

# EU 2020 Strategy: Who is at Risk of Poverty or Exclusion?

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Statistics Finland

## Disposition

- The disadvantaged groups in EU strategy 2020
  - At risk of poverty
  - Very low work intensity
  - Material deprivation
- Financial situation of the disadvantaged groups
- Population composition of the low work intensity households
- The unemployed and the early retired in the households
  - with low work intensity
  - at risk of poverty

# The 3 criteria of at risk of poverty or exclusion

## ■ **At risk of poverty**

- ARP threshold: the usual (60% of median equivalent household income)

## ■ **Low work intensity households**

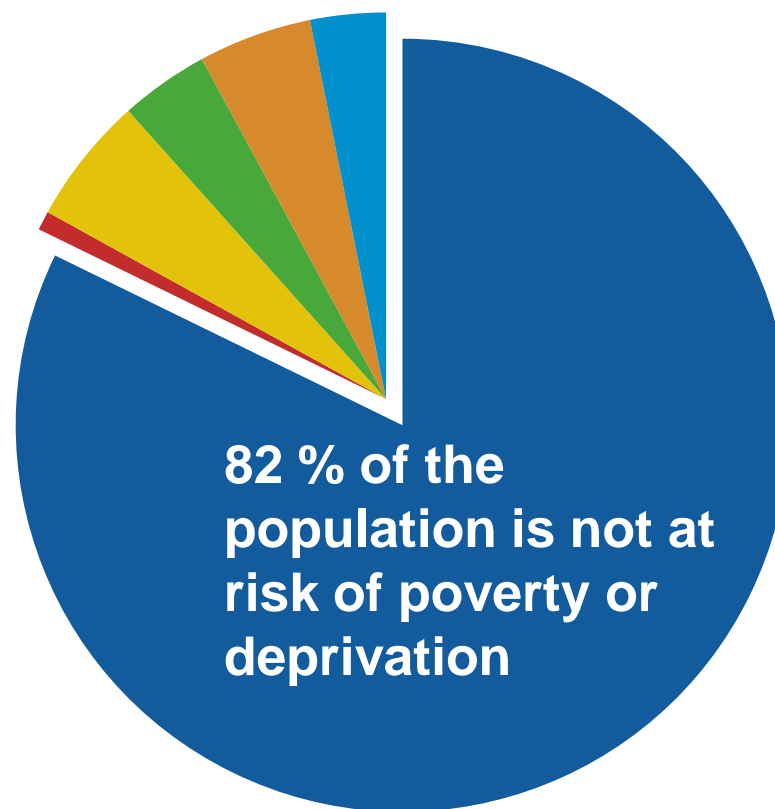
- Persons in households where less than 20% of work potential of the household is materialised

## ■ **Severe material deprivation**

- 4 items out of 9 specified deprivation items

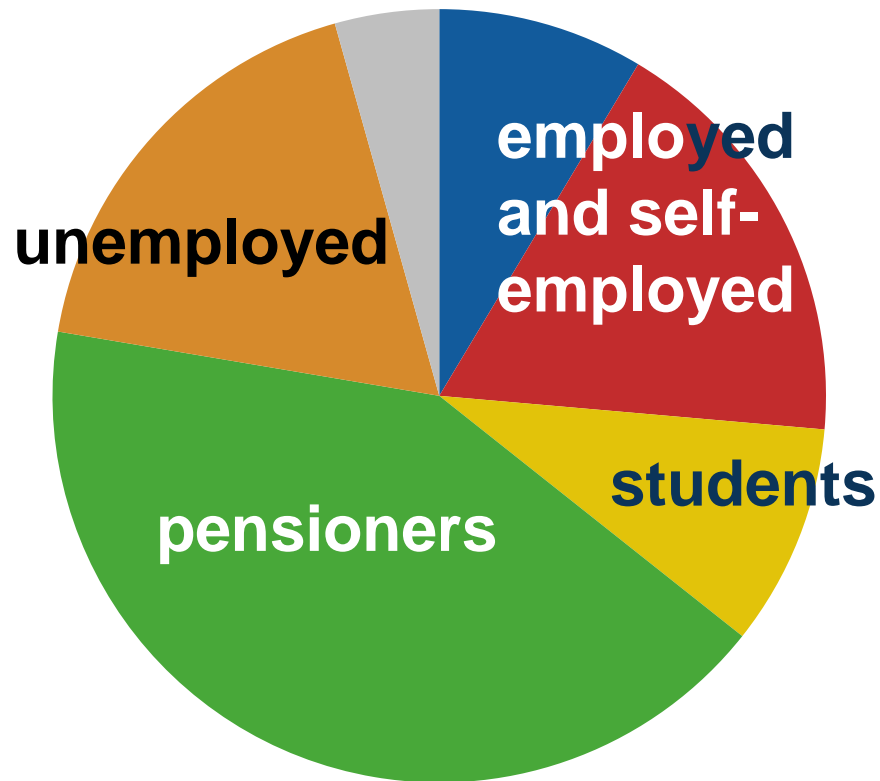
## The general picture of ARP or Excl (2008)

**18 % of the population in Finland is at risk of poverty or exclusion**



## Activity structure in the target group

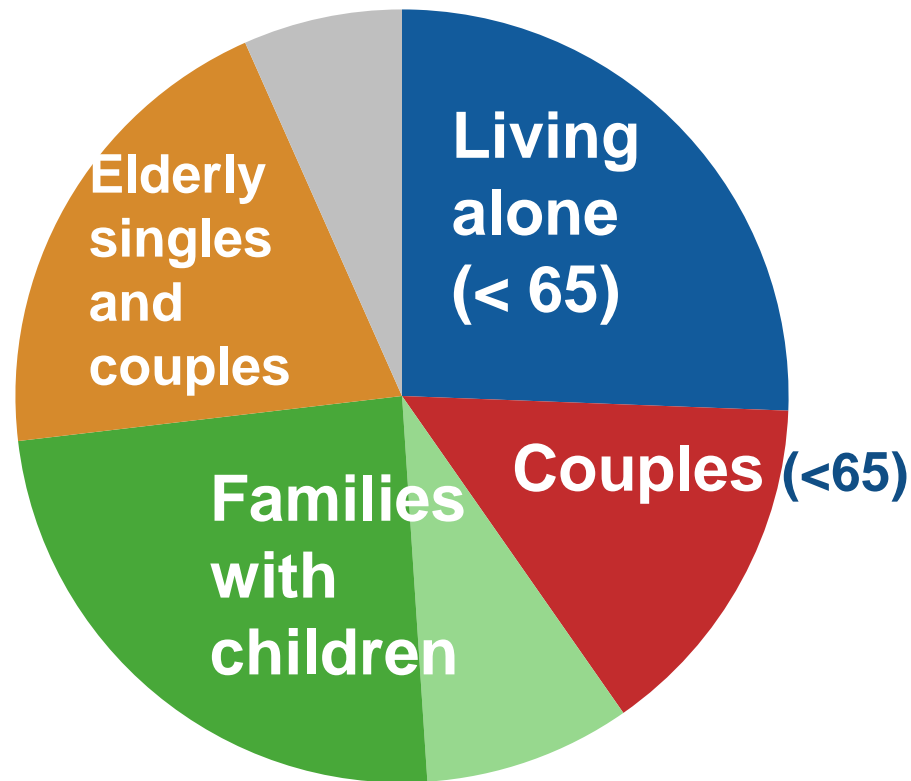
**930 000  
persons**



**Activity of the  
head of  
household**

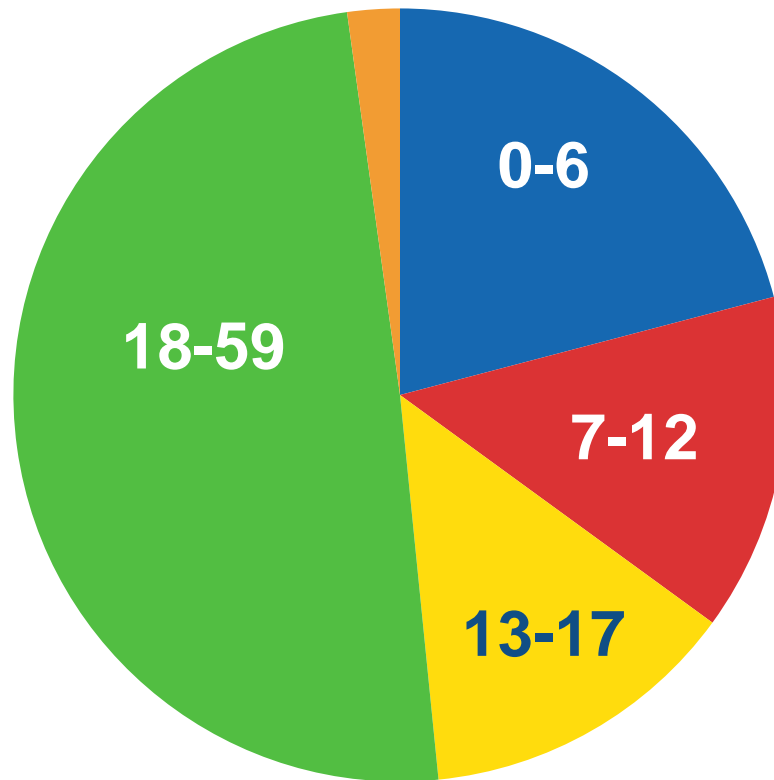
## Household structure in the target group

**930 000  
persons**



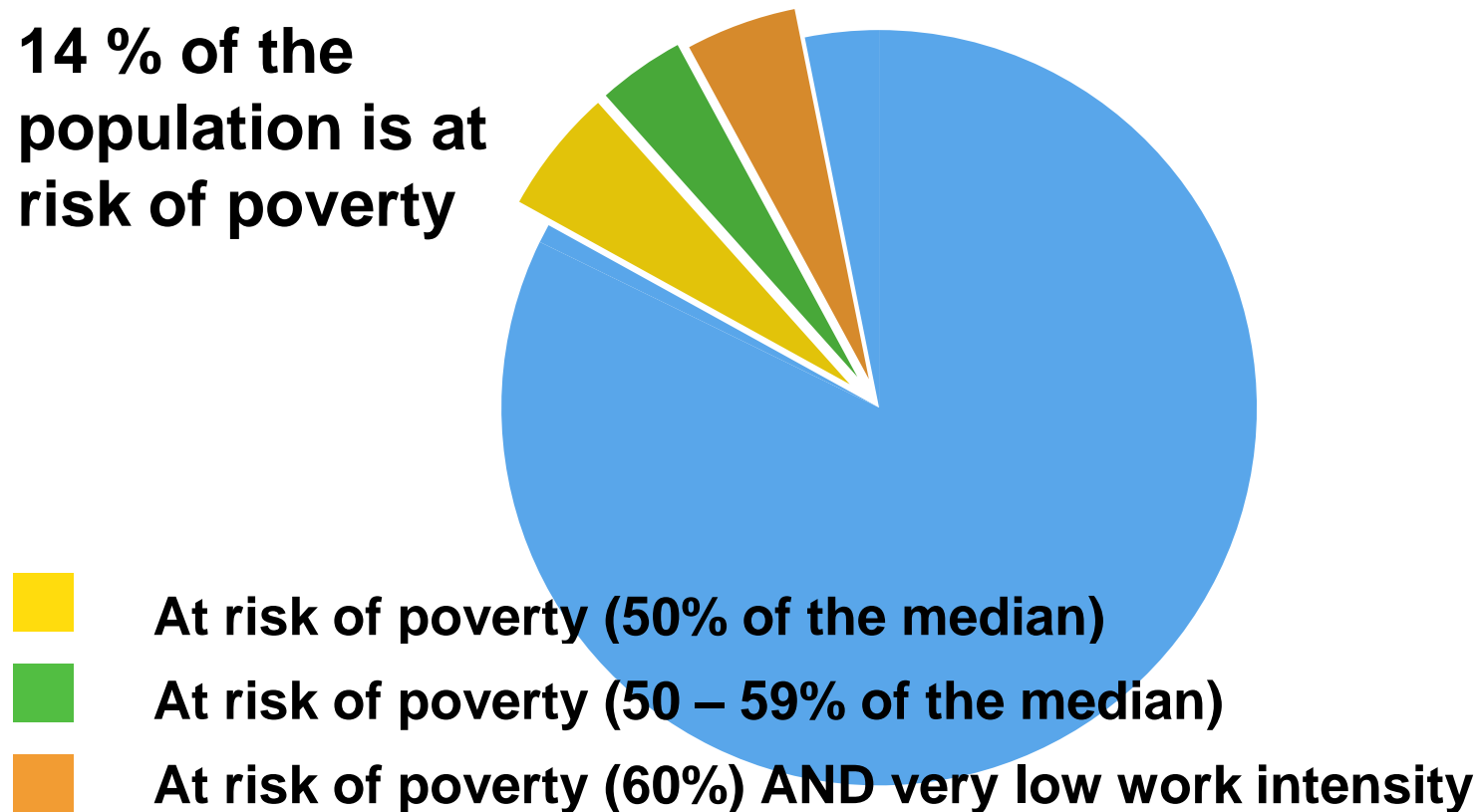
## Age structure in families with children

**300 000  
persons**



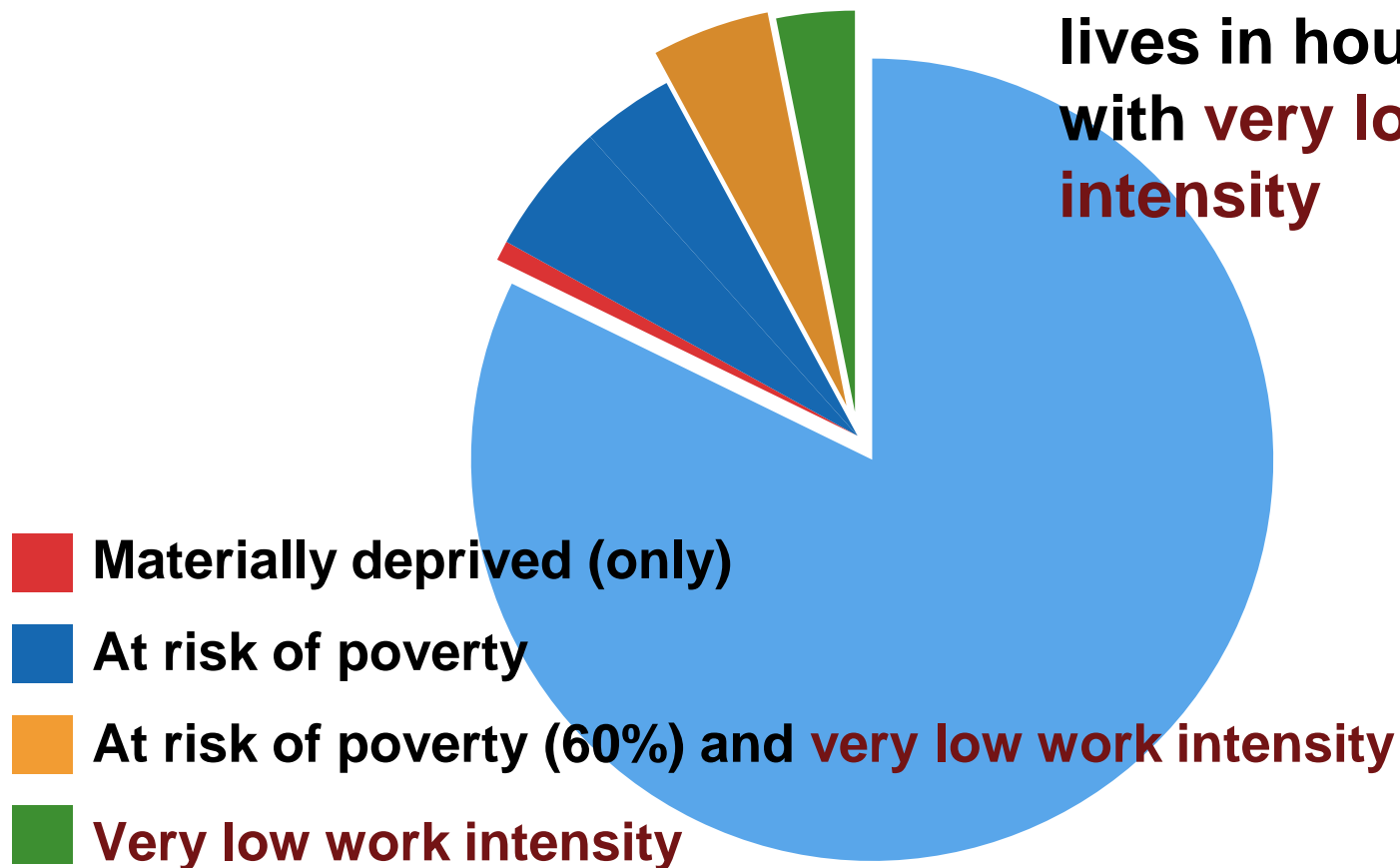
## At risk of poverty

**14 % of the population is at risk of poverty**



## Low work intensity 2008

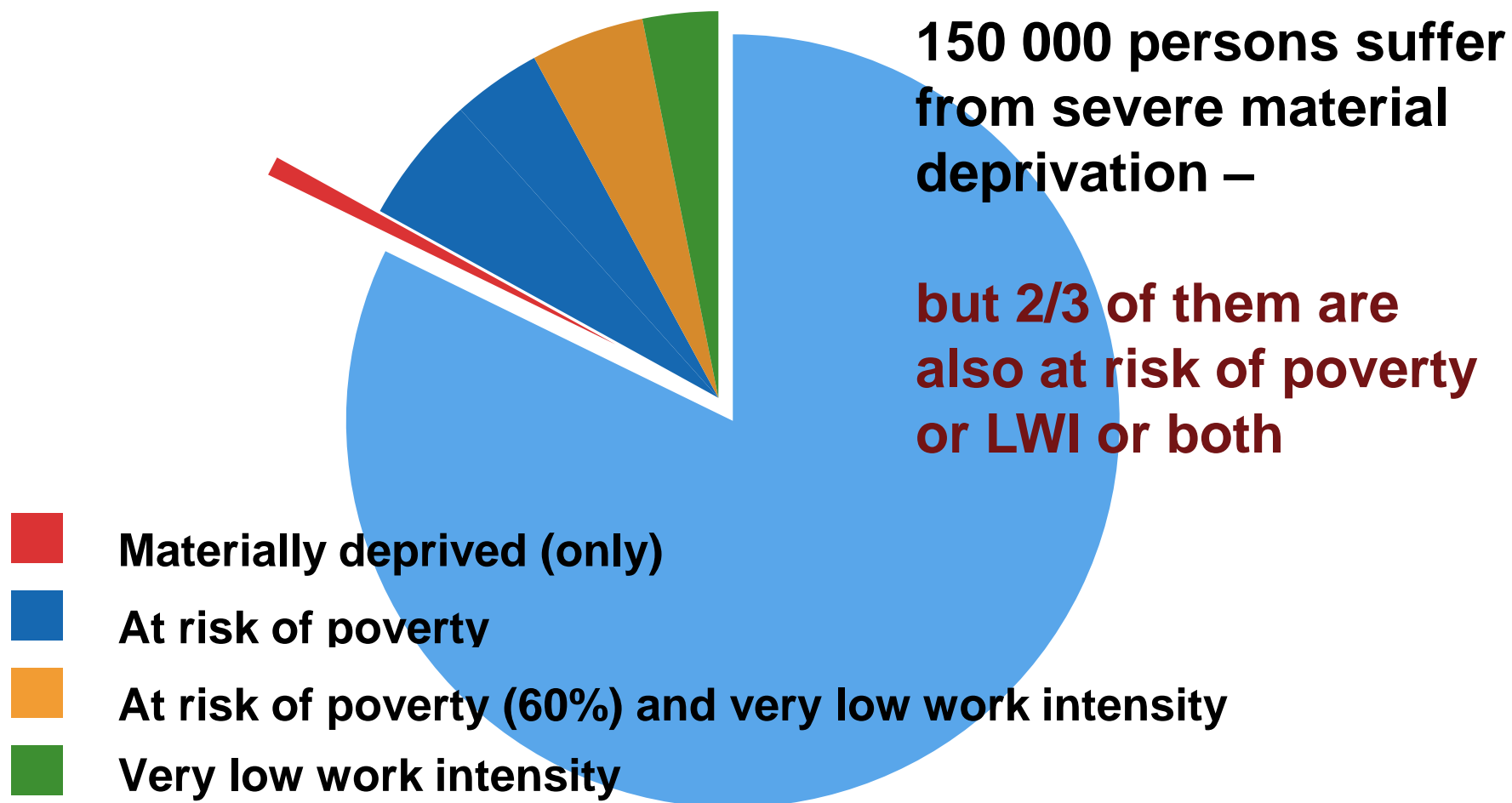
8 % of the population lives in households with **very low work intensity**



## Low work intensity - definition

- Persons in households with working-age (18-59) adults ...
  - ...where the adults worked less than 20% of their **total work potential** during the past year
  - For example, in a household with 1 working-age person, if the number of months spent in employment is...
    - ...2 months → low work intensity
    - ...3 months → not LWI

## Severe material deprivation 2008



# The criteria of severe material deprivation

A measure of lack of resources:

## Cannot afford:

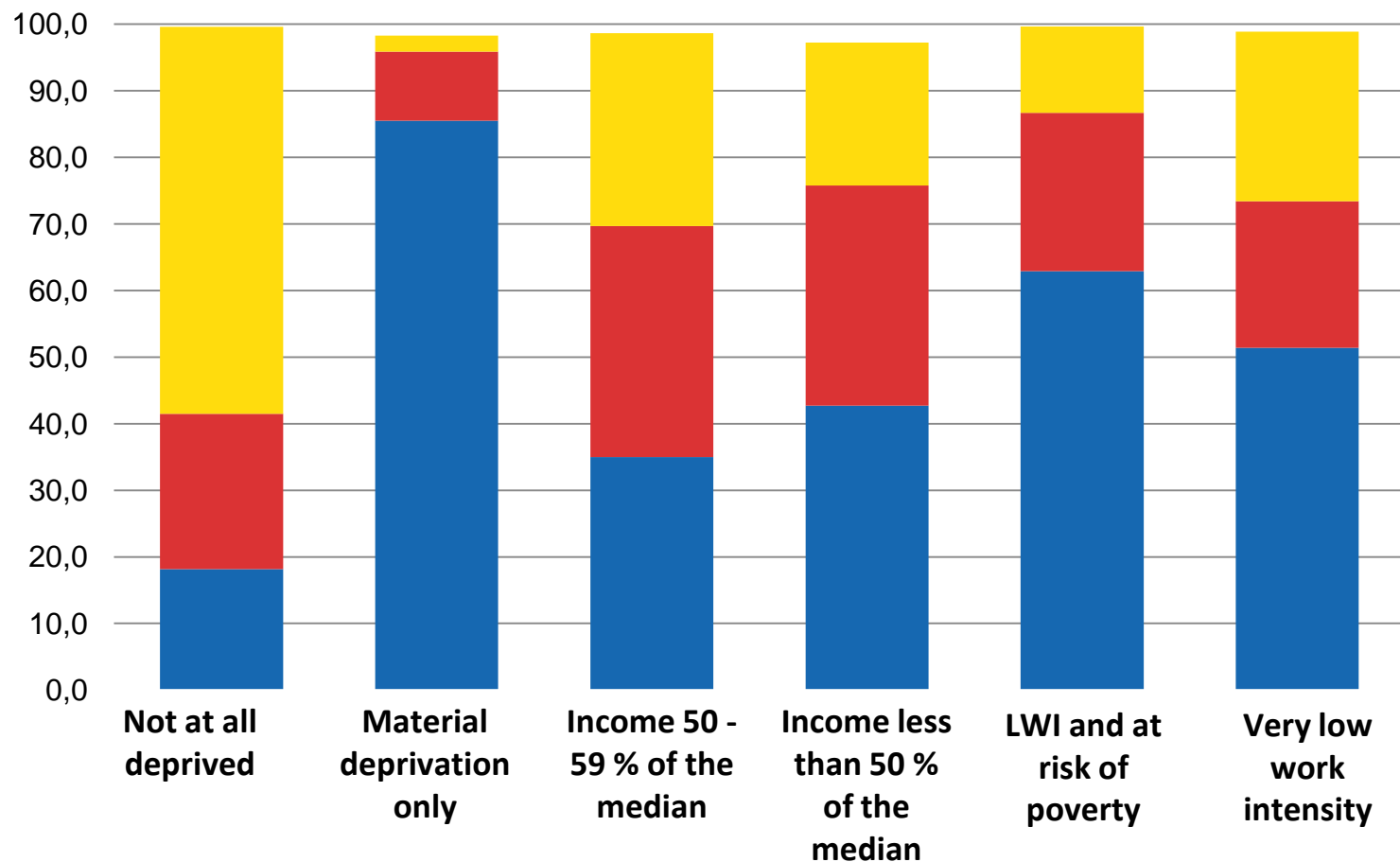
- to pay rent or utility bills
- keep home adequately warm
- face unexpected expenses
- eat meat, fish or a protein equivalent every second day
- spend a week holiday from home
- a car / a washing machine / a colour TV / a telephone

## Severe material deprivation in Finland 2008

- **150 000 persons** live in severe material deprivation
  - **of whom**
    - 99% have no capacity to face unexpected expenses
    - 90% cannot afford a week's holiday outside home
    - 73% cannot afford a car
    - 73% are in arrears in payments of rent, mortgage interest, hire purchase or utility bills

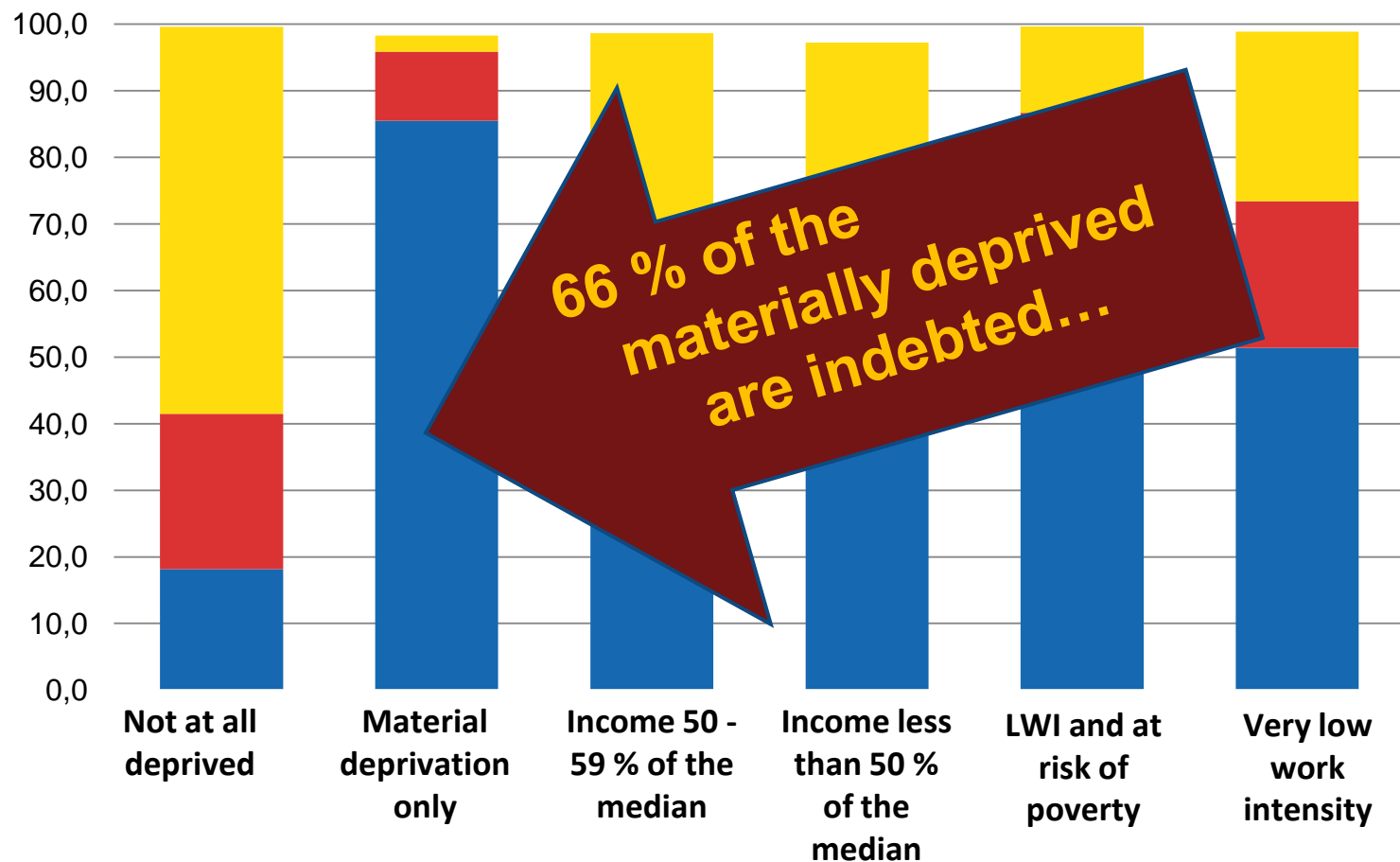
# Financial situation in the disadvantaged groups

## Subjective evaluation of the household's financial situation



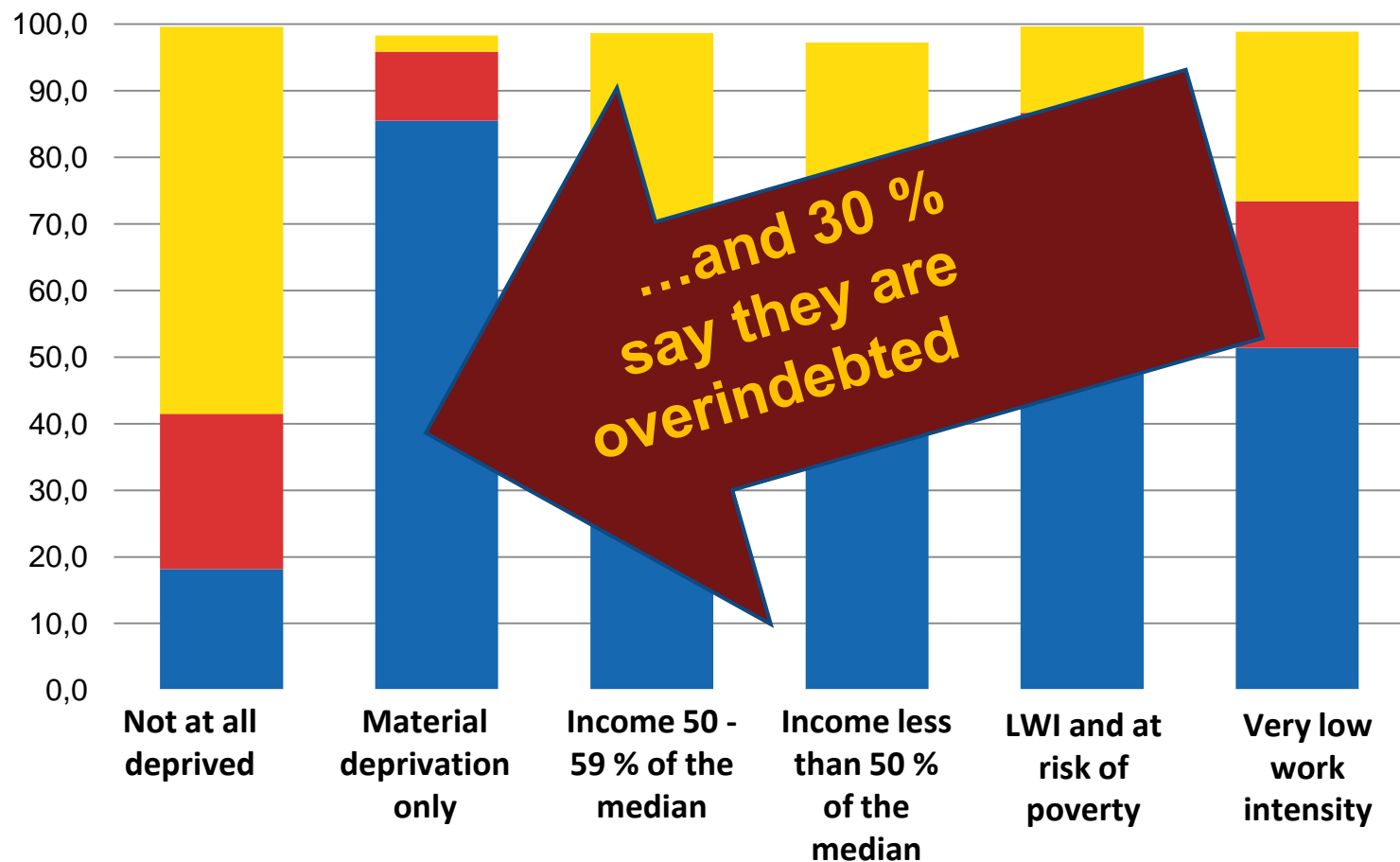
■ cannot make ends meet    
 ■ Can make ends meet but nothing is saved    
 ■ Can make ends meet

## Subjective evaluation of the household's financial situation



■ cannot make ends meet   
 ■ Can make ends meet but nothing is saved   
 ■ Can make ends meet

## Subjective evaluation of the household's financial situation



■ cannot make ends meet    
 ■ Can make ends meet but nothing is saved    
 ■ Can make ends meet

Deprivation group	Poverty gap, i.e. distance from poverty line*	Median yearly equivalent disposable income
<b>No deprivation</b>	-	<b>22 723</b>
<b>Material deprivation only</b>	-	<b>15 615</b>
<b>At risk of poverty, 50-59 % of the median</b>	<b>7.92</b>	<b>11 637</b>
<b>At risk of poverty, less than 50 % of the median</b>	<b>34.05</b>	<b>9 111</b>
<b>At risk of poverty and low work intensity</b>	<b>23.41</b>	<b>10 002</b>
<b>Low work intensity</b>	-	<b>16 639</b>

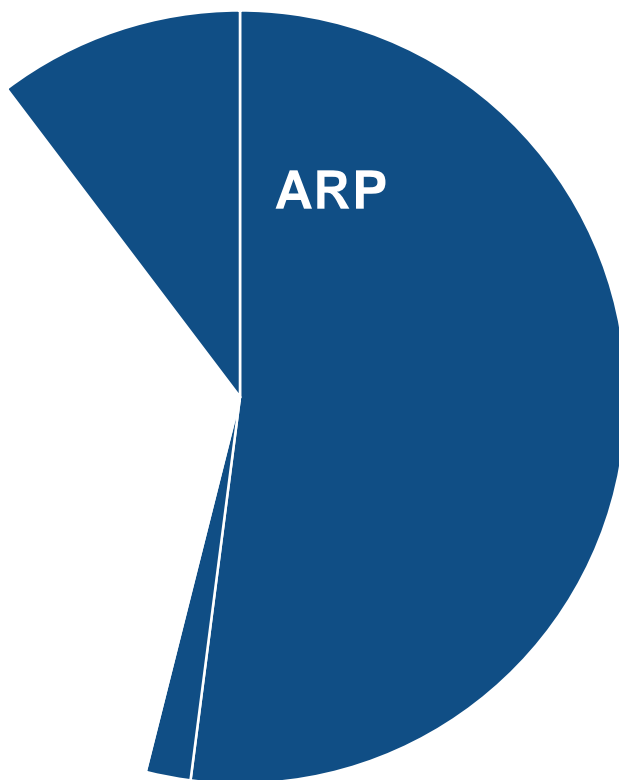
\*poverty line in 2008 SILC data: 12 600 €/y

Deprivation group	Earned income as % of the gross income	Basic* security as % of the gross income	Earnings-based* security as % of gross income
<b>Median income group</b>	<b>74</b>	<b>6</b>	<b>19</b>
<b>No deprivation</b>	<b>81</b>	<b>5</b>	<b>15</b>
<b>Material deprivation only</b>	<b>61</b>	<b>15</b>	<b>22</b>
<b>At risk of poverty, 50-59 % of the median</b>	<b>36</b>	<b>25</b>	<b>37</b>
<b>At risk of poverty, less than 50 % of the median</b>	<b>45</b>	<b>32</b>	<b>19</b>
<b>At risk of poverty and low work intensity</b>	<b>18</b>	<b>60</b>	<b>19</b>
<b>Low work intensity</b>	<b>42</b>	<b>19</b>	<b>39</b>

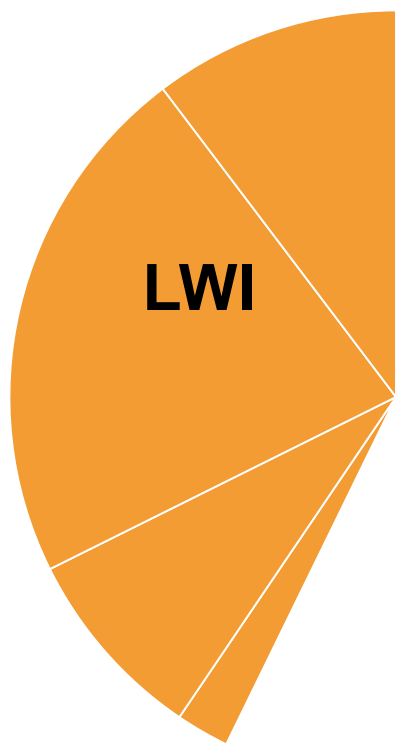
\* Distinction between basic and earnings-based social security a bit uncertain

# Combinations of risks in different populations

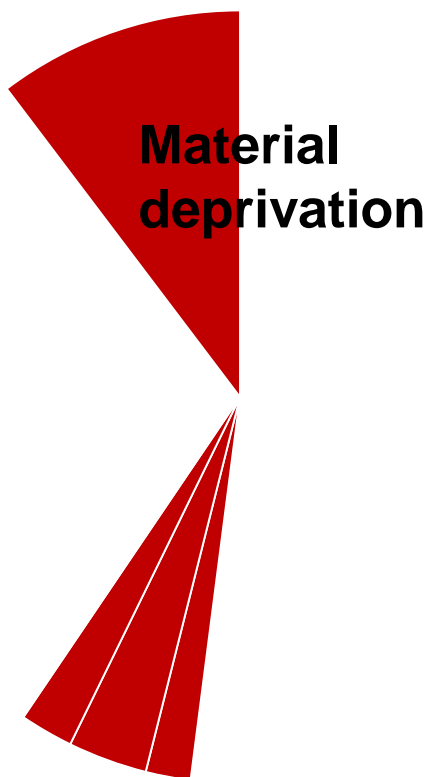
# Children



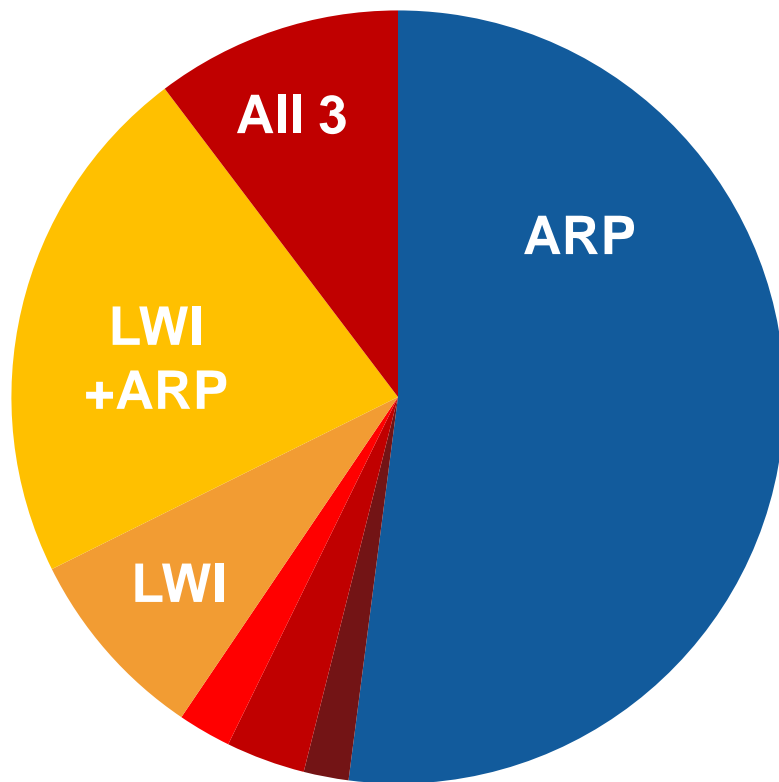
# Children



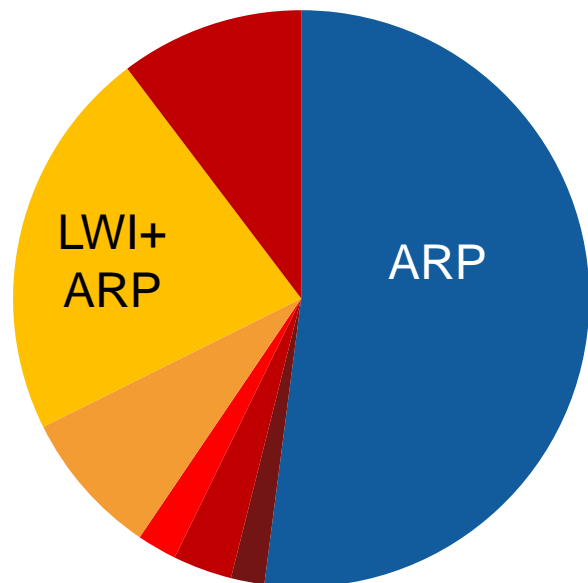
# Children



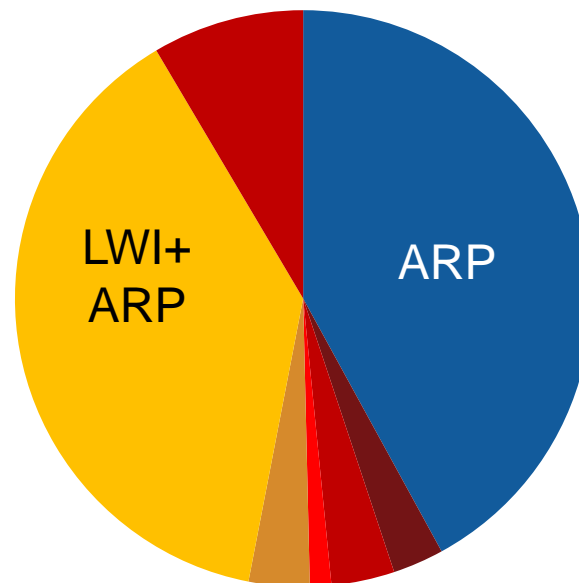
# Children



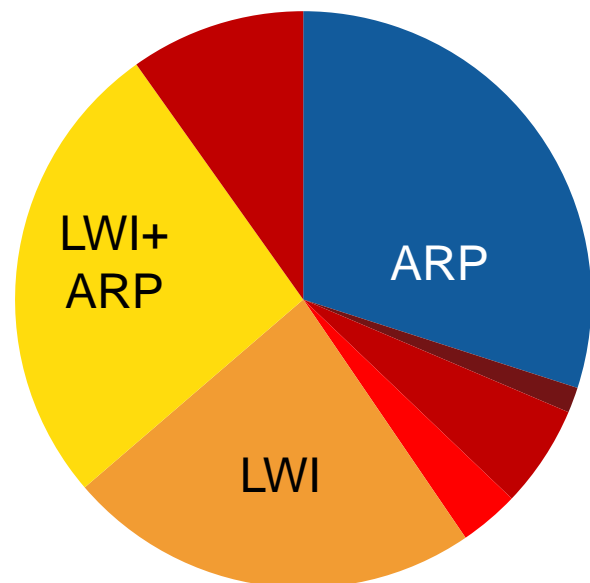
## Children



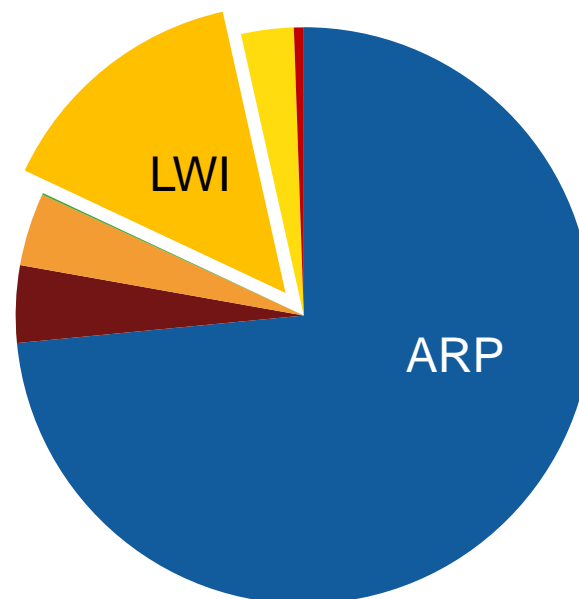
## Young (18-24) and independent



## Population aged 25 – 59



## Age 60 and over

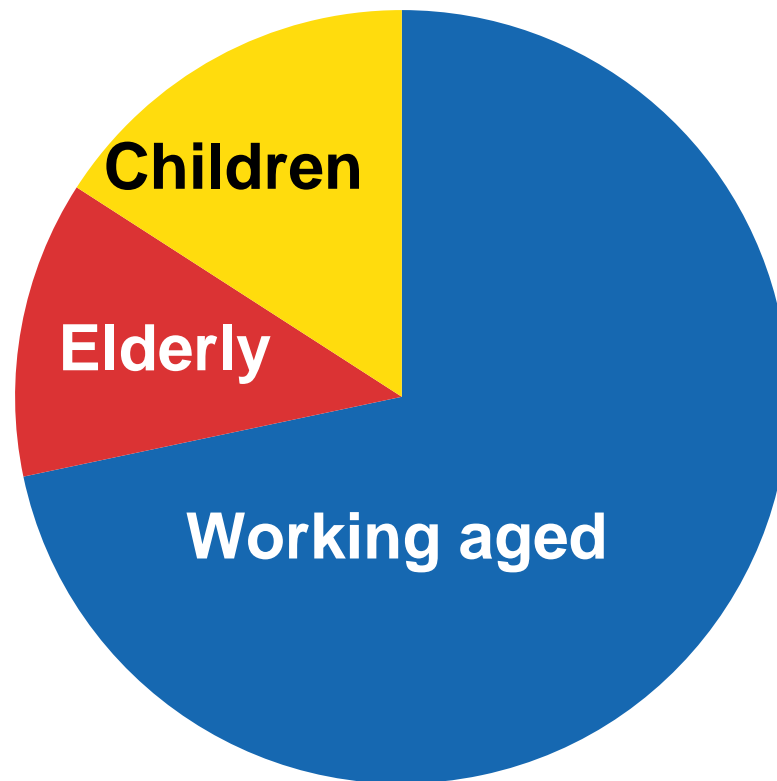


# **Population composition in low work intensity households**

**415 000 persons**

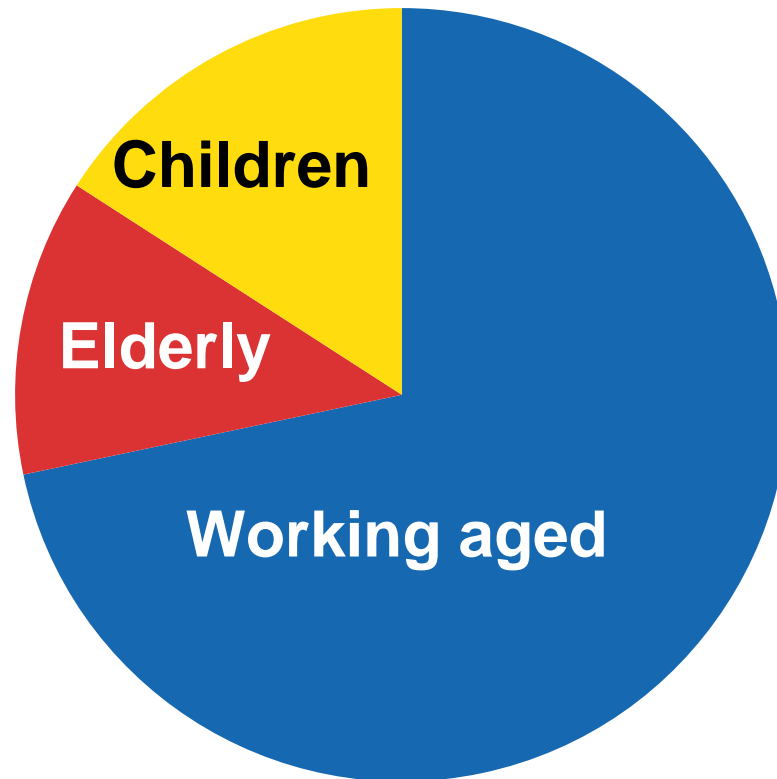
## Population in households with very low work intensity

**415 000  
persons  
altogether**



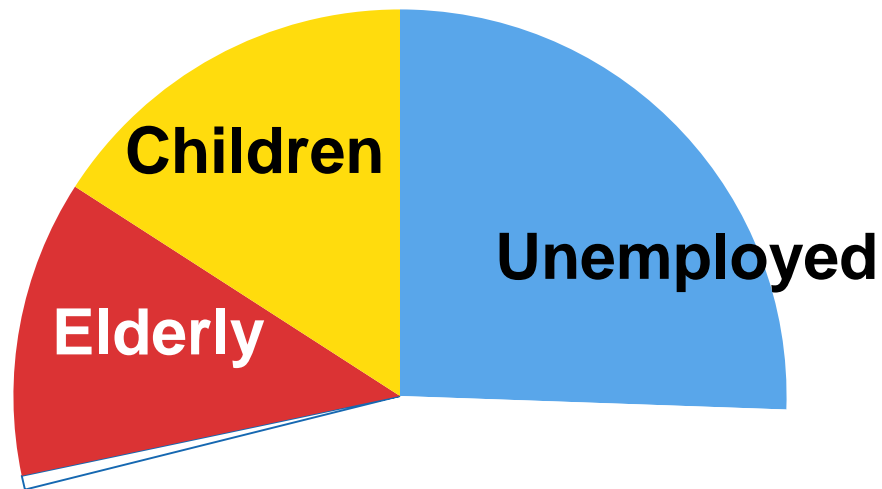
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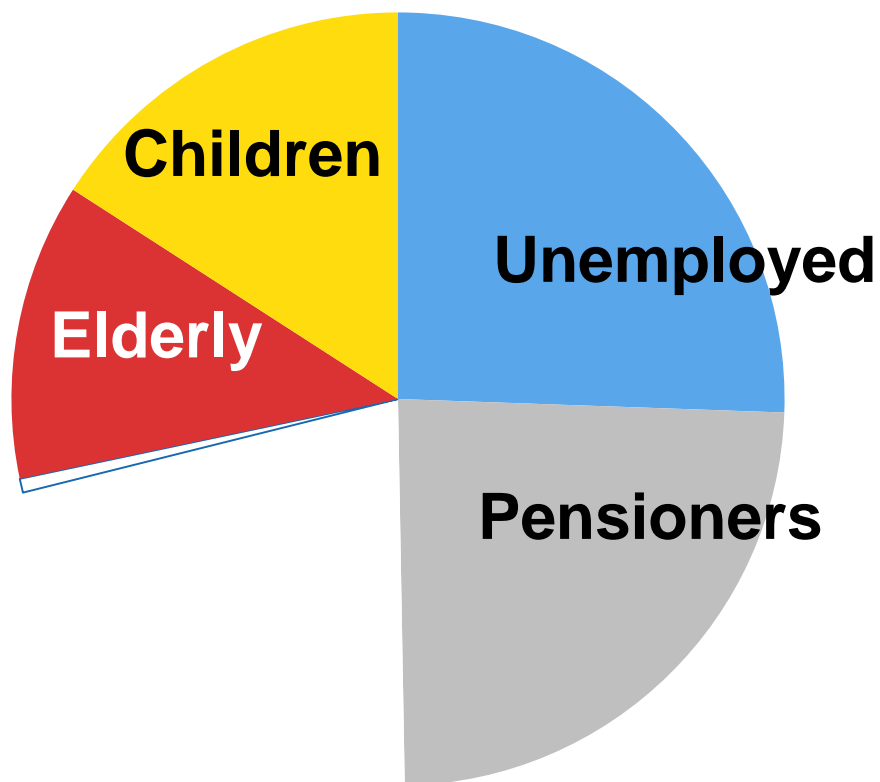
**300 000  
persons  
aged 18 - 59**

## Population in households with very low work intensity

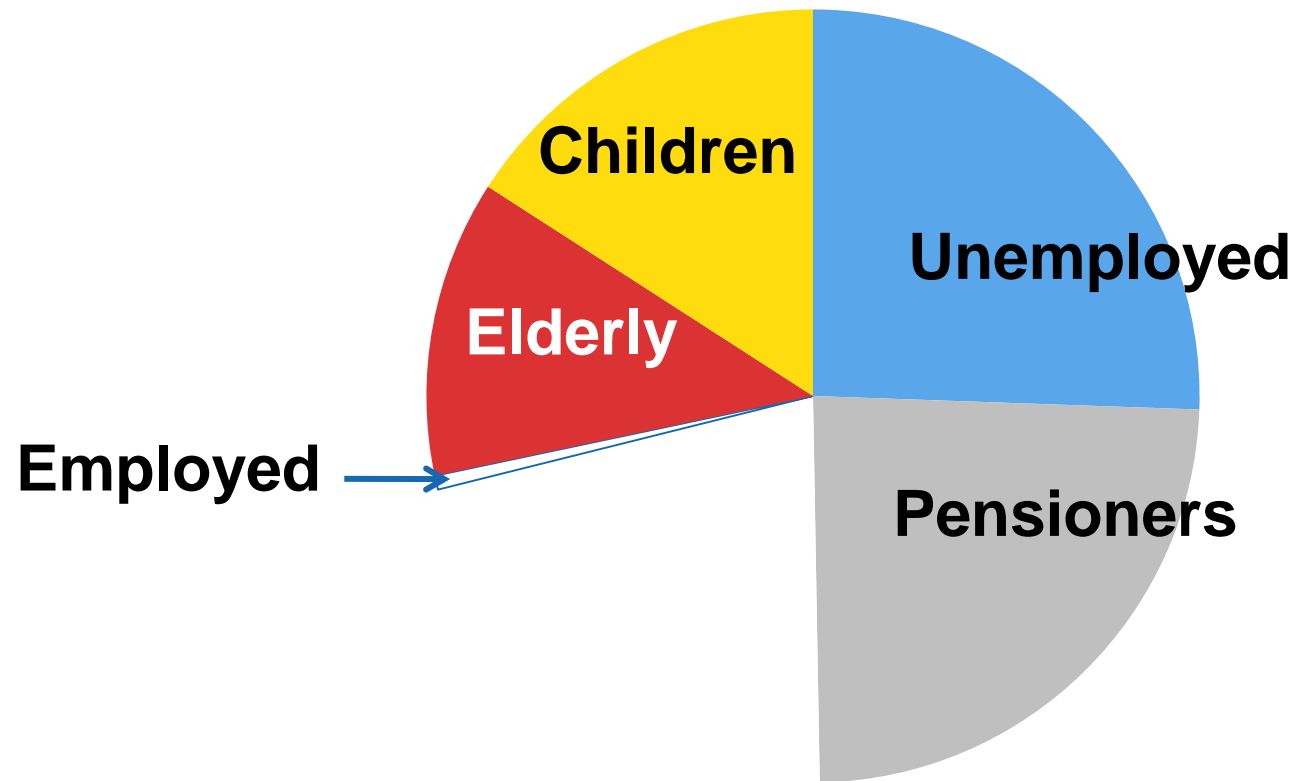


**100 000 unemployed  
persons**

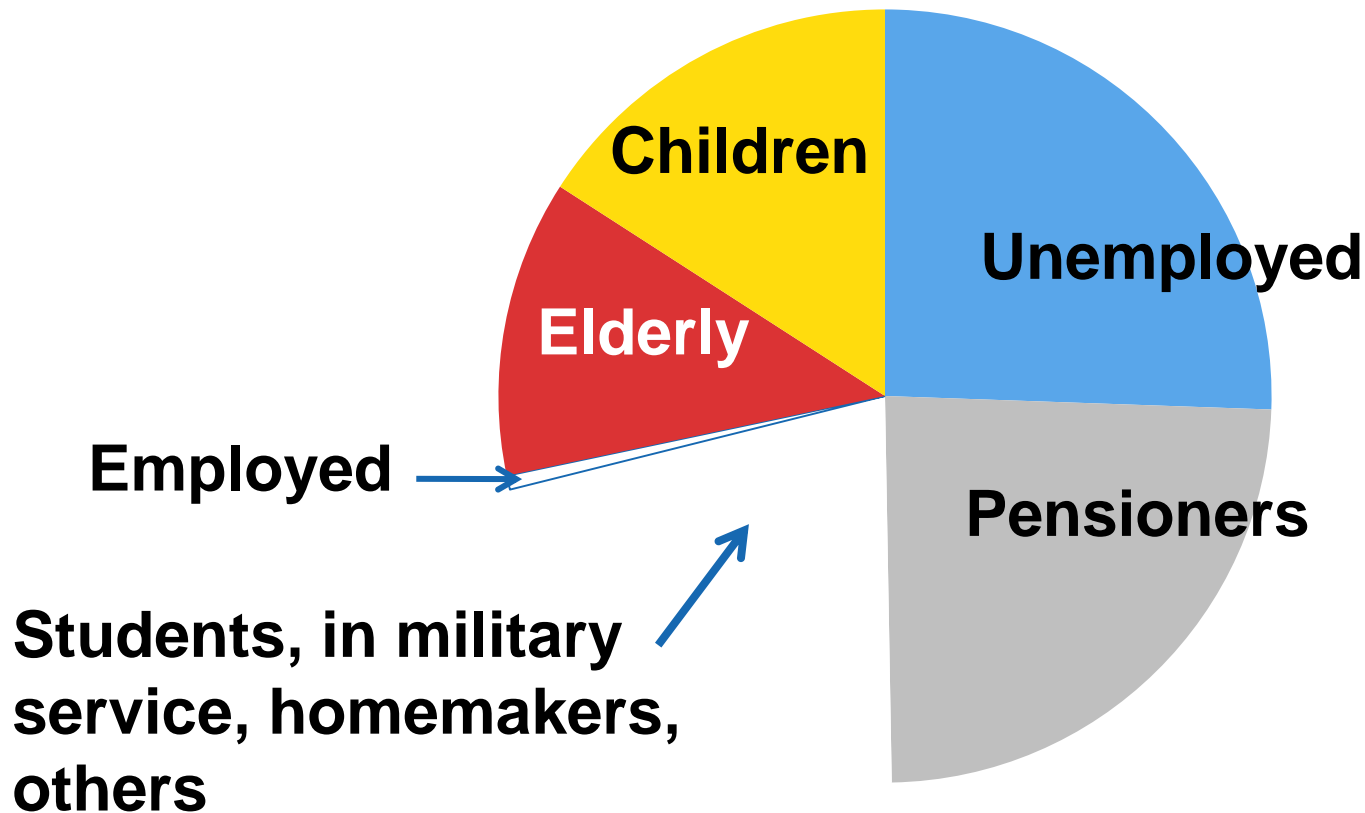
## Population in households with very low work intensity



## Population in households with very low work intensity

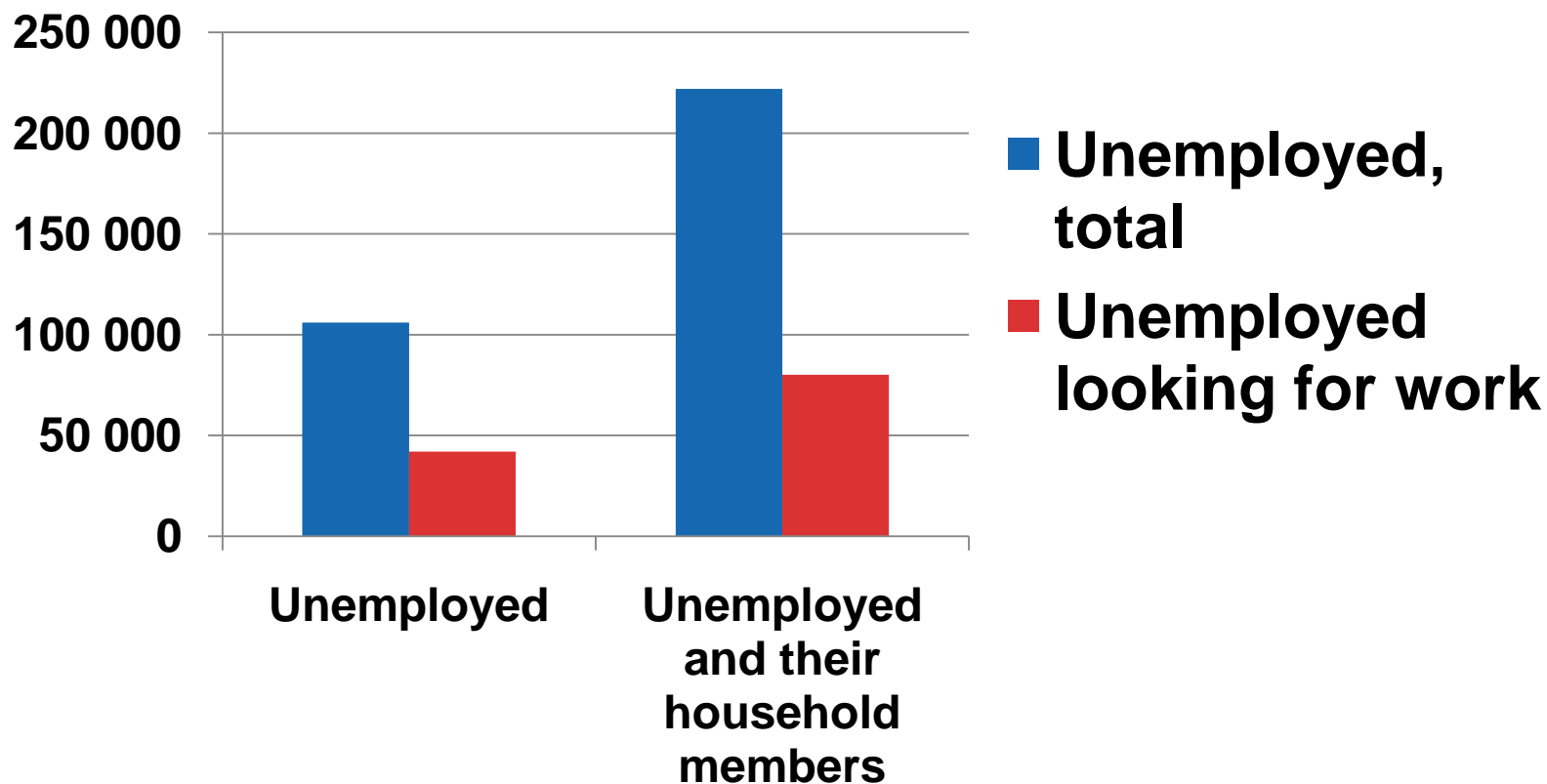


## Population in households with very low work intensity

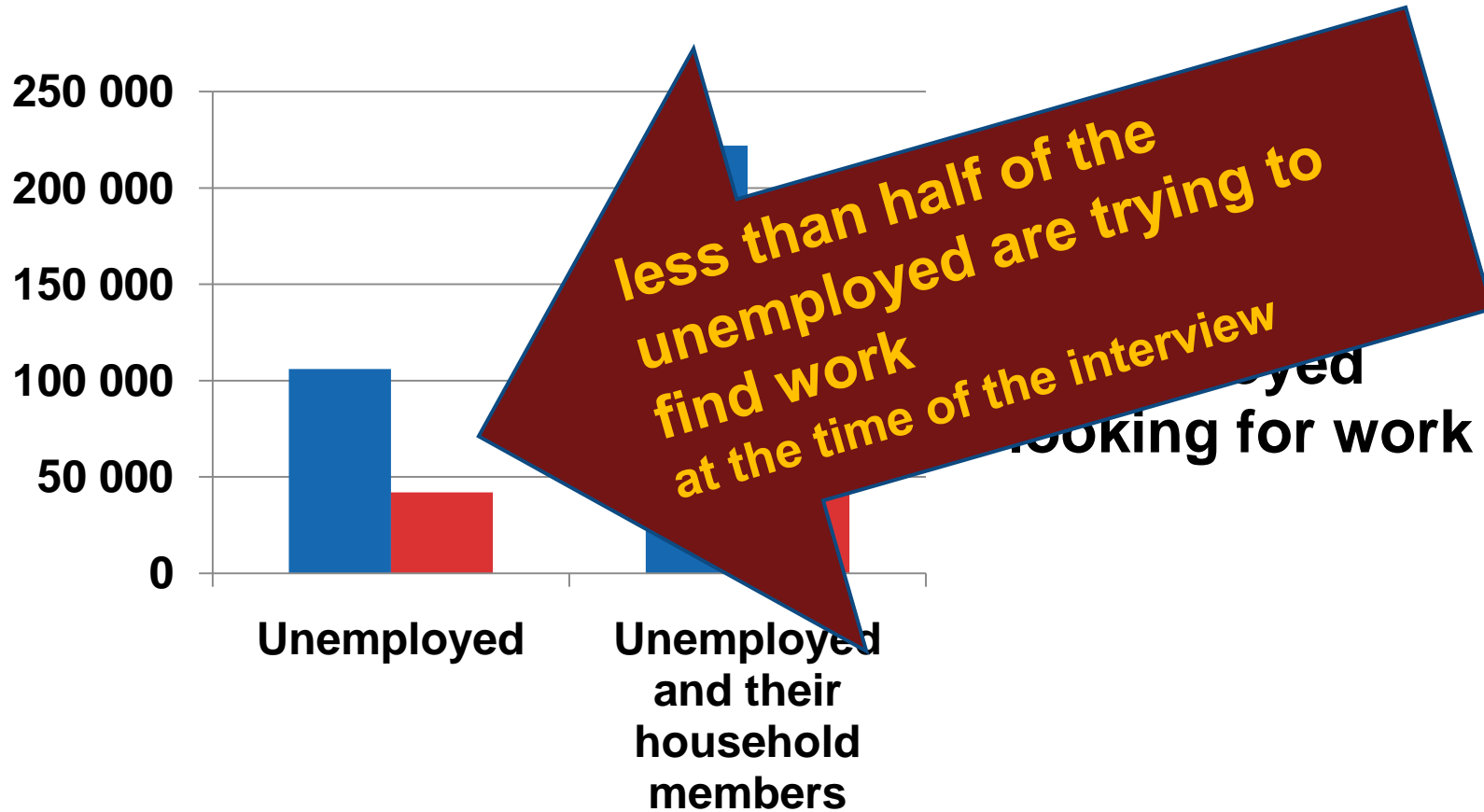


# **A closer look at the unemployed in low work intensity households**

## The unemployed in the LWI households

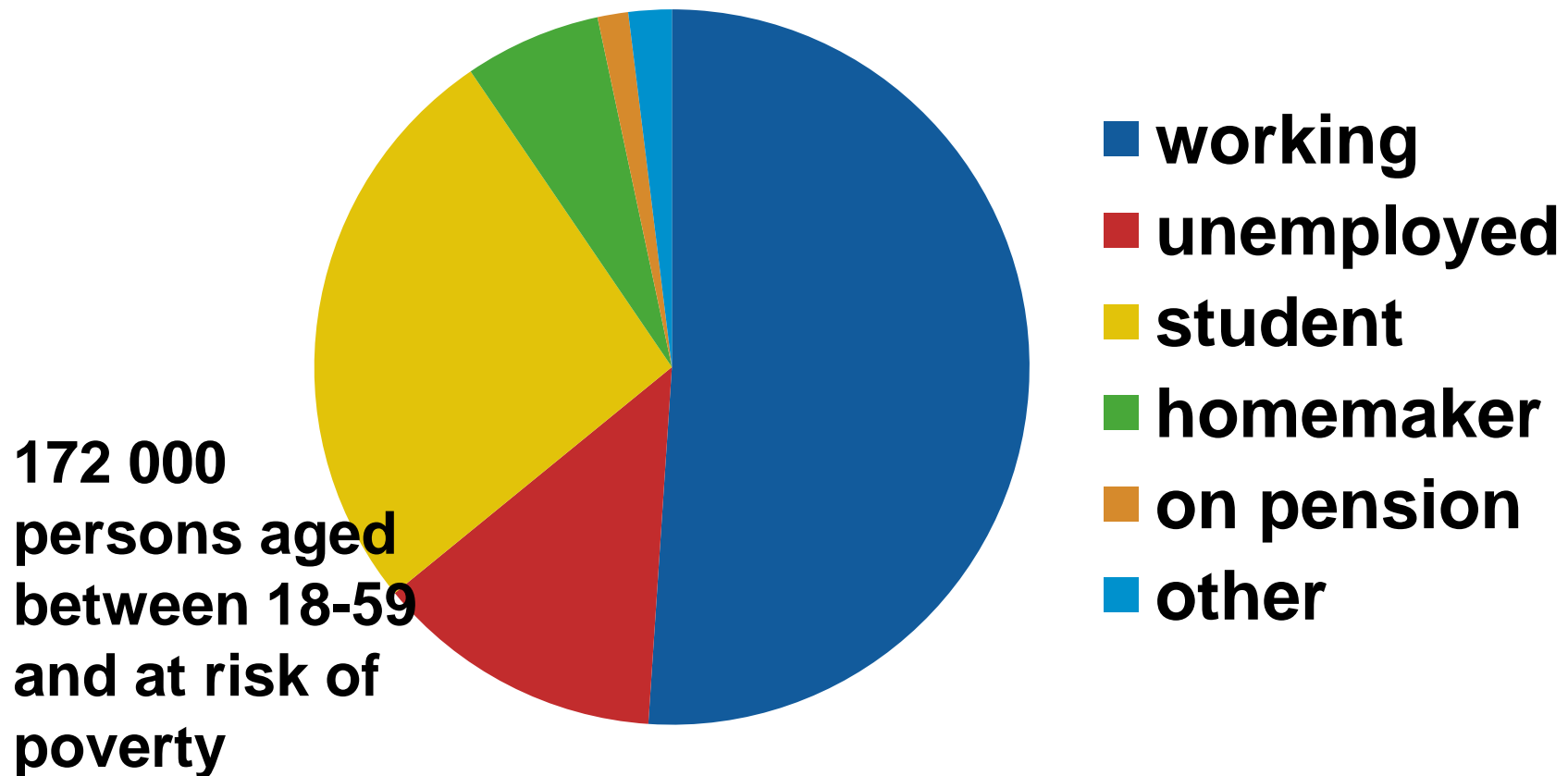


## The unemployed in the LWI households



# Focus on persons at risk of poverty and in active age

# Persons aged 18-59 at risk of poverty excluding the LWI households

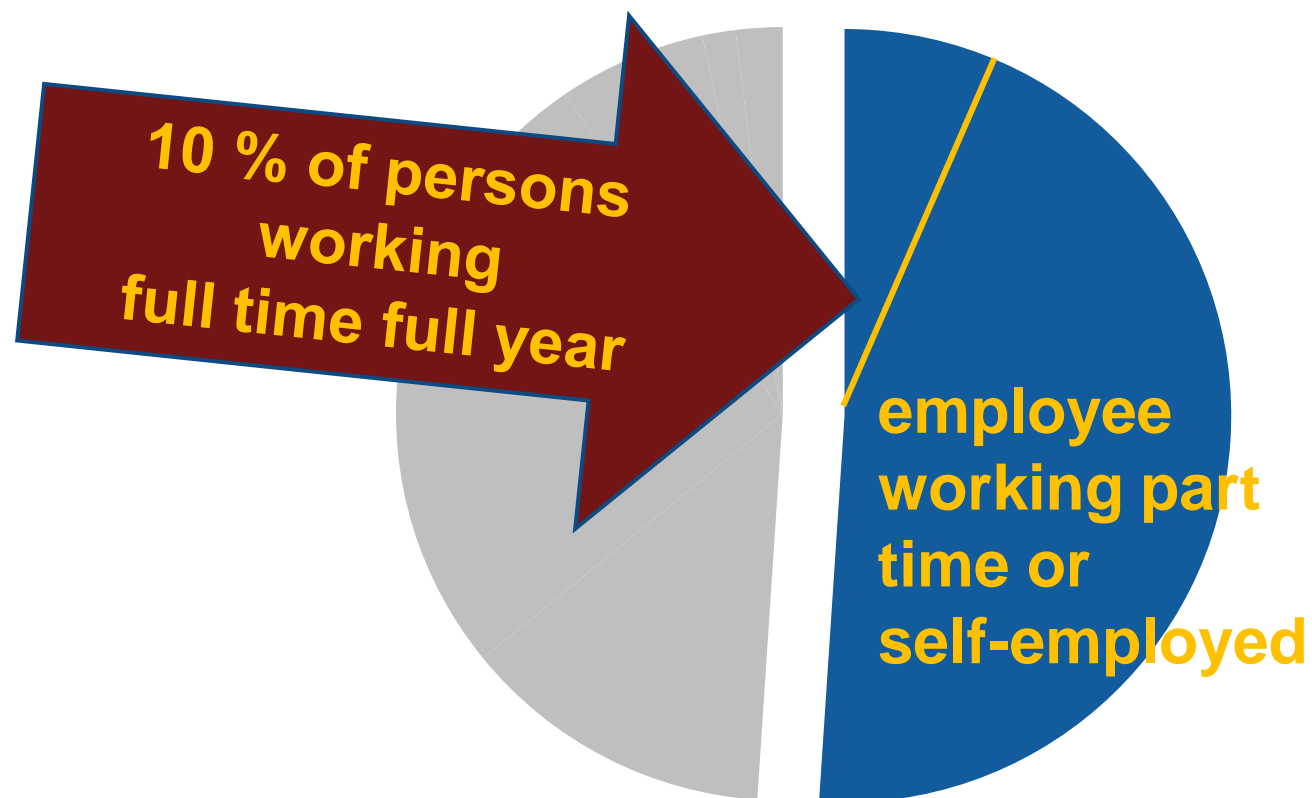


# Working persons at risk of poverty excluding the LWI households



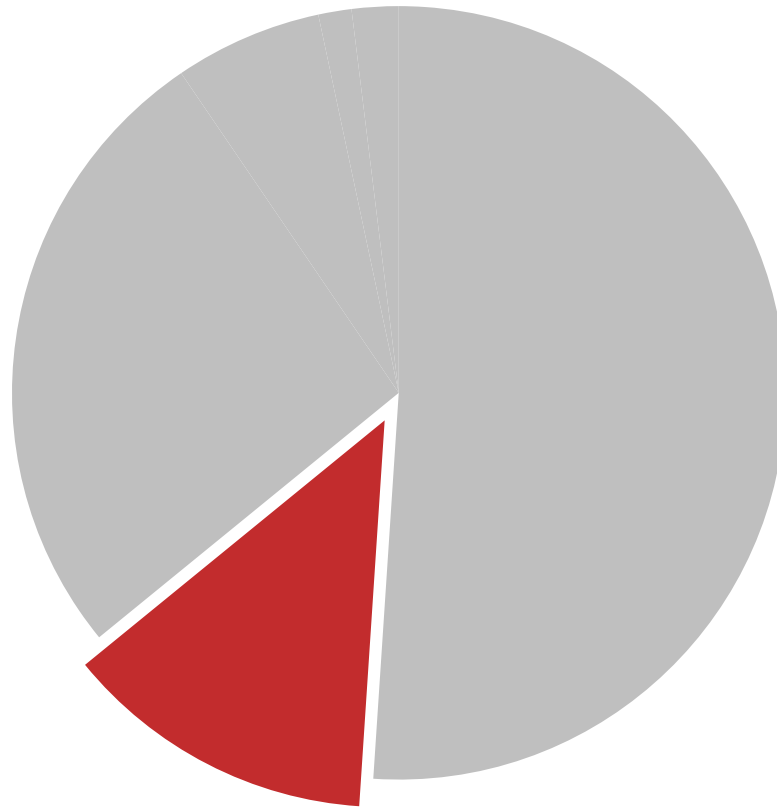
**88 000**  
persons aged  
between 18-59,  
at risk of  
poverty and  
working

# Working persons at risk of poverty excluding the LWI households



# Unemployed at risk of poverty excluding the LWI households

**3 of 4 unemployed  
at risk of poverty  
are aged  
over 40 years**



## SUMMARY

- Of all the 930 000 persons at risk of poverty or exclusion,
  - What is the activation potential?
    - About half of the target group lives in households with at least one member active on the labour market
      - Unemployment, weak labour market status and unstable employment, low pay in relation to the support burden, possible health problems...
    - The other half lives on pensions or are in education
      - The level of social benefits
  - Some are seriously indebted