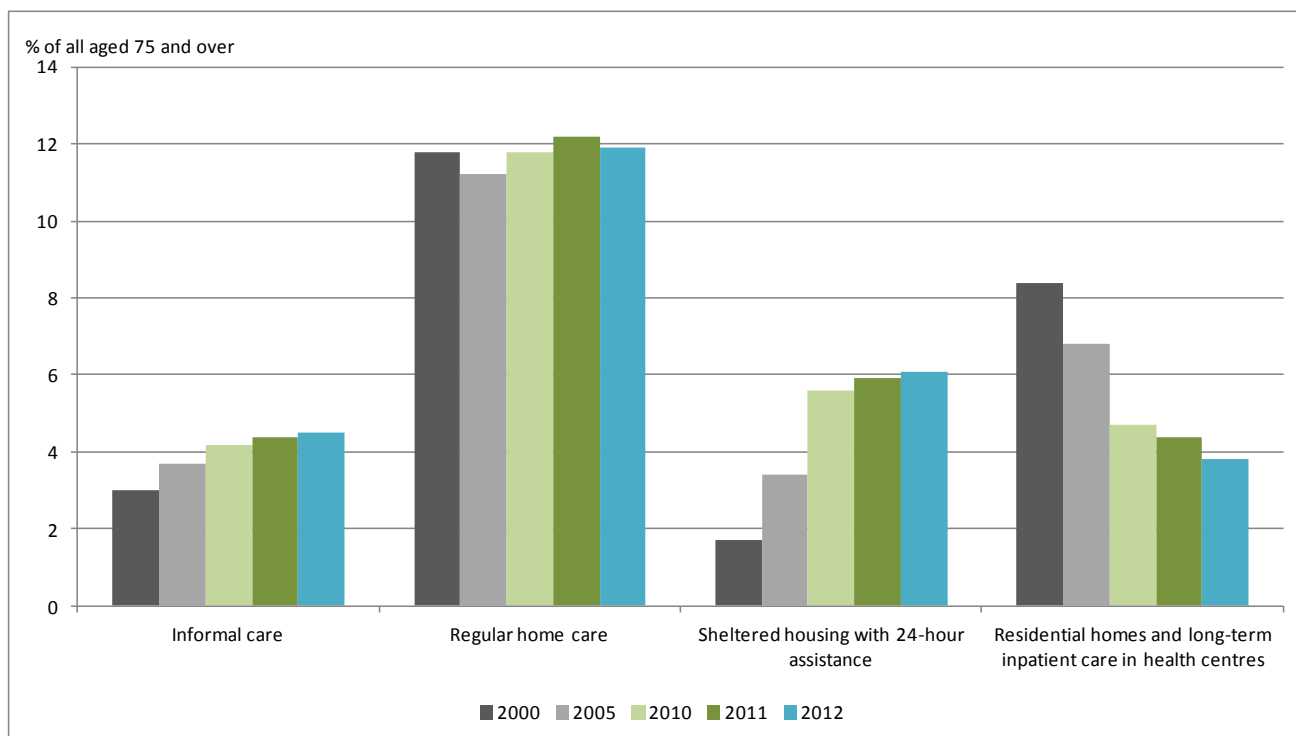


Source: The Housing Finance and Development Centre of Finland

Services for the elderly

The structure of services for the elderly has altered in recent years, and is in line with targets. Institutional care in 2012 was substantially less than in the previous year. Sheltered housing with 24-hour assistance and support for informal care continued to grow in line with targets, but home care coverage fell and therefore did not meet targets.

Figure 17. Service structure and coverage in care and services for older people in 2000 - 2012



Source: National Institute for Health and Welfare and Statistics Finland

Pensions

Table 6. Number of pension recipients in 2007—2012

	2007	2008	2009	2010	2011	2012	2013
Old-age pension	978,300	1,005,300	1,048,400	1,093,300	1,134/900	1,174/500	1,209/400
Part-time pension	30,000	29,100	27,900	28,800	27,500	23,500	20,400
Disability pension	271,600	272,900	272,300	267,200	260,500	250,700	243,300
Unemployment pension	50,300	50,800	46,600	33,900	23,000	11,000	5,900
Surviving spouse's pension	263,400	263,500	263,800	263,500	262,700	261,100	259,900

Table 7. Pension expenditure in 2007—2012, million euro

	2007	2008	2009	2010	2011	2012	2013
Old-age pensions	13,050	13,827	15,302	16,311	17,542	19,168	20,711
Part-time pensions	214	216	221	224	235	218	192
Disability pensions	3,122	3,061	3,160	3,147	3,072	3,066	3,026
Unemployment pensions	679	723	696	527	312	134	20
Survivors' pensions	1,493	1,536	1,615	1,625	1,642	1,695	1,736

Table 8. Average pensions in 2007—2012, euro/month

	2007	2008	2009	2010	2011	2012	2013
National pension, single person	525	558	584	584	586	609	630
Guarantee pension					688	714	739
Average pension in one's own right (incl. national pension and earnings-related pension)							
Recipients of old-age pensions							
Men	1,507	1,557	1,659	1,687	1,728	1,809	1,879
Women	971	1,000	1,071	1,097	1,133	1,195	1,252
Recipients of disability pensions							
Men	1,117	1,077	1,117	1,119	1,121	1,149	1,167
Women	934	891	927	929	934	962	983
Persons having retired on an old-age pension							
Men	1,814	1,793	1,922	1,974	1,947	2,025	..
Women	1,250	1,199	1,326	1,365	1,370	1,441	..
Persons having retired on a disability pension							
Men	1,044	1,018	1,090	1,126	1,174	1,192	..
Women	841	809	842	884	907	943	..

Source: Finnish Centre for Pensions