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THE ELDERLY POOR IN THE EU'S NEW MEMBER STATES

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Contents

Abstract

This report tries to delineate the vulnerability of the income position of elderly people aged 55 years and over in the member states that have joined the European Union since 2004, in relation to the demographic, socio-economic and institutional contexts of these countries. The main focus is on the degree of poverty. This has been assessed through a cross-comparative analysis of all countries conducted in 2005, and through in-depth studies showing historical trends for Estonia, Hungary, Poland, Romania, Slovakia and Slovenia.

The overriding conclusion is that elderly people in these New Member States (NMS) *currently* do not have a very unfavourable income position, in the sense that they experience more relative or absolute poverty than their younger compatriots, or evaluate their income position more negatively. Of the six countries studied 'in depth' here, only in Slovenia are the elderly worse off. However, in terms of material deprivation the elderly in all NMS lag behind the EU-15 members; the least in Slovenia, the most in Poland.

In the *future*, however, the income position of the elderly can generally be expected to be in decline in most NMS. This is due to various factors: the implementation of new pension formulae recently agreed upon; the impact of ageing and external migration, which may make a further reduction of the adequacy of pensions necessary; the after-effects of the transition period (high unemployment, low accrual of pension rights) affecting certain future elderly cohorts; and the decreasing importance of extended families, leading to fewer economies of scale among the elderly. There is some variation in the manageability of these problems between countries: in the long run, the prospects for reconciling pension adequacy and financial sustainability seem better for Estonia than for Slovenia in a number of respects.

The report suggests reconsidering the way in which the future income position of the elderly is monitored. Instead of the standard relative poverty line, a combination of poverty measured in a more 'absolute' sense (through a generalised budget approach) and a direct measurement of the main dimensions of social exclusion could be more suitable. Furthermore, specific attention should be paid to measuring the income risks of marginal elderly groups in the EU's new member states, especially the Roma minorities.

More detailed conclusions can be found in the separate summaries to each chapter and in the general discussion in the final chapter.

1. Introduction

Cok Vrooman*

It is a common notion that old people tend to be poor; and that this applies all the more so to elderly citizens of the countries that have accessed the European Union recently, due to the lower general level of wealth and the limited scope of social security and pension schemes in these countries. If recent pension system revisions take full effect over the coming decades, the income position of the elderly in these New Member States (NMS) may be expected to go from bad to worse.

How plausible is this rather gloomy picture? To what extent is the financial position of the elderly in the NMS more vulnerable than that of the old member states (OMS, or EU-15), due to a rather unfavourable starting point and the possible impact of pension reforms? This is the main issue of the current research report. It tries to delineate the vulnerability of the income position of the elderly in the NMS, in relation to the demographic, socio-economic and institutional context of these countries.

More specifically, the report focuses on:

- the current level of income of the elderly in the NMS, and the degree of relative poverty;
- the way this position is related to the educational and labour market status of the elderly in the NMS, their retirement behaviour, institutional arrangements (notably the pension system), and demographic developments;
- specific problems regarding the income position of possibly 'marginal' elderly groups in the NMS (such as single elderly female pensioners).

Throughout the report the elderly have been defined as persons over 55 years of age. This is not meant to imply that all people in this age bracket are 'old', especially not in any pejorative sense. However, in the mid-fifties the likelihood of experiencing health problems increases, people are often regarded as less productive or flexible by their employers, and the balance between preferences for leisure time and earnings may shift – all of which may make an early exit from the labour market an attractive option. From that perspective, the threshold of 55 years has been chosen as a bottom line for demarcating the elderly. To do justice to the varied situation of the group, the report often makes a further distinction between the young elderly (55-64), people just above standard pensionable age (65-74), and the very aged (75+).

The focus of the report is mainly descriptive, making use of existing survey data. Thus, no projections on future sustainability and adequacy of pensions are made here[1], although some effort will be made to contemplate the possible implications of our results for the future situation of the 55+ group in these countries.

The report starts with an elaborate *cross-comparative analysis* of the income position of the elderly in all NMS that entered the EU in 2004. This is based on the data of the 2005-wave of the European Union Statistics on Income and Living Conditions (EU-SILC). Chapter 2 examines the situation in Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. A comparison of the income position of the 55+ group will be

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[1] As mentioned in the proposal of the AIM-project (CEPS 2004), of which the current report is one of the outputs, such future projections are made in various other work packages. Several other publications have been devoted to this issue as well; cf. EC 2006, EPC 2006, ISG 2006, OECD 2007.

made between these NMS, where about 19 million elderly people live (half of whom in Poland, and a further 15% in both Hungary and the Czech Republic); and vis-à-vis the old EU-15 (containing about 110 million elderly on their territory). EU-SILC does not yet contain data on Malta or the two countries that joined the EU in 2007, Bulgaria and Romania, so these had to be excluded from this chapter.

The cross-comparative analysis is broad and has the advantage of being based on a standardised dataset, but it is rather general as well. A major drawback is that the EU-SILC data do not make it possible yet to identify any long-term trends in the income position of the elderly. In order to remedy this, the subsequent chapters contain a number of more '*in-depth' studies* of a selected group of NMS: Estonia, Hungary, Poland, Romania, Slovakia and Slovenia (chapters 3-8). This selection covers half of the countries that entered the EU in 2004 and 2007, and 77% of the current population (78.5 millions inhabitants) of all these recent NMS.

Making use of country-specific data (mostly household budget surveys and information supplied by the National Statistical Offices), the focus in these chapters is more on the historical development of the income position of the elderly. These longitudinal data make it possible to show the links with the general demographic, economic and labour market trends. Each country chapter also contains a brief summary of the institutional context (pension schemes and recent reforms), which includes an assessment of the various actors aiming to influence national pension policy (such as pensioners' political parties and affiliations). All of these 'in-depth' chapters have a similar format, and conclude with a section sketching the possible future prospects regarding the income and poverty position of the elderly.

Each chapter starts with a short summary that outlines the main results. The annexes to the various chapters have been gathered at the end of the report. These contain much additional material, and are often referred to in the main text. Chapter 9 discusses some of the results at a more general level, based on both the cross-comparative and in-depth country analyses.

This report is the result of collaboration between several partners. The project has been coordinated by The Netherlands Institute for Social Research | SCP, which also took care of editing the final report. The cross-comparative analysis on the EU-SILC data has been performed by the Institute for Economic Research (IER, Ljubljana), which provided the Slovenian case study as well. Further country analyses were delivered by the Center for Social and Economic Research (CASE, Warsaw; on Estonia and Poland); TARKI Social Research Institute in Budapest (the Hungarian and Romanian cases, the latter in collaboration with Mr. Lénart at the Corvinus University of Budapest); and the Bratislava Institute of Economic Research (the Slovakian case study).

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2. Income and poverty among the elderly in the new member states: a cross-comparative analysis

Nada Stropnik & Nataša Kump*

Summary

1. This chapter presents the results of an analysis of the absolute and relative income position of the elderly (persons aged 55 years and over), their (possible) material hardship, and their subjective evaluation of their own situation. It focussed on the situation of the relatively poor elderly in the new member states (NMS), is a cross-sectional analysis and is based on the EU-SILC 2005 database.

2. Income inequality is higher among the non-elderly than among the elderly in all NMS except Cyprus and Slovenia. Cyprus is the country with the highest income inequality among the elderly and the only NMS where it exceeds the average one for the population of the EU-15.

3. By far the highest relative poverty among the elderly was registered in Cyprus (34.3%). Only in Cyprus, Latvia and Estonia are the elderly more exposed to poverty than the population of the EU-15 on average. In all NMS except Poland the poverty incidence is higher among elderly women than among elderly men. The likelihood of being relatively poor is higher for women in one-person households than for elderly men living in such households.

4. Surprisingly, working full-time or part-time results in a higher likelihood of relative poverty among the elderly in the NMS than being retired. The reason could be found in formerly general retirement conditions and (still) favourable indexation of pensions. The likelihood of being relatively poor considerably decreases with: a) an increase in the number of years the person spent in paid work, b) attained educational level, and c) the household work intensity status. Poor health increases that likelihood.

5. There is a high correlation between the incidence of relative poverty among the elderly and their subjective poverty (making ends meet with difficulty).

6. Various financial constraints - arrears on mortgage, utility bills, hire purchase instalments or other loan payments, incapacity to face unexpected financial expenses, inability to keep the home adequately warm, inability to afford a meal with meat, chicken or fish (or vegetarian equivalent) every second day, and inability to afford paying for one week's annual holiday away from home - are least frequently faced by the elderly poor in Slovenia and most frequently in Poland. The capacity of households in which the poor elderly live to face unexpected financial expenses is lower in all NMS than in any of the OMS.

7. While almost 70% of the poor elderly in the EU-15 own their own housing, the proportions are even higher in six NMS, with Lithuania (94%) at the top. Generally, the quality of housing is the worst in the Baltic States.

8. Not being relatively poor does not necessarily mean having enough income to make ends meet. It is evident that the average lowest monthly income to make ends meet exceeds the relative poverty threshold (60% of equivalised disposable median income) in all NMS and for both elderly and non-elderly. This is particularly true for the poor elderly in the Slovak Republic.

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2.1 Introduction

Due to an increasing life expectancy and a rising number of elderly people, the issue of the economic and material position of the population aged 55 years and over is becoming ever more important. This is further stressed by the reforms of pension systems that decrease pension entitlements and threaten to push more elderly below the poverty line.

In this chapter we present the results of our research focused on the absolute and relative income position of the elderly, their (possible) material hardship, and their subjective evaluation of their own situation. The group of relatively poor elderly is of particular interest.

Previous research (for instance: Russel and Whelan, 2004; European Commission, 2007a and 2007b) has shown very interesting differences in various aspects of the economic/material position of people in the new and old member states (NMS and OMS). Our analysis complements this knowledge by focusing on the persons aged 55 years and over in the NMS. The analysis is performed by age groups of the elderly too. Reference is made to the situation of the non-elderly (population aged 16-54 years), as well as to the average of the EU-15 (in some relevant cases also to individual OMS).

2.2 Data and methodological aspects

Our general analysis of the income and poverty position of the elderly in the NMS is cross-sectional and based on the EU-SILC 2005 database. The surveys were conducted in 2005; most of the data on income were collected from administrative bases and refer to 2004.

Table 2.1 Number of cases, EU-SILC 2005

Country	Age (years)						
	16-55	55-59	60-64	65-74	75 and over	55 and over	16 and over
CY	422,810	43,001	32,692	54,440	37,138	167,270	590,080
CZ	5,644,918	789,007	578,820	883,384	585,271	2,836,482	8,481,400
EE	725,692	80,423	70,458	133,627	92,293	376,800	1,102,492
HU	5,440,939	642,829	563,955	913,297	657,154	2,777,235	8,218,174
LV	1,186,724	122,439	127,883	211,417	162,355	624,094	1,810,818
LT	1,875,719	182,440	180,018	311,683	214,275	888,415	2,764,134
PL	21,817,232	2,478,250	1,503,036	2,913,601	2,230,776	9,125,664	30,942,896
SK	3,189,514	349,420	258,119	411,847	266,407	1,285,794	4,475,308
SI	1,138,701	113,246	100,877	183,434	110,624	508,181	1,646,881
NMS-9	41,442,249	4,801,055	3,415,858	6,016,730	4,356,293	18,589,935	60,032,183
BE	5,415,858	658,251	495,916	934,709	747,678	2,836,554	8,252,412
DK	2,726,548	381,428	337,529	445,150	382,167	1,546,273	4,272,821
DE	42,863,713	4,738,442	5,637,531	10,356,488	4,913,190	25,645,652	68,509,364
GR	5,751,308	651,355	551,115	1,173,890	838,479	3,214,839	8,966,147
ES	24,306,185	2,443,668	2,055,905	3,844,902	3,464,326	11,808,800	36,114,985
FR	30,669,504	3,895,948	3,124,147	5,123,101	4,836,424	16,979,620	47,649,123
IE	2,357,169	230,488	180,351	254,203	193,825	858,867	3,216,036
IT	30,359,044	3,916,396	3,593,107	5,753,389	5,663,902	18,926,794	49,285,838
LU	248,109	26,339	21,333	37,670	24,518	109,860	357,969
NL	8,811,936	1,106,943	818,866	1,239,936	916,866	4,082,611	12,894,547
AT	4,422,902	495,839	454,699	715,204	630,651	2,296,393	6,719,295
PT	5,725,400	633,725	553,977	1,020,794	832,497	3,040,992	8,766,392
FI	2,674,771	412,897	274,592	451,316	369,157	1,507,962	4,182,733
SE	4,602,745	621,121	592,263	744,160	793,512	2,751,056	7,353,801
UK	26,772,222	3,398,360	2,731,430	4,547,162	3,766,566	14,443,517	41,215,739
EU-15	197,707,413	23,611,198	21,422,761	36,642,072	28,373,759	110,049,790	307,757,203
EU-24	239,149,662	28,412,253	24,838,619	42,658,802	32,730,052	128,639,725	367,789,386

The total sample size is about 400 hundred persons (about 370 million persons after weighting; see Table 2.1). It includes persons aged 16 years and over[1] in nine NMS (all except Malta; 60,032,184 persons) and the EU-15 (307.757.202 persons). They are grouped in two large age groups: 16-54 years (for comparison) and 55 years and over (the group of our particular interest). We are using the term "non-elderly" for persons aged 16-54 years, and the term "elderly" for persons aged 55 years and over. For analytical purposes, the elderly are further grouped in four smaller age groups: 55-59, 60-64, 65-75, and 75 and over.

In spite of the large sample, the problem of small numbers puts limitations on the depth of analytical analysis, particularly in the cases where the answers of selected groups of respondents were divided by age groups (for instance, when we tried to analyse the reasons for which the poor elderly, who needed dental examinations or treatment, had not met their need).

The modified OECD equivalence scale, originally used in the EU-SILC database, was applied in order to allow comparisons across households of a different size and composition. The first adult in the household was assigned the weight 1, all other adults 0.5, and each child (below 14 years of age) the weight 0.3. The sum of values for household members produced the number of equivalent adults.

The disposable household income was calculated using the formula suggested by Eurostat. It includes employment income, self-employment income, factor incomes, old-age benefits, survivor/disability benefits, other social transfers, private transfers, and the value of own consumption. Taxes and interests paid are deducted.

Subsequently, the disposable household income was equivalised (divided by the number of equivalent adults in the household) and attributed to all household members (thus neglecting within household differences). An effort was made to find out, by country, which income sources sum up to the equivalised disposable income reported in the database.[2]

Although the sample used for the analysis includes only persons aged 16 years and over, equivalised household income and indicators per household member also take younger children into account.

A poverty threshold set at 60% of the median equivalised disposable income was used to define the relatively poor population. In some cases, however, the comparison with the results obtained using a poverty threshold at 50% of the median equivalised disposable income is provided.

The stress is on the cross-sectional analyses that are not provided by Eurostat. The NMS are compared with the EU-15 average and sometimes also with individual old member states. Not only the situation of the population aged 55 years and over, but also the within-group differences are analysed. Where relevant, the differences in the situation of female elderly, as compared to that of elderly men, are pointed out.

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[1] We focus on the population aged 16 years and over for two reasons: 1) the AIM project is not interested in children but rather in the transition to retirement, 2) most personal data are not available for persons aged under 16.

[2] Eurostat is aware of the non-coherence between the total disposable income and the sum of its components that is probably due to individual non-response. Namely, the compensation for the individual non-response for the total income is only taken into account at household level through the implicit imputation of missing income records. The compensation for individual non-response for other variables is usually done by re-weighing strategy. This double strategy breaks up the consistency between the total income and its components at the aggregated level.

The methods applied in investigating and comparing the economic and material position of the elderly include standard poverty and income inequality measures, descriptive statistics, the Borda ranking[3] and logistic regression analysis.

The Borda rankings were created in order to aggregate the indicators of three aspects of material deprivation in the twelve month prior to the survey.

- Financial constraints include seven indicators: arrears on mortgage, arrears on utility bills, arrears on hire purchase instalments or other loan payments, incapacity to face unexpected financial expenses, inability to keep home adequately warm, inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day, and inability to afford paying for one week's annual holiday away from home.
- Health care deprivation means unmet need for medical examination or treatment and unmet need for dental examination or treatment.
- Housing quality deprivation includes four indicators: average number of rooms per household member, absence of a bath or shower in their dwelling, absence of a flush toilet in the dwelling, and problems with leaking roofs, damp walls/floors/foundation, or rotting window frames or floors.

Logistic regression was used to identify the factors influencing the probability for the elderly to be relatively poor. Our intention was to identify the characteristics of the elderly that determine (explain) their lower or higher likelihood of being relatively poor, as compared to the characteristics of the reference group. Our model uses demographic, economic and some other explanatory variables (covariates). Standard demographic variables related to life cycle include sex, age, and attained educational level of the respondent. Five-year age groups are observed and an infinite one (75 years or more), and three educational levels (lower secondary or less; upper secondary, and post-secondary). The demographic variable 'household type' captures the household size, differing between two-person households with respect to the age of household members (one-person household, two-person household of adults below 65 years of age, two-person household with at least one adult aged 65 years or over, household with 3 or more members). As single female households tend to be one of the most vulnerable groups in many countries, an interaction term was included to control for gender in single households.

Economic characteristics of the elderly and households they live in are brought into the model through the variables 'self-defined economic status' (retired, working full time or part time, unemployed, and other inactive[4]), number of years spent in paid work (up to 25, 26-34, and 35 and more),[5] and household work intensity status[6] (no work intensity, low work intensity, and high work intensity).[7] Additional explanatory variables are tenure status (living in owned or free

[3] The Borda ranking (or Borda count) is a synthetic rank. Countries are first ranked for each indicator; we opted for a variant where the lowest rank (1) is assigned to the country with the most favourable situation (for instance, the lowest proportion of persons unable to keep their homes adequately warm). Then the scores are added up to create a Borda ranking (for details and references see http://en.wikipedia.org/wiki/Borda_count).

[4] The last group includes pupils, students, persons on military service, persons fulfilling domestic tasks, and other inactive persons.

[5] This variable was omitted from the models for four NMS with between 17% and 54% non-response rate (Cyprus, Hungary, the Slovak Republic and Slovenia). It was retained in the models for other countries due to its high statistical significance in explaining the likelihood of being relatively poor.

[6] Household work intensity status is the ratio between 'worked' and 'workable' months of persons aged 18-64 years.

[7] The border between low and high work intensity is at half of 'workable' months.

accommodation, and tenant) and health status of the elderly (fair, good or very good; and bad or very bad). The models were tested for individual new member states. Since the first results indicated a high interference of age and/or living alone with the sex variable, an interaction between gender and single household had to be introduced into the model.[8]

There were some limitations to our analysis that do not allow it to be much more than an overview of the situation regarding the economic and material position of the elderly in the NMS. The data are cross-sectional and, since we can not see the trends, it may be that some issues remained hidden to us or are even wrongly interpreted if the data for 2005 differ from the general situation. The number of countries does not allow for a detailed and in-depth study of the economic position of the elderly. A detailed knowledge of the relevant background situation in all NMS would be needed for that.

2.3 The absolute income position of the elderly

Median income

Not surprisingly, the median income of both non-elderly and elderly in all NMS is below the EU-15 average. It is by far the highest in Cyprus (about 85% of the EU-15 average), followed by Slovenia (56% of that average). In other NMS, the median incomes are between 13% and 28% of the EU-15 average (almost the same for non-elderly and elderly).

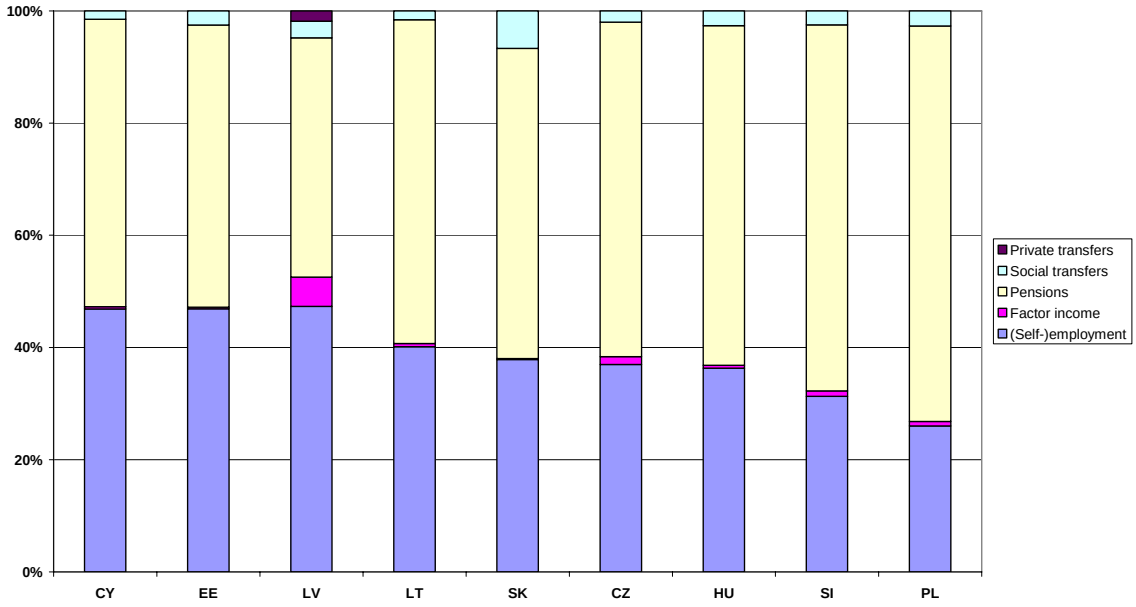
In all NMS (like in the EU-15 average) a decrease in the median income with the age of elderly is evident. This is, by far, most characteristic for Cyprus, particularly between the age groups 60-64 and 65-74 years where the median income drops by one third. The median income of persons aged 75 years and over is lower in Cyprus than in Slovenia, which is surprising considering the fact that at the age of 55-59 the median income in Cyprus exceeds that in Slovenia by two thirds. People in Cyprus obviously suffer a considerable decrease in their disposable income after retirement, which is at about age 63. This is mostly due to two facts: the net replacement rate is 52%, and the average pension amounts to only 25% of the average earnings (ISG 2006: 62-66). Hungary and Poland show somewhat different patterns. The median income is almost the same for all elderly age-groups in Poland, while in Hungary the drop is insignificant and only occurs between the age groups 60-64 and 65-74 years.

Income sources

As expected, pensions account for the highest share of the elderly persons' income (Figure 2.1). This is to a great extent due to early retirement or retiring as soon as the conditions are fulfilled. Among other income sources, the share of income from (self-)employment is still considerable, particularly in Cyprus and the Baltic States where it accounts for 40 or more percent of the total income of the elderly.

[8] Women have a higher life expectancy than men, so they more often live alone. Since elderly people and people living alone have a higher likelihood of being relatively poor, the effect of gender can disappear.

Figure 2.1 Income sources of the elderly; NMS and EU-15, 2005[a]



Source: EU-SILC 2005 database, in which income data are from 2004.

2.4 Relative income position of the elderly

Distribution across income deciles

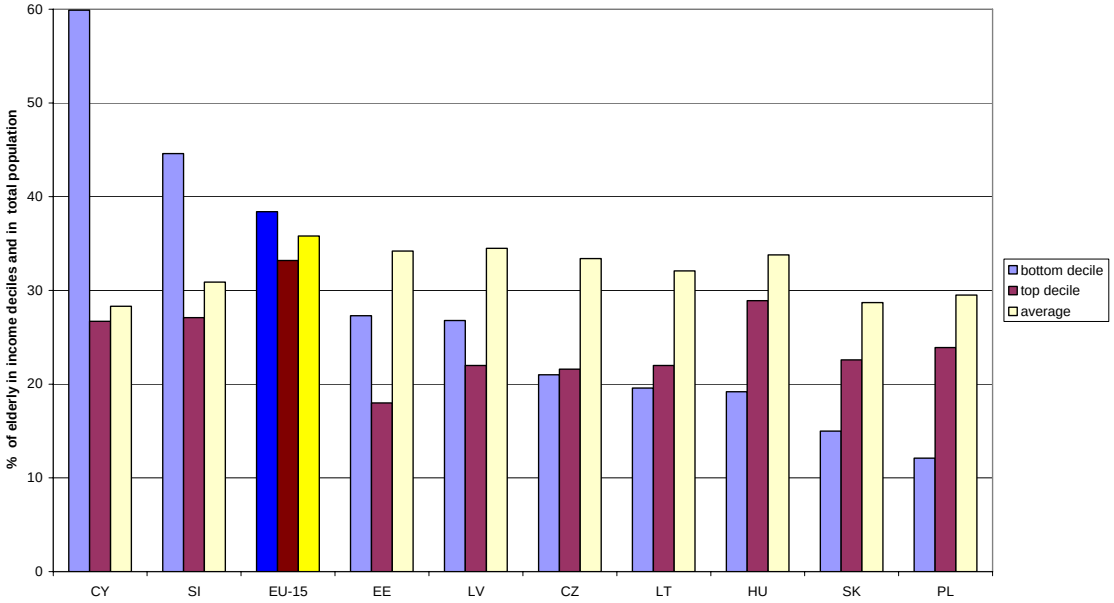
This part of the analysis investigates the shares of the elderly in the bottom and top income deciles of the distribution of equivalised disposable income, and compares them with the average share of the elderly in the total population of the EU-15.

In the EU-15, the elderly are somewhat over-represented in the bottom income decile and somewhat under-represented in the top one (Figure 2.2). In Cyprus and Slovenia, the over-representation of the elderly is considerable in the bottom income decile (particularly in Cyprus where it is twice the average for all elderly).[9] In the rest of the NMS, the elderly are under-represented in both the bottom and top income deciles. The share of the elderly in the top income decile, as compared to the average share in the total population, is particularly low in the Baltic States and the Czech Republic.[10]

[9] It is still at 1.7 times the average in the second income decile.

[10] The non-elderly are over-represented in both the bottom and the top income decile in all NMS except Cyprus and Slovenia where they are under-represented in the bottom income decile (the latter applies to the EU-15 average too).

Figure 2.2 Income distribution of the elderly (% in the bottom and top income deciles, and average share); NMS and EU-15, 2005



In the NMS, elderly people represent up to 34% of the total population, which still lags behind the share of elderly in the total population of the EU-15. Elderly in EU-15 are over-represented in the bottom income deciles. On the contrary, as shown in Table 2.2, this is not the case in Hungary, Lithuania, Poland and the Slovak Republic. If we look at the separate age groups of elderly, we come to the conclusion, that in the NMS (except the Baltic States), the persons aged 55-59 are under-represented in the bottom income deciles. For persons aged 65 years and over this is true for all countries except Cyprus and Slovenia. In these two countries, the over-representation in the bottom income decile is considerable (particularly in Cyprus), which is the cause for the general over-representation of the elderly in the bottom income decile.

Women account for more than half of the elderly in all EU Member States, up to 63% in Latvia and Estonia. Elderly women are under-represented in the top income decile, but in some NMS (Poland and the Baltic States) the same is true for their representation in the bottom income decile. It is evident from Table 2.3 that there are more elderly women in the bottom income decile than in the top one.[11] The opposite is the case with men in most of the NMS.

Table 2.2 Elderly (men and women aged 55 and over) in the bottom and top deciles as a % of all persons, NMS and EU-15, 2005

Country	**55 and over**			
	1	**2**	**10**	**Total**
CY	59.9	49.1	26.7	28.3
CZ	21.0	45.0	21.6	33.4
EE	27.3	55.3	18.0	34.2
HU	19.2	29.1	28.9	33.8
LV	26.8	49.0	22.0	34.5
LT	19.6	40.0	22.0	32.1
PL	12.1	20.6	23.9	29.5
SK	15.0	32.4	22.6	28.7
SI	44.6	36.5	27.1	30.9
EU-15	38.4	45.0	33.2	35.8

[11] In the EU, Luxemburg is the only exception.

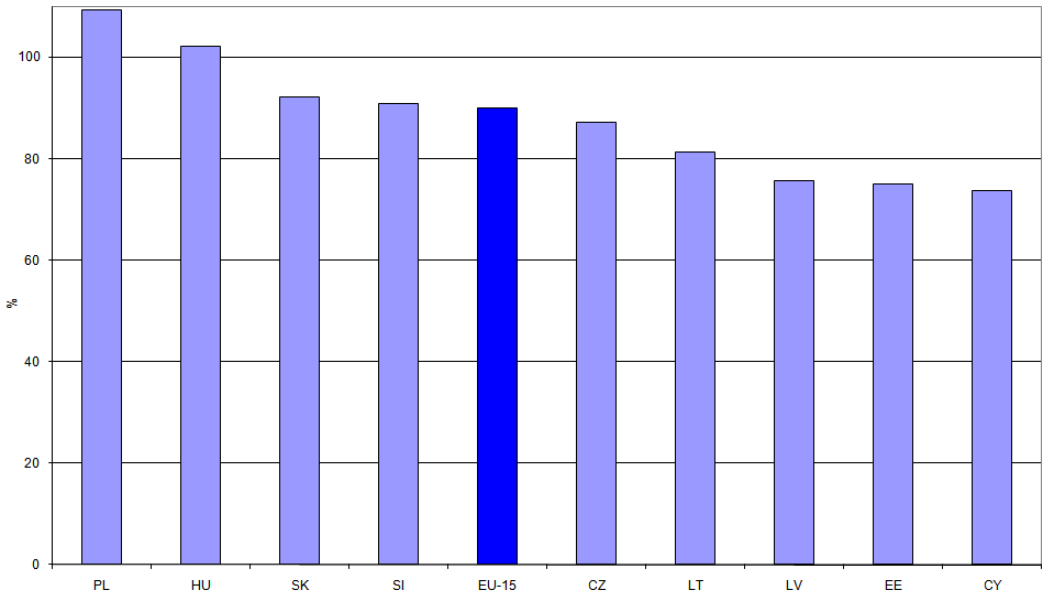
Table 2.3 Elderly women as a % of the total elderly population, in the bottom and top deciles, NMS and EU-15, 2005

Country	55 and over			
	1	**2**	**10**	**Total**
CY	63.0	54.9	42.9	52.9
CZ	73.1	70.3	50.1	56.2
EE	62.6	79.4	49.3	62.7
HU	63.2	67.4	52.3	59.6
LV	59.3	77.2	55.7	63.3
LT	56.3	77.4	50.4	61.9
PL	53.1	57.7	50.3	58.1
SK	69.0	71.4	46.7	59.3
SI	73.3	63.1	47.8	57.2
EU-15	58.3	60.6	47.0	54.4

Median disposable income of the elderly compared to that of the non-elderly

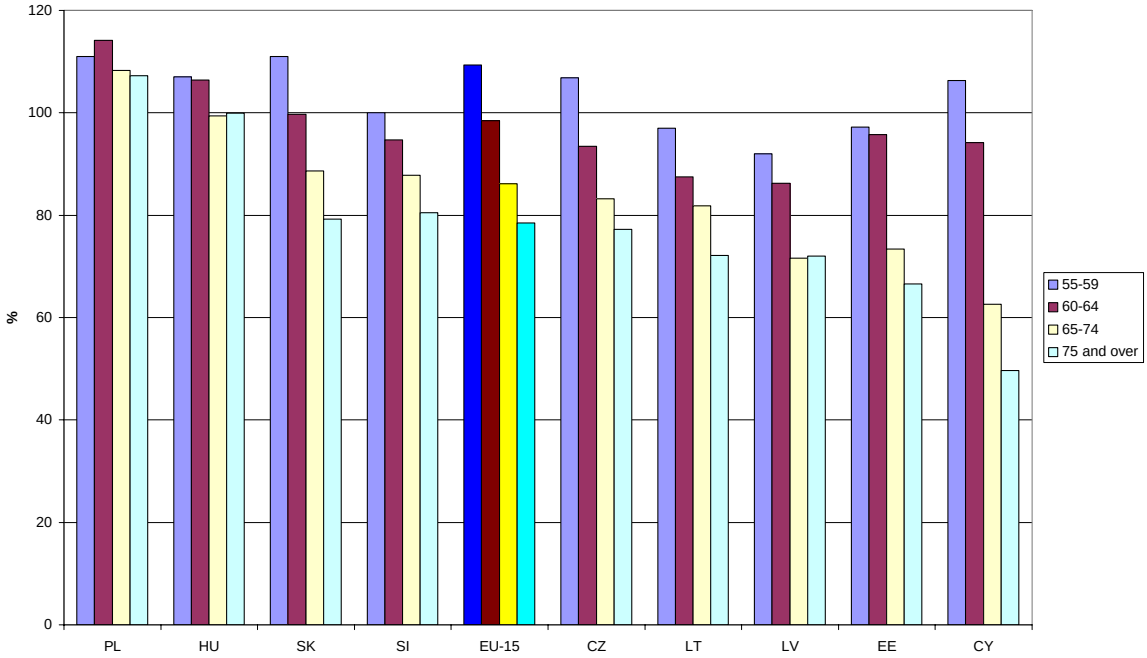
The countries differ considerably regarding the ratio between the median income of the elderly and the non-elderly. The average ratio in the EU-15 is 0.90 (from 0.73 in Ireland to 1.01 in Luxembourg). Among the NMS, Cyprus is close to the lowest ratio in the EU-15 while in the Baltic States (particularly in Estonia and Latvia) the relative situation of the elderly is only slightly better (Figure 2.3). In two NMS the ratio is over one: 1.09 in Poland and 1.02 in Hungary. This is due to a low median income of the non-elderly rather than to a high median income of the elderly. High ratios also reflect the fact that the pension systems in these two countries were successful in safeguarding the standard of living of the elderly. In 2004, the net replacement rate was as much as 101.9% in Hungary and 77.7% in Poland (ISG, 2006: 81 and 100).

Figure 2.3 Median income of the elderly as a % of the median income of non-elderly, NMS and EU-15, 2005



Only in Poland do all elderly age groups have a higher median income than the non-elderly on average (Figure 2.4). In the EU-15, Cyprus, and the Czech and the Slovak Republics, this is true only for the age group 55-59 when most people are still active (in the Baltic States not even at that age).

Figure 2.4 Median income of the elderly as a % of the median income of non-elderly, by elderly age groups; NMS and EU-15, 2005[a]

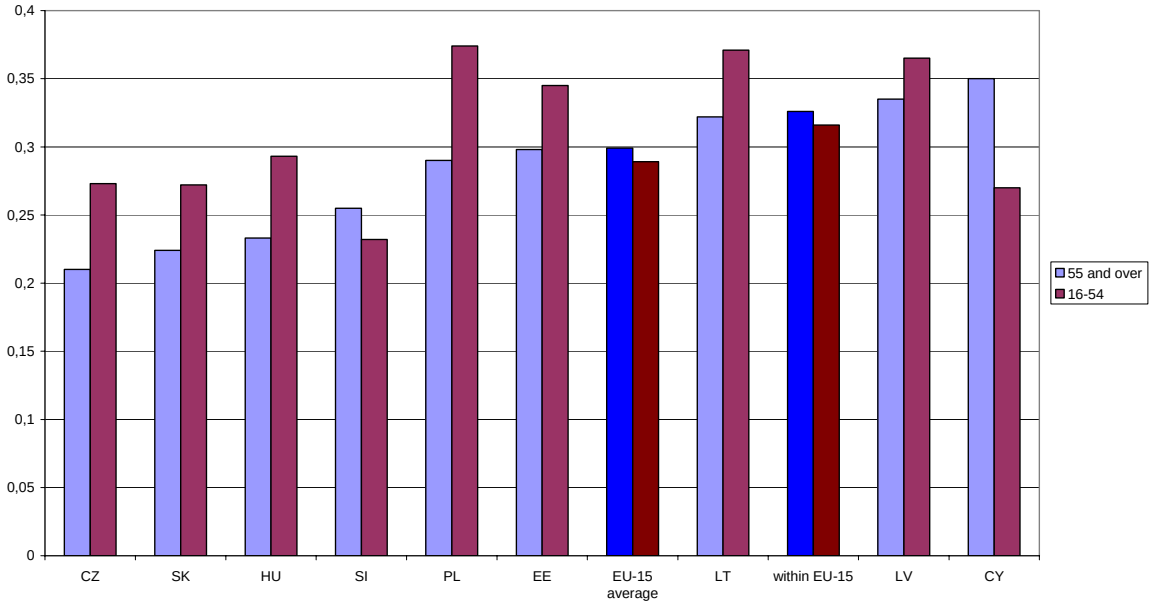


[a] The countries are sorted according to the average share of the median income (in a decreasing order).

Income inequality

Income inequality is higher among the non-elderly than among the elderly in all NMS except Cyprus and Slovenia (Figure 2.5). In Cyprus, the difference is considerable: the Gini coefficient is 0.270 for non-elderly and 0.350 for the elderly. It is also the country with the highest income inequality among the elderly, and the only NMS where it exceeds the average for the population of the EU-15. The lowest Gini coefficients are characteristic for the Czech and the Slovak Republics; the values are lower than in any of the EU-15 countries.

Figure 2.5 Gini coefficient; elderly and non-elderly; NMS and EU-15, 2005



From the age group 60-64 years and over, income inequality is lower for each older age group in all NMS except Slovenia where it is the highest among persons aged 75 years and over (though it does not differ much between the elderly age groups).

2.5 Relative poverty

The poverty incidence[12] and the poverty gap[13] are based on a poverty threshold set at 60% of the median equivalised disposable income. In our comparison of objective (relative) and subjective poverty, we have used a lower threshold (50%) as well.

Poverty incidence

By far the highest relative poverty among the elderly was registered in Cyprus (34.3%) (Figure 2.6). The extent of poverty increases rapidly after the age of 60: it is 20% in the age group 60-64, 42% in the age group 65-74 and 63% among the population aged 75 years and over (Figure 2.7).

Apart from Cyprus, only in Latvia and Estonia are the elderly more exposed to poverty than the population of the EU-15 on average. In these two countries, the differences in poverty rates between the elderly age groups are relatively small: the rates are in the range between 20% and 22% in Latvia, and between 18% and 20 % for the population aged 60-74 years in Estonia (it is 24% for people aged 75 years and over).

The Czech Republic is the NMS with the lowest poverty rate among the elderly (5.8%). The Slovak Republic and Hungary have relatively low rates too: 7.3% and 8.1% respectively. In five NMS (the Czech Republic, the Slovak Republic, Hungary, Poland[14] and Lithuania), the poverty rates are higher for the non-elderly than for the elderly (the same is true for the EU-15 average, and the Netherlands, Luxembourg, Denmark and Sweden).

Both the average poverty among the elderly and the age-group pattern in Slovenia are very similar to the EU-15 average. In Slovenia and the EU-15 average, poverty rate increases with age while the opposite is true for Poland. There is a (considerably) higher poverty incidence among elderly women than among elderly men in all NMS except Poland (Figure 2.8).

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[12] The poverty incidence (or the poverty rate) is the % of persons living in households where the equivalised total net household income is below the threshold.

[13] The poverty gap is defined as the difference between the median income of persons below the poverty threshold and the poverty threshold itself, expressed as a % of the poverty threshold. It provides an insight into the severity of income poverty.

[14] There are case studies of the Slovak Republic, Hungary and Poland in this book. The other two case studies are of Slovenia and Estonia, where the poverty rates are higher for the elderly. There are no data on Romania in the EU-SILC 2005.

Figure 2.6 Poverty incidence (at 60% median income); non-elderly and elderly; NMS and EU-15, 2005

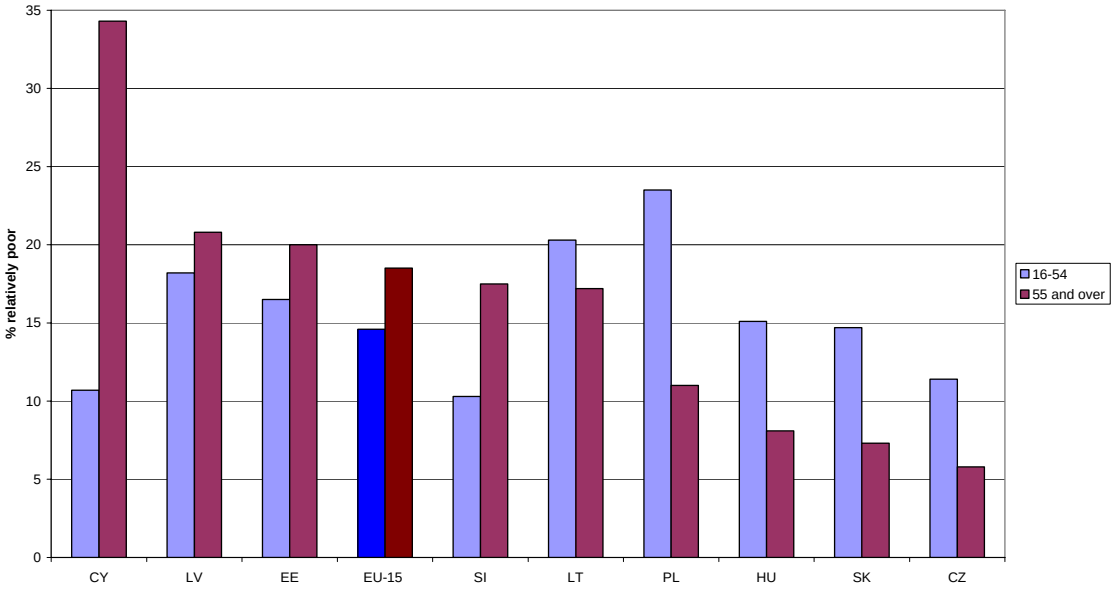


Figure 2.7 Poverty incidence among elderly (at 60% median income), by age groups; NMS and EU-15, 2005

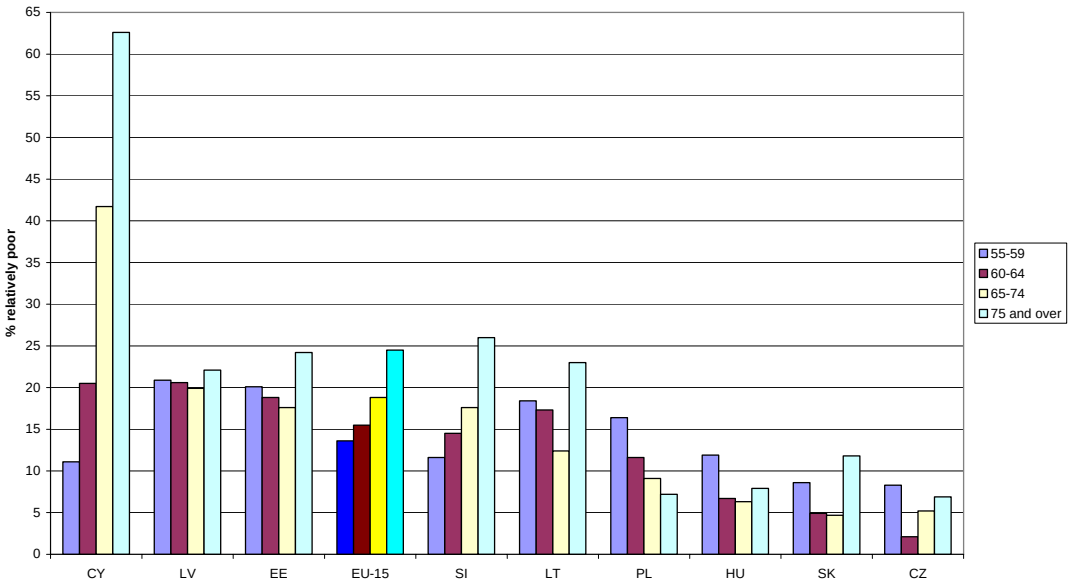
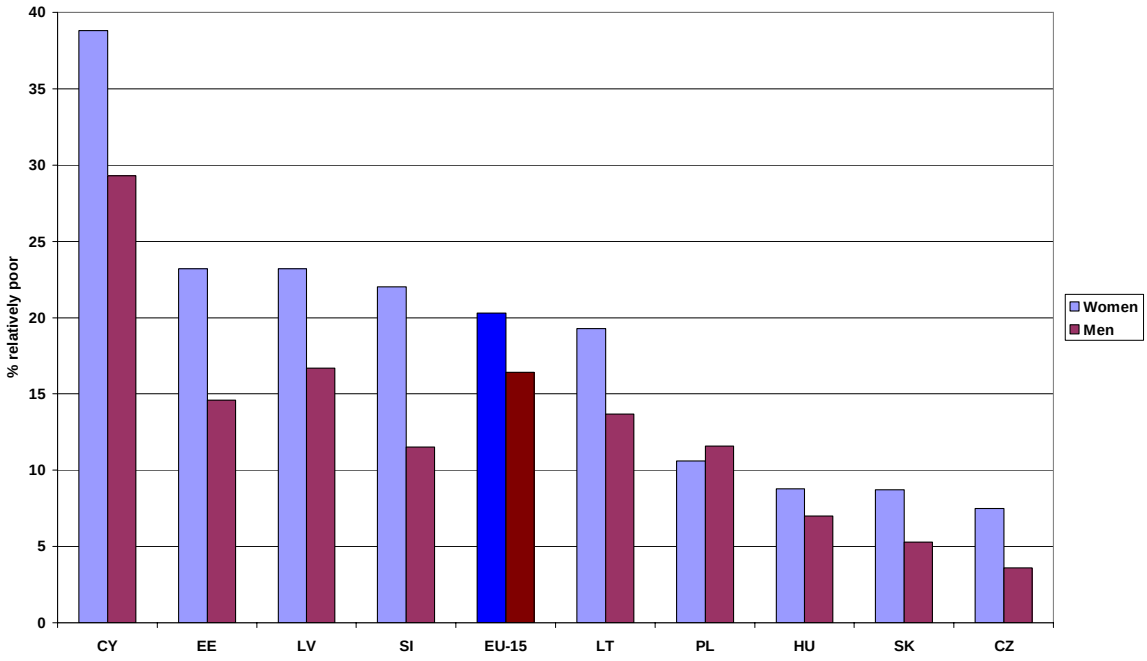


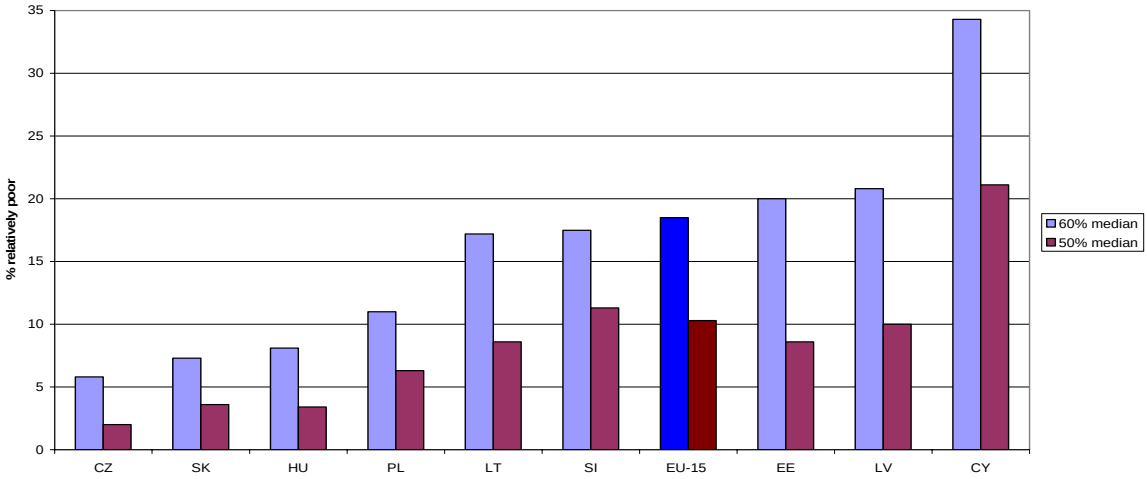
Figure 2.8 Poverty incidence among the elderly (at 60% median income), by sex; NMS and EU-15, 2005[a]



[a] Countries are sorted in a descending order according to the poverty incidence among elderly women.

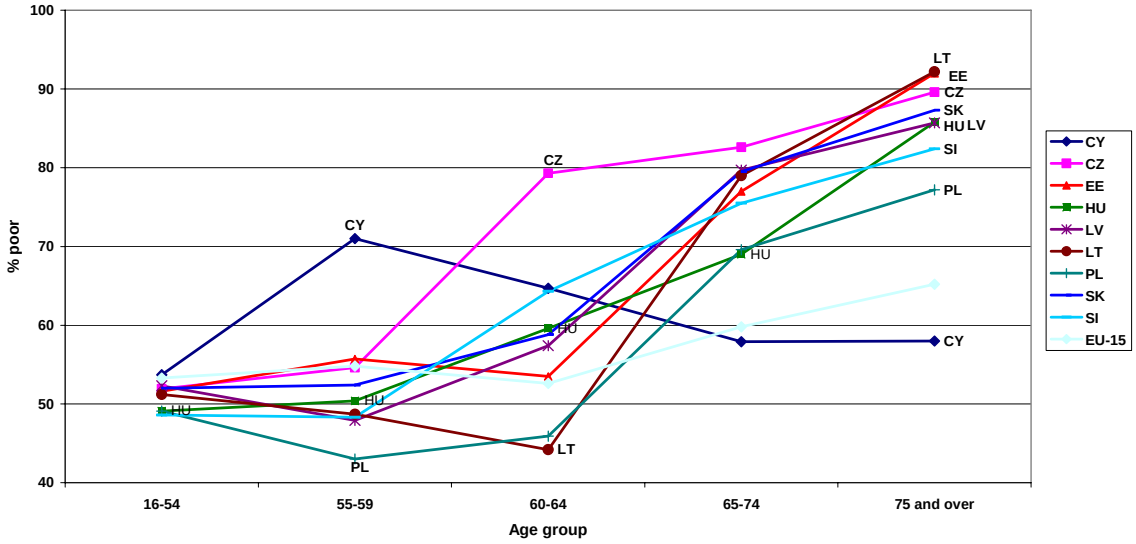
Of course, if a poverty threshold is set at 50% of the median equivalised disposable income, the poverty incidence is much lower (Figure 2.9). This means that a considerable share of the relatively poor have incomes amounting to 50%-60% of the median equivalised disposable income of their respective countries. Consequently, the poverty gaps should not be very large.

Figure 2.9 Poverty incidence among the elderly in NMS and EU-15; poverty threshold at 60% and 50% of median income; 2005



The shares of poor non-elderly women in the total non-elderly poor population are around 50% in all NMS and the EU-15 average (Figure 2.10). For the age group 55-59 years, these shares are generally still relatively close to each other. At higher ages, the shares of poor women in the total poor population generally increase in most of the NMS. At the age of 65-74 years, women account for between 58% of all poor persons in Cyprus to 83% in the Czech Republic, while at a higher age they account for more than 80% of the poor in seven out of nine NMS.

Figure 2.10 Share of poor women in the total poor population (at 60% median income), by age groups; NMS and EU-15, 2005



Characteristics of individuals and households influencing the relative poverty status

In order to identify the characteristics of elderly individuals (and households they live in) that determine their lower or higher likelihood of being relatively poor, as compared to the characteristics of the reference group, we tested a logistic regression model. Parameters were estimated by a maximum likelihood technique.

The dependent variable is the relative poverty status, that is, the probability that the equivalised disposable income of an elderly person is below 60% of the national median. It takes the value of 1 if the person is relatively poor, and 0 otherwise. The results are presented in terms of odds (ratio between the likelihood that particular outcome will occur and the likelihood that it will not).The estimated odds ratios smaller than 1.00 indicate that the likelihood of occurrence is smaller for this particular category than for the reference category (everything else being controlled for). The availability of data was a decisive constraint for our theoretical model; ideally, additional variables would have been included.

Based on a large body of research, our presumption was that women are more likely to be poor than men. While persons older than 69 years were expected to have a higher likelihood of being relatively poor than those aged 65-69 years, the opposite was expected for persons aged 55-64 years. We expected the likelihood of being relatively poor to decrease with an increase in attained education, number of years spent in paid employment, and the household work intensity status. We also assumed that it would be higher for tenants and people with poor health. A negative association between the household size and the likelihood of being relatively poor was expected. We also expected that likelihood to be higher for households with both

members aged 65 years or more. Retired persons were expected to have a higher likelihood of being relatively poor than those working, a lower likelihood than unemployed and other inactive persons.

The models for all countries proved to be statistically significant. Most of the results are highly significant too (see Table 2.4). Nevertheless, some caution is needed when interpreting the results because, in some of the NMS, the share of poor elderly is relatively low (meaning that the population below 55 years of age is relatively worse off). Consequently, the absolute number of poor individuals is relatively low too. As could be expected, the sensitivity of prediction, i.e. the percentage of occurrences correctly predicted, is relatively low in these countries.[15]

In five out of nine NMS, the likelihood of being relatively poor is higher for persons aged 55-59 years than for those aged 65-69 years, which is opposite to our assumption. This is most probably due to unemployment, early retirement or permanent disability, all resulting in a relatively low income.

The impact of gender should be considered separately for women who live alone and those who live with other person(s). The likelihood of being relatively poor is higher for women in one-person households than for elderly men living in such households, except in Estonia and Latvia where the interaction terms coefficients are statistically non-significant. Living in two- or more-person households decreases the likelihood for elderly women of being relatively poor, as compared to elderly men in such households.[16]

[15] This is evident from the sensitivity of prediction (the % of occurrences of being 'poor' correctly predicted) and specificity of prediction (the % of non-occurrences 'not being poor' correctly predicted):

	Sensitivity	Specificity	% of poor among the elderly
CY	67.9	83.8	34.3
CZ	17.2	99.7	5.8
EE	34.2	96.2	20.0
HU	4.2	99.8	8.1
LV	33.7	95.3	20.8
LT	22.5	98.1	17.2
PL	7.4	99.5	11.0
SK	6.7	99.9	7.3
SI	47.6	95.0	17.5

[16] In Cyprus, Hungary, Poland and Slovenia the likelihood for women is even lower than for men. In Cyprus, for instance, the odds ratio is 0.75 for elderly women in more-person households and 1.52 (0.75*2.03) for women in one-person households. This means that living in one-person households significantly increases the likelihood for elderly women of being relatively poor, as compared to elderly men, while the opposite is true for elderly women living in households with more persons.

Table 2.4 Logistic regression estimate of poverty, by country

		CY		CZ		EE		HU		LV		LT		PL		SK		SI	
Sex	**Male**	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	Female	0.75	***	1.46	***	1.47	***	0.80	***	1.09	***	1.06	***	0.99	***	1.28	***	0.70	***
Age group	55-59	0.69	***	0.72	***	1.23	***	2.29	***	1.13	***	0.67	***	1.12	***	1.24	***	0.62	***
	60-64	0.73	***	0.13	***	0.46	***	0.84	***	0.49	***	0.49	***	0.77	***	0.65	***	0.58	***
	65-69	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	70-74	1.32	***	1.36	***	1.17	***	1.25	***	1.08	***	1.01		1.06	***	1.16	***	1.29	***
	75+	2.16	***	1.17	***	1.07	***	1.25	***	1.00		1.56	***	0.63	***	1.73	***	1.27	***
Attained educational level	**Lower secondary or less**	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	Upper secondary	0.27	***	0.55	***	0.77	***	0.40	***	0.51	***	0.59	***	0.38	***	0.40	***	0.24	***
	Post secondary and tertiary	0.16	***	0.19	***	0.40	***	0.17	***	0.33	***	0.34	***	0.14	***	0.20	***	0.04	***
Household type	**Two-person household, at least one person > 65**	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	One person household	1.39	***	14.58	***	15.70	***	3.59	***	14.90	***	14.03	***	5.33	***	2.78	***	5.49	***
	Two person household, both persons <65 years	0.53	***	3.83	***	2.99	***	1.38	***	3.58	***	5.10	***	1.60	***	2.33	***	0.86	***
	Household with 3+ members	0.31	***	1.63	***	1.89	***	1.32	***	2.58	***	2.58	***	3.57	***	1.61	***	0.53	***
Interaction coefficient	**Single female household**	2.03	***	1.24	***	0.96		1.32	***	1.01		0.63	***	0.49	***	1.24	***	2.51	***

Table 2.4 Logistic regression estimate of poverty, by country (continued)

		CY		CZ		EE		HU		LV		LT		PL		SK		SI	
Self-defined economic status	**Retired**	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	Unemployed	2.42	***	0.89	***	0.63	***	0.82	***	0.87	***	0.82	***	2.03	***	2.81	***	1.64	***
	Working full or part time	0.26	***	1.41	***	0.49	***	1.39	***	0.70	***	1.66	***	2.67	***	2.34	***	2.42	***
	Other inactive (pupil, student, military, fulfilling domestic tasks, other inactive)	0.93	**	24.35	***	7.05	***	10.01	***	2.48	***	11.33	***	2.20	***	5.69	***	3.99	***
Number of years spent in paid work	**35 and more**			**1.00**		**1.00**				**1.00**		**1.00**		**1.00**					
	from 26 to 34			1.24	***	1.83	***			1.68	***	1.46	***	1.08	***				
	up to 25			2.02	***	1.94	***			1.99	***	2.89	***	1.59	***				
Household work intensity status	**No work intensity (WI=0)**	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	Low work intensity (WI<0.5)	0.86	***	1.20	***	0.59	***	0.95	***	0.33	***	1.08	***	0.51	***	0.73	***	0.61	***
	High work intensity (WI>0.5)	0.40	***	0.12	***	0.11	***	0.35	***	0.14	***	0.22	***	0.30	***	0.34	***	0.22	***
Tenure status	**Owner or free accommodation**	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**1.00**	
	Tenant	0.95	*	1.29	***	0.91	**	0.94	***	1.34	***	2.27	***	0.96	***	1.53	***	1.30	***
Health status	Fair, good or very good	1.00		1.00		1.00		1.00		1.00		1.00		1.00		1.00		1.00	
	Bad health	1.60	***	1.26	***	1.08	***	1.23	***	1.01		1.44	***	1.42	***	1.23	***	1.37	***
Number of cases included		2764		3276		3141		5449		2965		3387		10799		3516		6467	
Adjusted R^2 (Nagelkerke)		0.43		0.33		0.39		0.16		0.35		0.30		0.19		0.17		0.39	

In contrast to what was expected, in more than half of the countries (the Baltic States, Hungary and the Czech Republic) the likelihood of being relatively poor is not higher for the elderly unemployed persons than for the retired. This obviously has to do with the fact that there was a separate variable for the household work intensity status and that the unemployment benefits are usually related to the number of years spent in paid work (also an independent variable in the model).

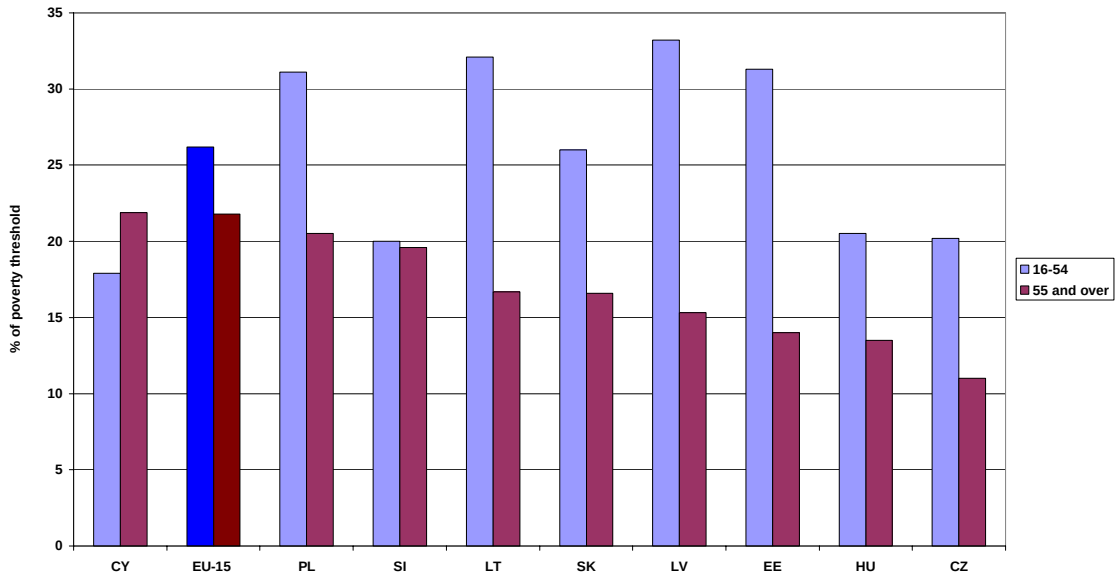
Also surprising is that working full-time or part-time results in a higher likelihood of relative poverty for the elderly than being retired (in seven out of nine countries). This may be due to the generous conditions for retirement and the rather favourable benefit indexation experienced by the current group of retirees. It also may be an indication of the rather low earnings of many working elderly.

Our assumptions that the number of years the person spent in paid work, his/her attained educational level and the household work intensity decrease the likelihood of being relatively poor, proved to be correct. The impact is considerable. It is also in line with our expectations that poor health, compared with fair, good or very good health, results in a higher likelihood of being relatively poor. The impact of tenure status is not consistent across countries. In four out of nine countries, the odds ratio of being relatively poor is slightly lower for tenants than for persons living in owned or free accommodation.

Poverty gaps

The poverty gaps for the elderly in the NMS generally do not exceed those in the EU-15 (only in Cyprus it does, but the difference is negligible; see Figure 2.11). Different from that, the poverty gaps for the non-elderly are higher in four NMS (the Baltic States and Poland) than in the EU-15 average.

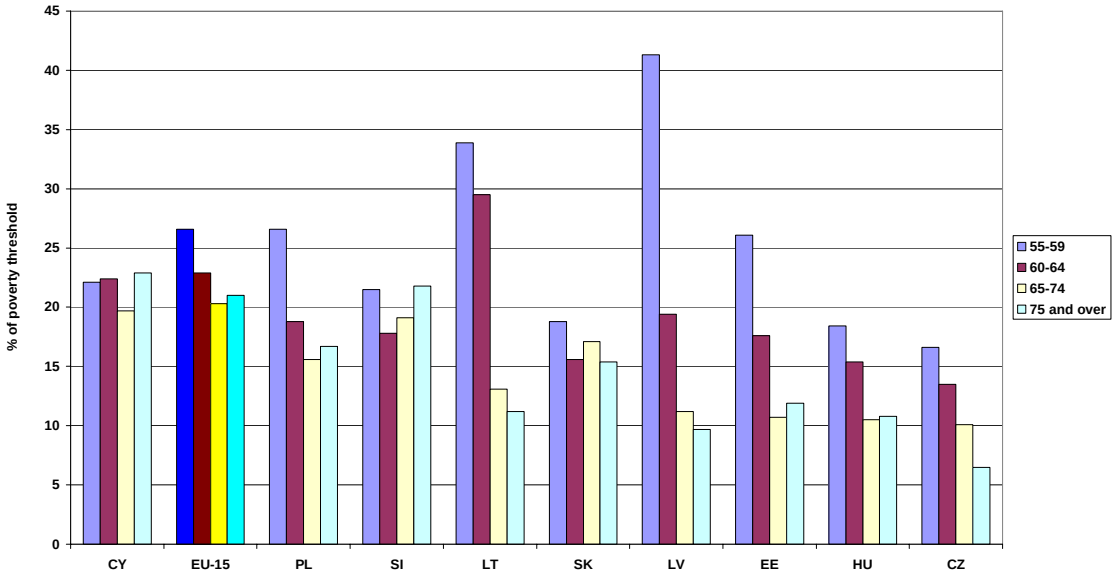
Figure 2.11 Poverty gap (at 60% median income); non-elderly and elderly; NMS and EU-15, 2005



The poverty gaps by elderly age groups show that in Cyprus the depth of poverty almost does not differ across age groups (Figure 2.12). A similar situation can be observed in the Slovak Republic and Slovenia. In other NMS, the poverty gap decreases for each subsequent age group, which is particularly pronounced up to the age of 75. At age 65-74, the poverty gaps in all NMS

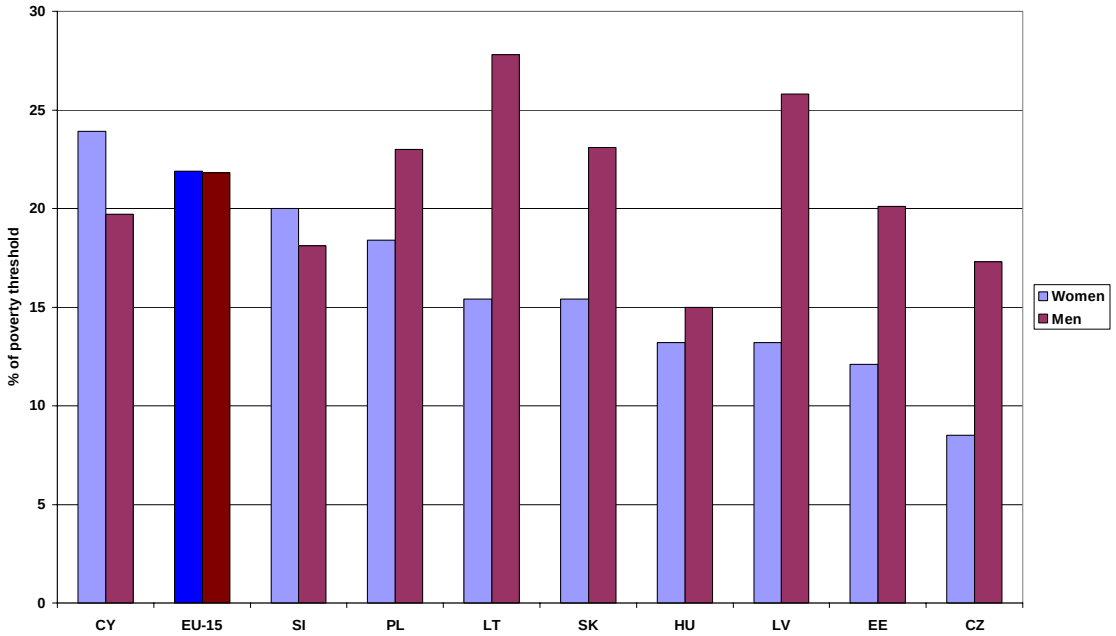
are below the EU-15 average. A particularly large poverty gap is characteristic for the population aged 55-59 years in Latvia and Lithuania: 41 and 34% respectively. Interestingly, it drops to 19% for the population aged 60-64 years in Latvia.

Figure 2.12 Poverty gap (at 60% median income), by elderly age groups; NMS and EU-15, 2005



Women account for 56-73% of all elderly poor, but the poverty gaps are lower for poor elderly women than for poor elderly men in all NMS except Cyprus and Slovenia (and in the EU-15 average) (Figure 2.13).

Figure 2.13 Poverty gap, by sex; NMS and EU-15, 2005

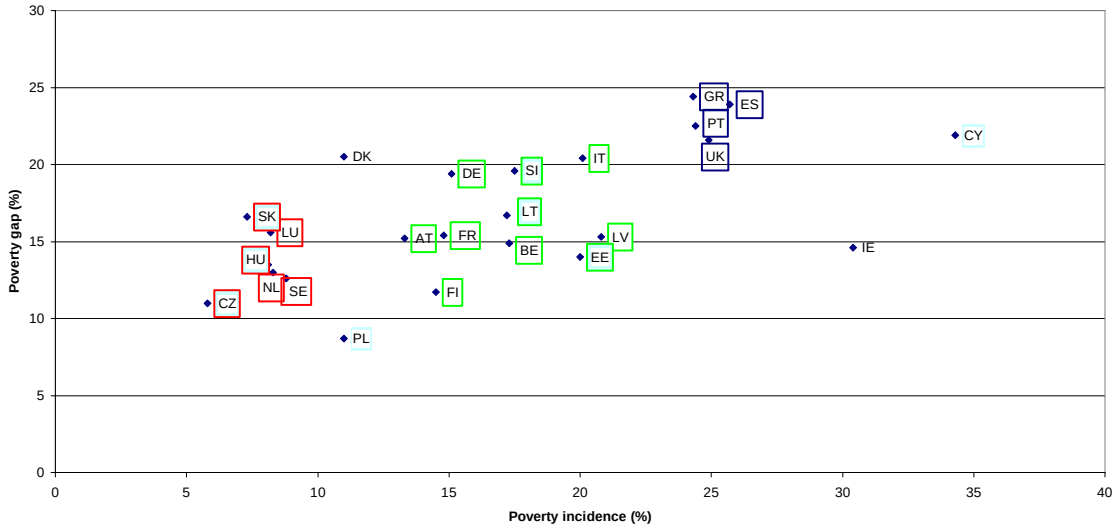


In Figure 2.14 we compare the poverty incidence among the elderly and the poverty gap in 24 EU member states. Common characteristics are shared by the Czech and the Slovak Republics and Hungary, but also by the Netherlands, Sweden and Luxembourg. In these new and old member states, both the poverty incidence among the elderly and the poverty gap are relatively low (6-9% and 11-17% respectively. However, one can hardly speak of common characteristics – in terms of welfare regimes – of these two groups of countries.

In the Baltic States and Slovenia, the poverty incidence among the elderly is much higher than in the former group, which is not that true for the poverty gaps. Similar characteristics are shared by Belgium, Germany, France, Italy and Finland.

There is one more distinct group consisting of three Mediterranean countries (Greece, Portugal and Spain) and the UK. In these countries, both the poverty incidence among the elderly (about 25%) and the poverty gaps (between 22% and 24%) are high.

Figure 2.14 Poverty incidence and poverty gap among the elderly; EU member states, 2005

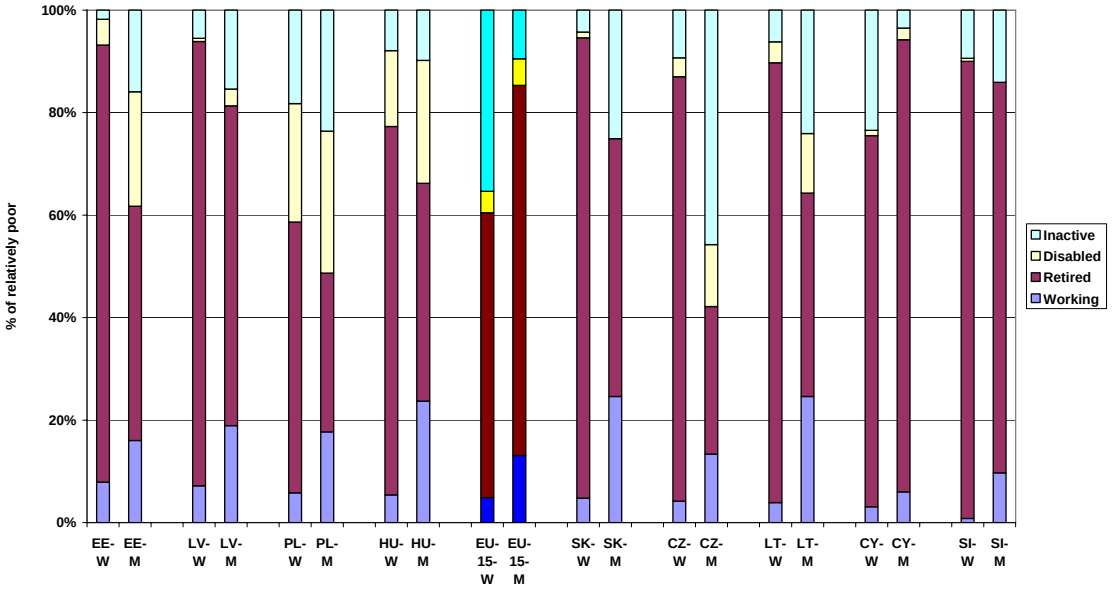


Self-defined economic status of the poor elderly

The retirees account for the highest share of the poor elderly. In Poland, Hungary and Estonia, the permanently disabled or/and unfit to work account for 25%, 18% and 10% respectively. The proportions are higher for men than for women, particularly in Estonia and Hungary (Figure 2.15). The highest shares of the unemployed are observed in the Czech Republic (17% on average and as much as 43% for men), Lithuania (11%), the Slovak Republic (10%) and Poland (9%).

The shares of persons working full-time are the highest (9%) in Hungary, Poland and the Slovak Republic. In the last named country, a quarter of poor elderly men work full-time. Unlike the EU-15 (and particularly countries like Ireland, Spain and Luxembourg), in the NMS there are not many poor elderly persons fulfilling domestic tasks and care responsibilities. The highest proportions are 13% (17% for women) in Cyprus and 5% (7% for women) in Slovenia.

Figure 2.15 Self-defined economic status of the poor elderly, by sex;[a] NMS and EU-15, 2005[b]



[a] W = women, M = men.

[b] Countries are sorted according to a descending order of the percentages of the working poor elderly women.

At the age of 55-59 years, there are considerable proportions of persons working full-time and part-time among the relatively poor, up to 34-44% in the Baltic States. The unemployed account for high proportions too: for instance, 38% in the Czech Republic, 33% in Lithuania, 30% in Latvia and 29% in the Slovak Republic. At that age, high proportions of the poor are already retired in Slovenia (44%), the Slovak Republic (38%) and the Czech Republic (34%). The highest shares of poor persons aged 55-59 years in Hungary, Poland and Estonia are accounted for by the permanently disabled or/and unfit to work (38%, 29% and 28% respectively). The proportion of persons fulfilling domestic tasks and care responsibilities is only considerable in Cyprus (43%).

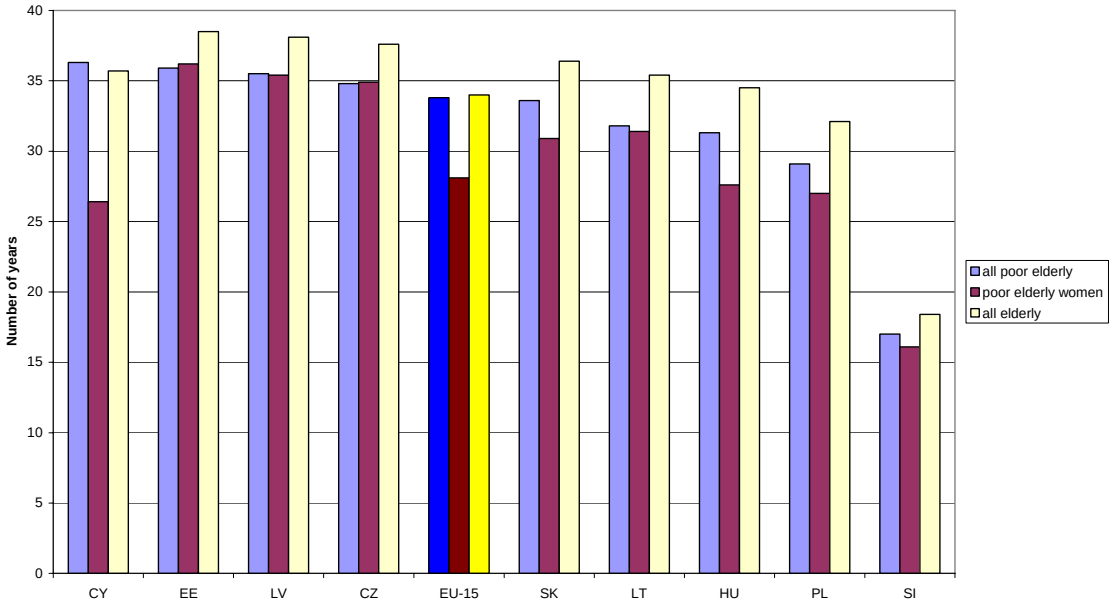
Average number of years the elderly poor spent in paid work

The average number of years that the elderly poor spent in paid work exceeds 30 in all observed[1] EU member states except Poland (29).[2] In the NMS it is the highest in the Czech Republic, Estonia, Latvia and Cyprus: 35-36 years (Figure 2.16). In some OMS it is even higher: 38 years in Spain, 39 in Greece and 43 in Portugal. In all countries but Cyprus, the relatively poor elderly have spent fewer years (by up to 3.6 years) in paid employment than the non-poor ones.

[1] There is no information for Denmark, Finland, Sweden or the UK.

[2] It is lower for Slovenia (17) and the Netherlands (26) too, but the non-response rate is very high in these two countries (53.9% and 61.8% respectively). In Slovenia, this is due to the fact that only household respondents were asked this question.

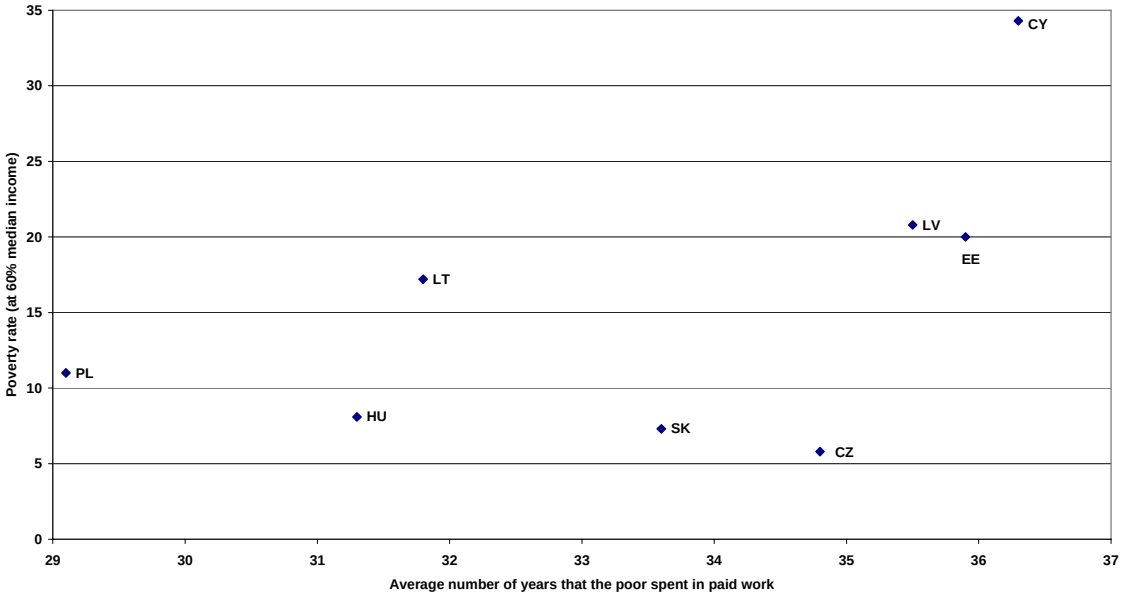
Figure 2.16 Average number of years spent in paid work; NMS and EU-15, 2005[a]



[a] Countries are sorted in descending order according to the number of years that the poor elderly spent in paid work.

In Figure 2.17, the poverty incidence among the elderly is related to the average number of years spent in paid work. It is evident that the two are negatively related (which would be normal) only in the group of Central European Countries. At the same number of years spent in paid work, the poverty incidence is much higher in the Baltic States.

Figure 2.17 Poverty incidence among the elderly vs. average number of years that the poor elderly spent in paid work; NMS and EU-15, 2005

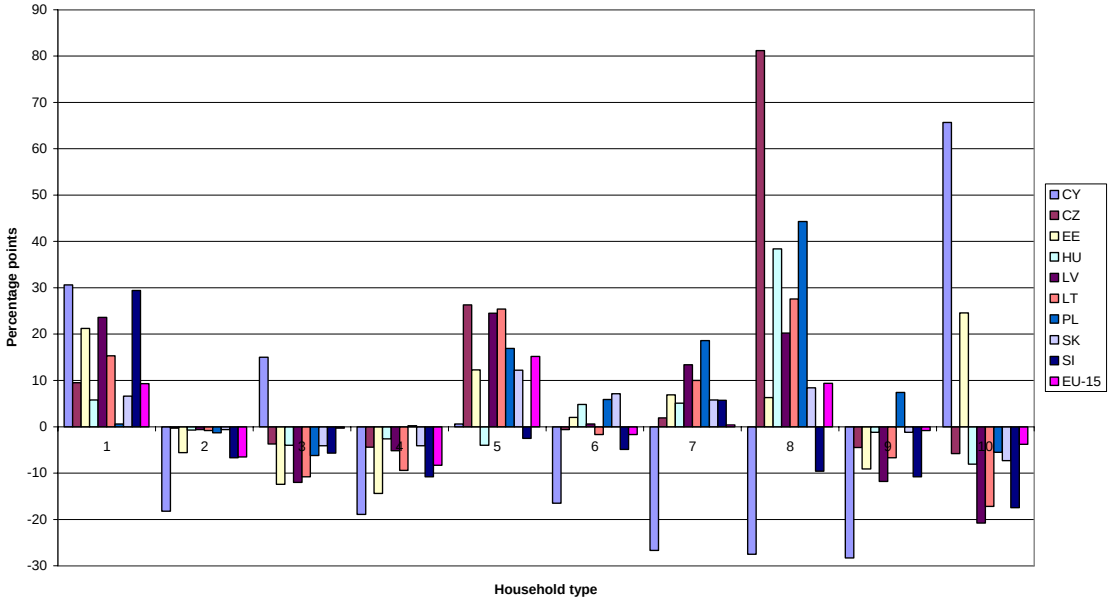


Household types in which the poor elderly live

In all NMS and the EU-15 average, elderly living in one-person households are (much) more frequently affected by relative poverty than the elderly on average. The same applies for the elderly living in single parent households with dependent children, and in households of two adults and two or more dependent children. Lower-than-average poverty rates are characteristic for the elderly living in households of two adults and in 'other' households without dependent children as well as in households of three or more adults with dependent children.

Generally, the greatest positive declines from the average poverty rates among the elderly in individual countries (i.e. the cases where poverty rates exceed the national averages by the highest number of percentage points) are observed for the elderly living in households of two adults and three or more dependent children (see Figure 2.18). The same is the case with those living in one-person households and in single parent households with dependent children.

Figure 2.18 Deviation from the average poverty rate for the elderly, by country/region and household type; poverty threshold at 60% median income; NMA and EU-15, 2005 (% points)



Legend:

1	One-person household
2	2 adults, no dependent children, both adults under 65 years
3	2 adults, no dependent children, at least one adult 65 years
4	Other households without dependent children
5	Single parent household, one or more dependent children
6	2 adults, one dependent child
7	2 adults, two dependent children
8	2 adults, three or more dependent children
9	Other households with dependent children
10	Other

High relative poverty rates (over 20%) are most frequent among the elderly living in households of two adults and three or more dependent children, single parent households with dependent children, one-person households and households of two adults with two dependent children.

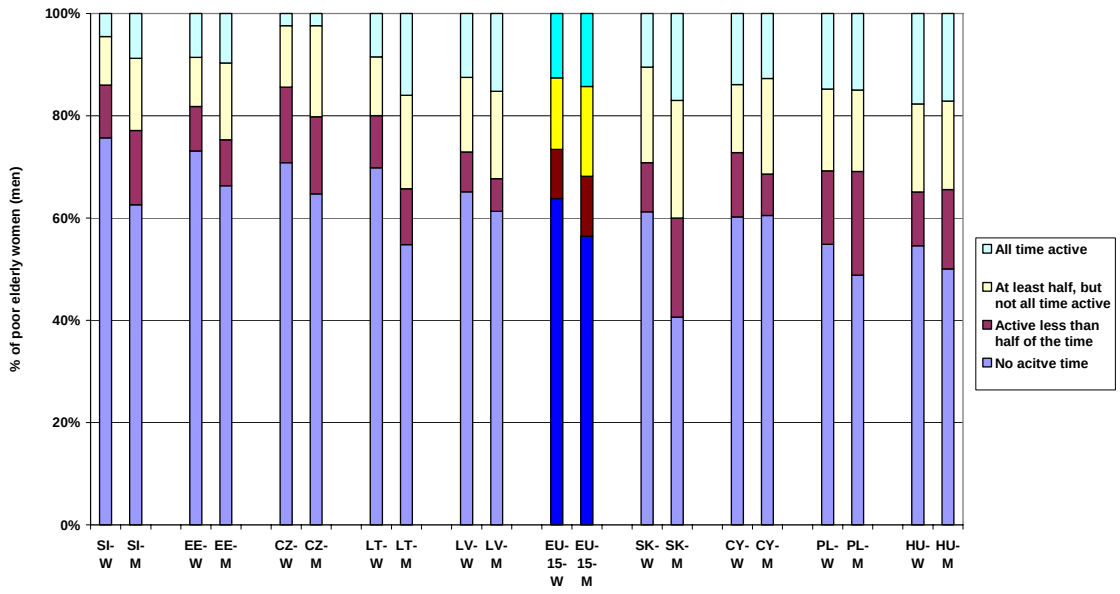
Household work intensity status[3]

In three NMS (Poland, the Slovak Republic and Hungary) just over half of the poor elderly live in households where no member is active at all. In other NMS, these shares are 60-71%. It is interesting to note that the elderly aged 60-64, compared to other age elderly groups, most frequently live in households with no active member. The logical explanation would be that the younger non-active elderly more frequently live with an active partner while the older elderly more frequently live with active children.

In Lithuania, the Slovak Republic, Cyprus, Latvia and Hungary, 12%-17% of the poor elderly live in households where all persons are active full-time. In these countries and Poland as well, 27-35% of the elderly live in households whose members, on average, are active at least half-time. The share of poor elderly living in households where all persons are active full-time is relatively high in the EU-15 average too, with shares in individual countries as high as 30% in Sweden and 27% in the UK. This indicates that full-time activity does not provide people with sufficient income to escape relative poverty.

Elderly poor women live in households with no active time more frequently than elderly men (Figure 2.19). This is partly due to women's higher life expectancy and consequent living in one-person households in their old age. Another reason a lower activity rate among elderly women as compared to elderly men (see Figure 2.15). Cyprus is an exemption with almost equal shares of women and men living in households with no active time.

Figure 2.19 Household work intensity status; poor elderly, by sex; NMS and EU-15, 2005[a]

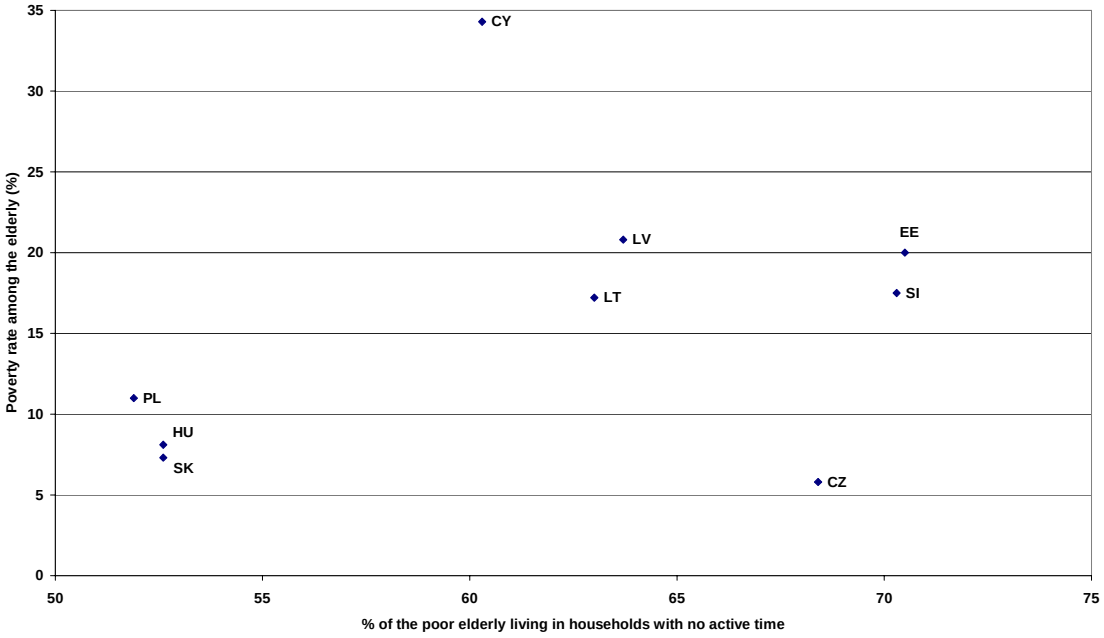


[a] Countries are sorted in a descending order according to the share of no active time for women.

In Figure 2.20, the percentage of the poor elderly living in households with no active time is related to the poverty rate among the elderly. The NMS with lowest proportions of elderly living in households with no active time (Poland, Hungary and the Slovak Republic) also have the lowest poverty rates among the elderly. The exception is the Czech Republic with low poverty rates among the elderly in spite of a relatively high proportion of elderly living in households with no active time.

[3] This variable is explained in Section 2.2.

Figure 2.20 % of the elderly poor living in households with no active time vs. poverty rate among the elderly (at 60% median income)



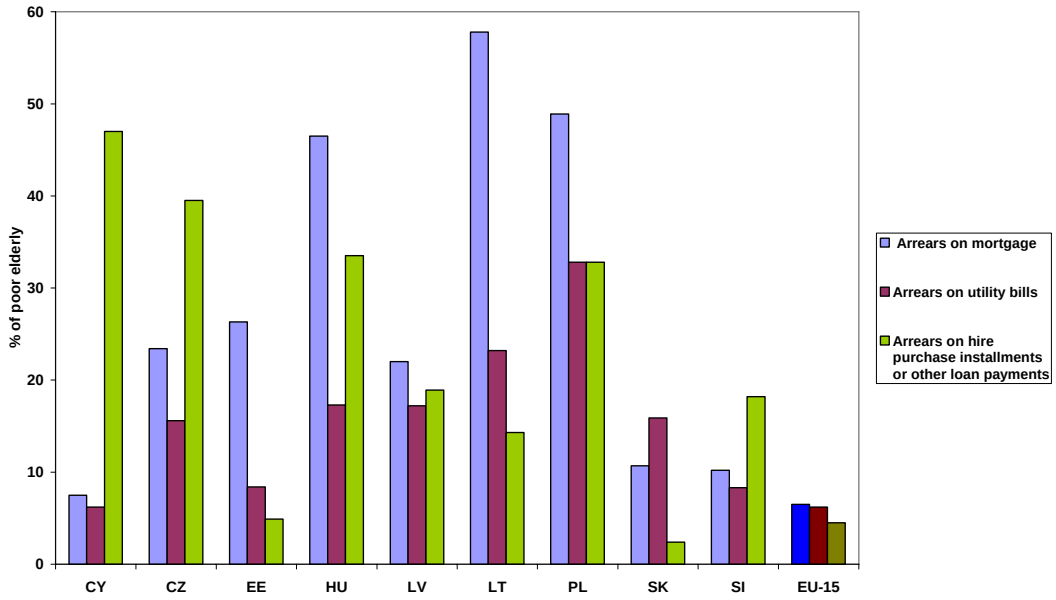
2.6 Relative poverty and material hardship

2.6.1 Financial constraints for the relatively poor elderly

Arrears on mortgage or rent payments

Arrears on mortgage or rent payments are more frequent among poor non-elderly (i.e. households they live in) in the NMS than among poor elderly with such obligations. Lithuania, Poland and Hungary are exceptions. These are also the NMS with the highest shares of poor, particularly elderly, who live in households facing that problem: 58% of elderly poor in Lithuania, 49% in Poland and 47% in Poland. In all NMS, the shares of poor living in households with arrears on mortgage or rent payments are higher than in the EU-15 average (Figure 2.21). The problem is less widespread among each older age group of the elderly, and practically disappears at the age of 75 in all but three NMS (Poland, Latvia and Cyprus).

Figure 2.21 Share of elderly poor living in households with arrears on payments (in the last 12 months); poverty threshold at 60% median income; NMS and EU-15, 2005



Arrears on utility bills

In the EU-15, arrears on utility bills are relatively rare among the poor elderly: only 6% live in households facing this problem, compared to as many as 33% in Poland and 23% in Lithuania (see Figure 2.21). Much higher proportions are observed among the poor non-elderly than among the poor elderly in almost all EU member states (up to 44% in Poland). There are only small differences between the genders and, generally, the problem decreases for each older age group of the elderly.

Arrears on hire purchase instalments or other loan payments

The proportion of those poor elderly in the EU-15 who live in households with arrears on hire purchase instalments or other loan payments is also low: less than 5% (see Figure 2.21). The differences between the NMS are great: from 2% of such cases among the poor elderly in the Slovak Republic and 5% in Estonia to as much as 47% in Cyprus, 39% in the Czech Republic, 34% in Hungary[4] and 33% in Poland. In some NMS, the problem is more widespread among the elderly poor; while the opposite is the case in other countries (the latter is true for all OMS too). Cyprus stands out for the fact that the proportion of persons living in households with arrears on hire purchase instalments or other loan payments is higher rather than lower in older age groups of the poor elderly.

The capacity to face unexpected financial expenses

The capacity of households in which the poor elderly[5] live to face unexpected financial expenses is lower in all NMS than in any of the OMS. While 56% of the poor elderly in the EU-

[4] This is due to the high proportion (56%) of such cases in the age group 60-64 years (and 36% in the age group 55-59 years). There are no such cases among the population aged 75 years and over.

[5] The same is true for the non-elderly poor, with the exception of Finland and France.

15 live in households with sufficient capacity to accomplish this, the same is true for only 5% of poor elderly in Latvia and 11% in Lithuania, up to 24% in Slovenia and 30% in Estonia (see Figure in Annex A). For the comparison, the proportions of the non-elderly poor in the NMS living in households capable of facing unexpected financial expenses are below 31%.

Ability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day

The share of the elderly poor living in households that are not able to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day is 13% in the EU-15 (see Figure in Annex A). It is over 20% only in Austria and Germany. The lowest shares registered in the NMS are 17% in Cyprus and 26% in Slovenia; the highest are 71% in Latvia and 65% in Poland. In Hungary and the Slovak Republic they are over 50% too. Except in the Czech Republic, the shares for the population aged 16-54 years are lower but not significantly in most of the countries studied.

There is no common pattern as regards the age groups. The situation of households according to this indicator is by far the least favourable for poor persons aged 60-64 in the Czech Republic, persons aged 65-74 in the Slovak Republic, and persons aged 75 years and over in Latvia.

Ability to keep the home adequately warm

On the one hand, as many as 93% of the poor – both non-elderly and elderly – in Estonia and Slovenia live in households that are able to keep their homes adequately warm (see Figure in Annex A). This is more than in the EU-15 average or (for the poor elderly) in seven EU-15 member states (Belgium, Germany, Italy, Spain, France and particularly Greece and Portugal).[6] On the other hand, in four NMS (Latvia, Lithuania, Poland and Cyprus) just half or less of the poor elderly live in households that are able to keep their homes adequately warm. The proportions are slightly higher for the non-elderly poor. In most of the NMS the situation is somewhat better for the two older age groups of the elderly compared to the age group 60-64 years.

Ability to afford one week's annual holiday away from home

The shares of the poor elderly living in households that cannot afford one week's annual holiday away from home range from 74% in Slovenia to 89% in Hungary; the EU-15 average is 53% (in Greece and Portugal the shares are 83% and 88% respectively) (see Figure in Annex A). The highest frequency of such answers is usually among the population aged 75 years and over, but as a rule the differences between age groups are not very pronounced.

Only in Slovenia and the Slovak Republic is the situation of the non-elderly much better that it is worth mentioning (by 14 and 10% points respectively). However, at least in Slovenia, this might be due to the availability of (almost) free accommodation in relatives'/friends' (vacation) houses/flats.[7] It is interesting to note that in eleven of the EU-15 countries it is the non-elderly poor who report their households as not being able to afford one week's annual holiday away from home (considerably) more often than the elderly poor.

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[6] In Portugal, only 30% of the elderly poor are able to keep their homes adequately warm.

[7] Namely, "paying for" is missing in the wording of the question in the Slovenian questionnaire. The issue of financial and social dimensions of holidays was discussed by an expert group, and the second dimension was opted for. Holidays with friends and relatives, subsidised holidays, second residence, etc. are to be considered in this item (European Commission, 2007a).

Summary indicator of financial constraints for the relatively poor elderly

In Table 2.5, the countries are ranked according to the financial constraints[8] faced by the elderly poor. These constraints are least frequent in Slovenia and most frequent in Poland. In the Slovak Republic and Latvia, the rank for poor elderly women is worse than that for poor elderly men. The opposite situation is characteristic for the Czech Republic, in particular.

Table 2.5 Financial constraints for the relatively poor elderly (ranks)

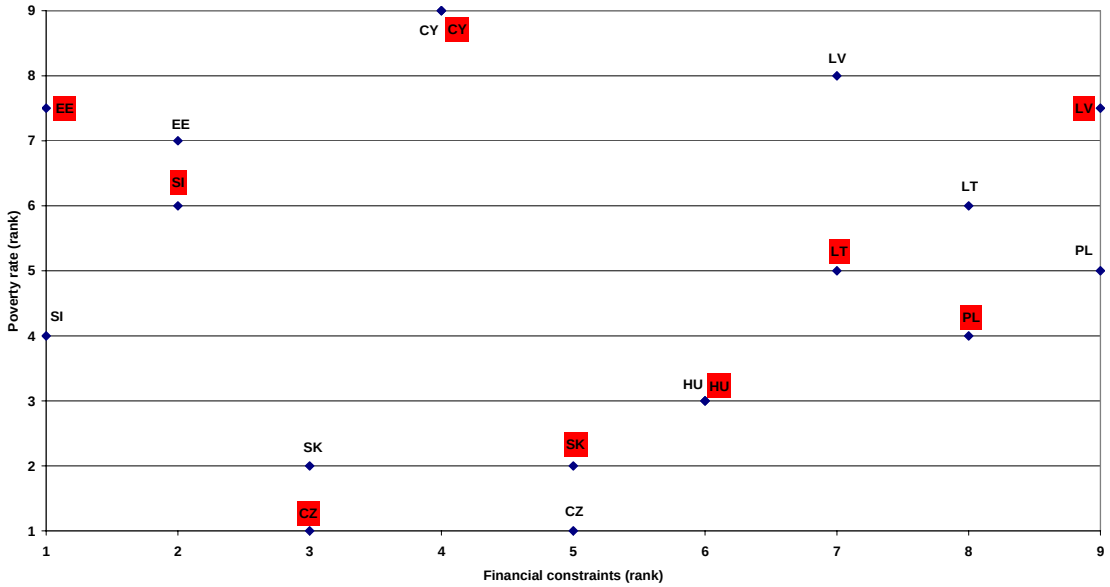
Country	All elderly persons	Elderly women	Elderly men
SI	1	2	1
EE	2	1	2
CY	3	4	4
SK	4	5	3
CZ	5	3	5
HU	6	6	6
LV	7	9	7
LT	8	7	8
PL	9	8	9

Note: The Borda ranking was applied. The lower the rank, the lower the constraint.

In Figure 2.22, the ranks of poverty rates and financial constraints are compared for the NMS. Poverty rates are an objective and relative measure while financial constraints are an absolute and subjective measure. For Cyprus, Slovenia and Estonia, high poverty rate ranks show a relatively high unfavourable economic situation of the elderly population than do ranks of financial constraints faced by the poor elderly. There is a relatively high frequency of financial constraints among the elderly poor in Poland and Hungary, which are the countries with low ranks as regards the income poverty incidence.

[8] For the definition see Section 2.2.

Figure 2.22 Relative poverty among the elderly and financial constraints faced by the poor elderly, by sex;[a] NMS, 2005 (ranks)[b]



[a] Shaded = poor elderly women; other = poor elderly men.

[b] The Borda ranking was applied. The lower the rank, the lower the poverty rate and financial constraints.

2.6.2 Meeting needs for medical/dental examination or treatment

Meeting the needs for medical examination or treatment

As regards meeting the needs for medical examination or treatment, Slovenia seems to be the best place in Europe for the poor non-elderly to live: only less than 1% of those who needed such services had the need unmet. The same is true for the poor elderly. No case of unmet need was reported by the poor elderly aged 55-64. The situation of the poor elderly is only better in Denmark where all their needs for medical examination or treatment were met. The EU-15 averages are 13% for the non-elderly and 10% for the elderly. The situation is particularly unfavourable for the poor in Latvia where 44% of the poor elderly who needed medical examination or treatment reported unmet need, as well as in Poland and Hungary where the proportions are just below one quarter. In Hungary, the proportion of the poor elderly reporting unmet need decreases with age groups, while in Latvia the oldest age group is the most deprived. While the situation is better among the poor elderly than among the poor non-elderly in the EU-15 average, the opposite is true for most NMS.

In all NMS except Hungary, the picture is worse if only a subgroup of the poor with bad and very bad general health is observed. In Latvia, the proportion of the elderly poor who have unmet needs for medical examination or treatment amounts to 53% (the proportion is 62% for the poor non-elderly). It is the highest in the age group 55-59 with 69% of persons having unmet needs.

The main reason why the poor have unmet needs for medical examination or treatment is the cost of such services. In the EU-15 average, 54% of the poor elderly with unmet needs for medical examination or treatment cannot afford it. However, in some NMS and OMS this reason was not reported at all (in the Czech Republic, Slovenia, Denmark and the Netherlands),

or is below 3% (in Sweden and the UK). Services that are too expensive prevent poor elderly from using medical services particularly in Latvia (78%), Poland (70%), Cyprus (67%), the Slovak Republic (66%) and Lithuania (53%). The problem is also widespread among the non-elderly in these countries, but also in Estonia. Waiting lists seem to be a relevant factor only in Estonia and Slovenia where it was reported as the main reason by 23% and 19%, respectively, of the poor elderly with unmet needs for medical examination or treatment.

Meeting the needs for dental examination or treatment

The proportion of the elderly poor who needed dental examination or treatment but did not meet that need is below the EU-15 average (12%) in four NMS: Slovenia (1%), the Czech Republic (5%), the Slovak Republic (8%) and Cyprus (11%). The most unfavourable situation is in Latvia where 37% of the elderly poor had such need unmet needs (50% of those aged 55-59 years). High proportions were also registered in some OMS, like 20% in Portugal and 18% in Germany. In most of the NMS and OMS the proportions are higher among the poor non-elderly who needed dental examination or treatment. Almost as a rule, the proportions of the poor elderly with unmet needs are lower in each older age group. In the NMS they are below 10% among poor persons aged 75 and over, except in Estonia (20%) and Latvia (35%).

The main reason for unmet need for dental examination or treatment – in both NMS and OMS and both among non-elderly and elderly – are excessively high costs of services. As many as 87-93% of the elderly poor in the Baltic States and 72% in Poland and the Slovak Republic cannot afford them. They are also too expensive for 65% of the elderly poor in the EU-15 (for instance, for 83% in Greece and Portugal, 75% in Finland, 74% in Italy and 73% in Germany). Waiting lists are a serious obstacle to meeting the needs for dental examination or treatment only for the Slovenian elderly poor.

Health care deprivation of the relatively poor elderly

Slovenia, Cyprus and the Slovak Republic are the NMS where it occurs least frequently that the poor elderly person - be it a man or a woman - does not meet his or her need for medical or dental examination or treatment (Table 2.6). Latvia, Hungary and Poland can be found on the other side of the spectrum. In Poland and Lithuania in particular, the rank for women is worse than that for men.

Table 2.6 Health care deprivation of the relatively poor elderly who needed dental examination or treatment (ranks)[a]

Country	All elderly persons	Elderly women	Elderly men
SI	1	1	1
CY	2.5	2.5	2
SK	2.5	2.5	3
CZ	4	4	5
LT	5	5.5	4
EE	6	5.5	6,5
PL	7	8	6,5
HU	8	7	8
LV	9	9	9

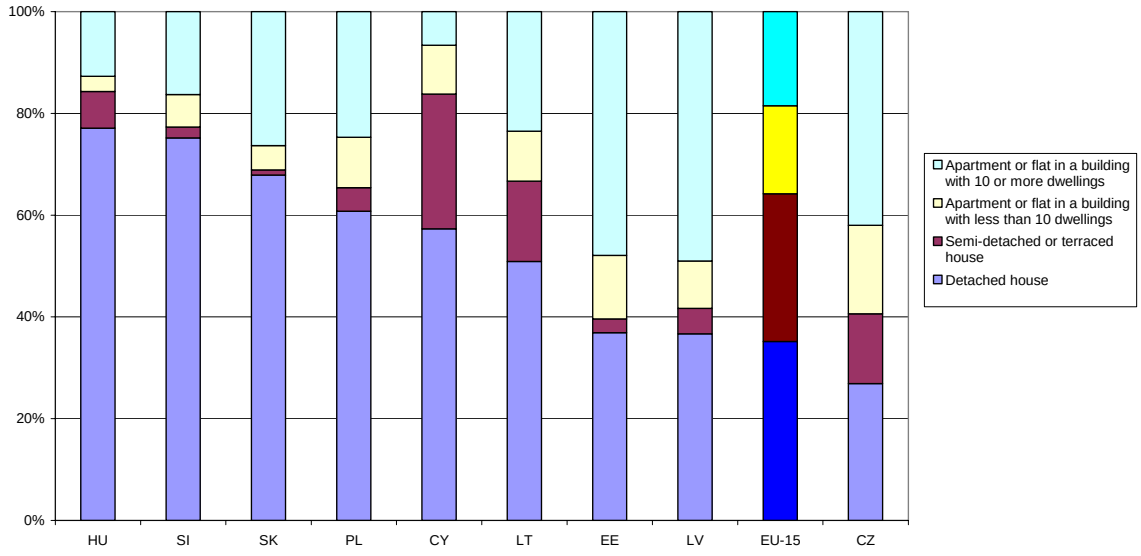
[a] The Borda ranking was applied. The lower the rank, the lower the level of health care deprivation.

2.7 Housing conditions of the elderly poor

Dwelling type

In the EU-15, the elderly poor live in houses (rather than in the apartments) more frequently than the non-elderly poor. The same occurs in most NMS. In particular, more elderly poor people live in detached houses than in buildings with 10 or more dwellings. The frequency of the observed four dwelling types is much more balanced in the EU-15 than in the NMS (for both non-elderly and elderly poor) (see Figure 2.23). On the one hand, in Hungary and Slovenia more than 70% of the elderly poor live in detached houses (more than 60% in the Slovak Republic and Poland). On the other, living in an apartment/flat in a big building is more frequent in Estonia, Latvia and the Czech Republic. In the former two countries, this is related to the Soviet-type of communism that generally did not allow people to build houses but built huge apartment buildings for people to live in.

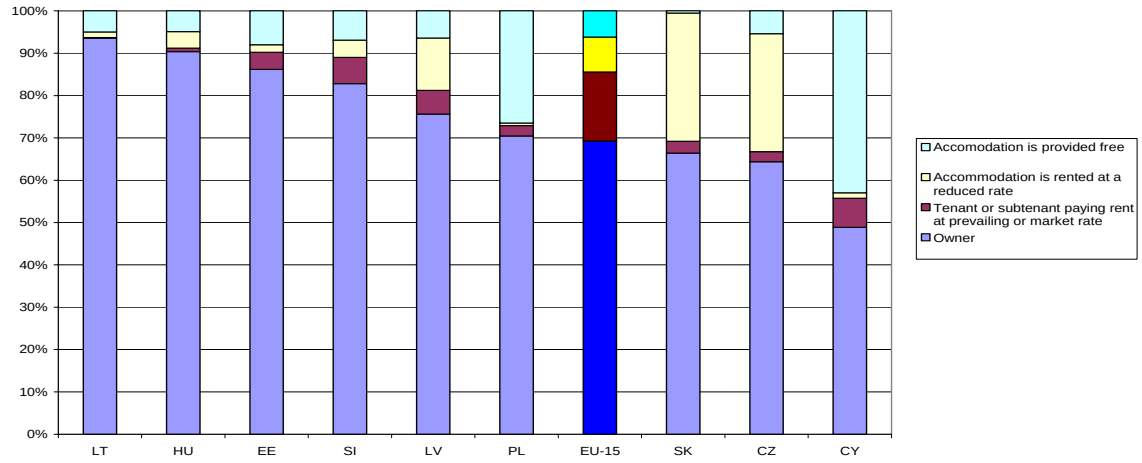
Figure 2.23 Dwelling type; poor elderly in NMS and EU-15, 2005



Tenure status

Just over 40% of the poor non-elderly in the EU-15 own their housing (Figure 2.24). In the NMS, this is the case of more than half of non-elderly (more than three quarters in Hungary, Estonia, the Slovak Republic and Lithuania). In contrast, almost 70% of the poor elderly in the EU-15 own their housing. The proportions are even higher in six NMS, with Lithuania (94%) at the top.

Figure 2.24 Poor elderly by tenure status; NMS and EU-15, 2005



The proportion of the poor elderly tenants or subtenants who pay rent at prevailing or market rate is quite high in the EU-15: 16%. The proportion is 7% in Cyprus and lower than that in other NMS. The proportions are higher for poor non-elderly: 34% in the EU-15 and 2%-24% in the NMS.

In the EU-15, accommodation is provided free to 7% of the non-elderly poor and to 6% of the elderly poor. In most NMS too, the proportions are below 10%. For the non-elderly poor, they are between 4% in the Slovak Republic and 29% in Poland, while for the elderly poor, they are between 0.5% in the Slovak Republic and 43% in Cyprus. There is no free housing for the relatively poor people aged 55-74 years in the Slovak Republic.

Only in Cyprus and the Slovak Republic, does housing ownership decrease with the age of the elderly, while in Poland and in the EU-15 average, it increases with age. In Cyprus, free accommodation is much more frequent among the poor aged 65 years and over than among younger elderly.

Number of rooms per household member

Except in Cyprus, the poor households in the NMS have fewer rooms per household member than the poor households in the EU-15 on average (1.1 rooms per non-elderly person and 2.0 rooms per elderly person) (Figure 2.25). In eight other NMS, there are 0.7-0.8 rooms per poor non-elderly person and 0.8-1.5 rooms per poor elderly person. There is no common pattern as regards the elderly age groups (Figure 2.26). Only in Hungary and Slovenia the pattern is similar to that of the EU-15 where the number of rooms slightly increases with age. This indicates that the elderly tend not to leave their housing when they remain single. In Poland and the Slovak Republic the number of rooms per household member decreases.

Figure 2.25 Average number of rooms per member in poor households (poverty threshold at 60% median income); elderly and non-elderly; NMS and EU-15

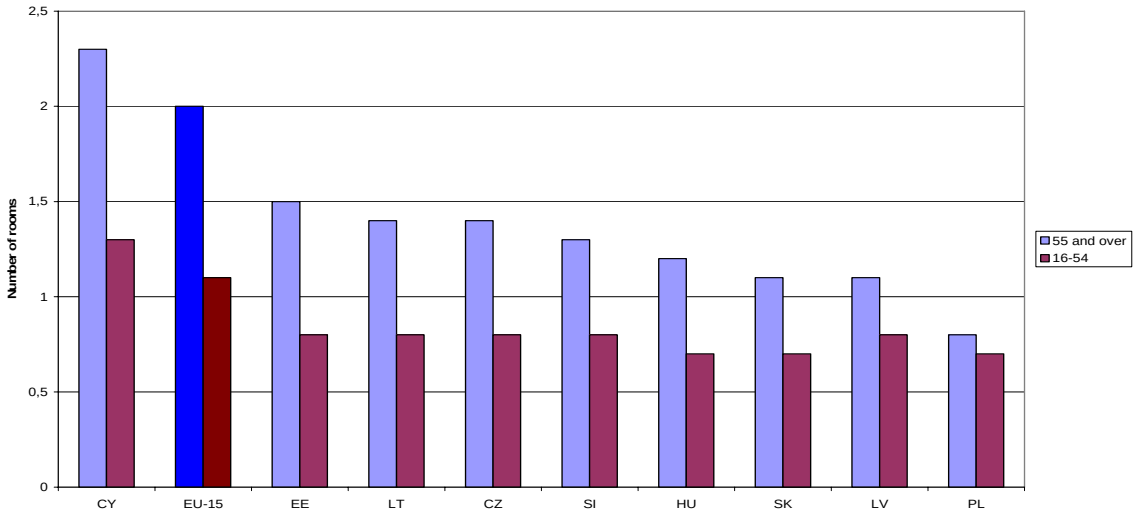
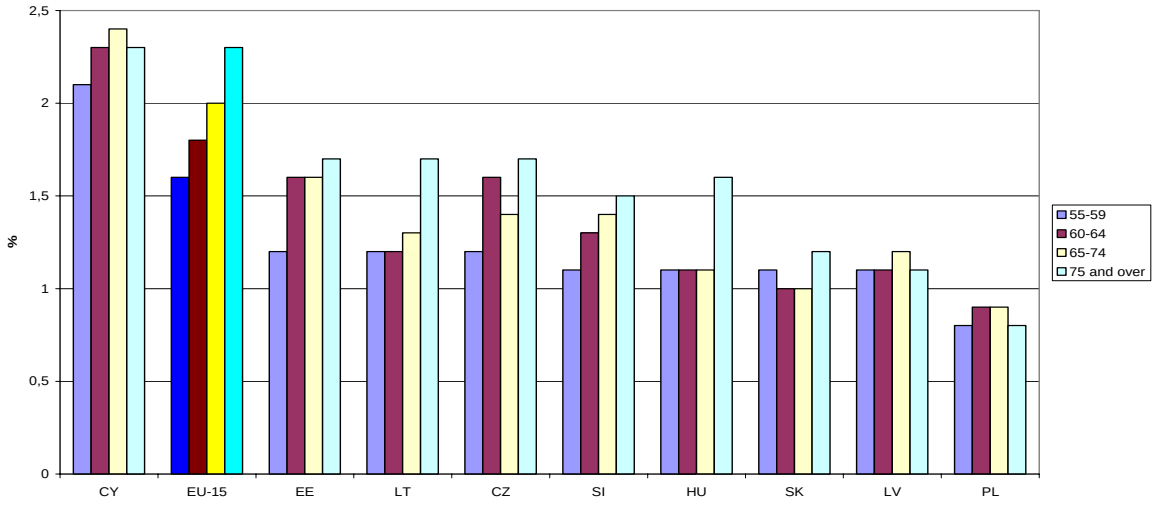


Figure 2.26 Average number of rooms per member in poor households (poverty threshold at 60% median income); by elderly age groups; NMS and EU-15



Bath/shower and flush toilet

Almost all relatively poor people in the EU-15 have a bath or shower in their dwelling. In the Czech Republic, Slovenia, the Slovak Republic and Cyprus, the proportions are between 89% and 93% for the elderly poor, but it is as low as 37% in Lithuania.

The situation regarding flush toilets in the dwellings is very similar. Again, it is the worst in the Baltic States with only 38-66% of the poor elderly having such a toilet in their dwelling.

In Latvia, the housing standard, as measured by these two indicators, is slightly worse for the non-elderly. Lithuania is the NMS with the most evident difference between the oldest age group (75 years and over) and the preceding one (65-74 years). Only a quarter of poor persons in the oldest age group have a bath/shower and a flush toilet in their dwelling.

Very low quality of housing

Large proportions of the relatively poor in the NMS have problems with leaking roofs, damp walls/floors/foundation, or rotting window frames or floors. These proportions are much larger than in the EU-15 average where less than a quarter of the poor have such problems. In most of the NMS the proportions are over 40%, up to 62% for the poor elderly in Poland. The Slovak Republic is the only exception with the proportion of such cases below those in most old EU member states. It is important to note that in most of OMS and NMS, the elderly poor experience such problems less frequently than the non-elderly poor.

Summary indicator of the housing quality deprivation of the relatively poor elderly

Cyprus, Slovenia and the Czech Republic are the NMS with the relatively best housing conditions (Table 2.7).[9] The quality of housing is comparatively the worst in Latvia and Poland.

Table 2.7 Housing deprivation of the relatively poor elderly (ranks)[a]

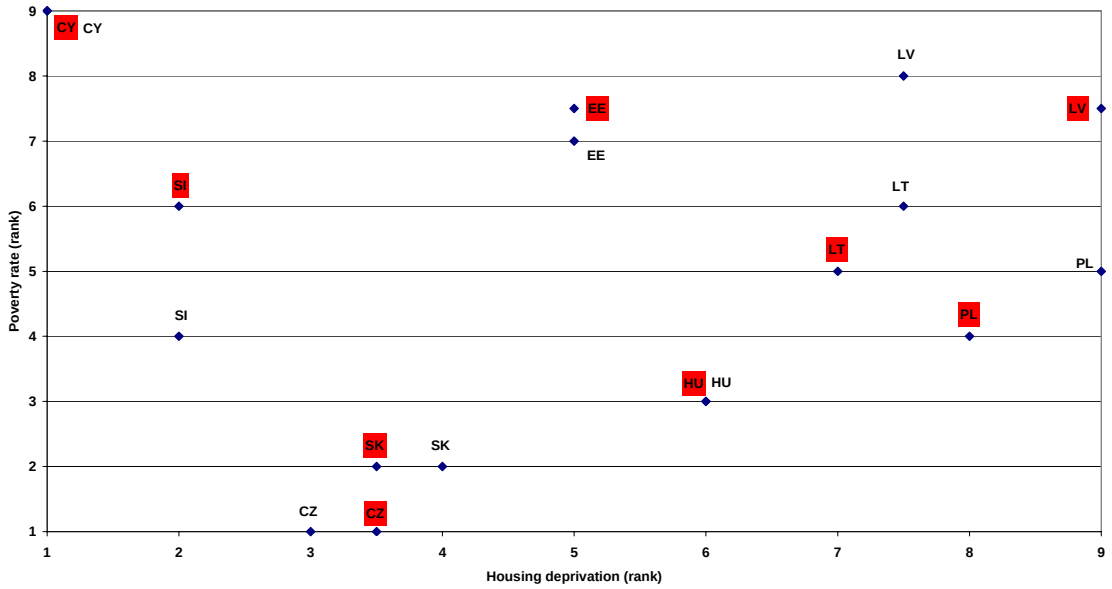
Country	All elderly persons	Elderly women	Elderly men
CY	1	1	1
SI	2	2	2
CZ	3	3,5	3
SK	4	3,5	4
EE	5	5	5
HU	6	6	6
LT	7	7	7,5
PL	8	8	9
LV	9	9	7,5

[a] Note: The Borda ranking was applied. The lower the rank, the lower the housing deprivation.

From Figure 2.27 we can see that the ranks of the poverty incidence among the elderly and those of housing deprivation of the poor elderly are only weakly related. Elderly women in Slovenia and particularly the elderly in Cyprus have unfavourable ranks in terms of relative poverty, but the poor elderly enjoy a relatively decent housing standard. The opposite is true for the elderly poor population in the Poland and Hungary.

[9] For the definition of housing quality deprivation see Section 2.2.

Figure 2.27 Relative poverty and housing quality deprivation, by sex[a]; NMS, 2005 (ranks)[b]



[a] Shaded = poor elderly women; other = poor elderly men.

[b] The Borda ranking was applied. The lower the rank, the lower the poverty rate and housing quality deprivation.

2.8 Housing costs

Absolute amount of housing costs

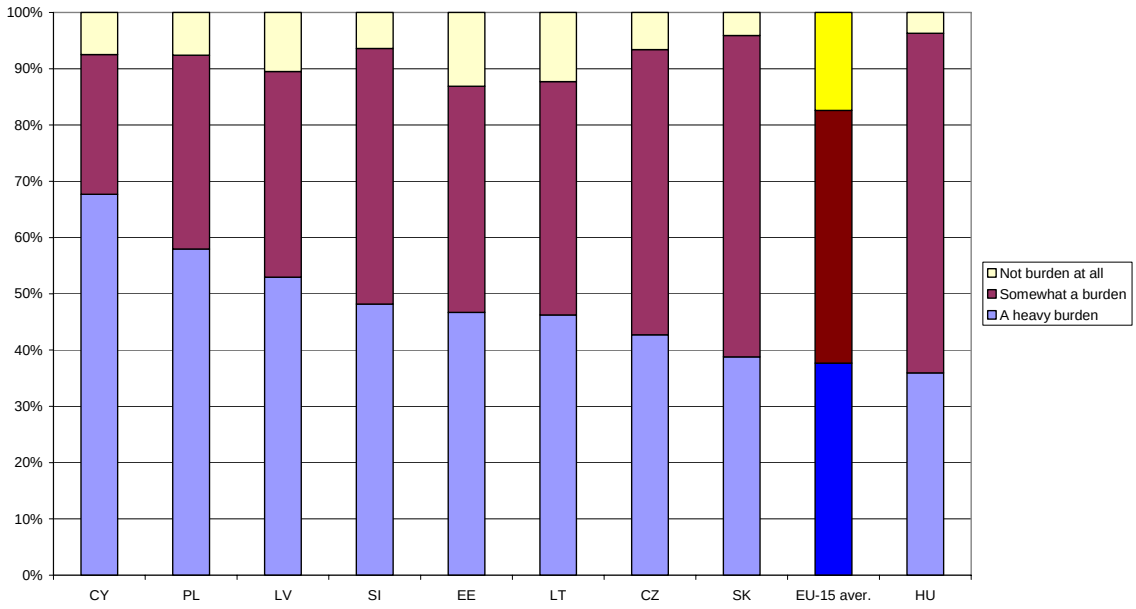
The housing costs of the poor elderly in the NMS, per equivalent family member, exceed those of the poor non-elderly population (except in Hungary). This can partly be explained by a smaller average household size and a higher number of rooms per household member. Since a higher share of elderly poor own their housing, they may also face higher expenses on regular maintenance and repairs, particularly due to the fact that their housing is generally old and of a low quality.

Such a situation is characteristic for some OMS as well: Belgium, Germany, Italy, the Netherlands, Sweden, and particularly Denmark where the total housing costs of the elderly poor, per equivalent family member, exceed those of the non-elderly poor by almost a half.

Financial burden of housing costs

The total housing cost is a heavy financial burden for more than half of the elderly poor in Cyprus (68%), Poland (58%) and Latvia (53%) (Figure 2.28). It is no burden at all for more than a tenth of the elderly poor in Estonia (13%), Lithuania and Latvia. However, these proportions are as much as 85% in Denmark and 54% in Sweden.

Figure 2.28 Financial burden of the housing cost for the elderly poor; NMS and EU-15, 2005



Only in Spain, Latvia and Estonia are there relatively more elderly poor than non-elderly poor reporting a heavy burden of the total housing costs (the shares are equal in Latvia). In all other EU member states the shares are (considerably) higher among the non-elderly.

In the Slovak Republic, Hungary, Latvia, Estonia and Portugal, the proportion of the poor population reporting no burden of housing costs is lower among the elderly than among the non-elderly. The opposite is true for other NMS.

Financial burden of the repayment of debts from hire purchase or loans

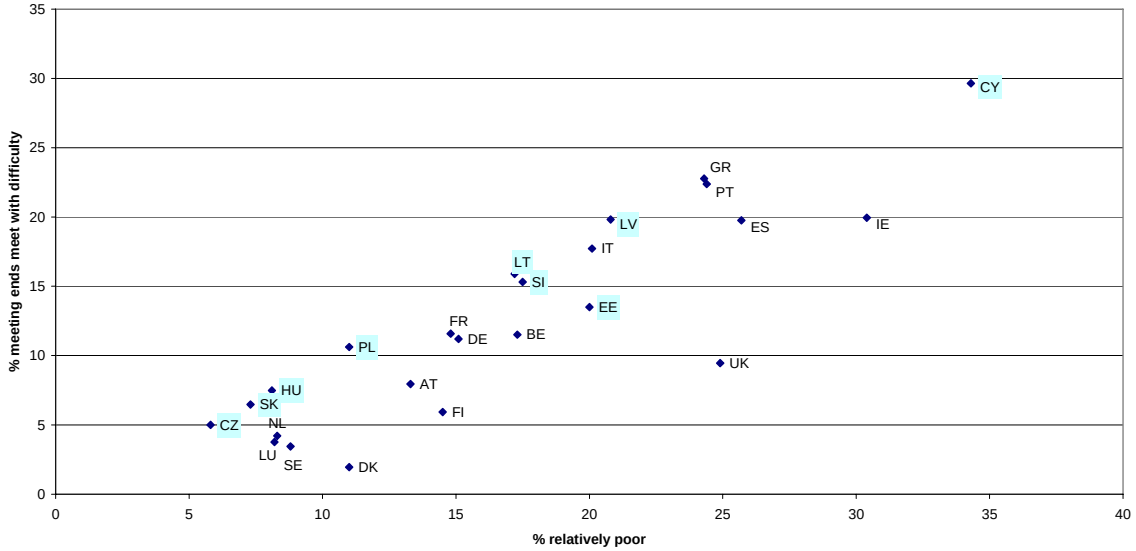
The financial burden of the repayment of debts from hire purchase or loans is relatively high in all NMS. From 32% (in Estonia) to 75% and 76% (in the Czech Republic and Cyprus respectively) of the elderly poor who have debts consider them a heavy burden. In four out of nine NMS the proportions are even higher among the non-elderly poor with debts. The EU-15 averages are 57% and 65% respectively. However, in some OMS the proportions are quite low among the elderly: 7% in Denmark and 10% in Sweden.

2.9 Relative poverty and subjective indicators of the financial situation of the poor

Figure 2.29 shows a high correlation between the relative poverty incidence among the elderly and the subjective poverty.[10] The persons are subjectively poor if evaluating that their households are making ends meet with difficulty. The UK is the most evident outlier with a relatively high relative poverty among the elderly on the one hand, and a relatively low proportion of the elderly reporting difficulties with making ends meet.

[10] The Pearson correlation coefficient is 0.806, significant at 0.01 level.

Figure 2.29 Relative vs. subjective poverty among the elderly (relative poverty threshold at 60% median income); EU member states, 2005



The ability to make ends meet

Confronting relative and subjective poverty is an interesting exercise because the results show how the relatively poor experience their own situation. If they report having (great) difficulties with making ends meet, one tends to believe that a poverty threshold is not too high. If they have some difficulty or make ends meet fairly easily, one suspects that the relative poverty threshold may be too low. If, however, a non-negligible proportion of the relatively poor make ends meet (very) easily, the relative poverty threshold should be seriously reconsidered.

With a poverty threshold set at 60% of the median equivalised income, relatively large proportions of both poor elderly (up to 39%) and poor non-elderly (up to 40%) in the NMS have only some difficulty with meeting ends meet (Figure 2.30). Additionally, there are those who make ends meet easily (from fairly to very easily). For instance, the proportion of the poor elderly in Estonia who make ends meet fairly easily amounts to as much as 32% (even 42% among the poor aged 75 years and over) (Figure 2.31). Part of the explanation may be found in the subjective nature of the judgement, i.e. different understandings of what it means to make ends meet. Undoubtedly, the differences exist both between the persons in the same country and between the countries.

Figure 2.30 Share of the relatively poor (at 60% of median income) making ends meet with difficulty; NMS and EU-15 (%)

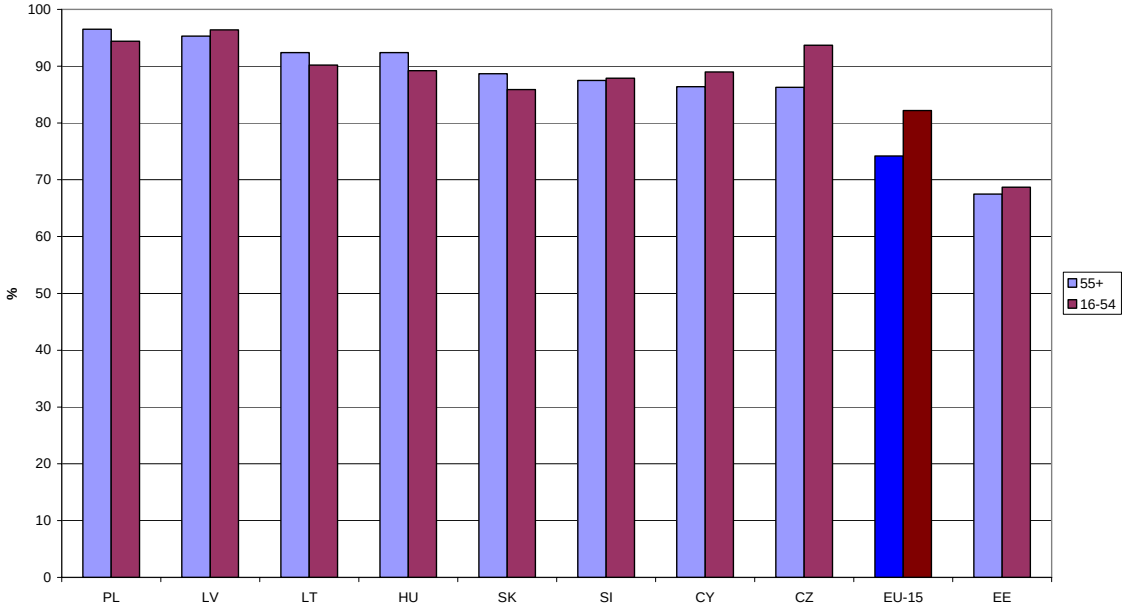
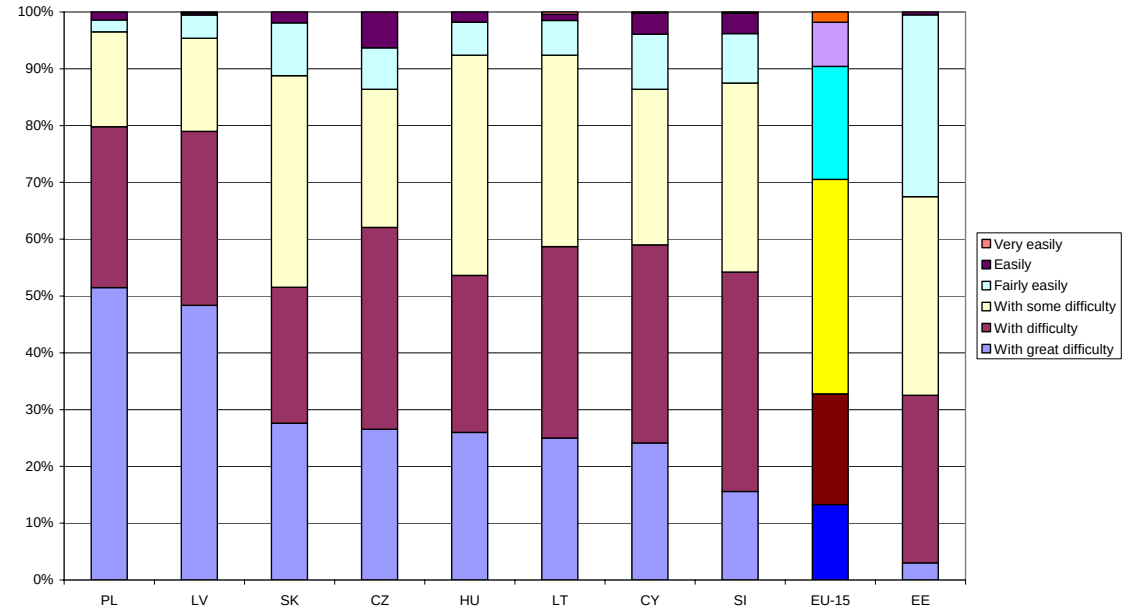


Figure 2.31 Elderly poor (at 60% median income) by ability to make ends meet; NMS and EU-15 (%)



Relative poverty threshold at 60% of median disposable income proved to be far too low for most of the OMS. For instance, one the one hand, only 8% of the relatively poor elderly in Denmark (13% in Sweden and 14% in Finland) make ends meet with (great) difficulty. On the other hand, as many as 56% of the relatively poor elderly in Denmark (37% in the Netherlands, 26% in Luxemburg and 24% in Finland and Sweden) make ends meet (very) easily.

Due to such results, we checked the subjective evaluation of one's own economic situation taking into account only the elderly with the equivalised household income below 50% of the median income. Surprisingly, an increase in the share of the poor elderly making ends meet with difficulty (from some to great) did not exceed 2.5 percentage points in individual countries. In four out of nine countries, the proportion of the poor elderly making ends meet with difficulty was even lower than among the elderly with income below 60% of the median income (by up to 6 percentage points).

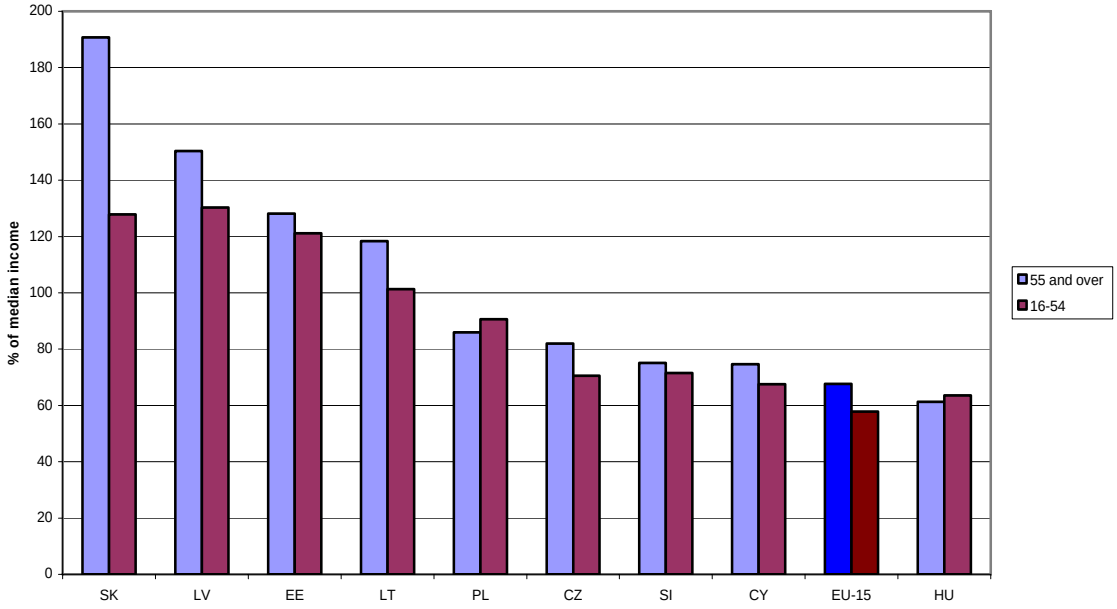
Lowest monthly income to make ends need

It does not make much sense to compare the absolute amounts of the average lowest monthly income (per equivalent household member) to make ends meet across countries. We rather compare them between the non-elderly and the elderly, and between elderly age groups. The Slovak Republic is the only NMS where the elderly poor evaluate to need considerably (by 37%) more income to make ends meet than the non-elderly. The amounts for the elderly poor are also higher than those for the non-elderly poor in the Czech Republic and Poland, and the same is the case in nine out of 15 OMS.

The average lowest monthly income (per equivalent household member) to make ends meet is only slightly higher for the elderly who are poor at 60% of the median equivalent disposable income than for those who are poor at 50% of the median income. In the Czech Republic and the EU-15, it is even lower. In the EU-15 and Cyprus, the older the age group, the lower the evaluated amount of income needed to make ends meet. There is no clear pattern in other NMS. In the Slovak Republic, for instance, persons aged 75 years and over evaluated the income needed to make ends meet at 1.8 times the one evaluated by the non-elderly, and 1.5 times the one evaluated by persons aged 60-64 years.

In Figure 2.32, the average lowest monthly income to make ends meet is presented as a percentage of the median income of elderly poor and non-elderly poor. It is evident that the average lowest monthly income to make ends meet exceeds the relative poverty threshold (60% of equivalised disposable median income) in all NMS and for both elderly and non-elderly. This means that not being relatively poor does not necessarily mean having enough income to make ends meet. This is particularly true for the elderly poor in the Slovak Republic, who estimate needing the equivalent of about 1.9 median income in order to make ends meet. That is more than three times the poverty threshold, which indicates that the poverty threshold may be far too low in that country.

Figure 2.32 Average lowest monthly income to make ends meet as percentage of median income; poor elderly and poor non-elderly (poverty threshold at 60% median income); NMS and EU-15, 2005



2.10 Conclusion

The absolute income position of the elderly

The analysis has shown the median income of both non-elderly and elderly in all NMS to be below the EU-15 average. While the elderly in Cyprus suffer a considerable drop in their disposable income after retirement, the median income does not differ much between the elderly age groups in Poland and Hungary.

There are considerable differences between the countries regarding the ratio between the median income of the elderly and the non-elderly. In Poland and Hungary the ratio is over one, which is due to a low median income of the non-elderly rather than to a high median income of the elderly. High ratios also indicate that the pension systems in these two countries were successful in safeguarding the standard of living of the elderly.

Income inequality

In almost all NMS, income inequality is higher among the non-elderly than among the elderly. The elderly are under-represented in both the bottom and the top income deciles.

Relative poverty

In three NMS (Cyprus, Latvia and Estonia) the elderly are more exposed to poverty than the population of the EU-15 on average. By far the highest relative poverty among the elderly was registered in Cyprus (34.3%). The Czech Republic is the NMS with the lowest poverty rate among the elderly (5.8% at a poverty threshold equal to 60% of the median equivalised disposable income). Considerable shares of the relatively poor in the NMS have incomes amounting to 50%-60% of the median equivalised disposable income of their respective countries. In five NMS (the Czech Republic, the Slovak Republic, Hungary, Poland and

Lithuania), the poverty rates are higher for the non-elderly than for the elderly. In all NMS and the EU-15 average, the elderly living in one-person households are (much) more frequently affected by relative poverty than the elderly on average.

The logistic regression analysis has shown that in five out of nine NMS the likelihood of being relatively poor is higher for persons aged 55-59 than for those aged 65-69. This is most probably due to unemployment, early retirement or permanent disability, all resulting in a relatively low income. However, in contrast to what was expected, in more than half of the countries (the Baltic States, Hungary and the Czech Republic) the likelihood of being relatively poor is no higher for the elderly unemployed than for the retired persons. The number of years the person spent in paid work was proved to considerably decrease the likelihood of being relatively poor.

Poverty among elderly women

There is a higher poverty incidence among elderly women than among elderly men in all NMS except Poland. The likelihood of being relatively poor is higher for women in one-person households than for elderly men living in such households. Living in two- or more-person households decreases the likelihood for elderly women of being relatively poor, as compared to elderly men in such households.

Poverty gap

The poverty gaps for the elderly in the EU-15 exceed those in the NMS (except in Cyprus). In six NMS, the poverty gap decreases for each subsequent age group, which is particularly pronounced till age 75. Women account for 56-73% of all elderly poor NMS, but the poverty gaps are lower for poor elderly women than for poor elderly men, except in Cyprus and Slovenia.

Economic status and the history of the poor elderly

At the age of 55-59, there are considerable proportions of persons working full-time and part-time among the relatively poor, up to 34-44% in the Baltic States. It was surprising to find out that working full-time or part-time result in a higher likelihood of relative poverty than being retired (in seven out of nine NMS). The reason could be found in formerly general retirement conditions and (still) favourable indexation of pensions. In Lithuania, the Slovak Republic, Cyprus, Latvia and Hungary, 12%-17% of the poor elderly live in households where all persons are active full-time. All this indicates that full-time activity does not provide people with sufficient income to escape relative poverty.

In all countries but Cyprus, the relatively poor elderly have spent fewer years in paid employment than the non-poor ones. The poverty incidence among the elderly and the average number of years spent in paid work are negatively related (which would be normal) only in the Central European Countries. At the same number of years spent in paid work, the poverty incidence is much higher in the Baltic States.

Subjective poverty

There is a high correlation between the relative poverty incidence among the elderly and their subjective poverty, the latter being based on the elderly people's evaluation that their households are making ends meet with difficulty. The average lowest monthly income to make ends meet exceeds the relative poverty threshold (60% of equivalised disposable median income) in all NMS and for both elderly and non-elderly. This means that not being relatively poor does not necessarily mean having enough income to make ends meet.

Material hardship of the elderly poor

The capacity of households in which the elderly poor live to face unexpected financial expenses is lower in all NMS than in any of the OMS. In the Slovak Republic and Latvia, the financial constraints are somewhat higher for elderly poor women than for elderly poor men. The opposite situation is typical for the Czech Republic.

Meeting the health care needs of the elderly poor

In Slovenia, only less than one percent of the elderly poor who needed medical examination or treatment had that need unmet. The situation is particularly unfavourable in Latvia where 44% reported unmet need.

Housing conditions of the elderly poor

Large proportions of the elderly poor in most of the NMS own their housing, with Lithuania (94%) at the top. Cyprus, Slovenia and the Czech Republic are the NMS with relatively the best housing conditions of the elderly poor. Latvia, Poland and Lithuania are at the other end of the spectrum. The proportions of the relatively poor in the NMS who have problems with leaking roofs, damp walls/floors/foundation, or rotting window frames or floors, are mostly over 40%, up to 62% for the elderly poor in Poland.

General conclusion

The general conclusion regarding the elderly poor in the NMS would be that the elderly in Latvia and Lithuania are in the least favourable situation, followed by the elderly in Estonia and Cyprus. The Central European Countries provide pensioners with a relatively high and stabile income that prevents the high incidence of poverty and material deprivation among the elderly.

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3. Estonia

Katarzyna Piętka*

Summary

1. Estonia has undertaken reforms of the pension system from the very beginning of the transition, which have been followed by institutional adjustments in more recent years. The effects of growing wealth and societal openness have occurred relatively quickly. Although in the early stages of the transition the elderly were considered better-off (due to their access to stable incomes and indexation of pensions), in the 1996-2004 period the elderly are in a relatively less favourable position when compared to younger generations.

2. The income level of the elderly remains lower than of the rest of society. Both levels grew at a similar rate over the period analysed. The relative stability of the situation of elderly people was largely due to an increase in their employment rate. In particular the youngest elderly age groups (55-59 and 60-64) enjoy relatively high incomes, due to a greater share of labour income in the household budget.

3. The impact of the minimum pension as well as the redistributive character of the pension formula to date have translated into relatively lower income inequality among the elderly than among people under 55. The incomes of the elderly are concentrated most in the 2nd decile, then in the 1st and the 3rd.

4. The phenomenon of extended families, where pensioners share their income with less wealthy younger family members, which causes them to fall into lower income levels, seems to be replaced gradually by an adverse direction of support: from increasingly wealthy children towards their older parents.

5. The relative poverty rates of the various elderly groups are generally higher than for the younger generations. The poverty gap ratio is quite wide in Estonia, and it decreases with age, starting from the 60-64 group. According to two absolute poverty measures (the subsistence minimum and the absolute poverty line) the income situation of the elderly looks more favourable, especially in recent years. The subjective assessment of the income situation by the elderly is very much in line or even slightly more optimistic than relative poverty indices. The elderly in Estonia are characterised by greater material deprivation than the younger generations.

6. The prospects for the income situation of the elderly are not very promising, although less gloomy than in some other transition economies. Pension reform will diminish the replacement rate in the public system, but the funded pillar is expected to compensate for this and the overall net replacement rate, which is currently low, will remain stable until 2050 (around 43%).

7. Income inequalities among the elderly are expected to grow over time, due to changes in the pension system and a rise in the share of minimum pensions.

3.1 General background information

Estonia is a relatively small country, with a population of about 1.3 million at the beginning of 2007, which gives a very low density of 30.9 inhabitants per km². The country's administrative structure is based on 15 counties, of which three have relatively high population concentration: Harju, in the north and along the Gulf of Finland coastline (39% of the total population,

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including 30% in Tallinn, the capital city), Ida-Viru, in the north, above the Gulf of Finland and bordering Russia (13%), and Tartu county in the middle-eastern part of the country and next to Peipus Lake, also bordering Russia (11%, including 8% in the city of Tartu).

In 1991, Estonia became an independent country after 51 years as a republic of the Soviet Union. The transition from a planned to a market economy was accompanied by a twin challenge: an increase in the prices of energy and raw materials (due to changes in price settlements between Estonia and Russia, as was the case for many other Soviet Bloc countries) and a disruption in trade with FSU (Former Soviet Union) countries (due to changes in the system of financial settlements). Falling production and restructuring of enterprises led to outcomes that are typical for transition economies: job cuts and rising unemployment. GDP fell by 33% between 1991 and 1993 [Trumm, p.20]. Stabilisation reforms were radical and efficient and this meant that the period of negative GDP growth was relatively short (1992-1994) and macroeconomic imbalances were quickly reduced (including the fiscal deficit, which imposed limits on the social safety net). Massive foreign direct investments (which saw growth from USD 58 mln in 1992 to USD 209 mln in 1995, averaging 8% of GDP during this period) and robust exports to Western countries (accounting for one third of GDP by the end of 1995) were important factors driving the fast recovery. Real wages started to grow as early as 1993 and unemployment peaked at only 8.9% also early, again in 1993. Growth in real wages did not harm the country's external competitiveness since it was backed by a rapid re-orientation of trade towards markets outside the FSU (e.g. Finland, Sweden, Germany and the Netherlands – in 1993 these four countries accounted for 42% of Estonian commodity exports).

In the following years, the Estonian economy experiences very dynamic growth (6.4% on average in 1995-1998), backed by the development of robust domestic demand. The global economic slowdown following the Asian crisis of 1997 and Russian financial crisis of 1998 put certain brakes on this strong GDP growth to just above zero percent in 1999. However, the economy recovered very quickly: 9.6% growth in GDP in 2000, which was continued in the following years (on average 8.7% during 2000-2007). Again, domestic demand – both household consumption and investments – were strong driving factors (during 2000-2007 on average at 9.5% and 14.3%, respectively). This led to deepening external imbalances (since 2002 the current account deficit has stood at over 10% of GDP) and has necessitated policies designed to cool the economy. As a result, we saw an economic slow-down to 0.1% year-on-year in the first quarter of 2008. From 1995 to 2007, GDP per capita (constant prices in Estonian Kroons) has grown by more than 150%[1] (in the analysed period 1996-2004 by 81%[2]). According to PPP, Estonian GDP equals 72.5% of the EU-27 average (2007, Eurostat), which means it has almost doubled during last ten years (41.2% in 1997).

Demographic changes since 1990 have been significant. Both the fertility rate and the crude birth rate have dropped significantly (the latter by 33% between 1990 and 1994, down to 9.5 and further to 8.8 in 1998; after that a slow recovery to 11.8 in 2007). Most probably the removal of subsidies for child-related goods and services (e.g. day care) at the beginning of transition, as well as the need for greater involvement of women in the workplace and increased labour market flexibility for women were primary factors underpinning this unwanted change in reproductive behaviour. As a result, the share of children under 15 dropped between 1990 and 2005 from 22.3% to 15.4%, while the total population fell by as much as 14.2%. The number of Estonians decreased in all the main age groups of the population under 65. Moreover, Estonian society, like other nations, is ageing – the share of those in the 65+ bracket increased by 4.9% during this 15-year period.

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[1] 143% at constant prices in euro, Estonian Statistical Office

[2] 77% at constant prices in euro, Estonian Statistical Office

The sharp fall in GDP during the first years of the transition did not lead to a massive increase in unemployment. Instead we saw a substantial lowering of labour market participation (in 1989 the total labour force was close to 843,000, and dropped to about 749,000 within 5 years (that is, by 11%). Particularly marked was the increase in the number of disability pensioners: it rose by more than half between 1990 and 2000, from 41,000 to 67,000. Since 1996 (the beginning of available Household Budget Survey data) the participation rate continued falling until 1999 and then stabilised at 62-63% (of the 15-74 population bracket); it then jumped to almost 66% in 2006-2007. Estonian society is characterised by relatively high economic activity compared to other transition economies, as well as to EU targets. For women, who are traditionally less economically active, the rate was 57-58% during 1997-2004, then rose to 61% (2006-2007). For men the rate was on a downward trend from 73% in 1997 to 67.4% in 2005. In the last two years it returned to 71.3% in 2007. The fairly stable overall participation rate since 1997 has been characterised by important structural changes. The participation rate has dropped for people aged 15-24 by almost 10 percentage points (35.5% in 2006), while the activity of the elderly has grown: for those aged 55-64 by 12.2 percentage points and those aged 65-74 by 9.3 percentage points. The increased activity of the elderly is almost exclusively related to increased employment (a growth in the employment rate of 12.6 percentage points to 58.2% and by 9.0 percentage points to 19.1% for both age groups respectively), while the drop in the activity rates for younger generations, the 15-54 age brackets combined, was caused by falls in unemployment. The employment rate for those aged 55-64 was far above the Lisbon target (50% by 2010). Rising employment among the elderly has been influenced by continued economic growth (with a short-term slow down in 1999) and by policies motivating people to defer their retirement. In 2006, the overall employment rate was 61.6%, that is 3.1 percentage points higher than in 1997. The rate for women reached a level of 60.7%, which is above the Lisbon target (57% in 2005, 60% in 2010); the rate for men was 65.9%. During 1997-2007, the worst situation on the labour market was triggered by the global financial crisis in 1997-1998. In 2000, the employment rate (for people aged 35+ and, eventually, also for the aggregate figure) was the lowest and the unemployment rate for practically all age groups was the highest (the overall rate stood at 13.6%). It has dropped by more than half since then (5.9% in 2007). The unemployment rate for the elderly remained the lowest throughout the entire period (4.1% for the 55-64 age group in 2006) – in cases of not working many use early retirement instead of relying on unemployment benefits.

The transition from a planned to a market economy led to structural changes among the working population in all the countries in transition. In Estonia the share of people involved in agriculture has lowered by three quarters, from 19.3% in 1991 to just 4.9% in 2006. The share of employment in industry has shrunk as well (from 28.9% to 23.8%). The shift in the labour force from these two sectors has been towards services: to market services (from 27.6% to 40.5%) and non-market services (from 16% to 20.8%); employment in construction remained fairly stable (7-8%). The rise in the service sector was partly driven by growing self-employment, which increased its share of the working population from 3.2% to 8.1% during the period.

The dependency ratio (the sum of the 0-14 and 65+ age brackets in relation to the 15-64 population) in Estonia has improved slightly since the beginning of the transition: in 1989 it was 50.8% and has dropped to 47% in 2007 (which corresponds with a ratio of 2.1 of all adults to every child (0-14) and elderly person (65+) taken together). As we know from the demographic analysis, this was caused by a big fall in the number of children. When we divide the dependency ratio into the ratio of children to the 15-64 population and the ratio of the elderly (65+) to the 15-64 group we see that gradually the burden of the elderly has kept on increasing. In 1989, the ratio for children was 33.6% and 17.2% for the 65+ group – then up to 2007 the proportions reversed: 21.9% for children and 25.1% for the elderly. Such a tendency puts

pressure on the sustainability of the future pension system and the adequacy of elderly incomes. According to the Eurostat baseline forecast, this pressure will grow further in the coming years: the dependency ratio is expected to increase by over 40% (to 67.9% in 2050), overwhelmingly due to an increase in the ratio of the 65+ group to the 15-64 population, which is forecast to reach 43.1% in 2050 (higher by three quarters compared with the current level).[3]

3.2 Pension institutions and actors in pension policy

The Estonian pension system offers four major types of benefit: old-age pensions, survival pensions, disability pensions and state allowances.

Old-age pension

The pension system has undergone a series of changes since the early 1990s. At the beginning of the transition these modifications were concentrated on adjusting pensioners' incomes to the inflationary environment. Budget concerns and hyperinflation forced the shelving of an earnings-related system, designed in 1991, before it was even implemented. From January 1992 to April 1993 a system of flat-rate pensions was used, in which pensions only varied according to the type of pension. A move towards a pension system in which benefit levels were based partly on the length of employment was approved in April 1993. The basic pension (social assistance) for an old-age pensioner was linked to the minimum wage under this law. Also in 1993, Parliament decided to raise the retirement age (at that time it was 55 for women and 60 for men) by 6 months each year until it reached 60 for women and 65 for men. Then it was changed further by freezing the legal retirement age for men at 63 and gradually increasing it for women up to the same level by 2016. The actual retirement age can be deferred with no limits. The pension size calculated on the basis of the pension formula was increased by 0.9% for every month of deferred retirement. The eligibility for obtaining an old-age pension generally requires having worked for at least 15 years and having reached the retirement age.

The current so-called three pillar pension system was formed at around the turn of the Millennium. It includes:

(1) Compulsory funded DC (defined contribution) system, started in 2002 and partially replacing (in 1/5)[4] state DB (defined benefit) PAYG;

(2) Funded pillar; participation in the funded system was mandatory for people born in 1983 and later, voluntary for people born between 1942 and 1982. By 2005, around 75% of the labour force had joined the new system. The first benefits of the new system should be paid in 2009.

(3) Voluntary private pension schemes, launched in 1998. Despite some tax incentives (introduced with some delay) the participation is still low (around 13% of the labour force in 2004). Therefore their contribution to older people's incomes is projected to be rather small. The payment of benefits will not commence in this system before 55 years of age, and the minimum period for participating in the pension scheme is 5 years.

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[3] The dependency ratio for the group considered "elderly" in this report (the 55+ group in relation to the 15-54 group) is expected to grow even stronger: from 49% to 88.1%.

[4] "The total rate of social tax is 33% of taxable sums (comprised mainly of wages), paid by employers, self-employed persons and, on some occasions, by the state. 13% of social tax is ear-marked for health insurance and 20% for pension insurance. In the case of persons who have joined the second pillar, the 20% pension insurance, which is part of social tax is further divided into state pension insurance of 16% and funded pension part of 4%" [National Strategy Reports, p. 9]. An employee pays to the second pillar an additional 2% (altogether contribution to the second pillar is 6% of gross wages).

Having fulfilled the criterion of a minimum working period (15 years) one can get an early retirement pension up to 3 years before the legal retirement age (in a few cases up to 5 years). In the case of workers in occupations that are considered hard or hazardous, the early retirement age could be 5 or 10 years prior to the legal age; however, this requires 15-25 years of work, at least half of it in an occupation considered hard or hazardous. The amount of early pension calculated on the basis of the pension formula is permanently reduced by 0.4% for every month of early retirement. Some professional groups enjoy separate early retirement schemes (e.g. military and police officers). Moreover "some categories of civil servants (for example judges, prosecutors, officials of the State Audit Office, police officers, members of the Defence Forces, Chancellors of Justice have a right to favourable special pensions." [National Strategy Reports, p. 9]

Unlike many other transition economies around the middle of the 1990s the concentration indicator[5] for pensions in Estonia was zero (World Bank, 2006, p. 26). This reflected a very concentrated distribution of pensions. The formula consisted of a large flat rate element (equalling 85% of the minimum wage) and the non-flat rate portion dependent only on the length of service but not the previous salary level (1.7% to 2.5% for each year of service). The difference between the maximum and minimum pension was less than 2. For this reason higher income groups received a smaller share of pension benefits in Estonia than in other transition economies.

The pension reform has changed the factors determining the benefit level. Since 2000, the formula consists of 3 parts: (1) a base amount (flat rate element, subject to indexation), (2) an element calculated based on the number of years in service until 1998, (3) an element based on the insurance component since 1999; the insurance component is the sum of annual pension insurance coefficients during a full working career; the annual pension insurance coefficient is a ratio of individual contributions paid during a single year and the national average contributions in a given year. The number of years of service and/or the insurance component are multiplied by the so-called cash value (subject to indexation). The pension formula includes a gradual transition from the old rules to the new rules. For persons who withdraw from work before 1999, the state pension depends only on the flat rate base amount and the length of service. For persons who entered the labour market in 1999 or later, the state pension also consists of two parts: the base amount and the insurance component. In essence, the three-part pension formula applies only to those generations that have acquired the record of employment both before and after 1999. From 1st July 2005, the base amount was EEK 858 (ca 28% of the average old age pension) and the cash value of annual score was EEK 42.83.

The non-contributory periods until 1998 are credited, and contributions for non-contributory periods after 1998 are paid by the state.

Pensions are indexed annually on April 1st. The index depends in equal shares on the increase in consumer prices and the increase in social tax revenues; however, additional ad hoc pension increases may also sometimes be used as a political instrument.

Accumulating pensions with earnings from work is allowed, but only in the case of retiring and no earlier than at the legal retirement age. Individuals who retire before the legal age may

[5] "Similar in concept to a Gini coefficient, the "concentration coefficient" summarises the correlation between income and benefits received. A highly negative coefficient indicates that lower income groups receive a disproportionately large share of benefits relative to their share in the population. A coefficient close to zero describes a distribution in which benefits are not linked to income. A highly positive coefficient signifies a regressive benefit distribution in which richer individuals receive the lion's share of the benefits." (World Bank, 1996, p.26)

continue to work while receiving an old-age pension; however, if their wage exceeds the set amount, they only receive a partial pension.

The number of old-age pensioners kept growing until 1994 (starting from 1970 – the beginning of the available data set), then we saw a gradual fall (between 1990 and 2000 by over 3% and a further fall by over 2% between 2001 and 2008[6]). This was an outcome of the described changes in the pension system and of improvement in the labour market for the elderly. The share of old-age pensioners in the 55+ group started to lower gradually from 84.4% in 1994 to 78.3% in 2000 and further from 82.3% in 2001 to 77.3% in 2007.

The average level of the old age pension was around 35% of the net wage in the economy during 2001-2006.

Survival pension

Survival pensions are provided to family members unable to work (children, widows/widowers, parents) in the event of the death of the family's main breadwinner. Persons who have not met the length of employment requirement stipulated for the old-age pension are eligible to receive a state allowance or a national pension.

The number of pensioners receiving a survival pension in the 1990s continued the trend started in previous years and kept falling throughout the transition period (by over 5% between 1990 and 2000; further decrease by 42% between 2001 and 2008 was mainly due to legal changes).

Disability pension

Disability pensions are provided to individuals unable to work due to physical or mental limitations. A commission for disabled people determines the eligibility and the level of inability (there are three categories of invalidity associated with three benefit levels).

The disability pension entitlement was narrowed in 2002 (together with the pension reform). The incapacity to work is defined in increments of 10% of impairment: 10-90% of impairment means 'partial incapacity,' and 100% of impairment means 'total incapacity'). The benefit is granted to people with a minimum of 40% incapacity. The formula for disability benefit is similar to the old-age pension (however, with the maximum number of years of working career taken into account set at 30) multiplied by the level of incapacity to work; the minimum value of the disability pension is defined, however. Indexation is the same as for old-age pensions.

The process of assigning disability pensions has served as one of a number of instruments aimed at releasing pressure in the labour market during the transition. Due to the liberal and generous system the number of disability pensioners grew by 64% between 1990 and 2000, and by a further 56% between 2001 and 2008 (mainly on the account of an increase in the number of the least disabled – 40-70%). The average pension for work incapacity accounted for around 60% of the average old age pension. The ratio lowered from 68% in 2001 following an increase in the share of partial incapacity pensions.

Social assistance

The pension system and social protection also offer some guarantees of minimum income, in the form of a national pension (or a minimum old age pension) and social assistance subsistence benefit.

[6] Due to large-scale changes in legislation the data sets 1970-2000 and 2001-2008 are incompatible

The national pension is for those who did not complete a sufficient number of years of pension insurance to be eligible for regular old-age, disability or survival pensions, on condition that the pension applicant has lived in Estonia for at least 5 years and has reached the age of 63. The law does not define the rate of the national pension, however different governments have followed the principle that the rate should be higher than the subsistence level[7] determined on the basis of the Social Welfare Act. In 2004, the average value of the national pension was EEK 990 (around 50% of the average old-age benefit, similar to previous years). In 2005, around 2% of all pensioners were receiving this benefit.

Since November 1997 the social assistance subsistence benefit for the first household member was EEK 500 and for each subsequent household member EEK 350 (EEK 400 since 2000). The average amount of benefit equalled EEK 440 in 2002, which was around 27% of the old-age pension. In 2002, 12.2% of households received the benefit, of whom 7.9% were households with a pensioner (a fall from 12.2% in 1998) (Ministry of Social Affairs (2003), p.70-71). According to the Synthesis report on adequate and sustainable pensions (p. 2), in 2005 around 2.6% of pensioners were granted a social assistance subsistence benefit (mainly in the winter months to compensate for heating costs).

According to Estonian legislation, the family has the primary responsibility to care for the elderly. Social welfare services for the elderly are organised by local municipalities. In 2001, 1.5% of people over 65 lived in welfare institutions.

Pensioners have at times sought to exert direct political influence in Estonia. In the early 1990s, for example, they formed their own party (the Estonian Party of Pensioners and Families), which at the parliamentary elections of 1995 won the biggest block of seats in a coalition with three other parties. In 2000, the party merged with the People's Union Party. We may say that the influence of the pensioners' party did not translate into the creation of particularly favourable institutional arrangements for the elderly nor lead to a raising of the pension level compared with wages, as was the case in some other transition economies.

3.3 Data

For the purposes of analysis we used household budget surveys (HBS) for 9 years: 1996-2004, provided by the Estonian Statistical Office (ESO). These surveys are household-based (income streams and material status), with added individual information (including age, gender, status in the family, educational level and labour market position). The questionnaire was extended substantially after 1999, however both periods (1996-1999 and 2000-2004) are considered methodologically homogenous (ESO publishes calculations for the entire period 1996-2007 not adding any remark on the trend break).

Statistics Estonia conducts the Household Income and Expenditure Survey regularly. The sampling includes 520 households per month and 6,240 households per year and is carried out by a stratified systematic sampling procedure. The data were collected from households by face-to-face interviews and by the diary questionnaire method. The data are coded and entered centrally, making use of the Blaise system. To calculate the weights and sampling errors the software package SAS is used.

Using the income side for analysis has its limits. The World Bank promoted the expenditure approach in the study on poverty level in 1995, indicating that incomes in transition economies tend to be under-reported, in particular in the area of income from the private and informal sectors (World Bank, p. 42). The role of the self-employed sector in Estonia is quite high (8-9%

[7] The subsistence level is a minimum income for a household, which should remain after the payment of housing expenses.

of the working population). In addition, the seasonality of rural incomes means overall incomes are not spread evenly over the year and the share of people working in agriculture, fishing and forestry accounted for 9.7% in 1996, which was similar to the role of farming income in household budgets (8.9%, Table B4 in Annex B). The role of farming income dropped to just 1.6% in 2004, while the share of agricultural employment lowered by that time to 5.9%. This could suggest either the stronger impact of month-to-month variability of farming revenues, a drop in labour productivity in this sector or an increase in income under-reporting. Another argument that points to the under-reporting of incomes in surveys is that the majority of Estonians have access to plots of land where they produce non-traded food for themselves – this provides additional resources to households that are not measured, however, in the monetary income stream. Also, incomes in the HBS do not include housing subsidies that go directly to the owner of the housing unit. In 1995, over 16% of Estonian households received this form of household subsidy (World Bank, p. 47). Not being able to account for them overestimates poverty indices among the elderly as well as among other groups of society (we have no access to information on the structure of the population receiving this benefit). These issues have to be kept in mind when formulating conclusions about poverty in Estonia.

Income has been calculated based on household monetary income weighted with the OECD-modified equivalence scale [1.0; 0.5; 0.3] with one difference: children are individuals under 18 years old (against 15 in the standard version of the scale). Additionally, the weights of the Estonian Statistical Office were used to get representative income data. Income data have been presented in the average prices of a given year in order to eliminate the impact of inflation. In practice this implies May prices, as the observations for a given year included cases from December of the previous year as well.

3.4 The income and labour market position of the elderly, 1996-2004

The elderly, 55+ group, accounted for 27.1% of the total population in 2004, with a slight growing tendency during the last two years. A similar increase in the relative size of this group was noted during 1996-1999, but at slightly higher levels. The figure and the trend are similar compared to registered official numbers, especially for the second period (2000-2004). The shares of sub-groups of the elderly correspond with official figures as well. The growing weight of the 55+ population results in fact from a growing share of people aged 65+, and reflects a slowly ageing society.

Labour market participation

Estonians' economic activity, including the elderly, is very high. Since the beginning of the transition until the economic slow down at the end of the 1990s the employment rate fell consistently (according to the LFS – Labour Force Survey, Table 3.1.a, from 73.2% in 1991 to 57.6% in 2000 for the 15-69 population). Robust economic growth since then has stimulated an increase in the employment rate up to 65.8% in 2007 (or 62.6% for the 15-74 age brackets).

The employment rate for the 55-59 group was as high as 74.2% in 2004. Since 2005 it has been higher than ever in history. The employment rate decreases gradually with age. It is lower by nearly half in the case of the 60-64 group (39.8% in 2004) and much lower for the 65-74 population: 18.5% (however, very high when taking into account that these are people above the legal retirement age). The employment rate has been growing across all the age groups of the elderly, however most in the case of the 65-69 group: it has more than doubled during last ten years. It is quite astonishing that the 70-74 group registers an employment rate of more than 9%. The combined rate for the 65-74 group continued to grow after 1997 and almost doubled by 2007. These tendencies are mostly reflected in the calculations based on the HBS. The growing employment rate of the 55-59 age group and 60-64 group can be observed for most of the

period[8], although the scale of this growth is slightly smaller than according to the LFS. The difference between both surveys is much bigger in the case of the employment rate for the 65-74 age brackets, which – according to the HBS – remained stable at 9-11% throughout the entire period (Table 3.1b). This explains why the income position of this group did not improve visibly despite the LFS suggesting a substantial increase in their economic activity.

Table 3.1a Employment rate, official data based on LFS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
15-74	**na**	**na**	**Na**	**na**	**na**	**Na**	**na**	**na**	**58.5**	**57.7**	**55.3**	**54.7**	**55.2**	**55.9**	**56.7**	**56.8**	**57.9**	**61.6**	**62.6**
15-69	**76.4**	**75.0**	**73.2**	**69.5**	**65.5**	**64.6**	**61.7**	**61.2**	**61.3**	**60.6**	**58.2**	**57.6**	**58.1**	**58.8**	**59.7**	**59.7**	**60.9**	**64.7**	**65.8**
15-54	82.2	80.9	79.7	77.3	74.2	73.5	70.7	69.6	69.6	68.4	65.1	64.2	64.2	63.8	64.6	64.7	65.6	69.6	70.9
55-59	67.8	68.1	66.4	59.4	55.2	55.5	55.1	56.5	58.8	59.5	57.1	56.6	57.9	63.7	63.8	65.0	68.2	71.7	74.2
60-64	52.3	52.3	47.3	37.2	30.6	29.5	27.9	29.0	30.0	32.6	32.6	32.5	35.1	41.2	41.9	40.9	43.2	41.1	39.8
65-74	na	na	Na	na	na	Na	na	na	10.2	10.2	11.8	12.7	13.5	15.2	16.1	16.8	16.0	19.1	18.5
65-69	39.8	35	32	27.8	20.7	18.6	12.3	14.2	11.9	12.8	16.0	17.7	17.7	20.1	21.9	22.1	21.6	27.0	25.9
70-74	na	na	Na	na	na	Na	na	na	7.7	6.9	6.7	6.9	8.8	10	9.9	11	9.5	9.1	9.1

Source: Estonian Statistical Office.

Table 3.1b Employment rate, calculated based on HBS

	1996[a]	1997	1998	1999	2000[b]	2001	2002	2003	2004
15-54	50.2	50.5	51.7	49.3	46.8	48.3	47.5	50.3	50.2
55-59	61.2	60.3	61.6	64.2	57.1	64.1	62.1	61.2	63.3
60-64	32.7	34.1	35.3	36.9	30.8	32.6	32.1	32.7	38.4
65-74	10.5	9.9	11.1	10.0	9.6	10.9	9.3	8.6	10.8
75-79	1.0	2.3	0.8	1.7	1.2	0.9	1.9	1.8	1.8
80 +	3.0	1.3	0.1	0.7	0.8	0.5	0.0	0.1	0.1
Total	43.8	43.2	44.4	42.3	41.2	41.7	41.7	42.5	43.0

[a] Sum of people working under 10 hours, more than 10 hours and having work but not working currently due to a seasonal break

[b] Sum of people working full-time or part-time;

Source: own calculations based on HBS 1996-2004

From the very beginning of the transition, changes in the pension system have been aimed at deferring the age of retirement. Such a policy was launched through direct measures, such as gradually raising the legal age of retirement, as well as through introducing incentives granting an additional value to future pensions for each year of deferred retirement. However, instruments that would limit eligibility to early retirement for particular professional groups were not really used. These policies seemed to work. According to the HBS, the share of retired people among the age group of 55-59 and 60-64 dropped steadily during 1996-1999 (Table 3.2).

[8] The significant drop in 2000 can be explained by a change in the question referring to working status, besides the economic slow down.

Table 3.2 Retired persons by age group

		Below 55	55 - 59	60 - 64	65 - 74	75 - 79	80 +	Total
Social group								
	retired person							
	1996	1.6	32.1	66.1	89.1	98.8	96.8	20.5
	1997	1.5	30.8	64.8	90.0	97.7	98.3	22.0
	1998	1.8	30.3	62.7	88.9	99.1	99.7	21.7
	1999	2.1	25.4	59.7	89.7	98.3	99.3	22.2
Inactivity due to								
2000	**Retirement and disability together**	**2.1**	**31.9**	**64.8**	**89.6**	**98.2**	**99.2**	**19.1**
	Retirement	0.1	21.9	58.3	86.1	94.8	95.3	16.2
	disability pension	1.9	10.0	6.5	3.5	3.4	3.9	2.8
2001	**Retirement and disability together**	**2.2**	**27.1**	**59.1**	**88.5**	**98.0**	**98.1**	**19.5**
	Retirement	0.1	17.3	53.8	85.3	95.4	95.0	16.7
	disability pension	2.1	9.7	5.4	3.2	2.6	3.1	2.8
2003	**Retirement and disability together**	**2.4**	**26.3**	**64.6**	**90.9**	**98.2**	**99.9**	**22.0**
	Retirement	0.1	14.8	59.0	87.0	96.2	97.2	18.8
	disability pension	2.3	11.5	5.6	3.9	1.9	2.7	3.1
2004	**Retirement and disability together**	**3.1**	**26.5**	**58.6**	**88.5**	**98.2**	**99.9**	**22.6**
	Retirement	0.1	13.1	53.2	86.6	98.1	96.8	19.1
	disability pension	3.0	13.4	5.4	1.9	0.1	3.1	3.5

Source: own calculations based on HBS 1996-2004.

For the years 2000-2004, when the survey question about retirement was modified and therefore is not compatible with previous years, the trend was similar, especially for the 55-59 people.

Median income

The median income of the elderly is lower than for younger generations. In 2004, the ratio accounted for 77.6%. It was slightly lower in previous years (74.2-74.5% in 2001-2003). During 1996-1999 it was on a sliding trend, however it jumped to 85.1% in 1999, when the Estonian economy suffered from the Russian and Asian crises and incomes of working persons slowed due to growth in unemployment and the slow-down in wage dynamics, in contrast to a continued increase in pensions due to the inflation indexation). According to the structure of mean incomes presented in the official calculations based on HBS, the average income from pensions grew by almost 24% in 1999, while wages rose by only 0.4%, and income from self-employment dropped by more than 5%.

During the entire analysed period both age groups (below 55 and 55+) registered similar real median income growth: by 45% and 41%, respectively. It is worth mentioning that a slightly negative real growth of median income of the elderly occurred in 1997 and 1998.

Most of the analysed elderly groups registered a median income lower than that for the below 55 brackets, with only the median for 55-59 slightly exceeding that for the non-elderly group in three different years. The situation of the elderly is not homogenous. Median income tends to decrease with age (down to 70.2% of the non-elderly median in 2004 for the 75+ group), however it is relatively high for the 55-59 and 60-64 groups than for the 65+ group. This obviously reflects high economic activity among individuals between 55 and 64.

For both years 1997 and 1998, growth in the median income for all the elderly groups was lower than for the non-elderly. The correction in relative incomes in 1999 (the Russian and Asian crises) pushed the cumulative growth in the median for the elderly well above the growth in the median among the younger age group. In later years the growth in median incomes for the two 65+ groups was very close to that of the non-elderly. Moreover, in 2004 its real value compared to 1996 was 43% higher for the 65-74 group, 46% higher for the 75+ group and 45% higher for people below 55. A similar increase in the median income for the 65-74 population, as for the other age groups, is consistent with the stable – according to the HBS – employment rate for the 65-74 group. However, it is in conflict with the LFS data, where a doubling employment rate for this group should have triggered relatively faster growth in their income level. Moreover, as the household structure did not change in this age group over time, it looks as if their average wages did not fully follow the wage path for younger generations. Indeed, the share of wages in their household budgets has fallen consistently in the last few years (from 19.6% in 2001 to 15.4% in 2004 for 65-74, Table B4). The share of total labour income (that is, from wages and self-employment together) has dropped recently as well.

The path of a cumulative median growth for the 60-64 group looked similar to that of the 65+ group. It has gained momentum since 2003, and in 2004 the real median was 61% higher than in 1996 (more than for the other age groups). Obviously, the growth in employment for this group was responsible for the relative improvement in its income level. This is also reflected in the growing share of wages in household budgets (from 35.9% in 2001 to 42.1% in 2004). For the 60-64 group the median remains below the non-elderly level, however after some fluctuations in previous years (including around 1999) it improved consistently over the last period (an increase from 78.2% in 2001 to 93.4% in 2004). Clearly, improvement in the income level compared to all the age groups must reflect the adding of labour income to their previous sources, as this was the period when their employment rate started to gain momentum (a jump from 30.8% in 2000 to 38.4% in 2004 for the 60-64 group, according to HBS).

The median income of the 55-59 group remained below the level of population below 55 for most of the time, although it has grown in recent years and in 2004 slightly exceeded the median of the younger generation. The cumulative real increase was less favourable than in the case of the other age groups: by 39%. People aged 55-59 remain very active although there was no obvious increase in their employment rate over the time and the share of wages as well as of overall labour income was quite stable.

It is worth mentioning that the median incomes of the elderly experienced more volatility.[9] The biggest annual changes in median dynamics were for the 65-74 group, where a growth of over 20% was noted in 1999 and a fall by over 5% was in 2000. The 60-64 group also experienced big variations in their income growth: from -1.7% in 2001 to +20.3% in 2004. The pace of the incomes of people below 55 was more stable: a disparity of between -2.7% in 1999 and +10.2% in 2000.

The median income of the non-elderly equals nearly 72% of net average wages and has been quite stable since 1999. During 1996-1998, the median was relatively higher (closer to 80% of a net wage), which went along with a lower employment rate at that time and a lower share of wages in an overall income (Table B4). We may assume that the inequality of labour income was higher in earlier years, as the Gini coefficient for the total incomes of the persons below 55 was slightly bigger (Table B7). The median income of the elderly 55+ equals 55.6% of the net wage in 2004. It fluctuated between 65.7% in 1996 and over 52% in 2001-2002.

[9] Under an assumption of unified deflator for all age groups. However, people in different age groups may have dissimilar consumption baskets and using deflators with an appropriate combination of prices could change the picture of the relative income situation of particular age groups over the period analysed.

Summing up, the income of the elderly is lower on average than that of the non-elderly, although there are some differences between particular age groups. Groups above the age of 65 are relatively more homogenous and their income level is respectively lower than for the rest of society. People aged 55-64 with higher incomes are much more economically active than the 65+ population. Indeed, the role of the labour income in the total household budget is almost 4 times for the 55-59 group and around 2.5 times for the 60-64 group higher compared to the share registered for the 65-74 population (Table B4). The differences have grown over time (in 1996 around 2.5 and below 2, respectively). From the income level as well as economic activity point of view people 55-64 do not really fall into the category 'elderly'.

The relative income situation of the elderly did not really change between 1996-2004, except for the 60-64 group, who registered fast median growth in the very last years of the analysis. The pension income used to be considered a stable income source, especially during the first half of the 1990s, when the stabilisation programmes were just being implemented and recovery was still very fresh. The big flat rate element in the pension formula enabled strong cross-generational support, the minimum pension level protected benefits from the bottom and the indexation allowed regular adjusting to rising consumer prices. Pensioners were considered a better-off social group, except of course the groups that were only entitled to the minimum pension. However, the relatively low level of income among the elderly in larger households stemmed from the need to include younger family members unable to adjust to the new realities (cf. the World Bank report, p. 11). In 2002, 24.4% of the 60+ group, 23.4% among the 65+ or 28.3% among the 75+ group lived with their children (the PRAXIS study, in Ministry of Social Affairs (2005)), so the situation continued into the current decade. In our analysis for 2004 for particular age groups the share of the elderly living with their families is high as well (Table 3.3). However, the role of pensions in their budgets is limited: 20% for the 55-59 group, 22% for those aged 60-64, 37% for the 65-74 persons, and 30% for people 75+. It is possible that the situation is reversing as children work more often and for higher wages, which enables them to support their parents to a greater extent.

Table 3.3 Types of households (2004)

	Below 55	**55 - 59**	**60 - 64**	**65 - 74**	**75 - 79**	**80 +**	Total
Single	5.6	23.0	28.0	33.5	45.3	41.8	13.2
Couple	8.5	38.2	42.7	44.5	32.9	15.5	16.9
parents and children up to 17	55.3	5.6	1.3	0.5	0.0	0.1	40.3
parents and children above 17	17.3	22.7	15.6	11.1	11.3	16.0	16.6
3 generations	6.2	4.4	5.8	5.8	5.2	9.3	6.1
4 generations	0.2	0.4	0.1	0.1	0.4	0.6	0.2
Other	6.9	5.8	6.4	4.5	4.8	16.8	6.8
	100	100	100	100	100	100	100

Source: own calculations based on HBS 2004.

Concerning income structure, the biggest changes among the elderly relate to the growing role of labour income. As mentioned above, this has grown especially for the 60-64 group, along with their employment rate increasing. Another change, which relates to all age groups, is the declining role of farming income: from 8-10% in 1996 (across different age groups), to 1-3% in 2004. On the other hand, launching the market economy liberated an entrepreneurial spirit in Estonian society. The share of self-employed people in the working population grew during the first half of the 1990s to around 8%, but has not grown further in the subsequent years (official register data). However, as a share in total incomes, incomes from self-employment (including

farming income) have shrunk (from 11% to over 4%, where non-farming income has only partly replaced farming income).[10] The role of farming income in the budgets of the elderly accounts for slightly more, and non-farming income slightly less than in the case of non-elderly, although the differences are minor. The shares of farming and non-farming self-employment income are equal for the elderly (around 2% each in 2004). Property income plays a very minor role. Of course both sources of income may be underreported in the survey, as a reflection of tax evasion or unwillingness of business people or large property owners to take part in the survey.

Income inequality

The impact of the minimum pension, as well as the redistributive character of the pension formula (only gradually to be replaced by a formula with more individual elements), is visible in the inequality measures. The Gini coefficient is the lowest for the age groups eligible for a regular pension: 0.228 for the 65-74 population and 0.214 for the 75+ group (2004). The lower the age, the higher the inequality – the Gini was 0.317 for the 55-59 group and as much as 0.347 for the younger generations below 55. The downward trend of the Gini coefficient in recent years has resulted from a growing employment rate in society. The elderly on the one hand may support other family members in a significant number of extended families, but on the other hand may gain from the labour income of their relatives. Social transfers in general have not played a very important role in Estonia (compared to other transition economies). Social policy in this area has been quite strict, as fiscal discipline has been an important macroeconomic goal in Estonia. According to Eurostat, in 2001 the social expenditures in Estonia accounted for as little as 9.2% of GDP, which places Estonia in the second lowest position in the EU after Ireland (the EU-25 average is 17.5% of GDP). In 2004 the share of social transfers in household budgets accounted for over 27% (Table B4) and only 15% for people below 55 and 28% for the 55-59% group. The older generation (60-64) relied on social transfers to a greater extent (a share of 53%) but only the 65+ group's budgets were dominated by social transfers (a share of over 80%).

3.5 Poverty among the elderly, 1996-2004

3.5.1 Relative poverty

In line with the lower median incomes of the elderly reported in the previous section, our HBS calculations indicate that the relative poverty rates of the various elderly groups are generally higher. Only in 1999 – a year of strong negative repercussions from the Asian and Russian economic crises – did poverty among the elderly fall below the level of the reference group (people under 55 years of age).

In the period 1996-2004, the poverty rate for the entire population at the threshold of 60% of the median income has been quite stable: the lowest level was reached in 1999 (16.6%), with peaks in 1998, 2001 and 2004 (just over 19%, cf. table B8). It is quite surprising that in a transition country with such a high employment rate the poverty indices are high as well. Much greater volatility in the headcount index was registered among the elderly than among the younger generations: the highest level was reached in 1998 (25.0%) with a dip of 12.9% in the next year.

A short methodological comment may be useful here. In this study for a given threshold (60% of the median or the subsistence minimum) the reference value is the same for all age groups (after making incomes equivalent). This approach allows one to compare the income situation of different groups directly. The National Strategy Report on Adequate and Sustainable Pensions

[10] This would suggest that the productivity of the self-employed has lowered, which is rather unrealistic. It led to the conclusion noted above that income from self-employment may be underreported.

uses a different methodology, as separate medians have been calculated for each age group there. This of course leads to group-specific poverty rates, which cannot be used as a common yardstick within a single country. Thus, the conclusion drawn in the Estonian report that "... the poverty risk of the elderly turns out to be relatively small in Estonia" (p. 12) does not reflect the situation of the elderly vis-à-vis their younger compatriots.

The differences within the elderly age groups are significant, but it is difficult to recognise a clear pattern. For 1996-1999 and 2001-2002, the poverty rate among the elderly was the lowest for the youngest group (55-59), and grew with age. This suggests that either labour income better protects against poverty or that people with relatively high pensions tend to fall into poverty because they financially support younger family members within extended families. The income structure of households living in such families (presented in the previous section) suggests that the second explanation is partly true. In 2003-2004 the above ordering of age groups according to the poverty rate is similar, except for the position of the very economically active group of 60-64, for whom the poverty rate became the lowest (15.4% in 2004).

It is interesting to note that for the oldest group (80+) and for the 60-64 age category (the latter is economically active but at the same time eligible for pensions) the drop in poverty rates between 1996 and 2004 was the biggest (respectively, by 3.1 and 2.6 percentage points). For the age groups 65-74 and 75-79 the situation did not really change. On the other hand, the 55-59 group experienced an increase in poverty by 4.3 percentage points. One of the reasons for this situation could be changes in family structures. The number of children in households with the members from this age group has lowered (from 17 in 1996 to 15 children per 100 persons at the age of 55-59 in 2004), moreover the relative number of persons above 17 in households and the relative number of singles among them grew. All of this means that the average value of the equivalence factor has got bigger and it could have impacted on the relatively less dynamic increase in the commensurate income of the 55-59 age group.

In general the differences in poverty rates for various poverty thresholds (40%, 50%, 60% and 70% median) are noticeable, which indicates that we are not dealing with clusters of poverty around these particular income levels. The value of the 60% of the median income falls into the 2nd decile (cf. table B5) and this is where the elderly are represented relatively more strongly. This is the case for 60+ population, but it applies especially to the group over 65 years of age, who accounted for 36% of the entire 2nd decile in 2004, compared with a 16% average share of that group in society. The share of the 55-59 group in the 1st, 2nd and 10th deciles is similar to their average share in the whole population (around 5%). For almost all the elderly age groups the share in the extreme deciles (the 1st and the 10th) decreased between 1996 and 2004. Only the 60-64 group, on the wave of a growing role of labour income, lowered their share in the two lowest deciles and slightly increased their share in the 10th decile (to 5.0% from 4.6% or more compared with 2001-2003).

The elderly's incomes are concentrated in the 2nd decile three times more than in the 1st decile. The 40% median income threshold falls in the 1st decile and the 50% median threshold occurs at the very bottom of the 2nd decile. These facts explain why the elderly's poverty rates are lower than for the younger generations for the thresholds 50% and 40% of the median income. Poverty at 40% and 50% median was higher than for the non-elderly only for the 55-59 group in the last few years. This may be explained by the lack of access to pensions, which provide protection against poverty at low income levels and which are not a common source of income for this age group.

Poverty gaps in Estonia are usually very wide. For society as a whole they amounted to 29-34%, using 60% of median income as a threshold (cf. table B9). It is characteristic that the gap does not fall below 30% for the younger generation below 55 and the 55-59 group, but lowers to around 20% for the 60-74 group and mid-20% for the oldest, 75+ group. This probably reflects

the effect of the minimum pension, which provides an income to people who did not qualify for regular pension benefits.

Absolute poverty

According to two absolute poverty measures, the income situation of the elderly looks more favourable.

The *subsistence minimum*[11] is the lowest amount of means of subsistence needed by a person to live and work. The estimated minimum consists of two parts: 1) the estimated minimum food basket and 2) manufactured goods and services of primary importance (incl. dwellings). The cost of manufactured goods and services is calculated by multiplying the monthly expenditure per household member by an index determined by a group of experts. Expenditures on alcohol and tobacco are not taken into account in the estimated subsistence minimum. The subsistence minimum has been available since 1998.

The absolute poverty line is based on an estimation of minimum expenditure. During the years 1998–1999 researchers at the University of Tartu assessed the absolute poverty line for households based on household consumption data (HBS), using national equivalence scales (1.0, 0.8, 0.8). In calculating the absolute poverty line, the researchers were guided by the expenditure level of household members in Estonia and the expenditure structure measured prior to 1997. This line has been indexed since then with CPI dynamics. However, this absolute poverty line has not been officially deployed in Estonia.

In 1997, the absolute poverty line fell between 60% and 70% of median income. In 1998-1999 it moved closer to 60%, and in 2000-2001 lay between 50% and 60%. Subsequently it moved close to 50% in 2002-2003, and close to 40% in 2004. That is why until 1998 the poverty rate based on the absolute measure has been higher for all elderly age groups than for the non-elderly category. As of 1999 the situation of the elderly improved and their poverty rates have since moved lower than for younger generations following the breakthrough in relative incomes of pensioners compared with the working population in 1999, as well as a lowering of the absolute measure in relation to median income (with the exception of the 55-59 group in 2002-2003). The explanation lies in the concentration of income levels of the elderly in the 2nd decile and the falling of the absolute poverty line into the 2nd decile brackets until 2002; then it fell into the 1st decile. According to official estimates[12], absolute poverty rates for the 65+ group are higher than the one calculated in this study for the 65-74 and 75+ groups, although they have evolved in the same direction. The absolute poverty rate for the elderly in our study shrank from 25.4% in 1997 to 4.7% in 2004, although with a break in this tendency in 2000-2001 (when some deepening of poverty among the elderly occurred). Similar developments were registered for the 60% median income threshold. In contrast to the outcomes based on the absolute measure, relative poverty deepening was not really offset in the subsequent years. As such, the elderly are better off in absolute terms in comparison with previous years, but slightly worse off than younger generations.

The subsistence minimum is lower than the absolute poverty line. Since 2001 it has fallen into the 1st decile. At that time it accounted for around 50% of the median income and since 2002 it has been between 40% and 50% of this amount. This explains why the poverty rate based on the

[11] A short description of both national minima has kindly been prepared by Mari Kreitzberg from the Social Policy Information and Analysis Department of the Estonian Ministry of Social Affairs.

[12] Calculated using the Estonian equivalence scale (1.0, 0.8, 0.8), which impacts on lower income per household member compared with the scale used in this study (OECD modified scale with children up to 17).

subsistence minimum is lower than according to the absolute or relative (60%) poverty lines. During most of the period, subsistence poverty for all elderly groups kept lowering with some minor reversal incidents in 2000-2002. However, subsistence poverty for all groups was much lower in 2004 in comparison with 1998 or even 1999.

Subjective poverty

As subjective measures of poverty for the period 1996-1999 we have picked one variable which indicates what income levels people regard as insufficient or totally insufficient (cf. Table B11a). For the 2000-2004 period two variables were included (cf. Table B11b):

1) The assessment of the income situation as – among others – very poor or sufficient to make ends meet (although only to the level of basic necessities);

2) The assessment of the current income situation compared with the situation a year earlier (as – among others – worse or much worse).

Due to the change in the question an assessment of the situation before and after 2000 is of course not comparable. However, we can look into the trends during the two sub-periods. Subjective assessments of the income situation by the elderly were rather stable, which makes it more similar to the path of relative poverty than to the absolute poverty trend. Only in 1997 and 2002 did most negative opinions ("totally insufficient income" or "very poor economic situation") not correspond with the change in the 60% median poverty (in both cases they were more negative compared with the previous year). The share of elderly people assessing their incomes as totally insufficient decreased from 21.3% in 1997 to 16.4% in 1999; the share of those declaring incomes as insufficient fell somewhat less, that is, from 59.5% in 1996 to 57.3% three years later. During the 2000-2004 period the share of the elderly describing their income position as 'very poor' grew from 4.2% to 5.7% in 2002 and subsequently dropped to 3.8% in 2004. The share of the less negative assessment (one can make ends meet but he/she purchases only basic necessities) fell more strongly in this period: from 57.4% in 2000 to 48.1% in 2004. Older generations are less pessimistic in the area of more radical assessments: the share of opinions expressing totally insufficient incomes or (later) a very poor income situation is lower for the 55+ group than for people below 55 (despite lower poverty rates for the latter). Older generations are also more positive in their retrospective assessment. A slightly smaller share of them (26.5% in 2004, 23.4% in 2003) find their current situation more difficult than a year earlier compared with the non-elderly group.

Despite differences in poverty rates between the groups of the elderly, assessment of the income situation does not differ that much within the elderly sub-groups. This means that in most cases the elderly have a less pessimistic view on their position vis-à-vis people below 55. For 2000-2004 there are stronger differences within the elderly groups concerning the less negative opinion ("can make ends meet but income is sufficient only for basic necessities"). The older groups (65+) chose such an answer relatively more often, in line with their higher relative poverty rates.

Material deprivation

In order to assess material deprivation we have chosen a variable indicating the existence of inconveniences in housing (that is, without cold water, sewage and inside toilet, see Table B11c). In 2000, the definition of the particular inconveniences must have changed in the questionnaire towards more extreme terms because deprivation levels have lowered significantly since then. In general among the elderly twice as many people experience extreme inconveniences than among the non-elderly; in some years the difference is bigger (e.g. 9.1% and 3.8% in 2002) or smaller (e.g. 6.8% and 4.4% in 2004), but this is rather a statistical error

since it is difficult to believe that living conditions could have worsened for one year (e.g. in 2002 for the elderly or in 2004 for the non-elderly).

So, the elderly groups in Estonia are characterised not only by higher relative poverty rates but also by greater material deprivation.

3.6 Marginal groups

We have checked several groups of people aged 55+ in order to assess whether they face a substantially higher poverty risk. From the point of view of family structures we have considered single women, single men and large households (that is with at least 5 members). Considering different sources of income we have checked the situation of disabled people, farmers (defined here as receiving any farming income) and beneficiaries of social assistance. At the end we looked at the nationality aspect and calculated some poverty measures for the minorities combined (that is, non-Estonians).

The poverty rate according to the relative criterion (60%) in 2004 was examined for all the elderly age sub-groups belonging to these possible 'marginal groups'. We have dropped the potential marginal groups for which the poverty rates have not exceeded the total poverty indices by more than 50%. Additionally, we did not consider candidates for marginal groups who accounted for too small a number of cases and would threaten the representation requirement. According to these criteria we have dropped:

- large households, because the biggest difference in the poverty rate was for the 60-64 group: 15.7% for large households, as opposed to 15.1% for the total 60-64 group; for other age groups the poverty among large households was lower than for the total age group;
- farmers, because the biggest difference in the poverty rate was for 55-59: 20.2% as opposed to 19.5%, respectively, and for other age groups the poverty rate among farmers was lower.

We decided to add single women and single men into one group of singles because the poverty rates for both groups exceeded the reference poverty to the similar extent.

Table 3.4 Poverty among marginal groups

	Total population		Singles		Disabled		Receiving social assist.		Non-Estonians	
	Below 55	55 +	Below 55	55 +	Below 55	55 +	Below 55	55 +	Below 55	55 +
1996	17.5	20.7	24.8	39.9	-	-	31.0	18.2	20.0	24.3
1997	16.9	19.8	23.7	35.2	-	-	24.2	13.3	17.3	22.0
1998	16.8	25.0	21.4	48.7	-	-	36.4	29.3	18.3	29.1
1999	18.2	12.9	24.3	20.6	-	-	34.0	22.8	20.0	13.1
2000	18.1	18.1	28.3	37.3	21.6	21.1	18.8	11.9	18.1	18.2
2001	18.0	22.2	29.1	46.8	27.0	22.8	-	-	18.1	18.6
2002	17.4	21.7	31.9	45.4	24.1	24.5	9.4	3.5	18.5	22.7
2003	17.9	20.3	27.2	41.8	25.6	24.4	12.9	13.8	22.2	24.5
2004	18.3	21.8	36.3	45.2	29.7	24.4	18.2	32.0	20.1	27.8
A given group as % of 55+ population (2004)				32.1		47.9		0.7		31.0
poor 55+ from a given group as % of a given group 55+ population (2004)				14.5		11.7		0.2		8.6

Source: own calculations based on HBS 1996-2004.

The group most at risk of poverty among the elderly is single people, for whom poverty rates are twice the average for the total population of the elderly (cf. table B13). One of the reasons could be that life expectancy for Estonian men is much lower than for women (in 2006 the difference amounted to more than 11 years). Elderly women living in 1-person households accounted in 2004 for over 25% of the 55+ population and the share of men living alone was nearly 7%. Female wages compared with male wages are lower (by around 25%[13]). Female pensions are most probably lower as well, as a result of shorter working careers (which is an element of the pension formula prevailing before 1999) and lower female wages (which is an element of the pension formula after 1999). Moreover, as mentioned in the Data section, many of the poor singles may qualify for housing subsidies, which is not reported in the HBS – after adding it to the overall income one might expect slightly lower poverty rates for this group. The difference between poverty for singles as opposed to non-singles is the strongest for the 60-64 age group. This may reflect the important role played by incomes of spouses in this age group and/or usually fewer children in households in this age group (i.e. their presence in younger age groups lowers the average household income per capita and therefore the difference between singles and non-singles' poverty is relatively small).

Following the situation of the disabled is possible as of 2000 when the relevant question was introduced to the questionnaire. The disabled elderly are at a higher risk of poverty than other elderly by 3-4 percentage points. This small difference is the result of the disability pension system, which seems to protect effectively against poverty. Moreover, the system allows them to work: in 2004 12% of disabled elderly were in gainful employment. The disabled below 55 are in a much worse income situation than the non-elderly altogether (in 2004 the poverty of 30% vis-à-vis 18% respectively). Most probably non-elderly are assessed as being partially unable to work in a relatively higher proportion than the elderly. Disability pensions fall along with lesser incapacity and provide a relatively smaller income to the non-elderly disabled.

Social assistance does not seem to be a very effective mechanism in preventing poverty in the population below 55, as people receiving such benefits have poverty rates twice as high as the total age group. Among the elderly higher poverty for people on social income are seen only in the case of the 55-59 group and for several years also for the 60-64 people. For other age sub-groups of the elderly the poverty indices are lower or at least the same as for the total of a given age group. There are situations when extended families' social assistance to younger representatives of a family (in many cases a poor family with children) is combined with the stable pension income of their parents/grandparents, with whom they live in one household. So, despite the household income includes social assistance, the total income level of household members is not that low. This group of the elderly is very small, however, and the outcomes of these calculations may not be that relevant (e.g. a big jump in poverty in 2004, precisely among the 55-59 and 75+ groups).

The elderly from national minorities register higher poverty than their Estonian colleagues by 1-6 percentage points, and differences are higher for people above 75 than for the 55-74 group.

3.7 Prospects on poverty

As all the EU members, Estonia has delivered to the European Commission a *National Strategy Report on Adequate and Sustainable Pensions* (Ministry of Social Affairs (2005)). This provides projections of future replacement rates (up to 2050) and an analysis of the trends in factors influencing future pensions. The projections are based on the analyses by the PRAXIS

[13] Based on average hourly gross wages (salaries) of full- and part-time employees, Statistical Office of Estonia, 1994-2005

Center for Policy Studies (an independent think tank based in Tallinn) and the Ministry of Finance.

3.7.1 Demographic forecasts

Challenges for the future pension system come mainly from demography. According to the baseline scenario of the Eurostat demographic forecast, the Estonian old-age dependency ratio (the share of people aged 65+ versus 15-64) is expected to grow from the current 25% to 43% in 2050; for people 55+ it rises from 49% to 88% (Table 3.5). Such a burden on people of working age requires extending the working career far beyond current retirement age. In order to keep the old-age dependency ratio constant at the 2007 level, the standard pension age should be extended to 71 years. Such a scenario assumes a growing life expectancy at birth: for men from 65.3 in 2002 to 77.4 in 2050; for women from 77.1 in 2002 to 82 in 2050. In 2006 life expectancy had risen to 67.4 for men and 78.5 for women, which is already above the levels assumed in the projection for 2010 (66.6 and 77, respectively) – so the probability of a higher dependency ratio than previously projected is increasing. Narrowing difference between life expectancy for women and men comes most probably from the assumption of diminishing mortality of men due to accidents, which is a current problem in Estonia.

The dependency ratio of children 0-14 is projected to remain rather stable.

Table 3.5 Dependency ratio

	2007	**2020**	**2030**	**2040**	**2050**
% of 15-64					
0-14	21.9	25.3	23.8	21.8	24.8
65+	**25.1**	**28.7**	**33.4**	**36.6**	**43.1**
% of 15-54					
55+	**49.0**	**60.9**	**65.8**	**75.7**	**88.1**

Source: 2007 – Statistical Office of Estonia; 2020-2050 – Eurostat baseline scenario.

3.7.2 Institutional factors

There are 3 main groups of institutional factors influencing the income level of future pensioners. First of all the pension reform has introduced changes in the pension formula in the first pillar of the system (linking it to working career and paid contributions) and has launched the second (funded) pillar, which is supposed to provide additional pensions in the future. Secondly, important factors in the area of the labour market, education and macroeconomic developments are the employability of society, which influences the length of working career and the wage level – both having direct impacts on the value of future pensions. Thirdly, the social assistance system will influence the income levels of those elderly who did not qualify for the regular pension or its value happens to be very low.

Pension reform

According to PRAXIS calculations, gross replacement rates for the average earnings (33.3% in 2003) will remain at a similar level in the forecast period. The second pillar of the pension will gradually replace part of the first pillar pension (in 2050 the second pillar will exceed the first pillar pension: 19% versus 17% of previous earnings). The net replacement rate is higher than the gross rate by around 7 percentage points (41.4% in 2005), and is expected to remain at this level (estimated at 43.0% in 2050).

Table 3.6 Theoretical replacement rates in Estonia – current levels and forecasts[a]

	At 100% of average earnings					At 2/3 of average earnings		At 200% of average earnings	
	2003	**2005**	**2010p**	**2030p**	**2050p**	**2005**	**2050p**	**2005**	**2050p**
Gross replacement rate	**33.3**	**34.2**	**36.1**	**30.5** [a]	**35.7**	**49.3**	**39.1**	**18.7**	**25.1**
1st pillar	33.3	34.2	35.3	24.7 [a]	16.8	49.3	20.2	18.7	10.9
2nd pillar	0	0	0.8	5.7 [a]	18.9	0	18.9	0	14.2
Net replacement rate	**42.8**	**41.4**	**42.9**	**36.4** [a]	**43.0**	**57.8**	**45.6**	**23.4**	**31.3**

[a] The summary of the report contains different figures for 2030. It looks as if the difference is due to adding the 3th pillar replacement rate to the 2nd pillar. Correcting for this the figures are: gross replacement rate: 34; 1st pillar gross replacement rate: 21; 2nd/3th pillar gross replacement rate: 13; net replacement rate: 42.

Source: National Strategy Reports on Adequate and Sustainable Pensions, Tallinn 2005, p. 16.

Currently, the social solidarity mechanism in the pension formula is very strong (for persons who withdrew from work before 1999, the state pension depends only on the flat rate base amount - which currently forms around 28% of the average old age pension - and the length of service). However, the pension formula will be gradually diverting towards a stronger link to individual earnings throughout a working career. For persons who entered the labour market in 1999 or later, the state pension consists of two parts: the base amount and an insurance component. This institutional change will impact on the future replacement rate for people who had earnings significantly lower or higher than the average wage. According to the Ministry of Finance, in the case of a low wage (2/3 of average earnings) the net replacement rates will fall along with the growing role of past earnings in the pension formula: from 58% in 2005 to 46% in 2050. On the other hand, in the case of a high salary (200% of average earnings) the replacement rate will increase from 23% in 2005 to 31% in 2050. This gradual change in the pension formula will lead to greater income inequalities among the elderly, from a very low current level (0.23 for 65-74 and 0.21 for 75+, Table B7).

The share of the funded element in the new pension formula will depend on the rate of return of the accumulated capital. Estonians are provided with the choice of 3 types of investment funds in the second pillar:

a) high risk level: up to 50% assets into equities (chosen by 71% of participants)

b) medium risk level: up to 25% assets into equities (chosen by 19% of participants)

c) low risk level: only fixed-interest instruments (chosen by 10% of participants)

Taking into account that the high risk funds have attracted the biggest proportion of the participants the funded part of future pensions will depend heavily on developments in the domestic stock exchange and return on investments abroad. Such a division of participants between the three types of funds may trigger, however, stronger differences between the second pillar pensions.

Participation in voluntary private pension schemes (introduced in 1998) is low (around 13% of labour force in 2004). So the contribution of pensions from the third pillar to the incomes of the future elderly will be rather small.

Labour market developments

The insurance component in the new pension formula links future benefits to social taxes paid during a person's working life. The length of a labour career depends on the pace of economic growth and institutional arrangements mediated via demand for labour but also on institutional arrangements motivating a deferment of retirement as well as on broadening of employers' culture to employ more of older people. Estonia has already implemented reforms which stimulate high economic growth and high employment rates, including for older persons. From the point of view of future pensions the lowest wage inequality as possible would be desirable. Sectoral wage dispersion, as measured by the ratio between the standard deviation and the average wage for 16 different sectors of the economy, amounted to 27% in 2007 (37% in 2000); the regional wage dispersion for 16 counties was 19% in 2007 (21% in 2000). So there is some evidence on lowering wage inequality in the sectoral dimension. A similar tendency in the occupational and regional dimension would be desirable through policies designed to raise the educational level of society, increase competition in the labour market and promote the development of less advanced regions.

Social assistance

The second pillar was launched in Estonia starting 1st July, 2002. By the end of June 2005, nearly 75% of the labour force aged from 16 to retirement age had joined it, which means that 25% of the labour force will have the right only to a state pension from the first pillar. According to PRAXIS calculations, by the time the new formula applies to all (that is when the last person who entered the labour market after 1999 retires – around 2040-2050) nearly 7% would not qualify for the minimum required working period (i.e. 15 years) and another 10% would get very low earnings. All of them (17%) would become national (minimum) pensioners (based on Statistical Office data, in 2007 they amounted to 2.2% of all pensioners). Moreover, the state covers social tax on behalf of some economically non-active people (e.g. on parental leave); they account for around 15% of all insured persons. The level of these social contributions is very low, however (around 10% of contribution from average earning), so their future entitlements will most probably qualify only for a national pension. Putting it all together the share of recipients on a minimum pension could be as high as 20-30%.

Summing up, the Estonian case is unique when compared with other countries, because the current replacement rate is low already, and the changes introduced in the pension system should not lead to any further deterioration on average. Although the system is aimed at extending financial sustainability, the concerns are about the potentially growing share of people eligible only for the minimum pension.

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4. Hungary

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Summary

1. The first national, fully funded, social security system of Hungary lost most of its assets in World War II. The scheme that replaced it, being financed on a pay-as-you-go basis, was 'funded' by public and private investments in the human capital of future contribution-paying generations. In this way, and due to the lop-sided structure of the system of intergenerational transfers, this system partly financed the extensive projects of the centrally planned period, which mounted up losses due to the lack of feedback from a reliable price system. Human capital investments, or the lack of them, that should have 'funded' the scheme proved a large-scale failure leading to a major employment shock in the 1990s.

2. Between 1990 and 1997 the labour market lost about net one-quarter of the jobs while the number of beneficiaries of the pension system grew by 20 percent over the same period. The legislation responded by a series of ad hoc parametric adjustments until a comprehensive reform package in 1998 reshaped the entire system.

3. The reform downsized the pay-as-you-go pillar and established a small new, funded, privately managed, pillar within the mandatory scheme. The reform managed to reduce the generational imbalance (the implicit pension debt) significantly. This, however, led to intergenerational redistribution by burdening currently active cohorts.

4. The Hungarian pension system is exposed to an explicit electoral cycle. This resulted in a rapid increase in the generational imbalance (implicit pension debt) in the ten years after the reform. Now, the government is forced to introduce new austerity measures in the system. This will lead to a renewed intergenerational redistribution.

5. Besides intergenerational redistribution there are clear signs of intra-generational redistribution as well. Due to distortions in the benefit formula and past indexation people having collected 10 service years get only about 30 percent fewer benefits than those who contributed for 40 years. Widespread tax avoidance redistributes the contribution burden among the active.

6. The cohorts that have been hit by the labour market shock most severely show flatter age-earning profiles than preceding and subsequent cohorts. Their age-employment profiles also run below the corresponding profiles of preceding and subsequent cohorts. These cohorts, mostly those born between 1945 and 1959, face financial difficulties in retirement.

4.1 General background information

The maturation process of the Hungarian pension system, 1950-90

The first national pension system covering employees in trade and industry started its operation in 1929.[1] Being a fully funded scheme, its reserves were largely destroyed during World War II and the subsequent period of inflation. It was replaced by a new, pay-as-you-go system by 1950 and unified with the pension scheme of agricultural workers in 1975. Since then the system offers a near-universal coverage.

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[1] This section draws on Gál (2006).

The number of beneficiaries (including recipients of all pensions and retirement benefits) grew from 0.5 million in 1950 to 2.5 million in 1990. By 1990, more than 95% of people above retirement age received a pension, whereas the figure for 1960 was 36% (Baranyai, 1995). Maturation is also evident in the increase of the replacement rate from 21% to 66% over the same period, as a greater number of people spent longer periods of their working lives as contributors to the scheme. As a result, pension expenditure grew steadily as the pension system expanded to include more social groups and as it matured further. In 1950, it redistributed 2.0% of the GDP and by 1990 this figure had reached 9.7%.

Labour market shock, declining administrative capacity and institutional adjustments: 1990-97

In 1992,[2] about 58% of people between the age of 15 and 64 were employed. Employment declined steadily until 1997, down to 52%. It has started to climb back slowly since then, up to 56% in 2005, due to the increasing retirement age.

Since society was not equipped with institutions to handle the army of redundant workers most of them took refuge in the pension system. The number of pensioners, including recipients of disability and survivor benefits, pre-, minor- and early retirement pensions and beneficiaries of other smaller pension-type programmes[3] nearly reached 3.2 million by 1998, starting from 2.5 million in 1990. The growth of coverage[4] is due in particular to early retirement and an expansion of disability pensions.[5]

The labour market shock was not the only challenge for the pensions system. The transformational crisis and the rapid decentralisation of centrally managed economies with the resulting growth of the shadow economy also added to this problem. This trend can be measured by wage coverage,[6] which measures the part of wages that is within the reach of the authorities. It declined significantly from 76% in 1992 (and 78% in 1994) to 71% in 1996 due to accumulating arrears and forced tax exemptions. Since 1996, in line with the consolidation of the economy, it is improving again; by 2005 it was again up to 76%.

The effect of the rapid decline in activity was partly mitigated by an increase in wage efficiency (the amount of GDP produced by a unit of wage). Since the productivity of the remaining labour force was higher on average than that of the workers who lost their jobs, labour productivity grew fast. Nevertheless, this progress was not enough to keep the pension budget under control. Subsequent governments tried to adjust the parameters of the system. One direction of such adjustments affected relative pensions (average pensions compared to average net wages), which declined from 66% in 1990 to 56% in 1997. We analyse the relative income position of the elderly and the replacement rate of pensions in detail in Section 5 and in a related paper (Keller and Gal 2008). This decline in the first part of the 1990s had two sources. First,

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[2] The Central Statistical Office started to publish the Labour Force Survey (LFS) in 1992. The LFS replaced the former Labour Force Balance, which was based on a different methodology.

[3] Due to the time horizon of the report, hereafter we follow trends and institutional changes up to 2005 but no further. A brief summary of some of the newer modifications is presented in the Annex of the paper.

[4] Here coverage refers to the ratio of beneficiaries to the number of people above retirement age.

[5] Although by 2005 this figure slowly decreased to 3.0 million the coverage rate (number of recipients of pension benefits over the number of people above retirement age) continued to grow due to the increase in retirement age (149% in 2005 compared to 110% in 1990).

[6] Wage coverage is the covered wage bill over the total wage bill, where the covered wage bill is an imaginary wage bill calculated on the total amount of contributions as if all wages contributed to the pension system.

entry pensions lost value relative to final wages. The pension formula was adjusted several times. Before 1992, the base income used to calculate new pensions was the best three of the five years preceding retirement. Since then, all wages earned in 1988 or later are taken into account. This fact alone cuts new pensions, in particular for people with a steeper age-earnings profile. Moreover, the high inflation rate of the 1990s made indexation of previous wages (called 'valorisation') necessary; but valorisation is partial. First, wages of the last three years are not valorised but taken as nominal values in the formula. Second, the previous years are valorised to the level of second year prior to retirement, not the level of the last year. Partial valorisation leads to inconsistencies allowing people with a longer labour market history to get lower entry pensions than people with a shorter employment history, other factors being equal (Toldi, 2000).

According to Medgyesi (2001), government transfers make up about three-quarters of income of the elderly[7] (63.5% old-age pensions, 11.1% other social security pensions and 1.8% other government transfers).

A further special feature of the pension formula was degressiveness. Base income was calculated from the individual's net income in a way that higher income brackets contributed less to it. This effect increased through the 1990s, since degressivity brackets were not properly adjusted to the dynamics of wages.

Table 4.1 General background information

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GDP, previous year=100	96.5	88.1	96.9	99.4	102.9	101.5	101.3	104.6	104.9	104.2	105.2	104.1	104.4	104.2	104.8	104.1
GDP, 1990=100	100.0	88.1	85.4	84.9	87.4	88.7	89.9	94	98.6	102.7	108	112.4	117.3	122.2	128.1	133.4
Population (millions)	10.4	10.4	10.4	10.4	10.3	10.3	10.3	10.3	10.3	10.2	10.2	10.2	10.1	10.1	10.1	10.1
Age structure of the population (%)																
-15	21.8	21.2	20.7	20.2	19.8	19.4	19.1	18.7	18.4	18.2	17.9	17.6	17.3	17.1	16.9	16.7
15-29	18.6	19.2	19.8	20.2	20.6	21.0	21.2	21.2	21.1	21.0	20.9	20.9	20.8	20.7	20.2	19.7
30-49	29.0	28.9	28.7	28.5	28.3	28.2	28.2	28.1	28.1	28.1	28.0	27.8	27.8	27.6	27.5	27.6
50-54	5.8	5.9	6.0	6.1	6.3	6.2	6.2	6.3	6.5	6.6	6.9	7.1	7.2	7.4	7.7	7.9
55-59	5.7	5.6	5.5	5.5	5.5	5.6	5.6	5.8	5.9	6.0	6.0	6.0	6.1	6.2	6.3	6.6
60-64	5.6	5.5	5.5	5.5	5.4	5.3	5.2	5.2	5.1	5.1	5.2	5.3	5.4	5.5	5.7	5.6
65-69	5.1	5.1	5.0	5.0	5.0	5.0	5.0	5.0	4.9	4.9	4.8	4.8	4.7	4.7	4.7	4.8
70-74	2.9	3.3	3.8	4.2	4.2	4.3	4.3	4.2	4.2	4.2	4.3	4.3	4.3	4.3	4.2	4.2
75+	5.4	5.2	5.0	4.8	4.9	5.1	5.3	5.5	5.7	5.8	6.0	6.2	6.4	6.5	6.7	6.9
Students in higher education as % of the 19-24 cohort																
	12.9	13.3	14.4	16.0	18.0	20.1	21.5	25.1	27.4	30.8	34.3	38.1	43.5	48.5	51.3	52.8
Labour force participation rate (%)																
total			58.3	55.7	53.7	52.4	51.9	51.2	51.7	53.1	52.9	52.8	53.0	53.8	53.8	54.4

[7] Here the 61 years old and older.

in cohorts																
15-19			21.8	19.5	17.5	16.9	15.3	14.2	15.8	13.6	10.9	9.1	6.8	5.9	5.5	5.4
20-24			69.7	67.0	64.7	64.4	61.3	59.7	61.5	61.3	58.8	55.8	54.7	53.0	48.4	47.4
25-29			77.3	75.5	75.2	73.1	72.3	71.9	72.8	74.5	75.3	75.7	75.1	75.7	76.6	77.4
30-34			84.3	82.5	80.7	77.4	78.2	76.3	77.8	78.8	78.8	78.7	78.0	78.5	78.1	79.4
35-39			88.6	86.9	84.3	84.2	83.1	81.9	80.8	81.7	81.7	81.8	82.1	83.3	82.3	82.9
40-44			88.6	87.2	85.3	84.1	84.2	82.5	81.3	82.0	82.0	81.4	81.6	82.2	83.1	83.0
45-49			84.9	82.3	80.1	78.9	79.5	78.0	76.7	78.2	77.7	77.6	77.8	78.9	78.0	79.6
50-54			69.7	66.5	64.9	63.9	62.3	62.4	62.0	67.1	68.7	67.9	68.8	70.3	70.7	71.9
55-59			34.3	31.0	27.4	28.1	29.1	28.7	26.0	29.9	34.6	37.3	40.9	45.6	48.0	50.8
65-69			9.0	7.1	6.3	4.8	3.6	2.6	3.0	3.4	3.5	2.6	3.1	3.5	4.0	3.9
70-74			5.3	4.7	3.4	2.6	2.3	2.3	1.9	1.5	1.6	1.2	1.4	1.9	1.7	1.2

Source: Various statistics of the Central Statistical Office.

The incremental effects of these small changes explain the loss of value of entry pensions relative to final wages. The other cause of the decrease in the replacement rate is the falling of the indexation of pensions behind inflation. After 1970 pensions grew by 2% every year. This was topped by ad hoc increases when inflation was higher. After 1992 the excessively high inflation rate forced the government to introduce wage indexation. Between 1992 and 1995, and since 1999, indexation has been forward-looking. Between 1996 and 1998 the Pension Insurance Fund (PIF) used backward-looking indexation. The switch between backward-looking and forward-looking calculation cut into pensions in 1996 as well as in 1999.

A further effort to stabilise the pension budget aimed at improving old-age dependency by raising the retirement age was legislated for in 1993 but withdrawn in 1994. The government returned to the programme in 1996 but finally higher retirement ages did not come into effect before the comprehensive reform in 1998.

Table 4.2 Predicted age dependency, total and by genders separately

	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
population 15-54, millions	5.7	5.5	5.3	5.2	5.1	4.9	4.5	4.4	4.2	4.0
population 55+, millions	2.8	3.0	3.2	3.2	3.2	3.3	3.5	3.6	3.6	3.5
age dependency total (%)	48.7	54.4	59.4	60.8	63.7	68.9	77.8	82.1	85.5	88.3
age dependency men/men (%)	39.3	44.2	48.4	49.7	52.7	57.9	66.5	70.9	74.3	77.0
age dependency women/women (%)	58.1	64.7	70.6	72.1	75.0	80.3	89.5	93.8	97.2	100.1

Source: Central Statistical Office Institute of Demography.

4.2 Pension institutions and actors in pension policy

The 1998 pension reform

The growing tension in pension finances was on the agenda through the 1990s, though for years it generated mainly an ad hoc manipulation of the rules satisfying only short-term fiscal needs. As a result, actuarial distortions have increased, and incentives to take contributions as long-term investments have weakened further. The system produced such perverse effects that people serving longer and contributing more had earned lower pensions just because they retired in the wrong year. A more comprehensive and consistent reform seemed necessary in order to eliminate this kind of problem. There was a further reason to reconsider the entire pension

system. Deterioration in the demographic background is expected from the 2010s (see Table 4.2) when large cohorts born in the 1950s will retire, while the newly entering generations, and the then highest-contributing cohorts born before 1965, will be far fewer. It was clear that either lifetime contributions had to be raised or lifetime benefits had to be cut, or both, making a necessary reform all the more complicated.[8]

The package[9] was passed in 1997 and came into effect on January 1, 1998. It established a new pre-funded tier managed by private companies that was at the heart of the Ministry of Finance proposal. However, the funds were to get only about 20% (6/31) of the contributions of those who switched, which should have grown to about 25% (8/31) in two years, instead of the originally suggested 50%.

Fund membership was optional for those who had earned pension rights in the old system but mandatory for new entrants to the labour market. The option was left open for 20 months thus ending on August 31, 1999. During this period, the funds attracted 2 million people (93% optional, 7% mandatory). This represents slightly more than 50% of the working population. According to the transition rule, the reduction in the accrual rate (from 1.65% of lifetime earnings for every service year to 1.22%) due to redirecting a part of contributions to the funds was calibrated to the rate of partitioning of contributions, which was 8% of gross wages paid to the private funds out of the total contribution of 31% of gross wages ($1.22/1.65 \approx 1-(8/31)$. However, benefit reduction has been extended to include service years earned prior to the reform, when all contributions were paid to social security. In this way, in addition to the obvious elimination of a sizeable part of the implicit pension debt, the legislators wanted to assure that the actual age limit of switchers is low. Indeed, the age distribution of the fund members is skewed, as younger cohorts are represented in much higher proportions. A closer analysis also shows that besides age, labour market status, size of the employer company and individual time horizon played the most significant part in the choice of switching.[10]

At the end of 2005 the number of pension funds was 18. They have accumulated assets of about €4.5 billion. The market is rather concentrated, the largest five funds cover about 80% of the members.[11]

More importantly, the reform package considerably redesigned the pay-as-you-go pillar. Retirement age was raised from 60 to 61 in 1998 and to 62 in 2000 for men, whereas for women it was raised by one year every second year and will reach 62 in 2009. The new regulation was completed with a component of flexibility: 38 service years gave eligibility for full old-age pension, provided the person reached the retirement age effective at the time of the new legislation (57 years for women, 60 years for men).

The pension bill had changes in indexation as well. Pure wage indexation has been replaced by Swiss indexation (a combination of half price and half wage indexation). A new, linear benefit formula was to replace the previous one (see above) with stricter requirements on service years. Pensions were to be calculated from gross wages but were to be subject to personal income taxation. Degressivity was to be phased out over a few years. With the exception of the phasing out of degressivity, all other steps contributed to downsizing the pay-as-you-go tier.

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[8] A detailed description of the institutional reform can be found in Gál et al. (2003). Early experiences are analysed by Simonovits (1999), Rocha & Vittas (2002) and Augusztinovics et al. (2002).

[9] Law on Eligibility and Contributions to Social Security and Private Pensions 1997/80; Law on Social Security Pensions 1997/81; and Law on Private Pension and Private Pension Funds 1997/82.

[10] On the analysis of the individual choice see Augusztinovics et al. (2002).

[11] Further details can be found on the homepage of the Hungarian Financial Supervisory Authority (www.pszaf.hu).

Practically every detail was a result of compromise and was facilitated by shorter or longer transitions. The contribution rate to the private funds was reduced from 10 to 8% (and just 6 and 7% in the first two years respectively). In addition, the government guaranteed pensions paid from the second pillar up to a certain limit. The upper age limit of 47 for switching was excluded from the final version of the law in the fear of intervention from the Constitution Court. Introduction of Swiss indexation was postponed to 2001. The new benefit formula and taxation regime was even suspended to 2013.

Despite these measures, or perhaps precisely because of them, political dispute concerning the pension system has not ceased and the rules have kept changing even after the legislation. The period of transition from wage indexation to Swiss indexation was reduced to two years. As mentioned above, backward-looking indexation was replaced by forward-looking indexation arbitrarily, carving away a significant amount from pensions in 1999. Degressivity will also be phased out faster than originally planned. As for the second pillar, contributions paid to the private funds were not raised to 8% of gross wages after two years but were frozen at 6% up to 2002. Only in 2003 did the government raise this proportion to 7%, and in 2004 to 8%. The overall contribution rate however, including parts nominally deduced from the employee as well as from the employer, was cut in 1999, 2001 and 2002 but raised again in mid-year 2006. These hectic changes were paralleled by unexpected increases in benefits (an extra 3% rise in 2001, one-time lump-sum payment in 2002, and an extra month of pension introduced step by step after 2003).

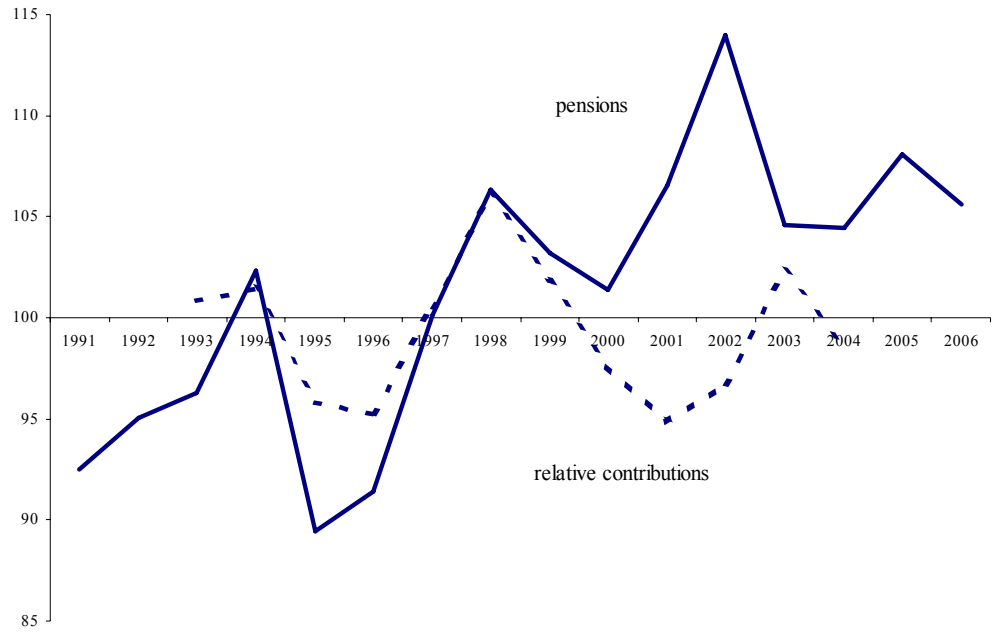
Entry rules also changed several times. The option for voluntary switching was closed in August 1999, but reopened in 2003 for one year for the under 30 years old. Voluntary members were allowed to return to the social security system with their full contributions until December 2000 but this deadline was prolonged to December 2002. These are the voluntary members who have accumulated accrual rights before the pension bill was enacted. New entrants to the labour market were mandated to choose a private fund. However, for one year (2002) membership for newcomers was made optional.

Pension politics

The recurrent corrections were mostly motivated by short-term political gains and possibly international tax-competition. In Figure 4.1 we display trends in benefits and contributions. Average benefits (defined here by the official category: all pensions and other retirement benefits) are shown as a percentage of the previous year in real terms. Values below zero reflect decreases, those above zero increases. A positive slope of the curve means accelerating growth.

The curve reveals an explicit election cycle. In every electoral cycle benefits grow faster in the year preceding general elections (that is, in 1993, 1997, 2001 and 2005) than in the year before, and in every election year (1994, 1998, 2002, 2006) -except the last one- benefit growth even speeds up; this culminates in a more restrictive increase (or at times outright decrease) in the year after elections. Further research is required to clarify the true effect of this cycle: all incumbent governments lost elections except the one in 2006, the only year when the regular cycle did not hold. The incidence of the cycle, irrespective of the colours of the reigning coalition, also reveals that it is not party-specific trying to buy pensioner votes.

Figure 4.1 Pensions and relative contributions; previous year = 100



Source: Gál & Tarcali (2008: 149).

The other curve in Figure 4.1 shows changes in the amount of total contributions relative to the total wage bill. In an economy with a significant share of the informal sector actual contributions compared to actual wages reveal more than changes in the contribution rules. In addition, since per capita contributions are affected by the dynamics of wages as much as by the contribution rate, we contrast here contributions[12] with the wage bill.[13] The contribution curve in Figure 4.1 is partly driven by the oscillating level of informality in the labour market, which increased until the economy reached its low in 1995-1996 and decreased since then (with some halts in more austere years). The other component influencing the contributions/wages ratio consists of changes in the contribution rate, in particular the radical cut of 4 percentage points from 30% to 26% of gross wages in the course of two years between 2000 and 2002. Still no well-established explanation exists for the sharp decline of the contribution rate. Whereas the benefit side was pulled by the electoral cycle, contributions could have possibly been cut by international tax competition. There are many signs that, in particular in the 1990s, governments in Eastern Europe fought price (that is, tax) competition for foreign investments. Competition in quality of governance came to the fore only recently. This hypothesis still requires more systematic empirical tests.

4.3 Data

Regular household surveys carried out by TARKI Social Research Centre are used for the analyses of the income situation of the Hungarian elderly in the last fifteen years. TARKI has been carrying out household surveys since 1992. The first six waves (1992-1997) make up the Hungarian Household Panel (HHP). Since 1998 the survey has been cross-sectional, under the

[12] Total contributions, paid both by the employee and the employer, including the amounts directed to the new private funds.

[13] The wage bill is taken from the National Accounts as wages in cash and in kind and employers' contributions to the pension system.

name of TARKI Household Monitor Survey. Since 2001 these surveys have been conducted on a biannual basis, the last data collection process taking place in 2007.[14]

All samples are stratified random samples. The number of households regularly interviewed is around 2,000, containing some 5-6,000 persons (see table C1 in Annex C). All datasets are weighted to correct for the non-response biases.

The questionnaires of both HHP and TÁRKI Monitor surveys include questions on the following main topics:

- *Income*. Detailed information on individual and household level income sources are collected using international standards. All main components of the Hungarian welfare system are incorporated in the questionnaires. Net incomes are available only.
- *Consumption*. The questionnaire contains information on main expenditure items of household on monthly, three-monthly, six-monthly or yearly basis, depending on the expenditure type.
- *Labour market*. Employment status, working hours, industry, occupation and civil servant status are available.
- *Demography*. General demographic information (age, gender, educational level, settlement, etc.) and information on household structure are collected.

The survey scores better than the Household Budget Survey (HBS) of the Central Statistical Office (CSO) in capturing household income of the National Accounts (in 2005 net income data obtained directly from the survey represented 66% of macro income; the rate grows to 72% after imputation). The most important deficiency of the dataset is its small sample size that does not allow for reliable estimates when detailed results are needed. Furthermore, the consistency of time series could be affected by the replacement of the HHP, a panel dataset, by the Household Monitor, a cross-sectional survey. Another problem could be the deterioration of the starting HHP sample.

In contrast, the HBS ensures an adequate sample size, but it has deficiencies that affect the reliability of results. Due to the data collection method, the non-response rate as well as the drop-out rate of households during the diary period is relatively high and systematically affects low-income households.

Weighted data are used for estimations in this report. We apply the modified OECD scale for calculating equivalent household income.[15] Consequently, the income position of the elderly is assessed by the income position of households they live in. In a few cases data from the 2005 wave of the EU-SILC were used for indicators not available in the Household Monitor.[16]

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[14] Here, in line with the rest of the comparative volume, we cover the 1995-2005 period with some references to years between 1991 and 1995.

[15] The equivalence scale in this report differs from that used by the EUROSTAT in that here individuals are considered children up to the age of 17 years against the 13 age limit of the Eurostat.

[16] Whereas the reference year for this wave of the EU-SILC income data is 2004, other information, such as housing conditions or attitude questions, that are used in this report refer to 2005.

4.4 The income and labour market position of the elderly, 1990-2005

The income position of the elderly[17] had been favourably compared to that of the non-elderly in both absolute and relative terms in the period after the transition started. Although their disposable income lagged behind between 1991 and 2005, the difference was significant only in the beginning of the nineties. Also, the elderly did not experience the massive loss in real incomes as the non-elderly in the middle of nineties, at the bottom of the employment crisis. Their relative income position has been improving permanently through the last fifteen years,[18] while within-group income inequalities among the old were lower than among the non-elderly.

The time-series of the income position of Hungarian households shows a U-shape in the last fifteen years. Median equivalent real income decreased in the first half of the 1990s reaching the bottom in 1996-97. The ascendant section of the curve started in 1998 and this gradual improvement in real income has been lasting ever since.[19] According to the TARKI household survey data, the median equivalent real income of the Hungarian population reached its starting value (HUF 925,000 in 1991) only in 2005 (about HUF 940,000), measured in constant prices (Table C2 in the Annex).

The income situation of the elderly was similar. However, the shape of the U-curve is considerably flatter for them compared to the non-elderly. Both the starting and the final figures are significantly lower for people aged 55+, while there are only small differences between the incomes of the elderly and the non-elderly in the middle of the nineties. The different patterns of this U-curve suggest that the period analysed here can be divided to two distinct sections. The income position of the elderly strongly improved relative to the non-elderly between 1991 and 1996. However, after 2000, their relative position fell behind again. This was mainly due to the strong increase in real wages that exceeded the indexation of pensions.

Turning to the income position of different age groups among the elderly, the real income of the younger elderly (55-64) was always above the rest of the elderly (105-120% compared to 55+). This can be attributed to their higher labour force participation. Their median real income even exceeded that of the whole population for most of the period and was beyond the income of the non-elderly in some years.

The income position of the elderly declines with age, as shown in Table C2. The median real income of cohorts aged 64-75 relative to average earnings varied below the average of elderly (75-85%). The corresponding figure for the oldest age group (75+) varied between 68-78% (Table C3).

The relatively good income position of the elderly was assured by old-age pensions, which proved to be more reliable than labour income. Old-age pensions represented about half of the total income of households containing an elderly household member, while the share of labour market income (wages and income from self-employment) was about 20% of total income (Table C4). Other sources of income, mostly social transfers (including other than old-age pensions as well) also played an important role in the income composition of households with elderly household members and their weight increased over time.

The favourable income situation of the elderly already described in real terms is also reflected by their position in the income distribution of the Hungarian population. While the elderly are underrepresented in the top income decile, this can also be said about the lowest decile for

[17] The term 'elderly' is used in this report for people aged over 55 years of age. Four age groups are defined within the elderly population for analytical purposes: 55-59, 60-64, 65-74 and 75+.

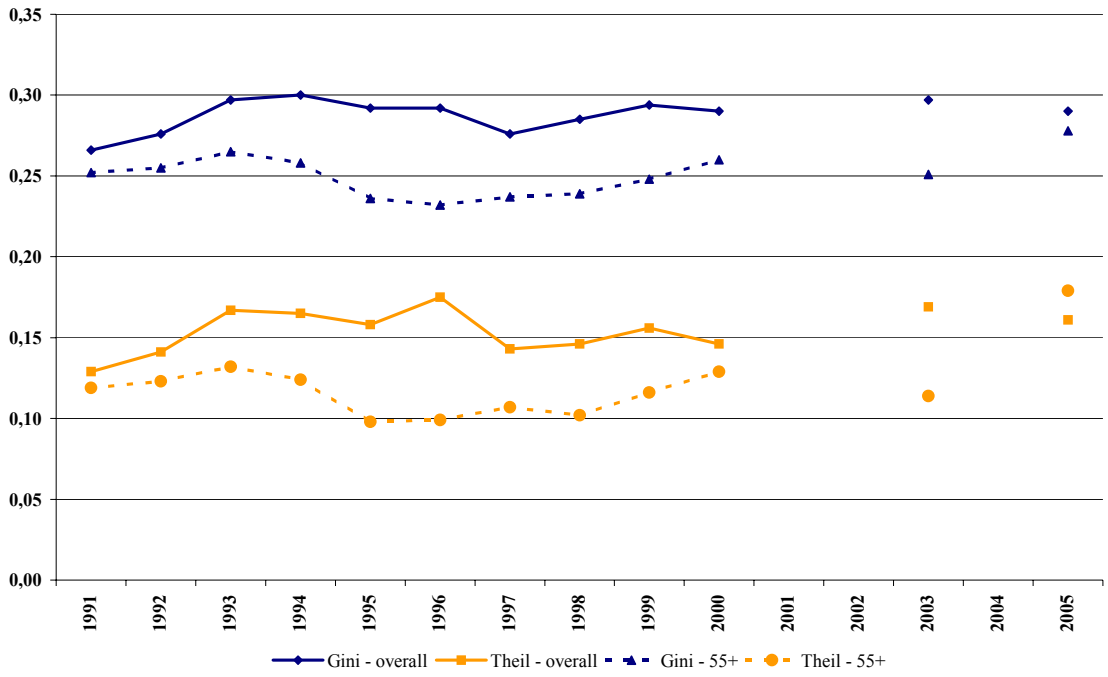
[18] Due to the time-period limit of the study developments after 2005 are not discussed here.

[19] See previous footnote.

almost the whole period (Table C5). The share of the elderly shows a downward trend in both the lowest income decile and the lowest quintile.[20] While almost one third of the elderly belonged to the bottom quintile in 1991, only 17% of them were in the same position in 2005. This improvement took place mostly in the first half of the 1990s. The process had been characterised by a fast drop in the share of the elderly in the lowest decile (from 16% in 1991 to 5% in 1996), and a relative stability in the second decile (16% in 1991 and 11% in 1996). In general the elderly moved upward during the last two decades, from the lowest to the middle deciles (Tóth, 2005: 208).

While the aggregate picture looks favourable for the elderly, significant differences appear among elderly age groups. The data suggest that the good position of those aged 55-59 hides considerable within-group inequalities. While their share in the lowest quintile varied between 15% and 23% during the period in analysis, it increased in the top decile (from 9% in 1996 to 17% in 2005). The latter trend can be explained partly by the raise in retirement age in this period. Cohorts aged 60-64 years old were in a better income position compared to those aged 55-59 due to the fast decrease in their share in the lowest quintile through the nineties (from 27% in 1991 to 15% in 1998). At the same time, the relative income position of the older elderly (aged 65+) improved steadily between 1991 and 2005. The only deviation from this trend was observed in 2000, when the share of elderly aged 75+ in the bottom quintile increased significantly. As Table C5 reveals, the initial inequalities in the share of elderly age groups in the lowest quintile practically disappeared by the end of the period.

Figure 4.2 Income inequality in Hungary, 1991-2005 [a]



[a] No TARKI Household Monitor survey was conducted in 2001, 2002 and 2004.

Source: own calculations based on HHP and TARKI Household Monitor survey.

[20] Like in similar cases when positions of age groups change over time these changes do not apply to the same people. The 55-59 years old cohort in 1995 is 65-69 years old in 2005. The 55-59 years old of 2005 were still well in their active age in 1995.

The within-group inequalities among the elderly are lower compared to the overall population (Table C7) and this applies to all years discussed here. The difference between the Ginis of these two groups had increased significantly between 1991 (0.26 for the non-elderly and 0.25 for the elderly) and 1996 (0.31 for the non-elderly and 0.23 for the elderly), stayed stable for 2 or 3 years, and has been decreasing since then. Results from 2003 deviate from this later development (see Figure 2). These trends have resulted in a quite stable level of overall inequalities, after the fast increase that occurred at the beginning of the 1990s. The value of the overall Gini increased from 0.27 to 0.30 between 1991 and 1994, and varied between 0.28 and 0.29 after that (with a temporary drop in 1998).

The trend in overall inequalities does not differ considerably if measured by other income inequality indicators. The Theil-index reveals that inequalities reached their peak somewhat later (in 1996), and it shows a slight increase in the latest years. The differences between the Theil-index estimated for the overall population and that for the elderly show the same pattern as the Gini coefficient, 2003 being again an outlier. Also, income inequalities within the elderly population measured by the Theil-index are somewhat smaller than within the entire population.

Income inequalities among the younger elderly are higher than among the older elderly. Inequalities within the youngest, 55-59 years old, elderly were stable (between 0.26 and 0.28) in the first half of the nineties and started to grow after that (0.29 in 1997 and 0.32 in 2000). Recent results show an even higher within-group inequality for this age bracket. Cohorts aged 60-64 years experienced low within-group inequalities in the mid-1990s (0.22 in 1995) and higher inequalities at the beginning and at the end of the period of analysis (0.25 in 1991 and 0.28 in 2005). The smallest Gini coefficients were estimated for the elderly aged 64-75, varying between 0.20 and 0.25. Low inequalities characterise the oldest age-groups also, but a greater volatility can be observed here.

4.5 Poverty among the elderly, 1990-2005

4.5.1 Trends in relative poverty

The analysis of the income position of elderly in Section 4.4 has indicated in an implicit way that in terms of relative poverty, the Hungarian elderly are less poor than the non-elderly. The incidence of poverty followed the same trend already discussed before: the poverty risk of the elderly was higher than average at the beginning of the analysed period and it started to improve considerably from the middle of the 1990s.

Measured by the poverty line of 60% of equivalent median income, almost one-fifth of the elderly were poor in 1991 compared to 9% in 2005, while the overall poverty rate was at the same level at the beginning of the period as at the end (12%), reaching a peak in the second half of 1990s (14% in 1996 and 1998). At the same time, the poverty risk of the non-elderly grew above the average after 1997 (see Table C9). The share of poor elderly halved in these fifteen years irrespective of the chosen poverty threshold. Comparing the poverty incidence of the elderly and the non-elderly after 1998, we can say that the higher the threshold, the smaller the differences between the poverty rates of these two groups. Although the oldest elderly were estimated to be at a higher poverty risk in the first half of the 1990s by all thresholds, the situation became more balanced between the elderly age groups starting from the second half of the decade.

While the picture regarding the poverty incidence is in line with other information interpreted previously or known from the related literature (Medgyesi 2001; Tóth 2005), estimations for the poverty gap in general are more volatile. What seems to be safe to say is that, the first years of the second half of the 1990s emerge again as the most unfavourable period in the income situation of the Hungarian population after the transition to the market economy (Table C10).

The highest figures of the overall poverty gap are registered in 1997 and 1998. Estimates also indicate that the poverty gap was deeper for the non-elderly than for the elderly during the whole period of analysis. It can also be concluded that the higher the threshold is, the smaller the differences are between the poverty gaps estimated for the elderly and the non-elderly.

4.5.2 Trends in poverty according to national criteria

Minimum old-age pension is used in this report to estimate the poverty risk of the elderly as the national criteria. Starting from 1991, the CSO publishes regular reports on the subsistence level. The estimates are based on the value of minimally required food consumption. The total personal expenditure of a household consuming this amount of food is considered the subsistence level. This is calculated and published by household type on household as well as on individual level. The amount of the subsistence level was HUF 5,000 for a single elderly person in 1991 and about HUF 50,000 in 2005.

Although it is regularly published by the CSO, the subsistence level has not been used in any way for administrative purposes. Instead, the minimum old-age pension was set as the income threshold for the eligibility of means-tested social benefits. The amount of the minimum old-age pension in 1991 was roughly the same as the subsistence level for a single elderly (HUF 5,200), but grew to only half of it by 2005 (HUF 24,700).

As shown in Table C11, only a marginal share of the population falls below this administrative limit. Only 2% of the overall population could have been considered poor in 1991 on this ground and the 2005 figure is even lower (1.3%). Looking at the variation of this indicator over time, we observe that its value showed a peak in the middle of nineties (3.9% in 1997) and falls after that. The poverty risk of the elderly was below average during the whole period. The highest poverty in this definition was experienced by the elderly in 1997 (2%).

4.5.3 Trends in relative poverty, material hardship and subjective income evaluations

We use various indicators in order to consider other aspects of poverty: the square meters per person available in the household, the average number of rooms, having a flush toilet, the share of persons living in owner-occupied dwellings, the share of people who make ends meet with difficulty, and the share of people who run out of money by the end of the month. We also analyse the connection between relative income poverty and suffering from material hardship.

In Hungary, the average floor space per household member was 30 m^2 in 2005, which is about 4 m^2 larger than in 1991 (see Table C12). Older people live in households with an average floor space per capita of 41.5 m^2, much larger than that of non-elderly households (25 m^2). The differences in figures reflect both differences in household size and total floor space. Older people usually live in smaller households, but not always in smaller housing units than the non-elderly. There is not much variance in the average floor space per capita among elderly age groups.

The average number of rooms per household member was 1.03 in 2004. It increased slightly during the last fifteen years (Table C13). There is a considerable difference between the elderly and the non-elderly in this respect as the elderly score better. While non-elderly households had 0.9 rooms in 2004, the elderly had 1.4. The average number of rooms increased by 0.24 between 1991 and 2005 among the elderly. Within the elderly population, the average number of rooms increases with age. The poor elderly live in larger dwellings (by the number of rooms) than the non-poor elderly. The average number of rooms available to households of poor elderly was 1.48 in 2005 (compared to 1.41 among all elderly).

The overwhelming majority of the Hungarian population own their own homes. In 1991, 80% of the total population lived in owner-occupied housing units. Due to privatisation in the housing market this rate increased to around 90% through the last fifteen years (Table C14). There is no significant difference among the elderly and the non-elderly in this respect, and neither among the subgroups of the elderly.

The number of households without a flush toilet decreased dramatically during the last fifteen years. While 18% of the total population lived in housing units without a flush toilet in 1991, only 7% lived under similar conditions in 2005 (Table C15). At the beginning of the 1990s the share of the elderly living in housing units without a flush toilet was twice as high (27%) than among the non-elderly. By 2005 this difference disappeared.

Asking people whether they are able to make ends meet is a commonly-used indicator for material hardship. Unfortunately, neither the HHP, nor the TARKI Household Monitor Survey contains this question. We used data from the EU-SILC for the year 2005 in order to get information on this dimension of material hardship. The question included six response categories: with great difficulty, with difficulty, with some difficulty, fairly easily, easily, very easily. Considering the first three categories, every four Hungarian people out of five reported that they are able to meet ends with difficulty in 2004 (Table C16). More than one half of them (45% of all respondents) however chose the weakest category ("with some difficulty"). There is no difference at all in the answers of the elderly and the non-elderly when looking at all three categories. A higher share of the non-elderly than the elderly (15% vs. 10%) reported that they are able to meet the ends with great difficulty. No considerable variance among the elderly age groups can be observed here.

Finally, we tried to capture material hardship by using a question that was available in the HHP and the TARKI Household Monitor surveys: "Did you run out of money by the end of the month in the last 12 months?" We recoded the six original categories used in the questionnaire into four categories (Table C17) (1) the household did not run out of money at all in the last 12 months, (2) they ran out of money once in 6 months, (3) every 2-3 months or (4) monthly. The share of households not facing any financial trouble has been increasing with some fluctuation since 1991. Almost half of the sample population lived in such households in 2005; this figure was only one third in 1991. The elderly are significantly overrepresented in this category: almost 60% of them checked response (1) in 2005. At the other end of the scale, one-fifth of the respondents reported regular material hardship in 2005, compared to 14% of the elderly. In general, the elderly are underrepresented in categories where financial problems are reported. When looking at the various age categories of the elderly, the reported financial crisis decreases systematically with age. Therefore, the older elderly (65+) tend to report fewer problems then the younger elderly.

Consumer durables can be used as a proxy for the wealth status of a household. The absence of these kinds of commodities captures other dimensions of social exclusion. Medgyesi (2001) analysed this topic using TARKI data, with a special focus on elderly households. He included durables like hi-fi equipment, refrigerator, freezer, microwave oven, washing machine, dishwasher, personal computer, colour television, video recorder and car in his analysis. He generated quintiles of possession of these durables and found that the Hungarian elderly lived in less equipped households in both 1991 and 2000. The share of elderly people in the lowest quintile was about 34% in 1991 (against 17% among active aged persons) and 41% in 2000 (vs. 16%). However, the situation of the elderly improved in absolute terms during the 1990s in this respect.

4.6 Marginal groups

Single elderly women are often considered a potential marginal group among the elderly. Other groups that could have been considered here are missing from household surveys (institutionalised elderly), are represented by such a small number of cases in the sample that does not allow for analysis (Roma elderly), or there is no information about their status in regular surveys such as the HHP or the TARKI Monitor survey (minorities, migrants).

Single elderly women clearly represent a marginal group within the elderly; however, their income position improved considerably during the period of analysis: almost 80% of them belonged to the bottom quintile in 1991, while only 35% in 2005. The shift in their relative position took place in 1995, when 40% of them were in the lowest quintile compared to 62% one year before.[21] Their presence in the top decile is negligible (Table C21). As for changes over time, a high percentage of single elderly women fell into the lowest decile at the beginning of the nineties (47% in 1991, 41% in 1992 and 35% in 1993), moving first upward (9% in 1998) and then slightly downward (14% in 2003 and 2005).

Single elderly women in total are slightly overrepresented in the lowest two income deciles: 66% in the first and 75% in the second compared to 59% of elderly women in total. In addition, single elderly women are overrepresented in both lowest and the second deciles, in comparison with the single non-elderly, but also compared to all elderly women (Table C19).

The poverty rate among the single elderly was higher compared to the overall figures of both the elderly and the non-elderly during the whole period (Table C22). Setting 60% of the median income as poverty threshold, the highest figures were estimated for 1991 (53%), and the lowest in 1996 and 2005 (18%). The higher-than-average poverty risk of single elderly women is observed at the 70% threshold as well, meaning that they did not experience extreme poverty in this period (except for the first three years of analysis). In spite of their improved situation, almost two fifths of single elderly women earn an income lower than 70% of median equivalent income of the total population. Younger single elderly women are at higher risk of poverty than those belonging to older age groups, however the low number of cases in some age groups limits the power of interpretation in this respect (Table C20).

4.7 Prospects for poverty

Short run: labour market

In section 4.1 we presented the immediate impact of the labour market shock on the pension system. Below we analyse how the crisis could affect the system in the decades to come.

The labour market shock of the early 1990s hit the active cohorts to a different degree. In table 4.3 we list labour force participation rates for 5-year birth cohorts in various years. The table reveals that in 1997, when the employment crisis was the deepest, only 62% of the 50-54 years old cohort (born between 1943-1947) participated in the labour market. In 2006 the corresponding figure for the then 50-54 years old (born between 1953-1957) was 73%. The difference is even sharper in the life-cycle period of 55-59 years. Those who were in this age group in 1997 (born between 1938-1942) had a participation rate of 29%. In 2006 the 55-59 years old cohort (born between 1948-1952) had a rate of 52%. These changes are highlighted in the table.

[21] The small sample size increases the volatility of estimates, but this striking shift is probably the effect of the economic stabilization package introduced in March 1995. The income position of pensioners was less affected by the package compared to the active population. A shift of similar magnitude can be observed for all elderly in this period, as shown in Table C5.

Table 4.3 Labour force participation rates by birth cohorts in various years

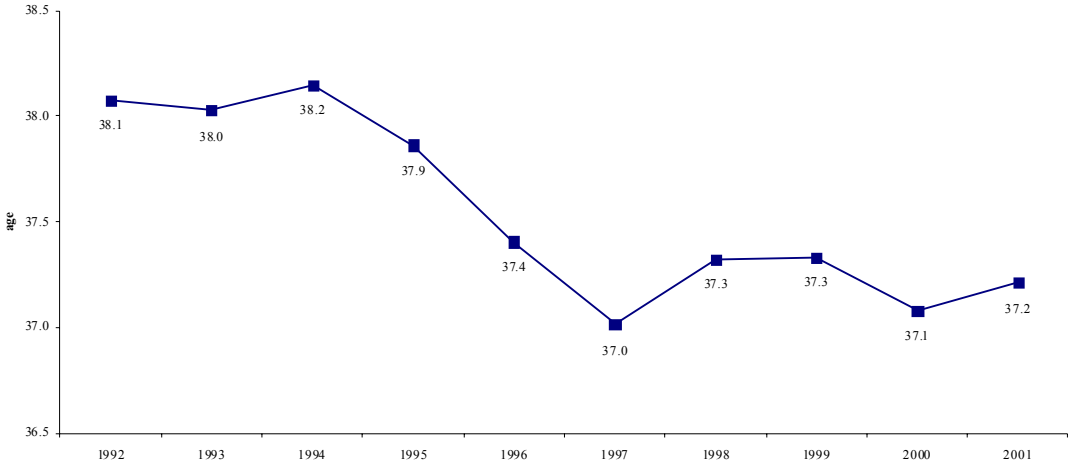
	1992	1997	2002	2006
1973-1977	21.8	59.7	75.1	81.1
1968-1972	69.7	71.9	78.0	83.4
1963-1967	77.3	76.3	82.1	83.7
1958-1962	84.3	81.9	81.6	80.6
1953-1957	88.6	82.5	77.8	**73.0**
1948-1952	88.6	78.0	**68.8**	**52.0**
1943-1947	84.9	**62.4**	**40.9**	13.8
1938-1942	**69.7**	**28.7**	9.8	4.0
1933-1937	**34.3**	7.4	3.1	1.2
1928-1932	13.9	2.6	1.4	Na
1923-1927	9.0	2.3	na	Na
1918-1922	5.3	Na	na	Na

Source: Authors' calculation from OECD Labour Statistics.

In addition, cohorts hit by the labour market shock most severely have flatter age-earning profiles than preceding and subsequent cohorts. The combined effect of broken earnings profiles and declining employment is presented in figure 4.3. The figure shows the age of the average taxpayer of labour related taxes including personal income tax and social security contributions, weighted by the amount of taxes paid. It is apparent that the average age of the taxpayer of labour-related taxes decreased significantly in parallel with the employment crisis. Around the turn of the century the average age of the taxpayer was about a year below the level at the beginning of the 1990s. This drop occurred despite the rapid growth in enrolment in higher education (see Table 4.1), which pushed up the age of taking up the first job. If participation in higher did not grow the decline in the average tax-paying age of labour-related taxes would have been even sharper.

Augusztinovics & Köllő (2008) calculated the expected effects of the labour market shock of the early 1990s on future pensions. They collected retrospective information about the contributory period by cohort, gender and level of highest education, and applied the new benefit formula to be introduced in 2013. Based on information of the registers of the Central Administration of the National Pension Insurance (CANPI) on the contributory history in the years 2001-2005 they differentiated between three main groups of contributors. The *alpha* group consisted of people who had full-time contributory employment during the entire year under examination. The other group, people who collected less than a full year contributory period in the course of a calendar year – that is people in and out of the labour market – were called beta. Within this, they separated two subgroups: *beta-1*, who had at least half a year of contribution in a year and *beta-2*, who had less than half a year. The *gamma* category did not appear in the CANPI registration, neither as contributors nor as beneficiaries. These are people with labour income exclusively from the informal economy or without any labour income. Their number can be estimated as a difference between cohort sizes in the CANPI records and the census. Augusztinovics & Köllő estimated the relative share of these groups in the non-retired population. According to their calculations, the alpha group represented 40%, beta 51% and gamma 9% in the period of 2001-2005.

Figure 4.3 Weighted average age of labour-related taxes (cohort-size effect filtered out)



[a] The effect of size-difference across cohorts were filtered out by applying a uniform cohort-size.

Source: Authors' calculation from tax declaration samples.

The consequences for future pensions of the alpha and the beta-1 groups are shown in Table 4.4. This leads to the conclusion that various groups will have an entry pension below or just slightly above the 40% of average net wages, which is considered as a minimally sufficient replacement rate by the ILO or the OECD. Since the indexation formula is half-price-half-wage, an entry pension just above 40% of average net wages will fall below 40% in a couple of years. Particularly vulnerable are men with uncertain jobs and women, unless they have higher education. The table focuses on groups with better labour market position. Gammas and most beta-2s will not collect enough contributory period to become eligible for old-age pension.

Due to problems of data accessibility, proper transition matrices could not been drawn up in the calculation. The estimations, based on Markov-chains, which were used instead, give only an indication. Recalculations currently being performed – based on individual panel data – will give more robust results.

Table 4.4 Relative entry pensions by the 2013 formula[a]

	Men with			Women with		
	lower	secondary	higher	lower	Secondary	higher
	level of education					
Alpha[b]	63.1	74.7	129.8	49.9	68.7	93.4
Beta-1[b]	36.0	47.0	102.4	30.6	41.4	64.2
Total	48.5	63.2	116.5	39.2	55.7	85.5

[a] Relative entry pension: replacement rate of entry pensions.
2013 formula: the 1998 pension reform prescribed the application of a new, linear benefit formula (see Section 3).

[b] Alpha, beta: groups of people in active age classified by their contributory period within a year;
alpha: people with full-time contributory employment during the entire year;
beta-1: accomplishing at least half a year of contributory period.

Source: Augusztinovics & Köllő (2008: 169).

Long run: demography and education

Table 4.2 reveals that old-age dependency is expected to grow from 49% to 88% between 2005 and 2050. These figures, however, may conceal the real process of ageing. The borderline between young and old, set in the above calculation at 55, may well change in the course of nearly half of a century. The age-threshold separating young and old depends largely on the output of the health care system and education. More specifically, these effects are double-edged. On the one hand, improving health and higher education levels increase life expectancies, stretching pension budgets even further. But on the other hand, people in good health and having marketable skills can stay longer in the labour market.

Although without clear predictive power, we have some indication of the potential effect of increasing education levels on future life expectancy. Table 4.5 shows recent changes in life expectancies by level of education. In the second half of the 1980s life expectancies at the age of 30 for men with incomplete primary education was about 9 years shorter than that of their contemporaries with a college or university diploma. By the early 2000s, this difference had grown to nearly 17 years. Whereas mortality at the lowest educational level declined over the years, it improved in other educational groups, especially in the higher categories. Tendencies were similar among women.

The table offers different interpretations. One is a wide and broadening inequality in mortality by education. Another interpretation is a prediction of increasing pension expenses. The trends reflected in Table 4.5 allow for the conclusion that not only old-age dependency will grow, but also the educational composition of the pensioner society is likely to change. Since people with higher education tend to have higher incomes, and consequently higher pensions, this may indicate an even stronger pressure on future public budgets. A stronger budgetary pressure can in turn raise the risk of old-age poverty, depending on the way society distributes the extra burden across generations.

Table 4.5 Life expectancy at the age of 30 by level of education, 1986-2004

Calendar years	Less than primary	Primary	Secondary	Tertiary	Total
Men					
1986-1990	34.8	36.8	40.5	43.7	37.9
1991-1995	32.0	35.7	40.6	44.5	37.0
1996-2000	32.3	36.5	42.6	47.0	38.3
2000-2004	31.9	37.8	43.9	48.4	39.6
Women					
1986-1990	43.8	45.0	46.0	47.8	45.4
1991-1995	42.9	45.2	46.7	47.8	45.6
1996-2000	43.3	45.7	49.7	50.8	46.6
2000-2004	42.2	47.2	51.0	52.4	47.6

Source: Kovács & Hablicsek (2006: 17).

On the other hand, a society with a higher average educational level may accept a higher retirement age. This would relieve the pension budget in two ways, through longer contributory periods and a shorter retirement career. As Table 4.6 shows, the number of participants in higher education grew by more than 70 percent, from 255,000 to 439,000 between 1998 and 2006. This is not due to demography; indeed, the size of the 18-25 cohorts decreased by 15% through the same period.

Table 4.6 Tertiary education participation (ISCED 5-6), 1998-2006

	Number of participants (thousands)	Participants in % of 18-25 population
1998	255	20
1999	279	21
2000	307	23
2001	331	25
2002	354	28
2003	391	32
2004	422	36
2005	436	38
2006	439	40

Source: Eurostat, CSO.

Consequently the cohorts reaching retirement age in the late 2040s will have a significantly higher educational background than the cohorts retiring around 2030 or before. If this improvement in education were to be translated to higher employment rates in the prime earning years, it will be easier to finance the pensions of the large cohorts born in the mid-1970s. This offers opportunities to reduce poverty among those who will be old in the middle of the 21st century.

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Further data on the Hungarian pension scheme

The time horizon of the paper is 1990-2005. Trends and regulations are described accordingly. However, there were so many changes in the rules of the pension system that a brief summary could be useful. Below we summarise the most important modifications that directly affect old age income. Further changes (e.g. life-cycling and portfolio choice in mandatory pension funds, new regulations concerning asset management fees, etc.) are not listed here.

1. Pension contributions (% of gross wage), 2005-2008

	Total contributions	Contribution of employee			Contribution of employer
		If in full PAYG	If fund member		
		To PAYG pillar	To PAYG pillar	To private fund	
2005	26.5	8.5	8	0.5	18
2006[1]	*26.5*	*8.5*	*8*	*0.5*	*18*
2006[1]	*29.5*	*8.5*	*8*	*0.5*	*21*
2007	29.5	8.5	8	0.5	21
2008	33.5[2]	9.5	8	1.5	24

Notes:
[1] Contribution rules changed during the year.
[2] Pension contributions were raised while health contributions were cut as the division of responsibilities between the two funds changed.

2. Indexation

The 1997 Law prescribed Swiss indexation of benefits replacing wage indexation. The index is calculated from projected wage index and CPI set in the budget. If projection differs significantly from real trends, the index is corrected before the end of the year retroactively. In the table below we show the net wage index and the consumer price index (both from the Central Statistical Office), the resulting Swiss index (which may differ even from the retroactively corrected index; after all even the correction is based on assumptions and not final

data), and the effective increase. In 2001, 2002 and 2008 the correction was given in two rather than one single move.

Pension increase and related statistics in Hungary, 2001-2008

	Effective increase	Swiss index[1]	Net wage index	CPI
2001	1.1587	1.1270	1.162	1.092
2002	1.1578	1.1245	1.196	1.053
2003	1.1078	1.0950	1.143	1.047
2004	1.0736	1.0620	1.056	1.068
2005	1.0736	1.0685	1.101	1.036
2006	1.0555	1.0575	1.076	1.039
2007	1.0650	1.0550	1.030	1.080
2008	1.0732	Na	na	na

[1] Arithmetic average of the nominal net wage index and the consumer price index (CPI).

A further note on benefit increases: a 13th month of benefit was introduced step-by-step between 2003 and 2006. In 2003 one extra week, in 2004 two, in 2005 three and in 2006 three extra weeks were paid.

5. Poland

Katarzyna Piętka*

Summary

1. The income position of the elderly tended to be more favourable in Poland than for the younger group in 1994-2004. The median income of the elderly is higher and grew faster than among the non-elderly. The main reasons for this are the legacy of the social security system inherited from the centrally planned economy, as well as the considerable political influence of the elderly in Poland. On the other hand, one of the lowest employment rates in the EU-25 impacted on low incomes among the population of working age.

2. The sub-groups 55-59 and 60-64 tended to have relatively higher incomes because they worked more often than older persons and/or received pensions, calculated on the basis of more recent average wages than older pensioners. The share of wages was twice as high for the 55-59 age groups than for the 60-64 group.

3. Income inequalities among the elderly were smaller than among the non-elderly. The current diversity of the pension level consists more of differences between privileged and non-privileged professional groups than intergenerational differences.

4. Throughout the analysed period, the elderly were substantially less poor than the non-elderly, according to both relative and absolute thresholds. The poverty gap for the non-elderly exceeded the gap among the elderly by several percentage points. Within the elderly group, poverty rises with age.

5. Relative poverty levels among the elderly remained rather stable over time. Absolute poverty decreased among the elderly, but grew among the non-elderly.

6. The elderly assess their income position and income streams more negatively than the poverty measures would suggest. The trend in the subjective income evaluation corresponds with the development of relative poverty rates.

7. Although the elderly tend to live in larger accommodation, the condition of their homes suggests higher levels of material deprivation than for the non-elderly.

8. Among the elderly, several groups experienced more severe poverty, including persons belonging to households living off social income (other than pensions), farmers and extended families.

9. As a consequence of the pension reform, future pensions will depend on paid contributions throughout the entire working career, the age of retirement and the returns on capital accumulated in the second pillar pension funds. Current replacement rates are considered to be high, but these will be much lower under the new system.

10. There is a strong possibility that in the near future the elderly will be threatened by poverty in cases of relatively short careers or low earnings due to unemployment, care responsibilities, low qualifications or unofficial income. Poland could thus make a transition from a high adequacy of pensions combined with low financial sustainability, to high sustainability but low adequacy.

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5.1 General background information

The size of the Polish population (38.2 million in 2005, which gives a population density of 122 people per square kilometre) was quite stable over the period analysed in this chapter (1994-2004). The period of population growth, which lasted continuously until 1997 (by 0.1% annually on average from 1990), was followed by a period of negative growth rates (-0.05% until 2007[1]). The main reason for the falling trend was emigration, which has intensified since EU enlargement (a permanent outflow of 272,000 in 1990-2006; the size of temporary job emigration during 2002-2006 is much bigger: 1.2 million people[2]). Since 2002 we have also observed slightly negative natural growth of the population. The birth rate per 1,000 inhabitants dropped at the beginning of the transition (from 14.3 in 1990 to 11.2 in 1992, and further down to 9.2 in 2003). Although Polish society can still be regarded as fairly young (41% below 30 years of age, 69% below 50: data from 2005), it is ageing slowly (in 1990 these figures were 45% and 73%, respectively). The drop in the last 15 years is visible especially in the under-15 age group, whose share decreased from 22% to 16%. In 2004, the birth rate started to grow, along with an improvement in the economic situation and better prospects for the economy after EU accession (up to 10.2 in 2007). Firstly, members of the 'baby boom' generation that occurred in the early 1980s are now starting to build their own families. Secondly, that part of the generation over 30 that deferred having children earlier in order to enhance their working careers also started procreating. The trend in the natural growth of the population became positive again as of 2006.

From the beginning of the transition until 2005, GDP per capita in constant prices increased by 67%. However, Poland started from a low base, as GDP per capita (in PPP) was the lowest among the new member states that entered the EU in 2004[3]. In spite of relatively robust economic growth, the employment rate fell from the beginning of the transition: from 53.3% in 1992 to 45.2% in 2005. This reflected the great necessity to improve labour productivity, and affected both women and men, although net male participation remains much higher: 52.4%, against 38.6% for women (2005). An additional factor enhancing productivity growth was the generous policy on social transfers, where early retirement schemes and easy access to disability pensions mitigated growth in unemployment. As a result, the activity rate (gross participation) of people aged 55+ decreased from 25% in 1992 to 17% in 2000 (a threefold stronger drop than for society as a whole) and has remained more or less stable over the subsequent years. The current employment rate in Poland is the second lowest among the EU-25 countries, while the activity rate is the fourth lowest (Eurostat, 2007).

After the economic downturn at the beginning of the transition (negative economic growth, a jump in unemployment, amongst other things), GDP started to grow in 1992 and gained momentum around the mid-1990s. The employment rate stabilised around 51% between 1994 and 1998. The Russian crisis and the world economic slow-down at the end of the last decade brought about another wave of pressure for enterprise restructuring through productivity improvement. Unemployment rose to close to 20%, employment fell to 45%, and the trend continued until the year Poland entered the EU (2004). Subsequently, an economic recovery has taken place, but it has been work emigration which has in the main contributed to the unprecedented fall in the unemployment rate (below 9% in 2008).

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[1] Estimates of the Central Statistical Office for the middle of each year.

[2] Official estimates

[3] According to Eurostat, 53.6% of the EU-27 average in 2007; the next country with higher GDP per capita (PPP) was Latvia: 58%.

Many of the unemployed who were without jobs for more than a year were not entitled to unemployment benefit (close to 50% of registered unemployed in the mid-1990s, 80% by the end of 1998 and 86% by the end of 2004). In some cases they gained access to social assistance, in others they relied on unofficial income sources or simply did not make ends meet. On the other hand, the level of social transfers for the elderly (in relation to GDP[4]) was maintained. The high level of unemployment made the labour market more favourable for employers, with wage pressures remaining relatively weak compared to productivity growth for a long time. In effect, the role of wages in disposable incomes in national accounts decreased from 43% in 1991 to 37% in 2004. Also, since the beginning of the transition unemployed people closer to (early) retirement age have been treated more favourably than the younger unemployed. In 1997, such privileges were even extended and streamlined into pre-retirement pensions and benefits. Moreover, since 1997 the level of unemployment benefit has been linked to employment history, which is of course most favourable for older people. All of this has impacted on total income distribution: the elderly being secured with generous provisions throughout most of the analysed period, while the younger part of society being affected by severe changes in the economic situation and on the labour market.

During the transition the level of education of the Polish workforce has risen. The share of economically active people with tertiary education increased from 9% to 20% between 1990 and 2005. The share of those with at least secondary education rose as well, from 33% to 37%. In line with this, the share of people with only primary or lower education fell (from 25% to 11%). This development creates a strong potential for economic growth, provided the emigration of the young and educated workforce to EU-15 countries stops.

The transition process has also led to structural changes in employment. The most spectacular shift has been from agriculture to services. The share of farmers in the working population dropped from 26% to 16% between 1992 and 2005[5], and a slight fall has been noted for industry as well (from 26% to 23%). The weight has shifted towards employment in services (from 49% to 61%), which was heavily underdeveloped during the communist period. The latter ratio, however, is still behind the average level in the EU, while the share of farmers remains comparatively high.

Taking into account that value added in agriculture contributed only 4.5% to total gross added value in Poland (8.0% in 1995), it is a sector with very low productivity. Farmers, therefore, tend to register relatively low incomes. Their difficult income situation tends to be reinforced by family composition. Families living in the countryside (38% of society) tend to have more children: according to the 2002 census, on average 2.0 per family, against 1.6 among urban families. This implies that income per person is lower among farmers.

5.2 Pension institutions and actors in pension policy

The old-age pension system in Poland has two main schemes: one for most of employees, the other for farmers. In addition to this, there are separate schemes for specific occupational groups, such as military personnel, judges, prosecutors and the police force. Under the standard employee scheme there are also exceptional provisions for certain occupational groups. These entitle miners, teachers, artists etc. to retire earlier (5-15 years, without age limit).

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[4] The fall of the aggregated value of old-age, disability, survival and pre-retirement pensions to 12.7% of GDP in 2000 was due to delayed indexation of pensions until 2001; a jump to 14% in 2001-2003 , some deterioration to 13.4% in 2004 and 12.8% in 2005.

[5] Data prior to 2002 are not reliable, since according to the National Census 2002 the number of individual farmers was substantially overestimated (by almost half). The Statistical Office did not correct the series backwards. Data for 1992 are therefore based on the previous census from 1988.

The 1999 pension reform introduced (mainly) a NDC (notional defined contribution) system for calculating future pensions and replaced part of the PAYG (pay-as-you-go) system with a fully funded pillar. Under the new system, pensions depend fully on the social tax contributions paid during the entire working career, with the standard pension age being 60/65 years, and early pensions are no longer available. A short transition period for early retirement schemes was introduced for people close to retirement age at the moment of the reform's implementation (until 2006, but lately postponed for 2 years). Those obligatorily covered by the two-pillar system were under-31 years old in 1999 and those offered an option to participate in the new system were in the 31-50 brackets. Occupational privileges are to be maintained through the introduction of bridging pensions, which will be financed probably through higher employers' contributions, although this issue has not yet been resolved due to bargaining over the list of occupations to be included. Farmers have remained covered by a separate scheme known as 'KRUS'.

The general conditions for entitlement to an old-age pension are: age 60/65 and 20/25 years of employment history. Before the reform the pension formula consisted of 2 elements:

(1) the ratio of the person's wage during 10 years chosen out of the last 20 years to the average wage in the economy, multiplied by the average wage at the moment of retiring and by the percentage of a component representing the number of years in service;[6]

(2) a 'social element' equal to 24% of the average wage in the economy at the moment of retiring.

The 1999 reform[7] introduced a pension formula fully based on contributions paid during the entire contribution history – indexed with the wage bill growth – divided by life expectancy at the moment of retiring. For people in the age class 31-50 in 1999, who chose not to participate in the two-pillar system the formula change will happen in the first pillar only. For people not covered by the reform (older than 50 in 1999) the pension formula generally remained the same. The only change was extending the period of wage records taken into account. This group was also allowed to retire at age 60/65 if they had less than 15/20 years of contributing, although they did not have a guaranteed minimum pension level then.

Future pensions should gradually become much more diversified than currently, as a result of the new pension formula, which does not contain the 'social element' (implying a rather strong cross-generational solidarity). On the other hand, current diversification mainly stems from differences between the pensions of privileged and non-privileged groups. Miners, soldiers, police, prison staff, (who account for around 18% of expenditure in non-farming schemes), on average have pensions more than double all other pensions in the non-farming pension scheme. This role of privileged pensions should shrink gradually, which will impact in the direction of lowering the variety of future pensions.

The minimum pension level was 90% of the minimum wage at the beginning of the transition. In 1996 it was expressed as 35% of the average wage (which amounted to more or less the same level as previously). Since 1999, the minimum pension has been fixed as a lump-sum (at that time 33% of average wages), which is indexed for inflation. This implies that the minimum pension under the new scheme tends to fall behind average wage growth.

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[6] This amounted to a sum of 1.3% for each contributory year, and 0.7% for each non-contributory year included in the calculation (e.g. due to parental leave).

[7] It should be noted that disability pensions of people who reach retirement age were not automatically transferred into old-age pensions. Therefore the statistics related to these kinds of transfers are not comparable with EU data. An automatic transformation from disability to old-age pensioners was introduced in the 2005 data, but only within the farmers' scheme.

The pensions' indexation mechanism has been subject to many changes. Until 1996 pensions were indexed by wage growth. After that, indexation was based only on price dynamics. In 1999 a mixed mechanism was introduced: anticipated CPI plus 20% of the real growth in average wages. In 2001 this was changed, and registered CPI became the indexation criterion. As of early 2008, mixed indexation has been reintroduced.

Private pensions from the third pillar, which were widely promoted after the 1999 reform, are not yet paid to anyone. The same applies to pensions from the second pillar; the first wave of recipients will occur in 2009.

People who are not entitled to pensions may apply for social assistance, which is means tested. However, a lack of income is not enough to get social assistance benefit. There must be a combination of poverty and at least one other social problem (e.g. inability to work due to physical impairment or old age). The maximum amount of such a benefit could be PLN 418 (in 2004), which was around 22% of the average net wage in the economy.

Politics has played a very important role in shaping income distribution in Poland. The transition was initiated by the *Solidarity* trade unions. The obligation towards workers, especially older workers at that time, was equated with providing them with social protection against the labour market turmoil that followed the systemic changes in the economy. Policies aiming to make older workers retire in order to create job opportunities for the younger generations turned out to be illusory – their places were not filled by young people and in reality have turned out to be part of enterprise restructuring processes on the state's account, although it may have reduced some political tension during the period of implementing the reforms. These policies included opening up the gate for disability pensions widely, the introduction of early pensions (55/60), and a more favourable treatment of older unemployed who were close to the retirement age and had a sufficient working history. The later post-*Solidarity* government (1997-2001) introduced some additional instruments that protected the elderly (pre-retirement pensions, mixed pension indexation).

In the current public debate about the future Polish pension system there is a growing concern about the rising number of very low pensions in the new system. This risk particularly applies to those who have not paid enough contributions to gain a suitable pension, due to long periods of unemployment during the transition phase, or their choosing to work in the shadow economy.

5.3 Data

The analysis below is based on the Polish Household Budget Surveys for the years 1994-2004, which were conducted by the Central Statistical Office[8]. The sample contains over 31,000 households, or about 100,000 individuals, which is considered large enough to make various profiles (Kuhl, 2003, p. 3). The survey is based on monthly rotation, which means that each household is surveyed during the period of one single month. The non-response rate of the Polish HBS is quite high (around 50%; among the non-responsive households pensioners account for a big group, around 30% of the total). A quarter consists of outright refusals to participate. The CSO weights adjusted to the sample size have been applied in the current analyses. "... [The] Polish HBS sample looks underrepresented with respect to specific sub-populations, such as excluded or marginalised groups and, on the other hand, the most affluent and powerful." (Kuhl, 2003, p. 4).

The available data only provide information on the income of households, not on the income of the individual household members. For 1994-1996, only total income is included, that is: monetary and in kind income together; for 1997-2004 both categories of income are available

[8] Calculations for 1994-1999 were performed by Dr. Irena Topinska (CASE).

separately. For the entire analysed period, farming income is available only in the total version, that is monetary income and income in-kind taken together.

In 1997 the Central Statistical Office slightly changed the HBS income concept, introducing a new classification and new measurement approach to the use and repayment of loans and credits. Also, the CSO changed the definition of the main income in the total household budget. This may have affected one of the topics of our analysis, as the composition of two of our 'marginal groups' may have changed. Therefore, the income analyses will be presented separately for the 1994-1997 period (here 1997 according to the old methodology) and the 1997-2004 period (here 1997 according to the new methodology).

Subjective questions about income as well as labour market information were not available before 1997.

In the dataset, income from farming is sometimes registered as negative. This could be the result of an accumulation of expenditures related to farming in the month of the HBS survey, which is not smoothed out over the year. In cases where negative farming income resulted in a negative total disposable income, household income has been set to zero. Incomes are net of direct taxes.

For the years 1994-2000 (when annual average inflation was higher than 5%), all monthly incomes have been expressed in average prices for a given year (which in practise meant, in June prices).

Poverty indices for 2004 were based on both monetary income and expenditure data. The reason behind this was to underline the issue of differences between the two methods. The expenditure approach seems to be more reliable in a number of ways. The Polish HBS was constructed with special attention to the expenditure side of budgets. Moreover, people tended at the time to be more accurate in reporting their spending patterns than their incomes from various other sources. Also, farmer income streams are particularly volatile due to the seasonality of farming production; in some cases this may lead to overestimation, in others to underestimation of their income. The consumption approach allows smoothing budgets over the year.

In order to take account of economies of scale, total household income has been made equivalent, in line with the modified OECD scale, which attributes a weight of 1.0 to a single person or a head of household, 0.5 to each next adult member of a household, and 0.3 to a child (the latter has been defined as a person below the age of 18 here).

Each part of the subsequent analyses has been undertaken in 4 dimensions:

- the elderly 55+ versus non-elderly population (static)
- differences between age sub-groups among the 55+ (static)
- trends in the situation of the elderly versus non-elderly population (dynamic)
- trends in the situation of different age sub-groups among the 55+ (dynamic)

5.4 The income and labour market position of the elderly, 1994-2004

As mentioned above, the available HBS data do not equip us with information on the individual incomes of household members. This means that the income position of the elderly refers to the income situation of the household they live in. On the one hand we get less insight into the income streams of the elderly, but on the other hand we examine the financial situation they face in reality, that is, depending not only on their individual income, but also on the incomes of other household members and on their household composition.

The median monthly equivalised income of the elderly amounted to PLN (*zloties*) 1050 in 2004, which equalled 231 EUR, according to the average exchange rate (see table D2 in the Annex). It

grew in real terms in each year reviewed here, except for 2000[9]. The cumulative real growth of the median between 1994 and 2004 reached 29%. The real growth in the median income of the elderly resulted from favourable indexation (for some years CPI + part of wage growth), but also from the pension formula linking the level of initial pension to the current average wage in the economy at the moment of retirement. In effect, all new pensions tend to be higher than pensions assigned in previous years.

The differences between the median income for different age groups among the elderly are rather small. The median incomes for the sub-groups 55-59 and 60-64 are relatively higher (2-4% of the average for 55+), mostly because they receive income from work. The employment rate for these two age groups is considerably higher (38% for 55-59 and 21% for 60-64 compared with 12% for 65-74, Table 5.1); and although the net replacement rate of pensions is fairly high in Poland, it is still below 80% of previous earnings (2005, see Table 5.3). The median income of older people (65+) varied between 96% and 100% of the median for the 55+.

Table 5.1 Employment rate by age

	1997	1998	1999	2000	2001	2002	2003
15 - 54	**62.3**	**63.2**	**60.8**	**58.3**	**57.2**	**55.9**	**55.7**
55 - 59	42.1	40.8	41.2	39.2	41.0	38.6	38.5
60 - 64	24.4	25.8	25.0	23.7	22.8	21.4	20.8
65 - 74	15.1	16.6	16.5	14.1	14.2	13.2	12.5
75 +	4.7	7.6	5.7	5.4	5.2	4.9	4.2
75 - 79	7.6	8.8	7.8	7.8	7.2	6.9	6.1
80 +	1.5	5.9	2.6	1.9	2.3	1.8	1.6
55 +	**22.2**	**23.1**	**22.4**	**20.4**	**20.6**	**19.5**	**19.3**
All	51.6	52.5	50.8	48.6	48.0	46.6	46.5

Source: own calculations based on HBS.

The strongest real growth in median income over the analysed period was registered for the 75-79 (39%) and 65-74 (35%) groups. This implies that the gap between their income level and the overall average among the elderly became smaller over the years. The trend is due to both the favourable indexation of pensions and the falling employment rate among the 'younger elderly'.

In general, the income position of the elderly (55+) seems to be more favourable than that of the non-elderly (Table D6 in the Annex). In 2004, the median income of the elderly amounted to 116% of the level among those below 55. The ratio was relatively low in 1994 (103.4%) and was characterised by an upward tendency for most of the period. On the other hand, the median income among the elderly fell in comparison with the average net wage in the economy, from 63-64% during 1994-1997 to 57-58% since 2000. Moreover, average wages grew faster than average pensions. This indicates that the main reason behind the widening gap between the median income for the elderly and non-elderly was loss of jobs, which started in 1999 and affected people below 55 the most. In addition to this, people who lost their jobs did not get much social support, as opposed to a stable stream of pensions and pre-retirement transfers (see chapter 5.2). In effect, the significant drop in employment among the working age population led to only a limited drop in the share of wages in total disposable income (from 60.2% in 1998 to 58.7% in 2004, Table D4).

[9] In 2000 the anticipated inflation (used for the indexation of pensions) was far below the registered one (indexation by 4.5% versus average CPI at 10.1%).

Another issue which sheds some light on the more favourable income position of the elderly is that their households tend to have fewer children. Among the adult population (18+) 44% of individuals in the 18-54 age bracket lived in households without children, while the figure was 85% for the 55+ group (including 82% for the 55-59 sub-group: 2004 data). Obviously, the income position of people below 55 was not favourable enough (compared to the elderly) to cover the additional child-related expenses.

Not only does the income position of the elderly look more favourable than that of the younger generations, but income inequalities were smaller as well. Generally, the elderly are underrepresented in the extreme deciles (the 1st, 2nd and the 10th ten-percent groups), while the younger generations are over-represented there (Table D5). Inequalities among the elderly occur, however, as this group is very evenly spread over the middle deciles (from the 4th to the 9th decile). Although the current pension formula still includes a substantial social element, the current diversification of pensions comes mainly from differences between pensions of privileged and non-privileged professional groups (cf. above).

The presence of the elderly in the lowest two deciles fell over the analysed period. In 1994-1997, their share in the 1st and the 2nd deciles dropped from 14.5% to 11.6%, and from 20.4% to 16.7%, respectively. In 1997-2004 the changes were smaller. In the 1st decile the share dropped from 11.2% to 8.4%, while it fluctuated in the 2nd decile (15% in 1997-2000, falling to 12.3% in 2003, and rising back to nearly 15% in 2004). The share of the elderly in the highest decile was more stable, with a slight increasing tendency in recent years.

The changes in shares in the two lowest deciles mostly reflect modifications to the indexation mechanism. The shift from wage- to CPI-based indexation in 1996 slowed down the decreasing share of the elderly in the lowest deciles, and the introduction of the mixed mechanism (CPI and wages) in 1999 led once again to a falling trend (2000 was an exception, cf. footnote 9). The share in the lowest deciles stabilised after the pure CPI mechanism was re-introduced.

At the start of the period analysed here, many schemes and policies protecting the elderly had already been implemented. There was a substantial growth in the number of new disability pensioners in 1990-1993, a huge increase in the number of early pensioners at the very beginning of the transition, more privileges were awarded to the older unemployed, and the pension formula was strongly linked to average wage developments. Therefore, from the very first year of the analysis, the income situation of people 55+ looked more favourable in comparison with the younger generations. The further relative improvement of the elderly's situation in the following years resulted from the presence of those mechanisms, launching some favourable new policies (such as the introduction of pre-retirement pensions in 1997), and especially the deteriorating labour market situation since 1999, which affected the working age population the most. The income position of the elderly fluctuated somewhat due to changes in the indexation mechanism; however, such effects were short-term, as low indexations in some years were usually corrected in the following year.

Previously we concluded that the sub-groups 55-59 and 60-64 were better off than the 'older elderly', due to their higher labour market participation and the income-smoothing effects of social transfers among older persons. We can observe, however, that the inequality of income within the 55-64 group was higher than in the other elderly sub-groups. The 'younger elderly' are better represented in both the highest[10] and lowest deciles – the latter in case of people aged 60-64 since 2001. Up until 1999 both sub-groups were significantly less represented in the 2nd decile, but since 2000 their presence compared with their share in overall society has exceeded

[10] This means that the ratio between their share in the 10th decile and their share in the total population in a given age sub-group is smaller than analogical ratio for the other sub-groups of the elderly.

the analogical relation for the oldest sub-groups. Income inequality among the elderly, as measured by the Gini coefficient, for most of the period decreased with age (it was 0.31 for 55-59, 0.27 for 60-64, 0.25 for 65-74, 0.24 for 75+ in 2004).

Table D7 in the Annex shows that throughout the period reviewed here, income inequality among the elderly is smaller than in the younger age groups (e.g., in 1999 the Gini for 55+ was 0.247, against 0.310 for the non-elderly). These inequalities fluctuated slightly over time; in general, the higher the economic growth the greater the inequality, and vice versa.

The shares of particular types of incomes differ substantially over age groups (Table D4). Household budgets for the group below 55 are dominated by wages (57-59% in recent years); the shares of social transfers (19-21%) and non-farming self-employment (10-11%) are far lower. For the elderly, the opposite occurs: the main income stream consists of social transfers (74-76%), and labour income accounts for 17%. The role of other sources of income is very limited. Interestingly enough, the role of farming income is only twice as low among the elderly compared to the younger age groups. The main reason for this is that relatively more elderly live in extended families whose main income is from farming (which implies that in this group the role of farming income does not diminish with age that much). A second explanation could be that the labour productivity of farmers is relatively low. So when the share of farming pensioners increases along with the age groups, a gradual drop in the role of farming income is not as influential as labour income is in other sectors of the economy.

There are large differences in the income structure between the elderly sub-groups. The share of wages is twice as high for people aged 55-59 than for the 60-64 group, and this continues to decrease as ages climb. For people 80+, however, the role of wages, as well as of self-employment income, is higher than for those in the 75-79 age bracket. This is mainly due to differences in family structures. In 2004, 25% of people 80+ lived with their children (against 15% for the 75-79 group), so their children's income affected the composition of the household budget to a greater extent.

In this context, it is important to note that the number of older people living with their children decreases over time; for 80+ it was around 40% in the mid-1990s, and for the 75-79 it was 25%. This reflects, on the one hand, the general improvement of living conditions in Poland, as a result of which generations are less often forced to live together for economic reasons. On the other hand, the trend could also indicate a gradual process of loosening children's sense of responsibility to take care of their older parents.

The biggest changes in the shares of income sources occurred between 1994 and 1997, and mostly relate to the growth in the share of wages, which has offset the fall in the role of farming income and social transfers for the non-elderly. This happened on the back of the restructuring process of the Polish economy, and the tightening of welfare policy for the non-elderly. Since then, income shares have remained fairly stable in all analysed age groups. Less important changes included a fall in the share of wages for 75+ (from 12% to 8%) - probably as a result of the decreasing number of older people living with their children. For the elderly, the role of social transfers gained in importance between 1997 and 2004 (its share rose from 73% to 76%). This occurred especially in the 75+ age group, but also among people in the 60-74 age bracket, as a result of lower employment rates and an increasing reliance on social transfers.

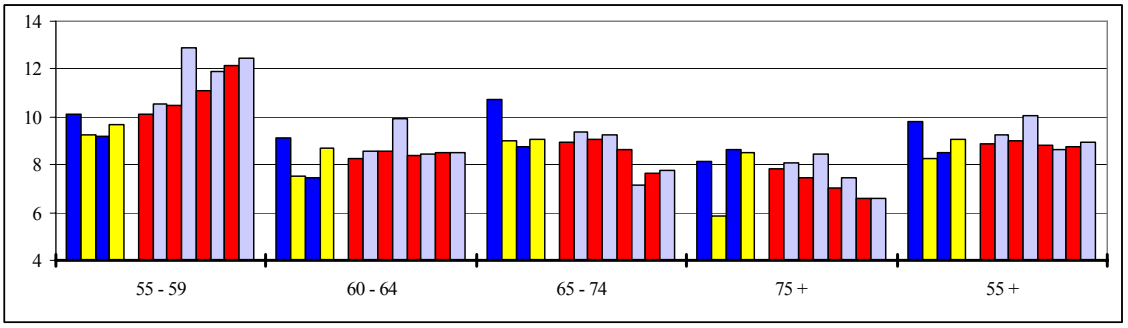
In general, social transfers have contributed to the more favourable income situation of the elderly. The possibility of the 55-64 age group to combine labour income and pensions places them in the most comfortable position.

5.5 Poverty among the elderly, 1994-2004

Relative poverty indices

In general, the Polish elderly are less poor than the non-elderly. In 2004, relative poverty according to the 60% median[11] income threshold was 18.3% for the entire population, but was only 8.9% for 55+ and 21% for the population below 55 (Table D8). At the beginning of the analysed period the poverty rate among the elderly was 35 percentage points lower than among people below 55, and the difference grew to over 40 percentage points in 1995-1997. Poverty calculated based on monetary income alone (according to the new methodology introduced in 1997) was slightly higher for the non-elderly, which made the difference between the rates for both groups expand to nearly 50 percentage points. In 2001, it widened further to around 55 percentage points and remained stable until 2004. The increasing divergence in these poverty rates reflects a higher incidence of poverty among people below 55, as the level for the elderly remained fairly stable.[12] Stable and long-term social transfers (pensions) for the elderly and the favourable indexation mechanisms kept their average incomes growing faster than those of younger generations.

Figure 5.1 Poverty rates by elderly age groups, 1994-1997[a] and 1997-2004[b] (60% median income threshold, in %)



[a] Blue and yellow bars

[b] Red and grey bars

Source: own calculations based on Polish HBS.

The situation of the elderly was not homogeneous. First of all, the highest risk of poverty was noted for the 55-59 sub-group (12.4% in 2004). For most of the analysed period poverty decreased with age: the older the group, the lower the poverty rate. The degree of differentiation among the sub-groups increased over time, especially when comparing the 55-59 group to the rest of the elderly. The poverty incidence for the 55-59 sub-group grew from 10.1% in 1997 to 12.4% in 2004, while it remained stable for the 60-64 category (8.5% in 2004) and decreased for the oldest groups (from 9% to 7.7% for 65-74, and from 7.8% to 6.6% for 75+). This leads to the conclusion that pensions, which play a much bigger role in the budgets of 60+ people than in the case of the 55-59 group, protect individuals from relative poverty more effectively than other sources of income.

It looks as if there is not much clustering around any of the poverty lines equal to or lower than 70% of the median income. In 2004, decreasing the poverty line from 70% to 60% (that is, by 14%) reduced the overall headcount index by around 30%; dropping the threshold value from

[11] The median for the total population was used in all the relative poverty calculations

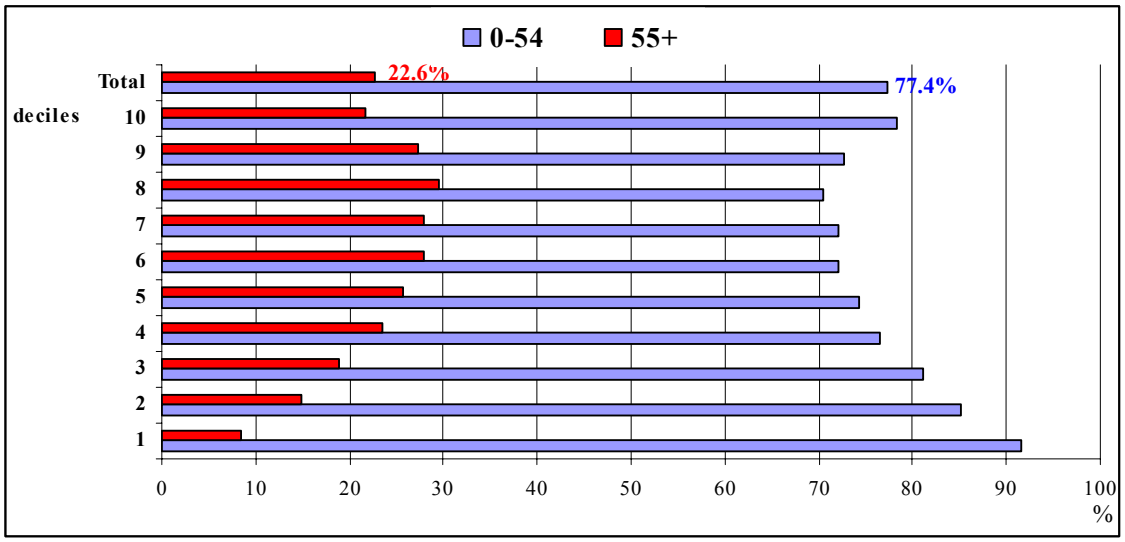
[12] With the exception of the year 2000, when wage growth was high and pension indexation fell behind registered inflation; cf. above.

60% to 50% (that is by 17%) reduced the overall headcount index by around 35% (from 18.3% to 11.9%); and lowering the line from 50% to 40% of the median (by 20%) reduced the poverty rate by around 43%, to 6.9%. Thus, the reduction in the headcount index is rather proportional to the degree by which the poverty line is decreased. However, among the elderly we observe some clustering around 50% of the median. Increasing the threshold by 20% (to 60% of the median) almost doubles the poverty rate (from 4.6% to 8.9%); while lowering the threshold by 20% (to 40% of the median) reduces the headcount index by nearly half (to 2.5%). The elasticity of the poverty rates at different threshold values is therefore greater for the elderly than for non-elderly population.

The three lowest relative poverty lines (40-60% of the median) all fall into the first two deciles of income distribution. Low poverty rates among the elderly according to these criteria correspond with evidence on their under-representation in the bottom deciles (cf. above and table D5).

In each year the difference in poverty rates between the elderly and the non-elderly decreases if the threshold value is raised. In 2004, poverty among the non-elderly was 1.9 times higher than among the elderly if the 70%-threshold is applied; using the 40%-criterion, the relative rate was much higher (3.3). This pattern can be explained by the stronger inequality among the non-elderly, who were over-represented in the highest and the three lowest deciles, while the elderly were concentrated in the 4-9th deciles.

Figure 5.2 Shares of age groups in each decile in 2004



Source: own calculations based on Polish HBS.

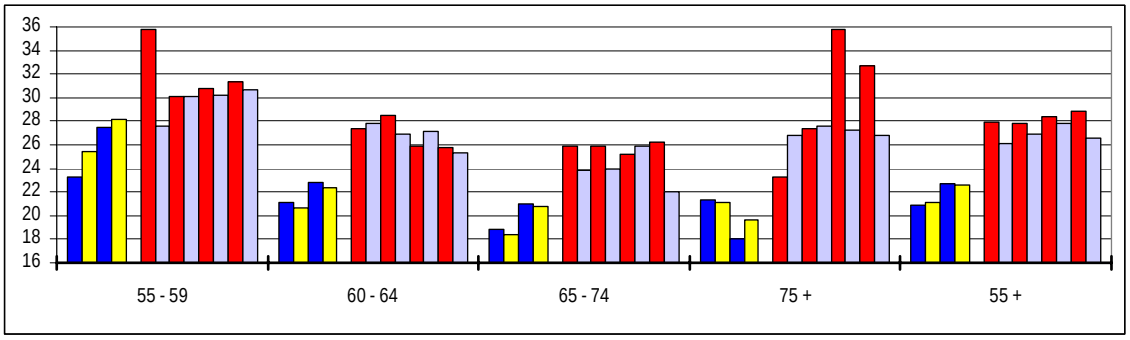
The growing discrepancy between both groups over time at 50%, 60% and 70% thresholds was less obvious than at 40% of the median. This implies that income levels above 40% of the median were changing for both groups in a similar way.

Poverty gap ratio

The poverty gap ratio at 60% median income is 30-31% (Table D9). The elderly are not only less poor than younger generations, but their poverty is also slightly less severe: the gap is lower by 2 to 5 percentage points compared to the below-55 group.

Similar to what we saw in the headcount index, within the elderly group the poverty gap ratio decreases somewhat with age, at least until the age of 75 (22% for 65-74 in 2004); the gap is slightly higher among the oldest group (26.7% for those aged 75 or more).

Figure 5.3 Poverty gap ratios by elderly age groups, 1994-1997[a] and 1997-2004[b] (60% median income threshold, in %)



[a] Blue and yellow bars
[b] Red and grey bars
Source: own calculations based on Polish HBS.

There is no clear trend in the poverty gap ratio of the total elderly group; the changes that occur do not seem significant (fluctuations of between 20.9% and 22.8% during 1994-1997, and between 26.1% and 28.9% during 1997-2004). Some trends may be discerned in the poverty gap ratios of the age sub-groups, however. Among the 55-59 age group, the gap steadily grew in 1994-1997. After a one-off downward correction in 1998 it remained stable during 1999-2004. The poverty gap ratio for the 60-64 age category also grew between 1994 and 1997, but in the second period a decreasing trend was dominant (27.4% in 1997, 25.3% in 2004). For the two oldest groups there were a few one-off peaks, but on the whole the poverty gap ratio remained fairly stable, especially during 1997-2004.

For the 3 highest relative thresholds, the poverty gap ratios for the elderly and the entire population are rather similar. Applying the lowest threshold value (40% of the median income), however, the gaps among the elderly are significantly higher (in 2004: 42% at 40% of the median, against 33% at 50% of the median). This means that among the poorest elderly the share of those with comparatively low incomes is high. The situation did not really change much over time: the poverty gap ratio in 2004 was nearly the same as in 1997 (44%), with some fluctuations in between.

The gaps in the case of the lowest threshold have lowered over time for society as a whole, following the trend among the non-elderly. Gaps for the elderly remained stable, while at the same time they have become (since 1998) higher than the gaps for the non-elderly. As such, in general the poverty rate among the low-income elderly is lower than among people below 55, but there are some very poor individuals among the elderly whose average income below the 40% median threshold is lower than for the younger generations. These groups may consist of the elderly with very low pensions, most probably farmers and disabled pensioners in the employee system, or people in extended families sharing their income with other household members. Both arguments seem to make sense. According to official information about the distribution of non-farming pensions[13] in 2004, 0.3% of retirement pensioners and around 15% of disabled pensioners received benefits below the level corresponding to 50% of the median income. Also, in 2004 among the elderly with income below the threshold of 30% of the median income, 31% lived in households with at least 4 adults, 56% with at least 3 adults, 18% with at least 3 adults and 2 children.

Applying the lowest relative threshold, the smallest gap occurred among the youngest poor elderly (55-59). This is probably due to a comparatively high labour participation (including

[13] Non-farming pensioners of all types accounted for 81% of the total number of pensioners in 2004

spouses), and also reflects the fact that the minimum wage is above the minimum pension. Even if they are poor, they attain a somewhat higher income. The poverty gaps at 40% median income grew with age. This could be related to the relatively high share of pensioners receiving pensions according to the old formula, which have become relatively low over time, due to limited indexation (not linked to the current average wage level for most of the time).

National poverty lines

We have used 3 criteria for calculating national poverty:

(1) The *subsistence minimum* represents the value of a basket of goods which are deemed necessary to exist for a single pensioner (calculated by the public *Instytut Pracy i Spraw Społecznych*).

(2) The *legal threshold* represents the maximum level of income which qualifies for social assistance; its level is set at around 25-30% above the subsistence minimum for a single pensioner.

(3) The *social minimum* represents a complex basket of goods and services which allow a satisfactory lifestyle. This criterion has also been developed by *Instytut Pracy i Spraw Społecznych*.

Incomes below the social minimum (or rather 'social threshold') are often equated by politicians and the media – rather erroneously – to a situation of poverty requiring state intervention.

Taking into account the high level of the social minimum threshold, it is obvious that this generates the highest poverty rates, as 34% of the entire population cannot afford a satisfactory lifestyle (2004, Table D10). Poverty according to the legal threshold was 11%, while on the basis of the subsistence minimum over 6% of the population was classified as poor.

The differences in poverty between age groups according to the national criteria are very similar to those generated by the relative poverty lines. The elderly generally are in a more favourable position, with poverty rates 3 times as low as the non-elderly in the case of the subsistence and legal minimum criteria, and close to 2 times as low applying the social minimum threshold.

Overall poverty according to the national criteria decreased in 1994-1997, but has been growing since 1999. Growth in poverty was registered among younger generations only; according to the national thresholds it remained stable for the elderly (after the initial drop in 1994-1997). Among the elderly the highest poverty rates occurred within the youngest generation (55-59), which is in line with the results based on the relative poverty lines. Households with a low labour income and/or with children are more exposed to the risk of poverty.

Poverty rates using the expenditure approach

It was suggested in the data section that an expenditure approach to household budgets is more reliable. We have undertaken an alternative analysis of poverty rates in 2004 using equivalised expenditures and relative as well as national poverty lines (Table D14). The overall headcount index at 60% of the median expenditure amounts to 16.3%, which is somewhat lower (by 2 percentage points) than the rate calculated on the basis of equivalised monetary income only. This conclusion holds for all variants of the relative and national poverty lines, except for the social minimum. The latter can be explained by the fact that the social minimum represents a wide basket of goods and services, and therefore represents a relatively high threshold value. As such, dealing with higher household budget levels and neglecting accumulation of savings[14] (when moving from the income approach to the expenditure approach) leads to a higher poverty rate under the expenditure approach (compared to the monetary income approach).

[14] A difference between income and expenditure.

Generally speaking, the expenditure approach reduces poverty rates among the non-elderly, and increases poverty rates among the elderly (by 1.6 percentage points at 60% of median expenditure). This applies in fact only to the 60+ age groups, which show a larger gap between the median monetary income and median expenditure (which could be interpreted as accumulation of savings or underestimated consumption) than for the younger age categories. This leads to the conclusion that either people below 60 more often receive unreported incomes (which are hopefully captured under the expenditure approach), or that the level of consumption of the 60+ group is comparatively more modest, which places them in a lower position in society than according to monetary incomes.

According to the legal threshold, the headcount index would be higher for all sub-groups of the elderly. Using the subsistence minimum (which is lower than the legal threshold), poverty rates are higher only for the 75+ population). According to both criteria, among the non-elderly poverty is lower using the expenditure approach than if one applies it to monetary income. Using the rather high social minimum as a threshold, all age groups register higher poverty rates when equivalised expenditures are considered. What is most important, however, is that using the expenditure approach does not change our main conclusions. The ordering of individuals slightly changes, but according to all thresholds the elderly are still less poor than the non-elderly if one looks at expenditures instead of monetary income.

Poverty according to subjective criteria

We sought to answer two questions on the subjective assessment of income in the Polish HBS. One is about 'making ends meet', according to which the elderly are a little less dissatisfied than the non-elderly: 37% versus 45%, respectively, in 2004 (Table D11). This is in line with their objective situation. It is rather interesting that a similar share of all the age groups stated that they have 'difficulty' in making ends meet, but that the 'great difficulty' category is mainly the domain of the non-elderly. This corresponds with the wider poverty gap for the group below 55, using the 60% median income threshold. The assessment by the elderly of their income situation is less negative as age increases, which once again is in agreement with their 'objective' income position. Over time, the assessment of difficulty or great difficulty in making ends meet has remained fairly stable among the elderly as well, which is similar to the development of poverty rates and gaps in the 1997-2004 period. It seems that older Poles tend to assess their income subjectively in the same way as the objective measurement suggests. The levels of dissatisfaction, however, are much higher than the poverty rates.

The assessment of their general material situation is slightly less negative among the elderly: 27% found it 'very bad' or 'insufficient', which is less than among the younger generations (36%, Table D11b). In line with the facts, the share of the elderly qualifying their situation as 'very bad' is less than half the rate among the non-elderly. The less elderly also assess their material circumstances as 'insufficient', but the difference between the two age groups is much smaller here. In line with objective indicators, subjective assessments of material situation as 'very bad' tends to decrease with age. The claims of insufficient material situation are highest among the 55-59 group, but the shares for the other elderly sub-groups are very similar. Although the poverty rate among the elderly was quite stable during the 1997-2004 period, the share of negative assessments of material situation has decreased since 2001. Thus, we can draw the conclusion that the elderly tend to assess their material situation in nominal terms as well as by comparing themselves to others.

Material hardship

We have selected two indicators that may represent material hardship among the elderly: a per capita floor space of less than 7 m^2 and/or the lack of a flush toilet in the house (Table D11c). The elderly live in flats with little space per person to a much smaller extent than younger

generations (0.4% and 3.2% respectively in 2004). However, according to the other indicator, the elderly tend to live in worse conditions – as much as 11.6% do not have a flush toilet at home, while it is 8.1% for the non-elderly population. The trend for this indicator is improving for both groups, though - the share of people without a flush toilet has dropped by a half since 1994. There is no such obvious downward trend regarding the share of households living within a small floor space. Living conditions in terms of floor space seem to have improved somewhat in 2004, when emigration and growth in newly built apartments in 2003 (by 67%) may have contributed to reducing the share of people living on a limited per capita floor space.

Situations where persons both have limited floor space and no flush toilet are quite rare (in 2004 this amounted to 0.2% among the elderly, and to 1.1% among the non-elderly). Most probably these are mainly people living in rural areas, in poorly equipped houses and with no resources for renovation.

5.6 Marginal groups

Based on previous research (e.g. Kohl 2003) we assume that the income position of the Polish elderly is not only heterogeneous according to age, but also in terms of some other personal or household characteristics. To assess this, we have investigated 4 potential 'marginal groups' among the elderly:

- farmers, that is people living in a household where the main share of declared income comes from agriculture;
- large families (consisting of 5 household members or more);
- people living on social income,[15] other than pensions;
- single women.

Looking at the poverty figures, three of these actually turned out to be marginal.

Farmers

Poverty rates among farmers are very high: 26.4% for the elderly (at the 60% of the median income threshold), against 41.5% for non-elderly (in this case based on monetary and non-monetary incomes, 2004; cf. table D13 in the annex). These figures are two times as high as for the total population in the case of the non-elderly and three times as high for the elderly.

There are several reasons for the marginal income position of farmers. First of all, farmers' pensions are lower than in the employee scheme. Secondly, there are many farmer households which operate with little monetary income (they do not place their products on the market), which is considered a structural obstacle in the economy. As a result, an average income from farming compared with an average labour income is substantially lower. Including estimates for non-monetary income (as measured in the available data) does not really change the picture.

The situation may have improved since EU enlargement in 2004. The high demand in the EU for Polish agricultural products has pushed prices up (also on the internal market) and raised farmers' incomes. In the micro data we see some lowering of monetary poverty among farmers in 2004, and macro data for 2005 indicate likewise.

Pensions provide a better income than farming: again, the income situation of the elderly in farming households is more favourable than that of non-elderly farmers. This conclusion does not change when we use the expenditure approach, although the poverty rates among farmers

[15] Other than transfers dependent on social tax payments; these are: family (incl. alimony) and care benefits, all kinds of social assistance, unemployment and pre-retirement benefits

are significantly smaller then: by nearly 3 percentage points for the elderly and 12 percentage points for the non-elderly.

Large families

Poverty in large families is much higher than for the entire population, but to a much smaller degree than in the case of farmers: using the 60% of median income threshold, the poverty rate among the elderly living in large families is 19.1%, which is over two times as high as among all elderly. For the non-elderly large families the rate is much higher: 31.8%, 1.5 times as much as among the entire non-elderly group.

The more favourable situation of the elderly living in large families as compared to their younger counterparts can be explained by the smaller number of children. As discussed earlier, the role of social transfers in protecting against poverty is quite strong among the elderly. Higher poverty among the elderly in big families compared with all elderly tend to be caused by the presence of children – for 85% of the elderly children are members of their households. Some of these elderly may live with the families of their children that have low incomes.

Living on social income (other than pensions)

Among the a priori selected marginal groups, poverty is highest for the non-elderly living on a social income: 55.3%, if one applies the 60% of median income threshold. For the elderly living in a household where social income is the main source of income, the poverty rate is much lower (33.6%). In the past, however, the latter figure was considerably higher, amounting to more than 50% in 1997-1998. The introduction of pre-retirement pensions (which are counted here as social income, following the CSO) was most probably responsible for this improvement of the relative income situation. This group also includes people at retirement age who have no right to any kind of a pension and have to rely on social assistance.

Single women

Single women are not a marginal group in Poland. Their poverty rates are below levels for all the elderly, which is the case not only for the 55+ group but also for the non-elderly group. Among the elderly the poverty rate for the 60% median threshold was 7% and 13.4% among the non-elderly (as opposed to, respectively, 8.9% and 21% for total given age groups).

5.7 Prospects for poverty[16]

The income situation of the elderly described in the previous sections looks quite favourable. Some of the elderly, especially those below 65, may feel satisfied that they do not need to work and can devote their spare time to themselves or their families (e.g. taking care of grandchildren in a situation of scarcity of child-care infrastructure). We can discuss the extent to which the elderly – let's say those below 65 – are happy not to work.

However, the future situation for the elderly will change gradually.

Demographic developments

Polish society is currently relatively young. The dependency ratio measured as the share of the elderly 65+ of the 15-64 population was below 19% in 2007, or in other words 5.3 persons of working age 15-64 per 1 elderly 65+. However, according to baseline projections by Eurostat, the ratio is worsening quite fast. In 2020, the elderly 65+ will account for 27% of the 15-64 population and in 2050 as much as 51% (2 persons at working age per 1 elderly 65+, Table 5.2). The latest demographic projections by the Central Statistical Office for 2008-2035 are very

[16] This section was mostly based on Zukowski (2007).

similar. The share of the 55+ group, analysed in the report, will more than double and their number will exceed the younger generation – 15-54 – in 2050. These scenarios assume a fairly stable share of children. The new pension formula based on the DC (defined contribution) rule should introduce independence of the system from adverse changes in demography. However, as long as pensions are paid based on the old DB (defined benefit) pension formula (that is until around 2035) – with some professional groups also left out of the system (as it is currently) – the increasing burden of the elderly above the retirement age on the working age population will negatively affect the sustainability of the system.

Moreover, according to projections, we will observe a diminishing total population (to 33.7 million in 2050), which will reflect a shrinking number of children and persons aged 15-64. In the new pension system the accumulated capital in the first pillar is indexed with wage bill growth and in the second pillar with the rate of returns on investments in capital markets. If the low current employment rate does not grow substantially in the coming years, adverse changes in demography may impact on future pensions indirectly, despite the new formula. The lowering number of working age people may gradually halt economic growth rates, though smaller returns on domestic capital markets may be offset by investing abroad and the second pillar pensions would not be affected by this. However a lowering number of working people means a less dynamic wage bill and smaller indexation of accumulated capital in the first pillar, which would produce less attractive future pensions. The growing birth rate since 2004 gives some hope for less disadvantageous demographic developments, however, with some extraordinary occurrences (deferred maternity of women in their thirties), meaning Eurostat projections may still remain valid.

Table 5.2 Dependency ratio

	2007	**2020**	**2030**	**2040**	**2050**
Total population ('000 000)	**38.0**	**37.1**	**36.5**	**35.4**	**33.7**
0-14	6.0	5.4	5.2	4.6	4.4
15-64	27.0	24.9	23.1	22.1	19.4
65+	5.1	6.7	8.2	8.8	9.9
% of 15-64					
0-14	22.2	21.5	22.4	20.6	22.6
65+	**18.8**	**27.1**	**35.7**	**39.7**	**51.0**
% of 15-54					
55+	**40.7**	**59.2**	**68.0**	**88.0**	**103.2**

Source: Eurostat baseline scenario.

Another important demographic development is life expectancy. People live longer in Poland compared to previous years. Life expectancy has increased by 4 years since the beginning of the 1980s: for women from 75.4 in 1980-81 to 79.4 in 2005, for men from 66.9 to 70.8. The trend will continue and have an adverse impact on the level of future pensions because life expectancy at the age of retiring is in the denominator in the pension formula.

Pension system

The application of the new pension formula (that is starting in 2009) will gradually cover more pensions along with the process of the retiring.[17] If the retirement age remains 60 for women and 65 for men, the first cohort of women who were obligatory included in the new system would retire in 2030 and the first cohort of men would retire in 2035 (some of them may though have incentives to work longer). The new pension will depend fully on the capital (that is, paid

[17] Plans for reforming the pension system for farmers, which is heavily subsidised, and pushing it towards sustainability have not yet been clearly laid out.

social tax) accumulated throughout entire working careers, as well as life expectancy at the age of retiring. As mentioned above, the accumulated capital in the first pillar is indexed according to growth in the nominal wage bill. In this respect its value will depend on the number of working persons and the level of the average wage in the economy. The capital in the second pillar will be indexed with the rate of return on investments in financial instruments. The original plan assumed the option of choosing investment schemes in respect to their level of risk, however, currently only a universal scheme is available. During 1999-2006 the capital accumulated in the second pillar of pension funds has grown much higher than the 'notional capital' in the first pillar. The third (voluntary) pillar may supplement the level of the pension from the first and the second pillars, although interest in such programmes is still very low.

Table 5.3 Current and prospective theoretical replacement rates

		Gross replacement rate[a]	Net replacement rate[a]
Base case 100% of average earnings	2005	63.2	77.7
	In 10 years	43.5	53.5
	2010	63.2	77.7
	2030	51.7	63.8
	2050	35.7	43.9
2/3 of average earnings	2005	63.2	77.7
	2050	38.7	43.8
Concave earnings profile	2005	61.9	76.1
	2050	33.9	41.7
Rising earnings, from 80% to 120% of average	2005	60.4	74.7
	2050	29.7	36.6
Rising earnings, from 100% to 200% of average	2005	59.5	73.2
	2050	26.8	33.0
Interrupted career (30 years of seniority at retirement)	2005	55.9	68.7
	2050	26.8	32.9
Woman, retirement age of 60 and 35 contributory years	2005	57.8	71.1
	2050	25.9	31.9
4% real rate of return	2005	63.2	77.7
	2050	38.7	47.6
Retirement age of 67, 42 contributory years	2005	65.3	80.4
	2050	40.4	49.7

[a] The replacement rate is the ratio of the old-age pension benefit in the first year after retirement to the earnings in the last year of employment.

Source: Ministry of Social Policy (2005), p. 40.

According to the projection in the Pension Strategy 2005 (Table 5.2), the replacement rates from the new system will be much lower than those from the old one. An insured person whose earnings were in each year equal to the national average will decrease from 63.2% to 35.7% (gross) or from 77.7% to 43.9% (net) between 2005 and 2050. For all the variants of working career presented in the table the drop in the replacement rate is substantial (the smallest by nearly half).

Jajko-Siwek looked at the combination of conditions that would guarantee protection of future pensioners from poverty at 30% of average earnings in the economy. According to her projections, women will tend to face an especially difficult situation, due to a shorter contribution history (breaks for bringing up children, earlier legal retirement age, unofficial employment). A woman earning average wages in the economy will need at least 28 years of insurance period to reach the minimum (Table 5.4). With earnings e.g. between 65-85% of the national average a woman would avoid poverty if she retired at the age of 60 or 61 after 42 years of working history. Men earning average wages and retiring at legal retirement age (65) would always qualify for a pension, keeping them out of poverty.

Table 5.4 Conditions of accumulating pension rights protecting from poverty

Item	Sex	Earnings during insurance period	Variables analysed	Values guaranteeing protection from poverty (pension equal or higher than 30% of average earnings)
1.	Women	Constant: 100% of average earnings	Retirement age, Insurance period	1. Insurance period > 28 years 2. Insurance period <25; 28> years and retirement age > 63 years
2.	Men			Always
3.	Women	Rising earnings[a]		Insurance period > 26 years
4.	Men			Always
5.	Women	Various earnings	Retirement age, Insurance period, Earnings	1. Earnings > 112% of average earnings 2. Earnings (<85; 125> and insurance period > 29 years 3. Earnings (<65; 85> and insurance period > 37 years and retirement age > 61 years 4. Earnings <65; 85> and insurance period > 42 years and retirement age 60 or 61 years
6.	Men			1. Earnings > 72.5% of average earnings 2. Earnings <55; 72.5> and insurance period > 32 years 3. Earnings <45; 55> and insurance period > 39 years
7.	Women	Constant: 100% of average earnings	Retirement age, Insurance period, Rate of return of OFE[b]	1. Insurance period <26; 28>; retirement age <62; 65> and rate of return > 4.0% 2. Insurance period (<29; 32>; retirement age <62; 65> and rate of return ≤ 4.0% 3. Insurance period <29; 32> and rate of return ≥ 4.0% 4. Insurance period > 32 years
8.	Men			Always
9.	Women		Retirement age, Insurance period, OFE's charges	Little relevance of charges
10.	Men			Always
11.	Women		Retirement age, Insurance period, OFE	1. Insurance period 23 years; retirement age 64-65 years and 1 out of 9 best OFEs 2. Insurance period 24-26 years; retirement age > 61 years and 1 out of 9 best OFEs 3. Insurance period 27-31 years; 1 out of 11 best OFEs 4. Insurance period 27-31 years; retirement age 64-65 years and 1 out of 4 worst OFEs without the worst 5. Insurance period more than 31 years
12.	Men			Always

[a] From 70% of average earnings by 1.1839% yearly for men and 1.1818% for women (based on empirical data);
[b] OFE= open pension funds
Source: Zukowski (2007) p. 13, after A. Jajko-Siwek, *Do the new retirement pensions protect from poverty? (2007)*

Looking for the conditions that would guarantee a maintaining of previous living standards (that is receiving a pension at a level of at least 60% of last earnings before retiring) Jajko-Siwek has projected that a woman who was earning an average wage in the economy and wanted to retire at the current legal retirement age of 60 would not be able to reach a pension level of 60% of her previous earnings. To earn such a pension, a woman would need to work much longer, for example at least 41 years, retire no earlier than 62 years and belong to one of the best-performing open pension funds (Table 5.5). The conclusion Jajko-Siwek draws is that the vast majority of women will not earn a pension enabling them to maintain their previous standard of living. For men it will be possible on condition of a longer insurance period and higher retirement age. In the base case of an average earner, a man can earn such a pension retiring at the legal retirement age of 65 after only at least 44 years of insurance.

Table 5.5 Conditions of accumulating pension rights enabling to maintain previous living standards[a]

Item	Sex	Earnings during insurance period	Variables analyzed	Values guaranteeing to maintain previous living standard (at least 60% of last earnings before retirement)
1.	Women	100% of average earnings	Retirement age, Insurance period	Never
2.	Men			1. Insurance period <36; 39>; retirement age > 68 years 2. Insurance period <39; 43>; retirement age > 67 years 3. Insurance period > 43 years
3.	Women	Rising earnings[b]		Never
4.	Men			Insurance period <40; 47>; retirement age > 68 years
5.	Women	Earnings from 36% to 60% of average earnings	Retirement age, Insurance period, Earnings	Never
6.	Men			1. Insurance period <36; 39>; retirement age > 68 years 2. Insurance period <39; 43>; retirement age > 67 years 3. Insurance period > 43 years
7.	Women	100% of average earnings	Retirement age, Insurance period, Rate of return of OFE[c]	Never
8.	Men			1. Insurance period <35; 38>; retirement age > 68 years and rate of return = 5% 2. Insurance period <35; 38>; and rate of return > 5% 3. Insurance period > 48 years; retirement age > 68 years and rate of return at least 3% 4. Insurance period <39; 44>; retirement age > 68 years and rate of return = 4% 5. Insurance period > 44 years and rate of return = 4% 6. Insurance period > 38 years and rate of return > 4%
9.	Women		Retirement age, Insurance period, OFE's charges	Never
10.	Men			Little relevance of charges
11.	Women		Retirement age, Insurance period, OFE	1. Insurance period 39 or 40 years; retirement age above 61 years and 1 out of 14 best OFEs 2. Insurance period <41; 44> years; retirement age <60; 62> years and 1 out of 5 best OFEs 3. Insurance period > 44 years; retirement age <60; 62> years and 1 out of 7 best OFEs 4. Insurance period > 40 years; retirement age > 62 years and 1 out of 7 best OFEs
12.	Men			1. Insurance period <31; 34> years; retirement age 65 or 66 years and 1 out of 6 best OFEs 2. Insurance period <31; 34> years; retirement age > 66 years and 1 out of 6 best OFEs 3. Insurance period <32; 34> years; retirement age > 68 years and 1 out of 10 best OFEs 4. Insurance period > 34 years and 1 out of 8 best OFEs 5. Insurance period <35; 40> years; retirement age > 68 years and 9., 10. or 11. OFE 6. Insurance period > 40 years and 9., 10. or 11. OFE 7. Insurance period <41; 45> years; retirement age > 69 years and 12. or 13. OFE 8. Insurance period > 45 years; retirement age > 67 years and 1 out of 5 worst OFEs without the worst

[a] It was defined that a pension equal to at least 60% of last earnings before retirement enables maintaining living standard;

[b] From 70% of average earnings by 1.1839% yearly for men and 1.1818% for women (based on empirical data);

[v] OFE= open pension funds

Source: Zukowski (2007) p. 13, after A. Jajko-Siwek, *Do the new retirement pensions protect from poverty? (2007)*

Poverty and politics

There is a lot of concern that the disparities among future pensions will increase substantially. First of all, a replacement of the intergenerational solidarity element in the old pension formula with the direct link to individual earnings will introduce greater differences between pensions. Although there is a mechanism in the system of pension funds aimed at guarantying similar returns on capital, the differences between future pensions will also take place in the second pillar component of the pension. This will result – as in the first pillar – from the level of individual earnings and length of working history. There are concerns that many people, due to interrupted careers or low earnings, will not qualify for adequate pensions and will fall into poverty in relative terms (that is, compared to the rest of society). The projected gradual fall in the replacement rate may cause social unrest, especially given that the growing number of the elderly means a larger elderly electorate as well. In order to avoid political tensions in the future, actions should be taken now. The key challenges for economic policy are: the necessity to increase the employment rate among society as a whole, as well as among the elderly alone, introducing mechanisms motivating the elderly to defer their retirement, develop social infrastructure that would enable (mainly) women to avoid interruptions in their working history (child care in the forms of kindergartens etc., elderly care).

The impact of work emigration that has intensified since EU enlargement in 2004 may have a double effect. If employment of emigrants is official and they pay social taxes then the accrued pension rights to relatively higher benefits should impact on higher overall future pensions for emigrants after they return to the country. However, this is not so if employment history is non-registered, with no pension insurance. Future pensions of these people would be low, unless they work longer or secure their future incomes through the third pillar pensions.

Summing up, Poland will gradually transform a costly pension system with highly adequate benefits into much more financially sustainable one, but with lower adequacy of pensions. One should keep in mind, however, that full financial sustainability can be achieved only if privileged professional groups are covered by the unified system with a single pension formula and integrated legal requirements.

6. Romania

Ádám Lénárt*

Summary

1. Absolute poverty in Romania decreased from 36% to 15% in the period of economic growth between 2000 and 2005. The rate of absolute poverty peaked in 2000, following the years of economic recession in 1997-1999. In spite of the sharp decline, Romania's poverty level is still among the highest in Europe. In particular single old women and the rural elderly have a high poverty incidence.

2. Poverty is shallow; the population is densely concentrated around the poverty threshold. This suggests a high elasticity of poverty to economic changes. It also means that inequalities have been moderate throughout the period discussed in this paper.

3. The income position of the elderly has improved relative to the non-elderly in the period of 1995-2005. In 1995 the elderly had a higher chance of being in the lowest income deciles than the non-elderly; this has reversed since then. However, in absolute terms they are still in the least favourable position of all age groups.

4. Self-consumption has an important share in the income structure of all age groups. Its share increased in the years of recession due to a combination of a large-scale land reform and industrial restructuring. This induced a massive outflow of less qualified workers, in particular older workers, from cities to villages and from industry to agriculture. In the absence of an adequate safety net and a labour market able to absorb excess labour supply this move to subsistence agriculture represented a survival strategy. In 2005, 15 percent of household revenues stemmed from self-consumption, down from 23 percent in 2000.

5. Subsistence agriculture protected pensioners the most. The land reform in 1991 granted two-thirds of agricultural lands to pensioner-led households. The relative share of self-consumption in total income, which was 23 percent for the society as a whole, was 29 percent among the elderly (55 years old and older) and 32 percent among the oldest elderly (75 years old and older) in 2000.

6. The pay-as-you-go pension system inherited from the state socialist era granted pensions over 50 percent of the average net wages to the elderly. In the turbulent 1990s the replacement rate fell rapidly, plunging to 33 percent by 2006. Pensions have improved recently. Since 2006 they have been raised in multiple steps, leading to an almost doubling of pensions in real terms by 2009. This move is motivated by political considerations and poses a threat to the emergence of a political business cycle in pensions also known in other Central and Eastern European countries.

7. The number of beneficiaries exceeds the number of contributors to the pension system. Although the Romanian population is ageing and the population is decreasing, the ratio of the active population to pensioners has been stable so far. Demographic tendencies will collide with the pension system in the future; currently it is the labour market trends that jeopardise the pension system.

8. A multi-pillar pension system started to operate in 2007-2008. In reaction to the demographic trends the government has enacted initiatives to move towards a pre-funded pension system since 2000 and in 2007 private pension funds could start to recruit members.

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6.1 General background information

6.1.1 Trends in the economy and the labour market

After the economic turmoil that followed the collapse of the state socialist system in the 1990s, the increasing domestic demand gave impetus to the Romanian economy (Gligorov and Podkaminer 2007). The real GDP growth was 42.1 percent between 2000 and 2006, which means an approx. 5.2 percent growth annually. However, the GDP reached the 1990 level again only by 2004-2005. The main drivers of growth were (i) the growing contribution of the private sector to the economy; (ii) the absorption of EU funds; (iii) the facilitation of acquiring consumption credits; (iv) the introduction of a flat tax of 16 percent in 2005 and (v) foreign direct investments stimulating capital formation (Ciobanu and Ciobanu 2008).

Table 6.1 Economic and labour market indicators 1995-2005[79]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Real GDP growth (%)[a]	7.1	3.9	-6.1	-4.8	-1.2	2.1	5.7	5.1	5.2	8.5	4.1
Final consumption (%)[a]	13.1	8.0	-4.2	1.1	-2.5	1.4	6.3	4.9	8.3	10.2	9.4
Real wage growth (%)[a]	12.5	9.4	-22.8	4.0	-2.5	4.3	5.0	2.4	10.8	10.5	14.3
Activity rate (%)[b]	-	-	64.8	63.6	68.7	68.8	67.7	63.6	62.4	63.2	62.4
Employment rate (%)[b]	-	-	60.9	59.6	63.5	63.6	62.9	58.0	57.8	57.9	57.7
Unemployment (%)	9.5	6.6	8.9	10.4	11.8	10.5	8.8	8.4	7.4	6.3	5.9

[a] Methodological changes in 1999 that can disturb time series.

[b] Methodological changes in 1999 (calculation reduced from the entire 15+ cohorts to the 15-64 cohorts) and in 2002 that can disturb time series.

Source: NIS, Eurostat, own calculations.

The real wage growth also supports the escalating internal demand but it also adds to the increasing demand for foreign goods, which, in turn, affects the export-import balance. The negative trend in the net export might decelerate the real GDP growth (Table 6.1) in the future.

The labour market is characterised by a rate of unemployment[80] decreasing in recent years in line with the rate of activity (Table 6.1). The restructuring of the economy that has accompanied the systemic changes caused employment to reduce by more than 2.3 million jobs. Early retirement, external migration and unemployment are the main sources of the decline of employment (Zaman and Stanculescu 2007). The shrinking participation in the labour market combined with falling unemployment suggests an intensive emigration, and an inflow of the labour force to subsistence agriculture and the urban informal economy (Kotzeva and Pauna 2006). The structure of unemployment reflects labour market rigidities, including a high ratio of long-term unemployment and youth unemployment (see Figure 6.1).

As for the participation in the informal economy, estimations vary from 1.2 million participants (11 percent of the labour force; cf. Zaman and Stanculescu 2007) to two third of the households in 2002 (Neef 2002) or more than one third of the households in 1996 (Pelinescu 2003). The size of the informal sector is estimated from 25-28 percent (Albu 2007) to 37 percent (Schneider (2006) of the GDP, and the income generated by the shadow economy is believed to reach one

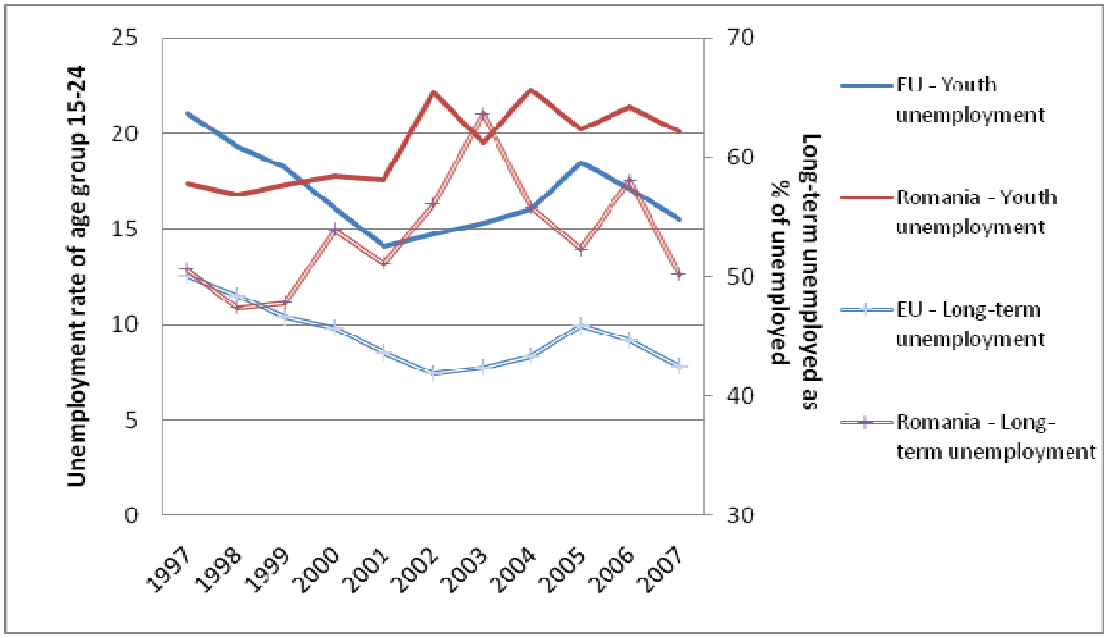
[79] The high growth in 1995-1996 is a recovery of the plummeting values of the previous years. Output and employment in these years were still well below the 1990 level.

[80] The unemployment rates published by the National Institution of Statistics of Romania (NISR) differ from those of Eurostat. In order to assure internal consistency of the time series, here we use NISR data.

quarter of the total household income (Albu 2007). This has long-term consequences for future pension eligibilities.

The continuous decline of the employment rate stopped in 2002. Since then Romania has experienced a marginal increase in employment. This increase is bolstered by the recent economic growth and the introduction of the less constraining flat tax of 16 percent on personal income and corporate profits (World Bank 2006).

Figure 6.1 Youth and long-term unemployment in Romania and in the EU



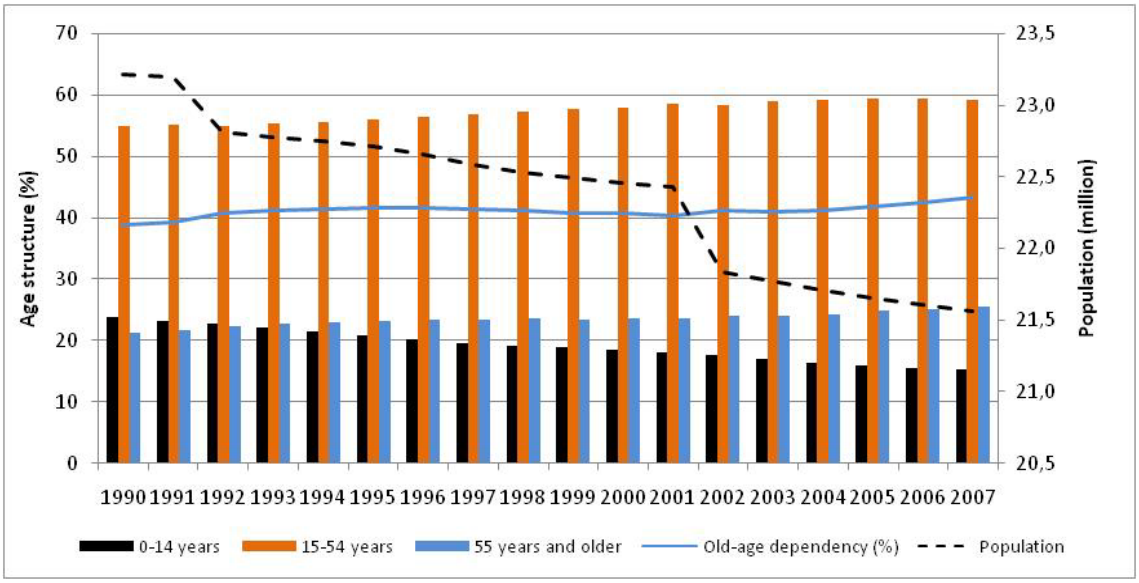
Source: Eurostat.

6.1.2 Demographic trends

The population of Romania was about 21.6 million in 2007, 1.6 million less than in 1990. This decline is caused by the sinking birth rate combined with emigration. The net reproduction rate has been deteriorating continuously since the mid 1970s and it dropped below 1 in 1983. Increasing life expectancy, however, could balance the low rate of net reproduction until 1990, which was the first year registering shrinking population.

Despite the significant decrease of the population, old-age dependency basically remained unchanged during the observed time period. Decline of the population size occurred mostly in the youngest age groups (less than 15 years old). The old-age dependency ratio between the age groups 55+ and 15-54 was almost identical in 2007 and 1990. While the number of children (<15) decreased by about 2.2 million after 1990, the volume of the age groups of 15-54 years and 55+ increased by 300 thousand each (Figure 6.2). The ratio of youths decreased so fast that the total age dependency decreased between 1990 and 2007 (cf. Table E1 in Annex E). The sharp fall in fertility in the 1990s will, however, likely produce a rapid increase in old-age dependency from the current 44 percent to over 100 percent by 2045 and 113 percent in 2060 (Table E2 in the annex). Migration furthermore exacerbates the gloomy demographic situation. According to NISR figures almost 400 thousand permanent emigrants left the country between 1990 and 2006, in contrast with the 90 thousand immigrants. However, temporary emigration for working opportunities abroad has also been significant since the second half of the 1990s. According to estimations based on the last census, temporary emigration was about 360 thousands people (Sandu et al 2004).

Figure 6.2 Population structure and old-age dependency[81]



Source: Eurostat.

In the beginning of the 1990s there has been a considerable internal migration from rural areas to cities (Table E1 in the Annex), but this trend has turned to its reverse after 1997, when the second recession generated a massive outflow from cities to subsistence agriculture in villages. This outflow was induced by a combination of a rapidly shrinking labour market and an insufficient social assistance system (Zaman and Stanculescu 2007) and the labour-intensive character of Romanian agriculture, which has gained impetus by the privatisation of the former collective farms (Macours and Swinnen 2005, Zaman and Stanculescu 2007). Thus subsistence agriculture was able absorb some of the urban unemployed population.

6.2 The pension system

6.2.1 History and reforms

Romania inherited a fragmented mandatory pay-as-you-go pension regime from the state socialist period. Separate social security systems were available for different sectors and professions. Besides the State Social Insurance Fund[82] and the Supplementary Pension Fund other funds provided pensions to numerous professions such as farmers, servicemen and war veterans (Toma 2004). High contributory rates were necessary to finance the generous replacement rates: for the mandatory State Social Insurance Fund the rates of the contribution equalled 14-40 percent of the gross wage bill paid by the employer, and 3 to 5 percent of the total monthly gross wage bill for the Supplementary Pension Fund, which was also paid by the employer. Participation in the State Social Insurance Fund was obligatory only for wage and salary earners. The self-employed were offered to partake in the public insurance system, but their involvement was negligible.

[81] The sharp drops in 1991/1992 and 2001/2002 are most likely due to methodological reasons as the population censuses were carried out in those years.

[82] The Social Insurance Fund also covered risks such as maternity, sickness, employment injuries, occupational diseases, invalidity, survivors (Toma 2004).

As employment, and consequently social security contributions, decreased following the first transitional shock in 1992, it became quickly apparent that the pension scheme should be reformed in order to be sustainable in the long run. In 1993 a White Book concerning the need for pension reform was published (Pop and Calugaru 2004) which concluded that:

(i) the defined benefit pay-as-you-go scheme should be transformed;

(ii) the fractured pension system should be integrated into a universal public pension system;

(iii) the low retirement age, 55 years for women and 60 years for men, should be raised;

(iv) it should be made more difficult to obtain early retirement pension, an escape route from the labour market, which lowered the actual retirement age by about 4 years.

During the 1990s only ad hoc measures were implemented by the government to compensate the falling replacement rate, which accounted for 51 percent of the average net wage in 1990, but dropped to 33 percent by 2006. The recent pension increases in 2007-2008 raised again the replacement ratio, to 47.2 percent of the average net wages by March 2008.

The first profound reform of the pension system was enacted in 2001 by the Law No. 19/2000 on the public systems of pension and insurance rights. This reform consisted of the following main elements (Toma 2004, Pop and Calugaru 2004, Vasile and Zaman 2005):

- Integration of the existing funds into a universal pension system. The former State Social Insurance Fund, the Supplementary Pension Fund and the Farmer's Fund were abolished, and a universal system covering every profession was introduced.
- The National House of Pensions and Other Social Insurance Rights (CNPAS, by its Romanian acronym) was established as an independent agency for the management of the pension system, whereas the Ministry of Labour, Family and Equal Opportunities (MMSSF) got the responsibility of creating social policy.
- Every person who earned a wage above a certain level was mandated to participate in the pension system. The objective of this article of the law was to extend the coverage to the whole active population.[83] This change made possible the involvement of the self-employed and farmers. Compulsory coverage of farmers in the pension system was later revoked and it became voluntary for them to participate in the system.
- Contributions were made more visible for the insured by legally redistributing a part of the contributions from the employers to the employees. This move did not change the actual incidence of contributions but made it more evident. By introducing direct involvement of the insured to the pension system, the legislator wanted to emphasise personal responsibility and raise the willingness to contribute.
- The contribution base was enlarged as all payments to the employee were made subject to contribution. Previously contributions were deducted only from permanent payments.
- Retirement age was to be gradually raised from 60 to 65 for men and from 55 to 60 for women by 2014.
- As the age of retirement was raised the number of service years requested for full eligibility also increased from 25 to 30 years for women, and from 30 to 35 years for men. The minimal contributory period was set at 10 and 15 years for women and men, respectively.

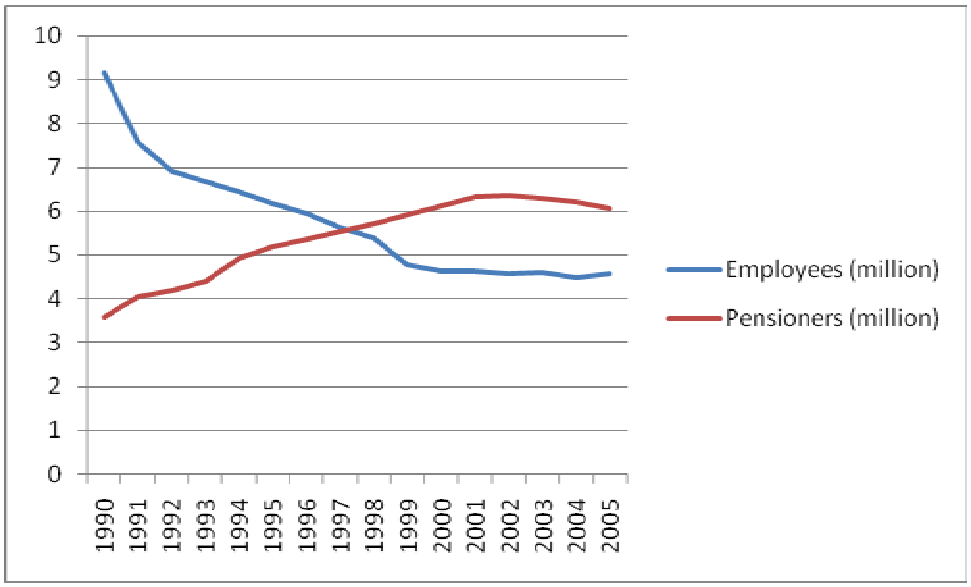
[83] Thereby enlarging the numbers of the contributors of the PAYG system.

- A new benefit formula was introduced that takes into account the amount of contribution and the lengths of the contributory period. Up to a threshold value a minimum pension was granted; above that contributions defined the benefits. Thus a mixture of a defined benefit and a defined contribution system was created.
- Revision of the jobs classified as arduous and very arduous reduced the number of employees who were eligible to lower contribution rates.

The declining number of contributors (employees) combined with the increasing number of beneficiaries show a gloomy picture of the economic-demographic tendencies (Figure 6.3). Despite the, for the time being, relatively favourable demographic background in international comparison, low employment creates financial difficulties already now.

Self-employment (self-employed and contributing family worker) accounts for one third of the total employed population; over 3 million in 2005. The number of the elderly is overrepresented in these economic categories: 37.1 percent of all self-employed and 26.2 percent of the contributing family workers were older than 55 years. Self-employment is largely agricultural. Whereas only 3 percent of employees, 33 percent of the total labour force including the self-employed worked in this sector in 2005.

Figure 6.3 Number of contributors and beneficiaries of the pension system[84]



Source: NIS.

Being aware of these tendencies, a public debate has been going on for a decade about the introduction of private pension funds into the pension system. Finally in 2004 the legislation regulating the creation of private pension funds was enacted. The main features of the second reform were:

- The creation of a multi-pillar pension system. The first pillar remained the regular PAYG pension system. The second pillar is made of the mandatory private pension funds whereas the third pillar is that of voluntary funds.

[84] Here the number of employees means the full time equivalent number; the actual number of employees was 5.9 million, 1.4 million higher than presented in the figure, in 2005.

- Participation in the private pension scheme was made compulsory for employees below the age of 35 years (already members of the first pillar) and voluntary for employees between the age of 35 and 45 years. This benefit formula, above a minimal threshold, is based on defined contributions. Funds are managed by private investment companies. The contribution to funds is increasing through the gradual reallocation of some of the contributions from the first pillar. In the beginning 2 percentage points will be reallocated, increasing by 0.5 points annually up to a limit of 6 percentage points.
- The third pillar, the voluntary private pension scheme, is also based on defined contributions and managed by private companies. The upper ceiling of the voluntary contributions is 15 percent of wages. The government offers an income tax deduction up to 200 euros per year for each contributor. The employer can receive the same deduction. Licensed insurance companies, investment companies and pension funds are allowed to administer this pillar.
- The Private Pension System Supervision Commission (CSSPP, by its Romanian acronym) was created in 2005 in order to regulate and supervise the functioning of the private pension system.

The current pension system

As noted above, the current Romanian pension system is a multi-pillar pension system, as shown in Figure 6.4.

The first pillar. The previously purely defined benefit PAYG pension system exhibits the characteristics of a defined contribution scheme to some extent. It covers the risk of old age, disability and survivorship. Benefits are calculated by a points system; the employee receives a maximum of 3 credit points for a full year of contribution from an average wage. The pension is then determined by multiplying the pension points with the pension point value, which is set by the social security budget law every year.

The objective is to ensure a replacement ratio of 45 percent for an employee having a full time contribution period. By 2014, men will be eligible for full old-age pensions at the age of 65, and women at the age of 60 after 35 years and 30 years of contribution, respectively. Early retirement is possible 5 years before the retirement age if the required full service period has been collected.

The contribution of employers amounts to 19.75 percent of the employee's gross wage. The employee's contribution rate equals to an additional 9.5 percent of gross wages. This rate is going to be reduced by 0.5 annually until it reaches 3.5 percent, because of the contributions paid to the mandatory private pension system.

The first pillar offers State guaranteed pensions in case of bankruptcy.

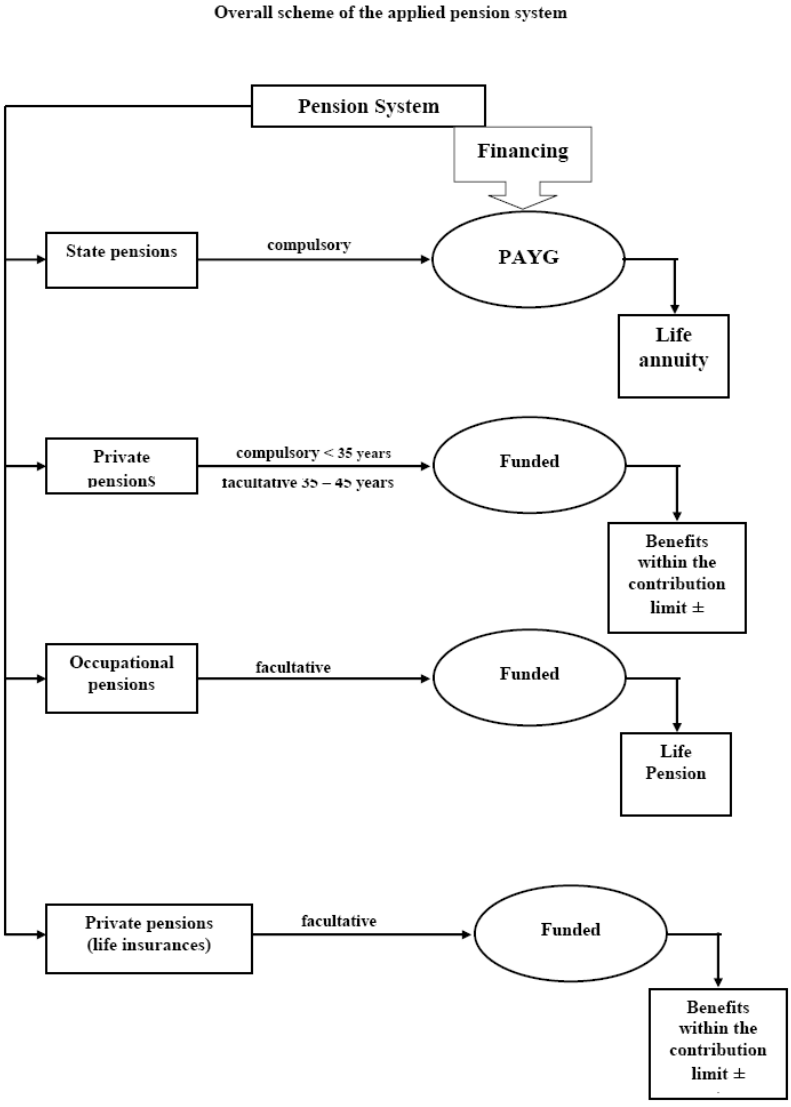
The second pillar. Mandatory private pension funds started to operate in 2008. Participation is mandatory for all employees under 35 years of age, and voluntary for the 36-45 years old age group. The second pillar is financed by a part of the employee's contributions. During the first years a maximum of 2 percent of the wages is directed to the private pension funds. This rate is to be increased by 0.5 percent annually, until it reaches 6 percent after 8 years. The retirement age is the same as in the PAYG-pillar, including the same possibility of early retirement 5 years below retirement if the participant has served the full contribution period.

The private pension funds started to recruit members in September 2007. In four months every mandated person, and also those aged between 36 and 45 years who wished to participate in the second pillar, had to choose a licensed pension fund. By March 2008 the operating pension funds recruited 4.2 million members (CSSPP 2008) with a total of more than 24 million euro

monthly contribution to this pension scheme. The market is rather concentrated, as the market share of the two (out of 14) largest funds (ING and Allianz-Tiriac) is about 60 percent.

The third pillar. Voluntary private pensions are available for employees and the self-employed. It is possible to participate in any number of occupational pension schemes. The contributions to this pillar are determined by the specific pension scheme. These are paid simultaneously with the mandatory social insurance contributions to the employee's own account at a private pension institution. The contributions can reach a maximum of 15 percent of the gross wage of the employee. Participants of this pillar can retire at the age of 60 years if they have achieved a contributory period of at least 90 months. By the end of December 2007 50,887 participants had joined this pension scheme.[85]

Figure 6.4 The Romanian pension system



Source: Vasile and Zaman (2005: 11).

[85] Apart from these pension schemes there is also a functioning life insurance scheme with its insurance institutions.

6.3 Data[86]

The data used for analysing the income position and poverty of the elderly in Romania are taken from the Integrated Household Survey for the years 1995-2000, and the Family Budget Survey for the period 2001-2005. The Family Budget Survey preserves the Integrated Household Survey modules on expenditures and incomes, although some adjustments to the Eurostat definitions and classifications were made. Despite these adjustments the data gained from the two types of surveys are comparable (Tesliuc et al 2003). These nationally representative surveys were carried out by the NISR in cooperation with the Ministry of Labour, Family and Equal Opportunities (MMSSF) and designed with the assistance of the World Bank. The first survey was completed in 1994 and has been carried out since then annually.

Each month a cross-sectional interview of 3000 households is administered, totalling in an intended sample size of 36,000 households annually. The monthly response rate equals to 2600-2800 households on average. All datasets are weighted to avoid non-response bias (see Table E3 in Annex E). These questionnaires provide information regarding demographics, assets, labour market, income, purchases and consumption. They offer only limited information on material hardship. The information is collected by a household questionnaire with a complementary diary.

The main strength of these surveys lays in measuring monthly current consumption. The total household consumption aggregate consists of the consumption of food (including home produced food), purchases of non-food and services, and the amortisation value for a small number of selected durables. Due to data constraints (both in terms of quality and availability) the consumption aggregate ignores housing, consumption of non-food home products or services, as well as publicly provided education, health services and other in-kind public services. Current household consumption is deflated with a robust price index, which accounts for the consumer price index, cross-regional cost differences, and seasonality.

The datasets have some limits. Only food self-consumption (agricultural self-employment) can be estimated. The recall period is short. Share of seasonal income is relatively large, as well as the share of informal income, which is difficult to record (Tesliuc et al 2003). The regular incomes are measured adequately by the surveys, but the more volatile sources of income, such as farming, cannot be evaluated precisely because of the one-month recall period. Thus, the same household could appear poorer before harvesting than after.

Weighted data were used for the calculations in this chapter. The equivalence scale applied in this chapter is based on two parameters: the cost of children relative to adults, and the economies of scale of household size. The formula used to determine the number of equivalent adults is: $E=(A+0.5C)^{0.9}$, where *A* represents the number of adults and *C* the number of children (0-14 years), and 0.9 is the economies of scale parameter.[87]

We had no direct access to these datasets. The tables that are analysed and interpreted here were prepared by Manuela Stanculescu and Lucian Pop.

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[86] For a more detailed description of the methodology of the Integrated Household Survey and the Romanian Household Budget Survey see Tesliuc et al (2003).

[87] This equivalence scale developed by the World Bank is different from the rest of the country chapters, which use the modified OECD scale.

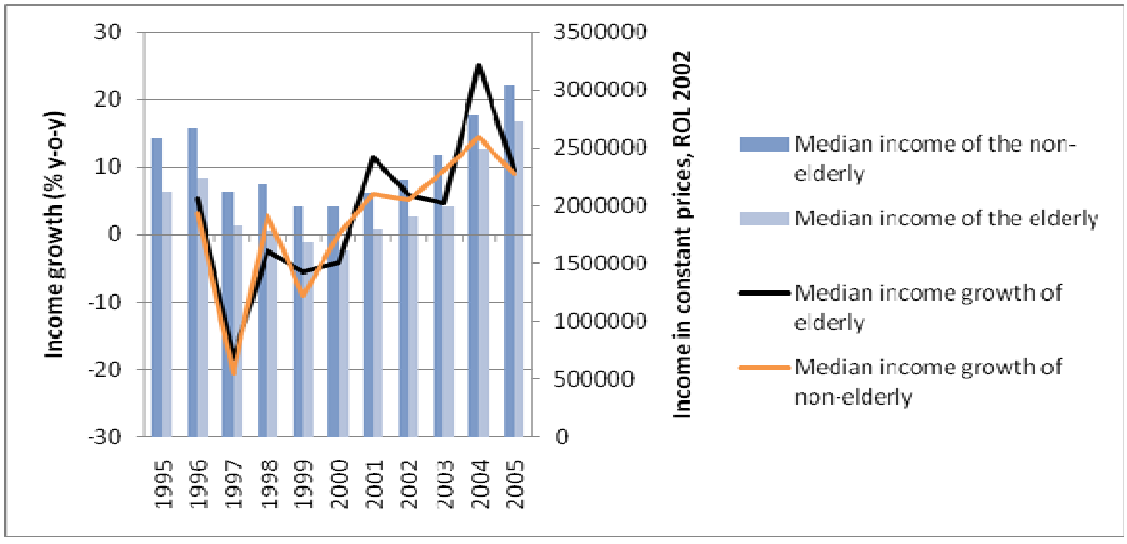
6.4 The income and labour market position of the elderly, 1995-2005

Between 1995 and 2005 the income position of the elderly[88] improved compared to the non-elderly. In most years the income growth of the elderly exceeded the income growth of the non-elderly. The same applies to the years of declining incomes; as the second transitional recession hit Romania between 1997 and 1999, the incomes of all age groups fell, but the revenues of the elderly decreased less (Figure 6.5). Nevertheless, the median income of the non-elderly always surpassed the median income of the elderly, with the exception of the young elderly aged 55-59 years, whose incomes were higher than those of the non-elderly.

The relative improvement of the income position of the elderly, especially the oldest elderly, can also be seen in their decreasing share in the lowest decile (Table E11). In 1995, one fifth of the age group over 75 years was to be found in the lowest decile, and more than one third belonged to the lowest quintile. By 2005 their share in the lowest decile halved, and their share in the lowest quintile dropped to one fourth. These values would be one or two percentage points higher if self-consumption was not taken account of. The income position of the elderly between the ages of 65 and 74 years also improved, although not to the same extent, as they started from a higher base. In 1995, their share in the lowest and the second lowest deciles was above 10 percent; by 2005 both indicators sank below 10 percent.

The income position of the elderly declines with age. The young elderly, aged 55-59, are in the best position. Their income is above the population average. The income position of people in higher age brackets gradually decreases. The elderly population over 75 years are in the worst income position. On the other hand, their income position improved the most between 1995 and 2005, as they did not share the burden of the economic meltdown to the same extent as other age groups, but profited more from the economic success. Their relatively favourable position was caused by their independence from the volatility of the labour market, and the political weight of pensioners. As the elections were coming, the Romanian government enacted a law in June 2007 to increase the pensions to the level of 37.5 percent of the average gross wage in 2008. A further rise to 45 percent of the average gross wage is expected in 2009. This meant a 43 percent growth in 2008 and a further increase by 33 percent in 2009 (ICEG-EC 2007).

Figure 6.5 Income growth and median income, excluding self-consumption, 1995-2005



Source: Integrated Household Survey (for 1995 -2000), Family Budget Survey (for 2001-2005).

[88] Old age is defined as 55 years or older.

In 2005 the old-age pensions accounted for more than half of the income of households with members 65 years old or older, while in households consisting of exclusively non-elderly members earnings had a similar share (Figure 6.6). In contrast with the 12.3 percent median income growth (in constant prices) of the non-elderly from 1995 to 2005, the respective growth of the income of the elderly over 75 years was 26.4 percent (Figure 6.7).

Figure 6.6 Income structure in 2005

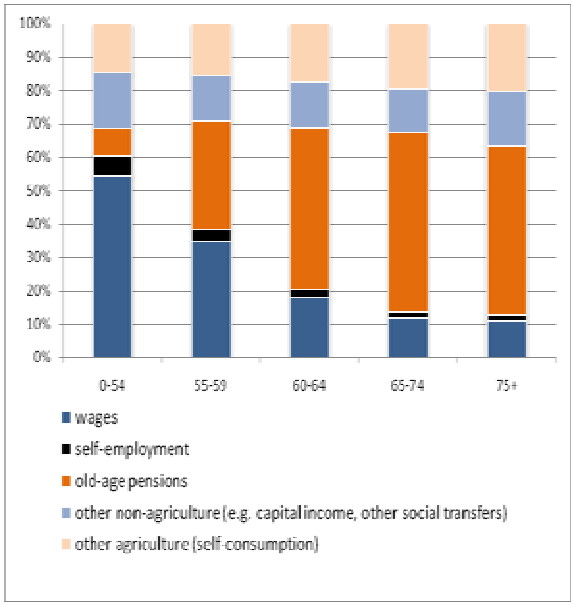
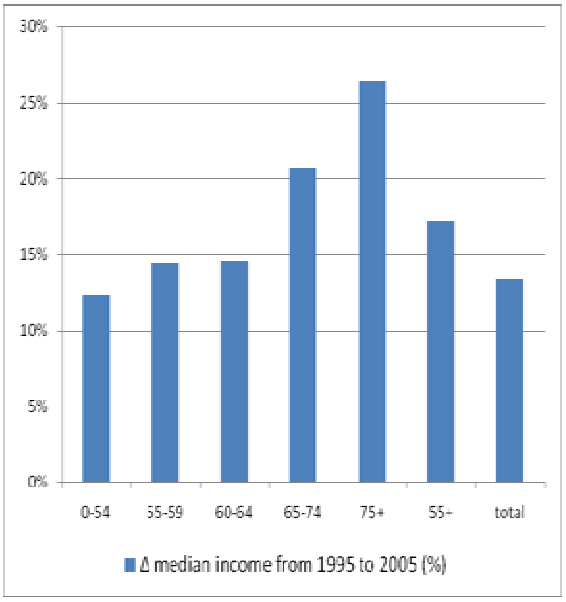


Figure 6.7 Median income growth 1995-2005, by age group



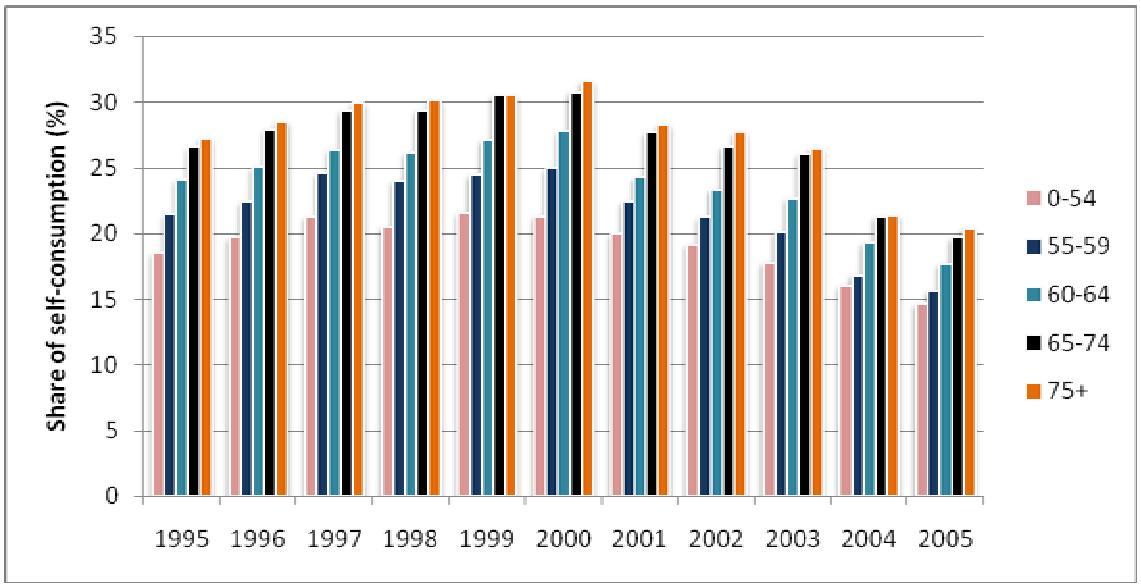
Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005).

During the two transitional shocks of 1990-1992 and 1997-1999, as the gross domestic product of Romania decreased by 30 and 12 percents, respectively (OECD 2002), the inflation rose and net wages sank. The unemployment rate also grew, but it never reached the exceptionally high values of other Central and Eastern European countries. Reacting to the volatile macroeconomic environment of the 1990s many Romanian households found shelter in the informal economy. The household surveys try to quantify the effect of this phenomenon on the income of households by integrating the measurement of "other agricultural activities", that is, self-consumption.

Self-employment accounts for one third of the total employment, due to the high level of self-employment in subsistence agriculture. As mentioned above, the elderly are overrepresented among the self-employed (37 percent) and the contributing family workers (26 percent). In addition, they also give a disproportionately high share (37 percent) of agricultural workers. This is a direct consequence of the land reform in 1991, which granted two-third of agricultural lands to pensioner-led households (Cartwright 2003, 171).

The importance of self-consumption increased during the years of the economic crisis in households of all age groups but in particular in pensioner households (Figure 6.8). Combined with pensions, self-consumption was sufficient to keep many of the rural elderly away from poverty (Chirca and Tesliuc 1999). The high level of self-consumption in pensioner households also suggests that these households have the most limited capabilities to collect revenues from alternative income sources, in particular labour (Petrovici and Gorton 2005, 221). Although the ratio of self-consumption in the income structure of elderly households decreased over the years after the recession this is due to the increasing importance of old-age pensions.

Figure 6.8 Share of self-consumption in the incomes of the households, 1995-2005



Source: Integrated Household Survey (1995 -2000) and Family Budget Survey (2001-2005).

The Gini-coefficient provides evidence for the equalising effect of self-consumption. The difference of the within-group Ginis between the incomes with and without self-consumption, grows in line with the share of self-consumption in the income structure. For example, the Gini with self-consumption was lower for the elderly over 75 years than for the non-elderly, but without self-consumption it was the other way around. This effect was particularly explicit until the increasing old-age pensions in the very recent years have not decreased the within-group inequalities in the oldest age group (Table E10 in the annex).

Dynamics of the inequalities within the age groups of the elderly and the non-elderly showed an opposite tendency. While the inequalities among the younger elderly and the non-elderly reached its peak during the 1995-2005 period, inequalities among the older elderly decreased. These two adverse changes resulted in a relatively stable inequality (around a Gini-value of 0.30), with a small decrease in the years of the economic recession when wages provided a differentiating effect to a lesser extent.

6.5 Poverty among the elderly, 1995-2005

6.5.1 Trends in relative poverty

In line with the previous findings, the elderly population of Romania is less struck by poverty than the non-elderly. In contrast with the non-elderly whose relative poverty indicators got worse between 1995 and 2005, the relative poverty of the elderly decreased, meaning their relative position became better in this period.

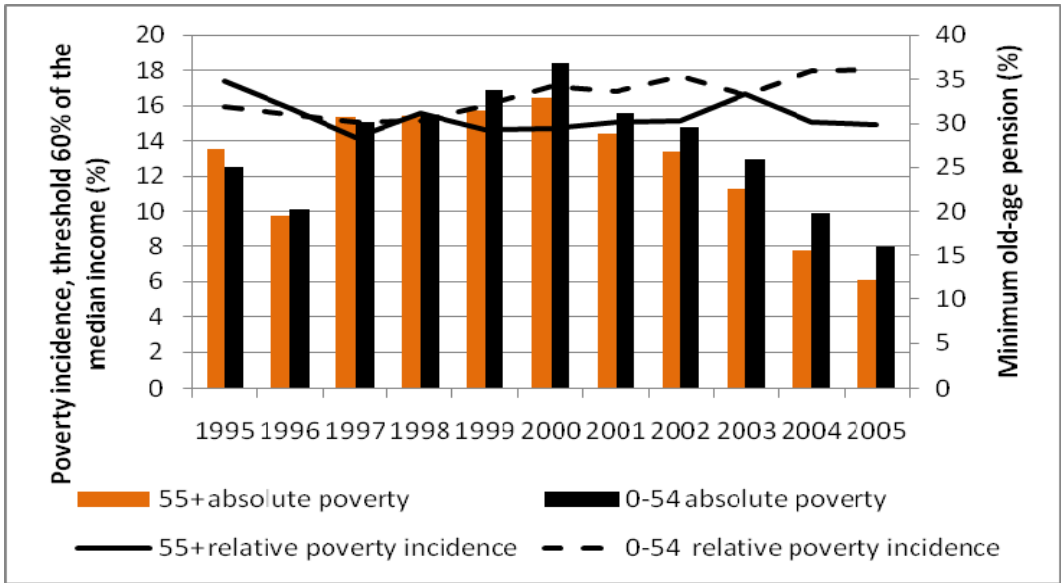
As for the total population, the structure of relative poverty seemed to be stable during 1995-2005, while relative poverty in general rose (Table E12). Nevertheless, disaggregation at the age group level reveals that the relative poverty incidence of all elderly age groups has a generally decreasing tendency except for a sudden increase in 2000. Since 1995 the relative poverty of the 75+ age group has improved the most (30 percent in 1995 and 21 percent in 2005, by the 60 percent of median income poverty threshold). The poverty incidence of the non-elderly (18 percent in 2005) has moved to the opposite direction. It increased by 1-2 percentage points, depending on the applied threshold. Among the observed age groups the younger elderly had

the most favourable rates of poverty incidence (12.4 percent for the 55-59 age group, 11.9 percent for those aged 60-64).

If self-consumption is not taken into account the share of households under the poverty line grows but this increase is particularly large in the case of households that are more dependent on self-employed agricultural labour, that is, the older elderly.

The relative poverty gap followed a similar trend as the poverty incidence although with more oscillation. It entails that as the income position of households improved (declined) the depth of poverty decreased (increased) as well. In the years of recession there were more people living under the poverty line and the relative depth of the poverty was higher as well.

Figure 6.9 Trends in relative and in absolute poverty of the age groups of elderly and non-elderly, 1995-2005



Source: Integrated Household Survey (1995 -2000) and Family Budget Survey (2001-2005).

The trend in the poverty gap indicates a shallow poverty; it seems the majority of the population is densely concentrated around the poverty threshold. In 2005, the poverty gap was 4.4 percent (total population) and 3.3 (55 years old or older population) at a 60 percent level of the median income (Table E13). Excluding self-consumption the poverty gaps would have been larger by 3-4 percentage points depending on the year of observation and the age group.

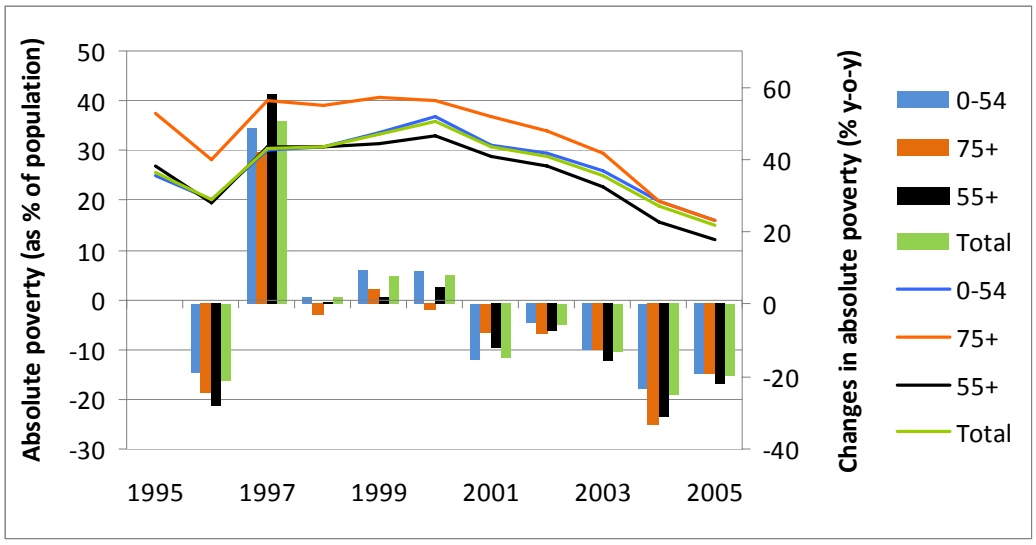
6.5.2 Trends in poverty according to the national criteria

The minimum old-age pension is applied here as the national absolute poverty line. The trend in absolute poverty shows a different dynamics. It peaked in 2000, when it affected 36 percent of the population. By 2005 the economic growth reduced absolute poverty to 15 percent, which has been the lowest since 1995. Comparing the trends of relative and absolute poverty, the elderly experienced the most favourable relative poverty incidence and the least favourable absolute poverty simultaneously during the years of the second recession, 1997-1999 (Figure 6.9). This suggests that the position of cohorts in their active age worsened faster than that of people above 55 years. It also hints that income inequalities decreased. This is corroborated by the Gini-coefficient of the total population, which reached a low in 1999, the year when absolute poverty peaked.

Breaking down further to smaller age brackets, each age group experienced a relatively similar pace of change in absolute poverty (Figure 6.10). The rate of absolute poverty incidence dropped in 1995-1996, then rocketed up, and subsequently flattened in the case of the elderly, while it continued to increase in the non-elderly age group. After 2000, however, it decreased for all age groups. The steepest decrease was experienced by the elderly over 75 years old, whose absolute poverty incidence actually sank below the level of the non-elderly in 2005. Indeed, in 2005 the absolute poverty rate of the non-elderly was higher than that of any older age group (Table E14). In spite of these tendencies, the median income of pensioner households is lower, implying a smaller variance in pensions. The Gini-coefficients showing smaller within-group inequalities confirm this.

The absolute poverty gap shows the same trend. It has contracted in all age groups, more among the 55+ cohorts, and still more among the oldest old, the 75+ age group. (Table E16). The absolute poverty gap is also low, between 2 and 4 percents for all age groups, which suggests that the poor could leave absolute poverty by a small increase of their incomes.

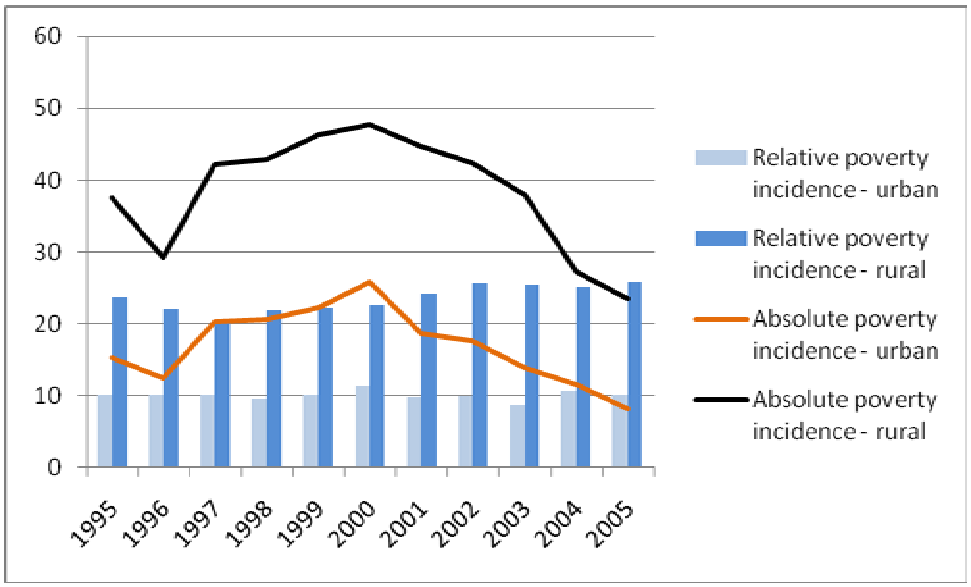
Figure 6.10 Absolute poverty and changes in absolute poverty year over year, 1995-2005



Source: Integrated Household Survey (1995 -2000) and Family Budget Survey (2001-2005).

Poverty also has a spatial dimension relevant for a poverty analysis by age. There are considerable differences between urban and rural poverty. The disparity between urban and rural areas is exacerbated by the internal migration tendencies, as the urban poor took escape from the cities to find employment in subsistence agriculture. In addition, after the dissolution of large collective farms rural households had to pursue inefficient labour intensive agricultural work (Macours and Swinnen 2006). A large share of the population employed in agriculture is over 65 years old and used to work on collective farms. Pensions of farmers are much lower than state social security pensions; in January 2008 the average farmer pension amounted to 42.7 percent of the state pensions (RON240 compared to RON562), even though they have been raised faster. These rural pensioners have to farm in order to make a living.

Figure 6.11 Absolute and relative urban and rural poverty, 1995-2005



Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005).

The rural and urban absolute poverty incidence followed a similar trend between 1995 and 2005. After the initial drop, absolute poverty rates reached their peak in 2000, with 26 percent in urban areas and 46 percent in villages. Since 2000 the absolute poverty incidence is steadily decreasing in both groups. In line with this, the gap between rural and urban poverty is also narrowing, from 20 percentage points in 2000 to 16 percentage points by 2005.

The trend in relative poverty incidence, however, developed in the opposite direction. While the relative poverty in urban areas stayed around the same level, relative poverty in villages slowly grew (Table E17).

In the case of rural poverty, self-consumption played a dominant role in reducing poverty. In 2005, the relative poverty rate with self-consumption was 26 percent of the rural population; without self-consumption it would have been 41 percent. By contrast, the corresponding figures for the urban population were 10.1 percent and 9.7 percent, respectively (Table E18).

6.5.3 Material hardship

Neither the Integrated Household Survey nor the Family Budget Survey provides data on material hardship. Fortunately, the European Quality of Life Survey (EQLS) offers although it applies a different definition of old age, set at the age of 65 years, than the rest of this chapter.

The average number of the rooms at the disposal of the elderly was higher in 2003 than the average number of rooms for the non-elderly. The elderly possessed 1.7 rooms, while an average member of the age group under 50 years had 1.1 rooms. This is due to difference in the number of cohabiting children and widowhood in older ages especially among women. About one third of the elderly lived in single-person households, usually following the loss of their spouse (Eurofound 2006).

The EQLS measured material hardship by asking respondents if they were able to pay for food (Table E24). Unlike the EU-25 average, the share of households who could not afford to pay for food increased in line with age in Romania. Compared to the European average, every Romanian age group registered a very high rate of inability to pay for food. The rate was four times higher in the youngest age group (0-29 years), and seven times higher in the oldest age

group (65 years or older) in Romania than in the EU-25. The rate of the youngest age group falling into the category of not being able to purchase food was 48 percent; the corresponding rate among the elderly was even higher, 58 percent.

Satisfaction with the standard of living was slightly declining with age in Romania, whereas it was constant, and even increasing among the old in the EU-25 (Table E25).

6.6 Marginal groups

Single elderly women and the elderly from rural areas live on the margin of society. Women are overrepresented among the elderly and in particular among the oldest old (Table E19). Single elderly women have a disproportionately high share in the lowest income decile and quintile. Their share has been oscillating from year to year, but shows an overall decreasing tendency, with 1995 being the highest at the rate of 24 percent and 2000 being the lowest at 16 percent. Since 2000 was the year when absolute poverty was highest, the lower share of single elderly women in the lowest decile can be attributed to the effect of the economic recession. It is not their incomes that increased, but the incomes of others that decreased to the rate to crowd out single elderly women from the first decile. Their share in the second decile was stable during the observed period, except for 2000. Altogether the share of single elderly women in the lowest quintile amounted to 34-40 percent during 1995-2005, being 36 in 2005. In the top decile they have been underrepresented, having a share of about 1-2 percent.

Since 1995 the relative poverty of single old women has been gradually decreasing, although it still surpasses almost twice the population average. Their poverty rate was 31 percent compared to the overall rate of 17 percent (Table E22).

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7. Slovakia

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Summary

1. The economic transformation that began in Slovakia in the early 1990s was followed by a severe deterioration in economic growth and massive unemployment. While there was a significant improvement in later periods, long-term unemployment remained a serious concern for policy makers. As a result, there has been a continuous migration of the labour force, mainly to Western European countries, which now accounts for around 7 percent of the Slovakian labour force.

2. While at present economic problems dominate over demographic issues in Slovakia, the prognoses look gloomy, as the ageing index is expected to rise from the current 80% to 228% in 2050. The declining rate of fertility and population ageing are expected to be the major causes of future unfavourable demographic dynamics, with serious budgetary repercussions.

3. In order to mitigate the potential negative effects arising from demographic problems, the Slovak government undertook a pension reform in 2004. The transformation of the pension system in 2004 is believed to generate a greater incentive for future pensioners to work longer. However, the new system turned out to be less generous when it comes to solidarity between generations. This was reflected in the mounting financial difficulties of the national social insurance in order to finance current pensions. Due to these and other reasons, the system is currently being modified again. This, includes the opening of the system for a six month period, which allows people to enter or opt out.

4. For most of the current pensioners the poverty risk is limited, due to the widespread ownership of housing and government assistance. However, the future situation may deteriorate as a result of socio-economic changes and adaptations in the pension schemes. Income inequality is low, and the elderly have a more favourable income positions than the non-elderly. In terms of material hardship, the elderly are worse off compared to their non-elderly compatriots.

5. Poverty risks are high among the low educated elderly, those living in backward regions, the long-term unemployed, and those with a single family. The most vulnerable group is the Roma minority, many of whom combine these characteristics.

7.1 General background information

In the end of 1991, one year after the start of the Czechoslovak economic transformation, the number of unemployed persons in Slovakia reached 302 thousand. This brought the rate of unemployment to 11.8%, from almost zero in the pre-1989 years. Throughout the 1990s Slovakia had been confronted with the consequences of unfavourable demographic developments on the labour market. Between 1990 and 1998 the number of people in the productive age group (15-55 years for women and 15-60 for men) increased by 305,400 persons. Some portion of this population had been retained in the education system, which contributed to the reduction of labour supply, subsequently decreasing the rate of unemployment. Nonetheless, labour supply continued to grow and reached around 150 thousand persons. In addition to this, the development on the labour market was strongly supported by women and workers of post-productive ages who left their jobs and were partly replaced by

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male employees in the productive ages. In this regard, the number of working pensioners that was 238 thousand in 1990 went down to only 65 thousand in 2000. Between 1998 and 2002, the number of people in the productive age group reached 79.4 thousand, leading to high labour supply. However, during this period the second phase of the restructuring of large state enterprises (including the selling of enterprises to foreign owners) was also accomplished. This led to a further rise in unemployment, because the new owners kept only a certain portion of the employees. As a result, in 2001 the number of unemployed persons reached 508 thousand, pushing the rate of unemployment up to 19.2 %. Slovakia has always had one of the highest unemployment rates in the EU. The most significant problems of the labour market in Slovakia currently include: a high ratio of long-term unemployed persons (more than 50 per cent of all registered unemployed), a high rate of unemployment of young people, and a generally low participation rate.

The restructuring of the economy was accompanied not only a by high rate of unemployment, but also by a substantial deterioration in real wages and real pensions (Table F1 in Annex F). The year 1991 was the worst regarding the development of real wages where average real wages amounted to only 67.3% of the values in 1989. However, the decline in pension income was slightly higher than that in average real wages. In 1993 average real old pension remained at only 66.5 % of the level in 1989. Up until 2006, the average real wages and old pensions did not reach their levels in 1989. In 2005 real net wages and real average pension reached 98.7 % and 83.6 %, respectively, of the 1989 levels. Real wages reached their 1989 level only by the end of 2007. In this context, one of the key factors that had a negative impact on the Slovak economy was the split of the former Czechoslovak Federation. Since the Slovak economy was primarily dependent on the production of heavy military ammunition for the Federation, the complete suspension, and in some cases, significant capacity cuts, of this industry brought about a higher rate of unemployment in the respective regions within Slovakia.

Table 7.1 presents the size and share of age groups over the total population. From the data in the table it is apparent that while the share of those below the age of 15 was declining across years (suggesting a fall in fertility) the share of the age group 50-54 shows a slightly increasing trend. The recent figures show a modest growth in the number of children born where after a fall from 74.6 thousand (total fertility rate of 1.992) newly born children in 1992 to 50.8 thousand (total fertility rate of 1.185) in 2002, there was an increase to 54.4 thousand (total fertility of 1.239) children in 2007. The increase in the average age of giving birth to the first child after 1989 has also contributed to the fall in total fertility. In 2000 this was 23.9 years, in 2007 it had risen to 26.3 years in 2007.

Therefore, when we take at a longer time horizon, there an unfavourable demographic development prevails, with potential negative income consequences for the elderly. Table 7.2 indicates that while fertility (indicated by the size of the age group 0-14) will either remain stable or decline, the share of economically active age group (15-54) is projected to worsen. In contrast, those who are 55+ show a rising trend. This is captured by the ageing index; this is projected to rise rapidly, indicating that the number of pensioners will outweigh those of people of working age.

Table F2 in Annex F shows the density of the total and regional population. The Bratislava region ranks first, and population density decreases as one goes from the western to the eastern part of the country. When it comes to overall economic development and living standards, the western part of Slovakia dominates over all the other regions, and this may aggravate the already existing high regional disparity in Slovakia.

Table 7.1 Population size and share of age groups (1990-2005) (%)

	1990	1994	1998	2002	2005
Total (mil.)	5.29	5.34	5.39	5.38	5.38
-15	25.5	23.5	21.0	18.7	17.1
15-29	22.7	23.4	24.3	25.3	24.9
30-49	27.7	28.8	29.5	29.0	29.1
50-54	4.7	4.9	5.3	6.7	7.3
55-59	4.8	4.3	4.5	4.8	5.6
60-64	4.5	4.4	4.0	4.1	4.4
65-69	4.1	3.9	3.9	3.6	3.6
70-74	1.9	3.3	3.3	3.2	3.2
75+	4.3	3.5	4.0	4.5	4.8

Source: own computation based on data from the Statistical Office. 2007

Table 7.2 Selected demographic indicators (2005 – 2050) (%)

	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
Age group 0-14	16.4	14.8	14.5	14.6	14.2	13.4	12.7	12.6	12.8	13.2
Age group 15-54	61.2	59.6	57.2	54.8	53.5	51.3	48.4	45.7	43.4	42.0
Age group 55 +	22.5	25.6	28.3	30.5	32.4	35.3	38.9	41.7	43.8	44.9
Ageing Index	73.2	86.3	100.2	118.1	139.0	161.5	179.5	199.1	216.4	228.5
Life Expectancy (Male)	70.3	71.3	72.2	73.3	74.4	74.9	75.4	76.0	76.6	77.1
Life Expectancy (Female)	78.2	79.0	79.9	80.2	81.8	82.2	82.2	83.0	83.5	84.0

Source: Own computations based on data from INFOSTAT - Institute of Informatics And Statistic, Demographic Research Centre, Bratislava, November 2002.

Table F3 in Annex F indicates the level and dynamics of real GDP per capita for the period 1994-2006. The figures suggest that the high real GDP per capita growth in 1995-1997 period was followed by a severe decline right after the election in 1998, mainly due to deeper economic reforms undertaken by then government. However, the reform programs started to yield high growth rates of GDP per capita in the latter period. This persists until now: Slovakia is one the fastest growing economies in the EU.

Table 7.3 indicates there were no significant changes in the gross participation rate during the period 2000-2006.[1] The only noticeable change was the replacement rate among females, which slightly declined in the past three years. On the other hand, significant changes occurred when it comes to labour participation rate that showed a descending trend for most age groups except that of 55-64 (Table 7.4).

[1] A long-term analysis of gross replacement rates was hindered due to continuous changes in the system. For example, in 2003 the statutory retirement age for men was 60 while it was 53 to 57 years for women depending on the number of children. Just after one year (in 2004), as part of the new pension system, the statutory retirement age for men and women was prolonged to 60 years. However, the retirement age was fixed at the age of 62.

Table 7.3 Gross Participation Rate (%)

	2000	2001	2002	2003	2004	2005	2006
Total	60.3	60.7	60.2	60.3	60.2	59.5	59.1
Male	68.6	69.2	68.5	68.4	68.5	68.4	68.2
Female	52.6	53	52.6	52.9	52.5	51.3	50.7

Source: Labour force survey, Statistical Office.

Table 7.4 Labour participation rate (%) by age cohorts, 1990-2005

	Labour force participation rate (%)			
Age group	1990	1995	2000	2005
15+	66.8	59.9	60.1	59.7
15-24	58.3	46.5	46.1	41.4
25-54	93.2	88.4	88.3	87.9
55-64	33.8	23.5	24.3	29.8
65+	6.3	1.7	1.1	0.9

Source: International Labour Organization (ILO) (2006), Key Indicators of the Labour Market Programme, Geneva, http://www.ilo.org/public/english/employment/strat/kilm/

Unfortunately, Slovakia not only belongs to the countries with the highest rate of unemployment but also with lowest rate of employment in the EU. In 2006, the rate of employment for the age group 15-64 was only 59.4%, which slightly increased to 60.7% in 2007, still remaining behind the EU average of 65.4% in 2007. This holds true for the age group 60-64 as well as to those who are 65+ (Table 7.5). This was mainly caused by a high rate of unemployment and the policy change that entitled women for retirement in the PAYG system at an early age. Partly as a result of the new amendment, the rate of employment for average age group 55-59 increased from 34.3% in 2000 to 47.7% in 2006 (Table 7.5).

Table 7.5 Employment rates according to age groups (%)

Age group	15-64	15-24	25-49	50-54	55-59	60-64	65+
1995 Total	60.2	34.8	79.9	70.5	35.6	7.5	1.6
Men	67.6	38.4	86.0	80.4	63.0	12.2	2.8
Women	53.0	31.1	73.6	61.7	12.7	3.8	0.9
2000 Total	56.5	28.4	75.4	70.1	34.3	6.1	0.9
Men	61.5	28.5	80.1	76.2	56.1	9.9	1.8
Women	51.5	28.2	70.7	64.3	15.7	3.2	0.4
2005 Total	57.7	25.6	75.6	73.8	44.7	12.4	1.3
Men	64.6	28.0	82.1	77.4	68.6	20.1	2.2
Women	50.9	23.0	68.9	70.5	23.6	6.1	0.8
2006 Total	59.4	25.7	77.6	74.9	47.7	13.6	1.1
Men	67.0	29.0	85.0	79.0	68.7	22.7	1.9
Women	51.9	22.4	70.1	71.1	28.8	6.5	0.7

Source: Labour Force Surveys of the Slovak Republic.

As far as changes in the sectoral structure of employment is concerned, there was a fall in employment in the agriculture sector from 9.2% in 1995 to 4.8% in 2005. In contrast, there was increase in employment in the service sector from 51.9% in 1995 to 56.4% in 2005 (Table F4 in Annex F), which shows the standardization process in the Slovak economy. Likewise, positive developments have been registered in the qualification structure of the employed persons (Table F5 in Annex F). There was a substantial rise in the share of employment for those with vocational secondary education (increasing from 28.5% in 1995 to 35.1% in 2005) and for university graduates (rising from 12.6% in 1995 to 14.7% in 2005).

In contrast, there was a fall in the employment share of those with an apprenticeship, which declined from 35.1% in 2000 to 31.6% in 2005. In spite of growth of the qualified youth labour force, currently there is a growing problem of finding suitable employees in technical fields, mainly in the automobile industry resulting from the absence of interest in technical field studies (OECD, 2006). In addition, as we have mentioned earlier, lack of employees is also linked to migration of Slovak workers to western European countries in search for highly paid job opportunities. In this context, we expect that those currently working in high-wage countries will have relatively higher pension incomes when they return to Slovakia to retire.

The process of labour force migration from Slovakia to the old EU member states began in the early 1990s. Slovakia's membership in EU has made it easier, especially for young people, to find a job in other EU Member States. The rising number of Slovak citizens after 2004 was the consequence of the opening up of the labour markets by some old EU member states. It should be stressed, however, that the low wage rates on the Slovak labour market[2] have been a major factor pushing migration. Currently about 7 per cent of the labour force are working abroad (Table F6 in Annex F).

The average wage in Slovakia will reach to the current average statutory minimum wage of four EU countries[3] by 2023, if we assume a 6% average annual wage growth rate in Slovakia (Figure 7.1). It will be in 2029 if we expect a 4% average annual wage growth rate. With the growing level of income, income disparity will exacerbate since more income clusters will emerge compared with the periods of low income level.

One of the fundamental determinants of the future old age income level will probably be the development of knowledge and educational qualifications. In the context of a knowledge-based economy, those without the necessary human capital run a higher risk of being marginalized.

[2] The main factors include low wage levels and a low level of economic activity in some regions, especially in the eastern part of Slovakia. For instance, while average monthly wages in 2007 amounted to 26.4 thousand SKK in the Bratislava area (western part of Slovakia), it was only 15.0 thousand SKK in the Presov area (eastern part of the country).

[3] In this case EU4 = France, Belgium, Nederland, UK. (Hurley, 2007, p. 4)

Figure 7.1 Estimation of the average wage development compared to the recent EU4 average statutory minimum wage (in EUR).

As far as entrepreneurial activities are concerned, Slovakia has been lagging behind. Under pressure from the general economic transformation, there has been a gradual increase in the number of self-employed persons, one of the more positive features of recent labour market developments (Table F7 in Annex F).

Grey pressure

Estimates by various institutions suggest that the elderly dependency ratio for Slovakia may jump from the current 16% to 28% in 2025 and to 51% in 2050. As we have already mentioned, the earlier decline in fertility rates combined with ageing of population are the main causes for this unfavourable demographic development. This obviously would put public finance under pressure. Various estimates indicate pension expenditure is bound to rise from 7.2% of GDP in 2004 to 9.0% in 2050, while all age-related expenditures are projected to increase from 15.5% of GDP in 2004 to 17.9% of GDP in 2050.

7.2 Pension institutions

Like in other European societies, the ageing of the Slovakian population is expected to cause serious obstacles for public finance (see Table 7.2). A pension reform was put in force in January 2004 in order to minimize the negative effects of a declining trend in fertility rates and a rising trend in ageing of population. The new pension system split the previously monopolistic statutory old-age pension scheme into a first pillar scheme (also known as redistributive and *defined-benefit* pay-as-you-go financed) and its counterpart in the second pillar, the *funded defined contribution* scheme (Law on Pension Income Amendment, No. 43/2004). The reform was designed in such a way that contributions to both pillars would account equally 9% of gross wages. At the outset all who were employee at the time had two choices: either to stick to the PAYG system, or invest into a personal retirement account managed by private investment funds[4]. The system obliges those who have enrolled in the second pillar to stay in the scheme

[4] It was mandatory for the new graduates to register in the second pillar.

for a minimum of 15 years, in order to be eligible for a pension. But all new entrants to the labour market will automatically be put into the mixed system, making the system compulsory to all new entrants. In December 2006 around 1.5 million workers were registered in six private pension funds; of which almost 70% of the registered were below the age of 40 years. One other crucial component of the pension reform was the rise of statutory retirement age from 60 years for men and 53-57 for women (depending on the number of children raised) to 62 years for both.

The second pillar offers three investment options:

- investment with a 'growth' option, where more than 80% of the funds is to be invested in stock markets;
- investment with a 'balanced return' option, where funds would be almost equally split into the stock and bond markets;
- investment with a 'conservative return' option, where virtually all the funds would be invested in the bond markets.

Almost 65% of those enrolled have opted for the growth portfolio (Table 7.6). According to the rules, the investment options are dependent on the ages of employees (Law 43/2004). For example, if a person cannot save a minimum of 15 years (due to shorter number of years to retirement) in the system, he/she will not be allowed opt for the growth model upon enrolment. Likewise, if the number of years spent in the system before someone becomes entitled to a pension income is shorter than 7 years, the person cannot apply for the balanced portfolio. This is just to make sure that enrolees would have the highest level of benefit from the pension scheme at old age.

Table 7.6 The distribution of pension funds (in mil. EUR) Jan. 2005-Dec. 2006

	Conservative portfolio	Balanced portfolio	Growth portfolio	Total value
Net Values[a]	34	247	532	814
Percentage	4.2	30.5	65.3	100.0

[a]Values converted into Euro using the May 22, 2007 exchange rate (33.7SK/EUR).

Source: Social Insurance, 2007, and Law on Pension Income No. 43/ 2004.

Significant changes underway in the pension system

The critical problem of the current pension system in Slovakia is the deficit in the PAYG system where an estimated 24 to 26 bn. Slovak Crown is lacking every year to pay for the current pensioners. The deficit arises because 9% of gross wages now goes to private investment funds and therefore not available for the national social insurance in the PAYG to pay for the current pensioners. While this deficit was expected at the outset of the reform, the former government was counting on raising funds through privatizing state owned companies, something that has been rejected by the current government. Therefore, the current government is openly questioning the advantages of the second pillar for those who save only for a rather short period of time. Therefore, once the new government took office in 2006 there were frequent discussions in the Slovak parliament as to how the system could be adjusted so that more money would be available for current pensioners. Despite a strong opposition of the private pension funds, opposition parties, and voluntary organizations, the new government (with the support of labour unions) decided to revise the system. Apart from the financing bottlenecks there are also concerns about the vulnerability of savings administered by private investment funds. Essentially, two types of changes were proposed in November 2007:

1. Opening up the second pillar for a period of six months

In November 2007 the Slovak parliament passed a law that allows more than 1.5 million people who have been saving for their pensions in private accounts (administered by pension fund management companies) to reconsider their decisions and quit from or enter to the so-called second pillar between January 2008 and June 2008 (Law No. 555/2007: Amendments on Social Insurance). The second most important aspect of the amendment is one that, as of 2008, the second pension pillar will be voluntary for people born after December 31, 1986. New entrants to the labour market therefore will have the option of enrolling within six months of starting their first job, which is in contrast with the initial plan to make the second pillar mandatory for all new employees (Balogová, 2007). However, implicitly the scenario of the new government is to allow more people to exit from the system and join the PAYG. This is because the proposal also suggests to increase the number of years of mandatory contribution to the second pillar from originally 10 to 15 years. This clearly makes the second pillar less relevant to those who are in their late 40s, which was expected to provoke an exodus of savers from the second pillar. The result is that January 1st 2008 and June 30th 2008, of the 1.5 million registered savers, an estimated 80 thousand have quit from the second pillar and returned to the PAYG system, while around 13 thousand new entrants have been registered to the second pillar.

2. Reduce the contribution to the second pillar

Another important aspect of the amendment is that the state will no longer pay the contributions to the second pillar for those who receive disability pensions. People on parental leave and caretakers still have their contributions covered by the state.[5]

In general, the adoption of Euro in Slovakia in January 2009 will imply a radical change for the Slovak economy, as the country will give up monetary policy tools to the European Central Bank. One of the negative expectations is obviously linked to the potential rise in basic food and energy prices after the adoption of Euro and those who are elderly are expected to be hit more severely compared to non-elderly. Estimates by the National Bank of Slovakia (2006) and other institutions indicate that adopting the Euro should have more benefits than costs to the Slovak economy. By implication, pensioners could also be better off.

7.3 Data description

We have used Household Budget Survey data compiled by the National Statistical Office for selected years (1997, 2000, 2003, and 2005). Information regarding individuals is missing due to the nature of the database, which is based on households. Interpretation of the more detailed results may be problematic, as the number of individuals in each age group sometimes is small. This might be due to problems encountered in collecting data from high or low income groups, including marginalized groups such as the Roma population.

The method of data collection changed in 2005. The number of participating households was raised from 1845 in 1997 to 4710 in 2005. The share of the population older than 55 years was 11% in the 1997-2003 period, but rose considerably to 23% in 2005. As a result of the methodological change, 2005 cannot be compared with the previous years. Therefore we confined our trend analysis to the 1997-2003 period, and analysed the data for 2005 separately. Table F8 in Annex F describes the structure of the various samples.

[5] Another aspect of the amendment is also linked to prolongation of the minimum savings period for pension eligibility in the second pillar from 10 years to 15 years.

Because household incomes are gathered only during the first month of the year in 2005, this does not allow capturing seasonal and other special incomes during the progress of the year, which may have distorted the reliability of the data.

In terms of poverty, the Roma minority probably remains the most vulnerable group, which among other things is due to their low education level and their lack of formal labour market qualifications. However, since the Statistical Office does not record separate information on the Roma, this group cannot be identified in the micro data. Therefore it is not possible to analyse their income and poverty position in any detail.

We define the elderly as persons aged 55+. For more detailed analyses we use four age classes within the elderly group: 55-59, 60-64, 65-74, and 75+. Disposable household income was weighted using an equivalence scale where the first adult in the household is assigned a 1.0 weight; all other adults are discounted at 0.5 and all children (below 18 years of age) at 0.3.

7.4 Income and labour market position of the elderly, 1997-2005

The real income of employees was expected to reach its pre-1989 level for the first time in 2007. Moreover, unlike the pre-1989 period when there were no unemployed persons, the LFS indicated about 291 thousand unemployed persons in the second quarter of 2007 having low unemployment benefits. Slovakia currently belongs to the countries with the lowest average wages in the EU and has the second lowest rate of urbanization (57%) in the EU. People in villages are often self supporting to a great extent, through fruits, vegetables and domestic animals. This way of life is mainly typical for the older generation leaving in villages.

In Slovakia ageing of population was not a serious problem in the 1990s. However, the rise in real estate prices and the mounting rate of unemployment have led to a fall in fertility, though with the recent fall in the rate of unemployment and improvement in the living standards, fertility may rise again in the future, which may affect the projected size of the population in 2050.

In 1997-2005 earnings show improvements in the income position of the elderly (Table F9 in Annex F). During the same period, the elderly generally had a more favourable income position in comparison to non-elderly (Table F14 in Annex F). The median equivalised disposable income among the elderly is 50% higher than among their non-elderly counterparts.

Changes in the share of income groups reflect the dynamics of the economic transformation that started in 1990. In this respect, the most significant change has been registered among the elderly. There was a rise in the share of earnings in total income, while the weight of social transfers declined for the 55-59 and 60-64 age groups (Table F11 in Annex F). This was mainly due to the mix of economically active and pensioners in these age groups. Between the age groups 55-59 and 60-64, there was an inverse change in the structure of earnings/social transfers from 60/30 to 31/63 in 2005. This seems to suggest that the numbers of pensioners in the age group 60-64 grew, which reduced the weight of wages. Therefore the pensioners' income currently mainly depends on social transfers, mostly retirement income (Table F12 in Annex F).

The education system belongs to the sectors with the lowest level of wages, which discourages people to work for education institutions. The education system is lagging behind technological progress and is not flexible to adjust to the current global trends. This influences the employment prospects of graduates, who in many cases do not fit the work qualifications demanded by employers in the private sector. The low level of competitiveness of the labour force would then influence the level of wages. This also has some regional implications, as the limited infrastructure in some regions serves as a serious burden for economic development.

The subjective assessment of living standards can be assessed through a survey conducted by the Research Institute on Public Opinion (2006), in which respondents were asked the following question: *'What is the standard of living in your household today in comparison to 1989/1993/1996?'* The outcomes results suggest that since 1993 there has been a persistent increase in the number of respondents who responded to have experienced an improvement in their living standards (increasing from 15% in 1999 to 30% in 2006). However, there are others, mainly elderly, who responded differently, indicating a deterioration in living standards.

7.5 Poverty among the elderly, 1997-2005

Like in most former socialist countries, in the beginning of the 1990s poverty was not widespread in Slovakia. Poverty was primarily related to household structure - incomplete families, number of children in a household, and the like. However, since 1996, other factors that determine poverty gained in influence, such as education, position on the labour market and geography (Filadelfiová, 2007, p. 11).

Generally, the incidence is relatively low for every level of relative poverty line (Table F17 in Annex F), although it gradually increases. A higher rate of increase was registered in the age group 55-59, which was mainly due to the heterogeneous nature of this age group.

In 2005, the difference between elderly and the non-elderly was minimal for all threshold values. The poverty gap in the elderly group was higher than among the non-elderly (Table F18 in Annex F). In the 1997-2003 period the poverty gap became wider. In 2005 the poverty gap was highest in the age group 65-74.

In general, income inequality remains limited over time (Table F15 in Annex F). The income differences -using the Gini coefficient- rose slightly, reaching 0.374 in 2005. The figure is somewhat higher in the non-elderly group (0.388), but considerably lower among the elderly (0.278). The special pension formulae for employees in the ministries of Defence and Justice, and the police increase the income disparities within the elderly group.

Relative poverty among the elderly was fairly low and stable in the 1997-2003 period (6% in 2003; the rate for 2005 is much higher, but there is a trend break in the data here).

From the perspective of material hardship the elderly are worse off in comparison with the non-elderly[6]. In this respect, the 65-74 age group is the most seriously affected one (Table 7.7).

Table 7.7 Indicators of material hardship for age groups, Slovak Republic.

	16-54	55-59	60-64	65-74	75 and over	55 and over
A	52.0	50.6	53.4	73.2	60.3	58.9
B	69.2	67.7	76.6	95.5	82.8	79.7
C	94.0	85.7	88.2	85.6	84.5	85.6

Where:

A - Share of poor who are not able to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day.

B - Share of poor who are not able to afford paying for one week annual holiday away from home.

C - Percentage of poor who have flush toilet in dwelling.

Source: Stropnik. & Kump (2008).

[6] The poverty line is set at 60% of the equivalised median disposable income.

The subsistence minimum is a generally recognized income limit. The government provides assistance to individuals who experience material hardship and are below this threshold, if they do not have any assets that can be used, rented, or sold for profit purposes. The share of elderly below the subsistence minimum is very low (<2% in 1997-2003). Among the non-elderly the rate is substantially higher and increasing over time, which results in larger differences between the two age groups over the last decades (table F19).

7.6 Marginal groups

The development of poverty in Slovakia shows that among the social groups endangered by a growing level of poverty are the following: families with children, households with long-term unemployed persons, the Roma minority, people with low education, and older persons (Azudová, 2002). The Roma minority living in segregated communities is the most marginalized group. The number of the Roma minority in Slovakia, according to estimates by the Socio-geographic Mapping is around 320,000 (Radičová, 2004), of whom around 60% live fairly integrated within the majority of the population. Unemployment among the Roma minority has been estimated at 88%, and around 80% of them depend on social benefits. The Roma minority has a 30% share in the long-term unemployed persons in Slovakia (Fagan, 2006, p. 112).

In spite of the fact that since 1989 the average increase of old age pensions has been slower than that of wages, the old pension system in principle did not generate higher incidences of poverty (in relative terms). A high rate of (long-term) unemployment will continue to be the main causes of marginalization during retirement.

The poverty rate of the age groups 50-64 and 65+ is the lowest among all age groups (Table F20 in Annex F). The poverty rate of the 50-64 group is the same for men and women (8.3%), but among the elderly we see gender differences, as the poverty rate of men is only 2.7%, against 9.8% among women. However, this relatively high poverty rate among elderly women is still lower than the incidences in all younger age groups, both women and men. The system of social assistance contributes to the relatively low poverty rates of old people, as it gives a preferential treatment to persons over 62 years of age.

Social transfers fulfil an important role in the Slovak redistribution of income. This is clear from the generally high poverty rates before social transfers (Table F21 and F22 in Annex F). Current benefit recipients are a main risk group for future poverty among the elderly: household with long-term unemployed persons are likely to be poor as they reach old age.

7.7 Prospects on poverty

Slovakia's high economic growth has been accompanied by rising wages, which is one of the most important preconditions for high pension income. However, since the year 2000 there was a substantial degree of decrease in the level of income redistribution. If this continues for a protracted period of time, then we can expect higher income inequality at old age. In order to minimize the future risk on poverty in old age, policies targeting at raising the level of education, regional development, health, services for the elderly and improving living standards of the Roma minority living in segregated communities seem desirable.

It is almost sure that Slovakia will join the Euro area in January 2009. Given the current exchange rate deviation index (ERDI) differences among EU member states, membership in the Eurozone may serve as a serious constraint for Slovakia to converge towards the living standards of the EU. The Maastricht criteria may now allow relatively poor countries to grow faster, as high growth is often accompanied by high inflation.

Due to the less redistributive and less 'solidaire' nature of the revised pension system, we expect increasing income disparities among the elderly in the future. This may lead to a larger share of pensioners experiencing (relative) poverty. However, the rise in the statutory retirement age from 60 to 62 years (with the possibility of a further extension) may help to mitigate this income gap – at least for those with professions that do not demand physical endurance –, i.e., jobs that are not physically challenging. Regional income disparities are a cardinal problem in this respect. These are mainly due to poor infrastructure, which in certain areas serves as a bottleneck to economic investments and development. EU funding aiming to reduce regional disparities is a policy in the right direction. From 2008 on funds will be available for 11 operational programs (financed by the European Commission); positive effects of these funds are expected to become apparent by 2010. The package contains a 'social agenda' aimed at operational programs for employment and social inclusion.

It is also evident that the current low wages will determine the level of future pensions.[7] R+This will imply lower actual replacement rates. The challenges to the health service will become greater, as the number of people older than 65 will increase from the current 645 thousand to 1.15 million in 2030. The relatively low level of male life expectancy (70 years at present) reflects the lower quality of life on the one hand, and leads to a short pension period in comparison with women. However, as living conditions improve, men are expected to live longer and their share in the group of pension recipients will increase. This tendency will be strengthened by the improvement of special facilities for pensioners.

The vast majority of the elderly in Slovakia own real estate. Theoretically, this could be used to finance the health services they need. However, up till now this form of wealth accumulation has not been convertible into adequate services for pensioners, as the latter are ill-developed in Slovakia.

Summing up, as far as future prospects are concerned the income position of the elderly is rather uncertain, mainly due to the following factors:

- The degree of sustainability of the current co-existence of different age cohorts (young and elderly in one household),
- The growth rate of real wages,
- The rate of return from the pension funds,
- The rates of unemployment and migration,
- Strategy as how the deficit in the PAYG pension system will be covered,
- The political cycle, which changes the rules of the game in the pension system,
- The sustainability when it comes to the privileged groups in pension income (the army, police and judiciary),
- The improvement in quality of life and life expectancy.

[7] Average monthly pension is around 232 EUR (Feb 2007).

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8. Slovenia

Nada Stropnik & Nataša Kump [*]

Summary

1. In Slovenia, the employment rate of the population aged 55-64 years is one of the lowest in the EU (just over 30% in 2005 and 2006), but has been increasing. Slovenia is also the EU country with the lowest age at retirement (59.6 years for old-age retirement in 2005) and one of four EU countries with the largest impact of demographic developments on old-age pension spending.

2. At the beginning of the 1990s, early retirement was encouraged and subsidised by the government. In the period 1990-2005 the number of old-age pensioners rose by 22%. Following the 1999 pension reform, the effective age at retirement increased by 2 years and 3 months for both men and women in 2000-2005. The employment rate of the population aged 55-64 years increased notably.

3. Income inequality is not high, and a decreasing trend was registered between 1997 and 2005. Inequality among the population aged 55 years and over exceeds that among the younger population and the total population, but is decreasing at a quicker pace.

4. Compared to other European countries, relative poverty in Slovenia is not high and has decreased in the period 1997-2005. It has been higher for the population aged 55 years and over (17.8% in 2003-2005) than for the younger population (9.5%).

5. Poverty increases with age. In 1997-1999, the poverty rate for pensioners was below the average for the total population, but in 2003-2005 it was higher. In 2003-2005, 20% of the poor elderly made ends meet with great difficulty, and an additional 43% made ends meet with difficulty.

4. Pension reform will probably lead to a decline in the relative income position of pensioners and the elderly, but the full effects will be evident only in the long run. On the one hand, lower accrual rates and permanent maluses as well as broken, fragmented or short labour market careers due to unemployment will have a negative impact on future pensions. On the other hand, bonuses for having worked longer will lead to higher pensions. If increases in the retirement age do not lead to higher labour force participation rates, there will be a threat of increased poverty among pensioners.

5. The relative difference between male and female average pension will be decreasing since it is assumed that the higher rate of female activity will enable more women to meet the qualifying conditions for an old-age pension.

6.More opportunities to combine pension and flexible forms of work, more flexible regulations regarding the combining of retirement and part-time employment, and continuous training and lifelong learning are needed in order to increase the duration of economic activity of the elderly population (particularly those aged 55-64 years) and positively affect their economic position.

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8.1 General background information

Slovenia has a population of 2.0 million (2,025,866 in 2007) living on a territory of 20,273 km^2. The population density is 97 persons per km^2. The rate of natural increase was negative from 1997 to 2005 and the population was increasing solely owing to positive net migration. Today, the proportion of the foreign population is about 2.5%. The net migration rate increased to 3.2‰ in 2005. In 2005 (and 2006) international migration flows in Slovenia intensified. Compared to the 2000-2004 average, in 2006 almost 2.5 times more people immigrated to Slovenia or emigrated from it: 20 thousand people immigrated and 14 thousand people emigrated (Povhe, 2007). The most frequent reasons for migration were the opportunities for (better) employment or to perform seasonal work. Most people immigrating to Slovenia come from non-EU Member States (accounting for 94.4% of the total foreign population in the country); immigrants from the territory of ex-Yugoslavia account for about three-quarters of all foreign immigrants. Among people immigrating to Slovenia from EU Member States, those coming from Slovakia prevail. These represent 20% of all EU immigrants in 2005 and 25.8% of all EU immigrants in 2006. Most of the foreign immigrants came to live in Slovenia for less than a year. Most of the persons in employment (60.9%) who moved to Slovenia in 2005 had elementary education, 30.6% had secondary education and only 6.3% had post secondary education.

Due to the decades of polycentric economic development and the relatively small size of Slovenia, the population is spread throughout the country. There are only two settlements with a population over 50,000, and 18.0% of the total population lived there at the time of the 2002 population census. A total of 44.4% of the population was living in settlements with less than 1,000 inhabitants. A further 17.2% were living in settlements with 1,000-5,000 inhabitants, and 20.4% in those with 5,000 up to 50,000 inhabitants (SORS, 2006).

Following the economic decline during the second half of the 1980s, continuing until 1992, Slovenia has been experiencing economic growth since 1993. However, it was only in 1998 that GDP first reached its pre-transitional level. A relatively high GDP growth rate has been characteristic for the country in the last decade (see Table 8.1).

Due to the 1999 pension reform, the employment rate of the population aged 55-64 increased substantially (see Table 8.3), but it nevertheless remains one of the lowest rates in the EU. Kajzer (2007, p. 2) finds the reasons for that in: a) the early retirement wave in the early 1990s, which was a way of solving the problem of unemployment, b) the continuation of the practice of retiring relatively early, c) a high structural unemployment, which particularly affects older unemployed persons. She points to a high relevance of this situation in the context of the population ageing

Table 8.1 General indicators[a]

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GDP per capita (annual real growth rates)	-	-	-	-	-	-	3.7	5.0	4.1	5.3	3.8	3.0	3.5	2.7	4.4	4.0
Population (on 31 December), in 000	2,000	1,999	1,994	1,989	1,989	1,990	1,987	1,985	1,978	1,988	1,990	1,994	1,995	1,996	1,998	2,003
Average annual population growth rate (%)	0.18	-0.05	-0.24	-0.23	0.00	0.04	-0.16	-0.10	-0.33	0.48	0.12	0.20	0.05	0.07	0.06	0.29

[a] The new definition of GDP was adopted in 2002. Old data were recalculated from 1995 on.

Source: SORS (http://www.stat.si).

Table 8.2 Share of population by age groups (on 31 December) (%)

Age (years)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
below 15	20.6	20.1	19.6	19.1	18.5	18.1	17.5	17.0	16.6	16.1	15.7	15.4	15.0	14.6	14.4	14.1
15-29	22.5	22.4	22.3	22.3	22.2	22.3	22.2	22.1	22.0	21.9	21.8	21.7	21.5	21.4	21.0	20.7
30-49	29.4	29.6	29.7	29.9	30.2	30.7	31.1	31.2	31.2	31.3	31.1	30.9	30.8	30.6	30.4	30.3
50-54	5.9	5.9	6.0	6.0	6.0	5.5	5.5	5.6	5.7	6.1	6.7	7.0	7.3	7.5	7.7	7.8
55-59	5.7	5.7	5.6	5.6	5.6	5.5	5.5	5.6	5.7	5.6	5.3	5.3	5.4	5.5	5.8	6.5
60-64	5.2	5.3	5.4	5.4	5.4	5.3	5.3	5.2	5.2	5.2	5.2	5.2	5.3	5.4	5.3	5.0
65-69	4.1	4.2	4.3	4.4	4.5	4.7	4.8	4.9	4.9	4.9	4.8	4.8	4.8	4.8	4.8	4.8
70-74	2.1	2.4	2.8	3.2	3.4	3.6	3.6	3.8	3.9	3.9	4.1	4.2	4.2	4.3	4.3	4.3
75 and over	4.6	4.5	4.3	4.1	4.1	4.3	4.4	4.6	4.8	5.0	5.2	5.5	5.7	6.0	6.3	6.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Statistical Office of the Republic of Slovenia, Ministry of the Interior – Central Population Register (http://www.stat.si).

Table 8.3 Population by activity and sex, 2nd quarter

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Activity rate, %													
Total													
(15 +)	57.8	57.6	58.7	57.6	59.1	60.0	58.3	57.7	57.8	58.1	56.5	59.0	58.7
55-59	29.6	29.8	32.1	30.6	28.8	34.1	29.6	31.4	34.7	36.7	33.8	45.6	46.9
60-64	13.2	15.9	16.0	16.1	18.2	17.8	17.9	14.9	14.4	15.7	13.5	16.4	16.0
65-69	7.3	11.3	9.3	10.7	15.3	15.3	13.0	9.9	13.4	10.2	(9.5)	12.0	10.8
70 +	4.3	6.2	5.6	4.0	6.1	7.2	7.0	5.9	6.1	6.3	5.3	5.1	5.5
Men													
(15 +)	65.0	64.3	67.7	64.4	65.7	66.6	65.1	64.1	64.8	64.7	63.2	65.6	65.3
55-59	38.4	44.7	48.6	43.1	37.1	44.5	43.2	44.2	48.7	53.3	48.2	62.3	62.1
60-64	17.3	20.3	19.4	20.4	24.1	21.0	23.4	19.2	(19.0)	(21.4)	(17.5)	21.5	22.7
65-69	9.2	12.9	11.8	15.1	17.2	19.1	17.6	14.0	(16.2)	(10.8)	(11.0)	15.5	14.1
70 +	7.6	7.6	6.4	(5.7)	7.5	11.8	9.5	8.4	(9.1)	(10.5)	(8.2)	8.0	9.6
Women													
(15 +)	51.2	51.4	53.5	51.3	52.9	53.7	51.9	51.7	51.3	51.9	50.2	52.9	52.5
55-59	21.6	16.4	16.6	18.4	20.6	23.3	16.7	18.5	20.2	19.9	20.1	28.5	30.1
60-64	9.6	12.0	13.3	12.6	13.5	14.9	12.8	11.4	(10.5)	(10.6)	(10.1)	11.9	(10.2)
65-69	6.3	10.1	7.5	7.5	13.9	12.4	9.8	6.5	(11.1)	(9.8)	(8.1)	9.0	(7.9)
70 +	2.6	4.9	5.2	(3.3)	5.4	5.1	5.8	4.6	(4.6)	(4.2)	(3.7)	3.5	(3.5)

Employment rate													
Total													
(15 +)	52.4	52.2	54.4	53.4	54.9	55.4	54.0	53.6	54.4	54.7	52.8	55.5	55.4
55-59				29.5	27.9	32.8	28.0	28.9					
60-64				15.6	17.7	17.8	17.8	14.7					
65-69				9.7	15.3	15.1	13.0	(9.9)					
70 +				(3.8)	(6.1)	7.2	6.7	(5.9)					
(15+)	52.4	52.2	54.4	53.4	54.9	55.4	53.5	53.6	54.4	54.7	52.8	55.5	55.4
50-64	33.1	34.4	35.8	36.1	35.7	37.4	35.3	37.1	40.2	42.7	40.9	46.4	48.0
65+	5.3	7.7	7.0	6.0	9.6	10.3	8.1	7.3	8.4	7.8	6.6	7.2	7.5
Men													
(15 +)	58.5	58.1	61.0	59.6	61.1	61.6	60.4	59.6	61.2	61.1	59.3	61.8	61.8
55-59				41.2	35.3	42.6	40.0	40.0					
60-64				20.1	23.5	(21.0)	23.4	(18.7)					
65-69				(13.8)	(17.2)	(18.9)	(17.6)	(14.0)					
70 +				((5.6))	(7.5)	(11.8)	(9.1)	(8.4)					
(15+)										61.1	59.3	61.8	61.8
50-64										53.3	51.1	55.8	55.7
65+										10.6	(9.3)	10.8	11.7
Women													
(15 +)	46.9	47.1	48.4	47.7	49.1	49.6	47.9	47.9	48.1	48.6	46.7	49.5	52.5
55-59				18.1	20.5	22.6	(16.4)	(17.7)					
60-64				(11.9)	(12.9)	(14.9)	(12.6)	(11.4)					
65-69				(6.7)	(13.9)	(12.4)	(9.8)	(6.5)					
70 +				((2.9))	(5.4)	(5.1)	(5.5)	(4.6)					
(15+)										48.6	46.7	49.5	49.3
50-64										32.3	30.9	37.6	40.4
65+										6.1	(4.9)	(5.0)	(5.0)

Share of persons employed in ... (% of all persons in employment)													
Agriculture	10.7	11.5	10.4	10.1	12.0	12.0	10.8	9.5	9.8	9.7	8.4	9.7	8.8
Industry	44.1	42.3	43.2	42.1	40.5	39.5	37.8	37.4	38.2	38.5	36.9	35.9	37.2
Services	45.1	46.2	46.3	47.5	47.1	48.2	51.1	52.3	50.9	51.3	54.1	53.3	53.4
Share of persons in employment													
Self-employed	12.2	12.2	12.3	12.5	11.9	12.5	12.6	11.2	11.8	11.7	9.8	10.2	10.0
Unpaid family workers	3.2	5.4	4.6	4.3	6.7	6.7	5.8	4.9	5.2	4.6	4.2	5.5	4.7
Persons in employment by educational attainment													
Total													
Lower secondary or less				23.0						18.9	17	16.9	16.4
Higher secondary				62.2						63.6	63.8	62.9	62
Post secondary				14.6						17.6	19.4	20.2	21.7
Men													
Lower secondary or less				21.5						17	16.1	15.6	15.6
Higher secondary				65.9						68.4	68.6	67.9	66.5
Post secondary				12.7						14.6	15.6	16.5	17.9
Women													
Lower secondary or less				25.0						21.1	15.9	15.6	17.4
Higher secondary				58.0						57.6	68.6	67.9	56.6
Post secondary				16.8						21.3	15.6	16.5	26.0

Note: The Labour Force Survey was introduced in Slovenia in 1993. For the sake of comparability in the observed period, the data refers to the 2nd quarter of the year.

() Less accurate estimation: 0.10 < CV < 0.20

(()) Inaccurate estimation: 0.20 < CV < 0.30

Source: SORS, http://www.stat.si.

The productive potential of the Slovenian people in their fifties and sixties is insufficiently used (Svetin, 2007). According to Eurostat, the average employment rate of the population aged 50-64 years was just over 30 % in 2005 and 2006 (29 % in 2004 and 23.5 % in 2003; it was considerably lower for women), which is very far away from the EU goal in the Employment Guidelines, which aims for a 50 % employment rate of the elderly by the year 2010 (SORS, 2007).

Slovenia is the EU country with the lowest effective retirement age: 59.6 years for old-age retirement and 52.4 years for disability retirement in 2005 (IPDI, 2006).

Population ageing

People in Slovenia are getting older – the young-to-old ratio is already negative: at the end of 2005 there were 14.2% of young people (below 15 years of age) and 15.5% of old people (aged 65 years and over) (Ilić and Žnidaršič, 2006). In the past 50 years the number of births was cut in half, while life expectancy was prolonged by 16 years (to 77.8 years in 2005). The share of children (0-14) is falling, while the shares of the population of working age (15-64) and older people (65+) are rising. At the end of 2005, 15.5% of the population in Slovenia was 65 years old or more (see Table 8.2).

In 2030, about a quarter of the population is expected to be aged 65 years and over (Malačič 2005; Sambt, 2005; Eurostat 2006; Kraigher, 2005) (see Table 8.4). According to the baseline projections, this group will account for almost a third of the total population of Slovenia in 2050 (only 15.0% in 2004).

Table 8.4 Baseline population projection for Slovenia, Institute for Macroeconomic Analyses and Development (2003, 2030 and 2050)

Age group	Population (x 1000)			Population (%)		
	2003	**2030**	**2050**	**2003**	**2030**	**2050**
0-14 years	294.8	268.9	247.6	14.8	13.5	13.3
15-64 years	1,404.8	1,234.1	1,048.4	70.4	61.9	56.3
15-49 years	1,040.7	797.3	700.6	52.1	40.0	37.6
female	507.7	389.8	341.4	25.4	19.5	18.3
65-79 years	242.1	365.3	375.5	12.1	18.3	20.2
80 years and over	55.0	126.3	190.6	2.8	6.3	10.2
Total	1,996.8	1,994.6	1,862.1	100.0	100.0	100.0

Source: Kraigher, 2005, Table 21 (and unpublished results).

In 2005, pensioners accounted for 26.5% of the total population of Slovenia.[1] The majority (59.3%) were old-age pensioners. Disability pensioners accounted for 18.2 %, family and widow's for 17.6 %, and all others for 4.9 % (IPDI, 2006). Due to the retirement of the "baby boom" generation[2] and the increasing life expectancy, the number of pensioners is expected to increase by 21% in the period 2002-2030 (Table 8.5).[3] In spite of a rise in the total number of

[1] The ratio between persons in employment and retired people in Slovenia has been changing in favour of retired people; it was 1.67 to 1 in 2005.

[2] In the period from1949 to1953, for the first time after 1934, the annual number of births was over 33 thousand (up to 36 thousand). From 1954 till the end of the 1970s, it was between 28 and 32 thousand a year, and since 1992 it has been below 20 thousand.

[3] Since there is no early retirement scheme, and at permanent penalties (i.e. negative accrual rates) for retirement prior to the full pensionable age (if the person does not have a full pension qualifying period),

elderly men, the share of male old-age pensioners would drop due to assumed retirement at higher age (at 63 years, which is the full retirement age, and/or with an insurance period of 40 years). The assumed higher rate of female activity would contribute to a relatively larger increase in the number of female old-age pensioners compared to male old-age pensioners. Namely, higher activity will enable more women to meet the qualifying conditions for an old-age pension (consequently, they will not opt for a widow's pension) (Stanovnik et al., 2006).

Table 8.5 Population projections for Slovenia

	2002	2005	2010	2020	2030
Population aged 65 years and over	100	106	114	138	158
- male	100	109	122	160	188
- female	100	104	109	125	141
All pensioners	100	104	111	115	121
- male	100	104	112	110	112
- female	100	104	110	119	128
Old-age pensioners	100	101	105	102	109
- male	100	101	107	95	95
- female	100	101	103	108	121

Source: Stanovnik et al., 2006, Tables 22 and 23; own calculations.

Slovenia is one of four EU countries with the largest impact of demographic developments on the old-age pension spending (European Commission, 2006, p. 78). Retirement even before age of 55 – with relatively high and increasing life expectancy - means an exceptional burden for public finances.

8.2 Pension institutions and actors in pension policy

In Slovenia, pensions are mostly insurance-based and financed through contributions. They are widespread and received over a relatively long continuous period. In the 1990s, they were also fairly generous, which has been changing since the introduction of stricter rules in 2000. The Slovenian pension system is well performing its function of providing income security in old age and reducing poverty among the elderly.

The Slovenian pension system consists of three pillars. The dominant role is still played by the first, public pillar which covers the risks of old-age, disability and survivors. The first pillar of the contributory pension system is mandatory in the sense that all employees and self-employed persons are covered (including unemployed persons receiving unemployment benefits).[4] Inactive persons can join the system voluntarily – for example students, unemployed people who do not receive unemployment benefits, persons in military service, persons caring for a child or disabled person, farmers with very low incomes, etc.[5] The scheme is financed on a pay-

there is almost no probability of an increase in early retirement. Disincentives were implemented in 2000; the number of early retirees, that was over 20 thousand in 2002 when it reached its peak, dropped to below 14 thousand by 2005.

[4] Workers performing contractual work are not included in pension insurance: they are though obliged to be covered for disability insurance, health insurance and insurance for injury-at-work.

[5] "The specific feature of this voluntary inclusion into the mandatory system is that these groups can be insured for an insurance base which is lower than the insurance base for persons in the mandatory system – which is set at some 64% of the average earnings. The "rationale" for such an extra provision in the 1999 PDIA is that these marginal groups have very low incomes, and paying contributions from the

as-you-go basis. It is earnings- related, and pensionable earnings are not capped. The total contribution rate is 24.35%, paid by employees (15.5% of gross earnings), employers (8.85% of gross earnings), self-employed (for the total) and through state compensatory contributions.

The reformed public pension scheme

The 1992 Pension and Disability Insurance Act (1992 PDIA) introduced the earliest possible retirement for men at age 55 and for women at age 50, which was gradually increased by amendments to that act to respectively 58 and 53 years by 1998. The 1994 and 1996 amendments changed the indexation rule and limited the possibility of the self-employed in choosing their base for contributions (Stropnik and Stanovnik, 2002).

A new Slovenian Pension and Disability Insurance Act (PDIA) was passed in December 1999, and became effective in 2000. Eligibility criteria have been tightened and benefit levels reduced. The act introduced a number of elements that improved the system in terms of horizontal equity. The gender gap regarding eligibility and benefits was considerably narrowed. Not only were accrual rates equalized, but also eligibility criteria for women became very similar to those for men. Actuarial fairness is also being more closely observed, since there are penalties for retirement prior to and bonuses for retirement after the full pensionable age (63 for men, 61 for women). The period for calculating the pension base has been extended to the best eighteen years. Benefit levels were considerably reduced. Provided an insured person is not subject to penalties, his or her pension will be 72.5% of the pension base after 40 years of work. This compares to 85% under the 1992 PDIA. Taking into consideration further that the pension base in the 1999 PDIA is the best 18-year average earnings (instead of the 10-year average under the 1992 PDIA), the reduction in pensions is even greater than the ratio of 72.5% to 85% might imply.

An even greater emphasis was laid on the principle of vertical equity (solidarity). Thus, the ratio between two comparable pensions (i.e. for two persons entering the pension system under similar conditions, where both have met the pension qualifying period) cannot exceed 4:1. This is a considerably narrower spread than the previous 4.8:1. A further redistribution element lies in the fact that social security contributions are not capped (Stropnik and Stanovnik, 2002).

Legal retirement ages are:

Full retirement age: 63 years of age for men (gradually increasing until 2008) and 61 years for women (gradually increasing until 2017). E.g., in 2007: 62 years 6 months for men, and 55 years 8 month of age for women.

With a minimum of 20 years of paid insurance: 63 years of age for men and 61 years for women (gradually increasing).

With a minimum of 15 years of paid insurance: 65 years of age for men and 63 years for women (gradually increasing).

Minimum retirement age: 58 years, at 40 years of paid insurance for men and 38 years for women (gradually increasing).

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minimum insurance base which is set for the mandatory system would be a too great burden. These groups consequently also have a somewhat smaller bundle of pension rights than persons that cannot chose their contribution base. The pension legislation also provides the possibility of 'opting out'; it is given to self-employed and farmers whose taxable income (for personal income tax) is less than 50% of the minimum wage in the previous six months" (Stropnik et al., 2003, p. 69).

The age criterion is decreased for child rearing; for one child the deduction is 8 months, for two it is 20 months, for three 36 months and for each additional child it is 20 months. It is important to stress that this option has been introduced gradually since 2000 and that these child-rearing deductions will be subject to a lower age limit, which is set at 56 for women and at 58 for men. Child rearing is also being credited, though this is relevant only for women who were not insured at the time. The credit amounts to one year of insurance period, and is of course not relevant for women on maternal leave, as these retain their employee (and insured) status.

Some non-contributory periods are credited or taken into consideration as well. The former is the case of persons taking care of a child below three years of age (or a disabled child) and working part-time, but with full time insurance. Different from that, some periods of inactivity are counted as pension qualifying periods, but with a 0% accrual rate. If having to be counted in the pension base (due to a short work history), these periods would (considerably) lower a pension. In order to prevent that, these "credits" can be purchased *ex post* and be taken into account with appropriate accruals (Stanovnik et al., 2006. pp. 143-144). For example, one can purchase periods of university schooling and military service, and the periods during which the person was registered as unemployed. Employers can purchase up to five years of service for their employees, under certain conditions. Of course, crediting or an *ex post* purchase of years of service may influence the effective retirement age.

The minimum and the maximum levels of pension are determined statutory. These amount to 35% of the minimum pensionable earning and four times the minimum pensionable earning, respectively.

The 1999 act also introduced the *national pension*, which is in fact a form of income tested benefit granted to a person who is not receiving any pension. There are a number of other conditions which the applicant must fulfil (like at least 65 years of age, and thirty years of residence in Slovenia between the age of 15 and 65 years). The inclusion of national pension in the pension and disability insurance act was the result of considerable horse-trading among political parties. The Peoples Party (SLS), a member of the ruling coalition, was in fact catering to its own (rural) electorate (Stropnik et al., 2003).

Early retirement

The 1999 PDIA introduced disincentives for retirement before the legal retirement age (63 years for men and 61 years for women) if the person does not have a full pension qualifying period. These are permanent penalties (i.e. negative accrual rates) amounting to at least 0.1% of the pension base, per month, for persons below the age of 63 years, up to 0.3% for persons aged 58 years. In addition, the accrual rate is 1.5% lower for each year missing to the full pension qualifying period.

According to the 1999 PDIA, early retirement without penalties is possible only under certain conditions:

1) persons aged 58 having a full pension qualifying period (40 years for men and 38 years for women),
2) persons who are unemployed, or disabled, etc., and fulfil the minimum conditions for old-age retirement,
3) women who have raised children and are between 56 and 58 years (depending on the number of children), having a full pension qualifying period, and
4) women aged at least 55 years who were insured before the age of 18 years, with a full pension qualifying period.

Stanovnik (2001) pointed to the injustice of such a regulation for people who became unemployed and – due to their age and inadequate qualifications, and in the absence of active labour market policy measures at the time of the implementation of the 1999 PDIA – had no better choice but to retire early and consequently permanently receive lower pension.

Indexation

According to the 1999 PDIA pensions are indexed according to growth of earnings; in practice, net earnings were taken into account. In the period 2001-2005 pensions were indexed for 80% to earnings and for 20% to prices. As of 2006, pensions are (generally) fully adjusted to the growth of gross earnings.

The 1999 PDIA introduced the (downward) adjustment of pensions for those who had retired prior to the implementation of that act in order to increase fairness among pensioners, i.e. to prevent differences among pensions with regard to the date of entrance into the pension system. Therefore the indexation mechanism for existing pensioners also takes into account the new (lower) pensions of new entrants[6] (Stropnik et al., 2003). This means that pensions are not really adjusted to the growth of earnings (IPDI, 2006).

Flexible retirement

According to the 1999 PDIA, flexible (part-time) retirement is possible for persons fulfilling the conditions for old-age pension. Such persons working half-time or less may apply for a partial pension, which is half of the person's old-age pension. These conditions for part-time retirement are very tight, and Kajzer (2007. p. 9) argues that they prevent people to retire gradually and work part-time.

One can receive pension only if his/her earnings are below the amount of minimum wage. This means that in fact pensioners are not stimulated to work.

Private pensions

The second pillar (private forms of pension provision) was first introduced in 1992, but one could say that it was reintroduced in 2000 when collective and individual voluntary supplementary pension schemes were introduced by the new pension act, accompanied by a very favourable tax treatment (Stropnik et al, 2003). The schemes are funded, and cover only the risk of old-age. Monthly contributions are accumulated in an individual's personal account. These schemes are managed by pension funds. In the end of 2007, the number of persons included in voluntary supplementary pension schemes accounted for about 55% of those included in the mandatory disability and pension insurance scheme (European Commission, 2006, Table 3-1; http://www.mddsz.gov.si/si/statistika/dodatno_pokojninsko_zavarovanje/). So far, due to low monthly premiums, the second pillar is not likely to significantly contribute to the total amount of an individual's pension. Also part of the second pillar is a mandatory supplementary pension scheme, which covers insured persons in certain occupations, for whom employers are obliged to pay higher contributions in order to finance earlier retirement. This additional contribution, above the normal contribution rate, is earmarked for this mandatory scheme, which is managed by the Pension Management Fund, a state owned institution (Stropnik et al., 2003).

The third pension pillar consists of voluntary individual savings for old-age, mostly in the form of life insurance administered by insurance companies.

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[6] According to Article 151 of the 1999 PDIA, the adjustment factor is obtained by dividing the accumulated accrual rate for a man with 40 years of service in year *t* with the accumulated accrual rate for a man with 40 yers of service in year *t-1*. Thus, in 2000, the multiplying factor (downward adjustment) was 84.5/85=0.994 (Stanovnik et al., 2006, pp. 140-141).

Current reform plans

Further changes to the Pension and Disability Insurance Act are currently being discussed. These aim at prolonging the active period of individuals through:

- higher and progressive (currently regressive) bonuses (for extending active period), and extension of the period of their application (now up to 5 years);
- employers not having to pay social security contributions for elderly employees;
- flexible retirement at employment ranging form one to seven hours per day (currently up to four hours) (Government Communication Office, 2006).

The political influence of the elderly

The Democratic Party of the Pensioners of Slovenia (DeSUS) was founded in 1990 and has since been represented in the Parliament, however considerably disproportionably (4 seats out of 90) regarding the fact that pensioners constitute about a third of the electorate[7]. It happened several times that their votes were decisive for gaining the majority, which increased their importance in political decision making and gave them a kind of a "trading" power. In the current governmental coalition, DeSUS is awarded one ministerial position (out of sixteen) and one position of a deputy minister.

Public opinion surveys indicate that the elderly tend to vote major political parties in the country more or less proportionally to the average share of votes these parties obtain from the electorate (Toš et al., 2004). The 2000 survey showed that almost 70 per cent of the DeSUS supporters were aged 61 years and over, and over 80 per cent were pensioners Toš et al., 2000). About 60 per cent were women and about 55 per cent were people from countryside. The average supporter had a rather low educational level compared to other political parties

In the late 1990s, DeSUS, which was in the ruling coalition, opposed the introduction of a mandatory fully funded second pillar due to a suspicion (and fear) that it would result in serious transition costs and fiscal problems, with a quite possible downsizing of the first (public) pillar (Stropnik et al., 2003).

Since 2001, one of the main aims of DeSUS has been to have pensions indexed according to the rise in earnings. The experience of 2005 illustrates the political power of this party. Pensioners and the Democratic Party of the Pensioners of Slovenia (DeSUS) seriously protested and demanded a more »equitable« method of indexation. In December 2004, DeSUS joined a new governing coalition and already in July 2005 an amendment to the 1999 PDIA was passed that introduced the indexation of pensions according to rise in earnings. This kind of pressure may become even more serious as the elderly account for an increasing proportion of the total population and the electorate. DeSUS keeps on trying to enact the indexation of pensions according to net earnings (instead of gross earnings, as currently) and it insists on the clause of government responsibility for financing any future pension deficits.

DeSUS does not want to seem selfish fighting for pensioners' rights. One of their arguments is that pensioners help to maintain unemployed members of the extended family, also their grown-up and educated grand-children (http://www.desus.si/?nav=6&blog=132).

8.3 Data and definitions

The empirical part of this chapter is based on the Slovenian Household Budget Surveys, undertaken by the Statistical Office of Slovenia. The surveys contain data on the social and demographic characteristics of household members, household income and expenditure,

[7] See http://www.desus.si /?nav=90& blog=14&m=1

housing, the ownership of consumer durables, etc. Since 1997 the data have been collected on an annual basis. The samples are rather small (about 0.2% of the households/population), so three consecutive annual surveys are merged here, in order to produce a dataset of the size that allows for statistical analyses of population subgroups. In our case these are the datasets for:

- 1997-1999 (3,867 households containing 12,912 persons)[8]
- 1999-2001 (3,806 households with 12,372 persons)
- 2001-2003 (3,687 households with 11,652 persons)
- 2003-2005 (3,725 households with 11,303 persons).

Our research interest is focused on the elderly, who are defined as people aged 55 years and over, in order to allow the inclusion of labour market exits.

The elderly not living in private households but in institutions are not included in the sample. At the end of 2005, only 4% of old people in Slovenia were living in old people's homes (Ilić and Žnidaršič, 2006).

In order to allow comparisons across households of different size and composition, household income was weighted using the following equivalence scale: the first adult in the household was assigned the weight 1, all other adults 0.5 and each child (below 18 years of age) was assigned the weight 0.3. The sum of values for household members produced the number of equivalent adults (see Table G22 for the number of equivalent adults and age structure per dataset). The household income divided by the number of equivalent adults is the equivalised household income.

The current monetary disposable household income is used as the measure of resources. This definition of income includes income from employment (including fringe benefits), self-employment income, income from occasional work, pensions, social benefits, income from capital and royalties, and private transfers. It does not include benefits in kind, savings withdrawals or loans received. It is after tax, meaning that direct taxes and social security contributions are subtracted. In the Household Budget Survey databases, income is at prices in May of the middle year.

8.4 The income and labour market position of the elderly, 1990-2005

8.4.1 Trends in early retirement

The reasons for Slovenia having one of the lowest employment rates of the elderly in the EU are:

a) the early retirement wave in the early 1990s,
b) still relatively early retirement,
c) high structural unemployment which particularly affects older unemployed persons (Kajzer, 2007).

Up to 1999, the Slovenian pension system allowed for early retirement under very generous conditions, i.e. with only temporary reductions in pensions until the early retiree reached the required age (58 years for men, 53 for women). Early retirement was conditional on the insured person reaching a minimum age (55 for men, 50 for women), minimum pension qualifying period (35 for men, 30 for women) and other conditions, such as bankruptcy of the firm or long-term unemployment, etcetera. In 1990, the average age at retirement was 57.5 years for men and 53.6 years for women. It was decreasing in the following two years and then started to increase.

[8] Only this dataset is for the period before the major pension reform of 1999 was accepted. The reform is being gradually implemented from the year 2000 on.

After the start of the economic restructuring in the beginning of the 1990s, many companies went bankrupt while others underwent organisational changes. Traditional industries were abandoned, and there was a shift from manufacturing industry to services. All of this resulted in more redundancies. The older (and least educated) workers were among the first to loose their jobs and among those for whom it was the hardest to obtain a new one. After a certain period of unemployment they tended to retire early.[9] Early retirement was encouraged and subsidized by the government with the aim of protecting older workers from greater hardships brought about by transition reforms. This caused a large withdrawal of the 55-59 age group from the labour market. In the course of the 1990s, early retirement seemed to be the best option particularly for men over 51 years of age and women over 46 years of age with rather low productivity and thus also low earnings (Stanovnik, 2001).

Unemployment[10] and favourable conditions for (early) retirement in the 1990s, as well as a wish to escape the negative consequences of the announced reformed pension system regarding retirement rules and pension formula, led to a considerable decrease in the employment rates of people aged 50 years and over. The impact of this is evident from Table 8.6. In 1993, only 55.6% of people aged 50-54 years were in employment. Later on, an increasing share of people of that age was in employment: 74.0% in 2006. The same can be observed for people aged 55-59; their employment rate increased from 28.5% in 1993 to 44.7% in 2006. The impact of early retirement preceding the pension reform implemented in 2000 is evident from the drop in the employment rate between 1997 and 2002 (see cells marked grey in Table 8.6). In 1997, 17.6% of the population aged 60-64 years (1993-1937 cohorts) was in employment, which was true for 13.6% of the population of the same age (1938-1942 cohorts) in 2002. After that point and due to the pension reform, the rate increased to 15.9% in 2006. The same can be observed for people aged 65-69 years: their employment rate was 14.2% in 1997 (1928-1932 cohorts), 9.8% in 2002 (1933-1937 cohorts), and 12.7% in 2006 (1938-1942 cohorts).

Table 8.6 Employment rates by birth cohorts in various years[a]

Cohort	Age in 1993	1993	1997	2002	2006
1973-1977	15-19	8.1	58.3	80.2	89.6
1968-1972	20-24	56.7	83.3	90.1	90.8
1963-1967	25-29	83.6	89.0	90.4	88.9
1958-1962	30-34	88.1	86.7	87.3	85.0
1953-1957	35-39	87.0	87.7	83.6	**74.0**
1948-1952	40-44	87.2	81.4	**67.7**	**44.7**
1943-1947	45-49	80.2	**60.7**	**34.8**	**15.9**
1938-1942	50-54	**55.6**	**29.0**	**13.6**	**12.7**
1933-1937	55-59	**28.5**	**17.6**	**9.8**	**7.1**
1928-1932	60-64	12.4	**14.2**	**8.5**	n/a
1923-1927	65-69	(7.1)	**10.0**	n/a	n/a
1918-1922	70-74	(6.1)	n/a	n/a	n/a

[a] The Labour Force Survey was introduced in Slovenia in 1993. The data are for May 1993, and are annual averages for 1997, 2002 and 2006.

() Less accurate estimation: (10<=coefficient of variation<20)

Source: SORS, Labour Force Surveys.

[9] For some people (either unemployed or employed but receiving low earnings due to bad financial situation of their enterprises), pensions were higher than the income in the period before retirement.

[10] The registered unemployment rate was at its peak of 14.4% in both 1993 and 1997. The LFS unemployment rate was 9.1% in 1993 and 7.1 in 1997 (5.0% and 2.7%, respectively, for the population aged 50-54 years).

In the period 1990-2005 the number of old-age pensioners rose by 22% (Ilić and Žnidaršič, 2006) (see Table 8.7). Current incentives for working more years include bonuses for each additional month of service for retirement after the standard age (63 for men, 61 for women).[11] Employers are encouraged to employ older workers through reimbursement of social security contributions for regular full-time employment. However, the results of the of the 2006 Labour Force Survey show that most persons in employment (almost 40%) who fulfil conditions for retirement plan to retire before they reach 60 years of age (men at age of 61 years and women at age of 59 years). Among them women represent the 'lion's share'. Slightly more than 30% plan to retire between 60 and 64 years of age, and slightly less than 20% after they reach 65 (Svetin, 2007). So far, the result is positive: early retirement has decreased. The number of early pensioners, that was over 20 thousand in 2002 when it reached its peak, dropped to below 14 thousand by 2005 (disincentives were implemented in 2000). It should be noted, though, that this was also due to the fact that many had retired early before the introduction of the new legislation, so the number of "candidates" was decreased considerably.

Table 8.7 Average monthly number of recipients of pensions

	1990	1995	2000	2005
Old-age pensions	259,253	282,055	308,443	315,092
All pensions	454,722	477,242	503,193	509,510
Early pensions		19,576	18,337	13,783

Sources: SORS, 2006; Internal material of the Pension and Disability Insurance Institute (early pensions).

8.4.2 Consequences of the 1992 and 1999 pension reforms for elderly activity rates

It is evident from the data that the higher legal retirement age and the increased foregone income in case of early retirement have positively influenced the effective age of retirement. In the period 2000-2005 it increased by 2 years and 3 months for both men and women: to 60 years plus 5 months for men, and 57 years plus 1 month for women (IPDI, 2006). There is a persistent growth in activity rates and a diminishing share of pensioners in the age group 50-59 (see Table 8.3). In the second quarter of 2006 the employment rate of population 50-69 years was 42.2%: almost 50% for men and slightly less than 35% for women (Svetin, 2007). The employment rate of the population aged 55-64 years increased notably as well. It was 19.9% in 1996, 22.3% in 2000, and 33.6% in 2006 (LFS, 2nd quarter). The speeding up of the increase following the pension reform is clearly evident.

In the second quarter of 2006, almost 15% of persons aged 50-69 years and still in employment (slightly more men than women, and more than half of them being agricultural workers) had already fulfilled the conditions for receiving old-age pensions (Svetin, 2007). Two thirds have spent 30-39 years working for pay of profit, while more than a quarter have worked for 40 years or more. Among them, a tenth decided to continue to work in order to have a higher pension, and almost 40% in order to increase their current income (otherwise income would not be enough to meet the needs of their households) (Svetin, 2007). It should be noted that more than half continue working for non-financial reasons.

[11] Staying active beyond retirement age is rewarded: due to the first additional year the pension is raised by 3.6%, by 2.4 for the second year, by 1.2% for the third year and by 1.5% for each additional year of activity.

Part-time retirement (as an intermediate phase between full-time employment and retirement) is opted for by a relatively small number of people (several hundreds).[12] This may be due to:

a) the low compatibility of the pension system and part-time employment, and

b) the fact that part-time jobs are relatively expensive for employers (Kajzer, 2007, p. 3).

Only about 3% of the population aged 50-69 years opted for a reduction in working hours due to partial retirement (less than 10% did so for other reasons) (Svetin, 2007) .

8.4.3 Trends in the absolute income position of the elderly

In the observed period, the median equivalised disposable income of the population aged 55 years and over has been over 90% of the median disposable income of the younger group (<55). It is true that the income position is worse for each older age group of the elderly, but in the oldest group (75 years of age and over) in 2001-2003 the median disposable income still accounted for three quarters of the median disposable income of the population below 55 years of age (82% in 1999-2001).

In the 1997-2005 period, the median equivalised disposable income was steadily increasing for all age groups, with hardly any difference between the population below 55 years of age and the elderly (cf. table G1). The average increase in real terms was by 7%; the highest increase was registered for the age group 65-74 years (11%), the lowest for the population aged 75 years and over (2%). For the population aged 65 years and over, most of the positive change occurred in the late 1990s, when retirement conditions were more favourable.[13] From 2000 on, early retirement became "costly" and the indexation of pensions lagged behind the increase in earnings. The population below 60 years of age experienced a more intensive positive change in the 2000s due to the evidently improved situation in the labour market (less unemployment, increase in real earnings).

The median equivalised disposable income was getting ever smaller compared to the average net earnings (Table G2). While in 1997-1999 the non-elderly and those aged 55-59 years disposed of a medium income that was somewhat higher than net earnings, in 2003-2005 this was not the case in any of the observed age groups. Nevertheless, in 2003-2005 the median disposable income of the population aged 75 years and over accounted for 72.1% of average net earnings, up to 97.3% for the population aged 55-59 years. This would not be bad had the average earnings not been quite low compared to the costs of living.

There is almost no difference between the non-elderly and the elderly concerning the decrease in their median disposable income relative to average net earnings: they suffered a drop of 5.9 and 5.7 percentage points, respectively. Among the elderly, however, a clear pattern may be observed: the older the age group, the smaller the reduction (5.9 percentage points for persons aged 55-59 years, 4.4 percentage points for those aged 60-64 years, and only 2.5 percentage points for those aged 65-74 years). The greatest decrease was experienced by population aged 75 years and over: by 8.7 percentage points.

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[12] There is a significant direct transition form work into retirement in Slovenia. In 2006, almost 90% of persons in employment in the age group of 50-69 years stated that they did not work fewer hours after reaching the age of 50 years (Svetin, 2007).

[13] It is interesting to note that in 1999-2001 the level of median disposable income of persons aged 60 years and over even improved relative to average net earnings.

There are several explanations for this.

- In the youngest age groups of the elderly in 2003-2005 there still were men who retired early before the implementation of pension reform in 2000 and consequently received lower pensions until reaching the age of 58 (as set by the 1992 PDIA).
- In the younger age groups of the elderly there are people who retired early after 1999, meaning that they have permanent maluses for having done so.
- Pensioners in the age group 65-74 generally have no deductions on their pensions because they retired before the pension reform started to be implemented.
- The oldest group relies much more on social transfers and less on pensions than other age groups of the elderly. Social transfers were indexed by consumer price index, which was lower than the earnings index.

For persons below the age of 55 years, earnings have accounted for the greatest (and slowly increasing) part (over 72% in all observed periods) of their disposable income (Table G3). For older persons, they have contributed a quarter of their respective disposable income in 1997-1999 and 22.6 in 2003-2005. The share of pensions in the disposable income of persons below the age of 55 years was over 10% in 1997-1999 and decreased to 8.5% by 2003-2005; in the income of persons aged 55 years and over, it increased from 66.5% to 69.4% respectively.

There have been obvious changes within the income sources of persons aged 55 and over, particularly by age groups. Figures G1-G4 in the Annex show how the scissors open as we move from 1997-1999 to 2003-2005. On the left-hand side we can see an increasing share of earnings and a decreasing share of pensions in the disposable income of persons aged 55-59 years. We can see the opposite for persons aged 65 years and over.

In the income of population aged 55 years and over, the share of earnings decreased (by 2.4 percentage points; by 7.4 percentage points for persons aged 75 years and over) while the share of pensions increased (by 2.9 percentage points; by as much as 10.9 percentage points for persons aged 75 years and over) in the observed period. The opposite trend was registered only for the youngest age group (55-59 years) where pensions decreased by 8.6 percentage points while earnings increased by 5.3 percentage points.

The share of pensions is decreasing in the income of the population below 55 years of age (the shares of earnings and social transfers remain stable), which may be partly attributed to the pension reform. In the observed period, the change amounted to 1.9 percentage points. Social transfers are a more important income source for the population below 55 years of age than for the elderly, mainly due to family transfers. For the elderly, social transfers are getting less important. In 2001-2003 they accounted for only 1.5% of the disposable income of population aged 65 years and over.

The impact of retirement just before the pension reform, observed in Table 8.6, is also evident from Table G3 in the Annex. In 1997-1999, persons aged 60-64 years had a higher share of earnings and a smaller share of pensions in their disposable income compared to the persons of the same age in 1999-2001.

8.4.4 Trends in the relative income position of the elderly

Until the beginning of the 2000s, the population aged 65 years and over was under-represented in the top income decile (Table G4). Since 2001 this has been true for population aged 60 years and over.

The population aged 60 years and over has been overrepresented in the bottom income decile, and in some years also in the second one. Judging from its representation in the first (bottom)

and second income decile, the income position of the population aged 55-59 years was improving in the period 1997-2005. This was due to higher employment rates, lower unemployment rates and less early retirement. It is also relevant, as pointed out by Čok (2003, p. 340), that this age group[14] "includes pensioners with relatively low income as well as high income individuals at the end of their working period." Obviously, the latter factor has prevailed.

It is evident from Table G4 that the relative income position of the population below 55 years of age has improved considerably in the period 1999-2001, compared to the period 1997-1999. The opposite holds for the population aged 55 years and over. In the following two observed periods both trends continued, but at a slower pace. However, data on the median disposable income of the population aged 55 years and over, compared to the population below that age (Table G5), leads to different - even opposite - conclusions. When the absolute amount of the median income is observed rather than the distribution across income deciles, it is the population aged 55 years and over that improved its relative income position (compared to the younger population) between the periods 1997-1999 and 1999-2001. This implies different developments occurred in the middle and in the bottom plus top of the income distribution.

The median person aged 55 years and over had an equivalised disposable income at about 91% of that of the median younger person in both 1997-1999 and 2003-2005. In the intermediate period, it was somewhat higher. Again, the age group 55-59 years differs from other elderly age groups, as on average they had a more favourable relative income position than the population below the age of 55 years throughout the observed period.

It is clearly evident from Tables A4 and A5 that the relative income position of the elderly worsens with increasing age. Nevertheless, presuming that the needs and consumption of the elderly are lower than those of the younger population,[15] the median equivalised disposable income of the elderly would not be evaluated as particularly low. For instance, the median income at the age of 75 years and over was equal to 75.2% of the median income of persons below the age of 55 years in the period 2003-2005, and to even 82.5% in 1999-2001. At the age of 65-74, in 2003-2005 the median equivalised disposable income was at almost 90% of that of the population below the age of 55 years.

An analysis of income inequality in and between age groups should take into account that, on general, inequality in Slovenia is not high, and that a decreasing trend was registered in the observed nine-year period. In 1997-1999 the Gini coefficient was 0.246, and in 2003-2005 it was 0.239. The Theil indices took the values of 0.102 and 0.096, respectively.

The Gini coefficient and Theil index show that inequality among the population aged 55 years and over exceeds those among the younger population and the total population (Table G6). However, in the period 1997-2005 inequality decreased more among the elderly than among both the total population and the population below the age of 55 years. The highest inequality is among the population aged 75 years and over.

[14] Čok in fact refers to the age group 55-65 years, but the same explanation applies for the age group 55-59.

[15] At the old age, people are supposed to have solved their housing problem, they usually do not have dependants to maintain, and tend to spend less on clothes, footwear and for some other purposes.

8.5 Poverty among the elderly, 1990-2005

8.5.1 Trends in relative poverty

Generally speaking, and compared to other European countries, relative poverty in Slovenia is not high and has decreased in the period 1997-2005 (Table G7).[16] In the whole observed period, the poverty rate was higher for the population aged 55 years and over than for the population below 55 years of age, or for the total population. The difference among the former two was 1.9 percentage points in 1997-1999, and 1.6 percentage points in 2003-2005, applying a poverty threshold set at 40% of the median equivalised disposable income. It amounted to 7.0 percentage points in 1997-1999 and 8.3 percentage points in 2003-2005 if the poverty threshold is set at 60%.

Relative poverty increases with age. The difference is particularly pronounced between the age groups 60-64 years and 65-74 years. In the period 1997-2001 - no matter which level of the poverty threshold is chosen - the poverty rate was lower for the population aged 55-59 years than for the population below 55 years of age. The situation has reversed afterwards. In fact, one would have expected the opposite - namely, that a higher activity rate, increasing share of earnings, higher age at retirement and the decreasing share of pensions in the disposable income of persons aged 55-59 years (see Table G3) would result in their relatively more favourable economic situation. It seems, however, that the lower unemployment rate and the rise in earnings of the population below 55 years of age have had a stronger impact.

In the period 1997-2005, a decrease in deep poverty (equivalised disposable income below 40% of the median disposable income) was somewhat greater for the population aged 55 years and over than for the younger group. According to this criterion, in the period 2003-2005 4.1% of the elderly were relatively poor, compared to 2.5% of the younger group and 3.0% in the total population. However, if the poverty threshold is set at 50%, 60% or 70% of the median disposable income, the decrease in the relative poverty was greater for the population below 55 years of age.

With the poverty threshold set at 70% of the median disposable income, the poverty rate decreases considerably for the population aged 65-74 years: from 34.8% in 1997-1999 to 25.9% in 2003-2007 (see Table G7).

Different from that, the poverty rate for the population aged 75 years and over remained almost the same in the period 1997-2003, no matter which poverty threshold is applied. In 2003-2005, there is a pronounced drop in deep poverty (income below 40/50% of the median), but there is an increase in the poverty rate at the two higher thresholds (60% and 70% of the median). It is interesting to note that the comparison of poverty gaps shows quite a different development (Table G8). On the one hand, if the poverty threshold is set at 40% or 70% of the equivalised median disposable income, the poverty gap has hardly changed in 2003-2005 compared to 2001-2003. On the other hand, it has decreased at poverty thresholds of 50% and 60% of the median (the latter by as much as 8.8 percentage points).

Between the first and the last observed period, poverty gaps generally decreased for both major age groups, but the difference is more pronounced for the elderly. In 1999-2001 compared to 1997-1999, the poverty gap - at poverty threshold at 40% of the median disposable income - for the population below 55 years of age decreased considerably, while that of the population aged 55 years and over increased, resulting in an almost 10 percentage point difference. In the following observed period the trends reversed and the poverty gaps came (and remained) close

[16] The age group 55-59 years is the only one of the observed age groups that has not shared the general improvement in terms of the decreasing relative poverty.

to each other, amounting to 20.5% and 22.4% in 2003-2005, respectively. At higher poverty thresholds, the differences were not large Poverty gaps are, as a rule, higher for the population aged 55 years and over. In 1997-1999 and 2003-2005, however, this was not the case if the 60%-threshold is applied.

The age group 55-59 years is quite often the one with (by far) the highest poverty gap, even rising above 30%. The age group 60-64 years mostly had the lowest poverty gap at the poverty threshold set at 40% of median disposable income.

8.5.2 Trends in poverty according to national criteria

In the period from 1993 to mid-2001, the guaranteed minimum income (social assistance) in Slovenia was very low. Its level was the result of a political decision, and not based on any assessment of a basket of commodities necessary for subsistence. Research has shown that the minimum income was only sufficient to cover the costs of a rather poor nutrition, with nothing remaining to meet other basic needs. This meant that social assistance beneficiaries were not really pulled out of absolute poverty (Stropnik et al., 2003). The Social Assistance and Services Act was amended in April 2001. The new benefit levels were gradually implemented from September 2001 to January 2003. The minimum income weight for the first adult in a family, which is equal to one, was only 0.8 from September 2001 to June 2002 it and 0.9 from July to December 2002. The minimum income was set at a more appropriate level (e.g. it increased by 26% for a single person or for the first adult in a household).

In Table G9, the shares of persons with an equivalised disposable income below the social minimum are presented. It should be noted here that the equivalence scales applied in our analysis differ from those used for defining the minimum income of households, and that these were different in the periods 1997-August 2001, September 2001 – June 2002, July 2002 – December 2002, and from 2003 on. Since 2003, the weight has been 1 for the first adult, 0.7 for each other adult in the household, and 0.3 for each dependent child. In the case of a single parent family, the minimum income was increased by 0.3 of the basic amount of minimum income.

Other reasons for the differences between the disposable income and the minimum income may be non take-up of social assistance[17] and denial of social assistance to persons non-complying with the rules of the active labour market policy (for instance, not fulfilling the condition of active job search and non-acceptance of the job offered by the Employment Office). The information in Table G9 may be misleading, due to the fact that it may include persons with an income just below the social minimum who do not think that the amount they are entitled to is worth the effort of applying.

The shares of persons with equivalised disposable income below the social minimum (minimum income) differ across age groups and vary in time. They are generally higher for people aged 55 years and over (i.e. the elderly) than for those below 55 years of age (2.2% compared to 1.1% in 2003-2005). They also increase with age of the elderly and are the highest for the oldest age category (2.8% of persons aged 75 years and over had equivalised disposable income below the social minimum in 2003-2005). It is quite probable that the main reason lie with non take-up of benefits and under-reporting of income.

It is evident from Figure G5 that the shares of persons with an equivalised disposable income below the social minimum increased in 2001-2003. This was due to a higher and increasing level of minimum income from September 2001. In 2003-2005 the shares of persons aged 60

[17] So far there is no research on non-take-up of social assistance by individual population groups that might be in need of it.

years and over under the social minimum dropped below the 1999-2001 level. Since the number of applicants for social assistance aged 60 years and over has not decreased, the reason may be in the improved income situation of the households where the elderly live together with younger generations.

Since social assistance is aimed at preventing absolute poverty, only those persons in need who somehow remained out of the system would finally remain poor. Consequently, on the one hand, once people start receiving social assistance, they should be pulled out of poverty, so they should not be considered as poor anymore. On the other hand, however, the level of social assistance is usually sufficient only for covering basic needs in a short term. Particularly if the status is kept for a longer period, a person/family may nevertheless be living in poverty. This explains why the receiving of social assistance is sometimes used as a measure of poverty (e.g. by Kangas and Ritakallio, 1998).

Nevertheless, the characteristics of social assistance recipients indicate the population groups that run the risk of being poor. It is evident from Table G10 that the share of social assistance recipients in the population aged 55 years and over remained stable at 2-3 per cent in the period 1997-2005. The opposite is true for the younger population, which experienced an increase first from 1999-2001 to 2001-2003 and particularly by 2003-2005. In that period, the share increased from 2.7% to 7.1%.[18] Consequently, the average share of social assistance recipients in the total population more than doubled (from 2.6% to 5.9%).

It would, however, be wrong to conclude that the own income of the population below 55 years of age decreased. In fact, the minimum income - being the income threshold for entitlement to monetary social assistance - was increased in 2001-2003, resulting in a higher number of entitled persons. It should also be noted that, according to the social assistance regulation, some important income sources of households with low income (for instance, relatively high child allowances and educational grants) were not counted as the household own income, resulting in a high number of persons with own income below the minimum income. This implies that a certain proportion of the social assistance recipients disposed of a monetary income that was (much) higher than the minimum income.

Another reason for an increase in the number of social assistance recipients was the relatively high unemployment among young people. Young first-time job seekers tend(ed) to declare themselves as living in single households – although they most probably lived with their parents – with no (or low) income. The revisions in the legislation implemented in 2006 decrease or deny monetary social assistance in such cases, which has resulted in a smaller number of young applicants (a decrease by 18% from December 2005 to December 2006).

It is also true that in the period 1999-2001 - which is the basis for our comparison – the number of social assistance recipients was relatively low due to changes in the regulation. In 1998, a closer cooperation and exchange of information between the centres for social work and the employment offices was established. The conclusion of a contract between the beneficiary and the centre for social work on actively resolving the social problem of the beneficiary became a condition for the entitlement to social assistance. As a consequence, the number of social assistance recipients decreased in 1999.

Changes in the level of minimum income did not have any positive impact on the share of social assistance recipients among persons with an equivalised disposable income below 60% of the median. Quite the opposite: their share has decreased for both major age groups; the average

[18] This is supported by statistical data. The number of monetary social assistance recipients doubled from January 2002 to December 2005 (http://www.mddsz. gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti__pdf/dsp_izplac_za_spol_star_feb07.pdf).

share was just below 40% in 2003-2005, compared to almost 60% in 1997-1999 and 1999-2001. The improvement in the income position of the poor is also evident from the decrease in their share in the population and particularly from smaller poverty gaps. The dynamic developments within the 60-64 age group, however, do not have a logical explanation, especially not between the periods 1999-2001 and 2001-2003 when a relatively high increase in the poverty gap was registered.

8.5.3 Trends in relative poverty and material hardship

On average, more than 93% of the persons were living in owned housing units in the whole observed period[19], and more than 95% of those aged 55 years and over. These proportions were somewhat lower for relatively poor people, but not below 86% and 92%, respectively (Table G11 in the Annex).

The average floor area per person is smaller for people below 55 years of age than for the elderly, both for the poor (at 60% of the median disposable income) and for the total population (Table G12). It increases with age among the elderly: from 34.6 m^2 in the age group 55-59, to 45.5 m^2 in the age group 75 years and over. The floor area is bigger for poor persons aged 55 years and over than for the non-poor elderly. The opposite is true for the younger population. An increasing trend is evident in the average floor area per person in the observed period, particularly for the poor elderly, and, among them, those aged 65 years and over.

The housing standard, measured by the average number of rooms per household member, is not much worse for poor people than on average (Table G13). A positive trend in this indicator is particularly evident for the poor population aged 55 years and over (from 1.17 to 1.51 rooms per household member in the period from 1997-1999 to 2003-2005).

The interesting finding that the average floor area per person and the number of rooms per household member increase with age can be partly explained by the information presented in Table G11. It is specific for Slovenia that people own the houses and apartments they live in and that, as a rule, they do not move after their children have left the parental home. Since elderly households are smaller than the households of people below 55 years of age, the average number of rooms per household member is greater. So, for instance, in 2003-2005, the relatively poor persons were (on average) living in a household with 1.10 rooms per member: those below 55 years of age had 0.82 rooms per member at their disposal, while the elderly had 1.51 rooms (Table G13). The difference is not that great for the total population: compared to the relatively poor population, the total population below 55 years of age has more space per member, while the total elderly population has less. The latter may be explained by the fact that the better-off elderly can afford to move into better quality housing; and they choose the one that suits their changed needs, also in terms of the number of rooms.

A considerable share of the poor elderly live in dwellings without a bathroom: 12.8% in 2003-2005 (compared to 9.4% of poor persons below 55 years of age, and 3.9% of non-poor elderly) (Table G14). However, the share was as high as 22.3% in 1997-199 and 1999-2001, which indicates that the situation has been improving. The decreasing trend in this indicator is present in all poor elderly age groups, except for the youngest one (55-59 years of age). Here it has been increasing in the 2000s after a considerable drop.[20]

The share of poor persons aged 55 years of over who live in dwellings without central heating has decreased too (from 49.2% in 1997-1999 to 31.7% in 2003-2005), but is still rather high

[19] According to the 2002 Population Census, 92.4% of all housing units were owned by physical persons (http://www.stat.si/popis2002/si/rezultati/rezultati_red.asp?ter=SLO&st=41).

[20] This may be due to a relatively small number of cases in the sample.

(Table G15). The situation is not much better for the poor below 55 years of age (27.8% in 2003-2005). The share of non-poor elderly living in dwellings without central heating is 13.3%. Generally, the shares are higher for each older age group, indicating that older people live in older dwellings where the living standard is lower than in newer ones.

8.5.4 Trends in relative poverty and subjective indicators of poverty

The poor[21] population below 55 years of age makes ends meet with great difficulty much more frequently than the elderly poor, and the scissors have been opening since 1999-2001 (Table G16). This problem is least pronounced among the poor population aged 65 years and over, who much more frequently declared making ends meet "with difficulty" than "with great difficulty". One of the possible explanations may be lower needs and more modesty in old age.

All in all, (great) difficulties in making ends meet, by the two major age groups of the poor (non-elderly and elderly), show different patterns in the observed period. The share of poor non-elderly making ends meet with (great) difficulty decreased between 1997-1999 and 1999-2001, then increased by 2001-2003 and remained almost the same in 2003-2005. For the elderly, it was increasing from 1997-1999 to 2001-3003 and then decreased substantially.

8.6 Marginal groups

Since the early 1980s, farmers have been included in the same pension scheme as other persons insured for old age and disability. The number of farmers' pensions decreased considerably between 1990 and 2005: in 2005 it was just about a quarter of the number in 1990, and about half the number in 1995 (Ilić and Žnidaršič, 2006).

Persons living in pensioner households (i.e. households without any active person and with pension as the only or main income source) accounted for 56.4% of all persons aged 55 years and over in 2003-2005 (Table G17). Due to the tendency of the Slovenian population to retire early, almost of a quarter of persons aged 55-59 years were already living in pensioner households, and more than a half of those aged 60-65 years.

In 2003-2005, persons living in pensioner households were generally over-represented in the two bottom income deciles and under-represented in the top income decile. The poverty rate for this population group (considerably) exceeds that of all persons in all age groups (Table G18 compared to Table G7). This indicates that the elderly living with at least one active person have a higher standard of living and are (much) less frequently experiencing financial hardship. For instance, with the income threshold set at 60% of median disposable income, 17.8% of all persons aged 55 year and over had an income below the poverty line, which was true for 23.4% of persons in the same age group who were living in pensioner households.

On the one hand, it is interesting to note a particularly high relative poverty in 2003-2005 among persons below 55 years of age living in pensioner households (28.5% at poverty rate set at 60% of the median disposable income, compared to the average of 9.5%). Obviously, people do not retire early because they have enough income to live on, but mostly because of not being able to continue working due to health problems, disability, unfavourable working conditions, redundancy and inability to get another job, etc. Some have land to cultivate and in fact enjoy a higher standard of living than shown by the income indicator. On the other hand, the poverty rate for people aged 60-74 living in pensioner households was just 2.3 percentage points lower than the average for persons of that age. This means that being a pensioner does not necessarily result in a financial hardship if one earned the full pension (or is receiving one having reached

[21] Poverty threshold is set at 60% of median equivalised disposable income.

the full pensionable age - for those who retired before 2000). But it is true that the relative poverty increases with age.

In the same period, unemployed persons accounted for less than 2% of the population aged 55 years and over (Table G17). Their share was higher (6.6%) only among persons aged 55-59 years, particularly in the bottom income decile where one could find one out of five unemployed persons aged 55-59 years. It is not surprising that the relative poverty rate, too, is much higher for the unemployed than for the rest of population (Table G18). In all age groups, from 32% to 44% of unemployed persons aged 55 and over are relatively poor if the poverty threshold is set at 60% of the median equivalised disposable income.[22] For them, unemployment is an intermediate stage between employment and retirement.

Women aged 55 years and over are, on general, in a worse income position than men, which can be seen from their over-proportional shares in the bottom income deciles (except for women aged 60-64 in the first decile) and an under-proportional share in the top income decile (Table G19). The situation is particularly bad for women aged 65-74 years. In 2003-2005 they accounted for 57.6% of all persons in that age group, and 75.0% of those in the bottom income decile. The same is true for women living in single households. Those aged 65-74 years accounted for 18.5% of all persons and 48.7% of persons in the bottom income decile. It should be noted that the number of cases in the surveys represents a limitation for analyses by age groups. In the Slovenian 2003-2005 HBS sample, only 558.2 weighted persons[23] are women living in single households (see Table G20). Only 20.2 are aged 55-59 years, and 46.9 are aged 60-64 years, which causes the problem of small numbers and may lead to wrong conclusions.

The poverty rate for women (as for men) increases with age, and is much higher for women aged 65 years and over than for men of the same age (Table G20 compared with Table G7). The fact that the income position of women below 65 years of age generally does not differ much from that of men should be attributed to the similar activity rates of both sexes. Older women, however, did not earn as high pensions as men of the same old age,[24] and there are also considerably more women than men aged 65 years and over (and almost one in four of them lives in a single household), which results in high(er) relative poverty among women compared to men. In 2003-2005, with the poverty threshold set at 60% of the median equivalised disposable income,[25] 23.2% of women aged 65-74 years and as many as 34.4% of older women were relatively poor. The situation was much worse for women living in single households. 45.2% of women aged 55 years and over living in such household were relatively poor, and among younger women the rate was high as well (34.1%) The same was true for almost half of the women aged 75 years and over who live in single households.[26]

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[22] Note that there are small numbers of the unemployed aged 60 years and over.

[23] The difference between unweighted and weighted number of persons in the total 2003-2005 sample is about 10%: there are 11,303 persons and 10,146.4 weighted persons.

[24] Gender differences in pensions derive mainly from differences in earnings during the active period, and the gender earnings gap is rather small in Slovenia (9% in 2002) (Stanovnik et al., 2006). Men had (and still have) higher gross earnings than women with the same education level. This is a consequence of both the sectors where women were mostly employed and the horizontal gender segregation. On average, today's female pensioners have less years of schooling than their male counterparts. In addition to that, women had shorter labour market careers. Decades ago, maternity leave was only three months long and there hardly were any childcare facilities, so women temporarily left the labour market when they had small children; and for some it took very long to re-enter the labour market.

[25] There is a problem of small numbers if poverty thresholds are set at 40% or 50% of the median equivalised disposable income.

[26] There were 226 equivalent female persons aged 75 years and over in our sample.

The relative position of pensioners improved in the course of the 1990s, which was due to the fact that, unlike most other central and eastern European countries in transition, pensions in Slovenia have remained a remarkably stable source of income both in real and relative terms during the 1990s. They were regularly received and adequately indexed, which cannot be said of most of other income sources (Stropnik and Stanovnik, 2002, p. 55). In 1997-1999 the poverty rate for pensioners was below the average for the total population (Stropnik and Stanovnik, 2002). In 2003-2005, however, the poverty rate is higher than the average one, both for male and female pensioners.[27] The poverty rate remains lower for male pensioners aged 55 years and over than for the total population of the same age.[28]

In 2003-2005, the income position of all pensioners was much better than that of persons living in pensioner households. This is true for both male and female pensioners (Table G21). This is due to the fact that one in three pensioners lives in a non-pensioner household, and enjoys a higher equivalised disposable income. It is interesting to note that in 2003-2005 the relative poverty rate was lower for female pensioners below the age of 65 years than for their male counterparts. The logical explanation seems to be that these women had partners who were either active or received relatively high pensions or other income.

Pensions used to be relatively generous in Slovenia, but starting from 2000, the average pension has accounted for an ever smaller percentage of the average net earnings. The replacement rates are presented in Table 8.8. The rate decreased from 74.5% in 1998 to 69.1% in 2005 (and further to 68.6% in 2006).[29] Obviously, the pension reform is effective in punishing those who opted for early retirement. The unfavourable indexation formula in the first half of the 2000s has also added its share. Since 2006, however, pensions are fully indexed to (gross) earnings, which will slow down the decrease in their real value compared to earnings.

Table 8.8 Replacement rate after retirement, 1998-2006; Slovenia

Year	Average old-age pension as % of average net earnings
1998	74.5
1999	75.8
2000	75.3
2001	73.2
2002	72.8
2003	71.1
2004	70.2
2005	69.1
2006	68.6

Source: Pension and Disability Insurance Institute, Annual Report 2005 and 2006.

[27] Also Kump and Stanovnik (2006) have pointed to the gradual deterioration of the income position of pensioners in the early 2000s. Pensioners in pensioner households, whose pensions on average accounted for 95% of their disposable income, experienced the greatest decline in their income position. Pensioners in pensioner households were the only group experiencing an increase in relative poverty in the period 2001-2003.

[28] When discussing the economic position of pensioners one should keep in mind that not all of them receive an old-age pension. In fact, the latter group of pensioners accounted for less than 60% of all Slovenian pensioners in 2005. While the average replacement rate was 69.1% for old-age pensions, it was 55.4% for disability pensions and only 48.0% for family pensions. This, of course, results in different income position of the latter two categories.

[29] The replacement rate is by about one percentage point higher for the old-age pension.

It should be kept in mind that poor households often have an above average self-consumption, which increases their living standards. This is evident from the generally lower relative poverty rate and lower income inequality if the poverty measure is based on both income in cash and in kind (Intihar, 2007). However, this is not the case for all marginal population groups. For instance, there are more poor unemployed women if income in kind is taken into account when calculating the poverty threshold.

Income in kind is very important for farmers and other persons living in their households. Their income position is hard to evaluate realistically, as is their income position in comparison with other population groups. This is also due to the fact that income from land/farming is calculated according to a specific formula which has been highly underestimating that income. However, this is not a very important issue in the poverty problem as such, as active farmers account for only 1.09% of the weighted persons in the 2003-2005 HBS database. It is also not possible to identify pensioners receiving farmers' pension in the Slovenian HBS, so we cannot analyse the income position of this group. In 2005, only 0.9% of all pensioners in Slovenia received farmers' pension. Some farmers (mostly women) receive a national pension, which in fact was introduced with the primary aim to provide them with a non-means-tested income in their old age.

8.7 Conclusion: prospects on poverty

There are many factors influencing the economic position of the elderly population. At this place we will only point to those that are generally considered as the most important determinants of the current and future poverty among the elderly in Slovenia.

Demographic developments

As in other European countries, the demographic factor will doubtlessly play a key role in the development of the pension system and pension entitlements in Slovenia. This will be due to both a very low fertility rate in recent decades and an increasing life expectancy. Due to population ageing, it will become difficult for Slovenia to maintain a sustainable pension system in the long term.

So far, the pension reform has been alleviating the pressure to budgetary outflows for pensions. In 2000, pensions accounted for 12.1% of GDP in 1999, 11.4% in 2000, and 10.6% in 2006. However, according to the EC projections (2006, Table 3-3), the share of public pensions is going to increase to 14.4% by 2030, 16.8% by 2040 and 18.3% by 2050, which is the second largest increase in the EU.[30] An additional pension fund deficit of 7-9% of GDP (depending on the scenario) in 2030 was estimated if no further reforms of the pension system are implemented (Majcen et al., 2005).

The demographic pressure may pose limits on the share of pensions in GDP. If the share is kept constant at 10%, pensions will start to decrease in 2011. People who are now aged 40-44 years and will retire around 2025 will receive only 75.6% of the amount they would receive if current regulation of pensions is left intact, without any limitations of the share of pensions in GDP (Majcen et al., 2006, p. 26) (Table 8.9).

[30] This is largely due to the full indexation of pensions to the earnings growth as of 2006 (EC, 2006, p. 67).

Table 8.9 Percentage of life-long pensions compared to the situation where the share of pensions is not limited

Age in 2005	Limited share of pensions in GDP		
	15%	**13%**	**10%**
40-44	98.3	93.2	75.6
50-54	99.7	97.9	86.1
60-64	100.0	99.7	93.3
70-74	100.0	100.0	96.7

Source: Majcen et al., 2006, Table 19.

New pension formula

There is no doubt that public pensions will decrease in importance and that more stress will have to be put on the other two pillars of the pension system. Pension reform leads to the decline in the (relative) income position of pensioners and the elderly on general, but its full effect on the income position of pensioners will be evident only in the long run.

The consequences of the 1999 pension reform are lower accrual rates and a higher full retirement age. Since the replacement rate for specific age cohorts declines, age cohorts in their fifties need to work longer to achieve the same replacement rate (Stanovnik et al., 2006, p. 156). The theoretical net replacement rate for a male worker with a working career of 40 years was 82% in the year 2005, but it is projected to decline to 60% by 2050 (ISG, 2006, Table 52).[31] As stressed by Stanovnik et al. (2006, p. 155), if increases in the retirement age do not lead to higher labour force participation rates, there will be a threat of increased poverty among pensioners.

In addition to that, those who retire early suffer permanent maluses. Taking that into account, one would predict that people would not retire early. However, the surveys prove that the Slovenians nevertheless wish to retire as early as possible and considerably earlier than the full retirement age. Although the actual age at retirement will probably show an increasing trend, it is quite probable that ever more people will retire early. This will happen if the actual age at retirement increases by less than an increase in the legal retirement age.

Labour market developments

Probably nobody doubts that an increase in employment among the elderly (55-64 years of age) is needed. Kajzer (2007) argues that - in order to achieve this goal - revisions in employment policy are required. Labour market flexibility should focus also on the elderly population. More opportunities to combine pension and flexible forms of work should be offered, and the regulation regarding the combination of retirement and part-time employment should be changed. Part-time employment arrangements should become an intermediate phase between full-time employment and retirement. It would positively affect the employment rate of older people. Kajzer (2006, p. 79) recommends activation of those with a low level of education, for instance, through the development of the care sector. She argues that the reserve can be found particularly in part-time employment of older women.[32] Continuous training and lifelong learning should be much more practiced by both companies and individuals in order to avoid

[31] This result holds under current pension legislation and Eurostat demographic projections but not taking into account of recent changes in the tax legislation.

[32] In the 2nd quarter of 2006, the prevalence of part-time work among men aged 50-64 years was close to the EU average, while that among women was only at one third of the EU average (Kajzer, 2007, p. 9).

unemployment of the older people and prolong their activity if wished so. However, currently there is a very limited possibility to earn additional income while receiving a pension, and additional earnings are subject to payment of all social security contributions. This should be changed, otherwise many potentially active elderly persons will remain out of the labour market. Partial retirement should also become more flexible in terms of hours worked.

Taking account of changes in the pension policy,[33] a large decrease in the take-up ratio (pensioners / population aged 65 years and over) was foreseen for Slovenia (EC, 2006, pp. 76-77 and Table 3-10). This means that people will remain on the labour market longer and thus potentially earn higher pensions.

It is assumed that the higher rate of female activity will enable more women to meet the qualifying conditions for an old-age pension (Stanovnik et al., 2006, p. 155). Consequently, the relative difference between male and female average pensions will be decreasing.

In the 1990s, unemployment became a massive phenomenon in Slovenia, affecting young people (aged 15-24 years) much harder than other age groups. Broken or fragmented or short labour market careers due to unemployment will have a negative impact on future pensions, through short contribution period and consequent negative accrual rates.

The informal economy

Many people, who are now approaching the retirement age or have already retired, were engaged in undeclared work. In the cases where such work was not performed in the periods of their regular employment or while they were receiving unemployment benefits, people have shorter labour market careers and therefore lower pensions (particularly if they retired after the 1999 pension reform).

It has been estimated that undeclared work currently accounts for about 7% of the Slovenian GDP and that it is, to a great extent, due to the high (though decreasing) direct and indirect tax burden on labour (social security contributions, payroll taxes, personal income taxes) (Polanec, 2005; MoLFSA, 2006). In order to decrease the benefits of undeclared work for both employers and "employees", payroll taxes are being gradually abandoned, and the highest marginal income tax rates were reduced. Also, the abandonment of unemployment assistance, active labour market policies, new regulation of suitable work and strict inspection of the registered unemployed and employers act as disincentives and prevent fraud. Dismissal of workers is planned to become less complicated and costly for the employers, which would make them more ready to offer regular jobs. The systematic efforts to prevent undeclared work started in 1997, including the adoption of relevant legislation.

Living arrangements

The constantly increasing proportion of pensioners living in pensioner households – where pensions are the main or the only income source – is expected to continue. Due to that, an increasing share of the population has been and will be rather sensitive to the changes in the pension system (replacement rate, indexation of pensions).

Political power of the elderly

One cannot predict how the burden of pensions will be distributed between generations (lower pensions vs. higher contributions). It will be influenced by many factors, the political power of

[33] These changes are aimed at increasing the effective retirement age through increases in the statutory retirement age and tightening of the access to early pension schemes.

the pensioners' party being among the most important ones. The pensioners' political party has been a Parliamentary and the Government coalition party in Slovenia. Due to its political influence, proposals to index pensions only to the costs of living have not been adopted so far. Such indexation would lead to pensions lagging behind earnings, which would in the long run lower the ratio of individual's full pension entitlement to his/her earnings in the year preceding retirement to 35% of the latter (ISG, 2006). However, experts (Stanovnik et al., 2006, p. 157-161) warn that, due to demographic ageing, full indexation of pensions with earnings is fiscally unsustainable and that it is only a matter of time until it will be abolished, and less than full indexation will be resumed.[34]

While one can speculate on the future absolute income position of the elderly, it is far more difficult to predict their relative status. This is because the latter also depends on the development of the income position of the rest of the population, implying that one would need to consider the factors influencing employment, gross and net earnings, social security for the younger age groups, the pension system, retirement decisions, etc. If the income situation of the population of working age were to improve less (or deteriorate more) than that of the older age groups, the relative position of the elderly could even be better than now, in spite of the negative impact any further pension reforms may have on their income.

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9. General conclusions

Cok Vrooman*

This chapter sketches some overall conclusions that can be drawn on the basis of this comparative study into the situation of the poor elderly in the European Union's New Member States (NMS) – that is, the group of countries that entered the EU since 2004. It relates to a rather general level; specific summaries of the outcomes have been included at the beginning of chapters 2 to 9.

The first section highlights the outcomes of a general cross-comparative analysis performed for 2005, using an integrated dataset. It concentrates on the level of income inequality, relative poverty, and material deprivation in all NMS except Malta, Romania and Bulgaria. Section 9.2 provides an overview of the main results relating to poverty developments in six selected countries. The final section deals with the main theme of the book: the prospects on poverty among the elderly in the NMS.

9.1 General cross-sectional results

Chapter 2 provided a cross-sectional analysis of the income situation of the elderly in the New Member States, based on the EU-SILC data gathered in 2005. This gives an overview of the starting position of the elderly: how do they fare nowadays, before the great wave of ageing strikes? Figure 9.1 lists some of the main indicators for the countries which accessed the European Union in 2004, minus Malta.[1] The 'old' EU-15, Denmark (an old member state with little relative poverty and inequality) and Portugal (more poor, more unequal) have been included as points of reference.

The graph shows the relationship between national income inequality in the population at large, and poverty and material deprivation among the elderly aged 55 or more. For the latter we use the general index scores that have been calculated by Jehoel-Gijsbers & Vrooman (2008) in the context of a related project.[2]

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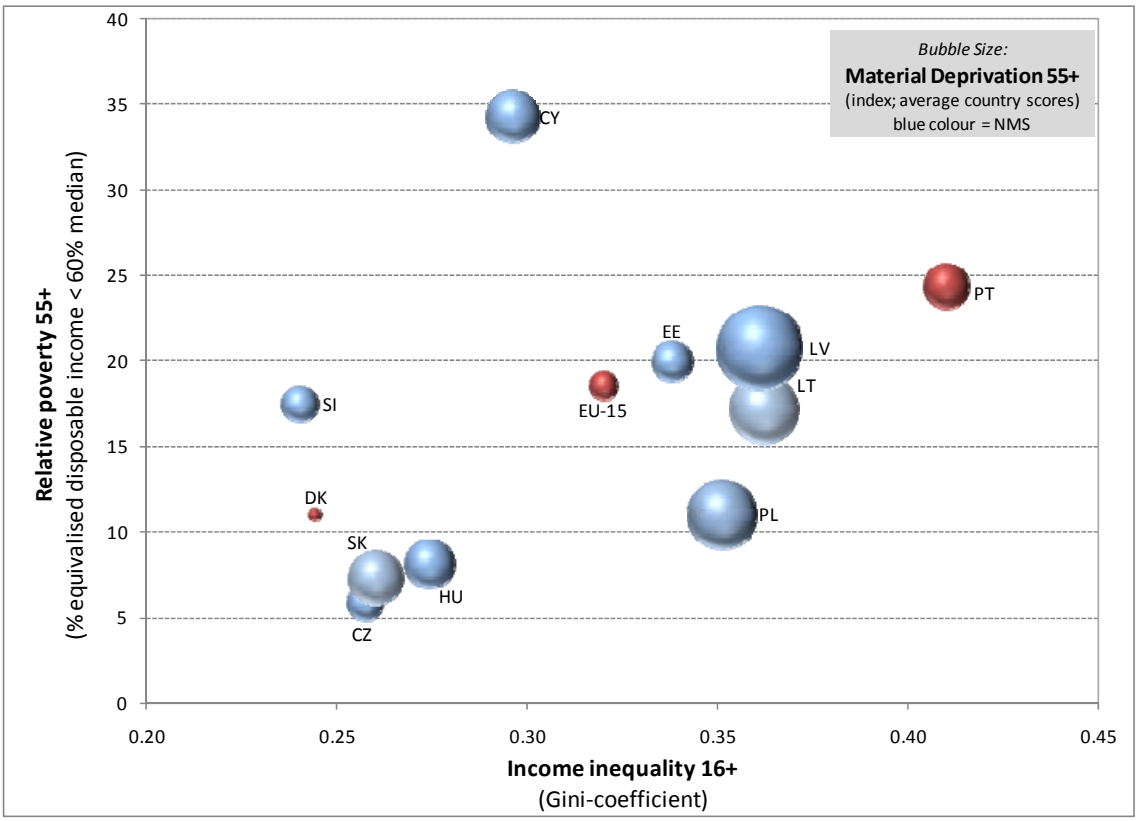
[1] Romania and Bulgaria did not participate in EU-SILC 2005, as they had not yet joined the EU.

[2] The index for material deprivation is a sub-scale of the measuring instrument for social exclusion, as developend for the Netherlands by Jehoel-Gijsbers (2004; cf. Jehoel-Gijsbers & Vrooman, 2007) and elaborated for the EU-context by Jehoel-Gijsbers & Vrooman (2008) in the context of the AIM project. It was constructed by applying categorical principal component analysis (CatPCA), a technique which combines nonlinear optimal scaling with principal component analysis (cf. Gifi 1990). CatPCA is an appropriate technique if different indicators are expected to refer to one common underlying latent concept, and some or all indicators have nominal or ordinal measurement level. The material deprivation scale was constructed over the total EU-SILC sample (24 EU-countries, plus Norway and Iceland) and turned out to be fairly reliable (Cronbach's alpha=0.77). It was based on 15 items in EU-SILC 2005, which include the 'material hardship' indicators in chapter 2: arrear payments; financial burdens of housing, et cetera; being able to fulfil basic needs in terms of heating, every second day a full meal, and costs for medical and dental treatment; the subjective evaluation of difficulties in making ends meet and dealing with unexpected expenses; the possession of consumer durables (telephone, colour TV, washing machine and personal computer).

Figure 9.1 Relative poverty and material deprivation among the elderly (55+) in relation to total income inequality (16+); NMS-9, EU-15, Denmark and Portugal (2005)



Source: chapter 2; Jehoel-Gijsbers & Vrooman, 2008 (EU-SILC 2005).

There are wide differences in relative poverty among the elderly in the NMS. Using the standard EU *Laeken*-criterion (in which a person is classified as poor if he lives in a household with an equivalised disposable income below 60% of the median), the Czech Republic, Slovakia, and Hungary have very few elderly poor (6-8%). This is far below the EU-15 average (19%), and less than the Danish level (11%).

In Poland, the relative poverty rate is the same as in Denmark, and therefore still considerably below the average of the old member states. Lithuania and Slovenia are just under the EU-average, and Estonia and Latvia score slightly above it – but the poverty rate in these two countries lags behind the level of Portugal, one of the countries with a high incidence among the elderly in the EU-15(24%). Cyprus has a very high relative poverty rate (34%), exceeding the Portuguese level by far.

If most NMS perform quite well vis-à-vis the EU-15 in terms of relative poverty, the conclusion is quite different if one looks at the scores on the general index for material deprivation. In Denmark the elderly experience the least material deprivation in the EU, as the small size of the 'bubble' in the graph indicates. The EU-15 average is substantially higher, mainly due to the elevated scores of Spain, Italy, Portugal and Greece (cf. Jehoel-Gijsbers & Vrooman, 2008, figure 4). However, in all NMS the average material deprivation of the elderly is well above the EU-15 average. Among these countries, the Czech Republic, Slovenia and Estonia do fairly well, as the average score is below the Portuguese level. Hungary, Slovakia and Cyprus have somewhat more material deprivation among the elderly than this high-scoring old member state.

The highest scores, however, occur among the elderly in Poland, Lithuania and Latvia, who experience the most material deprivation in the EU-24.

Thus, these two indicators of the financial position of the elderly lead to very different conclusions. The correlation between relative poverty and material deprivation among the elderly is rather weak (r=0.16 in this set of countries). The results in terms of relative poverty run counter to what most observers would expect: e.g., the fact that elderly in the Czech Republic, Slovakia, and Hungary are better off than their Danish counterparts seems rather unfeasible, especially if one considers the policy consequences it would have (namely, that Denmark should increase its efforts if it ever wants to reach the Czech, Slovak of Hungarian levels). This only holds within a strict relativist perspective; but one may wonder if this is the best basis for social policy in the EU and its member states.

On the other hand, the ranking of countries in terms of their material deprivation scores seems fairly plausible. In all NMS the elderly are more materially deprived than in the EU-15 (and certainly in comparison to Denmark). A few NMS are slightly below the level of ill-performing old member states, but in most of them the elderly are worse off, especially in Poland, Lithuania and Latvia.

The graph also shows that relative poverty is very much related to income inequality, as indicated by the Gini coefficient in the population at large. The higher the income inequality, the more relative poverty. The correlation is very high, especially if one leaves Cyprus and Slovenia aside (r=0.85), where relative poverty among the elderly is somewhat higher than one would expect on the basis of general income inequality. This is due to the fact that in these two countries income inequality within the elderly group is comparatively high (cf. below). Generally speaking, however, one may consider relative poverty as a form of "inequality in disguise" (cf. Van Praag & Ferrer-i-Carbonell, 2004)[3].

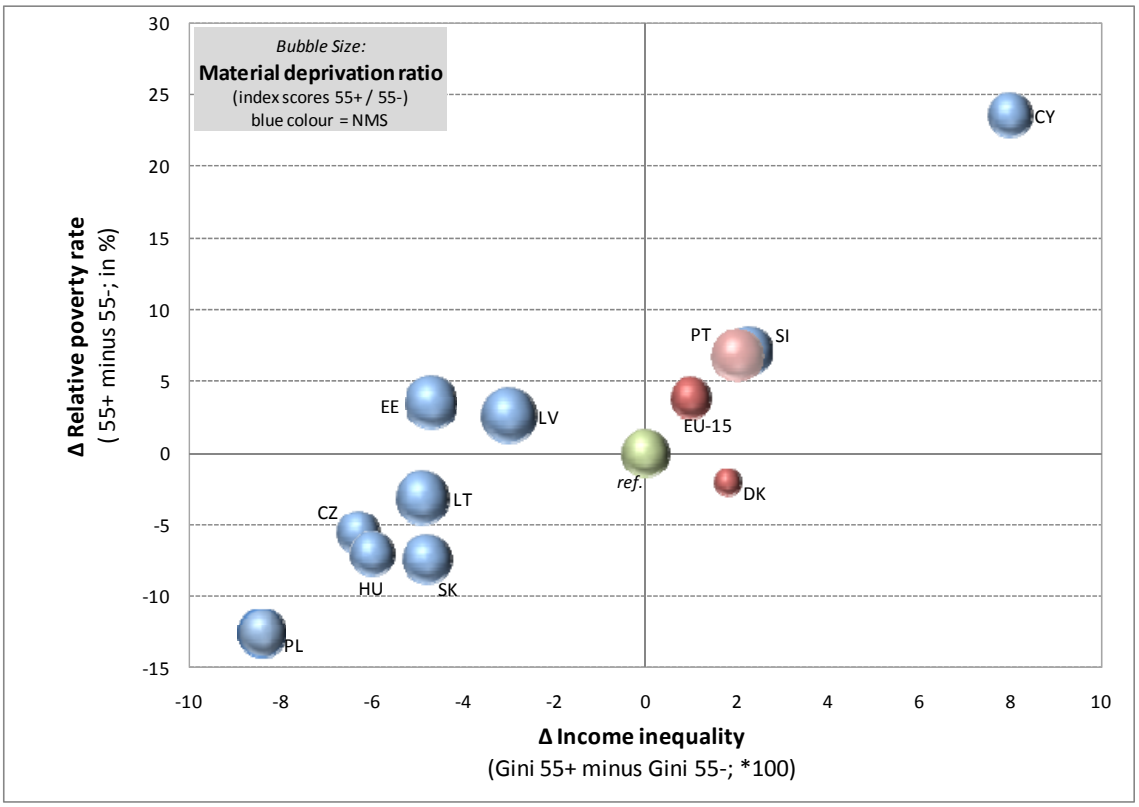
While income inequality is related to the material deprivation scores of the elderly, the association is much weaker than in case of relative poverty (r=0.54).

Figure 9.2 lists the same variables, but focuses on the differences between the elderly (55+) and the non-elderly (55-). For relative poverty and income inequality raw differences are presented, for material deprivation the ratios between the two groups have been used[4]. The green bubble in the graph indicates the reference category (no differences between the two age groups in terms of income inequality(Δ=0), relative poverty (Δ=0) and material deprivation (ratio=1).

[3] Van Praag & Ferrer-i-Carbonell (2004: 295) illustrate their point by assuming that disposable income is distributed in a log-normal way, i.e. the logarithms of the incomes are normally distributed. The original incomes then no longer display the characteristic 'bell shape' of a normal distribution, but are skewed to the right, with a relatively large group of individuals or households with lower incomes, and a long tail of reducing shares as income increases. Given this – not uncommon – assumption, they show that the poverty rate depends solely on the standard deviation, which can be interpreted as a measure of income inequality. In practice, incomes are not precisely log-normal in their distribution; for example, there may be more peaks at the lower end due to the divergent social assistance norms in different types of household. The log-normal distribution does however provide a good approximation of the actual income distribution.

[4] The ratio has been used because difference scores result in several negative values, which are difficult to represent as the third variable in a bubble graph.

Figure 9.2 Income inequality, relative poverty and material deprivation: elderly (55+) vs non-elderly (<55); NMS-9, EU-15, Denmark and Portugal (2005)



Source: chapter 2; Jehoel-Gijsbers & Vrooman, 2008 (EU-SILC 2005).

In terms of the difference scores between the two age groups, relative poverty is once again strongly related to income inequality: the observations on the x- and y-axes are almost on a straight line (r=0.89).

The graph furthermore shows that in five NMS the elderly experience less relative poverty and inequality than the non-elderly. This is the case in Lithuania, the Czech Republic, Slovakia, Hungary and Poland. In the latter country, the poverty rate among the elderly is 12.5 percentage points lower than in the 55- group, and the Gini coefficient is 0.08 points less. For Lithuania these figures are -3 and -0.04, respectively; the other NMS in this group fall in between these two countries.

In Estonia and Latvia, income inequality is slightly lower in the 55+ group as well, but the share of poor elderly is slightly higher (by about 3 percentage points) than among the non-elderly.

Slovenia, and especially Cyprus, diverge from the general pattern. Here the elderly are more often poor, and incomes are more widely dispersed, than among the non-elderly. In Cyprus the difference amounts to +24 percentage points in the poverty rate, and +.08 points on the Gini indicator. These two countries tally with the general picture in the EU-15 and Portugal, where elderly are more often poor and show a higher degree of income inequality among themselves as well. Denmark, however, is the odd one out: the income inequality within the elderly group is higher than among the non-elderly, but they experience less relative poverty.

A remarkable conclusion, however, is that the common notion that old people tend to be poor, and that this would be all the more so among elderly in the NMS (cf. the introductory chapter)

currently does not hold for five out of the nine countries that have been considered here. In terms of relative poverty, the elderly are actually better off than the non-elderly in Lithuania, the Czech Republic, Slovakia, Hungary and Poland; and not much worse off in Estonia and Latvia. Only in Cyprus the postulated difference between the two age groups emerges clearly, and to a lesser extent it also occurs in Slovenia.

As the rather equal sizes of the bubbles in figure 9.2 suggest, the age group differences regarding material deprivation scores are not very pronounced. Denmark is the exception: here, material deprivation is considerably less among the elderly than among the non-elderly (ratio=0.56). In the EU-15 the latter also applies, but somewhat less evident (ratio=0.83). In the NMS the ratio is close to 1, which implies the scores of the elderly and non-elderly do not differ very much. In Slovakia and Poland the scores of both groups are equal; in the Czech Republic, Hungary, Cyprus and Slovenia the elderly are somewhat less materially deprived than the non-elderly, and in Latvia and Lithuania a bit more. With the possible exception of the two latter countries these results do not indicate there currently is a specific material deprivation problem among the elderly in the NMS, in the sense that old people experience considerably more problems in this respect[5] than their younger fellow-countrymen.

9.2 In-depth analyses in six New Member States

Chapters 3-8 elaborated on these issues, by providing in depth analyses of six New Member States, which are mostly based on national statistics and the various Household Budget Surveys for the period 1995-2005/7. These chapters focus on income trends, a number of additional indicators for poverty among the elderly, and the general demographic, institutional and socio-economic setting. As mentioned in the introductory chapter, the selection (comprising of Estonia, Hungary, Poland, Romania, Slovakia and Slovenia) covers half of the countries that entered the EU in 2004 or 2007, and 77% of the population of all the NMS.

Table 9.1 lists the main indicators on the poverty situation of the elderly and a number of relevant context factors. It should be noted that this overview is very general. The separate chapters contain much other relevant information, e.g. on the development of median incomes and income inequality, on relative poverty below other threshold values (40%-70% of median income), on various elderly age groups, and on the specifics of the pension institutions in each country.

Trends and differences in relative poverty

The trends in relative poverty (using the threshold at 60% of median income) could not be ascertained on the basis of EU-SILC 2005, as that survey has not been running for a sufficiently long period yet. The national sources indicate that the poverty rates of the 55+ group remained rather stable since the midst of the 1990s. Hungary is the exception, as relative poverty among the elderly decreased somewhat.

However, in many countries the difference with the poverty rates among the non-elderly has increased in recent years. Given the stable pattern among the non-elderly, this implies that relative poverty rates among the non-elderly have increased (or, in the Hungarian case, over the years decreased less than in the elderly group). Slovakia and Estonia are exceptional in this respect, because there is no clear change in the poverty rates of the two age groups.

[5] However, Jehoel-Gijsbers & Vrooman (2008) point out that on another indicator of social exclusion, the degree of social participation, older people in the EU-24 are generally worse-off, the more so the older they are.

Table 9.1 Main indicators on elderly poverty and related factors in six NMS

Indicator	Estonia	Hungary	Poland	Romania	Slovakia	Slovenia
Relative poverty (60%)						
- trend[a] incidence 55+	*stable* with random volatility	*decreasing*	*Stable*	*stable*	*stable*	*stable*
- trend[a] poverty gap 55+	-	peak in 1997/1998, volatile in other years	*no clear pattern*	small gap ('shallow' poverty), *some fluctuation*	*increasing* 1997-2003	*increasing* up to 2001, *decreasing* afterwards
- trend difference 55+/55-	*no clear pattern*	since mid 1990s: 55+ less relative poverty than 55-, *slightly increasing*	*increasing*, because incidence non-elderly rises	*increasing*, because incidence non-elderly rises	*stable* 1997-2003	slightly decreasing at 40% criterion, slightly rising at 60% criterion
Poverty incidence, national criteria						
- trend[a] incidence 55+	'absolute' and subsistence' criteria: *decreasing*	'subsistence' criterion: *very low*, small peak in 1997, decreasing since	'subsistence' and 'social' minimum, legal threshold: *stable* since 1999	'minimum old-age pension' criterion: *decreasing* since 2000	'subsistence minimum' *slightly rising* 1997-2003	'social assistance minimum': low (<3%) and rather *stable*; peak in 2001-03, as benefits were raised
- incidence 55+ vs 55-[b]	elderly less poor since 1998 (absolute criterion)	Elderly less poor	elderly less poor	elderly less poor	elderly less poor	elderly poorer
Material hardship						
- trend[a] incidence 55+	*volatile* (maybe due to measurement issues)	*decreasing*	*decreasing*	-	-	*decreasing*
- incidence 55+ vs 55-[b]	elderly more material hardship	elderly less hardship (per capita floor space), or no difference (flush toilet)	elderly less (per capita floor space), or more hardship (flush toilet)	elderly less hardship in terms of average no. of rooms; but more unable to pay for food	poor elderly more hardship, except for flush toilets	elderly less (p.c. floor space)/ more hardship (no bathroom, c heating)
Subjective poverty/ negative income assessment						
-trend[a] incidence 55+	*rather stable*	*decreasing*	*Stable*	-	-	*increasing* 1997-03, *decreasing* afterwards
- incidence 55+ vs 55-[b]	elderly *less* negative	Elderly *less* negative	elderly *less* negative	elderly *slightly less* satisfied	-	elderly *less* negative
Marginal groups - high risk on relative poverty 55+	1. single elderly 2. social assistance recipients 3. disabled 4. non-Estonians	1. single elderly women 2. probably: Roma minority and migrants (no data)	1. social income (≠ pension) 2. farmers 3. large families	1. single elderly women 2. rural elderly (self-consumption included)	1. Roma minority (no data) 2. old unemployed/low educated 3. women 65+	1. (single) elderly women 2. old unemployed 3. pensioners not living in extended family
Labour force participation 55-64[c]	*comparatively high* (62%)	*low* (35%)	*low* (32%)	*fairly low* (42%)	*fairly low* (39%)	*low* (35%)

Political organisation/ influence of the elderly	some, but *rather weak*	*high:* electoral cycle	*rather high* (initiated by Solidarity trade unions)	-	-	*very high*: DeSUS pensioners party in coalition
Recent pension reforms	yes, *major* → low replacement rates	yes, but rather *eclectic*: many compromises, long transition periods, repeated changes in indexation	yes, *major*	yes, *major* (2001-04); recent *eclectic* raises of pensions (2006-09) → electoral cycle?	yes, *major*; but political cycle changes pension rules	yes, *major* (1992, 1999), more underway; *eclectical* indexation raises
Future ageing process	*severe*, dependency ratio 55+ almost doubles between 2007 and 2050	*severe*, dependency ratio 55+ almost doubles between 2007 and 2050	*severe*, dependency ratio 55+ almost triples between 2007 and 2050	*very severe*, high dependen-cy ratio 55+ doubles to very high 2045 level (>100%)	*very severe,* dependency ratio 55+ almost triples between 2007 and 2050	*severe*, dependency ratio 50+ doubles between 2005 and 2050
Future sustainability	*fair*, due to low replacement rates	*problematic*; Short run: cohorts hit by labour market shock in 1990s. Long run: negative demographic trend, possibly mitigation through rising educational level	*fair,* due to pension reforms; but possible transition: low sustainability+ high adequacy → high sustainability + low adequacy	*problematic*; Short run: less contributors (subsistence agriculture, migration abroad) Long run: collision with demographic trend	*problematic*; Short run: less contributors (migration abroad) → deficit PAYG system Long run: unfavourable demographic trend	*problematic:*demographic pressure, political power, less extended families. Partly offset by pension formula, rising particip., less early retirement
Prospects on poverty among the elderly	*concern* about possible growing share eligible to minimum pension only	*concern* about cohorts hit by 1990s labour market shock; long term if budgetary pressure cannot be solved	*concern* about low pensions due to interrupted contri-butions (unemployment 1990s) or low formal earnings (shadow economy)	-	*concern:*currently low wages translate into low pensions; higher disparities due to re-migrating elderly	*concern*: low pensions (accrual rates, maluses early retirement, short/ interrupted careers). Maybe partly offset.

[a] Trend from mid-1990s until mid-2000s

[b] Most recent data

[c] 2007

Source: chapters 3-8.

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The *poverty gaps* of the elderly (the average income lack of the poor vis-à-vis the poverty line) do not show a clear development in most countries. Remarkable is the shallow nature of poverty in Romania, where many of the poor have an income close to the threshold value (which is rather low, in line with median income).

Alternative poverty indicators

Most countries also have some kind of *national poverty line* which can be interpreted in a more absolute sense. This sometimes consists of a policy (or 'legal') threshold, such as the national norm for social assistance or the minimum old age pension. In other instances it refers to a 'basket of goods' which is deemed necessary in the local context. The latter may vary between a bare minimum or 'subsistence' level (e.g. only costs for food), and a more elaborate package.

Of course these specific criteria cannot be used to compare total poverty incidences between countries, as they vary too much. However, they may give some indication on diverging trends and on the relative differences between social groups. If we for instance compare the differences between the elderly and the non-elderly in the selected countries, a familiar pattern emerges. In all NMS but Slovenia, the 55+ age group is less poor in national-absolute terms than their younger compatriots. This corroborates the outcomes based on the relative poverty line (cf. figure 9.2), with the sole exception of Estonia. In that country, the elderly are slightly poorer in relative terms, but less poor in an absolute sense.

There are no clear trends in poverty among the elderly according to these national-absolute criteria. In Estonia, Hungary and Romania absolute poverty decreased in this age group, while in Poland and Slovenia it has been rather stable in recent years (if one dismisses the artefactual increase in the latter country, which resulted from a raise in the benefit levels). Only in Slovakia a small rise in absolute poverty among the elderly is observed.

Most chapters also contained information on *material hardship*. Usually this has been measured in a less elaborate way than in the 'material deprivation' index based on EU-SILC (cf. figures 9.1 and 9.2). Per capita floor space, and the availability of a flush toilet, a bathing room or central heating are common indicators in the various country chapters. Once again, the different indicators and varying survey setups make a direct comparison of material hardship not feasible. Moreover, the 'per capita floor space' indicator probably is of limited value. In almost all countries the elderly are better off than the non-elderly, but that is to a large part due to the fact that elderly tend to stay in the same house after their children leave, or their partner dies.

On the other indicators the elderly tend to experience more material hardship than the non-elderly with the exception of Hungary (no difference in the final measuring year). However, the trend is rather positive: in the countries where time series are available, material deprivation has decreased considerably (mostly implying that many elderly have had flush toilets installed over the last decade).

The *subjective evaluation* of the income situation is a further way to grasp poverty developments. This is mostly based on answers people give in national survey questions, such as whether they are not able to make ends meet, express a negative view on their income situation or prospects, or are dissatisfied with their income. Given the diverging nature of the questions used in the national surveys, once again they cannot be used to compare the levels of negative evaluations between the countries that have been analysed here; but they may be informative as to trends and differences between age groups. Regarding the latter, for four out of six countries the outcomes are in line with the results on absolute poverty. In Estonia, Hungary and Poland the elderly are less negative about their income situation than the non-elderly, just as they experienced less absolute poverty (and, with the exception of Estonia, less relative poverty as well). In Slovenia the elderly also have a less negative view of their own

income than the non-elderly, in spite of their higher rates of national-absolute and relative poverty. Romania is the exception here: the 55+ experience less absolute poverty than the younger age group, but is slightly less satisfied with the income situation. The Slovakian chapter does not provide data on this issue.

Marginal groups

In all country chapters an attempt was made to identify *marginal groups* within the elderly, usually indicated by an over-representation in terms of the relative poverty rate. These analyses were sometimes hampered by the fact that not all marginal groups were suitably represented or identifiable in the national surveys (most notably, the Roma population in Hungary, Romania and Slovakia).

A common finding is that *single elderly people* are among the marginal groups. Poland is the exception here. In most countries, single elderly *women* attain even higher levels, but this does not occur in Estonia. In Poland and Slovenia certain other types of family emerge as a high risk groups as well; Polish *large families*, and Slovenian elderly *not living in an extended family* have higher poverty rates.

Elderly living on *social benefits* other than pensions (unemployed, social assistance, disabled) also regularly belong to the marginal groups. *Farmers* are specific high risk groups in Poland and Romania (the latter in spite of the shift to subsistence farming after the land reforms in the early 1990s). Non-Estonians (largely of Russian descent) are a high risk group in Estonia.

9.3 Prospects on poverty among the elderly in the New Member States

A favourable current income position

The overall conclusion emerging from all of these analyses is that the elderly in the NMS currently are not that bad off – at least not in comparison with their non-elderly fellow-countrymen. In most countries they experience less relative poverty, attain lower poverty rates according to the national criteria, and have a more positive evaluation of their income position. Slovenia is the notable exception, because the elderly attain higher scores in terms of absolute and relative poverty than the non-elderly. The proverbial equation of 'old and poor' still holds here (although the Slovenian elderly have a somewhat more positive appraisal of their income than their younger compatriots). To a somewhat lesser extent Estonia also has a divergent pattern (elderly are more often relatively poor, but less so in absolute and subjective terms). And of course, not *all* elderly in the NMS are better off than the non-elderly; single elderly (especially females in some countries), and recipients of non-pension benefits (elderly living on social assistance etc.) are among the most common risk groups.

Moreover, one should not forget that in all NMS material deprivation among the elderly generally is well above the EU-15 average (cf. figure 9.1). Of the countries analysed in detail here, this applies the least to Slovenia and Estonia, and the most to Poland (the elderly in Latvia attain an even higher score, though).

The main explanation for the relative favourable current position of the elderly in most NMS is that the elderly were spared from the negative consequences of the transition period to a greater extent than their younger compatriots. Although unemployment among the elderly generally rose, they often benefited from rather generous early exit programmes and a rather favourable indexing of pensions, also due to electoral reasons. It is true that most NMS reformed their pension schemes in recent years; but the negative consequences of that on the income position of the elderly do not strike the current pensioners very severely yet (gradual implementation, transition rules). The non-elderly were more affected by the shocks in the economy and on the

labour market. If they lost their job, they had to fall back on less generous social security provisions than the elderly; if they kept it, the growth in their earnings often was rather limited for a number of years. The entry to the EU has accelerated growth, but the gains in earnings have not been sufficient yet to make up for earlier losses.

An unfavourable future?

However, the future prospects of the elderly in the NMS may be far more gloomy. There are four common reasons for this:

1. The implementation of new pension formulae recently agreed upon will lead to lower pensions in the first pillar for future cohorts. It is doubtful whether this will be fully compensated for in new second and third pillar pension schemes. This will probably not occur for the most vulnerable groups (women, short or broken careers, subsistence farmers, Roma).

2. Demographic pressure and migration processes might in the near future lead to further adaptations of pension schemes, in order to keep the system sustainable. This could imply a further reduction of the adequacy of pensions.

3. In some countries, the after-effects of the transition period will become apparent in certain cohorts of the elderly. Due to labour market exits in the 1990s, a considerable share of the new cohorts reaching formal retirement age may on the short run have lower pensions than the previous generations (less contribution years and no growth in real earnings once they were out of the labour market, in combination with the new pension formulae).

4. Some NMS will experience a decreasing importance of household-sharing. In Slovenia, for instance, the share of elderly which reside in the household of their children currently is quite high. This is an efficient way to avoid old age poverty through economies of scale. However, it may not be taken for granted that this situation will persist in future. In line with the historical developments in OMS, preferences of both the elderly and their children could change in favour of separate dwellings. This will be driven by the rising female labour participation, the erosion of traditional family roles as a consequence of the modernisation process, and greater physical distances between elderly and non-elderly as a consequence of internal and external migration processes (as a result of the younger generations moving to large cities or temporarily working abroad).

It seems unlikely these developments will have the same impact in all NMS, however. Analysing the poverty-related factors in table 9.1, of the countries studied in depth here, *Estonia* seems to have the most favourable future perspective in regard to the future income position of the elderly. The elderly are currently less poor than the non-elderly, and experience little material deprivation. Elderly labour force participation is already comparably high, which means more people will accrue higher pension rights than elsewhere. Major pension reforms have been implemented, leading to fairly low replacement rates and a comparatively fair future sustainability of the pension schemes. The political influence and organisation of the elderly seems less than elsewhere, which implies 'median voter effects' will probably remain within limits. All of these factors may make it possible to manage the future ageing process –which will be severe, as in all NMS – successfully. Even then there is concern about the growing group of pensioners that is only eligible to the minimum pension.

Slovenia shows the opposite pattern in several respects: the elderly currently are poor more often than the non-elderly (although their score on the material deprivation index in relation to the EU-15 average is rather good). The labour force participation in the 55-64 group is low, and the elderly have a high degree of political organisation and influence, most notably through the participation of the DeSUS pensioners party in the national government, in which they often hold the crucial vote needed for a majority. The recent eclectic increases in the indexation

mechanism illustrate the potential intervening role of the elderly interest group, which in future may secure adequacy at the cost of sustainability. For such reasons, it may be more difficult to manage the severe ageing problem in Slovenia than in Estonia; and it is by no means certain that a high economic growth and rising labour participation will be sufficient to avoid more elderly becoming poor.

The other four countries in table 9.1 are somewhere in between these opposites, where the future income position of the elderly is concerned. With Estonia they share the rather favourable poverty rates in comparison with the non-elderly. Material deprivation among the elderly, as compared to the EU-15 average, however, is much higher in these countries (especially in Poland) than in Estonia. The labour force participation of the 55-64 group resembles the low level of Slovenia (Slovakia and Romania are somewhat higher). Apart from that, each country has some peculiarities. *Hungary* has reformed its pensions, but in a rather eclectic way, with many compromises and an explicit electoral cycle. This may make it difficult to ensure sustainability. *Poland* has had major revisions, but – given the already high degree of material deprivation – this could mean sustainability has been ensured at the cost of adequacy. *Romania* and *Slovakia* are faced with a high migration abroad, which implies a flight of contributors from the national pension scheme; and Romania also has a specific poverty problem among the elderly living on subsistence farming.

Thus, contrary to the common notion mentioned in the introductory chapter, the elderly in the NMS *currently* do not have a very unfavourable income position, in the sense that they experience more relative or absolute poverty than their younger compatriots, or evaluate their income position more negatively. Of the six countries studied 'in depth' here, this by and large only applies to Slovenia. In terms of material deprivation, however, the elderly in the NMS are worse off than the EU-15 members; the least in Slovenia, the most in Poland.

In the future, however, the income position of the elderly can generally be expected to be on the decline in most NMS. The future prospects are more positive in some countries than in others. Estonia has the best potential to find a reasonable balance between the sustainability and adequacy of future pensions. It could be much more difficult for Slovenia (low labour force participation, higher current poverty rates for the elderly, high political influence) and Poland (severe pension reforms, high current material deprivation).

Although this report mainly served a descriptive and analytical purpose, some recommendations for monitoring the future income position of the elderly can been made. A first issue is the use of the relative poverty line (60% of median income) as the central criterion in the EU's monitoring of social policy. As indicated by graph 9.1, this may not be optimal if one wants to assess whether elderly experience poverty in the NMS; the poverty rates mainly reflect differences in income inequality, but do not have a clear relation with the actual circumstances these elderly live in. It could be advisable to measure poverty in a more 'absolute' way, which is closer related to the income actually needed for inevitable expenditure in the local context. Soede & Vrooman's (2008) 'generalised budget approach' for measuring poverty provides an example of this. Preferably, this should be linked with a direct measurement of the main dimensions of social exclusion – which is different from poverty, both as a theoretical concept and as an empirical phenomenon. Within the context of the AIM-project, Jehoel-Gijsbers & Vrooman (2008) elaborated a measurement model for this at the EU-level.

A further recommendation regards the measurement of the poverty risk of marginal elderly groups in the NMS. In the current analyses it proved difficult to get a clear picture on this, as such groups often were underrepresented or unidentifiable in surveys. A serious monitoring of their problematic situation requires such groups be to oversampled and identifiable, at acceptable survey response rates. This applies especially to the Roma minorities in the EU's New Member States.

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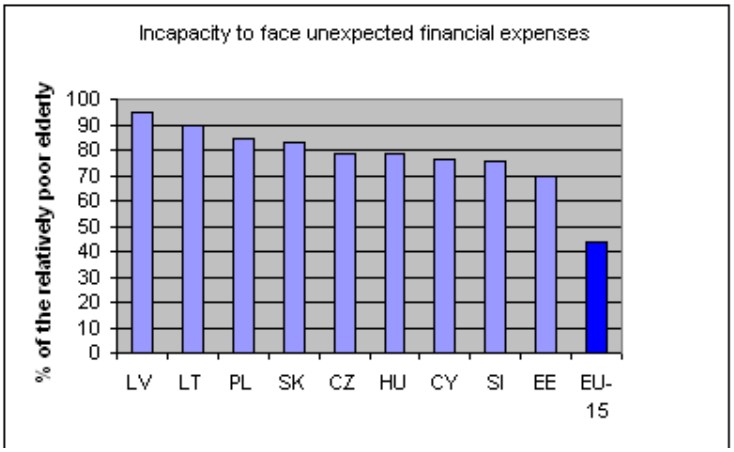
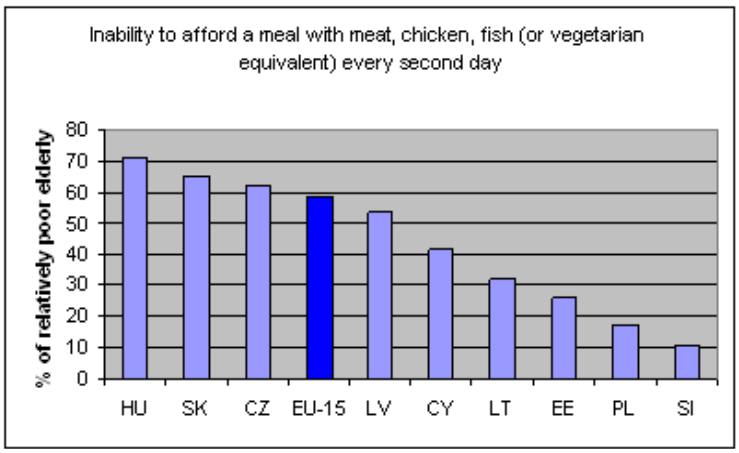
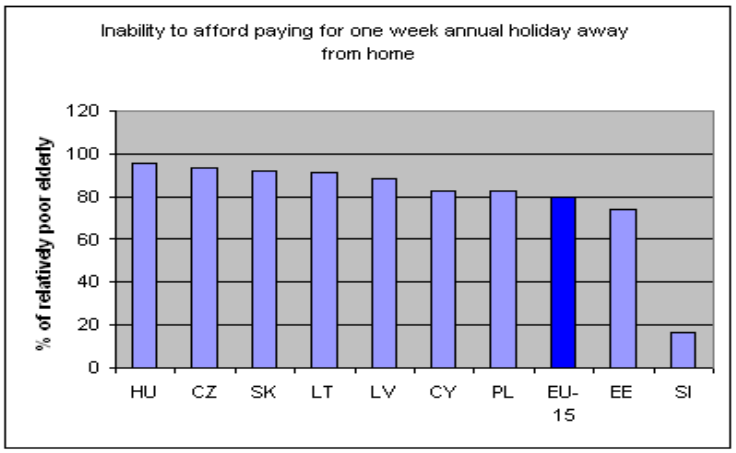
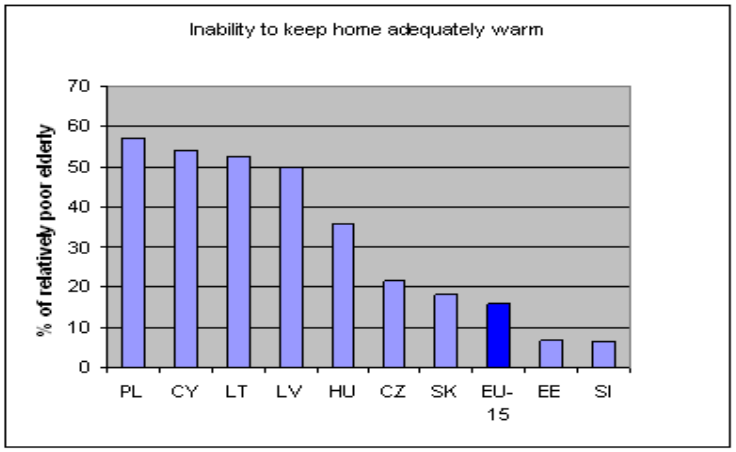
Annex A:
Financial constraints (EU-SILC 2005)

Financial constraints









Annex B
Country tables Estonia

LIST OF TABLES

Table B1 Number of cases (household members) in the total sample by age groups

Below 55	**77.8**	**75.5**	**76.0**	**75.3**	**75.9**	**75.0**	**75.4**	**75.5**	**74.7**
55 - 59	5.8	6.1	5.7	5.5	5.3	5.2	5.0	5.1	5.4
60 - 64	5.1	5.3	5.7	5.7	5.7	5.7	5.7	5.1	5.2
65 - 74	7.7	8.8	8.6	8.7	8.3	8.8	8.8	9.0	9.0
75 +	3.6	4.4	3.9	4.8	4.7	5.4	5.1	5.3	5.6
75 - 79	1.6	2.1	2.1	2.5	2.5	2.9	2.8	2.8	2.9
80 +	2.0	2.2	1.8	2.3	2.2	2.5	2.3	2.5	2.7
55 +	**22.2**	**24.5**	**24.0**	**24.7**	**24.1**	**25.0**	**24.6**	**24.5**	**25.3**
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	In percent (weighted)								
Below 55	**72.8**	**71.1**	**71.5**	**71.0**	**73.9**	**73.2**	**73.8**	**73.4**	**72.9**
55 - 59	6.6	6.6	6.1	6.0	5.3	5.0	4.8	4.8	5.5
60 - 64	6.3	6.2	6.8	6.5	6.3	6.1	6.2	5.1	5.4
65 - 74	10.0	10.8	10.8	10.7	9.6	10.0	9.8	10.7	10.1
75 +	4.2	5.2	4.7	5.8	4.9	5.6	5.5	6.0	6.1
75 - 79	2.0	2.7	2.6	3.3	2.7	3.3	3.2	3.2	3.5
80 +	2.2	2.6	2.2	2.6	2.2	2.3	2.3	2.7	2.6
55 +	**27.2**	**28.9**	**28.5**	**29.0**	**26.1**	**26.8**	**26.2**	**26.6**	**27.1**
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table B2 Median income by age group

Age group	1996	1997	1998	1999	2000	2001	2002	2003	2004
	Kroons/month								
Below 55	**1926.92**	**2146.86**	**2447.43**	**2454.91**	**2811.83**	**3064.94**	**3342.33**	**3688.34**	**4068.50**
55 - 59	2020.70	2064.00	2370.08	2627.30	2625.74	2970.00	3179.56	3584.30	4102.50
60 - 64	1620.57	1746.00	1984.54	2265.00	2307.78	2395.99	2606.35	3068.47	3801.77
65 - 74	1421.47	1553.72	1655.11	2052.74	2023.46	2200.06	2397.94	2670.93	2967.39
75 +	1344.98	1454.64	1595.83	1863.00	1983.90	2051.44	2339.09	2513.26	2856.92
75 - 79	1351.97	1399.15	1609.51	1830.56	1999.54	2026.10	2319.89	2599.75	2856.92
80 +	1336.67	1506.68	1576.14	1903.24	1947.60	2094.24	2341.58	2462.05	2897.61
55 +	**1535.04**	**1635.67**	**1775.97**	**2089.71**	**2149.12**	**2272.91**	**2490.46**	**2747.12**	**3155.29**
All	1806.15	1970.90	2233.65	2310.83	2570.28	2789.75	3050.00	3347.22	3815.89
	Kroons/month (2004 prices)								
Below 55	**2804.70**	**2858.94**	**2995.59**	**2914.41**	**3212.83**	**3316.32**	**3490.80**	**3798.99**	**4068.50**
55 - 59	2941.20	2748.60	2900.92	3119.06	3000.20	3213.60	3320.79	3691.82	4102.50
60 - 64	2358.79	2325.13	2429.03	2688.95	2636.89	2592.51	2722.13	3160.52	3801.77
65 - 74	2069.00	2069.06	2025.81	2436.96	2312.03	2380.50	2504.46	2751.06	2967.39
75 +	1957.66	1937.12	1953.26	2211.71	2266.83	2219.70	2443.00	2588.66	2856.92
75 - 79	1967.83	1863.24	1970.00	2173.19	2284.69	2192.28	2422.94	2677.74	2856.92
80 +	1945.56	2006.42	1929.16	2259.48	2225.35	2266.00	2445.60	2535.91	2897.61
55 +	**2234.31**	**2178.21**	**2173.75**	**2480.85**	**2455.61**	**2459.33**	**2601.08**	**2829.54**	**3155.29**
All	2628.91	2624.62	2733.94	2743.35	2936.84	3018.56	3185.48	3447.63	3815.89
	1996=100 (in 2004 prices)								
Below 55	**100**	**102**	**107**	**104**	**115**	**118**	**124**	**135**	**145**
55 - 59	100	93	99	106	102	109	113	126	139
60 - 64	100	99	103	114	112	110	115	134	161
65 - 74	100	100	98	118	112	115	121	133	143
75 +	100	99	100	113	116	113	125	132	146
75 - 79	100	95	100	110	116	111	123	136	145
80 +	100	103	99	116	114	116	126	130	149
55 +	**100**	**97**	**97**	**111**	**110**	**110**	**116**	**127**	**141**
All	100	100	104	104	112	115	121	131	145
	Annual real change								
Below 55	**-**	**1.9**	**4.8**	**-2.7**	**10.2**	**3.2**	**5.3**	**8.8**	**7.1**
55 - 59	-	-6.5	5.5	7.5	-3.8	7.1	3.3	11.2	11.1
60 - 64	-	-1.4	4.5	10.7	-1.9	-1.7	5.0	16.1	20.3
65 - 74	-	0.0	-2.1	20.3	-5.1	3.0	5.2	9.8	7.9
75 +	-	-1.0	0.8	13.2	2.5	-2.1	10.1	6.0	10.4
75 - 79	-	-5.3	5.7	10.3	5.1	-4.0	10.5	10.5	6.7
80 +	-	3.1	-3.9	17.1	-1.5	1.8	7.9	3.7	14.3
55 +	**-**	**-2.5**	**-0.2**	**14.1**	**-1.0**	**0.2**	**5.8**	**8.8**	**11.5**
All	-	-0.2	4.2	0.3	7.1	2.8	5.5	8.2	10.7

Table B3 Median income as percent of the average wage by age group

Age group	1996	1997	1998	1999	2000	2001	2002	2003	2004
Below 55	**82.4**	**76.7**	**77.7**	**70.6**	**73.2**	**70.8**	**70.1**	**71.3**	**71,7**
55 - 59	86.5	73.8	75.3	75.5	68.3	68.6	66.7	69.2	72,3
60 - 64	69.3	62.4	63.0	65.1	60.1	55.3	54.7	59.3	67,0
65 - 74	60.8	55.5	52.6	59.0	52.7	50.8	50.3	51.6	52,3
75 +	57.5	52.0	50.7	53.6	51.6	47.4	49.0	48.6	50,3
75 - 79	57.8	50.0	51.1	52.6	52.0	46.8	48.6	50.2	50,3
80 +	57.2	53.9	50.1	54.7	50.7	48.4	49.1	47.6	51,1
55 +	**65.7**	**58.5**	**56.4**	**60.1**	**55.9**	**52.5**	**52.2**	**53.1**	**55,6**
All	77.3	70.5	70.9	66.4	66.9	64.4	64.0	64.7	67,2
	Kroons/month								
Av. net wage[a]	*2337*	*2798*	*3148*	*3478*	3842	4329	4769	5176	5675

[a] Nominal figures unavailable for entire period due to legal changes. Figures in italic calculated based on official growth rates

Table B4 Income components (mean per capita, per month, kroons per month)

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1996									
Wages	73.1	62.8	40.3	18.5	20.9	15.2	26.2	37.5	63.0
Farming income	8.7	9.5	8.7	9.6	9.2	9.8	8.7	9.3	8.9
Self-empl	2.5	1.4	0.6	0.1	0.2	-0.3	0.7	0.6	2.0
Property	0.4	0.5	0.5	0.4	0.3	0.6	0.1	0.4	0.4
Social transfers	12.8	23.8	48.1	69.1	68.1	73.6	63.0	50.1	23.4
Other	2.5	1.9	1.8	2.3	1.2	1.1	1.3	1.9	2.3
1997									
Wages	73.5	61.0	39.6	17.8	13.6	12.4	14.6	33.8	62.1
Farming income	7.0	7.5	6.5	9.0	8.1	9.2	7.2	7.9	7.3
Self-empl	4.5	2.2	1.5	0.7	0.4	0.1	0.7	1.2	3.5
Property	0.2	0.6	0.3	0.2	0.0	0.1	0.0	0.3	0.2
Social transfers	12.9	26.3	50.5	71.7	77.4	77.5	77.3	55.5	25.2
Other	1.9	2.4	1.6	0.6	0.4	0.6	0.2	1.3	1.7
1998									
Wages	78.7	60.8	42.5	20.5	15.3	14.1	16.8	35.6	66.6
Farming income	3.7	6.9	5.1	5.1	5.4	6.0	4.6	5.6	4.2
Self-empl	2.4	1.5	1.4	0.6	1.1	1.7	0.4	1.1	2.0
Property	0.4	0.3	0.5	0.1	1.7	2.4	0.9	0.5	0.4
Social transfers	12.6	28.7	48.7	72.8	75.4	74.6	76.5	55.8	24.7
Other	2.2	1.8	1.9	0.9	1.0	1.1	0.8	1.4	2.0
1999									
Wages	76.4	67.6	41.6	16.6	14.9	10.8	20.2	35.0	63.7
Farming income	3.5	3.3	3.7	3.2	3.0	3.5	2.4	3.3	3.4
Self-empl	2.8	1.0	0.6	0.7	1.1	0.5	1.8	0.8	2.2
Property	0.7	0.9	0.5	0.7	0.2	0.2	0.1	0.6	0.6
Social transfers	14.5	26.1	52.3	78.3	80.5	84.9	74.9	59.5	28.2
Other	2.2	1.0	1.3	0.6	0.3	0.1	0.7	0.8	1.8
2000									
Wages	75.4	59.8	37.0	18.5	17.3	14.9	20.3	33.1	64.9
Farming income	2.5	3.9	3.5	3.0	3.4	2.8	4.1	3.4	2.7
Self-empl	2.6	2.4	1.3	0.4	0.5	0.8	0.1	1.1	2.3
Property	0.8	0.4	0.4	0.9	1.1	2.0	0.0	0.7	0.8
Social transfers	16.2	33.0	56.5	75.8	76.9	78.9	74.6	60.6	27.3
Other	2.5	0.5	1.2	1.3	0.7	0.6	0.9	1.0	2.1
2001									
Wages	76.8	65.0	35.9	19.6	16.3	11.2	23.1	33.5	65.8
Farming income	2.5	3.6	4.2	3.7	2.6	2.4	2.9	3.6	2.8
Self-empl	2.0	2.7	3.0	1.2	0.5	0.5	0.4	1.8	2.0
Property	0.9	0.6	0.2	0.7	0.2	0.3	0.1	0.5	0.8
Social transfers	15.6	26.8	55.7	74.1	79.9	84.9	73.2	59.8	26.8
Other	2.1	1.3	1.0	0.7	0.5	0.7	0.3	0.9	1.8
2002									
Wages	77.2	64.6	39.8	16.5	21.6	17.2	27.1	33.8	66.3
Farming income	2.5	4.3	3.4	3.1	3.7	5.2	1.9	3.6	2.7
Self-empl	2.7	1.6	0.8	1.4	0.8	1.1	0.4	1.2	2.3
Property	0.5	0.1	0.2	0.2	0.6	0.5	0.7	0.3	0.5
Social transfers	15.4	28.8	55.0	77.2	73.0	75.8	69.4	60.3	26.6
Other	1.7	0.7	0.8	1.6	0.3	0.2	0.4	0.9	1.5
2003									
Wages	76.5	66.8	39.8	15.9	15.6	11.9	11.9	32.4	65.6
Farming income	2.2	1.5	2.4	2.8	2.3	2.4	2.4	2.3	2.2
Self-empl	2.4	4.0	0.9	0.9	0.5	0.2	0.2	1.5	2.2
Property	0.6	0.0	0.3	1.2	0.7	0.7	0.7	0.6	0.6
Social transfers	15.4	26.7	55.7	78.6	79.0	82.3	82.3	62.1	27.0
Other	2.9	1.0	0.8	0.6	1.9	2.5	2.5	1.0	2.4
2004									
Wages	77.4	66.4	42.1	15.4	15.3	12.2	19.4	34.0	65.9
Farming income	1.4	2.3	2.1	1.6	2.2	3.0	1.0	2.0	1.6
Self-empl	3.1	2.4	2.2	1.6	1.5	2.4	0.4	1.9	2.8
Property	0.4	0.4	0.0	0.0	0.2	0.2	0.1	0.1	0.3
Social transfers	15.3	27.9	52.9	80.5	80.5	82.1	78.4	61.3	27.4
Other	2.3	0.6	0.7	1.0	0.3	0.0	0.7	0.7	1.9

Table B5 Distribution of the population by age groups and income deciles (in %)

Decile	Age group	1996	1997	1998	1999	2000	2001	2002	2003	2004
1	**Below 55**	**79.2**	**77.4**	**74.8**	**82.0**	**83.1**	**80.7**	**80.5**	**79.5**	**84.8**
	55 - 59	5.7	6.9	6.1	5.9	4.7	4.2	5.4	6.1	5.3
	60 - 64	3.6	4.2	6.7	4.7	3.0	4.7	4.7	3.2	2.0
	65 - 74	7.3	7.5	8.2	4.6	6.2	5.7	5.8	7.7	5.3
	75 +	4.2	4.1	4.2	2.9	3.0	4.7	3.6	3.6	2.6
	75 - 79	1.7	2.3	1.9	1.3	1.2	2.4	2.1	1.7	1.3
	80 +	2.5	1.8	2.2	1.6	1.7	2.3	1.5	1.9	1.3
	55 +	**20.8**	**22.6**	**25.2**	**18.0**	**16.9**	**19.3**	**19.5**	**20.5**	**15.2**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	**Below 55**	**57.4**	**53.8**	**50.5**	**66.7**	**60.0**	**56.5**	**56.4**	**60.7**	**52.2**
	55 - 59	5.5	6.1	6.0	5.1	5.2	4.2	3.8	4.0	5.6
	60 - 64	9.1	9.2	9.6	7.2	8.1	8.7	10.0	6.7	6.5
	65 - 74	19.0	19.3	23.7	11.9	16.5	19.2	17.4	16.5	20.5
	75 +	9.0	11.6	10.2	9.2	10.3	11.5	12.3	12.0	15.2
	75 - 79	4.5	6.1	6.2	5.5	6.1	7.0	7.7	5.9	9.4
	80 +	4.5	5.5	4.0	3.7	4.2	4.5	4.7	6.1	5.8
	55 +	**42.6**	**46.2**	**49.5**	**33.3**	**40.0**	**43.5**	**43.6**	**39.3**	**47.8**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
10	**Below 55**	**82.2**	**82.2**	**85.0**	**80.2**	**86.9**	**87.5**	**89.1**	**88.0**	**88.1**
	55 - 59	8.6	8.4	6.0	8.4	5.0	5.0	4.1	5.6	4.1
	60 - 64	4.6	4.7	5.3	6.0	4.3	3.8	3.7	3.8	5.0
	65 - 74	3.2	3.1	2.6	4.0	2.7	2.6	1.8	1.9	1.9
	75 +	1.4	1.6	1.1	1.4	1.2	1.1	1.2	0.7	0.9
	75 - 79	0.7	0.4	0.6	0.6	0.5	0.6	0.4	0.3	0.4
	80 +	0.7	1.2	0.6	0.8	0.7	0.6	0.8	0.4	0.5
	55 +	**17.8**	**17.8**	**15.0**	**19.8**	**13.1**	**12.5**	**10.9**	**12.0**	**11.9**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total	**Below 55**	**72.8**	**71.1**	**71.5**	**71.0**	**73.9**	**73.2**	**73.8**	**73.4**	**72.9**
	55 - 59	6.6	6.6	6.1	6.0	5.3	5.0	4.8	4.8	5.5
	60 - 64	6.3	6.2	6.8	6.5	6.3	6.1	6.2	5.1	5.4
	65 - 74	10.0	10.8	10.8	10.7	9.6	10.0	9.8	10.7	10.1
	75 +	4.2	5.2	4.7	5.8	4.9	5.6	5.5	6.0	6.1
	75 - 79	2.0	2.7	2.6	3.3	2.7	3.3	3.2	3.2	3.5
	80 +	2.2	2.6	2.2	2.6	2.2	2.3	2.3	2.7	2.6
	55 +	**27.2**	**28.9**	**28.5**	**29.0**	**26.1**	**26.8**	**26.2**	**26.6**	**27.1**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table B6 Median income by age group as percent of the median income of the non-elderly [0-54]

Age group	1996	1997	1998	1999	2000	2001	2002	2003	2004
Below 55	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
55 - 59	104.9	96.1	96.8	107.0	93.4	96.9	95.1	97.2	100.8
60 - 64	84.1	81.3	81.1	92.3	82.1	78.2	78.0	83.2	93.4
65 - 74	73.8	72.4	67.6	83.6	72.0	71.8	71.7	72.4	72.9
75 +	69.8	67.8	65.2	75.9	70.6	66.9	70.0	68.1	70.2
75 - 79	70.2	65.2	65.8	74.6	71.1	66.1	69.4	70.5	70.2
80 +	69.4	70.2	64.4	77.5	69.3	68.3	70.1	66.8	71.2
55 +	**79.7**	**76.2**	**72.6**	**85.1**	**76.4**	**74.2**	**74.5**	**74.5**	**77.6**
All	93.7	91.8	91.3	94.1	91.4	91.0	91.3	90.8	93.8

Table B7 Inequality of equivalised disposable income per head

	Below 55	55 - 59	60 - 64	65 - 74	75 - 79	80 +	55 +	75 +	All
1996									
Gini coefficient	0.343	0.340	0.301	0.262	0.251	0.280	0.309	0.267	0.339
Theil entropy measure	0.213	0.199	0.155	0.129	0.122	0.141	0.171	0.132	0.206
Theil mean log deviation	0.217	0.206	0.150	0.115	0.108	0.130	0.159	0.120	0.205
Atkinson (ε =0.5)	0.100	0.095	0.073	0.059	0.055	0.065	0.079	0.061	0.096
Atkinson (ε =1.5)	0.195	0.186	0.139	0.108	0.102	0.122	0.147	0.113	0.185
Atkinson (ε =2.0)	0.445	0.417	0.272	0.203	0.192	0.222	0.288	0.208	0.409
1997									
Gini coefficient	0.353	0.343	0.308	0.248	0.227	0.339	0.308	0.289	0.348
Theil entropy measure	0.250	0.206	0.171	0.115	0.095	0.291	0.180	0.207	0.239
Theil mean log deviation	0.228	0.208	0.161	0.104	0.091	0.212	0.161	0.156	0.214
Atkinson (ε =0.5)	0.109	0.097	0.079	0.053	0.045	0.115	0.081	0.084	0.104
Atkinson (ε =1.5)	0.204	0.188	0.149	0.099	0.087	0.191	0.149	0.144	0.193
Atkinson (ε =2.0)	0.482	0.400	0.303	0.184	0.184	0.381	0.293	0.293	0.437
1998									
Gini coefficient	0.350	0.326	0.339	0.278	0.256	0.271	0.318	0.263	0.350
Theil entropy measure	0.224	0.179	0.213	0.173	0.128	0.191	0.194	0.157	0.224
Theil mean log deviation	0.220	0.191	0.191	0.133	0.110	0.132	0.168	0.120	0.212
Atkinson (ε =0.5)	0.104	0.088	0.095	0.072	0.057	0.075	0.085	0.065	0.102
Atkinson (ε =1.5)	0.198	0.174	0.174	0.124	0.104	0.124	0.155	0.113	0.191
Atkinson (ε =2.0)	0.400	0.381	0.521	0.210	0.180	0.191	0.343	0.185	0.391
1999									
Gini coefficient	0.364	0.357	0.323	0.247	0.211	0.255	0.302	0.233	0.351
Theil entropy measure	0.238	0.220	0.184	0.116	0.088	0.122	0.169	0.105	0.223
Theil mean log deviation	0.235	0.224	0.179	0.103	0.078	0.108	0.154	0.092	0.214
Atkinson (ε =0.5)	0.110	0.104	0.086	0.053	0.040	0.056	0.077	0.048	0.103
Atkinson (ε =1.5)	0.210	0.200	0.164	0.098	0.075	0.103	0.143	0.088	0.193
Atkinson (ε =2.0)	0.417	0.393	0.318	0.178	0.138	0.182	0.264	0.158	0.378
2000									
Gini coefficient	0.364	0.345	0.296	0.260	0.236	0.282	0.300	0.258	0.356
Theil entropy measure	0.236	0.208	0.153	0.142	0.108	0.152	0.168	0.128	0.228
Theil mean log deviation measure	0.235	0.199	0.142	0.116	0.093	0.131	0.147	0.110	0.219
Atkinson (ε =0.5)	0.110	0.097	0.071	0.062	0.049	0.068	0.075	0.057	0.105
Atkinson (ε =1.5)	0.210	0.181	0.133	0.109	0.088	0.123	0.137	0.104	0.197
Atkinson (ε =2.0)	0.419	0.350	0.237	0.183	0.152	0.206	0.240	0.176	0.381
2001									
Gini coefficient	0.354	0.329	0.310	0.260	0.222	0.267	0.296	0.243	0.348
Theil entropy measure	0.215	0.189	0.171	0.131	0.101	0.125	0.162	0.112	0.210
Theil mean log deviation measure	0.222	0.182	0.159	0.114	0.085	0.114	0.144	0.098	0.208
Atkinson (ε =0.5)	0.103	0.088	0.079	0.059	0.045	0.058	0.073	0.051	0.099
Atkinson (ε =1.5)	0.199	0.166	0.147	0.108	0.081	0.108	0.134	0.093	0.188
Atkinson (ε =2.0)	0.404	0.311	0.266	0.198	0.140	0.189	0.239	0.161	0.368
2002									
Gini coefficient	0.355	0.340	0.330	0.243	0.259	0.326	0.305	0.290	0.352
Theil entropy measure	0.216	0.195	0.214	0.116	0.148	0.281	0.185	0.210	0.217
Theil mean log deviation measure	0.230	0.208	0.181	0.103	0.121	0.188	0.159	0.151	0.218
Atkinson (ε =0.5)	0.104	0.095	0.093	0.053	0.063	0.107	0.081	0.083	0.102
Atkinson (ε =1.5)	0.205	0.188	0.166	0.098	0.114	0.172	0.147	0.140	0.196
Atkinson (ε =2.0)	0.906	0.508	0.283	0.186	0.401	0.255	0.323	0.355	0.872
2003									
Gini coefficient	0.349	0.344	0.316	0.236	0.197	0.267	0.291	0.231	0.344
Theil entropy measure	0.213	0.201	0.178	0.107	0.077	0.162	0.160	0.117	0.208
Theil mean log deviation measure	0.214	0.213	0.162	0.095	0.067	0.123	0.141	0.093	0.202
Atkinson (ε =0.5)	0.100	0.097	0.081	0.049	0.035	0.067	0.072	0.050	0.097
Atkinson (ε =1.5)	0.193	0.192	0.150	0.090	0.065	0.115	0.132	0.089	0.183
Atkinson (ε =2.0)	0.393	0.420	0.260	0.162	0.117	0.186	0.242	0.150	0.362
2004									
Gini coefficient	0.347	0.317	0.312	0.228	0.204	0.226	0.285	0.214	0.339
Theil entropy measure	0.209	0.167	0.178	0.093	0.077	0.088	0.147	0.082	0.201
Theil mean log deviation measure	0.215	0.176	0.159	0.088	0.068	0.085	0.134	0.076	0.199
Atkinson (ε =0.5)	0.100	0.082	0.081	0.044	0.036	0.042	0.067	0.039	0.094
Atkinson (ε =1.5)	0.193	0.162	0.147	0.084	0.066	0.082	0.125	0.073	0.181
Atkinson (ε =2.0)	0.407	0.322	0.254	0.165	0.116	0.159	0.227	0.135	0.366

Table B8 Poverty incidence (headcount)

[percent of persons with equivalised income below 40%, 50%, 60% and 70% of the overall median equivalised income]

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All	Poverty threshold (in Kroons)
1996										
40% Median	**8.4**	6.1	3.8	4.3	4.6	3.9	5.2	**4.7**	7.4	722.46
50% Median	**12.2**	9.7	7.3	9.8	13.3	11.7	14.7	**9.7**	11.5	903.07
60% Median	**17.5**	15.2	17.9	22.8	28.7	27.9	29.4	**20.7**	18.4	1083.69
70% Median	**23.9**	22.0	28.4	37.1	42.5	41.2	43.8	**32.2**	26.2	1264.30
1997										
40% Median	**7.3**	6.6	4.0	3.4	3.8	4.7	2.8	**4.3**	6.5	788.36
50% Median	**11.4**	11.0	7.8	7.8	9.0	9.7	8.3	**8.8**	10.6	985.45
60% Median	**16.9**	17.7	19.5	19.3	23.8	25.6	21.8	**19.8**	17.7	1182.54
70% Median	**23.5**	25.5	28.3	36.4	44.7	47.1	42.3	**33.7**	26.4	1379.63
1998										
40% Median	**7.3**	7.1	4.1	2.7	3.5	4.4	2.4	**4.1**	6.4	893.46
50% Median	**11.5**	11.9	11.9	10.0	11.7	10.5	13.2	**11.1**	11.4	1116.83
60% Median	**16.8**	19.3	23.2	27.8	28.5	29.0	27.8	**25.0**	19.2	1340.19
70% Median	**23.2**	25.8	30.7	44.1	47.0	46.9	47.2	**37.5**	27.3	1563.56
1999										
40% Median	**8.0**	7.2	5.5	2.2	2.1	1.1	3.3	**3.9**	6.8	924.33
50% Median	**13.0**	10.2	8.0	4.9	6.6	5.6	7.8	**7.0**	11.3	1155.41
60% Median	**18.2**	15.3	12.8	10.6	14.7	14.5	14.9	**12.9**	16.6	1386.50
70% Median	**25.4**	22.4	22.2	25.1	33.5	35.5	30.9	**25.6**	25.5	1617.58
2000										
40% Median	**7.5**	5.6	3.1	3.0	2.8	1.7	4.1	**3.5**	6.4	1028.11
50% Median	**12.2**	10.7	5.7	8.2	8.9	7.2	11.0	**8.2**	11.2	1285.14
60% Median	**18.1**	17.0	14.5	19.2	21.8	21.1	22.7	**18.1**	18.1	1542.17
70% Median	**24.2**	24.9	26.2	37.0	39.6	38.3	41.1	**32.4**	26.3	1799.20
2001										
40% Median	**8.1**	5.2	5.5	2.8	4.6	4.8	4.4	**4.2**	7.1	1115.90
50% Median	**13.7**	11.7	11.2	12.7	14.3	13.9	14.8	**12.5**	13.4	1394.88
60% Median	**18.0**	16.6	20.4	23.3	27.2	27.7	26.5	**22.2**	19.2	1673.85
70% Median	**26.8**	23.9	31.7	41.3	45.9	46.7	44.8	**36.8**	29.5	1952.83
2002										
40% Median	**7.5**	7.3	3.3	3.4	3.1	2.7	3.6	**4.0**	6.6	1220.00
50% Median	**11.6**	12.2	9.1	7.5	8.2	8.4	7.8	**8.8**	10.9	1525.00
60% Median	**17.4**	18.5	22.2	21.1	24.9	27.2	21.7	**21.7**	18.5	1830.00
70% Median	**23.0**	24.6	32.5	36.2	41.0	42.4	39.1	**34.2**	25.9	2135.00
2003										
40% Median	**6.4**	9.0	3.3	4.4	3.4	2.7	4.2	**4.8**	6.0	1338.89
50% Median	**12.2**	14.2	7.6	8.7	7.4	6.2	8.9	**9.2**	11.4	1673.61
60% Median	**17.9**	19.9	16.5	20.6	23.3	19.5	27.7	**20.3**	18.6	2008.33
70% Median	**23.8**	25.4	29.0	34.8	41.7	37.8	46.4	**33.5**	26.4	2343.05
2004										
40% Median	**8.7**	8.0	1.9	4.1	1.9	0.8	3.3	**3.9**	7.4	1526.35
50% Median	**12.8**	13.2	5.6	8.6	6.4	6.0	6.9	**8.4**	11.6	1907.94
60% Median	**18.3**	19.5	15.4	23.4	26.9	27.4	26.3	**21.8**	19.2	2289.53
70% Median	**24.6**	24.0	21.2	38.7	43.7	43.5	44.0	**33.4**	27.0	2671.12

Table B9 Poverty gap ratio (in %) [thresholds 40%, 50%, 60% and 70% of the overall median equivalized income]

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1996									
40% Median	**40.8**	39.4	38.1	40.1	45.8	45.5	46.0	**40.4**	40.7
50% Median	**39.1**	35.8	30.3	27.3	25.4	24.4	26.1	**29.5**	36.9
60% Median	**36.9**	33.1	21.6	21.0	21.7	20.1	23.1	**23.4**	32.7
70% Median	**35.4**	31.7	23.4	22.6	24.5	23.9	25.0	**24.7**	31.8
1997									
40% Median	**41.8**	47.4	39.1	36.3	41.1	44.6	35.1	**41.5**	41.7
50% Median	**38.1**	38.6	30.1	25.7	27.0	31.5	21.6	**30.5**	36.3
60% Median	**35.2**	33.5	21.2	20.0	20.1	21.2	18.7	**23.1**	31.3
70% Median	**34.0**	31.8	24.6	20.3	20.3	21.0	19.5	**23.1**	30.0
1998									
40% Median	**42.9**	41.2	31.4	32.9	20.4	16.4	29.2	**33.9**	41.2
50% Median	**37.9**	35.0	20.9	18.5	16.3	17.9	14.8	**22.5**	33.6
60% Median	**35.3**	31.3	21.2	16.5	17.0	16.3	17.9	**20.1**	29.7
70% Median	**34.1**	32.4	26.5	20.7	20.3	20.3	20.3	**23.5**	30.0
1999									
40% Median	**39.7**	38.1	48.8	44.8	26.0	32.2	23.4	**41.5**	40.0
50% Median	**35.1**	38.5	43.7	29.7	19.0	16.1	21.7	**33.9**	34.9
60% Median	**35.3**	34.8	35.5	23.4	18.3	15.3	21.9	**27.7**	33.6
70% Median	**33.7**	32.5	29.2	18.0	16.3	14.6	18.9	**22.3**	30.4
2000									
40% Median	**37.8**	27.1	31.3	29.1	29.0	32.0	27.4	**28.9**	36.5
50% Median	**34.8**	26.1	28.8	21.7	19.3	16.9	21.4	**23.6**	32.7
60% Median	**39.7**	26.9	22.6	22.2	19.1	15.0	23.9	**22.5**	35.2
70% Median	**33.8**	28.0	21.3	19.5	20.0	18.8	21.4	**21.3**	29.8
2001									
40% Median	**34.5**	39.4	27.2	32.7	22.1	23.7	19.6	**30.2**	33.8
50% Median	**32.1**	28.1	24.3	15.8	18.3	19.1	17.3	**20.3**	29.1
60% Median	**34.2**	35.4	21.4	18.4	16.7	16.6	16.9	**21.0**	30.1
70% Median	**33.1**	31.3	27.2	22.5	24.0	24.1	23.9	**24.9**	30.4
2002									
40% Median	**36.0**	32.5	30.8	29.2	17.0	17.0	17.0	**28.6**	34.8
50% Median	**34.8**	31.4	20.5	24.6	18.4	17.5	19.7	**24.1**	32.6
60% Median	**35.6**	31.0	20.4	18.9	15.4	14.8	16.4	**20.3**	30.9
70% Median	**34.0**	32.3	23.0	20.3	20.3	20.6	19.9	**22.5**	30.0
2003									
40% Median	**35.1**	47.7	28.3	20.0	13.2	15.4	11.5	**29.5**	33.9
50% Median	**29.5**	39.9	22.4	21.7	17.7	18.0	17.5	**26.2**	28.8
60% Median	**31.7**	39.0	22.9	19.6	14.7	15.1	14.3	**22.3**	29.0
70% Median	**32.2**	37.9	22.0	21.2	18.7	17.9	19.5	**22.9**	29.1
2004									
40% Median	**36.4**	38.2	23.6	25.4	19.3	6.2	23.7	**29.8**	35.5
50% Median	**36.7**	33.6	20.1	22.4	17.5	12.1	23.9	**24.8**	34.3
60% Median	**38.0**	33.7	17.4	18.0	12.8	11.1	15.1	**19.3**	32.3
70% Median	**34.8**	35.9	22.5	21.0	18.3	18.1	18.5	**22.5**	30.7

Table B10 Poverty incidence (headcount) according to national criteria [percent of persons with equivalized income below local thresholds]

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All	65+	65+[a] (MSAE)	Poverty threshold (in Kroons)
1997												
Subsistence min.	-	-	-	-	-	-	-	-	-	-	-	-
Absolute poverty	**19.0**	20.7	22.7	26.3	32.7	33.7	31.7	**25.4**	20.9	33.9	40.6	1 250
1998												
Subsistence min.	**12.6**	13.6	14.0	13.8	15.1	13.6	16.9	**14.1**	13.0	13.8	-	1 177
Absolute poverty	**17.2**	19.6	23.6	28.4	29.5	30.5	28.3	**25.6**	19.6	28.8	36.8	1 353
1999												
Subsistence min.	**13.2**	10.4	8.1	5.1	7.0	5.6	8.8	**7.2**	11.5	5.2	-	1 172
Absolute poverty	**18.4**	15.4	12.8	10.8	15.4	15.4	15.5	**13.1**	16.9	11.9	17.6	1 398
2000												
Subsistence min.	**11.0**	9.2	5.1	6.5	6.3	4.6	8.4	**6.7**	9.9	6.1	-	1 229
Absolute poverty	**15.2**	14.0	10.9	14.0	15.2	13.6	17.3	**13.5**	14.8	13.9	21.2	1 454
2001												
Subsistence min.	**9.9**	7.3	6.1	4.4	6.8	6.4	7.3	**5.8**	8.8	4.9	-	1 306
Absolute poverty	**14.2**	11.9	12.8	13.8	15.3	15.1	15.5	**13.5**	14.0	14.1	22.4	1 538
2002												
Subsistence min.	**10.1**	9.8	4.6	5.3	5.4	5.4	5.5	**6.0**	9.0	5.3	-	1 389
Absolute poverty	**13.0**	13.1	12.2	9.4	11.2	12.2	9.9	**11.1**	12.5	10.1	15.5	1 593
2003												
Subsistence min.	**7.1**	9.3	3.8	4.8	3.4	2.7	4.2	**5.1**	6.6	4.3	-	1 411
Absolute poverty	**10.4**	12.1	5.4	7.1	6.0	5.3	6.9	**7.4**	9.6	6.7	9.7	1 614
2004												
Subsistence min.	**8.1**	6.2	1.7	3.5	1.4	0.4	2.8	**3.2**	6.7	2.7	-	1 489
Absolute poverty	**9.9**	9.0	3.1	4.6	2.6	1.2	4.5	**4.7**	8.5	3.7	7.3	1 662

[a] Estonian scale: 1.0:0.8:0.8 - Ministry of Social Affairs of Estonia

Table B11a Subjective poverty: considering the everyday needs of the household, the percentage of households whose income is insufficient or totally insufficient

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1996									
Insufficient or totally insufficient	86.0	79.6	77.5	81.6	78.8	75.9	81.5	79.7	84.3
Totally insufficient	29.5	20.4	18.9	21.2	19.8	16.6	22.8	20.2	27.0
Insufficient	56.5	59.2	58.6	60.4	59.0	59.3	58.7	59.5	57.3
1997									
Insufficient or totally insufficient	83.3	77.3	78.1	80.0	79.0	80.0	78.1	78.8	82.0
Totally insufficient	28.2	22.1	21.8	22.2	18.0	16.9	19.3	21.3	26.2
Insufficient	55.0	55.2	56.2	57.8	61.0	63.1	58.8	57.4	55.7
1998									
Insufficient or totally insufficient	80.8	77.8	79.4	82.7	79.5	81.1	77.7	80.3	80.7
Totally insufficient	23.8	22.9	22.7	23.0	15.4	17.5	13.0	21.7	23.2
Insufficient	57.1	54.9	56.7	59.7	64.1	63.6	64.7	58.7	57.5
1999									
Insufficient or totally insufficient	81.9	74.7	70.5	76.8	70.8	73.0	67.9	73.7	79.5
Totally insufficient	24.0	19.1	16.8	16.4	13.2	15.3	10.6	16.4	21.8
Insufficient	57.9	55.6	53.6	60.4	57.5	57.7	57.3	57.3	57.7

Table B11b Subjective poverty: assessment of the current situation[a] and in comparison with the situation from a year ago

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
2000									
Economic situation	46.8	54.1	54.1	67.2	68.6	71.8	64.4	61.6	50.7
very poor	5.1	6.0	4.3	3.0	4.4	6.1	2.2	4.2	4.9
ends meet but minimum	41.7	48.1	49.8	64.1	64.2	65.8	62.2	57.4	45.8
Change of the situation 1 year ago									
worse	26.1	29.5	30.4	30.8	26.1	28.6	23.0	29.6	27.0
much worse	9.7	12.8	10.3	10.0	8.4	9.0	7.6	10.4	9.9
2001									
Economic situation	47.9	48.5	61.3	69.2	71.4	75.5	65.6	64.0	52.2
very poor	5.9	3.7	4.8	5.8	6.7	7.9	4.9	5.4	5.8
ends meet but minimum	42.0	44.8	56.5	63.4	64.8	67.6	60.7	58.6	46.5
Change of the situation 1 year ago									
worse	23.3	26.4	32.0	32.4	28.1	29.3	26.4	30.3	25.2
much worse	8.4	11.9	10.1	11.0	10.2	9.1	11.7	10.8	9.0
2002									
Economic situation	45.8	50.0	57.9	64.0	65.0	66.4	63.2	60.2	49.6
very poor	5.7	5.7	5.5	5.3	6.5	7.9	4.6	5.7	5.7
ends meet but minimum	40.1	44.2	52.4	58.7	58.5	58.5	58.6	54.5	43.9
Change of the situation 1 year ago									
worse	20.1	22.7	24.0	23.0	19.7	20.3	18.8	22.5	20.8
much worse	6.9	7.7	9.8	8.7	7.2	8.3	5.7	8.5	7.3
2003									
Economic situation	42.9	46.9	51.4	60.6	58.2	58.1	58.3	55.8	46.4
very poor	5.7	4.9	4.2	2.2	3.9	3.4	4.4	3.4	5.1
ends meet but minimum	37.2	42.0	47.2	58.4	54.3	54.7	53.8	52.4	41.3
Change of the situation 1 year ago									
worse	18.3	19.2	16.5	19.7	18.0	17.6	18.4	18.6	18.4
much worse	6.5	9.3	5.7	3.8	2.2	2.5	1.8	4.8	6.0
2004									
Economic situation	44.8	46.3	44.8	59.1	51.3	55.5	45.5	51.9	46.8
very poor	3.7	4.6	2.9	3.5	4.3	3.3	5.7	3.8	3.7
ends meet but minimum	41.2	41.7	41.9	55.6	46.9	52.2	39.7	48.1	43.0
Change of the situation 1 year ago									
worse	20.2	23.2	21.5	22.9	20.0	21.7	17.7	22.1	20.7
much worse	6.5	7.0	2.9	3.8	4.8	4.2	5.6	4.5	6.0

[a] Percent of households who consider themselves very poor or they can make the ends meet but only necessities are covered.

Table B11c Material deprivation – percentage of persons living in substandard housing conditions by age groups

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1996									
No conveniences	12.8	15.4	17.0	22.4	29.9	29.3	30.4	20.6	14.9
Only cold water, sewage, inside toilet	22.0	21.7	26.5	25.8	26.1	29.9	22.7	25.0	22.8
1997									
No conveniences	11.6	17.2	15.5	22.1	31.0	28.8	33.2	21.2	14.3
Only cold water, sewage, inside toilet	24.1	24.3	25.1	30.5	24.6	26.4	22.7	26.8	24.9
1998									
No conveniences	11.4	18.1	16.2	19.1	29.0	30.0	27.7	19.8	13.8
Only cold water, sewage, inside toilet	23.6	22.8	26.0	29.7	27.1	27.7	26.3	26.9	24.5
1999									
No conveniences									
Only cold water, sewage, inside toilet									
2000									
None of below conveniences	4.4	-	-	-	-	-	-	8.1	5.4
No running water	9.4	13.6	13.2	17.8	24.0	23.2	25.1	17.0	11.4
No sewerage	8.4	12.3	12.8	15.9	23.0	21.7	24.7	15.7	10.3
No inside toilet	6.0	7.8	8.3	10.5	14.7	14.4	15.1	10.2	7.1
2001									
None of below conveniences	4.3	-	-	-	-	-	-	8.6	5.5
No running water	9.4	13.1	12.6	18.4	23.7	20.0	29.1	17.2	11.5
No sewerage	8.2	11.1	11.7	16.6	21.3	17.5	26.6	15.5	10.1
No inside toilet	5.8	7.5	9.0	11.1	14.5	12.4	17.5	10.6	7.1
2002									
None of below conveniences	3.8	-	-	-	-	-	-	9.1	5.2
No running water	9.3	16.3	14.7	18.9	20.7	18.1	24.5	17.8	11.6
No sewerage	8.2	13.0	14.9	17.6	19.4	16.3	23.7	16.5	10.4
No inside toilet	4.8	9.1	10.4	12.4	11.1	9.8	13.0	11.1	6.5
2003									
None of below conveniences	3.4	-	-	-	-	-	-	8.4	4.8
No running water	8.7	13.0	17.9	20.7	20.3	19.5	21.3	18.7	11.4
No sewerage	7.3	11.5	15.9	19.0	17.8	16.2	19.7	16.8	9.8
No inside toilet	4.3	7.6	10.3	12.4	11.0	9.2	13.1	10.8	6.0
2004									
None of below conveniences	4.4	-	-	-	-	-	-	6.8	5.0
No running water	9.9	10.9	14.0	15.8	17.6	17.1	18.3	14.9	11.2
No sewerage	8.9	10.5	12.4	15.8	18.3	18.4	18.2	14.7	10.4
No inside toilet	6.1	7.0	8.0	10.2	8.2	6.9	9.9	8.6	6.8

Table B12a Marginal groups: distribution of persons in single households by age groups and deciles [%]

SINGLES										
Decile	**Age group**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
1	**Below 55**	**8.0**	**8.6**	**11.0**	**10.8**	**10.6**	**9.8**	**13.3**	**11.6**	**12.6**
	55 - 59	24.1	33.8	36.3	32.9	43.2	36.5	28.3	34.2	39.0
	60 - 64	39.9	33.9	56.1	40.1	29.8	28.5	48.6	30.4	42.3
	65 - 74	44.1	49.8	62.9	48.0	40.6	44.8	33.0	45.1	29.8
	75 +	50.8	60.7	60.3	39.8	39.4	61.3	57.0	64.2	66.6
	75 - 79	40.0	55.6	52.2	46.2	30.0	52.6	47.0	66.9	76.2
	80 +	58.4	67.6	67.4	34.6	46.0	70.4	71.9	61.8	57.1
	55 +	**39.3**	**44.0**	**54.2**	**39.7**	**39.2**	**43.0**	**39.9**	**43.2**	**41.0**
	All	14.6	16.6	21.9	16.0	15.4	16.3	18.5	18.3	16.9
2	**Below 55**	**6.2**	**6.0**	**7.5**	**7.3**	**5.8**	**9.8**	**8.4**	**6.0**	**9.7**
	55 - 59	39.3	48.5	49.2	54.1	48.6	41.9	48.2	44.7	47.2
	60 - 64	74.5	72.0	74.6	65.3	68.3	73.5	75.1	74.5	68.0
	65 - 74	77.2	78.8	86.8	75.7	75.0	78.0	75.9	73.9	80.2
	75 +	75.7	79.7	83.2	81.3	79.2	73.3	83.8	78.8	83.8
	75 - 79	84.2	80.8	84.6	85.6	78.6	78.4	84.1	78.6	88.0
	80 +	67.3	78.4	81.1	74.8	80.0	65.3	83.5	78.9	77.1
	55 +	**71.4**	**73.7**	**79.1**	**71.7**	**71.3**	**72.4**	**75.6**	**72.9**	**75.8**
	All	34.0	37.3	43.0	28.7	32.0	37.0	37.6	32.7	41.3
10	**Below 55**	**6.3**	**7.8**	**9.6**	**9.2**	**6.6**	**4.3**	**5.8**	**4.5**	**4.5**
	55 - 59	20.3	13.7	9.7	20.3	4.6	11.8	23.2	16.5	27.5
	60 - 64	21.1	9.9	22.9	18.6	18.0	8.5	11.6	21.1	12.6
	65 - 74	10.8	12.1	17.1	10.9	16.2	0.0	5.0	0.0	15.6
	75 +	0.0	35.5	6.1	6.4	6.4	7.4	13.6	21.1	0.0
	75 - 79	0.0	16.7	12.5	14.0	0.0	0.0	0.0	38.0	0.0
	80 +	0.0	41.0	0.0	0.0	11.3	14.6	20.5	0.0	0.0
	55 +	**17.3**	**14.4**	**15.4**	**16.9**	**11.5**	**7.9**	**15.1**	**15.7**	**17.2**
	All	8.3	9.0	10.4	10.7	7.2	4.8	6.8	5.8	6.0
Total	**Below 55**	**5.0**	**5.7**	**7.5**	**7.2**	**5.8**	**6.1**	**6.4**	**5.9**	**5.9**
	55 - 59	20.6	24.5	24.0	25.8	23.0	19.7	20.0	20.4	21.9
	60 - 64	29.9	29.2	32.9	27.8	23.5	26.2	27.5	28.7	27.5
	65 - 74	36.1	38.8	42.0	36.2	30.8	32.0	29.2	28.1	33.6
	75 +	38.9	48.1	46.1	43.6	39.3	40.2	43.4	40.4	43.0
	75 - 79	42.7	48.0	44.3	49.5	37.9	40.4	43.6	39.7	44.1
	80 +	35.5	48.1	48.2	36.0	41.1	39.9	43.2	41.3	41.4
	55 +	**31.3**	**35.2**	**36.7**	**33.7**	**29.1**	**30.1**	**30.1**	**29.6**	**32.1**
	All	12.2	14.2	15.8	14.9	11.9	12.5	12.6	12.2	13.0

Table B12b Marginal groups: distribution of disabled persons by age groups and deciles [%]

DISABLED						
Decile	**Age group**	**2000**	**2001**	**2002**	**2003**	**2004**
1	**Below 55**	**12.1**	**11.5**	**13.6**	**17.2**	**16.8**
	55 - 59	45.5	30.9	41.1	56.2	40.0
	60 - 64	39.7	35.2	57.0	44.8	57.3
	65 - 74	45.9	45.4	42.9	59.5	55.0
	75 +	41.2	54.1	41.5	44.9	54.7
	75 - 79	32.5	58.1	46.7	42.9	58.2
	80 +	47.4	49.9	33.9	46.7	51.3
	55 +	**43.9**	**41.9**	**45.5**	**53.6**	**50.1**
	All	17.5	17.4	19.9	25.0	21.9
2	**Below 55**	**8.2**	**15.1**	**12.5**	**12.7**	**19.2**
	55 - 59	45.4	32.2	51.7	46.0	38.1
	60 - 64	52.1	35.6	39.2	62.0	56.9
	65 - 74	42.5	35.6	48.0	44.1	56.0
	75 +	51.5	44.3	66.7	65.9	61.2
	75 - 79	55.2	38.7	66.3	65.3	60.7
	80 +	46.1	53.2	67.3	66.5	62.0
	55 +	**47.1**	**37.6**	**51.6**	**54.1**	**55.7**
	All	23.8	24.9	29.5	29.2	36.6
10	**Below 55**	**6.9**	**5.8**	**7.6**	**8.4**	**7.7**
	55 - 59	13.1	18.7	13.5	17.3	14.7
	60 - 64	22.3	27.5	14.9	15.4	7.7
	65 - 74	20.5	31.6	20.3	27.2	22.3
	75 +	41.3	59.3	30.8	49.3	71.1
	75 - 79	19.4	56.1	27.4	8.9	100.0
	80 +	57.8	62.5	32.5	100.0	43.8
	55 +	**20.1**	**27.8**	**17.1**	**20.6**	**17.2**
	All	8.6	8.5	8.6	9.9	8.9
Total	**Below 55**	**8.9**	**8.6**	**9.9**	**10.9**	**11.0**
	55 - 59	32.4	29.0	34.3	36.5	32.4
	60 - 64	36.1	32.2	35.6	40.6	38.4
	65 - 74	42.1	38.8	45.8	49.4	52.5
	75 +	49.8	47.7	56.4	55.5	62.3
	75 - 79	48.6	48.2	55.9	57.2	60.7
	80 +	51.4	46.9	57.2	53.4	64.6
	55 +	**40.1**	**37.3**	**43.5**	**46.7**	**47.9**
	All	17.0	16.3	18.7	20.4	21.0

Table B12c Marginal groups: distribution of persons in households receiving social income, by age groups and deciles [%]

PERSONS RECEIVING SOCIAL INCOME								
Decile	**Age group**	**1997**	**1998**	**1999**	**2000**	**2002**	**2003**	**2004**
1	**Below 55**	**8.5**	**10.5**	**9.4**	**3.6**	**1.1**	**2.3**	**2.9**
	55 - 59	8.5	10.8	10.3	0.4	0.0	0.9	0.0
	60 - 64	0.7	2.1	15.0	0.6	0.0	1.2	0.0
	65 - 74	1.4	3.1	0.0	0.3	0.0	0.0	0.0
	75 +	2.4	0.3	1.7	1.2	1.6	0.0	4.1
	75 - 79	3.6	0.7	3.8	1.6	2.6	0.0	0.0
	80 +	0.8	0.0	0.0	1.0	0.0	0.0	8.2
	55 +	**3.6**	**4.3**	**7.6**	**0.5**	**0.3**	**0.5**	**0.7**
	All	7.4	9.0	9.1	3.0	0.9	1.9	2.5
2	**Below 55**	**15.6**	**11.9**	**12.0**	**5.1**	**2.6**	**2.2**	**4.1**
	55 - 59	10.3	6.2	6.3	0.0	0.0	4.6	1.2
	60 - 64	4.3	3.5	1.8	2.3	0.0	0.0	1.0
	65 - 74	2.0	2.5	0.6	0.0	0.0	0.0	0.0
	75 +	0.5	1.7	0.1	0.5	0.0	0.0	2.1
	75 - 79	0.9	0.8	0.1	0.0	0.0	0.0	0.0
	80 +	0.0	3.2	0.0	1.3	0.0	0.0	5.6
	55 +	**3.2**	**3.0**	**1.6**	**0.6**	**0.0**	**0.4**	**1.0**
	All	9.9	7.5	8.5	3.3	1.5	1.5	2.6
10	**Below 55**	**4.6**	**2.4**	**2.5**	**4.3**	**1.9**	**3.4**	**3.3**
	55 - 59	3.8	1.9	0.0	0.9	0.0	0.0	0.0
	60 - 64	4.1	1.6	2.8	0.0	0.0	0.0	0.0
	65 - 74	1.9	5.6	4.1	0.0	0.0	0.0	0.0
	75 +	4.9	0.0	2.1	0.0	0.0	0.0	0.0
	75 - 79	21.5	0.0	0.0	0.0	0.0	0.0	0.0
	80 +	0.0	0.0	3.9	0.0	0.0	0.0	0.0
	55 +	**3.7**	**2.3**	**1.8**	**0.3**	**0.0**	**0.0**	**0.0**
	All	4.5	2.4	2.4	3.7	1.7	3.0	2.9
Total	**Below 55**	**7.6**	**4.9**	**5.6**	**4.2**	**3.4**	**3.4**	**3.2**
	55 - 59	5.1	3.3	3.0	1.0	0.5	1.3	0.2
	60 - 64	5.2	2.2	3.1	1.0	0.5	1.0	1.3
	65 - 74	5.8	3.2	2.2	0.8	0.5	0.6	0.2
	75 +	5.8	2.7	2.0	1.1	1.0	0.1	1.2
	75 - 79	5.9	2.2	2.4	0.6	1.7	0.0	0.5
	80 +	5.7	3.3	1.5	1.8	0.0	0.2	2.1
	55 +	**5.5**	**2.9**	**2.5**	**1.0**	**0.6**	**0.7**	**0.7**
	All	7.0	4.3	4.7	3.3	2.6	2.7	2.5

Table B12d Marginal groups: distribution of non-Estonian persons by age groups and deciles [%]

NON-ESTONIANS							
Decile	**Age group**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
1	**Below 55**	**32.1**	**32.0**	**36.5**	**35.3**	**42.3**	**37.1**
	55 - 59	19.5	28.2	23.0	25.8	27.6	44.5
	60 - 64	23.5	35.4	49.1	34.3	29.9	31.7
	65 - 74	18.8	34.5	32.7	21.0	25.7	37.0
	75 +	20.1	29.6	39.9	21.0	40.8	38.5
	75 - 79	31.7	23.3	58.4	23.6	32.3	21.8
	80 +	10.9	34.1	20.5	17.1	48.1	55.1
	55 +	**20.5**	**32.0**	**36.3**	**25.5**	**29.7**	**39.2**
	All	30.0	32.0	36.5	33.4	39.6	37.4
2	**Below 55**	**34.5**	**33.5**	**38.1**	**35.8**	**41.2**	**33.9**
	55 - 59	32.0	22.8	23.0	23.6	48.1	46.6
	60 - 64	51.4	38.2	47.8	38.4	33.2	28.7
	65 - 74	29.4	34.7	37.7	32.8	42.4	40.1
	75 +	23.1	25.9	22.5	38.7	31.2	38.8
	75 - 79	30.0	33.0	25.0	46.5	44.5	46.3
	80 +	12.9	15.7	18.5	26.0	18.0	26.4
	55 +	**32.8**	**31.6**	**34.3**	**35.0**	**37.9**	**38.9**
	All	34.0	32.7	36.4	35.4	39.9	36.3
10	**Below 55**	**14.5**	**15.9**	**16.8**	**12.2**	**13.8**	**15.8**
	55 - 59	5.9	7.4	21.2	11.4	11.2	7.8
	60 - 64	7.7	18.2	17.0	12.9	11.5	3.7
	65 - 74	12.3	3.5	11.0	13.2	0.0	14.4
	75 +	12.4	20.9	21.4	4.5	40.0	7.2
	75 - 79	0.0	35.4	35.4	13.5	43.2	14.7
	80 +	22.7	9.8	7.7	0.0	36.0	0.0
	55 +	**8.2**	**11.4**	**17.8**	**11.4**	**11.6**	**7.1**
	All	13.2	15.3	16.9	12.1	13.5	14.7
Total	**Below 55**	**29.8**	**32.0**	**32.5**	**32.9**	**33.9**	**32.4**
	55 - 59	19.6	27.8	26.1	24.9	27.6	37.2
	60 - 64	31.2	35.0	37.0	36.1	30.9	27.7
	65 - 74	27.8	32.9	29.6	30.5	30.3	31.5
	75 +	19.2	27.4	26.6	30.3	32.0	27.5
	75 - 79	24.3	29.8	32.8	37.5	37.1	32.1
	80 +	12.8	24.4	17.8	20.1	25.9	21.2
	55 +	**25.2**	**31.3**	**30.0**	**30.8**	**30.3**	**31.0**
	All	28.4	31.8	31.8	32.3	33.0	32.0

Table B13 Marginal groups: poverty headcount at 60 median threshold by marginal groups and age [%]

	TOTAL	Singles	Disabled Persons	Social income	Non-Estonians
1996					
Below 55	**17.5**	**24.8**	**-**	**31.0**	**20.0**
55 - 59	15.2	22.0	-	19.5	16.7
60 - 64	17.9	39.0	-	19.3	24.3
65 - 74	22.8	42.4	-	17.1	29.1
75 +	28.7	50.3	-	17.7	25.9
75 - 79	27.9	47.0	-	10.8	23.3
80 +	29.4	53.9	-	24.1	28.2
55 +	**20.7**	**39.9**	**-**	**18.2**	**24.3**
All	18.4	35.3	-	27.1	21.1
1997					
Below 55	**16.9**	**23.7**	**-**	**24.2**	**17.3**
55 - 59	17.7	29.9	-	33.6	21.0
60 - 64	19.5	40.4	-	13.2	20.0
65 - 74	19.3	34.6	-	6.5	20.9
75 +	23.8	36.0	-	4.7	29.8
75 - 79	25.6	38.1	-	8.2	40.5
80 +	21.8	33.9	-	0.9	18.5
55 +	**19.8**	**35.2**	**-**	**13.3**	**22.0**
All	17.7	31.9	-	21.7	18.5
1998					
Below 55	**16.8**	**21.4**	**-**	**36.4**	**18.3**
55 - 59	19.3	34.3	-	51.0	26.3
60 - 64	23.2	48.1	-	28.6	30.6
65 - 74	27.8	54.0	-	22.8	31.3
75 +	28.5	48.0	-	13.6	23.9
75 - 79	29.0	50.7	-	11.3	21.3
80 +	27.8	45.0	-	15.4	27.9
55 +	**25.0**	**48.7**	**-**	**29.3**	**29.1**
All	19.2	39.4	-	35.0	21.3
1999					
Below 55	**18.2**	**24.3**	**26.5**	**34.0**	**20.0**
55 - 59	15.3	22.2	19.7	44.0	15.9
60 - 64	12.8	20.4	12.5	41.1	13.0
65 - 74	10.6	18.6	11.6	0.0	9.7
75 +	14.7	23.0	14.9	4.6	19.4
75 - 79	14.5	21.9	14.8	6.8	19.3
80 +	14.9	25.0	15.0	0.0	19.8
55 +	**12.9**	**20.6**	**13.3**	**22.8**	**13.1**
All	16.6	21.9	14.1	32.3	18.2
2000					
Below 55	**18.1**	**28.3**	**21.6**	**18.8**	**18.1**
55 - 59	17.0	33.8	22.6	3.2	
60 - 64	14.5	34.7	20.0	27.3	
65 - 74	19.2	40.1	20.9	2.3	
75 +	21.8	37.2	21.3	16.3	
75 - 79	21.1	36.3	20.5	12.5	
80 +	22.7	38.3	22.3	17.9	
55 +	**18.1**	**37.3**	**21.1**	**11.9**	
All	18.1	34.0	21.3	18.2	

	TOTAL	Singles	Disabled persons	Social income	Non-Estonians
2001					
Below 55	**18.0**	**29.1**	**27.0**		**18.1**
55 - 59	16.6	32.9	17.8		
60 - 64	20.4	44.4	22.6		
65 - 74	23.3	51.3	22.0		
75 +	27.2	48.2	26.7		
75 - 79	27.7	49.7	25.0		
80 +	26.5	46.0	29.2		
55 +	**22.2**	**46.8**	**22.8**		
All	19.2	40.5	24.4		
2002					
Below 55	**17.4**	**31.9**	**24.1**	**9.4**	**18.5**
55 - 59	18.5	34.8	24.7		18.7
60 - 64	22.2	52.6	27.5		23.4
65 - 74	21.1	46.1	20.8		19.8
75 +	24.9	43.6	27.7	10.2	29.7
75 - 79	27.2	47.1	32.0	10.2	31.0
80 +	21.7	38.8	21.8		26.3
55 +	**21.7**	**45.4**	**24.5**	**3.5**	**22.7**
All	18.5	40.3	24.3	9.0	19.5
2003					
Below 55	**17.9**	**27.2**	**25.6**	**12.9**	**22.2**
55 - 59	19.9	38.4	27.5	35.6	25.5
60 - 64	16.5	32.2	22.6	8.0	19.5
65 - 74	20.6	46.7	22.2		26.5
75 +	23.3	42.8	27.2	0.0	24.7
75 - 79	19.5	39.4	22.7		21.4
80 +	27.7	46.8	33.0		30.4
55 +	**20.3**	**41.8**	**24.4**	**13.8**	**24.5**
All	18.6	36.6	24.8	13.0	22.8
2004					
Below 55	**18.3**	**36.3**	**29.7**	**18.2**	**20.1**
55 - 59	19.5	39.2	23.5	60.5	23.6
60 - 64	15.4	34.7	23.2	9.6	16.7
65 - 74	23.4	48.0	24.7	0.0	29.5
75 +	26.9	50.3	25.2	58.9	39.3
75 - 79	27.4	52.7	25.8		39.4
80 +	26.3	46.8	24.4	77.3	39.1
55 +	**21.8**	**45.2**	**24.4**	**32.0**	**27.8**
All	19.2	42.3	26.4	19.2	22.1

Annex C
Country tables Hungary

Table C1 Number of cases in the total sample – weighted

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
Weighted												
0-55	2793	2793	2799	2736	2708	2709	2634	20841	2763	2771	3053	2607
55-59	358	354	357	356	368	322	340	347	326	352	383	403
60-64	355	331	307	280	266	282	329	288	304	304	293	289
65-74	542	538	534	504	486	446	518	577	518	489	625	473
75+	314	282	274	276	259	267	412	305	338	352	274	371
55+	1569	1504	1473	1415	1379	1317	1599	1517	1486	1496	1574	1537
All	5745	5605	5589	5482	5367	5238	5200	5384	5253	5213	5920	5209
Unweighted												
0-55	5250	4827	4505	3967	3462	2679	3671	3755	3960	4495	4921	3455
55-59	442	387	364	307	278	197	344	359	335	363	541	407
60-64	453	429	366	311	265	227	337	325	321	300	375	366
65-74	700	670	646	583	525	421	524	655	546	479	493	609
75+	420	361	339	325	277	254	414	343	355	318	246	447
55+	2015	1847	1715	1526	1345	1099	1619	1682	1557	1460	1655	1829
All	7265	6674	6220	5493	4807	3778	5293	5440	5517	5960	6581	5284

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C2 Median income of the elderly by age groups, in constant prices (HUF, year 2005)

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
0-55	1,007,847	956,489	895,732	856,518	750,307	677,383	678,473	700,494	736,195	837,883	923,181	957,519
55-59	933,725	900,814	841,390	782,633	744,699	650,256	665,751	711,874	696,050	851,304	920,753	1,027,026
60-64	790,634	815,682	758,954	760,044	686,910	630,304	632,214	685,444	676,421	698,507	863,057	901,709
65-74	719,462	743,886	728,220	707,746	668,735	621,884	619,533	635,446	652,325	692,753	786,048	885,101
75+	683,924	682,613	656,268	648,989	621,721	575,663	553,219	617,945	626,935	652,430	890,460	840,879
55+	762,344	771,042	747,029	720,981	676,596	620,203	612,643	653,374	658,686	704,324	842,298	896,074
All	925,539	900,333	852,357	807,589	728,185	663,403	650,389	685,235	708,424	789,210	897,120	940,154

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C3 Median income of the elderly by age groups as percentage of average earnings (%)

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
0-55	109	105	103	93	93	88	83	83	87	97	81	80
55-59	101	99	96	85	92	84	82	85	82	99	81	86
60-64	85	90	87	83	85	82	78	81	80	81	76	75
65-74	78	82	83	77	83	81	76	76	77	80	69	74
75+	74	75	75	71	77	75	68	73	74	76	78	70
55+	82	85	86	78	84	81	75	78	78	82	74	75
All	100	99	98	88	90	86	80	81	84	92	79	79

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C4 Relative share of income components, 1991-2005 (%)

Income	0-55	55-59	60-64	65-74	75+	55+	All
1991							
Earnings	58.2	39.5	17.6	11.3	15.5	20.0	47.7
Self-empl. inc.	5.7	3.2	1.6	1.5	1.3	1.9	4.6
Pensions	4.2	27.9	56.7	64.9	54.8	52.6	17.5
Social transfers	25.4	19.9	15.0	13.1	19.6	16.4	22.9
Others	6.5	9.5	9.1	9.2	8.8	9.1	7.3
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1992							
Earnings	52.2	34.1	15.3	8.7	11.0	16.6	42.7
Self-empl. inc.	7.6	5.4	3.7	3.3	1.6	3.6	6.5
Pensions	4.4	31.9	56.3	66.2	62.5	55.2	18.0
Social transfers	29.1	20.3	15.4	12.6	16.8	15.8	25.5
Others	6.7	8.3	9.3	9.2	8.1	8.8	7.3
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1993							
Earnings	53.1	32.6	16.4	9.0	10.5	16.6	43.5
Self-empl. inc.	7.8	5.1	2.8	2.3	2.0	3.0	6.6
Pensions	4.9	32.3	57.1	67.1	56.7	54.6	18.0
Social transfers	28.9	22.9	13.5	13.3	22.7	17.4	25.9
Others	5.3	7.1	10.2	8.3	8.1	8.4	6.0
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1994							
Earnings	52.4	29.3	14.9	9.2	10.7	15.7	43.0
Self-empl. inc.	8.7	5.9	2.8	2.2	3.0	3.4	7.3
Pensions	5.1	34.8	60.2	67.0	60.3	56.3	18.3
Social transfers	28.6	22.2	12.9	14.5	20.1	17.2	25.7
Others	5.2	7.8	9.2	7.1	5.9	7.4	5.7
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1995							
Earnings	52.4	27.6	14.9	9.5	10.6	15.6	43.0
Self-empl. inc.	10.0	6.8	4.7	3.1	2.4	4.3	8.6
Pensions	5.4	35.6	59.3	66.7	65.0	56.7	18.5
Social transfers	28.2	21.9	15.2	14.2	17.0	17.0	25.3
Others	4.0	8.1	5.9	6.5	5.0	6.4	4.6
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996							
Earnings	52.7	26.4	14.1	9.3	9.7	14.6	43.1
Self-empl. inc.	8.7	5.3	4.9	3.2	2.5	3.9	7.5
Pensions	5.7	38.9	64.2	67.5	69.3	60.2	19.4
Social transfers	27.8	22.4	11.1	14.0	14.8	15.6	24.8
Others	5.1	7.0	5.7	6.0	3.7	5.7	5.2
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1997							
Earnings	52.8	26.6	13.1	7.9	8.1	13.0	40.5
Self-empl. inc.	6.6	5.0	2.5	1.7	1.3	2.5	5.3
Pensions	6.8	37.1	63.4	67.3	62.8	58.9	22.9
Social transfers	28.6	25.4	15.6	17.5	23.5	20.3	26.1
Others	5.2	5.9	5.4	5.6	4.3	8.4	8.3
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1998							
Earnings	49.1	24.7	9.5	6.7	8.0	11.6	38.6
Self-empl. inc.	8.4	5.9	3.8	2.1	1.1	3.1	6.9
Pensions	5.7	34.4	63.4	68.4	65.1	59.0	20.7
Social transfers	28.4	25.1	14.0	15.2	18.5	17.9	25.5
Others	8.4	9.9	9.3	7.6	7.3	8.4	8.3
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C4 (countinued) Relative share of income components, 1991-2005 (%)

Income	0-55	55-59	60-64	65-74	75+	55+	All
1999							
Earnings	53.5	27.5	13.6	7.8	9.6	13.7	42.2
Self-empl. inc.	10.2	7.2	3.2	1.5	1.4	3.1	8.2
Pensions	4.9	28.2	56.0	67.0	64.4	55.7	19.2
Social transfers	26.4	29.8	20.7	15.6	17.8	20.3	24.7
Others	5.0	7.3	6.5	8.1	6.8	7.2	5.7
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2000							
Earnings	57.1	33.2	16.4	10.3	9.9	16.9	45.6
Self-empl. inc.	7.8	6.0	3.8	2.0	2.1	3.3	6.6
Pensions	4.4	25.6	55.8	70.8	62.7	55.1	18.9
Social transfers	25.7	26.5	19.6	11.6	21.2	19.0	23.8
Others	5.0	8.7	4.4	5.3	4.1	5.7	5.1
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C5: Distribution of population by age groups and deciles, 1991-2005 (%)

Decile	0-55	55-59	60-64	65-74	75+	55+	All
1991							
1	7.9	9.9	11.4	16.8	24.4	15.5	10.0
2	7.6	8.5	15.5	20.0	19.8	16.4	10.0
10	11.8	9.6	5.2	3.8	3.2	5.3	10.0
1992							
1	8.9	8.4	10.3	13.9	19.4	12.9	10.0
2	8.5	9.6	11.0	14.5	21.9	14.0	10.0
10	11.4	9.3	6.3	5.3	4.7	6.4	10.0
1993							
1	9.5	8.7	7.4	9.2	22.9	11.2	10.0
2	8.8	7.8	13.0	16.2	15.9	13.4	10.0
10	11.3	9.3	7.0	4.4	5.4	6.2	10.0
1994							
1	10.1	11.1	5.9	8.8	13.8	9.8	10.0
2	8.0	11.7	12.1	16.4	20.5	15.3	10.0
10	11.7	9.9	4.8	3.1	4.9	5.4	10.0
1995							
1	11.1	7.6	3.6	7.1	9.6	7.1	10.0
2	9.8	7.4	10.3	11.0	14.4	10.6	10.0
10	11.7	8.8	5.2	4.5	2.0	5.4	10.0
1996							
1	11.6	9.9	2.6	4.2	4.7	5.3	10.0
2	9.6	11.2	7.5	10.8	16.0	11.3	10.0
10	11.5	8.6	5.2	5.2	3.1	5.5	10.0
1997							
1	11.3	9.3	5.7	4.2	9.8	7.0	10.0
2	9.1	9.3	11.3	12.9	14.0	12.1	10.0
10	11.8	10.4	6.9	5.2	2.5	6.0	10.0
1998							
1	11.7	9.8	5.2	3.1	6.6	5.7	10.0
2	9.1	12.4	9.4	14.2	12.1	12.4	10.0
10	11.1	12.4	10.4	4.7	2.3	7.0	10.0
1999							
1	11.2	7.7	9.5	4.8	7.1	7.0	10.0
2	9.7	10.8	10.2	11.6	10.3	10.8	10.0
10	11.7	11.7	6.9	2.7	3.5	5.8	10.0
2000							
1	10.9	11.4	6.9	6.3	6.5	7.7	10.0
2	8.5	10.3	12.2	12.7	20.4	13.8	10.0
10	11.8	13.4	3.9	3.1	3.4	5.7	10.0
2003							
1	11.0	8.4	6.1	7.5	4.4	6.9	10.0
2	9.6	9.4	9.6	11.9	13.1	11.1	10.0
10	10.9	15.1	8.5	4.0	4.0	7.6	10.0
2005							
1	11.0	9.7	9.0	5.7	6.4	7.6	10.0
2	10.2	7.4	9.7	9.1	11.5	9.4	10.0
10	10.8	17.1	9.0	4.2	2.9	8.3	10.0

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C6 Median income of the elderly as percentage of median income of non-elderly, 1991-2005 (%)

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
0-55	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
55-59	92.6	94.2	93.9	91.4	99.3	96.0	98.1	101.6	94.5	101.6	99.7	107.3
60-64	78.4	85.3	84.7	88.7	91.6	93.0	93.2	97.9	91.9	83.4	93.5	94.2
65-74	71.4	77.8	81.3	82.6	89.1	91.8	91.3	90.7	88.6	82.7	85.1	92.4
75+	67.9	71.4	73.3	75.8	82.9	85.0	81.5	88.2	85.2	77.9	96.5	87.8
55+	75.6	80.6	83.4	84.2	90.2	91.6	90.3	93.3	89.5	84.1	91.2	93.6
All	91.8	94.1	95.2	94.3	97.1	97.9	95.9	97.8	96.2	94.2	97.2	98.2

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C7 Inequality of disposable income, 1991-2005

Inequality measure	0-55	55-59	60-64	65-74	75+	55+	All
				1991			
Gini	0.261	0.262	0.252	0.227	0.232	0.252	0.266
Theil	0.126	0.124	0.134	0.098	0.093	0.119	0.129
Atkinson (ε=0.5)	0.059	0.058	0.058	0.045	0.044	0.054	0.060
Atkinson (ε=1.0)	0.113	0.111	0.105	0.083	0.083	0.100	0.114
Atkinson (ε=1.5)	0.167	0.162	0.146	0.118	0.119	0.142	0.167
Atkinson (ε=2.0)	0.226	0.216	0.184	0.152	0.152	0.182	0.221
				1992			
Gini	0.277	0.259	0.237	0.245	0.257	0.255	0.276
Theil	0.142	0.120	0.110	0.120	0.132	0.123	0.141
Atkinson (ε=0.5)	0.066	0.056	0.049	0.053	0.058	0.055	0.065
Atkinson (ε=1.0)	0.125	0.105	0.091	0.096	0.106	0.102	0.121
Atkinson (ε=1.5)	0.182	0.149	0.127	0.131	0.150	0.142	0.175
Atkinson (ε=2.0)	0.245	0.190	0.160	0.162	0.198	0.181	0.232
				1993			
Gini	0.301	0.272	0.252	0.237	0.302	0.265	0.297
Theil	0.173	0.136	0.115	0.108	0.181	0.132	0.167
Atkinson (ε=0.5)	0.078	0.062	0.053	0.049	0.080	0.060	0.075
Atkinson (ε=1.0)	0.144	0.115	0.098	0.089	0.147	0.110	0.138
Atkinson (ε=1.5)	0.204	0.162	0.136	0.123	0.210	0.156	0.195
Atkinson (ε=2.0)	0.263	0.204	0.169	0.154	0.282	0.201	0.251
				1994			
Gini	0.307	0.279	0.246	0.234	0.266	0.258	0.300
Theil	0.172	0.134	0.114	0.109	0.137	0.124	0.165
Atkinson (ε=0.5)	0.079	0.064	0.052	0.049	0.061	0.057	0.075
Atkinson (ε=1.0)	0.147	0.124	0.095	0.089	0.110	0.105	0.140
Atkinson (ε=1.5)	0.211	0.191	0.132	0.122	0.149	0.149	0.199
Atkinson (ε=2.0)	0.272	0.287	0.165	0.152	0.183	0.198	0.257
				1995			
Gini	0.306	0.263	0.218	0.225	0.208	0.236	0.292
Theil	0.174	0.116	0.083	0.093	0.077	0.098	0.158
Atkinson (ε=0.5)	0.079	0.056	0.039	0.043	0.036	0.046	0.072
Atkinson (ε=1.0)	0.146	0.107	0.074	0.081	0.069	0.087	0.133
Atkinson (ε=1.5)	0.207	0.156	0.106	0.115	0.100	0.125	0.188
Atkinson (ε=2.0)	0.264	0.201	0.136	0.148	0.128	0.160	0.239
				1996			
Gini	0.308	0.273	0.219	0.215	0.214	0.232	0.292
Theil	0.196	0.130	0.094	0.084	0.086	0.099	0.175
Atkinson (ε=0.5)	0.082	0.061	0.042	0.039	0.039	0.046	0.074
Atkinson (ε=1.0)	0.149	0.115	0.077	0.073	0.073	0.085	0.135
Atkinson (ε=1.5)	0.210	0.163	0.107	0.103	0.103	0.120	0.189
Atkinson (ε=2.0)	0.271	0.206	0.133	0.130	0.130	0.151	0.243

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C7 (continued) Inequality of disposable income, 1991-2005

Inequality measure	0-55	55-59	60-64	65-74	75+	55+	All
1997							
Gini	0.289	0.291	0.226	0.204	0.216	0.237	0.276
Theil	0.155	0.164	0.087	0.070	0.102	0.107	0.143
Atkinson (ε=0.5)	0.072	0.074	0.042	0.034	0.044	0.049	0.066
Atkinson (ε=1.0)	0.139	0.139	0.082	0.065	0.081	0.092	0.126
Atkinson (ε=1.5)	0.207	0.201	0.121	0.093	0.114	0.132	0.186
Atkinson (ε=2.0)	0.293	0.272	0.160	0.120	0.145	0.173	0.260
1998							
Gini	0.299	0.286	0.240	0.207	0.217	0.239	0.285
Theil	0.160	0.135	0.103	0.076	0.095	0.102	0.146
Atkinson (ε=0.5)	0.075	0.065	0.048	0.036	0.043	0.048	0.068
Atkinson (ε=1.0)	0.142	0.125	0.090	0.067	0.081	0.090	0.129
Atkinson (ε=1.5)	0.209	0.180	0.128	0.096	0.117	0.129	0.188
Atkinson (ε=2.0)	0.302	0.231	0.163	0.123	0.154	0.165	0.267
1999							
Gini	0.306	0.295	0.254	0.215	0.230	0.248	0.294
Theil	0.168	0.161	0.112	0.085	0.110	0.116	0.156
Atkinson (ε=0.5)	0.079	0.073	0.053	0.039	0.048	0.053	0.073
Atkinson (ε=1.0)	0.151	0.137	0.100	0.074	0.087	0.098	0.138
Atkinson (ε=1.5)	0.228	0.199	0.143	0.105	0.120	0.139	0.205
Atkinson (ε=2.0)	0.332	0.270	0.182	0.135	0.148	0.181	0.294
2000							
Gini	0.296	0.319	0.240	0.210	0.233	0.260	0.290
Theil	0.150	0.178	0.114	0.084	0.111	0.129	0.146
Atkinson (ε=0.5)	0.072	0.083	0.051	0.040	0.049	0.059	0.069
Atkinson (ε=1.0)	0.141	0.155	0.093	0.080	0.087	0.108	0.134
Atkinson (ε=1.5)	0.215	0.219	0.130	0.126	0.119	0.155	0.200
Atkinson (ε=2.0)	0.315	0.277	0.164	0.189	0.146	0.203	0.286
2003							
Gini	0.311	0.297	0.253	0.222	0.201	0.251	0.297
Theil	0.185	0.147	0.114	0.098	0.070	0.114	0.169
Atkinson (ε=0.5)	0.083	0.070	0.053	0.045	0.033	0.053	0.076
Atkinson (ε=1.0)	0.152	0.134	0.098	0.083	0.064	0.099	0.139
Atkinson (ε=1.5)	0.215	0.191	0.138	0.118	0.094	0.140	0.196
Atkinson (ε=2.0)	0.274	0.245	0.174	0.151	0.121	0.179	0.250
2005							
Gini	0.293	0.362	0.278	0.220	0.195	0.278	0.290
Theil	0.153	0.309	0.150	0.096	0.069	0.179	0.161
Atkinson (ε=0.5)	0.071	0.122	0.067	0.043	0.032	0.073	0.072
Atkinson (ε=1.0)	0.135	0.205	0.122	0.080	0.061	0.127	0.133
Atkinson (ε=1.5)	0.194	0.273	0.170	0.111	0.087	0.171	0.188
Atkinson (ε=2.0)	0.251	0.334	0.217	0.140	0.111	0.212	0.240

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C8 Replacement rate after retirement, 1991-1997 (%)

Year	Average old-age pension as % of average net earnings
1991	70.8
1992	72.1
1993	69.8
1994	78.0
1995	73.9
1996	68.7
1997	67.4

Source: calculations of Tamás Keller (TÁRKI) based on HHP.

Table C9 Poverty incidence by age groups with different thresholds, 1991-2005 (%)

Age group	Poverty threshold (% of national median income)			
	40%	50%	60%	70%
1991				
0-55	2.2	4.5	9.0	16.0
55-59	1.7	5.2	11.9	18.4
60-64	1.2	6.4	15.1	27.8
65-74	1.7	8.5	19.4	38.3
75+	2.3	11.3	29.1	45.3
55+	1.7	7.8	18.7	32.9
All	2.0	5.4	11.6	20.7
1992				
0-55	3.4	6.4	11.1	7.9
55-59	2.3	5.2	10.2	18.6
60-64	1.6	5.6	11.6	21.3
65-74	1.3	7.4	15.4	28.9
75+	2.2	10.1	24.9	41.5
55+	1.8	6.0	15.2	27.2
All	3.0	6.3	12.2	20.4
1993				
0-55	3.3	6.1	11.7	20.2
55-59	1.5	5.1	10.8	20.7
60-64	1.1	3.2	10.2	23.2
65-74	0.8	4.6	13.5	28.2
75+	3.5	12.7	27.1	41.7
55+	1.5	5.9	14.8	27.9
All	2.9	6.1	12.5	22.3
1994				
0-55	3.2	7.3	12.2	19.1
55-59	1.5	6.3	13.6	23.9
60-64	0.7	4.4	8.8	18.4
65-74	1.4	4.9	13.3	26.5
75+	1.1	5.6	21.2	35.7
55+	1.3	5.2	14.0	26.0
All	2.7	6.8	12.7	20.9
1995				
0-55	4.0	7.0	14.9	23.3
55-59	2.6	4.7	11.4	19.1
60-64	0.4	2.4	5.5	19.4
65-74	1.3	4.1	9.5	23.8
75+	1.2	6.0	16.8	27.6
55+	1.5	4.3	10.6	22.4
All	3.3	6.3	13.8	23.1
1996				
0-55	3.7	8.9	15.9	23.0
55-59	3.0	7.6	13.5	23.7
60-64	0.4	1.1	4.5	12.3
65-74	0.2	1.6	8.2	15.9
75+	1.2	2.7	8.9	23.0
55+	1.2	3.1	8.8	18.4
All	3.0	7.4	14.1	21.8

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C9 (continued) Poverty incidence by age groups with different thresholds, 1991-2005 (%)

Age group	40%	50%	60%	70%
1997				
0-55	4.8	8.1	13.7	19.9
55-59	2.4	5.7	11.7	17.9
60-64	2.2	2.8	8.8	16.7
65-74	3.2	6.2	13.5	15.9
75+	3.2	6.2	13.5	23.8
55+	2.0	4.1	10.0	18.5
All	3.9	6.9	12.6	23.8
1998				
0-55	4.8	9.0	15.0	21.2
55-59	2.3	7.5	12.1	22.3
60-64	1.0	3.8	7.6	14.2
65-74	0.5	1.9	8.1	17.5
75+	1.6	4.3	11.8	18.7
55+	1.2	4.1	9.7	18.2
All	3.8	7.6	13.5	20.3
1999				
0-55	3.7	8.1	14.4	22.6
55-59	1.8	5.2	12.0	18.7
60-64	1.0	7.6	12.5	21.4
65-74	1.0	2.7	7.3	19.5
75+	1.2	3.6	11.5	19.6
55+	1.2	4.4	10.4	19.8
All	3.0	7.1	13.2	21.8
2000				
0-55	4.8	8.9	13.6	20.8
55-59	4.3	6.3	13.5	22.6
60-64	2.0	5.9	10.2	22.0
65-74	1.6	4.3	11.7	20.5
75+	0.6	2.8	12.8	28.7
55+	2.1	4.8	12.1	23.2
All	4.0	7.7	13.1	21.5
2003				
0-55	4.5	8.8	14.0	22.2
55-59	2.9	6.0	10.7	19.3
60-64	1.0	4.1	7.8	17.4
65-74	2.1	4.8	10.7	21.4
75+	0.4	2.2	10.9	19.7
55+	1.7	4.5	10.2	19.8
All	3.8	7.6	13.0	21.6
2005				
0-55	4.0	7.5	12.6	21.8
55-59	4.0	5.5	10.4	17.1
60-64	1.4	3.5	10.3	19.0
65-74	1.1	2.5	7.4	14.8
75+	0.8	3.0	8.6	18.9
55+	1.8	3.6	9.0	17.1
All	3.4	6.3	11.6	20.4

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C10 Poverty gap by age groups with different thresholds, 1991-2005 (%)

Age group	40%	50%	60%	70%
1991				
0-55	27.6	19.5	17.5	16.9
55-59	31.1	18.2	15.9	19.1
60-64	37.0	13.5	11.4	14.6
65-74	8.6	8.3	14.0	14.8
75+	10.6	9.6	13.1	19.1
55+	2.0	4.0	8.2	14.5
All	27.6	17.6	15.6	17.0
1992				
0-55	22.7	21.5	20.6	18.3
55-59	7.4	19.8	19.1	17.1
60-64	2.3	13.0	13.6	17.1
65-74	5.0	8.4	12.9	17.4
75+	8.4	9.0	12.1	17.9
55+	3.1	6.0	10.3	17.1
All	18.8	18.3	18.2	17.5
1993				
0-55	23.1	21.8	17.6	17.0
55-59	19.6	17.0	15.8	15.4
60-64	1.9	15.8	10.4	11.4
65-74	17.7	8.8	12.8	12.9
75+	30.2	10.5	16.3	20.2
55+	2.9	5.3	10.4	18.3
All	22.7	17.6	15.8	16.3
1994				
0-55	25.2	17.3	20.1	21.1
55-59	5.6	7.5	14.7	19.0
60-64	4.4	14.8	13.9	14.0
65-74	9.0	11.7	11.6	14.4
75+	8.9	8.0	11.1	17.0
55+	3.1	6.6	11.2	18.0
All	23.1	15.6	18.4	18.6
1995				
0-55	18.1	22.2	14.7	20.7
55-59	24.5	26.9	14.1	19.5
60-64	28.2	15.0	16.6	7.1
65-74	17.1	10.1	11.7	9.2
75+	24.5	10.1	10.5	17.8
55+	3.6	6.2	13.3	21.1
All	18.1	21.9	14.6	19.0
1996				
0-55	15.2	15.3	18.1	24.1
55-59	7.8	16.4	21.2	18.2
60-64	5.0	17.7	11.4	8.4
65-74	8.8	9.3	12.6	14.4
75+	13.4	17.5	10.6	11.3
55+	3.1	7.2	13.4	19.7
All	12.6	15.3	17.2	21.0

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C10 (continued) Poverty gap by age groups with different thresholds, 1991-2005 (%)

Age group	40%	50%	60%	70%
1997				
0-55	26.2	25.0	22.0	24.2
55-59	34.3	14.1	15.6	20.6
60-64	32.5	43.7	12.5	15.7
65-74	3.6	8.3	8.7	13.2
75+	14.8	21.6	13.2	17.3
55+	4.0	7.2	12.5	18.2
All	23.7	24.8	19.1	20.9
1998				
0-55	14.8	23.0	19.3	25.4
55-59	14.1	14.2	20.8	17.6
60-64	17.4	6.8	16.6	17.7
65-74	18.4	9.0	8.1	12.3
75+	20.8	18.4	10.6	18.4
55+	4.6	8.5	14.3	19.7
All	14.8	19.9	19.1	22.3
1999				
0-55	25.1	15.1	19.9	21.0
55-59	19.3	12.4	11.9	18.3
60-64	30.3	6.8	17.8	17.5
65-74	17.0	12.0	12.7	11.2
75+	7.0	12.8	11.0	17.6
55+	3.5	7.5	13.4	21.7
All	25.0	14.1	18.8	18.4
2000				
0-55	21.9	20.4	23.2	22.6
55-59	7.7	24.2	9.4	22.3
60-64	11.2	12.5	17.4	13.4
65-74	67.3	12.4	10.9	16.4
75+	6.0	11.9	8.8	12.9
55+	4.1	7.7	11.9	18.9
All	19.8	20.1	19.9	19.4
2003				
0-55	23.1	22.3	20.7	21.5
55-59	27.5	16.2	18.2	20.4
60-64	4.2	7.0	18.1	12.8
65-74	18.2	14.3	14.3	14.3
75+	18.1	11.9	5.4	15.3
55+	3.9	7.9	12.5	19.9
All	23.1	21.0	20.0	19.6
2005				
0-55	13.6	23.4	23.3	18.5
55-59	32.0	34.9	24.6	20.7
60-64	18.0	16.2	13.9	16.4
65-74	13.4	15.6	13.7	14.5
75+	2.7	8.6	11.5	12.0
55+	3.9	7.1	12.2	20.5
All	14.0	22.3	19.4	17.9

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C11 Trends in poverty according to national criteria (minimum old-age pension), 1991-2005 (%)

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
Poverty incidence												
0-55	2.2	2.2	2.7	2.8	3.3	3.4	4.8	4.3	3.5	2.5	2.3	1.6
55-59	1.7	0.9	1.5	1.2	2.6	1.6	2.4	2.3	1.5	1.4	1.6	2.2
60-64	1.2	0.3	0.4	0.4	0.4	0.4	2.2	1.0	1.0	0.7	0.3	0.7
65-74	1.7	0.6	0.6	1.4	0.6	0.2	0.8	0.3	1.0	1.2	1.0	0.2
75+	2.3	0.7	2.7	1.1	1.2	1.2	3.2	1.6	0.6	0.0	0.0	0.0
55+	1.7	0.6	1.1	1.1	1.3	0.8	2.0	1.2	0.9	0.9	0.8	0.8
All	2.0	1.8	2.3	2.4	2.7	2.8	3.9	3.4	2.5	2.1	1.9	1.3
Poverty gap												
0-55	27.9	24.1	23.4	23.1	13.5	11.4	25.2	11.1	24.1	19.4	12.4	17.3
55-59	31.3	12.3	14.3	24.5	18.8	16.4	33.4	10.5	35.3	10.0	16.5	20.8
60-64	37.3	29.4	9.0	1.7	22.9	0.7	31.6	13.9	25.5	15.1	4.2	36.4
65-74	8.9	5.7	14.2	4.5	23.2	4.7	2.3	22.1	11.4	73.4	39.8	4.3
75+	10.9	38.3	48.2	4.5	18.8	9.7	13.7	17.4	10.8	-	-	-
55+	18.6	12.1	16.9	4.3	18.8	10.7	22.3	13.2	18.5	26.9	16.4	17.0
All	27.9	22.3	22.4	21.5	14.3	11.4	22.7	11.1	35.3	19.4	12.5	17.4

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C12 Average square meters per household member, by age groups

Age groups	Year of the survey			
	1991	1997	2000	2005
	All persons			
0-54	22.6	23.0	24.6	25.1
55-59	32.9	34.5	35.7	36.4
60-64	34.9	36.3	36.0	40.0
65-74	38.2	40.7	40.2	44.0
75+	37.6	40.5	42.2	44.9
55+	36.1	38.4	38.7	41.5
All	26.3	27.7	28.7	29.9
	Persons with income <60% of median income			
0-54	19.3	20.4	22.6	24.2
55-59	39.6	31.7	39.8	40.4
60-64	41.6	35.8	34.7	43.8
65-74	49.1	47.9	41.2	57.5
75+	49.9	45.5	48.5	51.8
55+	46.6	40.9	41.5	48.0
All	31.3	25.3	27.6	29.7

Source: 1991 – HHP, 1997, 2000, 2005 – TARKI Household Monitor survey.

Table C13 Average number of rooms per household member, by age groups

Age groups	Year of the survey			
	1991	1997	2000	2005
	All persons			
0-54	0.77	0.81	0.84	0.88
55-59	1.08	1.14	1.22	1.28
60-64	1.14	1.21	1.19	1.36
65-74	1.24	1.38	1.35	1.41
75+	1.17	1.38	1.35	1.55
55+	1.17	1.30	1.29	1.41
All	0.88	0.96	0.96	1.03
	Persons with income < 60% of median income			
0-54	0.63	0.71	0.74	0.79
55-59	1.22	1.08	1.25	1.33
60-64	1.28	1.30	1.06	1.34
65-74	1.53	1.50	1.34	1.46
75+	1.39	1.44	1.62	1.84
55+	1.40	1.34	1.34	1.48
All	0.97	0.86	0.89	0.91

Source: 1991 – HHP, 1997, 2000 – TARKI Household Monitor survey, 2005 – EU SILC

Table C14 Share of persons living in owned housing unit, by age groups (%)

Age groups	Year of the survey			
	1991	1997	2000	2005
	All persons			
0-54	79.2	88.7	86.9	87.0
55-59	83.2	90.6	89.1	91.2
60-64	81.6	87.2	94.1	92.1
65-74	74.0	88.6	90.0	92.6
75+	74.2	78.2	85.5	87.4
55+	77.8	86.1	89.5	90.9
All	78.8	87.9	87.7	88.1
	Persons < 60% of median income			
0-54	73.5	82.7	78.1	82.3
55-59	85.4	74.4	75.0	87.8
60-64	90.4	85.2	80.6	90.1
65-74	78.8	83.3	83.9	91.8
75+	78.9	81.5	80.0	91.2
55+	81.8	80.5	79.9	89.9
All	77.2	82.2	78.6	83.5

Source: 1991 – HHP, 1997, 2000 – TARKI Household Monitor survey, 2005 – EU SILC

Table C15 Share of people living in housing units without a flushing toilet, by age groups

Age groups	Year of the survey			
	1991	1997	2000	2005
	All persons			
0-54	15.1	5.4	4.5	7.2
55-59	20.9	7.6	3.6	7.2
60-64	25.6	8.9	7.3	6.3
65-74	29.7	8.9	6.1	6.4
75+	32.1	12.4	6.8	11.6
55+	27.2	9.4	5.9	7.9
All	18.4	6.6	4.9	7.4
	Persons< 60% of median income			
0-54	37.9	13.5	11.2	24.6
55-59	70.7	21.4	12.2	23.8
60-64	46.2	17.6	18.2	23.3
65-74	50.0	10.5	10.6	25.7
75+	54.4	41.2	31.4	28.1
55+	53.7	25.5	17.1	25.2
All	44.9	16.1	12.8	24.8

Source: 1991 – HHP, 1997, 2000, 2005 – TARKI Household Monitor survey.

Table C16 Share of people who make ends meet with (great or some) difficulty, by age groups, 2005 (%)

	With great difficulty	With difficulty	With some difficulty	Total – with difficulty
0-54	15.1	21.3	44.5	80.8
55-59	11.2	22.9	45.5	79.6
60-64	11.3	20.6	45.4	77.4
65-74	10.2	22.7	49.2	82.1
75+	10.4	22.5	48.7	81.6
55+	10.7	22.3	47.5	80.5
All	13.8	21.6	45.3	80.7

Source: EU-SILC.

Table C17 Share of people running out of money by the end of the month in the last 12 month, 1991-2005 (%)

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
At all												
0-55	29.3	31.5	33.5	32.8	22.7	28.1	23.7	21.1	27.7	29.8	31.4	40.9
55-59	44.3	42.8	47.5	41.6	37.6	42.2	32.2	32.8	34.2	30.1	36.0	53.9
60-64	44.2	45.8	48.0	50.0	38.7	42.3	32.3	31.6	38.8	35.5	38.0	50.5
65-74	54.4	51.1	55.5	57.9	43.5	44.5	40.0	43.2	44.1	45.5	46.4	60.4
75+	53.3	54.3	56.8	56.7	47.1	51.3	41.8	49.8	49.7	49.6	54.2	68.1
55+	49.6	48.6	52.2	51.9	41.6	44.9	37.2	40.0	42.1	40.8	43.6	58.7
All	34.8	36.1	38.4	37.8	27.5	32.3	27.8	26.4	31.8	33.0	34.7	46.2
Once in 6 months												
0-55	15.0	14.2	13.7	13.7	18.2	13.0	13.5	18.0	17.5	17.0	17.6	15.6
55-59	12.6	12.2	9.6	11.8	13.1	10.9	11.8	17.4	13.5	18.8	15.0	13.7
60-64	13.2	10.2	9.5	13.6	15.0	11.4	14.8	16.7	15.5	18.4	17.8	11.1
65-74	10.5	9.3	13.0	12.8	17.6	11.3	12.4	17.2	15.5	15.7	14.9	12.7
75+	12.7	9.3	9.9	14.2	14.5	8.2	13.0	13.4	13.6	12.5	10.7	10.3
55+	12.1	10.2	10.9	13.0	15.3	10.7	12.9	16.3	14.7	16.2	14.7	12.1
All	14.2	13.1	13.0	13.5	17.4	12.4	13.3	17.6	16.7	16.8	16.8	14.5
Every 2-3 months												
0-55	23.3	23.4	21.7	23.4	25.5	24.1	25.8	23.9	20.6	23.2	22.2	20.1
55-59	23.5	17.8	18.1	21.6	25.9	19.6	24.9	20.9	20.6	20.2	22.6	16.0
60-64	19.2	23.5	23.4	17.9	24.8	22.1	23.4	24.3	18.8	22.0	22.9	19.0
65-74	16.8	21.6	17.5	13.6	18.8	19.2	21.5	18.8	17.8	19.5	19.5	13.6
75+	16.5	19.6	14.7	13.5	17.6	19.5	22.7	14.4	16.9	21.1	15.9	13.2
55+	18.8	20.7	18.3	16.5	21.7	19.9	22.9	19.5	18.3	20.5	20.3	15.1
All	22.1	22.7	20.8	21.6	24.5	23.1	24.9	22.6	20.0	22.4	21.7	18.6
Every months												
0-55	32.4	30.9	31.1	30.1	33.7	34.8	37.0	36.9	34.2	30.0	28.8	23.4
55-59	19.6	27.2	24.9	25.0	23.4	27.3	31.1	29.0	31.7	31.0	26.5	16.5
60-64	23.4	20.5	19.1	18.6	21.4	24.2	29.5	27.4	27.0	24.0	21.2	19.4
65-74	18.3	18.0	14.1	15.8	20.1	25.1	26.1	20.8	22.6	19.3	19.2	13.3
75+	17.5	16.8	18.7	15.6	20.8	21.0	22.5	22.3	19.8	16.8	19.2	8.4
55+	19.6	20.5	18.6	18.6	21.4	24.5	27.0	24.2	24.9	22.4	21.4	14.1
All	28.9	28.1	27.8	27.1	30.5	32.3	33.9	33.4	31.6	27.8	26.8	20.7

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C18 Poverty rate by poverty thresholds and age groups; persons in households with pensioner member and the unemployed, 2005 (%)

Age group (years)	Poverty threshold (% of national median income)				
	40%	50%	60%	70%	Number of all persons
	Persons in pensioner households				
below 55	3.1	6.8	14.9	24.6	1129
55-59	4.9	6.4	13.2	21.6	265
60-64	1.4	3.6	10.5	19.2	276
65-74	1.1	2.6	7.5	15.1	464
75+	0.8	3.0	8.7	19.1	367
55+	1.7	3.7	9.5	18.2	1372
All	2.4	5.1	12.0	21.1	2501
	The unemployed				
below 55	13.8	22.4	37.0	54.5	246
55-59	16.7	16.7	30.8	30.8	12
60-64	0.0	0.0	0.0	0.0	1
65-74	0.0	0.0	0.0	0.0	3
75+	0.0	0.0	0.0	0.0	1
55+	13.1	13.1	20.4	20.4	17
All	13.7	21.8	36.0	52.3	263

Source: TARKI Household Monitor survey, 2005

Table C19 Women by age groups and selected income deciles, 2005 (% of all persons)

Income decile	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	All women						
1	47.2	71.8	42.3	63.0	87.5	66.4	51.4
2	51.7	76.7	72.4	72.1	79.1	75.2	58.3
10	48.1	63.8	38.5	50.0	45.5	55.1	49.7
All	50.1	62.1	54.0	57.0	60.5	58.6	52.6
	Women in single households						
1	22.2	69.2	58.3	76.5	100.0	78.0	60.0
2	78.9	100.0	93.8	87.5	84.8	89.7	86.7
10	20.0	100.0	50.0	100.0	0.0	85.7	35.7
All	47.5	79.6	83.0	84.3	82.7	83.4	73.5

Source: TARKI Household Monitor survey, 2005

Table C20 Poverty rate by poverty thresholds and age groups; (single) women, 2005 (%)

Age group (years)	Poverty threshold (% of national median income)				Number of all persons
	40%	50%	60%	70%	
	All women				
below 55	3.4	6.6	12.0	21.8	1839
55-59	4.4	6.0	11.6	20.4	249
60-64	0.6	1.3	9.0	20.4	156
65-74	1.5	3.3	8.5	17.8	270
75 and over	1.3	4.5	12.5	25.4	224
55 and over	2.0	4.0	10.5	20.8	899
All	3.0	5.8	11.5	21.5	2738
	Women in single households				
below 55	3.0	6.1	9.0	31.3	67
55-59	12.5	17.5	25.6	38.5	39
60-64	2.3	4.5	24.4	50.0	44
65-74	3.5	7.9	14.9	30.1	114
75 and over	1.6	7.8	16.4	35.7	129
55 and over	3.5	8.3	18.1	36.1	326
All	3.6	8.1	16.5	35.2	392

Source: TARKI Household Monitor survey, 2005

Table C21 Share of single elderly women in different income deciles, 1991-2005 (%)

Income decile	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
1	46.9	41.0	35.3	27.7	18.7	9.9	12.9	9.4	11.5	14.9	14.2	14.1
2	33.8	32.9	33.5	34.2	20.4	21.1	22.4	27.1	20.6	23.3	22.6	21.5
10	1.3	0.9	1.3	1.3	0.4	2.6	1.2	2.8	2.4	2.9	2.1	1.6
All												

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Table C22 Poverty incidence among single elderly women with different thresholds, 1991-2005 (%)

Poverty threshold	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2003	2005
40%	3.1	3.6	5.4	3.0	2.7	2.6	3.2	2.4	3.5	5.1	3.8	3.4
50%	24.9	19.8	19.6	14.7	11.6	6.0	6.8	6.6	8.7	8.3	7.6	8.3
60%	53.3	47.7	43.5	37.1	27.7	17.7	19.8	20.6	16.7	20.7	21.2	18.1
70%	80.8	64.3	74.9	65.4	54.9	31.9	33.5	36.2	35.1	41.1	41.7	36.0

Source: Hungarian Household Panel, 1991-1996; TARKI Household Monitor survey, 1997-2005

Annex D
Country tables Poland

LIST OF TABLES

Table D1 Number of cases (household members) in the total sample by age groups

Age group	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	Actual number (unweighted)										
Below 55	83,478	82,863	81,234	82,666	81,343	80,658	91,891	78,485	79,269	80,594	70,576
55 - 59	5399	5384	5219	4732	4690	4415	5032	4426	4908	5301	5570
60 - 64	5276	5088	5113	4757	4656	4651	5330	4470	4310	4050	3771
65 - 74	7199	7437	7434	7286	7213	7072	8372	7376	7531	7313	7229
75 +	2791	2758	2801	2876	3007	3228	3752	3456	3786	3887	4029
75 - 79	1214	1328	1384	1508	1700	1745	2208	1997	2256	2204	2284
80 +	1577	1430	1417	1368	1307	1483	1544	1459	1529	1683	1745
55 +	20,665	20,667	20,567	19,651	19,566	19,366	22,486	19,729	20,535	20,552	20,598
All	104,143	103,530	101,801	102,317	100,909	100,024	114,377	98,213	99,804	101,145	91,174
	In percent (unweighted)										
Below 55	80.2	80.0	79.8	80.8	80.6	80.6	80.3	79.9	79.4	79.7	77.4
55 - 59	5.2	5.2	5.1	4.6	4.6	4.4	4.4	4.5	4.9	5.2	6.1
60 - 64	5.1	4.9	5.0	4.6	4.6	4.6	4.7	4.6	4.3	4.0	4.1
65 - 74	6.9	7.2	7.3	7.1	7.1	7.1	7.3	7.5	7.5	7.2	7.9
75 +	2.7	2.7	2.8	2.8	3.0	3.2	3.3	3.5	3.8	3.8	4.4
75 - 79	1.2	1.3	1.4	1.5	1.7	1.7	1.9	2.0	2.3	2.2	2.5
80 +	1.5	1.4	1.4	1.3	1.3	1.5	1.3	1.5	1.5	1.7	1.9
55 +	19.8	20.0	20.2	19.2	19.4	19.4	19.7	20.1	20.6	20.3	22.6
All	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
	In percent (weighted)										
Below 55	77.8	77.7	79.1	79.5	79.1	79.7	79.8	79.9	79.4	79.7	77.4
55 - 59	5.7	5.7	5.3	4.8	4.9	4.6	4.4	4.5	4.9	5.2	6.1
60 - 64	5.7	5.5	5.2	4.9	4.9	4.9	4.8	4.6	4.3	4.0	4.1
65 - 74	7.8	8.1	7.6	7.7	7.8	7.6	7.6	7.5	7.5	7.2	7.9
75 +	3.1	3.0	2.9	3.0	3.2	3.2	3.5	3.5	3.8	3.8	4.4
75 - 79	1.3	1.5	1.4	1.6	1.8	1.9	2.1	2.0	2.3	2.2	2.5
80 +	1.7	1.6	1.4	1.4	1.4	1.3	1.4	1.5	1.5	1.7	1.9
55 +	22.2	22.3	20.9	20.5	20.9	20.3	20.2	20.1	20.6	20.3	22.6
All	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Polish HBS

Table D2 Median income by age group

Age group	1994	1995	1996	1997 old	1997 new	1998	1999	2000	2001	2002	2003	2004
	PLN/month (current prices)											
Below 55	315.81	416.15	529.28	640.38	611.84	721.56	762.699	**820.04**	**852.39**	**858.38**	**870.09**	**906.52**
55 - 59	340.00	455.08	567.57	705.24	685.41	787.82	852.264	887.84	964.14	989.95	1,004.80	1,047.34
60 - 64	335.83	456.58	574.09	710.62	693.55	796.95	844.359	883.04	964.54	1010.43	1,036.01	1,067.18
65 - 74	315.92	429.36	537.39	659.77	647.47	743.06	810.138	871.59	941.98	993.13	1,017.24	1,049.76
75 +	315.21	433.52	539.77	668.13	656.64	748.04	822.147	869.31	948.17	986.83	996.52	1,035.22
75 - 79	311.30	420.85	531.81	667.22	661.25	757.66	825.932	876.00	955.13	993.33	1,001.00	1,051.95
80 +	320.13	449.97	550.00	669.50	652.03	735.49	813.636	860.10	934.65	973.87	983.23	1,004.12
55 +	**326.66**	**443.35**	**555.70**	**683.40**	**670.28**	**765.97**	**828.926**	**877.57**	**951.47**	**995.33**	**1,013.33**	**1,050.00**
All	318.23	422.76	534.88	650.39	625.41	732.67	778.11	833.33	876.07	889.33	901.22	943.33
	PLN/month (2004prices)											
Below 55	823.67	849.28	900.86	948.62	958.92	956.07	941.82	**919.73**	**906.18**	**895.54**	**900.54**	**906.52**
55 - 59	886.76	928.71	966.05	1,044.70	1,013.84	1,043.86	1,052.42	995.78	1,024.98	1,032.80	1,039.97	1,047.34
60 - 64	875.88	931.78	977.14	1,052.67	1,004.92	1,055.95	1,042.66	990.39	1,025.40	1,054.17	1,072.27	1,067.18
65 - 74	823.95	876.23	914.67	977.35	920.73	984.55	1,000.40	977.55	1,001.42	1,036.11	1,052.84	1,049.76
75 +	822.11	884.71	918.72	989.73	931.22	991.15	1,015.23	974.99	1,008.00	1,029.54	1,031.40	1,035.22
75 - 79	811.89	858.85	905.18	988.39	924.42	1,003.89	1,019.90	982.50	1,015.40	1,036.32	1,036.04	1,051.95
80 +	834.94	918.29	936.14	991.75	941.20	974.52	1,004.72	964.67	993.63	1,016.02	1,017.65	1,004.12
55 +	**851.97**	**904.79**	**945.84**	**1,012.36**	**966.14**	**1,014.90**	**1,023.60**	**984.26**	**1,011.51**	**1,038.41**	**1,048.80**	**1,050.00**
All	829.99	862.76	910.40	963.45	960.74	970.78	960.85	934.64	931.35	927.82	932.76	943.33
	Base year = 100 (in 2004 prices)											
Below 55	**100**	**103**	**109**	**115**	**100**	**100**	**98**	**96**	**94**	**93**	**94**	**95**
55 - 59	100	105	109	118	100	103	104	98	101	102	103	103
60 - 64	100	106	112	120	100	105	104	99	102	105	107	106
65 - 74	100	106	111	119	100	107	109	106	109	113	114	114
75 +	100	108	112	120	100	106	109	105	108	111	111	111
75 - 79	100	106	111	122	100	109	110	106	110	112	112	114
80 +	100	110	112	119	100	104	107	102	106	108	108	107
55 +	**100**	**106**	**111**	**119**	**100**	**105**	**106**	**102**	**105**	**107**	**109**	**109**
All	100	104	110	116	100	101	100	97	97	97	97	98
	Yoy real change											
Below 55		**3.1**	**6.1**	**5.3**		**-0.3**	**-1.5**	**-2.3**	**-1.5**	**-1.2**	**0.6**	**0.7**
55 - 59		4.7	4.0	8.1		3.0	0.8	-5.4	2.9	0.8	0.7	0.7
60 - 64		6.4	4.9	7.7		5.1	-1.3	-5.0	3.5	2.8	1.7	-0.5
65 - 74		6.3	4.4	6.9		6.9	1.6	-2.3	2.4	3.5	1.6	-0.3
75 +		7.6	3.8	7.7		6.4	2.4	-4.0	3.4	2.1	0.2	0.4
75 - 79		5.8	5.4	9.2		8.6	1.6	-3.7	3.3	2.1	0.0	1.5
80 +		10.0	1.9	5.9		3.5	3.1	-4.0	3.0	2.3	0.2	-1.3
55 +		**6.2**	**4.5**	**7.0**		**5.0**	**0.9**	**-3.8**	**2.8**	**2.7**	**1.0**	**0.1**
All		3.9	5.5	5.8		1.0	-1.0	-2.7	-0.4	-0.4	0.5	1.1

Source: Polish HBS

Table D3 Median income as percent of the average wage by age group

Age group	1994	1995	1996	1997old	1997new	1998	1999	2000	2001	2002	2003	2004
Below 55	**59.3**	**59.2**	**60.6**	**60.3**	**57.6**	**58.2**	**55.4**	**52.9**	**51.3**	**49.9**	**49.0**	**49.1**
55 – 59	63.8	64.8	65.0	66.4	64.5	63.6	61.9	57.2	58.0	57.6	56.6	56.7
60 - 64	63.0	65.0	65.8	66.9	65.3	64.3	61.4	56.9	58.0	58.8	58.4	57.8
65 - 74	59.3	61.1	61.6	62.1	61.0	59.9	58.9	56.2	56.7	57.8	57.3	56.9
75 +	59.2	61.7	61.8	62.9	61.8	60.4	59.8	56.1	57.0	57.4	56.2	56.1
75 - 79	58.4	59.9	60.9	62.8	62.3	61.1	60.0	56.5	57.5	57.8	56.4	57.0
80 +	60.1	64.0	63.0	63.0	61.4	59.3	59.1	55.5	56.2	56.6	55.4	54.4
55 +	**61.3**	**63.1**	**63.7**	**64.4**	**63.1**	**61.8**	**60.2**	**56.6**	**57.2**	**57.9**	**57.1**	**56.9**
All	59.7	60.2	61.3	61.2	58.9	59.1	56.6	53.7	52.7	51.7	50.8	51.1
	PLN/month											
Av. net wage	533	703	873	1062	1062	1239	1376	1551	1662	1720	1775	1846

Source: Polish HBS, GUS (Polish Statistical Office)

Table D4 Income components (mean per capita, per month, PLN per month)

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	**55 +**	All
1994									
Wages	**50.7**	27.6	13.9	8.9	9.4	7.8	10.6	**15.1**	41.3
Self-empl non-farm.	**10.0**	5.0	2.9	1.0	1.7	0.8	2.4	**2.6**	8.1
Farming income	**10.9**	8.4	8.1	8.7	8.9	7.9	9.6	**8.5**	10.3
Property	**0.8**	0.7	0.6	0.5	0.3	0.2	0.4	**0.5**	0.7
Social transfers	**22.1**	55.4	71.3	77.4	76.4	80.3	73.4	**70.0**	34.7
Other	**5.5**	3.0	3.2	3.5	3.3	2.9	3.6	**3.3**	4.9
1995									
Wages	**51.1**	28.6	14.1	8.3	9.5	8.3	10.4	**15.1**	41.4
Self-empl non-farm.	**10.0**	3.7	2.8	1.0	1.9	1.4	2.4	**2.3**	7.9
Farming income	**12.1**	10.1	8.2	8.1	8.7	7.5	9.7	**8.7**	11.2
Property	**0.7**	0.5	0.5	0.4	0.5	0.2	0.7	**0.4**	0.6
Social transfers	**21.5**	54.8	72.0	79.0	76.8	79.9	74.1	**70.7**	34.7
Other	**4.6**	2.3	2.5	3.1	2.6	2.7	2.6	**2.7**	4.1
1996									
Wages	**55.2**	30.1	15.7	9.5	11.0	10.4	11.6	**16.6**	45.5
Self-empl non-farm.	**8.7**	2.4	1.4	0.9	1.6	0.9	2.3	**1.5**	6.9
Farming income	**10.7**	9.9	8.0	7.4	9.2	8.1	10.3	**8.4**	10.1
Property	**0.9**	1.2	1.1	0.7	0.4	0.5	0.3	**0.9**	0.9
Social transfers	**19.7**	53.8	71.3	78.7	75.1	77.2	73.1	**69.9**	32.3
Other	**4.8**	2.7	2.5	2.8	2.6	2.8	2.4	**2.7**	4.3
1997 old									
Wages	**56.4**	32.3	15.9	9.1	12.0	10.2	14.0	**16.8**	46.6
Self-empl non-farm.	**10.3**	3.8	1.9	1.1	1.4	1.0	1.8	**2.0**	8.2
Farming income	**9.3**	7.3	5.8	6.2	6.0	5.5	6.6	**6.3**	8.6
Property	**0.8**	1.0	0.9	0.6	0.3	0.2	0.4	**0.7**	0.8
Social transfers	**18.4**	53.2	73.0	80.3	77.6	80.3	74.4	**71.5**	31.6
Other	**4.9**	2.4	2.6	2.7	2.8	2.8	2.8	**2.6**	4.3

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	**55 +**	All
1997 new									
Wages	**58.3**	33.5	16.4	9.4	12.0	10.1	14.2	**17.3**	47.8
Self-empl non-farm.	**10.3**	3.8	1.8	1.0	1.3	1.0	1.6	**1.9**	8.1
Farming income	**8.4**	6.0	5.0	5.3	5.1	4.3	6.0	**5.4**	7.6
Property	**0.3**	0.4	0.6	0.2	0.2	0.2	0.1	**0.4**	0.3
Social transfers	**19.0**	54.0	74.0	81.6	79.2	82.3	75.7	**72.7**	32.8
Other	**3.8**	2.4	2.1	2.4	2.2	2.1	2.4	**2.3**	3.4
1998									
Wages	**60.2**	32.3	16.3	8.8	11.5	10.1	13.4	**16.6**	49.2
Self-empl non-farm.	**10.3**	4.2	2.2	1.0	1.2	1.0	1.4	**2.1**	8.2
Farming income	**7.9**	5.5	4.6	5.0	5.0	4.9	5.2	**5.0**	7.2
Property	**0.3**	0.4	0.3	0.4	0.3	0.2	0.3	**0.3**	0.3
Social transfers	**17.7**	55.9	74.6	82.7	79.6	81.7	76.7	**73.9**	31.9
Other	**3.6**	1.8	2.0	2.0	2.4	2.1	2.9	**2.0**	3.2
1999									
Wages	**60.0**	32.2	15.8	9.5	11.4	10.0	13.5	**16.5**	49.2
Self-empl non-farm.	**10.4**	4.5	1.7	1.2	1.4	1.1	1.7	**2.1**	8.4
Farming income	**6.9**	4.2	3.6	3.6	3.8	3.7	4.1	**3.8**	6.1
Property	**0.2**	0.3	0.3	0.3	0.3	0.4	0.2	**0.3**	0.2
Social transfers	**19.0**	56.5	76.7	83.0	81.0	82.8	78.4	**75.2**	33.0
Other	**3.4**	2.2	1.9	2.5	2.0	1.9	2.1	**2.2**	3.1
2000									
Wages	**58.5**	32.8	16.9	10.3	11.9	10.1	14.5	**17.2**	48.6
Self-empl non-farm.	**10.8**	4.8	2.4	1.1	1.6	1.4	2.0	**2.3**	8.8
Farming income	**6.4**	5.0	3.5	3.6	4.3	4.1	4.6	**4.0**	5.5
Property	**0.2**	0.3	0.3	0.4	0.3	0.3	0.2	**0.3**	0.3
Social transfers	**19.2**	54.5	74.8	82.1	79.7	82.2	76.1	**73.7**	32.6
Other	**4.2**	2.2	2.0	2.4	2.0	1.9	2.3	**2.2**	3.8

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	**55 +**	All
2001									
Wages	**58.3**	33.2	16.1	9.8	10.7	9.2	12.9	**16.6**	47.8
Self-empl non-farm.	**10.9**	4.9	2.1	1.1	1.4	1.0	1.9	**2.2**	8.7
Farming income	**5.8**	4.7	3.6	2.5	2.6	2.8	2.4	**3.2**	5.1
Property	**0.3**	0.4	0.6	0.6	0.2	0.1	0.4	**0.5**	0.3
Social transfers	**20.0**	54.2	75.1	83.6	82.9	84.9	79.9	**75.0**	33.8
Other	**4.3**	2.4	2.1	2.2	2.0	1.9	2.1	**2.2**	3.8
2002									
Wages	**57.4**	33.4	17.1	9.6	10.9	9.6	12.9	**17.1**	46.8
Self-empl non-farm.	**10.4**	5.8	2.5	1.3	1.5	1.3	1.7	**2.7**	8.4
Farming income	**5.9**	3.9	4.3	2.6	2.7	2.4	3.1	**3.3**	5.2
Property	**0.3**	0.4	0.4	0.3	0.3	0.2	0.4	**0.3**	0.3
Social transfers	**20.9**	53.0	72.8	83.9	82.4	84.4	79.3	**74.0**	34.8
Other	**4.8**	3.0	2.5	2.1	2.1	2.0	2.4	**2.4**	4.2
2003									
Wages	**58.7**	33.5	17.7	9.2	10.2	8.7	12.3	**17.4**	48.0
Self-empl non-farm.	**10.1**	6.0	2.8	1.1	1.8	1.8	1.9	**2.8**	8.2
Farming income	**4.8**	3.9	2.6	2.2	2.2	2.1	2.2	**2.7**	4.3
Property	**0.3**	0.4	0.3	0.4	0.4	0.3	0.5	**0.4**	0.3
Social transfers	**20.5**	53.6	74.5	84.8	82.1	84.2	79.1	**74.2**	34.4
Other	**5.2**	2.4	1.9	2.1	2.8	2.5	3.4	**2.3**	4.4
2004									
Wages	**58.7**	32.8	15.1	7.8	8.1	6.9	9.8	**15.9**	46.6
Self-empl non-farm.	**10.4**	5.2	2.7	0.9	1.1	0.9	1.5	**2.4**	8.2
Farming income	**5.0**	2.5	2.0	2.3	2.3	2.1	2.5	**2.3**	4.2
Property	**0.4**	0.2	0.6	0.2	0.1	0.0	0.3	**0.3**	0.3
Social transfers	**19.4**	55.4	76.8	85.9	85.7	87.4	83.3	**76.1**	35.4
Other	**5.4**	3.0	2.6	2.5	2.3	2.4	2.2	**2.6**	4.6

Source: Polish HBS

Table D5 Distribution of the population by age groups and income deciles (in %)

Decile	Age group	1994	1995	1996	1997 old	1997 new	1998	1999	2000	2001	2002	2003	2004
1	**Below 55**	**85.5**	**87.4**	**87.4**	**88.4**	**88.8**	**88.7**	**90.0**	**90.0**	**91.5**	**91.6**	**91.5**	**91.6**
	55 - 59	4.1	3.6	3.7	3.3	3.3	3.2	2.9	3.3	2.8	3.2	3.5	3.9
	60 - 64	3.4	2.7	2.7	2.7	2.5	2.5	2.3	2.1	1.7	1.7	1.4	1.4
	65 - 74	5.3	5.1	4.6	4.1	4.1	4.1	3.5	3.1	2.8	2.3	2.3	2.0
	75 +	1.7	1.2	1.7	1.5	1.3	1.4	1.3	1.4	1.3	1.2	1.3	1.2
	75 - 79	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.6	0.6	0.6	0.7
	80 +	1.0	0.5	0.9	0.7	0.6	0.7	0.6	0.6	0.8	0.6	0.7	0.5
	55 +	**14.5**	**12.6**	**12.6**	**11.6**	**11.2**	**11.3**	**10.0**	**10.0**	**8.5**	**8.4**	**8.5**	**8.4**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	**Below 55**	**79.6**	**81.9**	**82.3**	**83.3**	**85.3**	**83.1**	**85.3**	**84.4**	**86.2**	**87.3**	**87.7**	**85.2**
	55 - 59	4.3	4.2	4.1	3.2	2.8	3.8	3.3	3.5	3.4	3.7	3.8	4.6
	60 - 64	5.0	4.0	3.7	3.6	3.2	3.3	3.1	3.8	3.0	2.5	2.4	2.7
	65 - 74	8.3	7.4	7.2	7.0	6.0	6.6	5.8	5.8	5.2	4.4	4.2	5.3
	75 +	2.7	2.5	2.7	2.9	2.6	3.1	2.5	2.5	2.2	2.2	1.8	2.2
	75 - 79	1.2	1.1	1.4	1.5	1.2	1.7	1.4	1.4	1.2	1.2	1.1	1.1
	80 +	1.5	1.4	1.3	1.4	1.4	1.4	1.1	1.1	1.0	1.0	0.7	1.1
	55 +	**20.4**	**18.1**	**17.7**	**16.7**	**14.7**	**16.9**	**14.7**	**15.6**	**13.8**	**12.7**	**12.3**	**14.8**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
10	**Below 55**	**81.1**	**80.2**	**81.3**	**81.6**	**80.2**	**82.2**	**81.8**	**82.7**	**80.9**	**79.5**	**79.2**	**78.3**
	55 - 59	6.1	6.4	5.7	5.7	5.9	5.4	5.2	5.0	5.2	6.2	7.0	7.7
	60 - 64	4.9	5.0	4.9	4.9	4.9	4.7	5.0	4.1	4.6	4.4	4.3	4.2
	65 - 74	5.7	6.0	5.6	5.7	6.3	5.2	5.5	5.5	6.3	6.5	6.2	6.4
	75 +	2.2	2.4	2.4	2.2	2.7	2.5	2.5	2.7	3.0	3.4	3.3	3.3
	75 - 79	0.8	0.9	1.2	1.0	1.3	1.4	1.3	1.7	1.8	2.1	1.9	2.0
	80 +	1.4	1.5	1.3	1.1	1.4	1.1	1.2	1.0	1.1	1.3	1.3	1.4
	55 +	**18.9**	**19.8**	**18.7**	**18.4**	**19.8**	**17.8**	**18.2**	**17.3**	**19.1**	**20.5**	**20.8**	**21.7**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total	**Below 55**	**77.8**	**77.7**	**79.1**	**79.5**	**79.5**	**79.1**	**79.7**	**79.8**	**79.9**	**79.4**	**79.7**	**77.4**
	55 - 59	5.7	5.7	5.3	4.8	4.8	4.9	4.6	4.4	4.5	4.9	5.2	6.1
	60 - 64	5.7	5.5	5.2	4.9	4.9	4.9	4.9	4.8	4.6	4.3	4.0	4.1
	65 - 74	7.8	8.1	7.6	7.7	7.7	7.8	7.6	7.6	7.5	7.5	7.2	7.9
	75 +	3.1	3.0	2.9	3.0	3.0	3.2	3.2	3.5	3.5	3.8	3.8	4.4
	75 - 79	1.3	1.5	1.4	1.6	1.6	1.8	1.9	2.1	2.0	2.3	2.2	2.5
	80 +	1.7	1.6	1.4	1.4	1.4	1.4	1.3	1.4	1.5	1.5	1.7	1.9
	55 +	**22.2**	**22.3**	**20.9**	**20.5**	**20.5**	**20.9**	**20.3**	**20.2**	**20.1**	**20.6**	**20.3**	**22.6**
	All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Polish HBS

Table D6 Median income by age group as percent of the median income of the non-elderly [0-54]

Age group	1994	1995	1996	1997 old	1997 new	1998	1999	2000	2001	2002	2003	2004
Below 55	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
55 - 59	107.7	109.4	107.2	110.1	112.0	109.2	111.7	108.3	113.1	115.3	115.5	115.5
60 - 64	106.3	109.7	108.5	111.0	113.4	110.4	110.7	107.7	113.2	117.7	119.1	117.7
65 - 74	100.0	103.2	101.5	103.0	105.8	103.0	106.2	106.3	110.5	115.7	116.9	115.8
75 +	99.8	104.2	102.0	104.3	107.3	103.7	107.8	106.0	111.2	115.0	114.5	114.2
75 - 79	98.6	101.1	100.5	104.2	108.1	105.0	108.3	106.8	112.1	115.7	115.0	116.0
80 +	101.4	108.1	103.9	104.5	106.6	101.9	106.7	104.9	109.7	113.5	113.0	110.8
55 +	**103.4**	**106.5**	**105.0**	**106.7**	**109.6**	**106.2**	**108.7**	**107.0**	**111.6**	**116.0**	**116.5**	**115.8**
All	100.8	101.6	101.1	101.6	102.2	101.5	102.0	101.6	102.8	103.6	103.6	104.1

Source: Polish HBS

Table D7 Inequality of equivalised disposable income per head

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1994									
Gini coefficient	**0.307**	0.275	0.251	0.259	0.255	0.231	0.271	**0.261**	0.297
Theil entropy measure	**0.185**	0.144	0.115	0.135	0.133	0.100	0.155	**0.132**	0.173
Theil mean log deviation	**0.160**	0.130	0.107	0.114	0.112	0.090	0.128	**0.117**	0.151
Atkinson (ε =0.5)	**0.082**	0.065	0.054	0.059	0.058	0.046	0.067	**0.060**	0.077
Atkinson (ε =1.5)	**0.207**	0.175	0.148	0.151	0.149	0.123	0.167	**0.156**	0.196
Atkinson (ε =2.0)	**0.264**	0.226	0.194	0.192	0.189	0.158	0.211	**0.201**	0.251
1995									
Gini coefficient	**0.307**	0.267	0.252	0.246	0.241	0.224	0.255	**0.253**	0.295
Theil entropy measure	**0.192**	0.136	0.136	0.126	0.119	0.095	0.138	**0.131**	0.178
Theil mean log deviation	**0.159**	0.121	0.110	0.105	0.101	0.086	0.113	**0.110**	0.148
Atkinson (ε =0.5)	**0.085**	0.063	0.059	0.055	0.053	0.044	0.059	**0.058**	0.079
Atkinson (ε =1.5)	**0.209**	0.166	0.147	0.141	0.136	0.120	0.149	**0.149**	0.197
Atkinson (ε =2.0)	**0.299**	0.244	0.197	0.188	0.178	0.163	0.189	**0.204**	0.280
1996									
Gini coefficient	**0.310**	0.288	0.254	0.245	0.264	0.255	0.272	**0.262**	0.300
Theil entropy measure	**0.199**	0.174	0.128	0.121	0.144	0.138	0.150	**0.140**	0.186
Theil mean log deviation	**0.166**	0.141	0.111	0.104	0.119	0.112	0.126	**0.118**	0.156
Atkinson (ε =0.5)	**0.087**	0.077	0.058	0.054	0.063	0.059	0.066	**0.062**	0.082
Atkinson (ε =1.5)	**0.217**	0.186	0.150	0.144	0.156	0.147	0.164	**0.159**	0.206
Atkinson (ε =2.0)	**0.304**	0.264	0.208	0.209	0.196	0.186	0.205	**0.222**	0.289
1997 OLD									
Gini coefficient	**0.323**	0.297	0.264	0.255	0.247	0.235	0.259	**0.268**	0.312
Theil entropy measure	**0.221**	0.176	0.136	0.135	0.115	0.104	0.126	**0.144**	0.205
Theil mean log deviation	**0.178**	0.149	0.120	0.110	0.103	0.093	0.114	**0.121**	0.166
Atkinson (ε =0.5)	**0.095**	0.079	0.061	0.059	0.053	0.048	0.058	**0.064**	0.089
Atkinson (ε =1.5)	**0.231**	0.196	0.161	0.145	0.140	0.129	0.153	**0.161**	0.218
Atkinson (ε =2.0)	**0.351**	0.284	0.217	0.184	0.188	0.180	0.198	**0.218**	0.328

	Below 55	55 – 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1997 NEW									
Gini coefficient	**0.308**	0.287	0.251	0.249	0.245	0.234	0.257	**0.259**	0.299
Theil entropy measure	**0.186**	0.165	0.121	0.120	0.108	0.099	0.119	**0.131**	0.174
Theil mean log deviation	**0.145**	0.129	0.102	0.098	0.090	0.082	0.098	**0.106**	0.137
Atkinson (ε =0.5)	**0.089**	0.080	0.059	0.059	0.055	0.051	0.060	**0.064**	0.084
Atkinson (ε =1.5)	**0.189**	0.175	0.139	0.135	0.119	0.112	0.128	**0.144**	0.181
Atkinson (ε =2.0)	**0.297**	0.301	0.206	0.232	0.181	0.177	0.185	**0.237**	0.286
1998									
Gini coefficient	**0.304**	0.274	0.251	0.231	0.241	0.234	0.250	**0.249**	0.293
Theil entropy measure	**0.175**	0.141	0.123	0.095	0.102	0.095	0.111	**0.115**	0.163
Theil mean log deviation	**0.145**	0.120	0.104	0.084	0.092	0.081	0.106	**0.099**	0.136
Atkinson (ε =0.5)	**0.084**	0.068	0.059	0.047	0.052	0.049	0.056	**0.056**	0.079
Atkinson (ε =1.5)	**0.191**	0.159	0.144	0.117	0.133	0.108	0.164	**0.137**	0.181
Atkinson (ε =2.0)	**0.290**	0.225	0.225	0.178	0.235	0.155	0.320	**0.211**	0.275
1999									
Gini coefficient	**0.310**	0.270	0.245	0.239	0.233	0.229	0.238	**0.247**	0.298
Theil entropy measure	**0.190**	0.134	0.107	0.109	0.094	0.093	0.097	**0.113**	0.174
Theil mean log deviation	**0.155**	0.120	0.095	0.091	0.087	0.085	0.090	**0.098**	0.143
Atkinson (ε =0.5)	**0.088**	0.066	0.055	0.053	0.048	0.047	0.049	**0.056**	0.082
Atkinson (ε =1.5)	**0.205**	0.171	0.138	0.124	0.125	0.126	0.125	**0.139**	0.192
Atkinson (ε =2.0)	**0.310**	0.324	0.282	0.183	0.207	0.227	0.176	**0.246**	0.298
2000									
Gini coefficient	**0.327**	0.303	0.263	0.244	0.251	0.246	0.257	**0.264**	0.314
Theil entropy measure	**0.207**	0.183	0.130	0.107	0.114	0.105	0.127	**0.132**	0.192
Theil mean log deviation	**0.173**	0.149	0.109	0.095	0.097	0.094	0.101	**0.111**	0.160
Atkinson (ε =0.5)	**0.097**	0.085	0.064	0.053	0.057	0.053	0.061	**0.063**	0.090
Atkinson (ε =1.5)	**0.231**	0.204	0.160	0.135	0.130	0.131	0.130	**0.156**	0.217
Atkinson (ε =2.0)	**0.406**	0.433	0.409	0.289	0.192	0.196	0.185	**0.342**	0.394
2001									

Gini coefficient	**0.321**	0.291	0.262	0.247	0.244	0.237	0.253	**0.260**	0.310
Theil entropy measure	**0.188**	0.162	0.135	0.111	0.106	0.099	0.114	**0.128**	0.176
Theil mean log deviation measure	**0.168**	0.136	0.111	0.098	0.093	0.091	0.096	**0.109**	0.156
Atkinson (ε =0.5)	**0.091**	0.077	0.063	0.055	0.055	0.051	0.061	**0.062**	0.085
Atkinson (ε =1.5)	**0.226**	0.183	0.152	0.138	0.147	0.154	0.136	**0.153**	0.213
Atkinson (ε =2.0)	**0.364**	0.280	0.246	0.220	0.374	0.439	0.261	**0.271**	0.348
2002									
Gini coefficient	**0.329**	0.308	0.288	0.246	0.249	0.241	0.260	**0.271**	0.318
Theil entropy measure	**0.203**	0.187	0.221	0.108	0.111	0.100	0.127	**0.153**	0.192
Theil mean log deviation measure	**0.175**	0.153	0.143	0.095	0.102	0.097	0.110	**0.121**	0.165
Atkinson (ε =0.5)	**0.095**	0.086	0.085	0.053	0.055	0.050	0.062	**0.069**	0.090
Atkinson (ε =1.5)	**0.230**	0.205	0.178	0.129	0.152	0.150	0.154	**0.163**	0.219
Atkinson (ε =2.0)	**0.344**	0.326	0.236	0.182	0.296	0.326	0.246	**0.253**	0.329
2003									
Gini coefficient	**0.334**	0.316	0.272	0.246	0.256	0.253	0.259	**0.272**	0.323
Theil entropy measure	**0.203**	0.188	0.138	0.106	0.125	0.123	0.128	**0.138**	0.190
Theil mean log deviation measure	**0.180**	0.165	0.122	0.100	0.102	0.095	0.112	**0.122**	0.169
Atkinson (ε =0.5)	**0.097**	0.089	0.066	0.053	0.061	0.060	0.062	**0.067**	0.091
Atkinson (ε =1.5)	**0.236**	0.220	0.168	0.145	0.141	0.120	0.168	**0.169**	0.225
Atkinson (ε =2.0)	**0.345**	0.322	0.264	0.236	0.244	0.171	0.320	**0.267**	0.333
2004									
Gini coefficient	**0.346**	0.307	0.265	0.248	0.241	0.238	0.245	**0.267**	0.329
Theil entropy measure	**0.223**	0.169	0.123	0.113	0.103	0.101	0.106	**0.129**	0.201
Theil mean log deviation measure	**0.196**	0.152	0.111	0.096	0.091	0.088	0.094	**0.113**	0.178
Atkinson (ε =0.5)	**0.104**	0.083	0.061	0.054	0.051	0.051	0.052	**0.063**	0.095
Atkinson (ε =1.5)	**0.252**	0.206	0.150	0.129	0.123	0.120	0.127	**0.153**	0.232
Atkinson (ε =2.0)	**0.352**	0.310	0.206	0.177	0.174	0.177	0.171	**0.221**	0.329

Source: Polish HBS

Table D8 Poverty incidence (headcount) [percent of persons with equivalised income below 40%, 50%, 60% and 70% of the overall median equivalised income]

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1994									
40% Median	**4.2**	2.7	1.9	1.8	1.8	1.6	2.0	**2.1**	3.7
50% Median	**8.6**	5.6	4.4	4.7	4.1	3.5	4.5	**4.8**	7.8
60% Median	**15.1**	10.1	9.1	10.7	8.1	8.2	8.1	**9.8**	14.0
70% Median	**22.8**	16.3	16.4	19.1	16.7	17.2	16.4	**17.4**	21.6
1995									
40% Median	**4.2**	2.7	1.5	1.3	1.3	1.4	1.1	**1.7**	3.6
50% Median	**8.6**	5.1	3.4	3.8	2.7	3.1	2.3	**3.9**	7.6
60% Median	**14.9**	9.3	7.5	9.0	5.9	5.7	6.0	**8.3**	13.4
70% Median	**23.1**	14.9	13.8	16.6	13.2	13.8	12.7	**15.0**	21.3
1996									
40% Median	**3.9**	2.8	1.7	1.8	1.2	0.9	1.4	**1.9**	3.5
50% Median	**8.1**	5.1	3.9	4.1	3.8	3.7	3.9	**4.3**	7.3
60% Median	**14.5**	9.2	7.5	8.8	8.6	9.2	8.1	**8.5**	13.2
70% Median	**22.7**	15.9	13.5	16.8	16.4	16.6	16.2	**15.7**	21.3
1997 OLD									
40% Median	**4.5**	3.0	1.8	1.6	1.6	1.2	2.0	**2.0**	4.0
50% Median	**9.2**	5.5	4.1	4.2	3.5	2.9	4.1	**4.4**	8.2
60% Median	**15.7**	9.7	8.7	9.1	8.5	7.4	9.7	**9.0**	14.4
70% Median	**24.2**	15.8	15.1	17.1	17.2	16.3	18.2	**16.3**	22.6
1997 NEW									
40% Median	**5.7**	4.2	2.7	2.6	2.5	2.4	2.6	**3.0**	5.1
50% Median	**10.2**	6.3	4.7	4.7	4.0	4.1	3.8	**5.0**	9.2
60% Median	**17.1**	10.1	8.2	9.0	7.8	6.9	8.9	**8.9**	15.4
70% Median	**24.8**	15.1	13.7	15.7	16.2	15.3	17.1	**15.2**	22.8
1998									
40% Median	**5.4**	3.0	2.4	2.0	2.3	1.9	2.8	**2.4**	4.8
50% Median	**10.2**	5.9	4.5	4.6	3.9	3.2	4.8	**4.8**	9.1
60% Median	**16.9**	10.5	8.6	9.4	8.1	7.0	9.5	**9.3**	15.3
70% Median	**24.8**	16.9	14.4	16.9	17.6	16.7	18.8	**16.4**	23.0
1999									
40% Median	**5.9**	3.6	2.5	2.3	1.8	1.7	2.0	**2.6**	5.3
50% Median	**11.1**	6.3	4.5	4.5	4.0	3.8	4.3	**4.8**	9.8
60% Median	**17.8**	10.5	8.6	9.1	7.5	7.2	7.8	**9.0**	16.0
70% Median	**25.4**	16.1	13.6	15.7	15.7	14.9	16.8	**15.3**	23.3
2000									
40% Median	**6.8**	4.5	2.8	2.2	2.4	2.5	2.2	**2.9**	6.0
50% Median	**12.1**	8.1	5.1	4.4	4.6	4.6	4.6	**5.4**	10.7
60% Median	**18.7**	12.9	9.9	9.2	8.4	8.1	9.0	**10.0**	17.0
70% Median	**26.6**	18.9	16.0	15.6	16.3	15.2	17.9	**16.5**	24.5
2001									
40% Median	**7.2**	3.8	2.1	2.0	2.6	1.9	3.6	**2.6**	6.3
50% Median	**12.5**	6.7	4.0	4.3	4.3	3.3	5.7	**4.8**	11.0
60% Median	**19.3**	11.1	8.4	8.6	7.0	6.0	8.4	**8.8**	17.2
70% Median	**26.9**	17.2	14.0	14.0	14.4	12.6	17.0	**14.8**	24.5
2002									
40% Median	**7.6**	3.9	2.5	1.9	2.1	1.6	2.8	**2.5**	6.5
50% Median	**13.3**	7.4	4.6	3.6	3.8	3.2	4.7	**4.8**	11.5
60% Median	**20.3**	11.9	8.4	7.2	7.5	6.7	8.6	**8.6**	17.9
70% Median	**27.9**	17.6	13.2	12.8	13.6	12.2	15.7	**14.2**	25.1
2003									
40% Median	**7.6**	4.3	2.4	2.1	2.1	1.7	2.6	**2.7**	6.6
50% Median	**13.3**	7.8	4.4	3.9	4.0	3.4	4.9	**5.0**	11.6
60% Median	**20.1**	12.2	8.5	7.6	6.6	6.3	6.9	**8.8**	17.8
70% Median	**28.3**	18.4	13.0	12.7	11.9	11.5	12.4	**14.0**	25.4
2004									
40% Median	**8.2**	4.5	2.2	1.5	1.8	1.9	1.6	**2.5**	6.9
50% Median	**14.1**	7.8	4.2	3.1	3.3	3.5	3.1	**4.6**	11.9
60% Median	**21.0**	12.4	8.5	7.7	6.6	6.4	6.9	**8.9**	18.3
70% Median	**28.8**	18.5	14.7	13.2	12.9	12.0	14.1	**14.8**	25.7

Source: Polish HBS

Table D9 Poverty gap ratio (in %) [thresholds 40%, 50%, 60% and 70% of the overall median equivalized income]

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
1994									
40% Median	22.8	22.5	22.8	21.6	23.5	19.3	26.0	22.4	22.7
50% Median	23.2	23.0	22.5	19.3	22.0	20.7	22.7	21.5	23.0
60% Median	24.0	23.3	21.2	18.9	21.3	18.7	23.4	20.9	23.5
70% Median	25.5	23.8	21.1	20.1	19.1	17.8	20.2	21.1	24.7
1995									
40% Median	31.8	31.7	28.4	21.7	25.3	19.4	32.2	27.5	31.3
50% Median	26.7	28.9	23.4	18.9	24.5	21.4	28.5	23.7	26.4
60% Median	25.9	25.4	20.7	18.4	21.1	22.9	19.5	21.2	25.3
70% Median	26.1	25.1	20.4	19.4	18.0	17.6	18.4	20.9	25.3
1996									
40% Median	31.0	37.6	30.2	28.7	23.5	25.4	22.3	31.8	31.1
50% Median	26.5	31.5	24.4	23.3	18.0	16.1	19.6	25.4	26.3
60% Median	25.3	27.4	22.8	21.0	18.0	16.4	19.8	22.8	24.9
70% Median	25.4	24.6	21.8	19.9	18.9	18.8	18.9	21.4	24.8
1997 OLD									
40% Median	33.9	32.9	22.0	21.4	23.2	26.4	20.8	25.5	32.8
50% Median	30.1	30.4	21.1	19.4	19.0	19.0	19.0	22.3	28.8
60% Median	28.6	28.2	22.4	20.8	19.7	19.1	20.3	22.5	27.5
70% Median	27.9	26.6	22.9	22.2	21.8	20.9	22.8	23.2	26.9
1997 NEW									
40% Median	44.8	48.3	40.4	41.9	48.9	50.6	47.1	44.4	44.7
50% Median	37.1	41.4	29.2	29.3	29.0	28.7	29.3	32.2	36.4
60% Median	33.0	35.8	27.4	25.9	23.2	24.5	22.0	27.9	32.1
70% Median	31.9	31.5	26.4	25.4	24.9	25.0	24.8	26.8	30.9
1998									
40% Median	39.3	42.9	48.5	42.9	49.3	49.8	48.8	45.2	39.9
50% Median	31.6	32.2	35.5	28.6	38.1	38.1	38.0	32.4	31.7
60% Median	29.3	27.6	27.9	23.9	26.8	26.1	27.5	26.1	28.9
70% Median	29.0	26.2	25.6	22.2	21.1	19.6	22.9	23.7	28.2
1999									
40% Median	38.0	40.6	49.3	45.5	51.0	55.5	45.3	45.5	38.7
50% Median	31.5	34.2	36.8	32.7	33.2	34.8	31.2	34.1	31.8
60% Median	29.8	30.1	28.5	25.9	27.4	27.7	26.9	27.8	29.6
70% Median	30.0	28.4	26.8	23.9	21.5	21.9	21.0	25.2	29.4
2000									
40% Median	37.7	38.1	45.3	38.3	45.5	43.5	48.5	40.9	38.0
50% Median	32.6	32.2	33.7	29.8	33.7	34.2	33.1	32.0	32.5
60% Median	31.1	30.1	26.9	23.9	27.6	28.5	26.4	26.9	30.6
70% Median	30.9	29.5	25.7	23.3	22.8	23.6	21.8	25.3	30.2
2001									
40% Median	34.5	42.4	47.5	46.9	56.9	57.7	56.4	47.3	35.6
50% Median	31.5	34.9	35.4	32.2	43.3	41.6	44.7	35.4	31.9
60% Median	30.7	30.8	25.8	25.2	35.8	32.2	39.2	28.4	30.4
70% Median	31.0	28.8	24.3	24.7	25.2	23.5	27.1	25.8	30.4
2002									
40% Median	33.6	41.1	35.7	42.6	46.5	50.4	43.2	41.2	34.2
50% Median	30.9	32.5	31.0	32.1	35.2	34.2	36.3	32.5	31.0
60% Median	30.6	30.2	27.2	25.9	27.2	25.7	29.0	27.8	30.3
70% Median	31.3	29.5	26.3	23.4	23.4	22.6	24.2	25.8	30.7
2003									
40% Median	34.7	40.6	40.2	42.7	56.0	63.1	50.2	43.3	35.4
50% Median	31.4	33.3	31.9	33.1	38.2	39.5	37.0	33.7	31.6
60% Median	31.0	31.3	25.8	26.2	32.7	29.8	36.3	28.9	30.8
70% Median	31.1	29.6	26.1	24.8	26.4	24.9	28.1	26.9	30.6
2004									
40% Median	33.1	38.6	42.0	48.1	47.0	52.3	38.9	42.3	33.8
50% Median	31.1	33.5	32.4	32.5	35.2	38.3	30.5	33.3	31.3
60% Median	31.2	30.7	25.3	22.0	26.7	29.0	23.9	26.5	30.7
70% Median	31.8	29.6	23.6	22.4	21.8	23.5	19.8	24.9	30.9

Source: Polish HBS

Table D10 Poverty incidence (headcount) according to national criteria [percent of persons with equivalized income below local thresholds]

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All	Poverty threshold (in PLN)
1994										
Subsistence minimum	**6.9**	4.4	3.6	3.5	3.2	2.8	3.5	**3.7**	6.2	148.8
Social minimum	**21.9**	15.4	15.2	17.9	15.3	15.4	15.2	**16.2**	20.6	218.7
Legal threshold	**12.1**	7.9	6.8	7.8	6.0	5.5	6.4	**7.3**	11.0	176.8
1995										
Subsistence minimum	**5.0**	3.3	1.7	1.7	1.6	1.7	1.5	**2.1**	4.3	177.4
Social minimum	**24.2**	15.7	14.8	17.8	14.3	14.6	14.0	**16.0**	22.4	301.0
Legal threshold	**10.7**	6.2	4.7	5.7	3.5	4.1	2.9	**5.3**	9.5	225.9
1996										
Subsistence minimum	**3.6**	2.6	1.5	1.6	1.0	0.8	1.3	**1.7**	3.2	207.7
Social minimum	**19.7**	13.1	11.2	13.6	13.6	14.1	13.1	**12.9**	18.3	356.0
Legal threshold	**8.6**	5.3	4.2	4.5	3.9	3.7	4.0	**4.5**	7.7	270.8
1997OLD										
Subsistence minimum	**3.4**	2.4	1.4	1.0	0.9	0.8	1.0	**1.4**	3.0	236.7
Social minimum	**23.0**	14.7	14.0	15.7	15.6	14.6	16.8	**15.0**	21.3	445.3
Legal threshold	**7.9**	4.9	3.4	3.3	3.0	2.5	3.6	**3.7**	7.1	311.2
1997NEW										
Subsistence minimum	**5.1**	3.7	2.3	2.3	2.2	2.2	2.2	**2.6**	4.6	236.7
Social minimum	**25.8**	16.1	14.6	16.8	17.7	16.3	19.2	**16.2**	23.9	445.3
Legal threshold	**10.1**	6.3	4.6	4.6	3.9	4.0	3.8	**4.9**	9.0	311.2
1998										
Subsistence minimum	**4.0**	2.4	2.1	1.6	1.7	1.4	2.1	**1.9**	3.6	258.5
Social minimum	**25.5**	17.3	14.9	17.7	18.5	17.7	19.4	**17.0**	23.7	518.7
Legal threshold	**8.9**	4.9	3.9	3.7	3.4	2.7	4.4	**4.0**	7.9	347.9
1999										
Subsistence minimum	**5.2**	3.1	2.4	2.1	1.7	1.5	1.9	**2.3**	4.6	293.0
Social minimum	**28.3**	18.3	15.8	18.7	19.0	18.4	19.7	**17.9**	26.2	571.1
Legal threshold	**10.0**	5.6	3.8	3.8	3.6	3.3	4.0	**4.2**	8.8	373.3
2000										
Subsistence minimum	**6.3**	4.1	2.5	1.9	2.2	2.3	2.0	**2.6**	5.6	322.1
Social minimum	**32.3**	24.4	22.2	21.5	22.4	21.1	24.3	**22.4**	30.3	641.2
Legal threshold	**11.6**	7.7	4.7	4.2	4.3	4.3	4.4	**5.1**	10.3	411.0
2001										
Subsistence minimum	**6.3**	3.3	1.9	1.8	2.3	1.6	3.3	**2.3**	5.5	330.9
Social minimum	**34.9**	24.3	21.0	21.6	22.9	20.9	25.5	**22.3**	32.3	695.5
Legal threshold	**12.3**	6.5	4.0	4.2	4.2	3.2	5.4	**4.7**	10.8	433.6
2002										
Subsistence minimum	**7.1**	3.7	2.4	1.7	2.0	1.6	2.6	**2.4**	6.1	347.0
Social minimum	**37.4**	25.6	21.2	21.9	22.9	21.4	25.1	**22.8**	34.4	722.9
Legal threshold	**13.1**	7.3	4.6	3.5	3.8	3.2	4.6	**4.7**	11.4	441.9
2003										
Subsistence minimum	**7.2**	4.0	2.1	2.0	2.0	1.6	2.5	**2.5**	6.3	351.2
Social minimum	**37.3**	25.4	20.7	20.5	21.8	21.0	22.9	**22.0**	34.2	729.4
Legal threshold	**13.0**	7.6	4.3	3.7	3.8	3.2	4.6	**4.8**	11.3	445.4
2004										
Subsistence minimum	**7.7**	4.2	2.1	1.4	1.7	1.9	1.5	**2.3**	6.5	367.7
Social minimum	**37.6**	25.6	22.5	21.6	21.3	20.3	22.4	**22.8**	34.2	757.1
Legal threshold	**13.4**	7.4	3.8	3.0	3.1	3.3	2.8	**4.3**	11.3	461.0

Source: Polish HBS

Table D11a Subjective poverty: the percent of persons who can make ends meet with difficulty or great difficulty

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
2000									
With difficulty or great difficulty	**46.8**	**42.6**	**41.1**	**40.0**	**37.8**	**38.6**	**36.7**	**40.5**	**45.5**
with great difficulty	23.6	20.0	17.3	16.7	14.6	15.4	13.4	17.2	22.3
with difficulty	23.2	22.5	23.8	23.4	23.2	23.2	23.3	23.3	23.2
2001									
With difficulty or great difficulty	**47.7**	**40.7**	**39.1**	**37.5**	**36.1**	**34.5**	**45.8**	**35.4**	**38.2**
with great difficulty	23.5	18.8	14.5	14.0	12.7	13.3	21.8	13.0	15.0
with difficulty	24.2	21.9	24.6	23.5	23.4	21.2	24.0	22.5	23.2
2002									
With difficulty or great difficulty	**47.9**	**41.7**	**36.6**	**36.0**	**33.3**	**33.9**	**32.4**	**37.0**	**45.6**
with great difficulty	23.0	18.4	14.1	13.7	11.9	11.9	11.9	14.6	21.3
with difficulty	24.8	23.3	22.5	22.3	21.4	22.0	20.5	22.4	24.3
2003									
With difficulty or great difficulty	**46.7**	**39.5**	**35.1**	**36.7**	**32.8**	**33.5**	**32.0**	**36.4**	**44.6**
with great difficulty	22.3	16.7	13.2	13.2	11.4	11.3	11.5	13.8	20.5
with difficulty	24.5	22.8	21.8	23.5	21.5	22.2	20.5	22.6	24.1
2004									
With difficulty or great difficulty	**45.4**	**40.1**	**39.0**	**36.8**	**33.4**	**34.5**	**31.9**	**37.4**	**43.6**
with great difficulty	21.5	18.0	15.0	13.5	11.6	12.3	10.6	14.6	20.0
with difficulty	23.9	22.1	24.0	23.3	21.8	22.2	21.4	22.8	23.7

Source: Polish HBS

Table D11b Subjective poverty: the percent of persons who consider their material situation as bad or very bad

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
2000									
Very bad or insufficient	**38.2**	**34.8**	**32.9**	**32.9**	**30.9**	**31.0**	**30.7**	**33.0**	**37.1**
very bad	16.2	14.9	11.7	11.3	9.8	10.6	8.6	11.9	15.3
Insufficient	22.0	19.9	21.2	21.6	21.1	20.4	22.1	21.0	21.8
2001									
Very bad or insufficient	**38.6**	**34.0**	**30.2**	**30.0**	**27.5**	**27.7**	**27.1**	**30.5**	**37.0**
very bad	16.9	13.4	11.0	9.8	8.2	8.2	8.1	10.6	15.6
Insufficient	21.7	20.7	19.2	20.2	19.3	19.5	19.0	19.9	21.3
2002									
Very bad or insufficient	**39.0**	**34.1**	**29.2**	**28.8**	**27.3**	**28.1**	**26.1**	**29.9**	**37.1**
very bad	16.7	14.1	10.1	9.6	8.3	8.6	7.8	10.5	15.4
Insufficient	22.3	20.0	19.1	19.2	19.0	19.5	18.2	19.3	21.7
2003									
Very bad or insufficient	**37.4**	**31.7**	**27.8**	**28.3**	**25.7**	**25.0**	**26.6**	**28.6**	**35.6**
very bad	15.9	12.4	9.9	8.8	7.6	7.4	7.8	9.7	14.6
Insufficient	21.5	19.3	17.9	19.5	18.1	17.6	18.8	18.9	21.0
2004									
Very bad or insufficient	**36.1**	**32.7**	**29.0**	**27.7**	**27.6**	**26.7**	**34.5**	**27.2**	**29.2**
very bad	15.5	13.6	11.4	9.6	8.3	7.5	14.4	8.0	10.7
Insufficient	20.6	19.1	17.6	18.1	19.2	19.3	20.1	19.3	18.5

Source: Polish HBS

Table D11c Material deprivation – percent of persons living in substandard housing conditions by age groups

	Below 55	55 - 59	60 - 64	65 - 74	75 +	75 - 79	80 +	55 +	All
2000									
[1] no WC	10.5	11.3	14.0	16.7	22.0	20.6	23.9	15.8	11.5
[2] space <=7 m^2/head	2.1	0.5	0.9	1.1	1.5	1.5	1.5	1.9	1.0
[1] and [2]	0.4	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.3
[1] or [2]	12.2	11.7	14.6	17.5	23.1	21.8	25.0	13.1	16.5
2001									
[1] no WC	9.4	8.0	12.1	14.5	19.1	17.7	21.1	13.3	10.2
[2] space <=7 m^2/head	5.8	1.6	1.9	2.5	2.8	2.7	2.9	2.2	5.1
[1] and [2]	1.6	0.5	0.5	0.6	1.2	1.2	1.2	0.7	1.4
[1] or [2]	13.7	9.1	13.5	16.3	20.7	19.2	22.8	14.8	13.9
2002									
[1] no WC	9.0	8.1	9.8	13.6	18.6	17.9	19.6	12.4	9.7
[2] space <=7 m^2/head	6.3	1.8	2.3	2.9	3.8	3.9	3.7	2.7	5.5
[1] and [2]	1.7	0.5	0.7	0.8	1.5	1.6	1.4	0.8	1.5
[1] or [2]	13.6	9.5	11.4	15.7	20.9	20.2	21.9	14.3	13.7
2003									
[1] no WC	8.4	7.8	9.5	11.7	20.3	19.2	21.8	11.9	9.1
[2] space <=7 m^2/head	6.2	2.2	2.3	3.3	4.7	4.4	5.0	3.1	5.6
[1] and [2]	1.6	0.7	0.6	0.7	1.7	1.4	2.0	0.9	1.4
[1] or [2]	13.1	9.3	11.2	14.3	23.3	22.1	24.7	14.1	13.3

Source: Polish HBS

Table D12a Marginal groups: distribution of persons in farmer households by age groups and deciles [%]

FARMERS													
Decile	**Age group**	**1994**	**1995**	**1996**	**1997 old**	**1997 new**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
1	**Below 55**	24.8	25.0	26.1	20.2	21.5	22.5	21.0	18.3	14.8	12.7	14.0	11.4
	55 - 59	31.7	34.8	41.2	30.1	36.2	24.6	29.1	21.1	18.5	12.3	20.2	13.3
	60 - 64	34.2	36.8	41.2	28.5	30.1	22.9	34.4	21.6	23.2	12.4	21.2	9.1
	65 - 74	30.0	26.8	33.4	23.5	31.1	22.4	26.7	25.6	20.1	13.0	26.8	11.3
	75 +	42.5	40.6	37.8	38.2	47.7	37.4	39.1	37.9	30.0	28.0	36.6	19.3
	75 - 79	32.8	43.6	41.6	40.1	47.3	30.2	41.3	35.8	25.0	23.2	33.3	17.9
	80 +	49.0	36.5	34.2	36.3	48.3	44.4	36.4	40.9	33.8	34.8	39.4	21.2
	55 +	33.0	32.6	37.9	28.4	34.3	25.0	30.8	25.0	21.7	14.8	24.7	12.6
	All	**26.0**	**26.0**	**27.6**	**21.2**	**22.9**	**22.8**	**22.0**	**19.0**	**15.4**	**12.9**	**14.9**	**11.5**
2	**Below 55**	11.5	11.0	12.5	8.3	8.1	9.2	7.8	7.7	7.9	6.0	7.7	5.8
	55 - 59	13.7	9.1	12.8	9.4	8.7	10.4	9.2	7.6	6.9	6.9	9.3	5.3
	60 - 64	13.1	10.7	14.2	6.7	9.6	9.5	4.1	8.9	6.4	3.1	4.9	1.2
	65 - 74	9.9	11.2	11.1	8.3	6.3	8.6	6.1	5.8	7.4	2.9	5.8	3.2
	75 +	10.5	13.1	12.9	7.4	9.9	10.2	10.0	9.1	8.9	10.1	8.9	4.5
	75 - 79	6.9	14.2	12.9	7.3	8.5	10.6	13.2	6.9	10.2	8.8	7.4	3.8
	80 +	13.4	12.2	12.9	7.6	11.1	9.8	5.8	11.8	7.4	11.8	11.3	5.5
	55 +	11.6	10.9	12.4	8.0	8.1	9.5	7.0	7.5	7.3	5.0	7.2	3.4
	All	**11.6**	**11.0**	**12.5**	**8.3**	**8.1**	**9.3**	**7.7**	**7.7**	**7.8**	**5.8**	**7.6**	**5.4**
10	**Below 55**	12.3	12.9	11.8	10.7	11.9	9.4	7.3	7.0	6.1	5.8	5.0	4.7
	55 - 59	8.7	11.7	12.0	9.5	8.3	7.9	5.3	5.3	5.4	7.4	4.1	4.4
	60 - 64	11.9	12.9	12.9	8.1	10.2	6.8	7.5	4.5	5.8	5.8	3.2	2.6
	65 - 74	13.7	13.1	14.0	14.0	13.0	14.4	8.3	7.7	5.2	6.1	4.3	5.8
	75 +	17.0	16.8	20.3	13.6	13.0	11.0	9.8	11.8	6.9	6.2	5.1	10.5
	75 - 79	19.5	14.5	15.9	10.1	10.8	8.7	9.5	10.5	6.7	5.8	4.6	9.9
	80 +	15.6	18.2	24.4	16.9	15.0	13.8	10.1	14.0	7.1	7.0	5.9	11.4
	55 +	12.0	13.1	13.9	11.0	10.9	9.9	7.4	6.9	5.7	6.4	4.1	5.4
	All	**12.3**	**13.0**	**12.2**	**10.8**	**11.7**	**9.5**	**7.3**	**7.0**	**6.0**	**5.9**	**4.9**	**4.8**
Total	**Below 55**	10.4	10.5	10.3	7.9	7.9	7.9	7.4	6.6	5.9	5.0	5.7	4.3
	55 - 59	8.7	9.2	10.5	7.1	7.1	6.2	5.6	5.1	4.5	4.6	4.8	4.6
	60 - 64	8.7	8.0	9.1	6.1	6.1	5.2	5.2	4.4	4.5	3.1	3.5	1.8
	65 - 74	9.0	8.3	8.8	6.5	6.5	6.1	5.4	4.7	4.0	3.1	3.8	2.6
	75 +	11.6	10.4	11.2	8.1	8.1	7.8	7.5	6.6	5.2	5.0	5.2	4.2
	75 - 79	9.2	9.7	10.4	7.9	7.9	7.0	7.6	6.2	4.9	4.4	4.6	3.9
	80 +	13.4	11.1	12.0	8.4	8.4	8.9	7.4	7.1	5.8	5.7	6.1	4.6
	55 +	9.2	8.7	9.6	6.8	6.8	6.2	5.7	5.0	4.4	3.8	4.3	3.1
	All	**10.1**	**10.1**	**10.1**	**7.7**	**7.7**	**7.5**	**7.1**	**6.3**	**5.6**	**4.8**	**5.4**	**4.0**

Source: Polish HBS

Table D12b Marginal groups: distribution of persons in large households (5+ persons) by age groups and deciles [%]

LARGE HOUSEHOLDS													
Decile	**Age group**	**1994**	**1995**	**1996**	**1997 old**	**1997 new**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
1	**Below 55**	**56.3**	**55.6**	**58.4**	**54.9**	**54.6**	**52.1**	**55.9**	**55.5**	**55.1**	**49.4**	**52.4**	**42.7**
	55 - 59	28.3	21.7	22.4	21.2	21.3	20.6	23.4	24.8	23.2	23.2	26.7	23.5
	60 - 64	20.9	24.5	24.0	28.6	28.1	21.3	23.2	26.6	26.2	20.7	25.3	14.9
	65 - 74	26.1	25.7	26.9	26.1	26.7	23.3	30.9	36.9	30.8	23.4	39.5	14.4
	75 +	36.8	33.7	32.9	36.5	44.1	40.6	35.2	48.4	47.7	39.1	49.3	27.3
	75 - 79	32.6	34.2	30.6	39.4	43.7	40.5	30.6	49.5	44.6	31.6	52.4	29.5
	80 +	39.7	33.1	35.1	33.6	44.6	40.8	41.1	47.0	50.0	50.0	46.5	24.2
	55 +	**26.8**	**25.0**	**25.8**	**26.6**	**27.4**	**24.3**	**27.6**	**32.3**	**30.1**	**25.0**	**33.3**	**19.3**
	All	52.0	51.7	54.3	51.6	51.6	49.0	53.1	53.2	52.9	47.0	50.8	40.4
2	**Below 55**	**51.7**	**51.9**	**50.4**	**49.1**	**50.8**	**48.9**	**50.6**	**50.4**	**50.3**	**46.1**	**50.3**	**38.2**
	55 - 59	20.6	20.1	17.0	16.5	19.4	15.5	22.6	20.1	21.8	21.6	27.5	21.6
	60 - 64	18.8	17.3	18.3	18.5	21.7	14.0	21.7	19.5	25.6	13.4	20.8	8.7
	65 - 74	16.0	15.0	17.4	15.1	16.6	15.2	16.9	16.0	19.6	19.1	21.6	14.0
	75 +	17.1	23.7	23.3	22.0	19.6	15.6	26.2	22.0	27.2	27.6	33.0	25.9
	75 - 79	12.1	20.8	20.8	20.1	19.1	15.3	24.7	22.0	25.4	24.5	27.8	22.0
	80 +	21.2	26.0	26.1	24.0	20.1	16.0	28.1	22.0	29.5	31.5	40.8	30.7
	55 +	**17.8**	**17.9**	**18.4**	**17.3**	**18.8**	**15.1**	**20.8**	**18.7**	**22.6**	**19.6**	**24.9**	**16.3**
	All	44.8	45.8	44.8	43.8	46.1	43.2	46.2	45.5	46.5	42.0	47.2	34.8
10	**Below 55**	**20.2**	**21.5**	**21.7**	**20.1**	**21.1**	**16.0**	**16.7**	**17.9**	**16.0**	**12.7**	**15.6**	**11.0**
	55 - 59	9.3	8.0	7.7	6.3	6.7	5.3	4.6	7.1	5.4	7.2	4.0	4.9
	60 - 64	10.6	12.2	10.9	7.8	7.2	6.3	5.9	7.4	5.8	6.3	5.0	5.0
	65 - 74	15.7	13.4	15.9	14.5	14.1	9.0	9.6	12.9	8.1	8.2	9.9	8.0
	75 +	22.4	23.7	19.8	19.9	19.2	15.7	13.0	16.4	13.1	13.8	14.8	12.5
	75 - 79	21.8	16.6	16.0	16.1	16.2	15.5	11.2	13.6	13.5	11.5	12.8	9.9
	80 +	22.8	27.9	23.2	23.4	22.0	16.0	15.1	21.1	12.5	17.5	17.6	16.7
	55 +	**13.1**	**12.6**	**12.6**	**10.8**	**10.9**	**8.1**	**7.6**	**10.4**	**7.6**	**8.3**	**7.7**	**7.1**
	All	18.9	19.7	20.0	18.4	19.1	14.6	15.1	16.6	14.4	12.0	13.9	10.3
Total	**Below 55**	**37.8**	**38.1**	**37.5**	**36.4**	**36.4**	**34.7**	**36.3**	**36.6**	**36.5**	**32.2**	**36.5**	**25.9**
	55 - 59	15.5	14.7	13.9	12.4	12.4	11.6	12.1	14.1	13.9	14.3	14.6	13.3
	60 - 64	13.7	14.7	13.1	12.1	12.1	10.3	11.3	11.8	13.1	10.9	13.9	7.6
	65 - 74	14.9	14.6	14.1	12.9	12.9	11.7	12.7	13.4	13.1	12.0	13.8	9.3
	75 +	19.6	19.4	20.8	18.2	18.2	16.2	17.2	17.6	17.4	17.5	18.9	14.3
	75 - 79	16.1	16.4	18.5	16.7	16.7	15.1	16.3	16.5	15.2	16.2	17.5	12.7
	80 +	22.3	22.2	23.1	19.9	19.9	17.7	18.6	19.3	20.4	19.4	20.7	16.5
	55 +	**15.4**	**15.3**	**14.8**	**13.4**	**13.4**	**12.0**	**12.9**	**13.9**	**14.0**	**13.2**	**15.0**	**10.6**
	All	32.8	33.0	32.7	31.7	31.7	30.0	31.6	32.0	32.0	28.3	32.1	22.8

Source: Polish HBS

Table D12c Marginal groups: distribution of persons in households receiving social income by age groups and deciles [%]

BENEFICIARIES OF SOCIAL INCOME													
Decile	**Age group**	**1994**	**1995**	**1996**	**1997 old**	**1997 new**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
1	**Below 55**	**21.2**	**21.1**	**19.8**	**20.2**	**22.0**	**15.0**	**18.5**	**22.2**	**23.2**	**22.8**	**25.9**	**20.2**
	55 – 59	11.8	10.1	8.1	9.3	9.1	7.7	5.8	9.3	13.3	18.4	22.5	30.7
	60 – 64	7.7	4.4	2.7	3.0	3.2	5.4	4.0	4.6	8.5	5.0	13.0	8.7
	65 - 74	5.3	2.9	3.7	2.9	2.2	3.5	3.6	1.7	5.1	3.9	1.8	1.4
	75 +	10.5	6.5	3.4	3.5	4.0	5.2	8.6	5.6	3.8	3.1	0.7	2.5
	75 - 79	4.4	0.0	2.5	0.0	0.0	5.0	7.7	7.4	1.8	3.2	1.6	3.2
	80 +	14.6	15.0	4.2	6.9	9.0	5.4	9.6	3.0	5.4	3.0	0.0	1.5
	55 +	**8.3**	**5.6**	**4.7**	**4.8**	**4.7**	**5.3**	**5.0**	**5.4**	**8.2**	**8.8**	**12.0**	**12.8**
	All	19.3	19.2	17.9	18.5	20.1	13.9	17.1	20.5	21.9	21.4	24.7	19.5
2	**Below 55**	**11.0**	**11.6**	**8.7**	**9.5**	**9.0**	**6.7**	**8.9**	**10.1**	**10.7**	**12.0**	**12.0**	**10.2**
	55 - 59	1.2	0.4	4.2	3.6	4.0	4.5	5.6	8.1	12.1	12.4	13.4	19.3
	60 - 64	2.7	3.4	1.2	0.3	0.3	1.1	3.1	2.3	4.7	2.6	4.9	4.7
	65 - 74	0.9	0.9	0.4	0.6	0.9	0.5	0.7	0.3	0.8	0.5	1.9	0.8
	75 +	1.1	3.4	0.7	0.6	0.6	0.5	0.7	0.7	2.3	2.8	1.7	1.7
	75 - 79	2.5	0.0	1.4	0.0	0.0	0.0	0.6	1.3	1.7	2.5	0.9	1.9
	80 +	0.0	6.1	0.0	1.2	1.2	1.1	0.8	0.0	3.2	3.1	2.8	1.6
	55 +	**1.5**	**1.7**	**1.5**	**1.1**	**1.3**	**1.5**	**2.3**	**2.6**	**4.6**	**4.0**	**6.0**	**6.0**
	All	9.1	9.8	7.4	8.1	7.9	5.8	7.9	8.9	9.8	10.8	11.3	9.5
10	**Below 55**	**1.3**	**0.8**	**0.7**	**0.5**	**0.6**	**0.6**	**0.4**	**0.9**	**0.7**	**0.7**	**1.0**	**0.8**
	55 - 59	0.2	0.1	0.2	0.1	0.1	0.0	0.6	0.2	0.6	0.5	1.6	0.5
	60 - 64	1.0	0.0	0.0	0.5	0.5	0.0	0.0	0.2	0.7	1.1	1.1	1.7
	65 - 74	0.7	0.1	0.2	0.2	0.2	0.7	0.4	0.8	0.5	0.0	0.0	0.0
	75 +	0.5	0.9	0.4	1.4	1.7	0.0	1.5	0.3	0.7	0.7	0.6	0.0
	75 - 79	0.0	0.0	0.0	0.0	1.2	0.0	2.2	0.5	0.6	1.0	0.5	0.0
	80 +	0.8	1.4	0.7	2.6	2.2	0.0	0.7	0.0	0.9	0.0	0.7	0.0
	55 +	**0.6**	**0.2**	**0.2**	**0.4**	**0.4**	**0.2**	**0.5**	**0.4**	**0.6**	**0.5**	**0.9**	**0.6**
	All	1.2	0.7	0.6	0.5	0.5	0.5	0.5	0.8	0.7	0.7	1.0	0.8
Total	**Below 55**	**5.5**	**5.5**	**4.8**	**4.5**	**4.5**	**3.3**	**4.3**	**5.4**	**5.8**	**6.2**	**7.0**	**5.8**
	55 - 59	1.5	1.2	1.5	1.3	1.3	1.3	1.7	4.0	5.5	7.3	7.4	10.5
	60 - 64	0.9	0.6	0.5	0.5	0.5	0.6	0.7	1.0	1.7	1.4	2.7	2.0
	65 - 74	0.5	0.6	0.4	0.4	0.4	0.4	0.4	0.2	0.6	0.3	0.4	0.3
	75 +	0.9	1.0	0.8	0.5	0.5	0.4	0.7	0.7	0.7	0.8	0.5	0.8
	75 - 79	0.7	0.3	0.7	0.2	0.2	0.3	0.7	0.7	0.5	0.8	0.3	0.6
	80 +	1.1	1.7	0.9	0.9	0.9	0.6	0.8	0.7	1.0	0.9	0.9	1.0
	55 +	**0.9**	**0.8**	**0.8**	**0.6**	**0.6**	**0.7**	**0.8**	**1.3**	**2.0**	**2.2**	**2.7**	**3.0**
	All	4.5	4.5	4.0	3.7	3.7	2.8	3.6	4.6	5.0	5.4	6.1	5.2

Source: Polish HBS

Table D13 Marginal groups: poverty headcount at 60% median threshold by marginal groups and age [%]

	TOTAL	FARMERS	LARGE HOUSEHOLDS	BENEFICIARIES SOCIAL INCOME	SINGLE WOMEN
1994					
Below 55	**15.1**	**31.0**	**22.2**	**52.1**	**14.8**
55 - 59	10.1	30.4	17.1	60.2	11.2
60 - 64	9.1	28.0	13.7	65.7	14.5
65 - 74	10.7	27.5	15.6	79.7	20.5
75 +	8.1	23.8	13.4	63.1	9.3
75 - 79	8.2	20.2	13.2	34.2	7.8
80 +	8.1	25.7	13.4	76.1	10.9
55 +	**9.8**	**27.7**	**15.2**	**66.0**	**15.6**
All	14.0	30.3	21.5	52.7	15.4
1995					
Below 55	**14.9**	**30.2**	**21.1**	**52.6**	**12.2**
55 - 59	9.3	26.7	14.0	55.3	11.3
60 - 64	7.5	25.7	11.0	49.2	11.2
65 - 74	9.0	24.7	13.8	37.1	14.8
75 +	5.9	18.5	9.3	41.6	5.8
75 - 79	5.7	24.6	11.9	0.0	3.5
80 +	6.0	13.6	7.5	48.9	8.3
55 +	**8.3**	**24.5**	**12.4**	**47.0**	**11.7**
All	13.4	29.1	20.2	52.4	11.9
1996					
Below 55	**14.5**	**32.9**	**22.3**	**52.4**	**10.3**
55 - 59	9.2	30.2	13.3	44.5	10.1
60 - 64	7.5	26.9	12.5	31.6	9.9
65 - 74	8.8	27.5	14.8	55.3	13.5
75 +	8.6	25.0	14.3	33.2	8.7
75 - 79	9.2	29.9	16.2	38.6	9.2
80 +	8.1	20.9	12.9	28.8	8.1
55 +	**8.5**	**27.7**	**13.9**	**42.8**	**11.4**
All	13.2	31.9	21.5	52.0	11.2
1997 old					0.0
Below 55	**15.7**	**33.6**	**23.3**	**60.9**	**11.8**
55 - 59	9.7	34.1	15.9	57.7	12.6
60 - 64	8.7	29.5	18.9	34.0	14.1
65 - 74	9.1	25.6	15.9	49.6	14.6
75 +	8.5	25.5	15.6	34.0	10.0
75 - 79	7.4	24.0	16.4	-	8.3
80 +	9.7	27.1	14.8	40.7	12.3
55 +	**9.0**	**28.5**	**16.5**	**48.9**	**13.2**
All	14.4	32.7	22.7	60.5	12.9
1997 new					
Below 55	**17.1**	**37.3**	**25.3**	**69.1**	**12.6**
55 - 59	10.1	39.0	17.0	58.9	12.9
60 - 64	8.2	31.4	17.5	34.0	11.3
65 - 74	9.0	30.2	15.7	46.5	13.3
75 +	7.8	31.2	14.9	45.0	7.6
75 - 79	6.9	30.4	15.3	-	5.6
80 +	8.9	32.1	14.5	53.9	10.2
55 +	**8.9**	**32.8**	**16.2**	**50.0**	**11.6**
All	15.4	36.5	24.5	68.5	11.8

	TOTAL	FARMERS	LARGE HOUSEHOLD	BENEFICIARIES SOCIAL INCOME	SINGLE WOMEN
1998					
Below 55	**16.9**	**38.2**	**24.9**	**63.9**	**13.9**
55 - 59	10.5	32.8	16.8	53.5	13.9
60 - 64	8.6	28.6	14.7	58.6	13.6
65 - 74	9.4	24.0	15.4	50.2	16.5
75 +	8.1	25.7	15.2	57.4	7.2
75 - 79	7.0	20.4	14.0	54.5	6.3
80 +	9.5	31.1	16.7	59.7	8.8
55 +	**9.3**	**27.3**	**15.5**	**54.2**	**13.5**
All	15.3	36.3	24.1	63.4	13.6
1999					
Below 55	**17.8**	**39.2**	**26.6**	**64.6**	**12.4**
55 - 59	10.5	39.8	19.7	37.3	14.1
60 - 64	8.6	33.9	17.9	41.7	12.8
65 - 74	9.1	29.0	18.1	48.9	12.5
75 +	7.5	27.3	15.3	50.9	4.3
75 - 79	7.2	29.0	14.8	49.3	4.9
80 +	7.8	24.8	15.9	52.9	3.2
55 +	**9.0**	**32.1**	**17.8**	**42.4**	**10.9**
All	16.0	**38.1**	25.9	63.6	11.2
2000					
Below 55	**18.7**	**40.4**	**27.4**	**61.0**	**14.9**
55 - 59	12.9	39.0	20.0	29.7	14.8
60 - 64	9.9	35.0	18.6	35.1	11.5
65 - 74	9.2	29.5	17.6	40.8	11.8
75 +	8.4	31.7	17.8	35.0	6.5
75 - 79	8.1	29.4	18.5	50.0	5.7
80 +	9.0	34.6	16.9	14.7	7.6
55 +	**10.0**	**33.2**	**18.4**	**31.9**	**10.7**
All	17.0	39.2	26.6	59.3	11.5
2001					
Below 55	**19.3**	**39.4**	**28.4**	**59.4**	**12.8**
55 - 59	11.1	30.6	18.2	23.8	14.6
60 - 64	8.4	27.0	17.8	23.4	9.3
65 - 74	8.6	27.9	16.2	38.7	13.0
75 +	7.0	29.7	17.7	36.8	2.7
75 - 79	6.0	24.1	15.7	31.6	2.8
80 +	8.4	36.2	19.7	40.2	2.6
55 +	**8.8**	**28.7**	**17.3**	**26.2**	**9.7**
All	17.2	37.7	27.4	56.8	10.4
2002					
Below 55	**20.3**	**38.9**	**29.5**	**57.7**	**15.7**
55 - 59	11.9	29.2	20.6	27.9	12.2
60 - 64	8.4	24.7	16.5	23.7	8.6
65 - 74	7.2	21.7	17.0	54.9	9.1
75 +	7.5	33.3	17.5	31.4	3.0
75 - 79	6.7	30.7	16.3	24.3	3.4
80 +	8.6	36.3	18.9	40.3	2.5
55 +	**8.6**	**27.0**	**17.8**	**29.0**	**7.7**
All	17.9	37.0	28.4	55.3	9.5
2003					
Below 55	**20.1**	**41.2**	**28.4**	**57.7**	**13.4**
55 - 59	12.2	40.3	22.3	29.7	10.3
60 - 64	8.5	30.1	13.9	26.4	10.0
65 - 74	7.6	30.1	15.6	44.9	8.6
75 +	6.6	30.5	14.7	14.7	1.5
75 - 79	6.3	28.3	14.5	33.5	1.3
80 +	6.9	32.7	14.8	7.6	2.0
55 +	**8.8**	**33.1**	**16.8**	**29.2**	**7.0**
All	17.8	39.9	27.3	55.1	8.5
2004					
Below 55	**21.0**	**41.5**	**31.8**	**55.3**	**13.4**
55 - 59	12.4	30.0	23.4	33.5	10.4
60 - 64	8.5	25.7	17.0	34.6	8.0
65 - 74	7.7	24.0	16.3	38.0	9.4
75 +	6.6	25.2	19.2	26.3	1.4
75 - 79	6.4	25.6	19.8	32.7	1.7
80 +	6.9	24.7	18.6	20.1	1.0
55 +	**8.9**	**26.4**	**19.1**	**33.6**	**7.0**
All	18.3	39.1	30.6	52.8	8.7

Source: Polish HBS

Table D14 Poverty incidence (headcount) [percent of persons with equivalised *expenditures* below 40%, 50%, 60% and 70% of the overall median equivalised expenditures and national poverty thresholds]

	Below 55	**55 - 59**	**60 - 64**	**65 - 74**	**75 +**	**75 - 79**	**80 +**	**55 +**	**All**
2004									
40% Median	**4.5**	2.8	1.9	1.2	2.2	1.8	2.6	**2.0**	3.9
50% Median	**10.5**	6.8	4.8	4.4	5.2	4.6	6.1	**5.3**	9.4
60% Median	**18.0**	11.4	9.8	9.6	11.5	10.7	12.6	**10.5**	16.3
70% Median	**26.8**	18.2	16.0	16.1	18.2	17.4	19.2	**17.0**	24.6
Subsistence minimum	**5.3**	3.3	2.2	1.4	2.8	2.3	3.6	**2.3**	4.6
Social minimum	**40.7**	31.1	27.7	28.7	31.0	29.2	33.2	**29.6**	38.2
Legal threshold	**12.0**	7.8	5.5	5.1	6.6	6.0	7.3	**6.2**	10.7

Source: Polish HBS

Annex E
Country tables Romania

List of Tables

Table E1 Population, age structure, age dependency between and spatial distribution, 1990-2007

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population (million)	23.2	23.2	22.8	22.8	22.7	22.7	22.7	22.6	22.5	22.5	22.5	22.4	21.8	21.8	21.7	21.7	21.6	21.6
Age groups (as % of population)																		
0-14 years	23.7	23.3	22.7	22.1	21.4	20.8	20.2	19.6	19.2	19.0	18.5	18.0	17.7	17.0	16.4	15.9	15.5	15.4
15-54 years	54.9	55.1	54.9	55.2	55.6	55.9	56.4	56.9	57.2	57.6	57.9	58.4	58.3	58.8	59.2	59.3	59.3	59.1
55 years and older	21.4	21.6	22.4	22.7	23.0	23.3	23.5	23.5	23.5	23.5	23.6	23.5	24.0	24.1	24.3	24.8	25.2	25.5
Old-age dependency (%)	38.9	39.3	40.8	41.1	41.4	41.6	41.6	41.4	41.1	40.8	40.7	40.3	41.2	41.0	41.1	41.8	42.5	43.2
Total age dependency (%)	82.1	81.5	82.1	81.1	80.0	78.9	77.5	75.9	74.8	73.7	72.7	71.2	71.5	70.0	68.8	68.5	68.8	69.3
Spatial distribution (as % of population)																		
Urban	53.2	53.9	54.3	54.4	54.6	54.9	54.9	55.0	55.0	54.9	54.8	54.6	53.3	53.4	53.6	54.9	55.2	55.2
Rural	46.8	46.1	45.7	45.6	45.4	45.1	45.1	45.0	45.0	45.1	45.2	45.4	46.7	46.6	46.4	45.1	44.8	44.8

Source: Eurostat, NIS

Table E2 Projected population

	2008	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060
Population (million)	21.4	21.3	21.1	20.8	20.5	20.1	19.6	19.2	18.7	18.2	17.6	16.9
Age group (as % of population)												
0-14	15.2	15.1	14.9	14.7	13.9	13.0	12.2	11.9	11.8	11.8	11.7	11.5
15-54	58.8	58.1	56.3	55.9	53.9	51.9	49.2	46.8	43.5	42.2	41.8	41.5
55+	26.0	26.8	28.8	29.4	32.2	35.2	38.6	41.4	44.7	46.0	46.5	47.0
Old-age dependency (%)	44.2	46.1	51.0	52.6	59.8	67.8	78.5	88.4	102.9	108.9	111.4	113.1
Total age dependency (%)	70.1	72.0	77.6	78.9	85.7	92.7	103.2	113.7	130.1	136.9	139.3	140.8

Source: Eurostat

Table E3 Number of cases in the sample

Weighted number of cases (thousands)

	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
0-17	5808	5727	5570	5412	5351	5249	5057	5076	4779	4713	4558
18-54	11539	11596	11680	11847	11853	11927	12056	12011	11697	11674	11695
55-59	1330	1284	1256	1103	1088	1043	1072	1063	1048	1138	1223
60-64	1235	1235	1209	1256	1257	1233	1169	1158	1102	1026	982
65-74	1902	1924	1950	1967	1963	2003	2004	2012	1994	1996	1998
75+	843	841	881	919	947	981	1050	1071	1114	1145	1185
Elderly	5310	5284	5296	5245	5254	5259	5295	5305	5258	5305	5388
Total	22656	22607	22546	22503	22458	22435	22408	22392	21734	21692	21641

Non-weighted number of cases

	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
0-17	23578	22345	21644	20156	18402	16877	16632	15893	14347	17481	15970
18-54	46036	45954	46105	45241	43008	41454	42221	41773	39739	44852	43100
55-59	5846	5699	5651	5186	5103	4797	5067	4910	5028	5333	5691
60-64	5562	5768	5671	5703	5794	5722	5903	5765	5561	5064	4886
65-74	8521	8845	9224	9268	9382	9592	10255	10379	10512	10003	10051
75+	3662	3880	4039	4322	4408	4624	4965	5204	5440	5521	5596
Elderly	23591	24192	24585	24479	24687	24735	26190	26258	26541	25921	26224
Total	93205	92491	92334	89876	86097	83066	85043	83924	80627	88254	85294

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E4 Median income and income growth, without self-consumption, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Median income without self-consumption in constant prices, ROL 2002 (million)											
Non-elderly	2.58	2.67	2.12	2.18	1.99	1.99	2.11	2.22	2.44	2.79	3.04
Median income without self-consumption of the elderly as % of non-elderly (age groups)											
55-59	98.35	100.88	99.68	95.24	101.75	93.50	99.61	102.15	99.39	102.56	102.99
60-64	90.22	91.50	95.89	87.96	92.84	88.23	94.67	96.20	90.60	95.48	94.96
65-74	75.10	76.93	81.40	76.94	79.53	77.90	80.92	81.95	78.44	87.82	86.89
75+	65.53	66.02	69.48	67.62	70.06	66.72	70.90	70.46	66.94	76.70	77.65
total	82.13	83.70	86.09	81.68	84.80	81.14	85.28	85.80	81.85	89.40	89.67

Median income growth without self-consumption												Correlation with median income growth non-elderly[a]
Non-elderly	-	3.30	-20.57	2.89	-8.93	0.19	6.07	5.27	9.59	14.51	9.11	1.00**
Median income growth without self-consumption of the elderly (age groups)												
55-59	-	5.96	-21.52	-1.69	-2.71	-7.93	13.00	7.96	6.62	18.17	9.57	0.91**
60-64	-	4.77	-16.76	-5.62	-3.89	-4.79	13.81	6.98	3.20	20.68	8.50	0.86**
65-74	-	5.82	-15.96	-2.74	-5.88	-1.86	10.18	6.61	4.89	28.21	7.95	0.88**
75+	-	4.08	-16.41	0.14	-5.65	-4.58	12.70	4.62	4.12	31.19	10.46	0.86**
total	-	5.27	-18.30	-2.38	-5.46	-4.14	11.49	5.91	4.54	25.08	9.43	0.90**

[a] Pearson correlation coefficients, all of the correlations are significant at a p=0.05 level.

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E5 Median income and income growth, including self-consumption, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
Median income with self-consumption in constant prices, ROL 2002 (million)												
Non-elderly	3.27	3.42	2.78	2.84	2.64	2.61	2.71	2.83	3.04	3.44	3.68	
Median income with self-consumption of the elderly as % of non-elderly (age groups)												
55-59	101.73	104.46	103.46	99.89	106.08	100.57	103.69	105.30	101.72	103.32	103.65	
60-64	96.38	99.14	101.05	96.61	100.05	97.67	101.43	102.17	96.47	99.88	98.34	
65-74	87.16	89.22	92.02	88.34	91.26	90.18	92.35	92.16	89.18	93.48	93.65	
75+	74.73	76.59	79.74	78.06	81.35	78.97	81.79	80.48	78.36	83.71	84.11	
total	90.54	92.81	94.77	90.77	94.24	91.58	94.40	94.42	90.53	94.44	94.50	
Median income growth with self-consumption												Correlation with median income growth non-elderly[a]
Non-elderly	-	4.64	-18.77	1.94	-7.06	-0.87	3.74	4.28	7.51	13.19	6.85	1.00**
Median income growth with self-consumption of the elderly (age groups)												
55-59	-	7.45	-19.55	-1.58	-1.30	-6.02	6.97	5.90	3.85	14.96	7.19	0.93**
60-64	-	7.64	-17.21	-2.54	-3.75	-3.22	7.74	5.04	1.51	17.18	5.20	0.92**
65-74	-	7.11	-16.22	-2.13	-3.99	-2.04	6.24	4.06	4.05	18.63	7.04	0.94**
75+	-	7.25	-15.42	-0.20	-3.15	-3.77	7.45	2.61	4.67	20.92	7.35	0.93**
total	-	7.26	-17.06	-2.35	-3.51	-3.67	6.94	4.30	3.08	18.07	6.91	0.93**

[a] Pearson correlation coefficients, all of the correlations are significant at a p=0.05 level.

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E6 Median income related to wage without self-consumption, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Δ(2005-1995)
non-elderly	57.2	53.8	56.9	52.3	48.9	51.5	51.5	53.1	53.9	56.8	54.2	-3.0
55-59	56.4	54.2	55.8	49.8	49.7	48.1	51.4	54.2	53.5	58.2	55.8	-0.5
60-64	51.0	49.4	53.7	46.0	45.4	45.5	49.0	51.2	48.7	54.5	51.5	0.4
64-75	43.2	42.3	46.8	40.4	39.1	40.1	42.1	43.8	42.4	50.0	47.0	3.8
75+	37.4	36.5	40.0	35.5	33.8	34.8	36.9	37.4	36.2	43.4	41.9	4.5
elderly	47.1	45.5	49.3	42.5	41.4	41.8	44.3	45.7	44.1	50.9	48.5	1.3
total population	54.7	51.8	54.9	49.6	46.8	48.6	49.5	51.1	51.0	55.0	52.5	-2.2

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E7 Median income related to wage with self-consumption, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Δ(2005-1995)
non-elderly	72.3	69.4	75.0	68.0	64.8	67.7	66.6	67.4	67.0	70.0	65.5	-6.8
55-59	73.5	72.3	77.2	67.7	68.5	67.3	69.3	71.3	68.5	72.5	67.7	-5.8
60-64	69.5	68.2	76.1	65.5	64.9	66.2	67.4	69.1	64.6	69.9	64.0	-5.5
64-75	63.2	62.6	69.3	60.0	59.3	61.3	61.5	62.3	59.9	65.7	61.2	-2.0
75+	54.1	53.3	60.3	53.1	51.9	53.8	54.5	54.7	52.7	58.3	55.2	1.0
elderly	65.6	64.6	71.1	61.5	61.0	62.1	62.9	63.9	60.9	66.2	61.7	-3.8
total population	70.3	68.1	73.9	66.2	63.9	66.2	65.5	66.4	65.2	68.9	64.4	-6.0

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E8 Relative share of income components, 1995-2005

1995							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	55.4	29.0	13.8	9.2	11.5	16.2	47.1
Self-employment	6.9	4.2	3.0	2.0	2.0	2.8	6.0
Old-age pensions	5.9	33.9	45.9	47.4	44.0	42.8	13.7
Other non-agriculture (e.g. capital income, other social transfers)	13.3	11.5	13.3	14.8	15.3	13.6	13.3
Other agriculture (self-consumption)	18.5	21.4	24.1	26.6	27.2	24.6	19.8
Total	100	100	100	100	100	100	100
1996							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	55.2	28.9	13.6	9.1	10.7	15.8	46.7
Self-employment	6.1	3.4	3.0	1.9	1.5	2.5	5.3
Old-age pensions	6.2	33.9	46.3	47.7	43.3	43.0	14.1
Other non-agriculture (e.g. capital income, other social transfers)	12.8	11.4	12.0	13.5	15.9	12.9	12.9
Other agriculture (self-consumption)	19.7	22.4	25.1	27.9	28.5	25.8	21.0
Total	100	100	100	100	100	100	100
1997							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	50.3	24.4	12.2	7.0	9.4	13.1	42.1
Self-employment	6.1	3.0	2.1	1.4	1.0	1.9	5.2
Old-age pensions	6.1	33.9	46.7	48.1	43.0	43.3	14.3
Other non-agriculture (e.g. capital income, other social transfers)	16.2	14.1	12.7	14.2	16.7	14.2	15.8
Other agriculture (self-consumption)	21.3	24.5	26.4	29.3	29.9	27.4	22.6
Total	100	100	100	100	100	100	100
1998							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	51.7	26.4	13.5	7.6	9.4	13.7	43.6
Self-employment	5.7	2.7	2.1	1.3	1.2	1.8	4.9
Old-age pensions	6.3	34.5	45.8	47.1	42.5	43.2	14.2
Other non-agriculture (e.g. capital income, other social transfers)	15.7	12.4	12.4	14.5	16.8	13.8	15.3
Other agriculture (self-consumption)	20.5	24.0	26.2	29.4	30.1	27.4	22.0
Total	100	100	100	100	100	100	100
1999							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	50.5	24.5	11.0	7.3	8.5	12.5	42.1
Self-employment	6.6	3.6	2.8	1.5	1.1	2.2	5.6
Old-age pensions	7.2	36.8	48.7	48.4	44.7	45.2	15.6
Other non-agriculture (e.g. capital income, other social transfers)	14.1	10.6	10.3	12.2	15.1	11.8	13.6
Other agriculture (self-consumption)	21.6	24.5	27.1	30.5	30.5	28.3	23.1
Total	100	100	100	100	100	100	100

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E8 (continued) Relative share of income components, 1995-2005

2000							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	52.2	23.2	12.5	7.7	8.1	12.4	43.5
Self-employment	5.7	3.2	1.9	1.5	1.1	1.9	4.9
Old-age pensions	7.3	37.2	45.8	46.6	43.2	43.8	15.3
Other non-agriculture (e.g. capital income, other social transfers)	13.5	11.5	12.0	13.4	16.1	13.1	13.4
Other agriculture (self-consumption)	21.3	24.9	27.7	30.8	31.6	28.9	22.9
Total	100	100	100	100	100	100	100
2001							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	51.9	21.8	12.3	8.7	8.7	12.5	43.2
Self-employment	5.0	2.9	1.7	1.5	1.1	1.8	4.3
Old-age pensions	9.0	40.8	50.4	49.7	46.5	47.3	17.5
Other non-agriculture (e.g. capital income, other social transfers)	14.1	12.1	11.4	12.3	15.4	12.6	13.8
Other agriculture (self-consumption)	20.0	22.4	24.2	27.7	28.2	25.8	21.2
Total	100	100	100	100	100	100	100
2002							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	52.4	25.5	13.4	8.5	9.3	13.6	43.8
Self-employment	5.1	2.9	2.3	1.3	0.9	1.8	4.4
Old-age pensions	8.8	39.4	50.6	51.6	47.3	47.9	17.4
Other non-agriculture (e.g. capital income, other social transfers)	14.6	10.9	10.4	12.0	14.8	11.9	14.0
Other agriculture (self-consumption)	19.2	21.2	23.4	26.6	27.7	24.8	20.4
Total	100	100	100	100	100	100	100
2003							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	52.5	28.1	14.2	9.0	7.8	14.3	44.1
Self-employment	5.5	3.2	2.1	1.2	1.2	1.8	4.7
Old-age pensions	8.0	37.4	50.5	52.0	48.7	47.7	16.7
Other non-agriculture (e.g. capital income, other social transfers)	16.2	11.3	10.4	11.7	15.8	12.1	15.3
Other agriculture (self-consumption)	17.8	20.1	22.7	26.1	26.5	24.0	19.2
Total	100	100	100	100	100	100	100
2004							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Wages	51.9	31.1	16.4	10.9	11.8	17.0	43.8
Self-employment	6.4	3.8	2.5	1.9	1.3	2.4	5.5
Old-age pensions	8.3	34.4	48.4	51.2	47.6	45.9	17.0
Other non-agriculture (e.g. capital income, other social transfers)	17.4	13.9	13.4	14.8	17.9	14.9	16.8
Other agriculture (self-consumption)	16.0	16.8	19.3	21.3	21.4	19.8	16.9
Total	100	100	100	100	100	100	100

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E8 (continued) Relative share of the income components, 1995-2005

2005							
	0-54	55-59	60-64	65-74	75+	55+	Total population
wages	54.3	34.8	17.8	11.6	11.0	18.6	46.0
self-employment	6.2	3.6	2.7	2.0	1.7	2.5	5.4
old-age pensions	8.0	32.5	48.3	53.6	50.6	46.6	17.0
other non-agriculture (e.g. capital income, other social transfers)	16.8	13.5	13.4	13.2	16.4	13.9	16.2
other agriculture (self-consumption)	14.6	15.6	17.7	19.7	20.4	18.4	15.5
Total	100	100	100	100	100	100	100

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E9 Correlation between the difference of the Ginis with and without self-consumption and the share of self-consumption in the incomes

	0-54	55-59	60-64	65-74	75+	55+	Total
r[a]	0.87**	0.97**	0.93**	0.90**	0.91**	0.95**	0.90**
t-value	5.20	12.03	7.78	6.28	6.40	9.28	6.38

[a] Pearson correlation coefficients, all of the correlations are significant at a p=0.05 level.

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E10 Gini-coefficients with and without self-consumption and the share of self-consumption in the incomes, 1995-2005

1995							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.307	0.274	0.263	0.260	0.278	0.273	0.301
Gini without self-consumption	0.372	0.348	0.341	0.352	0.380	0.359	0.372
Share of self-consumption in the incomes (%)	18.5	21.4	24.1	26.6	27.2	24.6	19.8
1996							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.297	0.261	0.256	0.250	0.273	0.264	0.291
Gini without self-consumption	0.369	0.338	0.341	0.343	0.378	0.353	0.368
Share of self-consumption in the incomes (%)	19.7	22.4	25.1	27.9	28.5	25.8	21.0
1997							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.292	0.266	0.237	0.234	0.258	0.251	0.284
Gini without self-consumption	0.363	0.346	0.316	0.318	0.355	0.336	0.359
Share of self-consumption in the incomes (%)	21.3	24.5	26.4	29.3	29.9	27.4	22.6
1998							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.290	0.257	0.252	0.244	0.262	0.256	0.284
Gini without self-consumption	0.362	0.339	0.337	0.330	0.357	0.344	0.361
Share of self-consumption in the incomes (%)	20.5	24.0	26.2	29.4	30.1	27.4	22.0
1999							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.291	0.261	0.240	0.242	0.263	0.254	0.283
Gini without self-consumption	0.368	0.346	0.320	0.332	0.359	0.344	0.365
Share of self-consumption in the incomes (%)	21.6	24.5	27.1	30.5	30.5	28.3	23.1
2000							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.296	0.276	0.254	0.241	0.262	0.259	0.289
Gini without self-consumption	0.381	0.366	0.343	0.338	0.371	0.357	0.379
Share of self-consumption in the incomes (%)	21.3	24.9	27.7	30.8	31.6	28.9	22.9
2001							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.297	0.264	0.241	0.242	0.260	0.254	0.288
Gini without self-consumption	0.376	0.340	0.321	0.330	0.356	0.340	0.371
Share of self-consumption in the incomes (%)	20.0	22.4	24.2	27.7	28.2	25.8	21.2
2002							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.299	0.265	0.241	0.239	0.255	0.253	0.290
Gini without self-consumption	0.372	0.339	0.318	0.325	0.349	0.337	0.367
Share of self-consumption in the incomes (%)	19.2	21.2	23.4	26.6	27.7	24.8	20.4
2003							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.294	0.273	0.240	0.235	0.256	0.254	0.286
Gini without self-consumption	0.364	0.344	0.310	0.316	0.347	0.334	0.361
Share of self-consumption in the incomes (%)	17.8	20.1	22.7	26.1	26.5	24.0	19.2
2004							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.308	0.290	0.262	0.247	0.271	0.269	0.300
Gini without self-consumption	0.367	0.351	0.324	0.310	0.341	0.333	0.361
Share of self-consumption in the incomes (%)	16.0	16.8	19.3	21.3	21.4	19.8	16.9
2005							
	0-54	55-59	60-64	65-74	75+	55+	Total population
Gini with self-consumption	0.311	0.295	0.268	0.245	0.265	0.270	0.302
Gini without self-consumption	0.368	0.353	0.327	0.309	0.331	0.333	0.361
Share of self-consumption in the incomes (%)	14.6	15.6	17.7	19.7	20.4	18.4	15.5

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E11 Distribution of population by age groups and deciles, 1995-2005 (%)

1995												
Decile	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	9.8	9.2	7.6	8.7	7.7	9.2	10.6	13.7	20.4	21.2	10.7	12.6
2	9.7	9.5	7.9	9.0	9.1	10.8	12.4	12.3	15.5	16.0	11.0	11.7
10	11.1	11.2	10.1	9.7	7.1	6.6	4.8	4.5	3.4	3.2	6.4	6.1
1996												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.0	9.4	6.9	8.2	7.1	9.1	9.6	12.6	19.3	21.0	9.9	12.1
2	9.7	9.6	7.7	8.2	8.6	9.9	12.0	12.0	16.2	15.5	10.8	11.2
10	11.1	11.2	10.1	9.5	7.0	6.4	5.1	4.6	3.2	2.9	6.5	5.9
1997												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.4	9.6	6.9	9.2	6.2	8.9	7.7	11.0	16.6	18.6	8.7	11.3
2	9.6	9.7	9.1	8.5	8.5	8.6	11.9	11.9	17.3	16.3	11.3	11.1
10	11.0	11.2	10.1	9.3	7.7	6.7	5.6	4.6	3.7	3.2	6.8	6.0
1998												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.1	9.6	6.7	8.3	6.9	9.1	9.4	11.8	16.7	17.9	9.5	11.5
2	9.5	9.5	8.7	9.0	9.4	9.6	12.5	12.8	16.4	15.9	11.7	11.8
10	11.2	11.4	10.1	9.3	6.7	5.9	4.8	3.9	3.8	3.5	6.2	5.5
1999												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.4	10.0	6.3	7.7	5.7	7.2	8.1	10.5	16.4	16.2	8.6	10.1
2	9.9	9.6	7.4	8.4	8.1	9.0	11.1	12.4	14.2	15.4	10.2	11.3
10	10.9	11.1	11.6	11.3	7.8	7.2	5.2	4.3	4.0	4.2	7.0	6.4
2000												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.7	10.1	6.5	7.7	5.1	6.6	7.0	9.5	14.1	15.6	7.7	9.6
2	9.7	9.6	9.2	9.0	8.7	9.6	11.4	11.9	15.4	15.5	11.1	11.5
10	11.1	11.4	10.5	9.8	7.1	6.2	4.6	3.6	4.1	3.7	6.3	5.5
2001												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.6	10.3	6.0	6.2	5.7	6.2	7.6	9.0	13.7	14.5	8.1	8.9
2	9.7	9.7	8.2	8.4	8.5	9.4	11.6	11.8	15.9	14.2	11.1	11.1
10	11.2	11.3	10.1	9.4	6.6	6.3	4.6	4.4	4.1	3.8	6.1	5.7
2002												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.7	10.2	6.7	7.1	5.2	6.1	7.1	9.2	13.5	14.8	7.9	9.2
2	9.9	9.7	7.9	8.6	7.9	8.9	10.9	11.3	14.0	14.4	10.2	10.9
10	11.2	11.3	9.9	9.6	6.9	6.3	4.8	4.5	3.4	3.6	6.0	5.7
2003												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.2	9.9	6.7	6.8	6.5	7.5	9.2	10.8	15.3	15.8	9.4	10.4
2	9.6	9.4	7.9	9.1	9.3	8.8	11.5	12.6	15.8	16.9	11.2	12.0
10	11.3	11.5	11.0	10.4	6.6	6.1	4.0	3.5	3.3	3.1	5.8	5.3

* SC stands for with self-consumption, -SC stands for without self-consumption

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E11 (continued) Distribution of population by age groups and deciles, 1995-2005 (%)

2004												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.7	10.5	7.4	7.4	5.9	6.8	6.7	8.0	11.4	11.6	7.7	8.4
2	10.0	9.7	7.9	8.9	7.9	8.3	10.0	10.9	14.7	15.8	10.2	11.0
10	11.1	11.2	10.7	10.6	7.3	6.8	5.0	4.4	4.3	4.3	6.5	6.2
2005												
	0-54		55-59		60-64		65-74		75+		55+	
	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC	SC	-SC
1	10.7	10.4	6.8	7.7	6.9	7.7	7.2	8.0	11.7	11.7	8.0	8.7
2	10.0	9.6	8.5	8.4	7.4	8.3	9.9	11.6	13.8	15.5	10.0	11.1
10	11.1	11.1	11.8	11.1	7.1	6.4	5.0	5.0	4.5	4.6	6.8	6.6

* SC stands for with self-consumption, -SC stands for without self-consumption

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E12 Poverty incidence by age groups with different thresholds and self-consumption, 1995-2005 (%)

Age group		**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
0-54	**Poverty incidence (threshold as % of the median income) with self-consumption**											
	40%	4.8	4.3	4.3	4.5	4.9	5.0	5.6	5.9	5.1	5.8	5.5
	50%	9.5	9.1	9.1	8.9	9.5	10.6	10.5	11.1	10.0	11.3	10.9
	60%	15.9	15.5	15.1	15.2	16.0	17.1	16.8	17.7	16.6	18.0	18.0
	70%	23.4	23.2	22.9	22.7	23.8	24.4	24.5	24.8	24.2	25.3	25.1
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	10.9	11.1	10.7	11.4	12.6	14.4	14.1	13.6	12.3	11.8	11.3
	50%	16.4	16.3	16.1	16.4	17.8	19.8	19.6	19.5	17.8	17.8	17.6
	60%	22.3	22.5	22.1	22.2	23.3	25.4	24.5	25.4	24.1	23.8	23.6
	70%	28.8	28.8	28.5	27.9	29.5	30.8	30.3	30.8	30.3	29.7	29.8
		1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
55-59	**Poverty incidence (threshold as % of the median income) with self-consumption**											
	40%	3.8	3.0	2.8	2.4	2.5	3.1	2.3	3.2	2.7	3.0	3.7
	50%	7.5	6.2	5.9	5.4	5.7	6.4	5.9	7.0	6.6	7.8	6.9
	60%	12.5	10.9	11.0	11.2	10.5	12.8	11.3	12.3	11.5	12.9	12.4
	70%	19.1	17.7	18.5	18.9	16.7	19.7	18.5	18.8	18.9	19.7	19.3
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	10.1	9.5	10.2	10.0	9.8	10.9	9.1	10.2	9.0	8.5	8.6
	50%	15.5	14.0	14.8	14.4	14.5	16.9	14.1	15.3	14.4	13.8	13.3
	60%	21.0	19.5	20.3	21.2	19.9	23.8	19.8	21.1	20.9	20.1	19.6
	70%	27.8	26.7	27.4	28.8	26.6	30.7	26.6	27.1	27.4	25.9	25.5
60-64		**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
	Poverty incidence (threshold as % of the median income) with self-consumption											
	40%	3.6	2.9	2.0	2.4	2.3	2.0	2.4	2.2	2.3	2.8	2.7
	50%	7.4	6.4	5.0	5.9	4.9	5.0	5.6	5.6	6.3	6.4	7.0
	60%	12.8	11.5	10.4	11.9	10.3	10.2	10.3	10.8	12.4	11.4	11.9
	70%	21.4	19.3	17.2	19.7	17.5	18.5	18.3	17.8	20.6	18.6	18.4
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	10.8	10.9	9.9	10.8	9.2	10.4	9.5	9.0	9.2	7.6	8.6
	50%	16.9	16.0	14.3	15.8	14.0	16.4	15.0	14.5	14.7	12.9	13.7
	60%	24.0	22.4	20.1	22.7	21.1	23.8	21.4	21.7	22.2	19.3	19.8
	70%	32.8	30.6	27.6	31.6	28.8	31.6	28.4	28.9	30.2	26.7	27.0

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E12 (continued) Poverty incidence by age groups with different thresholds and self-consumption, 1995-2005 (%)

65-74		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	Poverty incidence (threshold as % of the median income) with self-consumption											
	40%	4.5	3.4	2.4	2.9	2.9	2.8	2.9	2.8	3.7	2.8	2.7
	50%	10.3	8.5	6.1	7.7	7.0	6.9	7.6	7.5	8.9	7.2	7.4
	60%	18.1	16.4	13.5	15.8	14.4	13.9	15.0	14.8	16.4	14.1	14.0
	70%	28.8	25.6	23.6	26.2	23.9	23.8	24.7	23.8	26.0	22.1	22.5
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	15.5	14.4	12.2	14.2	13.4	14.1	13.3	12.8	13.5	9.1	9.1
	50%	22.7	20.7	18.8	20.6	20.4	21.6	20.0	20.0	21.4	15.8	16.3
	60%	31.6	29.6	26.8	30.1	29.5	31.4	28.9	28.8	30.5	23.6	24.0
	70%	42.4	40.3	37.0	40.3	38.7	39.7	38.4	37.5	39.1	31.4	32.5
75+		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	Poverty incidence (threshold as % of the median income) with self-consumption											
	40%	10.5	9.2	6.4	6.7	6.5	5.8	5.6	6.9	6.8	5.4	4.8
	50%	20.1	17.8	14.6	14.6	15.1	13.7	13.6	14.0	15.0	12.2	12.2
	60%	30.3	28.6	25.4	25.4	25.3	23.8	24.3	23.3	26.2	22.1	21.4
	70%	42.5	40.3	37.2	37.9	36.1	36.3	35.2	34.5	37.7	33.2	32.1
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	23.2	23.0	20.5	20.8	19.7	21.8	19.9	20.2	19.9	13.8	13.3
	50%	32.4	31.8	29.3	29.1	28.8	31.5	28.0	28.4	29.9	23.7	23.0
	60%	42.8	41.7	38.9	39.5	38.8	41.6	38.0	38.6	40.6	32.9	32.4
	70%	51.8	50.8	48.3	49.0	47.4	49.6	46.8	47.8	49.5	42.6	41.3
		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
55+	Poverty incidence (threshold as % of the median income) with self-consumption											
	40%	5.1	4.1	3.0	3.3	3.3	3.2	3.2	3.6	3.9	3.4	3.4
	50%	10.5	8.9	7.2	8.0	7.7	7.6	8.0	8.3	9.2	8.3	8.3
	60%	17.4	15.9	14.2	15.6	14.6	14.7	15.1	15.1	16.7	15.0	14.9
	70%	26.8	24.6	23.2	25.2	23.1	24.1	24.1	23.7	25.9	23.3	23.1
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	14.3	13.8	12.6	13.7	12.8	14.0	12.9	12.9	13.1	9.7	9.8
	50%	21.1	19.8	18.6	19.6	19.2	21.3	19.3	19.6	20.4	16.5	16.7
	60%	29.0	27.4	25.7	28.1	27.2	30.0	27.2	27.7	29.0	24.0	24.1
	70%	38.0	36.4	34.5	37.3	35.4	37.8	35.5	35.6	37.1	31.7	31.9
		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total	Poverty incidence (threshold as % of the median income) with self-consumption											
	40%	4.9	4.3	4.0	4.2	4.6	4.6	5.1	5.4	4.8	5.2	5.0
	50%	9.7	9.1	8.7	8.7	9.1	9.9	9.9	10.4	9.8	10.6	10.3
	60%	16.3	15.6	14.9	15.3	15.7	16.5	16.4	17.1	16.6	17.3	17.3
	70%	24.2	23.5	23.0	23.3	23.7	24.3	24.4	24.5	24.6	24.8	24.6
	Poverty incidence (threshold as % of the median income) without self-consumption											
	40%	11.7	11.7	11.2	12.0	12.6	14.3	13.8	13.4	12.5	11.2	11.0
	50%	17.5	17.1	16.7	17.2	18.1	20.2	19.5	19.5	18.5	17.5	17.3
	60%	23.9	23.6	23.0	23.6	24.2	26.5	25.1	25.9	25.3	23.9	23.7
	70%	31.0	30.6	29.9	30.1	30.9	32.5	31.5	31.9	32.0	30.2	30.3

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E13 Poverty gap by age group with different thresholds and self-consumption, 1995-2005

Age group		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Correlation[a]
0-54	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	1.2	1.0	1.0	1.2	1.2	1.2	1.4	1.6	1.3	1.5	1.4	0.97**
	50%	2.4	2.1	2.1	2.3	2.4	2.6	2.7	2.9	2.5	2.9	2.8	0.96**
	60%	4.1	3.8	3.8	3.9	4.1	4.4	4.5	4.8	4.3	4.9	4.7	0.98**
	70%	6.3	6.0	5.9	6.0	6.4	6.7	6.8	7.2	6.6	7.3	7.1	0.98**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	4.3	4.6	4.2	4.6	4.9	5.8	5.6	5.1	4.5	4.1	3.9	0.91**
	50%	6.2	6.4	6.1	6.4	6.9	8.1	7.9	7.4	6.6	6.2	6.0	0.88**
	60%	8.4	8.6	8.2	8.6	9.2	10.5	10.2	9.9	9.0	8.7	8.4	0.87**
	70%	10.8	11.0	10.6	10.9	11.7	13.0	12.7	12.5	11.6	11.2	11.1	0.85**
		1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	
55-59	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	1.0	0.7	0.7	0.6	0.5	0.7	0.5	0.8	0.6	0.7	0.9	0.95**
	50%	1.9	1.4	1.4	1.2	1.2	1.5	1.1	1.6	1.4	1.7	1.7	0.89**
	60%	3.2	2.6	2.5	2.4	2.3	2.8	2.4	2.9	2.6	3.1	3.1	0.86**
	70%	5.0	4.3	4.3	4.2	3.9	4.6	4.1	4.7	4.4	5.0	4.9	0.77**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	4.4	4.2	4.3	4.1	3.8	4.4	3.4	3.5	3.2	2.6	2.8	0.87**
	50%	6.1	5.7	5.9	5.7	5.4	6.3	5.0	5.3	4.9	4.3	4.4	0.76**
	60%	8.1	7.5	7.8	7.7	7.4	8.5	7.0	7.4	7.0	6.4	6.5	0.70**
	70%	10.4	9.7	10.1	10.2	9.7	11.2	9.3	9.8	9.5	8.8	8.8	0.92**
		1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	
60-64	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	0.7	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.6	0.6	0.88**
	50%	1.7	1.3	1.0	1.2	1.1	1.0	1.1	1.1	1.2	1.3	1.4	0.92**
	60%	3.0	2.5	2.1	2.5	2.2	2.1	2.2	2.2	2.5	2.6	2.8	0.90**
	70%	5.0	4.4	3.8	4.4	3.8	3.8	3.9	3.9	4.4	4.3	4.5	0.84**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	4.4	4.3	3.7	4.0	3.1	3.4	3.0	2.8	3.0	2.1	2.4	0.96**
	50%	6.2	6.1	5.3	5.8	4.7	5.4	4.8	4.5	4.7	3.7	4.1	0.90**
	60%	8.6	8.3	7.3	8.0	6.8	7.8	7.0	6.8	7.0	5.7	6.2	0.85**
	70%	11.4	10.9	9.7	10.8	9.5	10.7	9.6	9.4	9.7	8.2	8.6	0.94**
		1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	
65-74	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	1.0	0.7	0.4	0.6	0.5	0.5	0.6	0.5	0.7	0.5	0.5	0.99**
	50%	2.2	1.7	1.1	1.4	1.4	1.4	1.4	1.4	1.8	1.4	1.3	0.99**
	60%	4.2	3.5	2.5	3.2	2.9	2.8	3.0	3.0	3.5	2.9	2.9	0.98**
	70%	6.9	6.0	4.7	5.7	5.2	5.1	5.4	5.3	6.1	5.0	5.1	0.93**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	6.3	5.7	4.0	4.8	4.3	4.8	4.1	3.9	4.3	2.4	2.2	0.95**
	50%	8.8	8.0	6.3	7.3	6.8	7.4	6.6	6.3	6.8	4.4	4.3	0.94**
	60%	11.9	10.9	9.0	10.2	9.8	10.6	9.5	9.3	10.1	6.9	7.0	0.95**
	70%	15.4	14.3	12.3	13.8	13.2	14.2	13.0	12.7	13.6	9.9	10.0	0.99**
		1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	
75+	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	2.5	2.0	1.2	1.4	1.3	1.0	1.1	1.4	1.3	1.0	0.8	0.99**
	50%	5.0	4.2	3.0	3.2	3.2	2.7	2.7	3.1	3.2	2.5	2.3	0.99**
	60%	8.3	7.4	5.8	5.9	6.0	5.4	5.4	5.7	6.0	5.0	4.7	0.97**
	70%	12.3	11.3	9.5	9.6	9.4	8.9	8.9	9.0	9.7	8.2	7.8	0.97**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	11.2	10.7	7.9	8.1	7.3	8.3	7.0	6.9	6.6	3.5	3.4	0.96**
	50%	14.5	13.9	11.2	11.5	10.7	11.9	10.4	10.4	10.3	6.5	6.3	0.96**
	60%	18.3	17.7	15.1	15.2	14.5	16.0	14.1	14.2	14.5	10.2	9.9	0.97**
	70%	22.4	21.8	19.2	19.4	18.6	20.2	18.2	18.4	18.8	14.2	13.8	0.98**

[a] Pearson correlation indicates the correlation between poverty gap and poverty incidence. all of the correlations are significant at p=0.05 level.

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E13 (continued) Poverty gap by age group with different thresholds and self-consumption, 1995-2005

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Correlation[a]
55+	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	1.2	0.8	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.6	0.98**
	50%	2.4	1.9	1.5	1.6	1.6	1.5	1.6	1.7	1.9	1.7	1.7	0.97**
	60%	4.3	3.7	3.0	3.3	3.1	3.1	3.2	3.4	3.7	3.3	3.3	0.95**
	70%	6.8	6.0	5.2	5.7	5.4	5.4	5.5	5.6	6.2	5.6	5.5	0.90**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	6.2	5.8	4.7	5.0	4.5	5.0	4.3	4.2	4.3	2.6	2.6	0.94**
	50%	8.4	7.9	6.8	7.3	6.7	7.5	6.6	6.5	6.7	4.7	4.7	0.90**
	60%	11.2	10.5	9.4	10.1	9.4	10.5	9.4	9.4	9.7	7.3	7.4	0.88**
	70%	14.4	13.6	12.3	13.3	12.6	13.9	12.5	12.6	13.1	10.2	10.3	0.98**
		1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	
Total	Poverty gap (threshold as % of the median income) with self-consumption												
	40%	1.2	1.0	0.9	1.1	1.1	1.1	1.2	1.4	1.2	1.3	1.2	0.96**
	50%	2.4	2.1	2.0	2.1	2.2	2.3	2.4	2.6	2.4	2.6	2.5	0.96**
	60%	4.1	3.8	3.6	3.7	3.9	4.1	4.2	4.5	4.1	4.5	4.4	0.98**
	70%	6.4	6.0	5.8	6.0	6.2	6.4	6.5	6.8	6.5	6.8	6.7	0.96**
	Poverty gap (threshold as % of the median income) without self-consumption												
	40%	4.8	4.9	4.3	4.7	4.8	5.6	5.3	4.9	4.5	3.7	3.6	0.86**
	50%	6.7	6.8	6.2	6.6	6.9	7.9	7.6	7.2	6.7	5.8	5.7	0.82**
	60%	9.0	9.0	8.5	8.9	9.3	10.5	10.0	9.8	9.2	8.3	8.2	0.86**
	70%	11.6	11.6	11.0	11.5	11.9	13.2	12.6	12.5	12.0	11.0	10.9	0.90**

[a] Pearson correlation indicates the correlation between poverty gap and poverty incidence, all correlations are significant at p=0.05 level.

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E14 Poverty incidence according to national criteria (minimum old-age pensions), 1995-2005 (%)

Age group	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
0-54	25.0	20.3	30.1	30.8	33.7	36.8	31.1	29.6	25.9	19.8	16.1
55-59	22.5	16.5	26.9	26.4	26.9	29.8	24.6	23.7	19.0	14.4	10.7
60-64	23.6	17.2	26.7	27.5	27.4	29.7	24.4	22.5	19.4	13.2	10.7
65-74	27.8	19.0	31.4	31.6	32.0	32.9	29.4	27.0	22.3	15.0	11.6
75+	37.4	28.1	40.1	39.0	40.6	40.1	36.9	33.8	29.5	19.7	15.9
55+	27.0	19.4	30.7	30.8	31.4	32.9	28.8	26.7	22.6	15.5	12.2
Total	25.4	20.1	30.3	30.8	33.2	35.9	30.6	28.9	25.1	18.8	15.1

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E15 Share of households that saved money in the last 12 months, by occupational status of the head of the households, 2000-2005

Occupation status of household head	2000	2001	2002	2003	2004	2005
Total	7.6	8.2	8.2	9.0	9.8	10.6
Employee	10.3	11.2	11.1	12.0	13.4	13.5
Employer	25.0	34.5	35.3	31.9	46.0	38.2
Self employed in non-agricultural activities	9.0	11.9	10.1	10.8	17.4	14.8
Unemployed	3.4	1.6	0.8	3.1	2.5	2.1
Farmers	7.0	7.3	7.4	8.3	8.2	11.3
Pensioner	5.1	5.6	5.5	6.4	6.4	7.4

Source: NIS

Table E16 Poverty gap according to national criteria (minimum old-age pension), 1995-2005 (%)

Age groups	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
0-54	6.7	4.9	8.2	8.2	9.2	10.2	8.3	8.0	6.5	4.8	3.8
55-59	5.6	3.7	6.5	6.2	6.5	7.3	5.7	5.7	4.1	3.2	2.3
60-64	5.5	3.5	6.1	6.2	6.4	6.5	5.4	5.0	4.1	2.8	2.4
65-74	6.6	4.2	6.9	7.2	7.3	7.3	6.6	5.9	4.7	3.1	2.4
75+	10.4	6.9	10.3	9.6	10.2	9.6	8.6	8.3	6.6	4.4	3.2
55+	6.7	4.4	7.2	7.2	7.4	7.6	6.6	6.1	4.9	3.4	2.5
Total	6.7	4.8	7.9	8.0	8.8	9.6	7.9	7.6	6.1	4.5	3.5

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E17 Absolute and relative poverty with different thresholds in urban and rural areas, with self-consumption. 1995-2005 (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
URBAN											
Relative poverty incidence											
threshold: 40% of median income	2.5	2.5	2.7	2.7	2.9	3.4	3.1	3.3	2.5	3.7	2.8
threshold: 50% of median income	5.3	5.5	5.9	5.6	5.9	6.6	5.7	6.1	4.8	6.6	5.7
threshold: 60% of median income	10.1	10.1	10.1	9.7	10.2	11.4	9.8	9.9	8.7	10.7	10.1
threshold: 70% of median income	16.1	16.2	16.6	15.9	16.6	17.4	15.6	15.2	14.0	16.2	14.8
Absolute poverty incidence	15.2	12.5	20.2	20.6	22.2	25.9	18.8	17.6	13.8	11.6	8.1
RURAL											
Relative poverty incidence											
threshold: 40% of median income	7.7	6.4	5.7	6.0	6.6	6.0	7.4	7.8	7.5	7.1	7.6
threshold: 50% of median income	14.9	13.3	12.1	12.4	12.9	13.7	15.0	15.6	15.4	15.3	15.8
threshold: 60% of median income	23.6	22.2	20.6	22.0	22.2	22.7	24.2	25.6	25.5	25.0	25.9
threshold: 70% of median income	33.8	32.2	30.6	32.2	32.1	32.6	35.0	35.7	36.6	35.0	36.4
Absolute poverty incidence	37.6	29.2	42.3	43.0	46.3	47.8	44.7	42.4	38.0	27.3	23.6

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E18 Relative poverty incidence with different thresholds, without self-consumption. 1995-2005 (%)

	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
URBAN											
Relative poverty incidence											
threshold: 40% of median income	3.5	3.5	3.2	3.3	3.6	4.4	3.7	4.0	3.1	4.2	3.7
threshold: 50% of median income	6.1	6.2	5.9	5.5	6.3	7.3	6.2	6.7	5.3	6.9	6.1
threshold: 60% of median income	10.1	9.9	9.6	9.0	9.8	10.9	9.3	9.9	8.5	10.7	9.7
threshold: 70% of median income	15.1	14.9	14.5	13.5	14.4	15.1	13.5	13.7	12.8	14.9	14.4
RURAL											
Relative poverty incidence											
threshold: 40% of median income	21.4	21.6	20.8	22.4	23.4	26.2	26.0	24.7	23.1	19.5	19.8
threshold: 50% of median income	31.1	30.2	29.6	31.2	32.1	35.5	35.4	34.8	33.4	30.0	30.9
threshold: 60% of median income	40.3	40.0	39.0	41.1	41.5	44.9	44.0	45.1	44.3	39.4	40.7
threshold: 70% of median income	49.9	49.3	48.4	49.9	50.6	53.2	53.0	53.8	53.7	48.2	49.7

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E19 Number of elderly and female as % of elderly. 1990-2007

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total (million)	23.2	23.2	22.8	22.8	22.8	22.7	22.7	22.6	22.5	22.5	22.5	22.4	21.8	21.8	21.7	21.7	21.6	21.6
Female (%)	50.7	50.7	50.8	50.9	50.9	50.9	51.0	51.0	51.1	51.1	51.1	51.1	51.2	51.2	51.2	51.2	51.3	51.3
55-59 (million)	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.2	1.1	1.1	1.0	1.1	1.1	1.1	1.2	1.3	1.3
Female (%)	51.7	51.7	52.0	52.1	52.3	52.5	52.7	52.8	52.9	52.8	52.7	52.7	52.7	52.6	52.6	52.6	52.6	52.6
60-64 (million)	1.2	1.2	1.2	1.3	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.0	1.0	1.0	1.0
Female (%)	52.9	52.9	52.9	53.0	53.1	53.3	53.4	53.7	53.9	54.1	54.3	54.4	54.4	54.4	54.4	54.3	54.3	54.2
65-74 (million)	1.4	1.5	1.6	1.7	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Female (%)	57.6	57.2	57.0	56.8	56.7	56.5	56.3	56.2	56.1	56.1	56.2	56.3	56.4	56.6	56.8	57.0	57.1	57.3
75+ (million)	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3
Female (%)	59.9	60.2	61.3	61.6	62.1	62.4	62.7	62.9	63.0	62.9	62.6	62.4	62.5	62.3	62.2	62.1	62.0	62.0
55+ (million)	5.0	5.0	5.1	5.2	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.4	5.5	5.5
Female (%)	55.3	55.3	55.4	55.5	55.6	55.7	55.8	55.9	56.0	56.1	56.2	56.3	56.5	56.5	56.6	56.6	56.7	56.7

Source: NIS

Table E20 Paired samples test for the contribution of self-consumption to the income position of elderly 75 years old or over

Paired Samples Test[a]

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Share of persons in the lowest decile with self-consumption - Share of persons in the lowest decile without self-consumption	-,89091	,71757	,21636	-4,118	10	,002
Pair 2	Share of persons in the second income decile with self-consumption - Share of persons in the second income decile without self-consumption	-,20000	1,06583	,32136	-,622	10	,548
Pair 3	Share of persons in the top income decile with self-consumption - Share of persons in the top income decile without self-consumption	,15455	,24234	,07307	2,115	10	,061

a. Age group = 75+

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E21 Paired samples test for the contribution of self-consumption to the income position of single elderly women

Paired Samples Test

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Share of persons in the lowest income decile without self-consumption - Share of persons in the lowest income decile with self-consumption	-,30000	1,38130	,41648	-,720	10	,488
Pair 2	Share of persons in the second income decile without self-consumption - Share of persons in the second income decile without self-consumption	,07273	1,97438	,59530	,122	10	,905
Pair 3	Share of persons in the top income decile without self-consumption - Share of persons in the top income decile without self-consumption	-,34545	,22074	,06656	-5,190	10	,000

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E22 Distribution of single elderly women by income deciles and trends in relative poverty, 1995-2005

with self-consumption	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Distribution of single elderly women by income deciles											
Share of persons in the lowest income decile	24.2	21.6	18.3	21.0	18.6	15.8	17.2	16.3	20.9	18.0	18.3
Share of persons in the second income decile	18.1	19.4	19.9	19.8	17.5	20.4	18.9	17.6	18.2	18.7	17.8
Share of persons in the top income decile	2.1	1.9	3.0	2.3	2.4	1.9	1.8	1.8	1.5	2.0	2.3
Poverty incidence as% of the median income											
threshold: 40% of median income	11.8	9.7	6.7	7.2	7.4	6.7	7.2	7.8	9.4	8.9	8.3
threshold: 50% of median income	23.8	19.6	15.4	18.0	16.6	15.5	17.1	17.2	20.3	19.2	18.9
threshold: 60% of median income	36.1	33.2	28.1	32.1	29.3	27.9	29.7	29.5	32.8	31.8	31.1
threshold: 70% of median income	49.8	46.2	42.5	47.1	42.3	44.1	43.6	42.2	46.4	44.8	43.9
without self-consumption	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Distribution of single elderly women by income deciles											
Share of persons in the lowest income decile	22.5	22.2	20.7	20.1	16.3	16.5	16.1	17.0	19.4	17.4	18.7
Share of persons in the second income decile	20.1	18.2	16.5	18.7	18.2	18.3	18.1	17.6	20.0	21.0	20.4
Share of persons in the top income decile	1.8	1.5	2.2	1.8	2.0	1.3	1.7	1.6	1.3	1.8	2.2
Poverty incidence as % of the median income											
threshold: 40% of median income	25.3	24.5	22.0	23.1	20.2	24.0	23.4	23.2	24.4	20.5	21.0
threshold: 50% of median income	38.0	34.4	31.1	33.2	30.8	35.1	33.3	33.7	36.5	33.8	34.4
threshold: 60% of median income	48.8	46.3	41.2	45.0	43.0	46.7	44.7	45.2	47.5	44.5	44.2
threshold: 70% of median income	58.2	57.3	52.4	56.2	53.8	55.9	54.8	53.9	55.0	52.4	51.9

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E23 Distribution of rural elderly by income deciles and trends in relative poverty, 1995-2005

With self-consumption	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Income distribution by deciles (%)											
Share of persons in the lowest income decile	14.4	13.2	10.7	12.1	11.0	9.9	11.0	11.2	12.8	10.4	11.4
Share of persons in the second income decile	13.1	12.5	12.7	13.4	11.8	12.5	13.9	13.1	14.6	13.4	13.8
Share of persons in the top income decile	5.4	5.1	6.1	5.2	4.8	4.8	4.4	4.4	4.0	4.3	3.7
Relative poverty as % of the median income (%)											
threshold: 40% of median income	7.3	5.8	4.0	4.7	4.5	4.2	4.6	5.2	5.6	4.6	4.8
threshold: 50% of median income	14.1	12.0	8.9	10.3	9.8	9.7	10.9	11.7	12.5	11.3	11.8
threshold: 60% of median income	22	20	17	19	18	18	20	21	22	20	21
threshold: 70% of median income	33.4	30.2	27.0	29.9	27.5	28.6	30.7	30.9	34.1	30.5	31.7
Without self-consumption	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Income distribution by deciles (%)											
Share of persons in the lowest income decile	20.1	19.1	18.2	18.9	16.8	15.8	15.1	15.6	17.4	13.6	14.4
Share of persons in the 2. income decile	15.9	15.8	15.5	16.8	16.3	17.0	17.0	16.8	18.0	16.8	17.5
Share of persons in the top income decile	4.1	3.3	3.8	3.2	2.8	2.7	2.6	2.5	2.5	3.1	2.8
Relative poverty as % of the median income (%)											
threshold: 40% of median income	22.5	21.6	20.1	22.3	20.7	22.7	21.6	21.5	21.5	15.6	16.3
threshold: 50% of median income	31.7	30.1	28.5	30.8	29.8	33.0	31.0	31.6	32.5	26.1	27.1
threshold: 60% of median income	42.1	40.5	38.0	42.1	41.0	45.0	42.2	42.9	44.8	36.8	38.1
threshold: 70% of median income	53.1	51.6	48.7	53.6	51.7	55.1	53.1	53.9	55.5	47.3	48.5

Source: Integrated Household Survey (1995-2000) and Family Budget Survey (2001-2005)

Table E24 Share of people whose household ran out of money to pay for food

Countries	2003			
	0-29	30-44	45-64	65+
Romania	47.9	52.5	61.5	57.9
EU-25	12.2	10.5	9.7	8.5

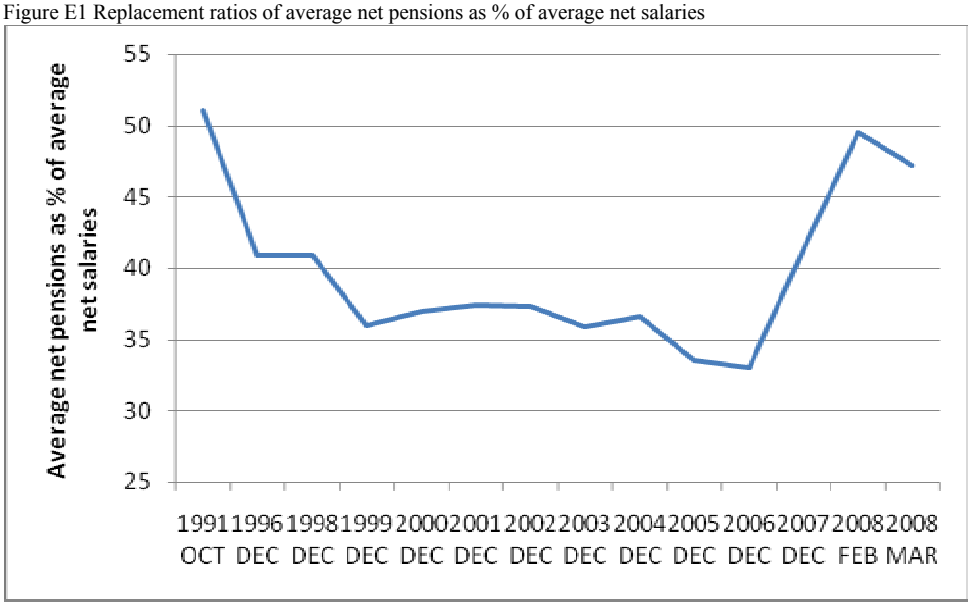
Source: EQLS

Table E25 Mean value on a scale of 1 'very dissatisfied' to 10 'very satisfied' with the own present standard of living.

Countries	2003			
	0-29	30-44	45-64	65+
RO	6.4	6.2	5.9	5.6
EU-25	6.9	6.9	6.8	7.1

Source: EQLS

Figure E1 Replacement ratios of average net pensions as % of average net salaries



Source: CNPAS

Annex F
Country tables Slovakia

List of tables and figures

Table F1 Development of wages and old pensions in Slovakia

	1989	1990	1991	1992	1993	1994	1995	2000	2005
Average monthly wage gross (SKK)	3142	3278	3770	4543	5379	6294	7195	11430	17274
Index of real gross wage (1989=100)	100	94.3	67.3	73.7	70.9	73.1	76.1	81.4	92.7
Average monthly net wage (SKK)	2310	.	.	.	.	.	5526	8881	13526
Index of real net wage (1989=100)	100	.	.	.	.	.	.	92.8	98.7
Average old pension (SKK)	1544	1673	2025	2199	2532	3049	3320	5382	7713
Index of real old pension (1989=100)	100	.	.	.	66.5	70.7	73.0	78.6	83.6
Ratio (net average pension/net average wage)	0.67						0.60	0.61	0.57

Source: Socialna politika Slovenskej republiky v roku 2000, Ministerstvo prace a socialnych veci a rodiny SR, 2001 Statisticky urad SR

Table F2 Density of population (per square KM)

Slovakian Total	**Regions**			
	Bratislava Region	Western Slovakia	Central Slovakia	Eastern Slovakia
110	294	124	83	69

Source: Statistical Office, 2007

Table F3 GDP Per Capita (constant 2000 prices)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Level (x 1000, SK)	138	148	158	167	173	173	174	181	188	196	206	219
Growth	5.8	7.3	6.7	5.6	3.6	0.2	0.6	3.7	4.1	4.1	5.3	6.0

Source: Own Computation based on data from the Statistical Office, 2007

Table F4 Sectoral employment structure

	1995	2000	2005	1995	2000	2005
	persons			per cent		
Total	2145.3	2101.4	2212.4	100.0	100.0	100.0
Agriculture	197.2	139.8	105.1	9.2	6.7	4.8
Industry and construction	834.7	782.9	858.9	38.9	37.3	38.8
Services	1113.4	1178.7	1248.4	51.9	56.1	56.4
Men	1192.0	1137.0	1231.0	100.0	100.0	100.0
Agriculture	136.5	101.3	79.2	11.5	8.9	6.4
Industry and construction	562.0	537.1	611.0	47.1	47.2	49.6
Services	493.5	498.6	540.8	41.4	43.9	43.9
Women	953.4	964.2	981.5	100.0	100.0	100.0
Agriculture	60.8	38.4	25.9	6.4	4.0	2.6
Industry and construction	272.7	245.8	248.0	28.6	25.5	25.3
Services	619.9	680.0	707.6	65.0	70.5	72.1

Source: Labour Force Surveys of the Slovak Republic

Table F5 Employed persons divided according to education grades

	1995	2000	2005	1995	2000	2005
	Persons (thousand)			Per cent		
Total	2 146.8	2101.7	2216.2	100.0	100.0	100.0
basic	239.7	146.1	102.6	11.2	7.0	4.6
apprentice	712.0	737.5	700.5	33.2	35.1	31.6
middle (without graduation)	156.4	86.9	55.8	7.3	4.1	2.5
apprentice with graduation	67.3	97.2	115.5	3.1	4.6	5.2
middle complete general	88.7	113.0	97.8	4.1	5.4	4.4
middle complete vocational	610.8	661.9	778.5	28.5	31.5	35.1
advanced vocational		15.0	21.1		0.7	1.0
university - 1st level		6.9	12.5		0.3	0.6
university - 2nd level	269.9	233.1	326.8	12.6	11.1	14.7
university - 3rd level		4.0	5.2		0.2	0.2
without education	2.0	0.2		0.1	0.0	

Source: Labour Force Surveys of the Slovak Republic

Table F6 Foreign migration

Year	Total employment	Employment abroad	
	thousand	thousand	per cent of employed
2000	2 101.7	49.3	2.35
2001	2 123.7	64.1	3.02
2002	2 127.0	78.4	3.69
2003	2 164.6	69.3	3.20
2004	2 170.4	103.6	4.77
2005	2 216.2	125.4	5.66
2006	2 312.7	158.1	6.84

Source: Labour Force Surveys, Statistical Office of the Slovak Republic

Table F7 The ratio of self-employed persons

	1995	2000	2005
Employed Total (thousand)	2147.8	2101.7	2216.2
Employed Men	1193.3	1137.3	1233.0
Employed Women	953.5	964.4	983.1
Self-employed Total (thousand)	140.1	167.4	279.3
Self-employed Men	104.0	123.0	211.2
Self-employed Women	36.0	44.4	68.1
Ratio of self-employed Total (%)	6.5	8.0	12.6
Ratio of self-employed Men	8.7	10.8	17.1
Ratio of self-employed Women	3.8	4.6	6.9

Source: Labour Force Surveys, Statistical Office of the Slovak Republic

Table F8 Number of persons in each age cohort in 1997, 2000, 2003 and 2005

Age group	1997	2000	2003	2005
– 54	4374	4515	4444	10609
55 – 59	193	158	193	969
60 – 64	125	119	133	732
65 – 74	166	183	199	1001
75+	65	94	104	505
55+	549	554	629	3207
All	4923	5069	5073	13816

Source: Household budget surveys (HBS), Statistical Office of the Slovak Republic

Table F9 Median equivalised disposable monthly income by age groups, in constant prices (year 1990) in SKK

Age group	1997	2000	2003	2005
- 54	2 132	2 104	2 585	2 968
55 – 59	3 518	4 031	5 055	4 880
60 – 64	3 444	3 476	4 379	5 257
65 – 74	3 355	3 526	4 277	5 055
75+	2 888	3 326	4 441	4 650
55 +	3 431	3 535	4 574	5 017
All	2 170	2 166	2 669	3 215

Source: HBS, own calculation

Table F10 Median equivalised disposable income by age groups as percentage of average net wage, in %

Age group	1997	2000	2003	2005
- 55	32.7	27.4	25.5	22.3
55 – 59	53.9	52.5	49.9	36.7
60 – 64	52.8	45.3	43.2	39.6
65 – 74	51.4	46.0	42.2	38.1
75+	44.3	43.3	43.8	35.0
55+	52.6	46.1	45.1	37.8
All	33.2	28.2	26.3	24.2

Source: HBS, own calculation

Table F11: Income components across age groups (%)

Income component	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	1997						
Earnings	78.7	73.8	16.9	3.2	6.5	41.9	73.8
Self-employment income	6.7	3.9	1.6	1.6	0.0	2.7	6.1
Factor income	1.0	1.6	3.2	5.5	3.1	2.9	1.2
Social transfers	7.3	16.3	71.0	84.9	85.5	47.5	12.7
Others	6.4	4.3	7.3	4.9	5.0	5.0	6.2
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	2000						
Earnings	77.6	75.8	25.9	3.3	2.8	40.6	72.6
Self-employment income	6.6	3.5	3.5	0.0	0.0	2.2	6.0
Factor income	1.3	0.8	2.2	2.4	0.4	1.4	1.3
Social transfers	8.0	16.8	65.8	92.7	95.5	53.4	14.1
Others	6.4	3.0	2.7	1.6	1.4	2.4	5.9
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	2003						
Earnings	79.4	78.9	36.1	2.4	2.8	43.6	74.1
Self-employment income	6.3	6.4	7.5	0.6	0.0	4.6	6.0
Factor income	0.5	0.3	1.4	1.1	0.3	0.7	0.1
Social transfers	6.7	11.4	52.4	94.4	95.9	48.8	13.0
Others	7.1	3.0	2.5	1.5	1.1	2.3	6.4
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	2005						
Earnings	69.4	60.4	31.3	12.5	6.6	35.9	59.6
Self-employment income	11.3	6.4	2.7	1.8	0.2	3.7	9.1
Factor income	0.3	0.4	0.2	0.4	0.3	0.3	0.3
Social transfers	13.8	27.9	62.8	83.2	91.6	56.6	26.3
Others	5.2	4.9	3.0	2.2	1.3	3.4	4.7
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: HBS, own calculation

Table F12 Structure of net money income of households by social groups

Income	A	B	C	D
2001				
Wages	66.9	80.6		
Income from business	4.7			63.8
Property income	2.7	2.7	2.5	2.1
Social income	18.4	8.1	92.0	7.7
of which: Pensions	13.3		91.4	2.6
Children's allowance	2.2	2.5		2.0
2003				
Wages	69.5	82.1		
Income from business	5.5			63.1
Property income	0.6	0.5	1.1	0.4
Social income	17.0	8.0	95.2	6.2
of which: Pensions	11.9		94.7	2.0
Children's allowance	2.3	2.6		2.1
2005				
Wages	47.5	78.2		
Income from business	8.7			67.0
Property income	0.3	0.2	0.3	0.7
Social income	38.0	13.8	89.3	10.0
of which: Pensions	32.3		88.0	4.5
Children's allowance	3.1	4.2		4.5

where:
A - Households total
B - Households of employees
C - Households of pensioners without working members
D - Households of self-employers
Source: Statistical Office of the Slovak Republic

Table F13: Distribution of population by age groups and selected income deciles (%)

Income decile	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	1997						
1	100.0						100.0
2	99.8				0.2	0.2	100.0
10	80.5	10.8	3.3	4.3	1.2	19.5	100.0
All	88.8	3.9	2.5	3.4	1.3	11.2	100.0
	2000						
1	100.0						100.0
2	99.6			0.4		0.4	100.0
10	78.5	11.7	3.8	4.2	2.0	21.5	100.0
All	89.1	3.1	2.3	3.6	1.9	10.9	100.0
	2003						
1	100.0						100.0
2	99.8				0.2	0.2	100.0
10	74.4	15.0	5.1	3.0	2.6	25.6	100.0
All	87.6	3.8	2.6	3.9	2.1	12.4	100.0
	2005						
1	98.8	0.6	0.1	0.4	0.1	1.2	100.0
2	95.4	1.2	0.8	1.3	1.2	4.6	100.0
10	62.1	16.1	10.7	8.5	2.5	37.9	100.0
All	76.8	7.0	5.3	7.2	3.7	23.2	100.0

Source: HBS, own calculation

Table F14 Median income of the elderly as percentage of median income of non-elderly

Age group	1997	2000	2003	2005
- 55	100.0	100.0	100.0	100.0
55 – 59	165.0	191.6	195.5	164.4
60 – 64	161.6	165.2	169.4	177.1
65 – 74	157.4	167.6	165.5	170.3
75+	135.5	158.1	171.8	156.7
55+	161.0	168.0	176.9	169.0
All	101.8	103.0	103.2	108.3

Source: HBS, own calculation

Table F15 Income inequality by age groups

Inequality measure	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	1997						
Gini	0.361	0.239	0.224	0.210	0.214	0.230	0.356
Theil	0.215	0.086	0.083	0.078	0.073	0.085	0.206
Atkinson (ε=0.5)	0.102	0.045	0.042	0.039	0.038	0.042	0.099
Atkinson (ε=1.0)	0.192	0.090	0.084	0.078	0.077	0.085	0.190
Atkinson (ε=1.5)	0.269	0.134	0.125	0.117	0.119	0.127	0.269
Atkinson (ε=2.0)	0.334	0.176	0.165	0.156	0.160	0.168	0.337
	2000						
Gini	0.371	0.232	0.250	0.193	0.192	0.226	0.365
Theil	0.227	0.085	0.102	0.063	0.061	0.083	0.217
Atkinson (ε=0.5)	0.107	0.044	0.050	0.033	0.032	0.042	0.104
Atkinson (ε=1.0)	0.200	0.090	0.096	0.069	0.065	0.084	0.197
Atkinson (ε=1.5)	0.278	0.138	0.139	0.107	0.101	0.127	0.278
Atkinson (ε=2.0)	0.342	0.185	0.178	0.147	0.139	0.170	0.345
	2003						
Gini	0.374	0.257	0.254	0.192	0.189	0.236	0.368
Theil	0.238	0.102	0.106	0.063	0.060	0.089	0.225
Atkinson (ε=0.5)	0.110	0.052	0.052	0.033	0.031	0.045	0.107
Atkinson (ε=1.0)	0.204	0.104	0.101	0.068	0.066	0.089	0.201
Atkinson (ε=1.5)	0.283	0.155	0.146	0.105	0.103	0.133	0.283
Atkinson (ε=2.0)	0.348	0.203	0.187	0.142	0.142	0.175	0.352
	2005						
Gini	0.388	0.308	0.277	0.250	0.242	0.278	0.374
Theil	0.258	0.155	0.128	0.106	0.092	0.129	0.234
Atkinson (ε=0.5)	0.120	0.075	0.062	0.052	0.047	0.062	0.112
Atkinson (ε=1.0)	0.224	0.144	0.119	0.104	0.094	0.121	0.214
Atkinson (ε=1.5)	0.314	0.208	0.174	0.156	0.142	0.177	0.306
Atkinson (ε=2.0)	0.392	0.266	0.224	0.207	0.188	0.230	0.388

Source: HBS, own calculation

Table F16 Aggregate cross-sectional replacement rates

	2005	2006
Replacement rate - total	0.5498	0.5822
Replacement rate - men	0.5528	0.5614
Replacement rate - women	0.5693	0.5777

Source: SILC 2005, 2006, Slovakia, own calculations

Table F17 Poverty incidence as percentage of persons with equivalised disposable income below 40%, 50%, 60% and 70% of median income

Age group	40%	50%	60%	70%
1997				
- 54	1.2	4.3	9.9	19.3
55 - 59	2.6	4.7	10.4	16.1
60 - 64	0.8	1.6	1.6	4.0
65 - 74	0.6	1.2	4.8	7.8
75 +	-	3.1	7.7	13.8
55 +	1.3	2.7	6.4	10.6
All	1.1	4.3	9.0	18.0
2000				
- 54	1.2	3.8	9.7	18.2
55 - 59	3.8	5.7	12.0	24.7
60 - 64	-	0.8	3.4	5.0
65 - 74	-	1.6	4.9	6.6
55 +	1.1	2.3	6.3	11.7
75 +	-	-	3.2	8.5
55+	1.1	2.3	6.3	11.7
All	1.2	4.2	9.7	18.0
2003				
- 54	1.9	4.7	9.7	19.0
55 - 59	3.1	6.7	14.5	20.2
60 - 64	-	0.8	0.8	5.3
65 - 74	2.0	3.0	3.5	5.0
75+	-	1.0	2.9	9.6
55+	1.6	3.3	6.2	10.5
All	1.7	4.6	10.2	18.8
2005				
- 54	5.5	10.3	17.1	24.7
55 - 59	8.3	12.8	20.6	27.1
60 - 64	6.7	10.1	16.1	20.6
65 - 74	6.0	9.1	13.3	17.9
75+	6.5	10.7	15.0	22.2
55+	6.9	10.7	16.4	22.0
All	5.7	10.9	17.4	24.5

Source: HBS, own calculation

Table F18 Poverty gap by age groups, thresholds are 40%, 50%, 60% and 70% of median income

Age group	40%	50%	60%	70%
1997				
- 54	6.0	13.4	16.5	14.2
55 - 59	3.9	20.2	13.3	18.6
60 - 64	32.9	27.7	39.8	2.8
65 - 74	31.1	25.8	9.2	14.6
75+	-	2.8	16.6	26.0
55+	16.0	18.1	16.0	16.5
All	7.7	14.0	16.2	14.4
2000				
- 54	9.6	14.1	14.7	13.9
55 - 59	2.8	20.6	16.6	14.1
60 - 64	-	16.6	3.3	16.0
65 - 74	-	2.8	11.7	18.9
75+	-	-	0.3	6.7
55+	26.2	9.6	12.1	17.3
All	8.4	13.5	14.2	15.8
2003				
- 54	19.1	15.8	14.3	15.7
55 - 59	12.4	10.6	11.2	19.6
60 - 64	-	11.9	26.6	6.5
65 - 74	22.4	37.3	47.8	37.4
75+	-	11.2	16.6	7.8
55+	13.7	20.7	23.6	12.6
All	16.2	16.5	13.4	16.2
2005				
- 54	20.7	22.3	24.7	33.6
55 - 59	18.0	26.7	28.9	37.9
60 - 64	20.9	28.2	33.6	40.0
65 - 74	25.6	31.1	38.6	41.2
75+	23.0	23.9	35.7	37.9
55+	22.2	27.6	32.0	39.5
All	19.1	21.6	26.9	35.2

Source: HBS, own calculation

Table F19 Poverty incidence as percentage of persons with equivalised disposable income below subsistence minimum (national criteria) as share of all persons (%)

Age group	1997	2000	2003	2005
0 – 54	18.8	34.2	36.9	39.3
55 – 59	0.4	0.6	0.5	2.5
60 – 64	0.0	0.2	0.2	1.2
65 – 74	0.1	0.4	0.5	1.7
75+	0.1	0.3	0.4	1.2
55+	0.5	1.5	1.6	6.6
All	19.3	35.7	38.5	45.9

Source: HBS, own calculation

Table F20 Risk-of-poverty rate by age and gender in 2004

Age group	Males	Females	Total
Total	13.2	13.5	13.3
- 15	19.2	17.6	18.4
- 64	14.3	14.0	14.2
16 +	11.8	12.7	12.3
16 - 64	13.1	13.3	13.2
16 - 24	17.1	16.6	16.8
25 - 49	13.4	14.7	14.1
50 - 64	8.3	8.3	8.3
65 +	2.7	9.8	7.1

SILC 2005, Statistical Office SR

Table F21 Risk-of-poverty rate by age and gender before all transfers in 2004

Age group	Males	Females	Total
Total	37.0	43.2	40.3
- 15	35.2	34.1	34.7
16 +	37.5	44.8	41.4
16 – 64	30.7	35.0	32.9
65 +	88.0	93.3	91.2

SILC 2005, Statistical Office SR

Table F22 Risk-of-poverty rate by age and gender before social transfers (without old-age benefits and survivor´s benefits) in 2004

Age group	Males	Females	Total
Total	21.9	21.9	21.9
- 15	30.8	28.0	29.4
16 +	20.0	20.8	20.4
16 – 64	21.7	21.9	21.8
65 +	7.9	15.1	12.4

SILC 2005, Statistical Office SR

Annex G
Country tables Slovenia

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Table G1: Median disposable income of the elderly by age groups (2004 prices, SIT)

Age group (years)	Year of the survey			
	1997-1999	**1999-2001**	**2001-2003**	**2003-2005**
below 55	1,797,341	1,829,161	1,888,512	1,935,711
55-59	1,823,001	1,879,457	1,949,513	1,964,480
60-64	1,700,861	1,788,794	1,849,113	1,855,181
65-74	1,562,125	1,665,091	1,695,517	1,732,935
75 and over	1,426,893	1,508,839	1,468,208	1,455,826
55 and over	1,639,586	1,717,540	1,737,739	1,758,564
All	1,765,113	1,799,875	1,844,255	1,886,116

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G2: Median disposable income of the elderly as percentage of average net earnings, by age groups

Age group (years)	Year of the survey			
	1997-1999	**1999-2001**	**2001-2003**	**2003-2005**
below 55	101.8	99.1	97.2	95.9
55-59	103.2	101.8	100.4	97.3
60-64	96.3	96.9	95.2	91.9
65-74	88.4	90.2	87.3	85.9
75 and over	80.8	81.7	75.6	72.1
55 and over	92.8	93.0	89.5	87.1
All	99.9	97.5	95.0	93.4

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G3: Income components across age groups (%)

Income component	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	1997-1999						
Earnings	72.3	40.7	24.4	16.9	18.1	25.0	59.7
Self-employment income	7.4	4.6	4.1	2.7	2.9	3.6	6.4
Occasional income	1.8	1.2	1.6	0.3	0.3	0.8	1.5
Factor income	0.9	0.8	1.2	1.6	0.3	1.1	0.9
Pensions	10.4	48.0	66.4	76.6	74.2	66.5	25.3
Social transfers	6.8	4.5	2.1	1.6	2.8	2.7	5.7
Private transfers	0.4	0.2	0.1	0.2	1.3	0.4	0.4
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	1999-2001						
Earnings	72.4	41.8	22.1	15.9	15.1	23.4	59.3
Self-employment income	7.4	5.5	2.6	3.0	2.9	3.5	6.3
Occasional income	2.1	1.5	1.7	0.5	0.3	1.0	1.8
Factor income	0.9	0.7	0.6	0.5	0.3	0.5	0.8
Pensions	9.8	45.3	70.5	77.9	77.8	68.4	25.4
Social transfers	6.9	4.9	2.2	1.8	2.6	2.8	5.8
Private transfers	0.6	0.2	0.3	0.3	1.0	0.4	0.5
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	2001-2003						
Earnings	72.4	44.0	24.4	15.8	14.2	23.7	59.1
Self-employment income	7.4	6.4	3.1	2.2	1.4	3.2	6.3
Occasional income	2.3	1.8	1.2	0.6	0.3	0.9	1.9
Factor income	0.7	0.9	0.8	0.8	1.1	0.9	0.8
Pensions	9.6	42.1	68.0	78.9	80.2	68.5	25.7
Social transfers	7.0	4.5	2.0	1.6	2.1	2.4	5.7
Private transfers	0.6	0.3	0.4	0.3	0.7	0.4	0.5
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	2003-2005						
Earnings	72.9	46.0	21.4	14.5	10.7	22.6	58.6
Self-employment income	7.2	6.2	3.2	2.6	1.1	3.3	6.1
Occasional income	2.6	3.0	1.0	0.8	0.3	1.3	2.2
Factor income	1.2	1.6	0.7	1.0	0.8	1.0	1.2
Pensions	8.5	39.4	71.4	79.2	85.1	69.4	25.8
Social transfers	6.9	3.4	2.1	1.5	1.5	2.1	5.5
Private transfers	0.8	0.3	0.3	0.3	0.5	0.4	0.6
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G4: Distribution of population by age groups and selected income deciles

Income decile	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
1997-1999							
1	67.3	4.4	6.2	13.5	8.6	32.7	100.0
2	65.1	6.0	6.2	15.1	7.5	34.9	100.0
10	76.7	9.0	5.9	6.4	2.0	23.3	100.0
All	75.6	5.8	5.6	8.6	4.5	24.4	100.0
1999-2001							
1	62.3	4.6	6.6	16.3	10.2	37.7	100.0
2	72.0	3.4	5.0	11.5	8.0	28.0	100.0
10	79.7	6.7	5.9	5.4	2.3	20.3	100.0
All	75.2	5.5	5.6	8.8	4.8	24.8	100.0
2001-2003							
1	61.5	5.5	6.0	16.3	10.7	38.5	100.0
2	69.5	3.9	4.7	10.2	11.8	30.5	100.0
10	78.6	6.9	4.6	6.4	3.5	21.4	100.0
All	74.8	5.5	5.1	9.1	5.5	25.2	100.0
2003-2005							
1	59.9	5.6	5.4	14.9	14.3	40.1	100.0
2	67.8	4.9	5.4	9.5	12.5	32.2	100.0
10	78.8	7.3	4.9	6.4	2.6	21.2	100.0
All	73.7	6.0	5.3	9.0	6.0	26.3	100.0

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G5: Median disposable income of the elderly as percentage of median disposable income of the non-elderly, by age groups

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
below 55	100.0	100.0	100.0	100.0
55-59	101.4	102.7	103.2	101.5
60-64	94.6	97.8	97.9	95.8
65-74	86.9	91.0	89.8	89.5
75 and over	79.4	82.5	77.7	75.2
55 and over	91.2	93.9	92.0	90.8
All	98.2	98.4	97.7	97.4

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: The non-elderly are persons below 55 years of age.

Table G6: Inequality of disposable income, by age groups

Inequality measure	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	1997-1999						
Gini	0.238	0.262	0.255	0.270	0.263	0.268	0.246
Theil	0.096	0.117	0.108	0.122	0.115	0.121	0.102
Atkinson (ε=0.5)	0.048	0.059	0.053	0.060	0.058	0.060	0.051
Atkinson (ε=1.0)	0.096	0.114	0.104	0.117	0.118	0.117	0.102
Atkinson (ε=1.5)	0.148	0.176	0.154	0.174	0.182	0.177	0.156
Atkinson (ε=2.0)	0.207	0.262	0.204	0.232	0.253	0.244	0.218
1999-2001							
Gini	0.239	0.243	0.253	0.261	0.270	0.261	0.245
Theil	0.097	0.101	0.107	0.113	0.121	0.114	0.101
Atkinson (ε=0.5)	0.048	0.050	0.054	0.057	0.061	0.057	0.050
Atkinson (ε=1.0)	0.095	0.102	0.108	0.117	0.124	0.117	0.101
Atkinson (ε=1.5)	0.146	0.158	0.166	0.183	0.191	0.181	0.156
Atkinson (ε=2.0)	0.204	0.225	0.229	0.257	0.263	0.253	0.218
2001-2003							
Gini	0.228	0.241	0.242	0.253	0.276	0.257	0.236
Theil	0.087	0.099	0.100	0.105	0.129	0.110	0.093
Atkinson (ε=0.5)	0.043	0.050	0.051	0.053	0.063	0.055	0.047
Atkinson (ε=1.0)	0.087	0.104	0.104	0.107	0.123	0.112	0.094
Atkinson (ε=1.5)	0.137	0.164	0.162	0.165	0.183	0.172	0.147
Atkinson (ε=2.0)	0.204	0.236	0.227	0.227	0.246	0.238	0.215
2003-2005							
Gini	0.232	0.251	0.236	0.247	0.263	0.254	0.239
Theil	0.091	0.107	0.094	0.101	0.120	0.109	0.096
Atkinson (ε=0.5)	0.045	0.054	0.046	0.050	0.057	0.053	0.048
Atkinson (ε=1.0)	0.088	0.112	0.090	0.099	0.111	0.106	0.094
Atkinson (ε=1.5)	0.137	0.187	0.133	0.149	0.163	0.162	0.145
Atkinson (ε=2.0)	0.213	0.318	0.175	0.202	0.218	0.233	0.220

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Based on disposable income.

Table G7: Poverty incidence, by age groups and at different poverty thresholds

Age group (years)	Poverty threshold (% of national median disposable income)			
	40%	50%	60%	70%
	1997-1999			
below 55	3.6	7.4	12.4	18.9
55-59	3.6	5.7	10.7	18.4
60-64	4.4	8.4	15.5	23.4
65-74	5.7	11.8	24.6	34.8
75 and over	8.9	17.0	25.7	37.6
55 and over	5.5	10.5	19.4	28.8
All	4.1	8.2	14.1	21.3
	1999-2001			
below 55	3.4	6.3	10.8	18.4
55-59	2.9	6.2	10.3	14.8
60-64	5.6	8.3	14.7	21.3
65-74	7.5	13.5	22.4	31.6
75 and over	9.2	16.5	26.0	38.2
55 and over	6.4	11.3	18.7	26.8
All	4.1	7.5	12.8	20.5
	2001-2003			
below 55	2.8	5.4	9.5	16.4
55-59	3.7	7.3	11.3	16.3
60-64	5.5	8.7	13.0	19.7
65-74	6.5	11.1	21.0	28.0
75 and over	8.3	15.4	25.3	39.8
55 and over	6.1	10.7	18.2	26.3
All	3.6	6.7	11.7	18.9
	2003-2005			
below 55	2.5	5.0	9.5	16.1
55-59	3.8	5.5	10.9	16.6
60-64	3.2	6.8	11.5	20.0
65-74	4.4	9.2	18.0	25.9
75 and over	4.8	12.2	29.9	42.4
55 and over	4.1	8.6	17.8	26.4
All	3.0	6.0	11.7	18.8

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Poverty rates are calculated as percentages of persons with equivalised disposable income below 40%, 50%, 60%, and 70% of the national median disposable income.

Table G8: Poverty gap, by age groups and at different poverty thresholds

Age group (years)	Poverty threshold (% of national median disposable income)			
	40%	50%	60%	70%
	1997-1999			
below 55	21.9	19.6	22.1	21.1
55-59	30.8	29.5	23.1	17.9
60-64	12.2	23.6	19.2	21.0
65-74	31.4	18.9	15.9	20.2
75 and over	30.8	22.1	22.8	23.6
55 and over	26.8	23.2	19.5	20.4
All	22.5	19.9	21.2	20.9
	1999-2001			
below 55	17.6	20.9	21.4	18.4
55-59	21.6	19.8	22.2	26.7
60-64	19.1	29.9	22.5	23.6
65-74	32.3	22.5	21.4	25.1
75 and over	31.0	24.7	27.4	23.5
55 and over	28.3	23.8	23.1	24.2
All	22.1	21.7	21.9	20.3
	2001-2003			
below 55	19.0	21.4	19.5	18.9
55-59	33.9	20.6	28.4	23.9
60-64	28.9	25.7	27.7	24.7
65-74	20.1	27.4	18.3	24.4
75 and over	27.9	22.1	19.7	18.6
55 and over	21.8	25.1	21.6	23.3
All	20.7	22.1	20.0	20.5
	2003-2005			
below 55	20.5	20.3	17.9	17.6
55-59	27.0	33.5	18.4	19.5
60-64	19.1	19.3	20.3	17.6
65-74	22.4	18.7	17.9	23.5
75 and over	26.1	16.6	10.9	18.7
55 and over	22.4	19.1	15.7	20.0
All	20.8	19.9	17.1	18.7

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Poverty gaps are based on poverty rates calculated as percentages of persons with equivalised disposable income below 40%, 50%, 60%, and 70% of the national median disposable income.

Table G9: Persons with income below social minimum, by age groups (% of all persons in the age group)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
below 55	1.9	1.2	1.6	1.1
55-59	1.8	1.2	2.8	2.4
60-64	1.4	1.9	3.6	1.2
65-74	2.7	3.0	4.1	2.1
75 and over	4.0	3.3	5.9	2.8
55 and over	2.4	2.4	4.1	2.2
All	2.1	1.5	2.2	1.4

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G10: Share of social assistance recipients, by age groups (%)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	% of all persons (in the age group)			
below 55	2.8	2.7	3.3	7.1
55-59	2.8	2.0	2.2	4.3
60-64	2.0	2.3	2.7	3.0
65-74	2.2	1.9	1.6	2.0
75 and over	5.1	4.7	2.4	0.9
55 and over	2.8	2.5	2.1	2.5
All	2.8	2.6	3.0	5.9
	% of persons (in the age group) with income below 60% of median disposable income			
below 55	60.6	56.4	46.5	39.4
55-59	46.1	73.7	56.9	40.5
60-64	73.9	92.3	41.9	24.2
65-74	51.4	50.6	41.6	45.1
75 and over	48.0	70.1	59.2	50.7
55 and over	52.7	70.0	49.4	38.7
All	58.7	59.6	47.0	39.3

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G11: Share of persons living in owned housing unit, by age groups (%)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	All persons			
below 55	92.5	92.6	93.2	92.9
55-59	95.7	96.8	95.8	95.5
60-64	95.8	95.9	96.9	96.0
65-74	95.3	95.9	96.1	97.5
75 and over	93.8	93.3	92.3	95.1
55 and over	95.2	95.6	95.4	96.2
All	93.2	93.3	93.8	93.8
	Persons with income below 60% of median disposable income			
below 55	86.4	91.2	89.4	82.8
55-59	86.0	94.5	88.6	88.9
60-64	95.3	92.0	89.3	93.8
65-74	93.3	95.8	95.7	96.9
75 and over	91.8	91.8	95.0	94.9
55 and over	92.3	93.9	93.6	94.6
All	88.4	92.2	91.0	87.5

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G12: Average floor area per person, by age groups (m^2)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	All persons			
below 55	23.8	24.7	24.7	26.1
55-59	33.4	34.8	34.0	34.6
60-64	33.4	35.3	36.9	39.4
65-74	36.6	37.3	38.9	41.8
75 and over	39.1	40.4	42.1	45.5
55 and over	35.6	36.9	38.1	40.6
All	26.7	27.7	28.1	29.9
Persons with income below 60% of median disposable income				
below 55	21.8	23.0	21.6	23.3
55-59	27.8	35.6	39.7	38.3
60-64	34.9	34.8	39.3	41.2
65-74	38.1	39.0	42.1	49.1
75 and over	43.4	44.0	42.3	48.8
55 and over	37.4	39.2	41.4	46.5
All	27.0	28.9	29.4	32.6

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G13: Average number of rooms per household member, by age groups

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	All persons			
below 55	0.85	0.82	0.87	0.93
55-59	1.18	1.05	1.17	1.19
60-64	1.16	1.11	1.26	1.34
65-74	1.28	1.27	1.34	1.43
75 and over	1.26	1.62	1.42	1.57
55 and over	1.22	1.31	1.31	1.39
All	0.94	1.00	0.98	1.05
Persons with income below 60% of median disposable income				
below 55	0.74	0.87	0.75	0.82
55-59	0.96	1.21	1.20	1.34
60-64	1.11	1.23	1.24	1.35
65-74	1.22	1.28	1.34	1.54
75 and over	1.24	1.42	1.40	1.61
55 and over	1.17	1.28	1.32	1.51
All	0.88	0.97	0.98	1.10

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G14: Share of persons living in a dwelling without bathroom, by age groups (%)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	All persons			
below 55	5.4	3.2	1.8	1.7
55-59	5.5	3.0	3.0	2.9
60-64	7.6	5.4	2.9	2.8
65-74	9.5	6.8	4.4	3.6
75 and over	9.4	10.0	9.2	6.4
55 and over	8.1	6.3	4.8	3.9
All	6.0	4.0	2.5	2.3
Persons with income below 60% of median disposable income				
below 55	16.3	9.4	8.7	9.4
55-59	27.3	14.6	16.9	20.1
60-64	17.7	19.7	15.4	8.9
65-74	23.1	20.4	14.1	12.7
75 and over	21.5	30.6	24.7	11.5
55 and over	22.3	22.3	17.9	12.8
All	18.3	14.1	12.3	10.7

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G15: Share of persons living in a dwelling without central heating, by age groups (%)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	All persons			
below 55	14.5	12.1	10.6	8.8
55-59	16.0	12.1	8.6	9.2
60-64	24.5	17.2	10.5	11.6
65-74	25.5	23.5	15.8	12.5
75 and over	32.0	30.2	27.6	20.1
55 and over	24.2	20.8	15.7	13.3
All	16.9	14.3	11.9	10.0
Persons with income below 60% of median disposable income				
below 55	34.9	29.5	27.2	27.8
55-59	42.6	33.8	19.5	33.3
60-64	50.4	34.4	23.9	27.6
65-74	47.2	45.1	32.1	26.1
75 and over	55.4	60.9	54.9	37.6
55 and over	49.2	46.1	36.0	31.7
All	39.7	35.5	30.7	29.4

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G16: Share of the poor who make ends meet with (great) difficulty, by age groups (%)

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
	With great difficulty			
below 55	37.4	37.8	41.7	44.9
55-59	43.7	32.2	38.0	34.3
60-64	21.1	27.8	33.5	18.0
65-74	19.3	25.7	23.2	17.1
75 and over	28.7	26.0	23.9	18.8
55 and over	25.1	27.0	26.9	20.2
All	33.3	33.8	35.9	35.0
With difficulty				
below 55	38.2	33.9	33.8	30.6
55-59	27.5	34.7	41.6	33.6
60-64	39.3	34.7	32.8	43.8
65-74	45.4	42.7	49.8	48.4
75 and over	42.8	48.6	41.1	40.4
55 and over	41.3	41.9	43.6	42.7
All	39.2	36.8	37.7	35.4
With (great) difficulty				
below 55	75.6	71.7	75.5	75.4
55-59	71.2	66.9	79.6	67.9
60-64	60.5	62.5	66.3	61.9
65-74	64.7	68.5	73.0	65.4
75 and over	71.5	74.6	65.1	59.2
55 and over	66.4	68.9	70.5	62.9
All	72.5	70.7	73.5	70.4

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Poverty threshold is set at 60% of the median equivalent disposable income.

Table G17: Persons in pensioner households and the unemployed, by age groups and selected income deciles, 2003-2005 (% of all persons)

Income decile	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	Persons in pensioner households						
1	6.1	38.5	67.6	76.4	92.8	75.8	34.1
2	3.8	17.2	56.6	70.5	81.5	64.4	23.3
10	0.2	5.1	33.2	56.2	71.9	35.3	7.6
All	2.0	24.1	55.1	65.1	76.5	56.4	16.3
	Unemployed						
1	30.6	21.4	6.0	0.5	0.0	4.0	19.9
2	16.8	13.5	4.3	0.6	0.0	2.9	12.3
10	1.6	1.0	1.4	0.0	0.0	0.7	1.4
All	7.8	6.6	1.8	0.2	0.0	1.9	6.3

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G18: Poverty incidence, by age groups and at different poverty thresholds; persons in pensioner households and the unemployed (%), 2003-2005

Age group (years)	Poverty threshold (% of national median disposable income)				
	40%	50%	60%	70%	Number of all persons
	Persons in pensioner households				
below 55	5.1	15.4	28.5	38.8	151.9
55-59	5.7	6.8	17.0	20.4	146.0
60-64	3.6	8.6	14.1	22.7	294.5
65-74	4.8	1.6	20.3	29.3	597.4
75 and over	5.9	15.1	35.3	48.9	467.5
55 and over	5.0	11.2	23.4	33.2	1505.4
All	5.0	11.6	23.9	33.7	1.657.2
	The unemployed				
below 55	14.3	22.8	36.5	49.8	585.7
55-59	19.0	26.7	32.4	41.8	39.7
60-64	26.2	26.2	33.3	57.5	9.8
65-74	-	43.5	43.5	43.5	1.9
75 and over	-	-	-	-	0.0
55 and over	19.7	27.3	33.0	44.9	51.4
All	14.7	23.1	36.2	49.4	637.1

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Poverty rates are calculated as percentages of persons with equivalised disposable income below 40%, 50%, 60%, and 70% of the national median disposable income.

Table G19: Share of women in all persons, by age groups and selected income deciles; all women and women in single households, 2003-2005 (%)

Income decile	Age group (years)						
	below 55	55-59	60-64	65-74	75 and over	55 and over	All
	All women						
1	48.8	52.0	43.7	75.0	79.9	69.4	57.1
2	48.6	47.0	66.5	65.6	75.7	66.9	54.5
10	49.5	47.1	47.6	49.1	60.1	49.4	49.5
All	48.8	48.7	51.0	57.6	70.6	57.2	51.0
Women in single households							
1	4.3	13.2	19.6	48.7	60.8	44.2	20.3
2	1.6	6.3	25.3	34.2	45.8	33.0	11.7
10	1.4	0.0	0.0	6.3	20.2	4.4	2.1
All	1.3	3.3	8.8	18.5	37.0	17.4	5.5

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.

Table G20: Poverty incidence among women, by age groups and at different poverty thresholds; all women and women in single households, 2003-2005 (%)

Age group (years)	Poverty threshold (% of national median disposable income)				Number of all persons
	40%	50%	60%	70%	
	All women				
below 55	2.3	5.1	9.5	16.2	3,652.7
55-59	3.4	5.7	11.3	17.4	294.7
60-64	1.9	4.5	11.4	21.1	272.9
65-74	5.5	12.4	23.2	32.3	527.8
75 and over	4.8	13.8	34.4	46.9	431.4
55 and over	4.3	10.1	21.9	31.5	1,526.8
All	2.9	6.5	13.1	20.8	5,179.6
	Women in single households				
below 55	15.4	22.3	34.1	39.0	95.1
55-59	-	7.7	48.8	52.6	20.2
60-64	6.8	6.8	27.7	52.6	46.9
65-74	9.6	26.5	44.7	61.0	170.0
75 and over	6.0	19.7	49.0	64.1	226.0
55 and over	7.2	20.4	45.2	61.3	463.2
All	8.6	20.7	43.3	57.5	558.2

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Poverty rates are calculated as percentages of persons with equivalised disposable income below 40%, 50%, 60%, and 70% of the national median disposable income.

Table G21: Poverty incidence among male and (single) female pensioners, by age groups and at different poverty thresholds, 2003-2005 (%)

Age group (years)	Poverty threshold (% of national median disposable income)				Number of all persons
	40%	50%	60%	70%	
	Male pensioners				
below 55	5.7	11.8	19.7	25.3	90.9
55-59	5.4	5.8	11.2	16.6	107.1
60-64	3.7	8.0	9.8	16.5	217.8
65-74	2.9	4.8	10.8	17.0	381.9
75 and over	4.7	8.4	19.4	32.0	178.3
55 and over	3.7	6.5	12.3	19.8	885.2
All	3.9	7.0	13.0	20.3	976.1
	Female pensioners				
below 55	2.9	6.5	16.1	21.9	129.0
55-59	0.4	0.9	6.5	11.4	225.2
60-64	1.1	2.0	8.2	17.3	250.8
65-74	4.8	11.5	20.6	29.3	494.4
75 and over	4.7	13.7	34.4	46.6	416.4
55 and over	3.4	8.7	20.2	29.4	1,386.7
All	3.3	8.5	19.9	28.8	1,515.7
	Female pensioners in single households				
below 55	13.5	13.5	74.0	74.0	7.6
55-59	0.0	0.0	45.2	49.4	18.3
60-64	4.7	4.7	26.0	51.4	45.8
65-74	9.6	26.5	44.7	61.0	170.0
75 and over	6.0	19.7	49.0	64.1	226.0
55 and over	7.0	19.9	45.0	61.1	460.3
All	7.1	19.8	45.4	61.3	467.9

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: Poverty rates are calculated as percentages of persons with equivalised disposable income below 40%, 50%, 60%, and 70% of the national median disposable income.

Table G22: Number of cases in the total sample (weighted), by age groups

Age group (years)	Year of the survey			
	1997-1999	1999-2001	2001-2003	2003-2005
below 55	8,839.8	8,541.2	7,891.7	7,478.2
55-59	675.8	625.9	581.2	605.4
60-64	649.0	636.0	542.6	534.7
65-74	1,005.8	1,003.9	964.0	916.9
75 and over	521.6	543.9	576.2	611.2
55 and over	2,852.2	2,809.6	2,664.0	2,668.2
All	11,693.0	11,350.8	10,555.7	10,146.4

Source: SORS, Household Budget Surveys (1997-1999, 1999-2001, 2001-2003 and 2003-2005); own calculations.
Note: See Section 8.3 for explanation of the equivalence scale used.

Figure G1: Income components of the elderly, 1997-1999, Slovenia

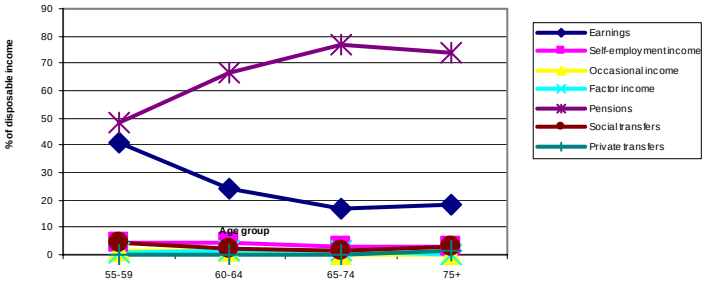


Figure G2: Income components of the elderly, 1999-2001; Slovenia

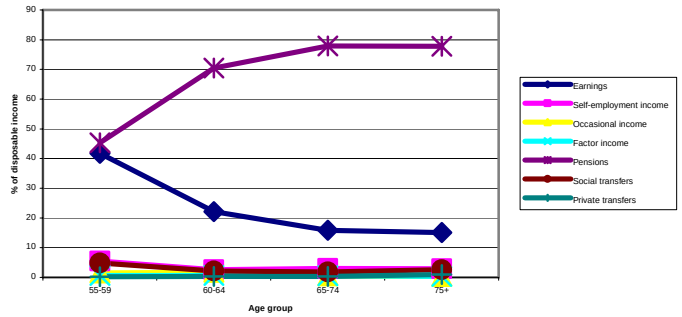


Figure G3: Income components of the elderly, 2001-2003; Slovenia

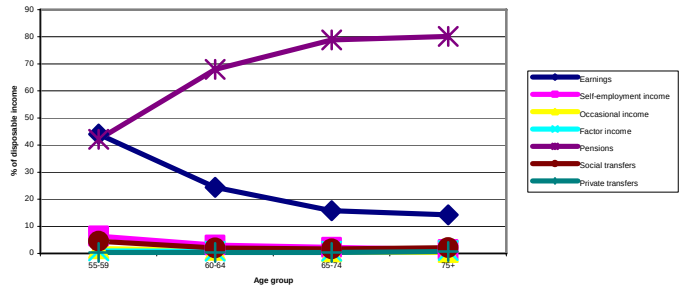


Figure G4: Income components of the elderly, 2003-2005; Slovenia

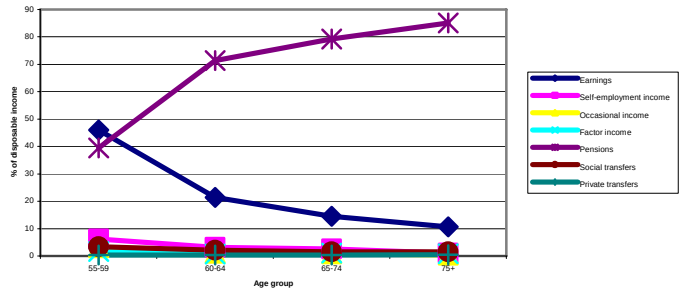
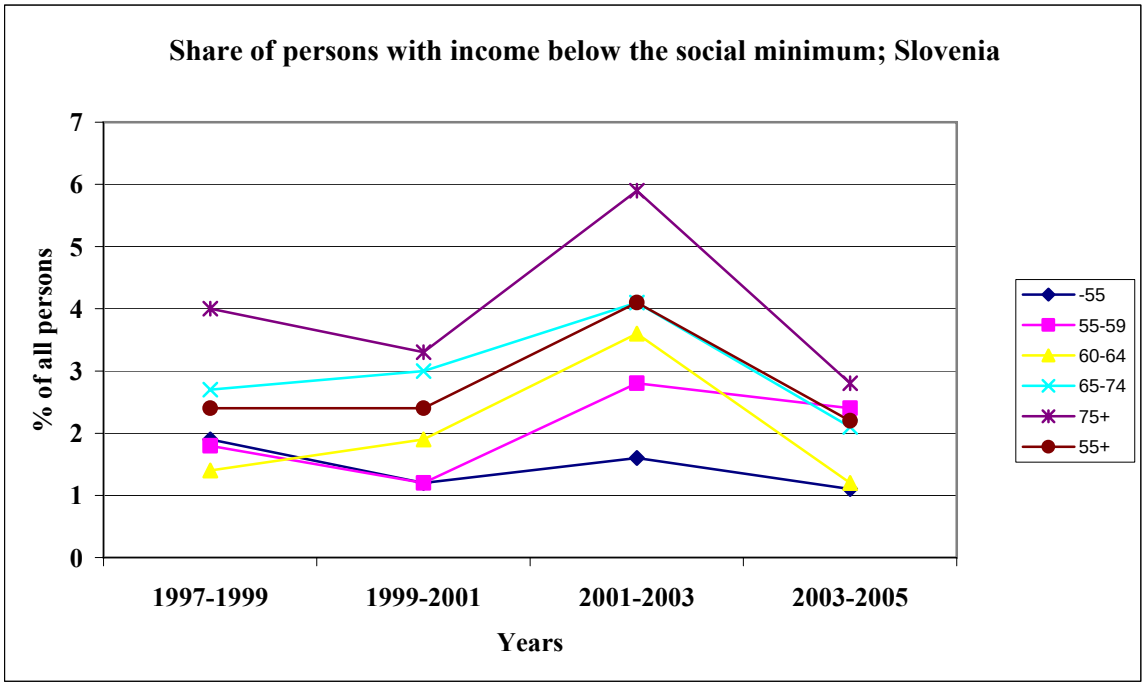


Figure G5:


Share of persons with income below the social minimum; Slovenia
% of all persons
0
1
2
3
4
5
6
7
1997-1999
1999-2001
2001-2003
2003-2005
Years
-55
55-59
60-64
65-74
75+
55+