

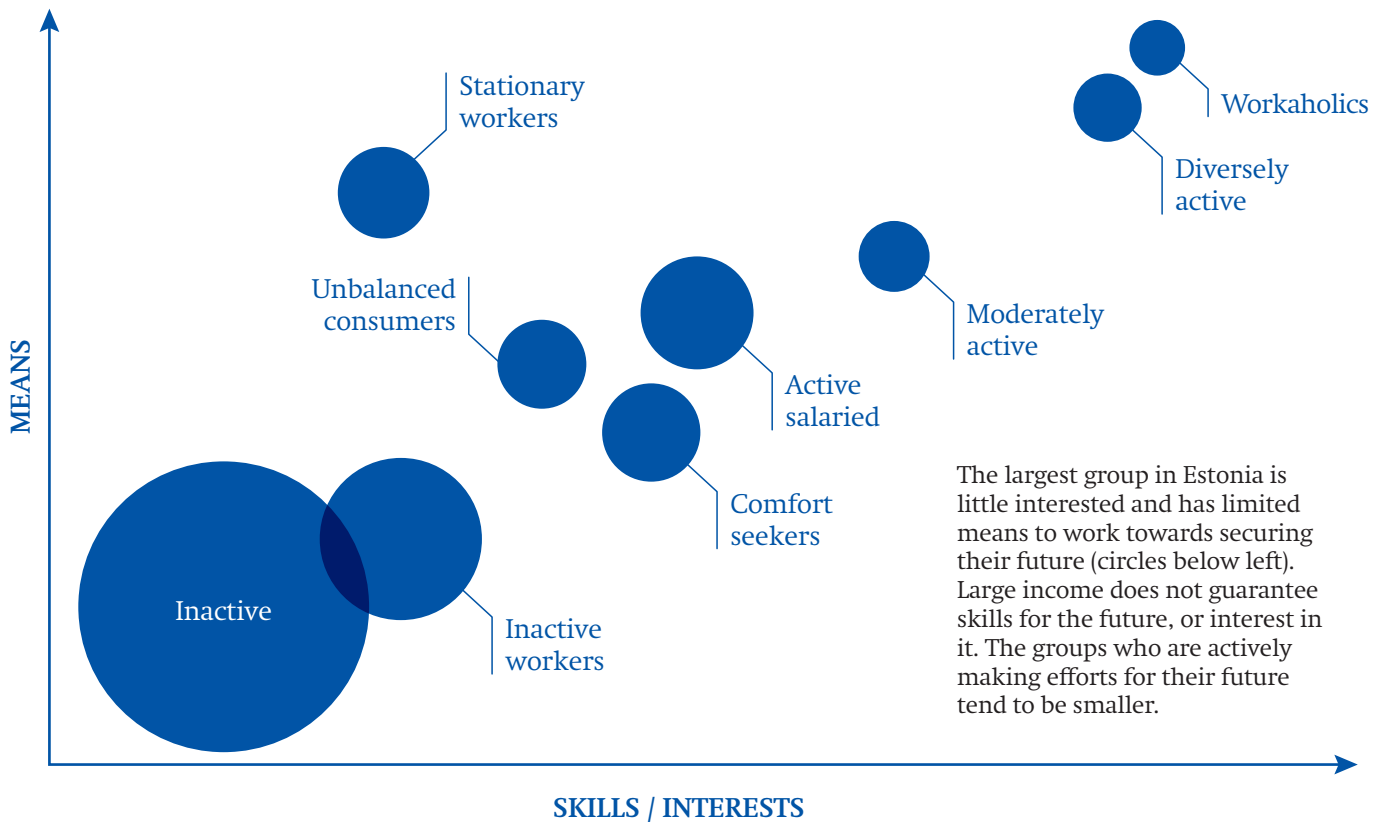
ESTONIAN RESIDENTS GIVE LITTLE THOUGHT TO THEIR FUTURE. MANY LACK THE MEANS OR SKILLS TO MAKE SMART INVESTMENTS FOR THE FUTURE

Only 2% of Estonian residents received income from shares, funds, or bonds in 2017

Increasingly less money is invested into the third pillar – 9% in 2009, and 7% in 2017

Consumption per member of household has increased by 55% between 2007 and 2015. Although prices have also increased over this period, the price hike has not been as rapid (consumer price index has increased 26.6%)

The figure shows how different groups in Estonia prepare for their future on the axes of means and interest. The size of the circles reflects the size of the groups.



What do these results show us?

- Being smart about money means more savings if this is linked to the daily activities and personal lifestyle ambitions of the person.
- A person's financial situation and saving skills largely depend of the stage of their lifecycle.
- Large income does not mean good money skills, or vice versa. Saving and money skills develop in the course of life by making small daily decisions and executing these.
- The skills regress when the need for action is reduced (at the end of the lifecycle), the environment does not support the activities (services downsizing in peripheries), or life becomes too comfortable (role of a dependant or care receiver).

The study *Income and Assets Profiles of the Estonian Population* was commissioned by the University of Tartu Centre for Applied Social Sciences. The purpose of the study is to identify the ability of different social groups to secure their own future, and map the changes in their lives over the last ten years. The study data comes from a variety of databases, such as the Estonian Social Survey (ESU), *Me.The World. The Media* (MeeMa), Household Budget Survey (LEU), the Tax and Customs Board.

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SINCE 2007, INCOMES IN ESTONIA HAVE NEARLY DOUBLED IN ALL GROUPS, YET MANY CONTINUE TO SEE THE CHANGE IN THEIR ECONOMIC SITUATION IN A NEGATIVE LIGHT

<p>Difference between incomes and consumer expenditure in percentages in the income was 19% in 2007, 12% in 2017</p>	<p>In 2010, 8% believed they were coping better. In 2015, 19% believed the same. The situation is more difficult for ethnic minorities and families with disabled members</p>	<p>Around 90% of Estonian residents own at least one piece of real estate, but the percentage of rental revenue in incomes is low</p>
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<p><u>Incomes</u> have doubled since 2007</p>	<p>The growth has been above average for men, younger people (25–49 yrs), residents of Tallinn, and people with high incomes</p>
<p>The major <u>asset</u> of Estonian residents is their home</p>	<p>Estonia has a large percentage of homeowners. Despite this, rental revenue is modest</p>
<p><u>Consumption expenditure</u> in Estonia has constantly increased</p>	<p>The key factor in shaping consumption is income – consumption increases along with the income. Consumption is reduced to a minimum in difficult times</p>
<p>Larger income does not always lead to <u>saving</u> more</p>	<p>People with higher incomes have claimed to have savings more often, people with lower incomes – less often</p>
<p>Objective indications show that Estonian residents live better now</p>	<p>Less people claim that their household is in a worse economic situation than before. But considerably less people have seen an improvement in it</p>

What do these results show us?

- Higher salary is not always linked to more savings. As incomes grow, consumption is “updated”.
- In difficult times, food expenditure is reduced the most – both in absolute figures as well as a percentage from the income. Most people are not able to reduce housing expenses in difficult times. Expenses on free time are largest in families with children.
- People have been left with a smaller part of their income.
 - Single parent live from paycheck to paycheck and their situation has worsened over the years.
 - Pensioners living alone can put aside the same percentage of their income as workers living alone, although their incomes are considerably smaller.

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