PREPARING FOR THE FUTURE

Millennials' means of seeking financial security

HÄMEEN AMMATTIKORKEAKOULU
HÄME UNIVERSITY OF APPLIED SCIENCES

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Markus Kettunen
Sami Kriikkula

Master of Business Management and Entrepreneurship
University Centre Hämeenlinna

Author	Markus Kettunen, Sami Kriikkula	**Year** 2020
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Supervisor(s)	Helena Turunen	

TIIVISTELMÄ

Tämän opinnäytetyön tarkoituksena on selvittää mitä keinoja millenniaali-sukupolvi (Y-sukupolvi, 1980-1999-syntyneet) on ottanut käyttöön tai suunnittelee ottavansa taloudellisen tulevaisuutensa turvaamiseksi. Sukupolven viimeisetkin ovat tulleet täysi-ikäisiksi ja ovat läsnä työelämässä tai valmistautumassa siihen. Eläkepäivät ovat millenniaalien näkökulmasta vielä kaukana tulevaisuudessa, mutta aiheeseen liittyy paljon pohdittavia asioita.

Kehittyneiden maiden väestö vanhenee ja huoltosuhde heikkenee. Eläkeikää nostetaan ja eläkemaksut nousevat myös. Lisäksi syntyvyyden lasku huolettaa. Näitä aiheita on käsitelty laajasti eri medioissa viime aikoina. Lisäksi nuorten kiinnostus sijoittamista kohtaan on nousussa. Tutkijoina toimivat Markus Kettunen ja Sami Kriikkula ovat itsekin millenniaaleja ja työskentelevät finanssialalla.

Tutkimus toteutettiin kvantitatiivisia menetelmiä hyödyntäen. Jaoimme kyselylomakkeen eri online-alustoja hyödyntäen ja tavoitimme lopulta 378 millenniaalia, jotka vastasivat kyselytutkimukseemme. Tärkeimpänä kysymyksenä oli selvittää, kuinka luottavaisia millenniaalit ovat Suomen eläkejärjestelmään. Selvitimme myös, millaisia omia ratkaisuja millenniaalit ovat tehneet oman tulevaisuutensa turvaamiseksi taloudellisessa mielessä. Tutkimustuloksista kävi hyvin selväksi, että millenniaalit ovat huolissaan huoltosuhteen heikkenemisestä. Samanaikaisesti he epäilevät, pystyykö Suomen eläkejärjestelmä pysymään kestävänä ja tarjoamaan heille riittävän eläkkeen tulevaisuudessa.

Avainsanat millenniaalit, huoltosuhde, eläkejärjestelmä, vakuuttaminen, sijoittaminen

Sivut 91 sivua, joista liitteitä 16 sivua

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HÄMEEN AMMATTIKORKEAKOULU
HÄME UNIVERSITY OF APPLIED SCIENCES

ABSTRACT

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ABSTRACT

This study aims to find out what means Millennials (Generation Y, born 1980-1999) have taken into use already or are planning to utilize to secure their financial future. Even the youngest of the generation have become adults and are either already present in the working life or are preparing for it. Retirement days are possibly far away in the future from Millennials' point of view, but there is still much to consider concerning the topic.

The population in developed countries is aging and the dependency ratio is decreasing. Retirement age is increasing along with pension payments paid by employees and companies. Decreasing birth-rates are also causing worry. These subjects have been under constant review and debate in the media lately. Also, younger people are more and more interested in investing. The researchers Markus Kettunen and Sami Kriikkula are Millennials themselves working in the insurance and finance industry.

The research was conducted through quantitative methods. We distributed a questionnaire through various online platforms and reached 378 Millennials in total who responded. The main question was to find out how confident Millennials felt about the Finnish pension system and had they taken some individual actions to prepare for their future financially. The research results strongly indicated how the declining dependency-ratio worried Millennials. Concurrently, they felt very doubtful about the the current pension system's ability to remain durable and provide a sufficient pension for them.

Keywords Millennials, pension system, dependency ratio, investing, insurance

Pages 91 pages including appendices 16 pages

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1 INTRODUCTION

1.1 Background of the Thesis

This thesis is written by two Millennials, both with around 10 years of experience in banking and insurance. We want a secure future. We want to retire someday. But we are uncertain, will we be able to? We have realised that the public pension system may not support us, at least not soon enough, so we need to prepare ourselves for the future. And we must start now.

The Millennial generation – those born between 1980 and 2000 – has now reached adulthood completely and are actively involved in the workforce. Youngest Millennials can still be studying, though. Most have some work experience, at least in the form of summer jobs between study terms. (Nichols & Smith 2015.)

There are distinctive attributes to the members of this generation. They have grown into vast technological advancements during the rise of the Internet and its endless applications. This has created a new world of limitless possibilities, but problems, too. Their work habits, desires, expectations are very different from previous generations. Many studies have been made recently to learn what Millennials prefer in their work, how they want to be led and how totally workplaces, even economies, are affected by this – our generation. (Nichols & Smith 2015.)

Millennials have a completely different world view from our parents. We want to do things now, not “when we retire”. Millennials do not expect to spend their careers at the same job or even the same company. (Sorjanen & Vainio 2020, 65.) Nevertheless, Millennials will reach retirement age eventually. When they do, the harsh reality presents itself in the form of Finland’s skewed age pyramid. Declining dependency ratio has raised Millennials’ perceived retirement age up to around 70 years, but it is confirmed only after the age of 62. This creates the core of the problems we want to research in this thesis. Will the public pension system be enough for us? Will it even exist as we near our retirement? How can we, Millennials, prepare for the future financially?

1.2 Research questions

The thesis will seek to answer the following four research questions:

1. How well do Millennials trust the Finnish pension system and what is their perspective towards its future?

2. How Millennials view their current financial situation and what is their attitude towards it now and in the future?

3. What financial products and services Millennials have already in use and what are in consideration?

4. What kind of attitudes and expectations Millennials have towards new products and services?

To clarify, we will have to ask respondents about their trust towards the current pension system and its future. We also want to find out what is Millennials’ current state – financially. How good is their knowledge on money, savings, insurance and other forms of securing their financial future? To answer this, we need to ask respondents more concretely, what instruments or products they prefer, how they save and prepare otherwise for their financial future? Lastly, our research aims to find out what Millennials think about new financial services. Are there some alternative solutions they have in consideration? How could finance and insurance providers cater their Millennial segment better? Is there a generational outcome to be defined in conclusion?

1.3 Thesis structure

The thesis begins with the theoretical framework. We will define the main terms, such as the Millennial generation, social security, social insurance, pension, the Finnish public pension system and the concepts of financial security and freedom. Thereafter, we will present our research methods, questionnaire structure and data collection. The third part consist of empirical findings, where the research results are presented and analysed. To conclude, we summarize the research and compare results to other relevant researches and theories.

Both researchers contributed to all the phases of the work. Due to personal preferences and skills, work was divided into smaller categories and tasks were divided between researchers. From the researchers, Sami Kriikkula took more responsibility with researching the current Finnish pension system and its history and was also in charge of the concepts of financial security and freedom as investing was more familiar by trade. Sami was also in charge of creating the questionnaire, distribution of it and gathering the results. Markus Kettunen focused more on the data analysis of the questionnaire and took more role in the concepts of social security in methodology and the definition of the Millennial generation and their traits. Also, Markus Kettunen had the expertise to focus on all things related to insurance, as he is an expert in that field. Overall, the thesis project was very much a joint effort by the researchers. We allowed ourselves to keep a constant dialogue regarding the project's different phases and were able to finish the project successfully in cooperation.

2 THEORETICAL FRAMEWORK

2.1 The Millennial generation

In this chapter, we take a closer look at the chosen study group; the Millennial generation – also referred as “the Millennials”. To define the generation more clearly, we study the previous generations and the characteristics that really make a generation. Besides definition, we will explain, which factors make Millennials being such an interesting research group in the context of the thesis topic.

2.1.1 Definition and background

“They don’t care about customers.”
“They want a trophy for just showing up.”
“If you correct them, they quit.”
“We are not defined by our job.”
“We want to have a say about how we do our work.”

Is this how managers see Millennials? Do Millennials really think like this themselves? Espinoza & Ukleja present these direct quotes in their book “Managing the Millennials: Discover the Core Competencies for Managing Today's Workforce” (2016). How do they differ from previous generations? What factors were there to form the Millennial generation into what they are now in their early years in work life? How can the generations understand one another better? What special characteristics do the Millennials have?

There are several opinions about during what period Millennials are born. Sorjanen & Vainio (2020) have chosen to consider people born between 1985 and 1995 to be Millennials. However, their project included two interviewees born in 1998. They do acknowledge the differences in defining the correct period, and mention, that in most researched publications, the same definitive birthdate scale was used as Espinoza & Ukleja (2016) have; those born between 1980-2000 are described as the Millennial generation. It is the last generation of the Millennium. In this thesis, we use this period. However, we limited the birthdates up to those who had born in 1999, not 2000.

Millennials have become adults. Many are still studying but a significant part of the generation is already in work life and the rest of the generation is going to be very soon. As Millennials’ representation increases in the workplace, managers and co-workers of previous generations face new – some would say problems – but more so a fresh situation that requires reform in many common practices and behaviour. As the quotes earlier revealed, many have strong opinions about the generation. When something is clearly very different than before, it stirs conversation and opinions. This happens between generations connections, too. And the Millennial generation is very different.

Firstly, before addressing the Millennial generation further, we must understand the previous generations. One could argue, that regardless of generation, the youth will remain the same: challenging their parents, creating new through finding themselves in an everchanging society. However, each generation possesses some exclusive qualities that define them generally.

As we look generations and go back a hundred years, Espinoza & Ukleja (2016) give an example how a man born in the 1925s remembers “party lines” as common telephone lines used by five or more families around the neighbourhood. A Millennial, then, has a “party line” of their own in their pocket, through which they can connect to five (or how many ever) people at once. Next, we will look at those generations from the 1920s all the way to Millennials. Notice that the examples and figures Espinoza & Ukleja (2016) present are from American perspective, but they do give some remarks from a global perspective as well.

The 56 million (Americans) called “the Builders” were born between 1925 and 1945. They experienced many global crises: The Great Depression, The Korean War and The World War II. The Builders took advantage of G.I. Bill, which gave veterans access to college education. About 8 million veterans had used this benefit by 1956. Perhaps the constant presence of war made the Builders value honour, education and authority. They weren’t in a hurry, either: it was normal to work hard and wait fulfilments in life patiently. Careers were often made inside one organization.

After the World War II and The Builders became The Baby Boomers. These men and women were born from 1946 to 1964. There are about 80 million people in this generation (In the USA). There was a baby boom after the war, indeed. This generation is the largest in Finland, as well. There was a significant increase in birth-rate in Finland after the war in 1946. Birth-rate started to decline more around midway through the 1960s. (Statistics Finland 2019) To better understand Baby Boomers generation’s scale, there were 108 000 babies born in Finland in 1947 (Ruotsalainen 2016), and only 47577 babies in 2018. (Statistics Finland 2019) In America – elsewhere, too – Baby Boomers were shaped by new wars, The Vietnam War and The Cold War. Additionally, movements like Women’s Liberation Movement and The Civil Rights

Movement influenced this generation. Baby Boomers were liberational in their experiments, too. They learned about free sex, drugs and rock n' roll. Interestingly, perhaps, they still became very interested in their health and wellness, professional identity and material wealth. As they value their work highly, Baby Boomers increased their work hours and take advantage of technology to work even more, not less.

The next generation was the Generation X. They were born from 1965 to 1979. This generation was smaller than the Baby Boomers: 61 million (in the USA). In their youth, the Gen X saw the Chernobyl disaster, the AIDS epidemic causing terror in the world, the beginning of computers and video games, MTV and both parents working. Generation X values their independence and autonomy. They want to have good balance between work and life, but they can use mobility to work outside the office.

And then, became those born during 1980 and 2000, hence, the Millennials. This generation's war is the war on terrorism. Millennials experienced 9/11, Columbine and countless other massive attacks. Millennials have been raised along the rapid development of mobile phones and text messages. Therefore, technology is no longer a separate part of discussion with Millennials, but more so an integral part of their lives both in their work-life and free time. Millennials have been raised in a nurturing environment making them want and need constant feedback. They want to emphasize diversity and social responsibility and they expect their workplaces to do the same. Millennials are a very structured and sheltered generation. They are also the best-educated and the most technologically advanced one.

Millennials are sometimes called global or digital natives. Globalization and major developments in technology have made Millennials to be more alike with one another than any other generation before them. Espinoza & Ukleja (2016, 11) elaborate on Karl Mannheim's almost a 100-year-old theory that explains how generations can be viewed as a social construct: A Generation's worldview is formed when similar age people live through socio-political events together. Now, this theory has become even more defining for Millennials and the generation after them. Due to limitless-like possibilities created by technology, the world is much smaller now. As geographical differences influenced the previous generations, it is now technology that defines generations. Despite this global phenomena, Espinoza & Ukleja (2016, 12) continue to stress that many cultural differences still exist. Millennials have more access to information than preceding generations and hence less need for authorities to give information to them. However, sociologist Geert Hofstede's concept of power distance in cultures still applies to Millennials globally. Some countries are considered high power distance and are therefore more hierarchical and less flexible. Most western countries are low power distance where management's and subordinates' can more easily challenge one another. As technology keeps uniting us as a generation, it has become more challenging to manage Millennials in high power distance countries.

According to Espinoza & Ukleja, there are six impactors that a generation's members experience during their formative years: family, education, morality, peers, spirituality and culture. (Espinoza & Ukleja 2016, 13.)

As preceding generations balanced with work-life and other life or just lived to work, Millennials work to live. Millennials are not waiting for retirement to experience the world, travel and just live. They want to live now. Baby Boomers believe in hard work through which they can earn gratification. Millennials do not resist work, but they think they can work smarter. Even though Millennials do not care much about titles or position compared to their parents or grandparents, they do think they are special. Espinoza & Ukleja (2016, 14) write about narcissism studies which claim Millennials, because of their nurturing upbringing, believe they are entitled to special treatment. Naturally, Millennials then believe they are good at their jobs, too. They think they work more efficiently and produce better results. Due to these beliefs, they expect a lot from their employers. They want direct feedback to monitor their development constantly. In their book, Espinoza & Ukleja summarize Millennials are high performance but high maintenance. (Espinoza & Ukleja 2016.)

2.1.2 Why Millennials are an interesting research group?

The current macroeconomic environment is an interesting situation. Word economy and stock markets have had one of the longest bull runs ever. Concurrently, governments are competing who can inflate their currency most with quantitative easing to boost exports. Cryptocurrency is a new financial instrument in the financial sector, while online services, such as CFD trading and peer-to-peer lending are growing in popularity. World is changing and Millennials as the next generation with the prime income levels in the economic system is of special interest. (Mehmood 2019.)

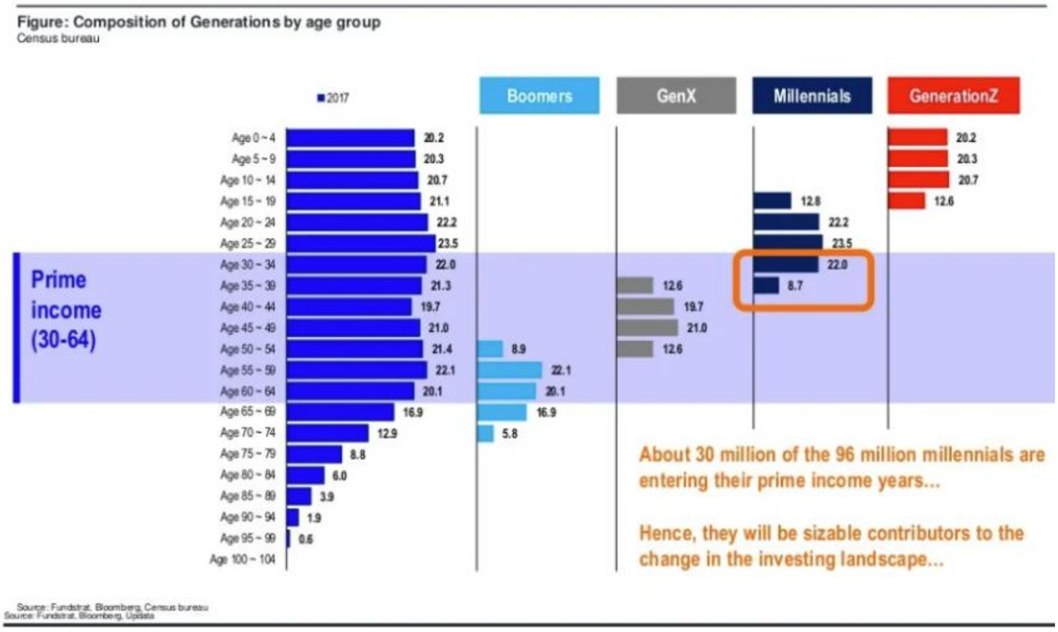

Figure 1. Millennials are entering their prime income years.
(Mehmood 2019)

There are plenty of studies related to Millennials expectations for the work environment, requirements for superiors or career choices. However, these studies are often very wide-scoped and offer work-related info about a very large group of Millennials. We wanted to limit our study to cover Millennials based in Finland, and search for new information on how Millennials relate to their financials, views of the future, and especially the pension system. Constantly more challenging dependency ratio means that there are less and less working aged people in Finland compared to older people on pension. (Kalluinen 2018.)

Millennials also differ a lot from the previous generations. At every generational switch there are large changes that are empowered by the new generation's preferences. Millennials have not born with modern information equipment but are the first generation to have started using them at a very early age. Other major differences, according to Business Insider (2019), are that Millennials want to make an impact with their work, they are more health-oriented consumers, they get married later and they will not stick up with a supervisor or a company they are not feeling good with. Mehmood (2019) reports that every generation empowers new services and phenomena unused or misinterpreted be previous generations. In this regard, peer-to-peer services and online apps such as Instagram, Uber and Airbnb have been services that especially Millennials use.

2.2 **Social security**

2.2.1 Introduction to social security

Havakka, Niemelä and Uusitalo introduce the characteristics of social insurance in their book "Sosiaalivakuutus" (2012). The book title translates into English as simply "social insurance". Social insurances are an essential part of everyone's life. They affect our ordinary decisions and possibilities: how to establish and maintain financial security, preparing for social risks at different stages of life, such as disabilities, aging, unemployment etc. Havakka et al.'s publication and the research conducted in this thesis project are limited to cover the topic in Finland with some possible notifications of other countries' policies regarding the issue to provide perspective through comparisons.

The establishment of financial security can be described by a four-stage model:

1. Living in Finland: mandatory statutory social security
2. Employment: statutory or collective bargaining agreement-based or employment contract-based security
3. Self / employer: optional long-term savings or insurance plan
4. Self / family: work or wealth revenue based optional security

The first stage security is guaranteed to everyone based on their residency in Finland. These legal social allowances are based on a means test, financial test or on the principle of universality. The latter grants the same level of allowances equally to everyone. Basic level pension is one of this type of universal securities, which we will discuss more in detail later in this report. Means test determines the person's actual need of social welfare in their current situation and financial test-based securities only measure the level of income. For some allowances, the residency in Finland has a set minimum time to be an eligible recipient of social securities.

The second stage includes social security arranged by or dependent on employer. As employment contract is established, the employer is responsible of arranging mandatory employee pension and occupational accident and disease insurance. Both are earnings related. Being earnings related, too, the unemployment benefit belongs on this second stage of agreement-based social security.

The third and fourth stages describe completing optional savings and insurance policies which could be arranged by the employer or the individual themselves. These policies could include voluntary pension

plans, voluntary insurance plans to cover accidents or health care more broadly or, in the fourth stage, security provided by existing wealth revenue which could work as a buffer when required.
(Havakka et al. 2012, 11-15.)

2.2.2 Risks' and social insurances' characteristics

There are multiple risks in our lives. We insure ourselves, our families, cars, and other belongings, against different risks. By risk, Havakka et al. (2012, 19) mean the uncertainty of damage or injury of a sort. Social insurance, as shortly described earlier, concerns the life and health risks which are determined as social risks by legislation. These include: sickness, accident, old age and death. In the case of actualization of these risks, social insurances are meant to cover expenses and guard the injured/damaged party's wealth.

Risks have certain characteristics. Firstly, risk actualization is irregular. This irregularity could be the occurrence rate of the risk or the unlikelihood of it. Secondly, the scope of damage is irregular and finally, the risk's actualization timing is irregular, too. Risks are measurable as well. Mathematical models are used to measure the likelihood of risk's occurrence. These methods of risk theory are perceived as a category under mathematical probability theories. (Havakka et al. 2012, 19.)

Insurance, however, is only one way of risk management. Individuals can prepare for risks by saving money for the future. If a home appliance breaks, for example, they could then use their own savings to cover the repair or replacement costs. Same type of preparations could easily be made to cover against any risk, really, but in proportion to the risk's significance. Depending on one's financial situation, larger risks such as fire could be managed with own wealth, too, but as we get into this scope in risk significance, insurance becomes more and more attractive. In insurance, a large group of people commonly apportion the risk within one another and this way even larger risks become manageable. Insurance company collects payments from this group and negotiate which risks are included in the insurance plan. This way, the insured – as a group – agree to compensate for each other. (Havakka et al. 2012, 20.)

An insurance plan against risks is therefore a very useful risk management tool for most, because not only does it divide the risk, it also liberates financial assets to more useful purposes. As it is not needed for individuals to hold on to all cash assets because of risk management, they could use these assents to accumulate wealth by different methods such as voluntary pension funds, stock exchange, real-estate and whatever they decide to choose. Personally, working as an insurance agent, it has been interesting to find out how different type of risk managers individuals can be. Most are eager to insurance their home ang belongings against every risk possible, though insurance never covers everything, to be frank. But then, there is another group, who only want minimum coverage what the lender bank requires for their house, for example.

Besides common responsibility in this shared risk, Havakka et al. (2012, 20) stretch it is essential that the solidarity principle is applied in this reallocation. The solidarity principle is a common guideline in society which steers governmental action to consider all its citizens in creating social stability, predictability and general safety among all. As a part of social security, social insurance has established to be an important contract linking citizens and governmental departments. (Havakka et al. 2012, 32.)

Another characteristic of social insurance – excluding it from private insurance – is the fact that it is based on legislation. Actions in social insurances are manifested by law and conducted by governmental authorities. Therefore, social insurance's main feature is its obligatoriness. In principle, private insurance works the opposite way as it is a free contract between the insurer and the insured. In some cases, there is a cohesion where mandatory and voluntary sides coexist, for example, in earnings-related unemployment securities and certain optional workers' pension funds. (Havakka et al. 2012, 21.)

Broadly speaking, governmental actions regarding social security inside a welfare state may be viewed as insurance-like means. The redistribution of wealth in terms of tax collection works very similarly as an insurance plan. A large group of people all pay a certain amount for security and can then feel safer. In a welfare state, citizens pay taxes according to their abilities, meaning earnings and in an insurance plan, they pay according to their risk levels. (Havakka et al. 2012, 23.)

In conclusion, social insurance is a traditional way of arranging social security. It manages social risks individuals are likely to face during their lifespans. Social insurance is obligatory by law and is usually handled together by public and private departments. (Havakka et al. 2012, 24.)

Figure 2 below displays the distribution of insurance into private and social insurance and helps clarify and distinct mandatory insurances from optional ones.

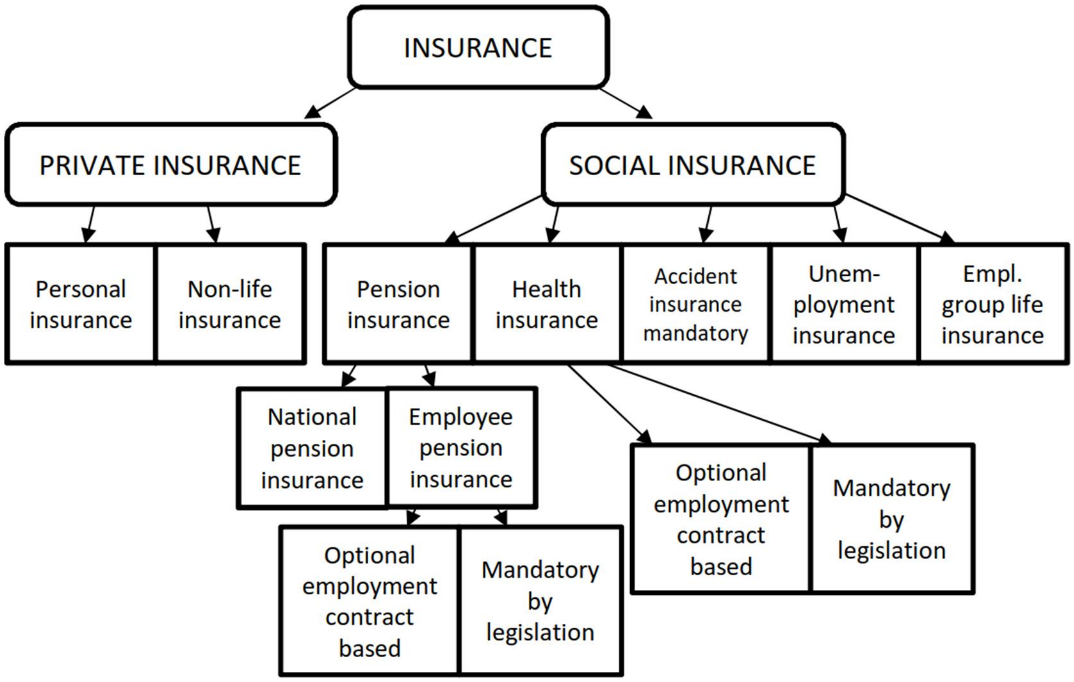

Figure 2. Division of insurances (Havakka et al. 2012, 21)

2.3 **Finnish pension system**

2.3.1 History and background

First pensions in Finland were paid to Finnish officials employed by the Swedish king in the 1600s. The backbone of the Finnish retirement system comes from the early 1800s from what we call a caste- or a class society where people would be divided into different classes. These were the nobles (aatelisto), merchants (porvaristo), priesthood (papisto) and peasants (talonpojat). The birth of the whole Finnish retirement system lies within the public officials of the class society. In the early 1800s, the descent of a person determined much of their lifecycle as an individual. Almost all the officials were nobles apart from the officials of the priesthood. On modern Nordic standards, even the public officials' pensions were inadequate, the rest of the people basically had none. Without inherited wealth, even a public official's earnings would be mostly tied to the salary of their post until death and possibly to the profit what their government branch was making. For example, when a church vicar died, the next vicar would be responsible to financially support his predecessors' widow and possible children for twelve months. This was called a "mercy year". After that, the widow and her children would have been on their own. Voluntary orphan- and widow treasuries may have helped. Basically, Finnish officials worked until death, as proper full-time pensions were outlined after the 1850s. (Suomen Eläketurvakeskus)

One class of the Finnish people on principle had an adequate pension plan already earlier and these were the peasants who owned their own farm. The Finnish peasant system was basically divided into free, land owning peasants (talolliset) and tenant farmers, sort of serfs called “Torppari” in Finnish. The Finnish tenant farmers had more rights than the serfs in Europe. These tenant farmers would occupy a piece of land from the larger estate and usually pay their rent in labour for the larger estate. Usually these tenant farmers could have been related to the owners of the larger estate but not always.

The peasants who had either inherited or purchased their own farm were in the best position to receive a relatively comfortable pension. As the farm went to be taken care of by the next generation, often the retiring farmers would draw an agreement on the settlement of retirement, called “Syytinki” in Finnish. This contract would be ratified by the district court and would mean that in order to fully purchase or inherit the farm – the next generation would have to entirely take care of the earlier owners’ elderhood. This would mean accommodation, food and basics for living. These contracts also took place with non-related parties but were more common with a generation of the same family taking over the farm. (Suomen eläketurvakeskus)

From the mid 1800s to mid 1900s it was a time of trial and error as the Finnish retirement system saw different experiments. However, only about 4 percent of the people were covered by some sort of pension plan in 1930. The low coverage of pensions in the mid 1900s in Finland was explained by a lot of Finland having the most rural economy in all of the Nordics as there was less need for that due to earlier mentioned retirement contracts concerning farmers. And of course, the Second World War also had an effect on the wellbeing of Finnish people. (Suomen eläketurvakeskus).

Then the modern pension system took its first shape when on April 27th, 1937 the Finnish parliament applied the first national public pension act. This was to resolve problems with the old age pensions with capitalizing the system to produce profits to increase pension sufficiency. Now, over 80 years later, we can see that this formation of a public pension system was the founding ground towards the modern Nordic welfare state Finland has become. This truly was a great social reform turning course into our current Nordic mindset where all citizens are granted the same basic rights and public services. Notably, the Finnish public pension system included married women in the system, too. The public pension act became one of two branches in social insurance in Finland. The later one was the workers' accident insurance law, approved in 1985. (Hellsten et al. 2008, 7.)

In 1956 the first pension law was passed out for sailors. The same year the public pension system's coverage expanded furthermore. Pension now included an even base part for all and an income-tested part for low income pensioners. Pension insured remained their pension payments, but receiving pension was granted regardless of payment or the payment sums. (Hellsten et al. 2008, 7.)

After a few years, in 1961, an earnings-related employee pension law was established in Finland. This accomplishment was influenced by worker's unions and in that sense the quick renewal of pension laws was a mark of democracy's broadening. The purpose of the employee pension law was to guarantee consumption level. Employee pension did not decrease the public pension amount. Together, these pensions could however reach only 60 per cent of working life's salary level. On an organizational level, the employee pensions were given to insurance companies, pension foundations and pension funds. Finnish Centre for Pensions (Eläketurvakeskus) was established to govern the previously mentioned parties. (Hellsten et al. 2008, 233-234.)

Soon followed the pension law for workers (TEL) and retirement law for short-time employees (LEL) in 1962. In 1970 the Finnish pension system seemed to reach its maturity when the entrepreneurs' pension system and farmer's social insurance institution were formed. Due to the systems' young age, employee pensions remained minor. According to Hellsten et al. (2008), the employee pension system has not become a major political issue yet, even though many improvements have been demanded and some alterations made since its beginning. Recently, the renewal of pension system has been a topic of discussion in the media very frequently. Finnish Centre for Pensions has calculated that employee pension payments must be increased. pension laws followed for entrepreneurs and in 1986 the same for artists. These pensions would only cover for old age and incapacity for work. Later on, these were complemented with adding family pensions and unemployment pension. (Hietaniemi 2019)

Currently there are five pension security companies in Finland (2020). These are Ilmarinen Mutual Pension Insurance Company, Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company, Veritas Pension Insurance and Pensions-Alandia Pension Insurance. (Suomen eläketurvakeskus)

2.3.2 Public pension from a generational perspective

The pension system is one of the most important parts in the economic relationships between generations. Often, in public discussion, it is viewed as the only part, working as an intermediate in transferring resources from one generation to another.

In Finland, the public pension system has been in operation for about 80 years. It was written in law in 1937. Since then, pension systems in general are seen as mandatory governmental systems even though this type of pension schemes are not typical on a global level.

Besides public pension, there are other operations in society which transfer resources between generations. Education is one where older generation transfer their collected resources and capital to new coming generations. Inheritance works similarly.

This resource transfer is often viewed through a shorter period, sometimes thinking only about the present state of things. Then, different generations are seen only as payers or receivers neglecting their previous or forthcoming investments in the pension system. Therefore, it is important to look at pension system's generational differences and effects from a wider perspective.

To understand the Finnish pension system as a generational transaction in detail, Hellsten et. al (2008) continue describing its funding. To fund the pensions, the pension system can be organized as a trust fund or as a "pay-as-you-go" type of pension scheme. In a completely fund-based system, pension payments are transferred into a fund from which each generation receives their paid pensions and the profits yielded over time. The other version, the pay-as-you-go -scheme, is more a distributive system that transfers pension payments from one generation to another. In this system, the founding generation wins as they receive pension benefits without participating in payments. Finland has experience of both systems. In the beginning, the pension laws concretized as personal pension accounts onto which individuals transferred their pension payments. Later in 1957, the new law introduced a distributive pension scheme (pay-as-you-go) and the money saved on personal pension accounts was transferred onto this distribution system as a cautionary reserve. (Hellsten et al.2008, 152.)

A generation can be defined to describe the group of people born during a certain period of time. Demography science calls generation a cohort but defines it similarly to describe citizens born during a chosen period. A cohort begins at birth and continues to decrease in size because of mortality. A cohort's lifecycle ends after around 100 years after birth, when the last member of the cohort dies. Besides births and deaths, a cohort's size changes as individuals move abroad – unless in this case, they possess right to receive pension – and on the contrary, the cohort's size increases when individuals move to Finland. (Hellsten et al. 2008, 153.)

Hellsten et al. (2008) continue to open generational views from a sociological standpoint. According to sociologist Mannheim, generations can be observed by their defining experiences. These key moments are most often experienced in youth. Mannheim calls generations' separation by birthdate a positivistic view and their experience based romantic-historic. A clear example of a romantic-historic experience that certainly shaped a generation in Finland, is the war generation. Those born between 1921-1925 represent this generation. They had a very unlikely and unfriendly, violent experience which led them to take responsibility at a very young age. The harshness of war certainly influenced these people's economic lifecycles, too. The generation born after the wars, between 1945-1949 is said to be the last generation which is clearly recognizable by its members.

Hellsten et al. (2008) refer to Alestalo (2007) as they claim that the next generations after the "baby-boomers of 1945-1949" are more vaguely determined and often referred to "generation X". They do state that according to Alestalo (2007), for example, people born between 1974-1988 identify themselves as the technological generation. (Hellsten et al. 2008, 154) The term Millennial generation was unknown at the time.

2.3.3 Pension capitalizing and funding

Pension capitalizing means that the funds that governments have designated as pension funds for the future, are capitalized and invested in order to create more wealth to pay for the pensions. One way of dealing with the current and future dependency ratio decline is to fund a part of future pensions with the profits of investing. Mutual pension insurance companies such as Ilmarinen and Elo are responsible for paying work-related pensions but are also constantly allocating funds into several different asset classes like real estate, stocks, bonds and interests in order to create more wealth for the pension system in the future. The mutual insurance companies oversee managing and paying current work-related pensions while also investing part of the money for the future. This system of several, independent pension companies originates to the 1960s. Bjerstedt (2020) comments that this "divided" model was a wise decision as it is easier to minimize political risks as work-related pensions were outsourced to external parties (mutual insurance companies).

In the Finnish pension system, regardless of the capitalizing benefits, your personal pension does not change. Your pension might change by government decisions in the long run, for example by your future pension age changing and future pension increases may be put on hold. But if you are already enjoying your pension currently, the amount does not fluctuate on a yearly or a monthly basis.

The Finnish pension paying policy is benefit-based. This means that the actual pension capitalizing does not affect pension amounts directly. Bjerstedt (2020) argues that if the 0% interest rates have come to stay for a long time, this can change. As the majority of pension portfolios have low-risk bonds, which yield a large part of the net profits, it is difficult to sustain this benefit-based system instead of a result-based pension system. However, the current pension system's larger idea is that changes and risks are carried collectively.

A couple of common misconceptions about pensions concern the pension capitalizing system. Firstly, many assume the pension you are receiving is the actual money you have paid yourself. Secondly, there has been some discussions that current pensioners should receive all the money in the pension capitalizing plan. Kiuru (2020) explains more about the system. The pension payments current working-aged people are paying is not "eartagged" for themselves. The pension payments are gathered from both – companies and employees. Kiuru (2020) continues: From the payments gathered in total, a majority is used to pay for the current pensioners pensions, and a smaller part is capitalized by investing." Goebel (2020) states in the same article, that without the current capitalizing profits both the companies and employees would have to pay much larger pension payments in the future.

2.3.4 Different types of pensions

The Finnish pension system consists of several different types of pensions. First pensions from the Finnish pension system only consisted of job-related pensions that you earned by working for a long time. Very often the remaining family struggled if the main provider of the family (usually the husband) died unexpectedly before earning pension as mentioned earlier in the chapter of the history of the Finnish pension system. The further development of the pension system has resulted in different types of pension.

There are five categories on pensions currently in 2020 and two different parties that pay these pensions. These categories can have variation in what party is providing them, related to for example is the pension short- or long-term. For example, short-term disability pensions are different pensions from long-term disability pensions, but they fall both in the same pension category. The mutual pension insurance companies such as Ilmarinen or Keva are responsible for paying employee pensions. Employee pension is not considered its own pension, but just a part of old-age pensions along with state pensions. If you have never worked because of long-term unemployment or an illness, you are not qualified for employee pension. There are four kinds of pensions the mutual pension companies are responsible of: Employee pensions, short-time disability pensions, preponed part-time old-age pensions and career pensions. From the five categories mentioned above part-time disability pensions are being paid by the mutual insurance companies, but not full-time disability pensions. These pensions are paid because of a person is hindered from working as a result from an injury, disability or an illness. Mutual pension insurance companies also are responsible for paying for a rehabilitation allowance if it is possible to return employees to the physical condition where it is possible for them to continue working in the future. rehabilitation allowance is not really a pension but is included in the category-based system. Employee pensions are earned by working and paying pension payments. Preponed part-time old-age pensions are basically same as employee pensions, but they offer an earlier part-pension of 25 or 50% from your total pension, with the permanent reduction of your later, full-time pension. It is possible to either work simultaneously, work less or retire earlier with this pension. Lastly, career pensions can be procured by people who have a long working career in a profession which is considered burdensome and wearing.
(Keva 2019)

Kela, the Social Insurance Institution of Finland is responsible on few of the pensions mentioned below in Figure 3. As a part of the old-age pension, state pensions offer a steady pension for people who haven’t earned an employee pension. State pensions are typically less compared to employee pensions. Also, full-time disability pensions are paid by Kela for people who are unable to work because of situations listed above (Kela 2020, 3)

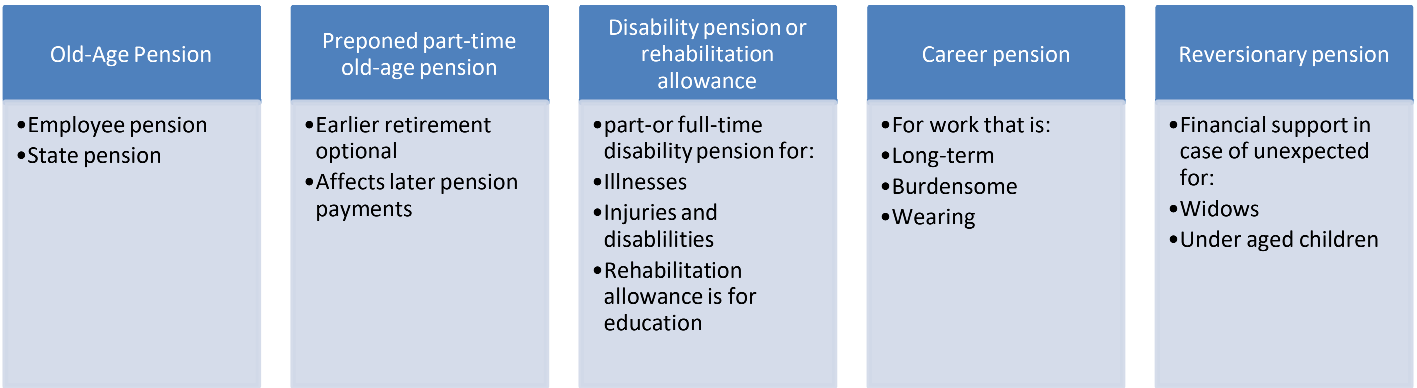

Figure 3. Different types of pensions.

2.3.5 2017 pension reform

In 2016, the President of Finland authorized the pension reform laws first negotiated by the central organisations of the labour market. With the reform the aim was to secure long-term sufficiency for pensions, secure adequate financing for employee pensions and secure fairness between different generations within the system.

The reform increased pension minimum age in stages depending on your birth year, and introduced new, different forms of pensions while cancelling other forms. Idea was that by making working careers longer and increasing the profitability of working between the ages 63 and 68, this would mean that the dependency ratio would get better. Profitability of working at older age is done so that the percentage of how much pension you are accumulating while working is increased at the age 63.

Pensions were also linked to life expectancy ratio to make sure that in the future the proportion of working years to pension years will stay at the level measured in 2025.

Part-time pension was replaced by preponed part-time old-age pension. The part-time pension is very difficult to justify due to current economics and demographics such as the dependency ratio, according to the Lassila (2014). The new model, preponed part-time old-age pension provides people the possibility of retiring earlier, but basically paying for it themselves as the preponed pension will reduce the final old-age pension.

The reform also stated that a person working in a heavily wearing job may have claim over retiring at the age of 63 if he/she has a very long career (38 years) under the same occupation regardless of the minimum age limit for pension their age group. This was called career pension. This received at least some criticism (Lassila 2014), as it provides some interpretation of the reform which on other parts is very clear and definitive.

In the future, according to the reform, central organisations have agreed to discuss and review reversionary pensions, rehabilitation allowance, reversionary pension and disability pension. It remains to be seen how they are reviewed and what kind of changes could be implemented.

2.3.6 Dependency ratio

The dependency ratio describes the ratio of people of non-working age to working-age people. These non-working aged people describe the portion of population that are 0-14 years old and over 64 years old. This ratio indicates how large part of the population in general may be capable of generating their own income and how large population depend on other sources of income, such as benefits. (Kenton, 2019)

Nordic countries in general have municipalities with a very low dependency ratio, where new workforce is also moving in, such as southern Finland, according to a Nordregio study (2018). Greenland is set to have a very young age structure still in 2030 according to the same study. Most rural areas in Nordic countries are set to have relatively low old-age dependency ratio, except for two regions in the Nordic countries, eastern and northern Finland. For these two regions the estimated dependency ratio is over 100%, which means that there will be more people aged 65 and older than there are those of working age. The lower the percentage, the less there are people over 65 and older towards people of working age. Economic-wise this might prove to be a challenge. Looking at the same Nordregio study by Julien Grunfelder (2018), Finland does not look so different comparing the western, southern and central Finland to other Nordic countries. The two main differences can be spotted with the couple of odd municipalities in central Finland having much higher dependency ratios than their neighbours being the first one. And secondly, the eastern and northern municipalities really stand out prospected to have a lot of issues with the dependency ratio as shown by Figure 4 below:

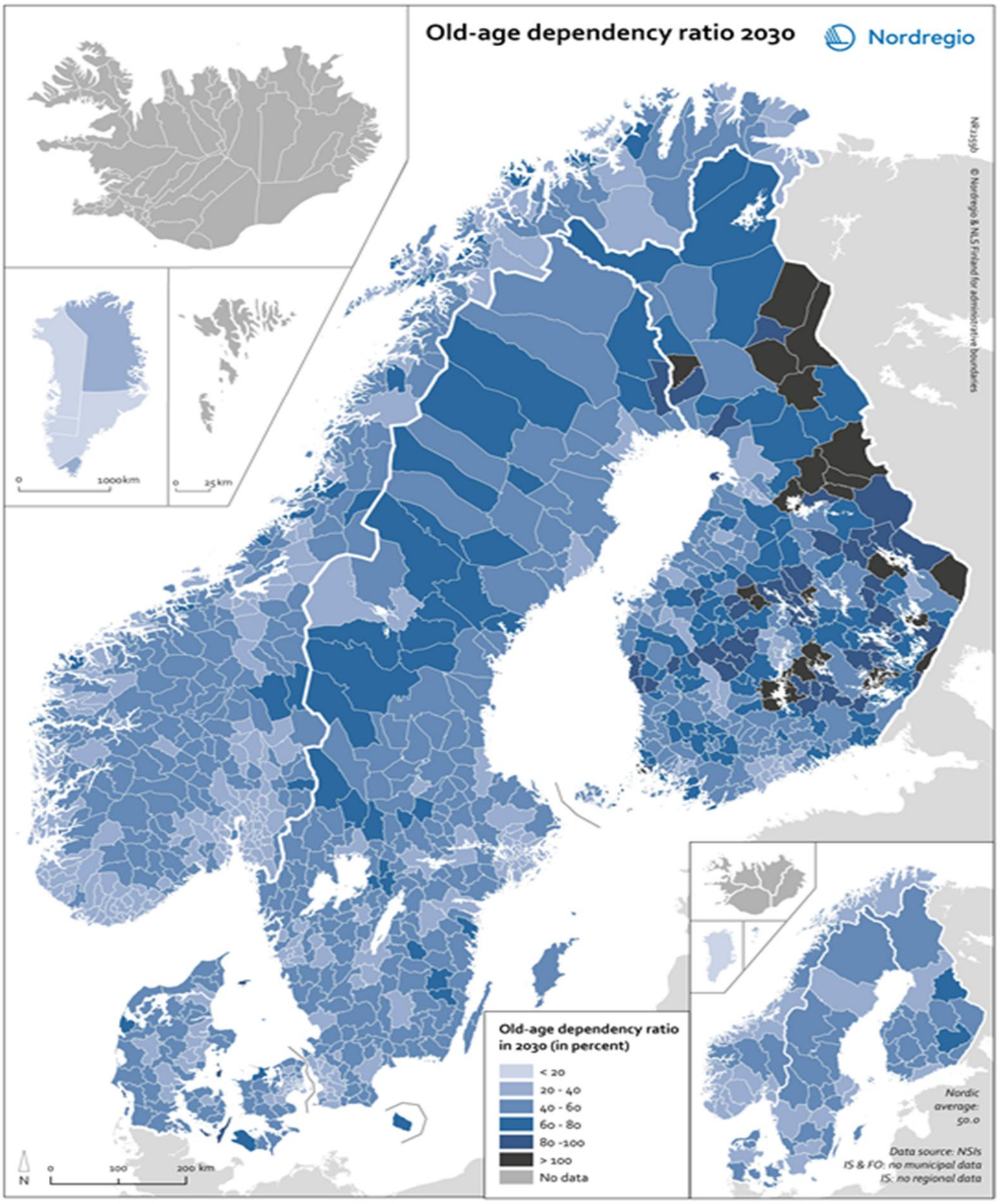

Figure 4. Expected old age Dependency ratio in 2030. Grunfelder, J 2018.

Following up how Finland ranks among other European countries is also interesting. Eurostat is a statistical office of the European Union which offers a wide range of statistics for the union and the public. The European union measures dependency ratio similarly in the Nordics as Nordregio does, purely by estimating the amount people at the age of 65 and older and comparing their number to the number of working people. The Eurostat statistic lists 28 European countries by stating the number of people at 65 and per 100 working-age people. Finland's number in 2019 is 35,1, which would mean a 35,1% dependency ratio on national average. Interestingly, Finland has the second highest dependency ratio in the European Union, after Italy (35,7%). Number with Finland is higher for example than France (32,5%), Spain (29,5%)

and Greece (34,6%) in this category. Finnish dependency ratio is also high compared to the 28 European countries average of 31.0%. In addition, with Eurostat it is possible to find the unemployment rates of the same European countries very conveniently. From this stat we can clearly see that in 2018, from the 28 countries measured Finland ranked as low as 22nd. In 2019 statistics, only 23 countries were able to be included in the stats, and Finland was as low as on rank 19 with the fifth most unemployed work-force. (Eurostat 2018.)

However, both ratios only imply the possible ratio of dependency by geographic age model. Naturally not all over 64-year olds are not employed, as entrepreneurs often work in their own company for added years. Adding to this, naturally also very rarely everyone who are a by age defined as part of the working party are employed. And we might as well state that very likely there are more people in the working party unemployed than there are people aged over 64 and working. On top of this, there are young, “non-working” people who do not show up on the Nordregio and Eurostat statistics. These people analytically thinking do not affect the dependency ratio too much, though, because most of them probably do not have much income from housing benefits, pensions, student allowances etc. But instead their parents will cover the costs of their living. Also, under 15-year-old working people are a rare thing in Finland, as education is mandatory until the age of 16 (Finnish National Agency for Education). In Finland, underaged people do tend to have summer jobs, but their pay and work hours are limited. On top of that barely any tax is paid for these temporary jobs. These are the most probable groups that do not show on the demographic studies of Nordregio and Eurostat.

According to Statistics Finland, a government branch of national statistics, the dependency ratio In Finland is 137. This means that there are 100 employed people towards every 137 unemployed people. This would alternatively mean a 137% dependency ratio numerally comparing the precise amount of unemployed people to number of employed people. (Statistics Finland)

On certain statistics, Finland is very similar to other Nordic countries. However, the northern and eastern part of Finland make a difference and turn the dependency ratio towards being worse off than other Nordic countries. Comparing Finland to other European nations It is quite surprising that Finland is the second most wort off nation after Italy. When adding the fact that unemployment rates are still poor compared to other Eu nations (18th from 23 countries), one can agree that challenges lie ahead. (Eurostat, Statistics Finland & Nordregio)

2.3.7 Voluntary pension insurance

In early 2000s, Finnish government introduced a voluntary pension insurance scheme. This was welcomed by the public in the first years as more than 90.000 voluntary pension insurance agreements were laid out in 2003 (Hjelt, Y 2019). The idea was that Finns would start saving a voluntary, additional pension on top of their government-backed, mandatory pension. The idea was to boost the national economy and to make sure people could have sufficient pension when they retire. Insurance companies and banks who co-worked with life insurance companies could offer their clients voluntary pension insurances. Terms with different companies were slightly different, but important terms, such as pension age, and withdraw possibilities were by law the same for everyone. A person could move up to 5000 euros per year into their pension insurance and deduct all payments in taxation. These deductions would help people to pay less tax every year, although the government would tax you when you received your pension. Before 2005, the deductions were first deducted as personal income tax, which would mean that if your progressive income tax was relatively high, the gains on deductions were greater too. On top of this, if you received your voluntary pension as late as you really were retired, your personal income tax would have been less. Generally speaking, the insurances taken before 2005 provided quite good deductions in your taxation.

After 2005, pension insurances changed so that deductions were done in capital income tax. This was not as useful as before, as the maximum deductibility percentage was now 28%, and you would also pay the same 28% back to the government when you were using you pension savings. Simultaneously while increasing the capital income tax to 30% from 28%, part of the people who had saved money into voluntary pension insurance would earn only 28% tax deductibility, while paying 30% or more later when they would retire. Possibilities also remain on larger increases in the capital income tax in the future so predictability of profitability of the pension insurance is hard to estimate.

In 2010, the government passed a law concerning “long term savings”, which actually was about voluntary pension savings. Until 2010, all the pension saving agreements were consolidated to the insurance companies. As voluntary pension savings were done only by insurances, they could have only been done by insurance companies. And as a product, insurance savings usually are limited to only mutual funds by structure without equities, non-UCIT (European fund standards directive) funds or bonds. To improve the selection of different asset classes and to create more competition to aid the average consumer, a very wide range of service providers could now open a long-term savings account, which basically had the same taxational benefits as insurances but hosted a wider range of investment opportunities. This was a welcome addition as some investors do not want to invest in mutual funds but prefer equities instead.

The 2010 reform itself was well-received but due to pension age changes done in two years' time from the reform, pension savings already started to lose its appeal. Pension ages were pushed up individually, depending on the birthyear of the person. Generally stating that the younger you were, the time when you could enjoy your voluntary pension went up more than someone who was already closer to their pension age. As usually younger people were the ones buying new voluntary pension agreements, this affected opening new agreements negatively. Because literary sources to the Finnish voluntary pension insurances are limited – the following and preceding text about its history and insights on Finnish voluntary pension insurances is partly based on first hand knowledge, attained by one of the researchers having worked with the same products for over 8 years.

Final "death blow" to opening new agreements came in 2017, when pension age was tied to general pension age of each person owning a pension insurance. Although previous payments done in the past years were tied to the pension age agreement of that year this meant the pension age for new payments went up once more. (Lapatto 2016.)

Especially younger people thinking about purchasing their first voluntary pension plan were finding themselves in a disadvantageous position: Firstly, their pension age was already at a minimum of 68 years for receiving their savings back and secondly, they did not know precisely if it was even that early. As the voluntary pension savings were tied to the general pension age, due to dependency ratios weakening or general financial state, government were left with exclusive right to push up the age when you received your voluntary pension savings. To put it in other words: you did not know when you would receive your money. Comparing this to earlier agreements with better taxational benefits and a pension age as low as 60 years, new agreements seemed much worse.

Figure 5. Sales of new individual pension agreements. Hjelt 2019.

In an Yle news interview, Antti Pöllänen from LähiTapiola bank & insurance company states that: "voluntary pension savers' trust into the products has weakened, because their taxation has continuously been altered. A pivotal fact is that the pension age when you should start enjoying your savings has gone up. It would be far more reasonable that you could start withdrawing your savings when you are retiring on your legal, public pension. " (Hjelt, Y 2019.)

2.4 **Concepts of financial security and freedom**

2.4.1 Psychology of money

Money is a medium of exchange (Ekstedt 2013, 256) that you can exchange for services to provide an easily scalable method of wealth from one counterparty to another. However, the relationship individuals have with money is interesting.

Housel (2018) describes in his work called "Psychology of money" that with money there are stories that are only explained by the different psychological relations individuals have in relation to money. Housel describes two different stories: a woman who never married, never drove a car, worked as a secretary and lived in a modest one-bedroom house. She was called Grace. Apparently, she lived a humble life but at her death at the age 100 she left seven million dollars to the charity of her choice. Her secret was saving up money from her salary each month, and 80-years of compounding interest on the stock market.

The other example Housel (2018) describes is about Richard Fuscone, the former vice chairman of Merrill Lynch's Latin America division who had to declare bankruptcy. At the time of bankruptcy, Mr Fuscone was fighting foreclosure on two homes, one of which was almost 20.000 square feet in size and had a $66.000 a year mortgage. Before the bankruptcy judge Mr. Fuscone stated that: "The only source of liquidity is whatever my wife is able to sell in terms of personal furnishings."

Housel (2018) states that this type of stories happen quite often and can prove that money's psychology is a thing of its own. You could have imagined Mr. Fuscone doing a better job than Grace with his investing because of his vast experience, high education, resources, colleagues, contacts and information, but it didn't happen. Housel makes a great remark in stating that "Investing is not the study of finance. It's the study of how people behave with money".

Sensiba (2019) brings up environmental and demographical views which can affect your money psychology. He brings up a point about being invested before the great financial crisis of 2008, you were more hesitant to invest more, or even withdraw your investments on the worst possible moment, when stock exchange rates were the lowest. At the same time someone who was just starting investing, could have made around 40% profit in one year, by just buying stocks when the crisis seemed the deepest. Experiences influence how we treat money. If you alternatively would have started investing in 1991 you would feel like a genius and possibly a more of a risk-taker as the market rallied for the next 9 years. People living a very financially poor childhood or large financial incidents such as the great depression in 1930s USA could have an effect of your preferences on spending and saving. Also, regardless of environmental effects of psychology there will always be people with different perception on money and its usage. There are several different strategies of investing, such as value-, income-, contrarian, momentum-, or growth driven strategies. Important in making smart decision according to Sensiba (2019) is remembering that: "Each person is different with their own relationship with money. Key is to develop a plan that you can stick with."

In the end, even Einstein apparently made a remark related to the topic of psychology of money when he told his opinion about a financial instrument he felt is undervalued. He stated the that compounding interest was 8th miracle of the world and that someone who understands it, earns with it, others end up paying for it.

2.4.2 Time preference

To understand time preference, we must define how individuals time preference differentiates them. A high time preference means that a person is not keen on their future self. They rather “loan” assets and goods that their future self might have and prefers in consuming now and is focused on the current time. They have a high time preference, so they prefer the current time they are now in. They could be, for example, farmers who feast during summertime, and eat luxuriously, but instead go hungry on wintertime, having not rationed their meals.

Instead, a low-time preference person would not “borrow” assets and goods from their future self but aims to provide their future self with better goods and a larger quantity of them. A fisherman, for example, would spend extra-time or a part of their normal fishing time in order to invest into building extra tools in order to catch more fish. Or a hunter would use resources and time to create a better spear or a bow to catch bigger prey or to hunt more effectively. Austrian school economist Hans Herman Hoppe states that as long as a individuals time preference goes down so much that overall it is possible to save, build capital or to create durable consumer goods, the time preference tends to drop even lower because the “civilization” process has begun. (Hoppe 2001, 6.)

2.4.3 Insurance as a part of financial security and well-being

There are plenty of risks involved in any action or transaction we make. We face multiple risks in our everyday life when crossing a road or driving a car. We must assess the risks and manage them. Financial risks are a natural part of any financial action or inaction.

For a company’s financial risks can be operative risks, personnel risks, sufficient funding, changes in regulation, success of a new product and so forth. For a person, financial risks could involve personal employment, marital relations, accidents, health issues, inflation risks and interest risks, to name a few. Some risks can be avoided, some can be minimized or managed. Some risks just need to be accepted.

There are two ways of creating or maintaining more probable, positive outcome for your future financially. The first one is investing, which means gathering enough capital and investing it into different kind of assets such as real estate, stocks or mutual funds. The second possible way of taking care of your future financials is insuring. If you do not have enough capital to provide certainty that you would get through a specific risk, you could buy an insurance for it. These two ways of controlling risk differ in some ways. The decision making involves some factors, which different stakeholders do value differently. The cost of insuring, risk assessment, investment preferences and personal risk-taking profile, for example. A large house valued at 300 000 € is probably worth insuring against fire damage, if the insurance costs you, for example 300 € annually. Not insuring but choosing to save and invest that amount would require a very long time or much more assets to be able to fully cover the house’s value.

Professor Ammous creates a link with a low time preference and well-being (Ammous 2018, 111). He states that, by lowering their time preferences people can improve their lives by postponing their consuming and direct their attention to future production. This in return follows as building up capital and a better standard of living. He also states that this low preference moves to other, non-economic aspects of an individual’s life: family relations and working life. People become more peaceful, avoiding conflicts and “playing out the long game”.

2.4.4 Investment instruments

The idea behind investing is firstly to preserve your wealth because of inflation, which reduces your wealth because of reduction of your buying power. In Finland, the average inflation rate between 2008 – 2019 was 1.7% (Eurostat 2018). Second objective is to grow your wealth in investments. This can be often hindered by inflation – profits must be higher than inflation to create more wealth. Hoppe states, that investing into the future enables building up capital, which in return lowers the persons time preference even further.
(Hoppe 2001, 6).

Different investment possibilities and products have varied by different ages. Some go back in history for thousands of years such as gold. Some of the new financial products are quite recent developments such as the peer-to-peer lending instruments. Usually these are assets that can be traded, they provide income, or they are seen as proof of ownership over something that is valuable. (Kenton 2020.)

These instruments hold some kind of value which can be transferred or capitalized on. There are plenty of different kinds of instruments. Equity based instruments such as stocks are a proof of ownership in a company. And because that company has value, the stocks have value. Large, successful companies tend to generate profits, which is usually paid in dividends to stockholders. Cash instruments can be deposits or loans that have a very simple monetary value. Real Estate offers ownership of houses and apartments and with renting, can provide the owner with rent income and a possible value increase if the real estate is on a popular location. Derivatives offer tools for deriving value for an agreement from somewhere else, such as the oil market, price of gold, or stock prices. However, these do not necessarily mean ownership of anything, unlike i.e. stocks. Bonds are another major part of investment portfolios today, very much like stocks. There are several types of bonds, of which government bonds, corporate bonds and structured bonds are the most common. A bond is at its core, an agreement of debt. An investor can loan their money to a government or a company with a fixed rate of interest that the loaner is willing to pay the loanee. The rate of interest can be different for different bonds: government bonds tend to yield less profit, because generally there is less risk of a government facing bankruptcy than companies tend to do on average. The interest can be also changeable to company stocks, which is considered a convertible bond. Bonds can also be collaterized bonds, which are less risky. Structured bonds are bonds, that are being built by someone (for example a bank or an investment provider) and they are customized for a specific market or situation. One example of a structured bond could be one that is investing to the Finnish stock market. These structured bonds usually provide you with a little less profit than direct involvement by buying stocks from a pool of companies. However, they include significantly much less risk than direct engagement with the same stocks that the structured bond is investing to. (Kenton 2020.)

There are further other investment instruments such as different types of derivatives, collateralized debt securities, hybrid securities, convertible bonds and several different hybrids of bonds (Kenton, 2020). These, however. are very rarely part of a portfolio for an average individual investor and therefore will not be provided to more insight in this study. There securities are for expert investors, some only even available for institutional investors. This is the reason also these types of investments were not shown on the questionnaire. On the questionnaire and in this study the focus is on investment instruments available to the public and most likely to be in use.

2.4.5 Insurance investments

Insurance investing has been a popular means of investing, especially in Finland. It is not far from mutual funds as an investment, with some exceptions. The idea is, that a customer transfers their money into an insurance investment, which is controlled by an insurance company. The insurance company in return agrees by contract to pay the capital and possible profits back to the client after some certain amount of time, and usually also by some specific terms.

Older insurance investments were often with fixed interests as insurance companies would invest the money themselves and provide the client with a fixed interest rate that the client earned in their insurance. With interest rates declining, and modern regulatory restrictions with banks and insurance companies' own investment decisions, things changed. Modern insurance investments are investment-bound, which means that the success of the insurance investment is directly tied to what products the client has chosen to invest to. (Kenton 2020.)

Mutual funds tend to invest into stocks and bonds, according the mutual funds own strategy. these strategies are often fixed, so that they offer very little change. In order for a client to change their investment portfolio, the mutual funds need to be changed into another funds, creating capital income tax. Insurance investments allow client to invest to different mutual funds, special funds, bonds, interests, money-market accounts and to other investments as well. The key point of insurance investments is taxation. The client can invest in a large variety of different investment products, not needing to pay taxes between switching of investment products, with more control of making changes. From a service provider point-of-view, insurance investments are good because they offer more revenue as insurance companies have an extra cost on the insurance investment itself. Also, clients' profits will not show on taxation reports, which makes it harder for competitors to offer the client competing offers. (Kenton 2020) Voluntary pension insurance investments have a dedicated chapter in this study titled "Voluntary pension insurance".

2.4.6 FIRE – movement

Earlier we studied Millennials' characteristics and preferences. What attributes are most "*Millennial*"? One concept of financial well-being is the FIRE – movement (Financial Independence, Retire Early). This concept has gained popularity in the recent past, especially among Millennials (and younger), for whom the concept is most realistically possible to actualize. The FIRE movement encourages to save and invest heavily; as much as 70% of your income. Along with very precisely controlled consumption, the interest on interest effect should accumulate your wealth so rapidly, you could retire decades before your estimated retirement age. There are numerous blogs online, where FIRE enthusiasts explain their projects and goals. Some seek to retire even in their 20's. (Kerr 2020.)

3 METHODOLOGY

As previously stated in the beginning of this study, Millennials are an interesting study group for multiple reasons: they are the generation who are now approaching their prime income years. For example, in the US alone, there are more than 90 million Millennials, from which 30 million are just approaching their prime income years. Each generation has had their own mark on the economy. The silent generation bought a lot of gold pushing gold prices up significantly. The baby boomers preferred equities and Generation X liked hedge funds a lot. (Mehmood 2019.)

With the research questionnaire we were hoping to see how Millennials view their current economic situation in general and in relation to the current financial ecosystem. As clearly Millennials will inherit an interesting scenario where pension sufficiency is debatable, it is interesting to see their views regarding their own stance and their views of the future.

3.1 Data collection

To conclude a broad yet comprehensive research, there must be a collection of data to be analysed. Sachdeva (2008) describes data as *"a collection of natural phenomena descriptors, including the results of experience, observation or experiment".* The data can be divided into two sources: primary and secondary. Data from a primary source is the material collected by the researcher themselves. It is at hand, natural and unedited. This data has original value and is gathered through a process of interaction with the source, hence the respondents. Secondary data sources are other researches, databases etc. which contain relevant information related to the research conducted. (Sachdeva 2008, 109.)

Sachdeva (2008) specifies four different primary data collection methods: surveys, questionnaire, observations and experiments. A survey is often perceived as a form or document you fill out with a pencil or a tick on your computer. However, it can be divided into two; questionnaire and interview. Broadly speaking, you could simplify the division by stating a questionnaire is a method in quantitative research and an interview is the qualitative method. Questionnaire-type surveys usually do have more close-ended alternatives, but they could include some more open-ended ones. Often these open-ended questions tend to be shorter than the ones you would use in an interview's frame.

For this research, we chose a quantitative research method to collect primary data. This method uses numerical, measurable variables that can be analysed mathematically and statistically to report relationships, comparisons and associations between different studied variables. (Sciencedirect 2015). We use the questionnaire method - type survey with mostly close-ended questions. This allows an easy way to build statistical associations between respondents, their answers and the topic. As we have chosen to study Millennials – a generation – it is essential to pursue a larger respondent group. Our objective was to understand the generation’s mindset and level of preparation for their future retirement, and their overall trust in the public pension system. This requires a broad scale of respondents. A qualitative approach with individual interviews could have provided a more humanitarian outcome and perhaps that could have been useful had we chosen to study e.g. individuals’ financial decisions and worries during the Corona-virus pandemic. Besides primary data, we will provide an outlook of secondary data. We will discuss its relevance and use it to assess the research’s validity.

The research focuses on a group of people: Millennials. In research terminology, the generalized research group is called a population. The whole group is the theoretical population and the ones realistically reachable are called the accessible population. Out of the accessible population, the actual respondents form the sample of the study. (Sachdeva 2008, 148) We define our research population to be Millennials – those born between 1980-1999 and residing in Finland. This group is the theoretical population. We do not have access to the whole group. The accessible population was determined to be Millennials on social media and at two Finnish universities: Häme University of Applied Sciences (HAMK) and Satakunta University of Applied Sciences (SAMK). We distributed an online questionnaire through social media platforms Facebook and LinkedIn. To reach both universities’ students, we shared the questionnaire link on the schools’ internal social platform Yammer.

3.2 Structure of the questionnaire

In this chapter, explain the structure of the research’s questionnaire in detail. Research objectives determine what kind of questions are asked from respondents. Should you ask very personal ones? How detailed questions can be? Can you predict what are the most important responses to choose? If the research topic is very intricate, perhaps there should be an explanatory paragraph before the question to clarify the subject for the respondent. To summarize, when creating the research questionnaire’s individual questions, one should consider to: resolve the question's content and function, choose a suitable response format of collecting data and determine how formulate the question's wording to create interest. (Sachdeva 2008. 121-122.)

The research questions revolved on 4 main topics. Firstly, we were interested about how Millennials themselves view their finances and financial situation and future. Secondly, we were interested about what kind of financial products, schemes or plans Millennials are utilizing. Thirdly, this generation has grown up with a whole wider range of technologies such as computers and mobile devices. Generational switch tends also to create new opportunities for new companies and products especially as the most earning generation is changing to a another one. Based on this, the third focus is Millennials' attitudes and stances on new, alternative possibilities such as sharing economy or cryptocurrency. Fourth part focuses the Millennials thoughts, trust and perspective to the Finnish government pension system. What do they think about the pension system and what other arrangements possibly the have made to create their "own pension". Fifth part naturally are demographics. Although age has less meaning in this research as people have less age differences by being of the same generation, we also attempted to cross reference numerous other demographic factors to see any interesting patterns. Lastly, we decided to add two questions as an additional note regarding the coronavirus, because it affects societies immediately, not least financially.

Following the four main topics, the chart below clarifies the questionnaire formation and structure more in detail.

- Demographics
- Personal financial situation
- Savings and investments
    - Familiarity
    - Current utilization
    - Future plans
- Insurance
    - Familiarity
    - Current utilization
    - Future plans
- Retirement and pension
- Generational preferences
- Coronavirus

3.3 Data analysis

"A data set is a researcher's window on the population under study." (Myers, J. et. al. 2010, 19.)

In the data analysis phase, it is important to present not only the most common statistical information, but a more descriptive approach on the data as well. It is essential to have a planned analysis method through which researcher can proceed in this phase, but it is equally important to leave room for more exploratory examination, too. The data could provide an unexpected result and show surprising correlations which the researcher must not overlook. Therefore, before presenting any statistics, we must familiarize ourselves thoroughly with the data to acknowledge the underlying assumptions and the actual results. (Myers, J. et al. 2010, 20.)

We collected the primary data through an online survey provider Webropol. The software allowed us to use it not only the collection phase, but for a comprehensive analysis, too. Webropol's tools were sufficient to analyse data on a general level question by question, create basic statistical analysis such as mean, average, median and to build more complex correlation models between different respondent groups. As we analysed the data, we soon noticed there were very few differences among respondent groups, such as differences between income levels, that could show statistical significance in cross referencing. Our research's objective was to understand Millennials as a generation, so we chose to present the data analysis accordingly. Only a few meaningful notices brought by cross referencing are presented.

3.4 Limitations, delimitations and reliability

At the beginning of 2020, a new infectious disease broke out in China. It was caused by a new coronavirus and started spreading rapidly. The symptoms caused by the virus were discovered to be very serious and even fatal to people with other conditions or older people. The outbreak of the virus was taken seriously globally, and governments started to make restrictions on businesses, traffic and being outdoors. (WHO 2020.)

The coronavirus turned into a pandemic during the research process. To prevent the virus from spreading, governments' restrictive actions have already caused major financial instability and layoffs. To demonstrate, the Dow Jones Industrial Average Index declined the most it ever has since 1987. In the United States, more people have filed unemployment than ever before. The crisis is ongoing, so it is impossible to evaluate how severe the pandemic's effects will play out to be. (BBC 2020.)

The COVID-19-pandemic broke during the start of the research process. We had to expand our questionnaire right before spreading it in order to include a question regarding the COVID-19 virus. We changed the questionnaire just before releasing it to ask respondents a couple of additional questions related to the outbreak of the pandemic. Firstly, to evaluate if the pandemic and the financial situation caused by it had some effect on their mindset regarding their financial preparation and planning. Secondly, for the trustworthiness and plausibility of our study we wanted to ask respondents if they felt their answers to the questionnaire had been affected by the epidemic. It was assumed that the pandemic could postpone savings plans but on the other hand it could raise awareness among people to take better care of themselves in being healthier physically and financially.

The COVID-19-pandemic also limited our accessible population in the sampling process. Because of government's restrictions, we could not hand out the questionnaire in public which could have provided us a more mixed sample of Millennials. On the other hand, such a specific and long questionnaire would probably been more of a task of getting replies for as a handout.

As a research delimitation, we chose to determine the Millennial generation to include people born from the beginning of 1980 up to the change of Millennium, meaning people born in 1999 were the last eligible respondents. There were several opinions on when the Millennials were born, so we had to make the decision to limit the research. Secondly, we chose to limit the research to cover pension system in Finland exclusively. Scaling the research onto global level would have required a much more extensive study on pension systems' differences and comparisons, not to mention the vast collection of local legislation and so forth. However, we did not exclude any respondents based on their nationality. Simply being a Millennial, being a part of the society in Finland, student or working, was enough to be eligible in the research.

The questionnaire was firstly distributed among 20 recipients of the researchers' Millennial-aged friends in order to test the research query and correct any technical issues or possible flaws. Early in this phase a question was added to the questionnaire related to the education of the respondent. A little later the questionnaire was distributed through one researcher's LinkedIn and Facebook networks. At first, the questionnaire was released only in English, but 24 hours later translated also into Finnish, as a result of respondents' feedback telling they did not have the language skills needed to understand all of the questions. It is possible that some respondents also struggled with language skills, but still answered in English before the questionnaire was translated into Finnish. Through the two social media platforms the received amount of answers during the first 48 hours was around 160 respondents. The next step was releasing the questionnaire to Häme University of Applied Sciences (HAMK) and Satakunta University of Applied Sciences (SAMK). This resulted in around 200 more answers in the next 48 hours to bring up the total amount of answers to 378.

As mentioned earlier, there was some issues with language skills, related to the survey being only in English. This was due to a faulty assumption that all Millennials possessed good language skills. Still after the translation into Finnish some respondents commented that they did not understand all the alternatives, for example, on the question "which investment instruments are you familiar with". This was helped half-way into the questionnaire by adding a statement that you should only pick the instruments you are familiar with and you should not concentrate on the ones that you do not recognize. A few respondents hoped that some of the terminology would have been explained better, as they did not know what the word "regulation" means. Based on individual feedback, some small alterations with the questions or info related to the questions were improved, but no large changes were made into the questionnaire to compromise the validity of the research.

Because of the small expected scale of the research (300 expected respondents) and the already extensive length of the questionnaire some questions such as profession and professional industry were left out. This was done because of the already quite lengthy questionnaire length (45 questions) and because of the relatively small amount of expected answers (300 pieces) – cross-referencing several different professions or even industries would not have given plausible enough answers.

The questionnaire was answered by 378 respondents in total. By numerical standard, this can be interpreted as a good overall sampling. Plausibility and trustworthiness were managed also by releasing the study in several different instances such as LinkedIn, Facebook and to students of two Universities. Additionally, a small price on answering the questionnaire was raffled in a lottery amongst respondents who wanted to include their information for that purpose.

4 EMPIRICAL FINDINGS

Overall, 378 Millennials participated in the research. In this chapter, we will display how participants responded to the questionnaire. General demographical questions are presented briefly as acknowledgements. The rest of the questions are divided into four main categories:

- Millennials' attitudes towards personal finances
- Utilization and consideration of financial products and services
- Trust in the Finnish public pension system
- Defining characteristics of the Millennial generation.

Remarkably, 72% of the respondents were female, 28% were male and one respondent marked their gender "undefined". The research targeted Millennials, so naturally the age group fell into the guidelines chosen to present the Millennial generation, being those people born between 1980 and 1999. The average respondent was 28,9 years old, hence, born in 1991. As for education, 61% of the respondents were highly educated. 43% had a bachelor's degree and 18% had a master's degree. Roughly fifth (21%) marked upper secondary school, vocational or trade school (17%). Two respondents' education was comprehensive school. Half of the respondents were working as employees or entrepreneurs. 8% were part-time employed and 3% were unemployed. 39% of the respondents were students.

Most respondents (64%) lived with someone. 28% were married and 36% lived in cohabitation with their spouse. One third (33%) lived single and 3% marked they had divorced. Most Millennials (66%) did not have children by the time research was conducted.

4.1 Millennials' attitudes towards personal finances

Most respondents had low income level. 32% said their annual gross income was less than 15 000 euros. 15% earned 15 000 – 25 000 euros. Almost half of respondents were near the median income level in Finland (3079 € per month in 2018): 20% said their income was between 25 000 – 35 000 euros and 21% said theirs was 35 000 – 50 000 euros. (Statistics Finland, 2018) 9% were in the 50 000 – 75 000 income range. Only few (3%) Millennials responded they earned more than 75 000 euros.

How did Millennials feel about their income? Majority of respondents (29%) felt their income was at an average level. Similar groups felt their salaries fluctuated either lower (22%) or higher (17%) than the average level. 22% said they do not have a salary which correlates with the large number of students among the respondents. The figure below shows how respondents felt about their salaries.

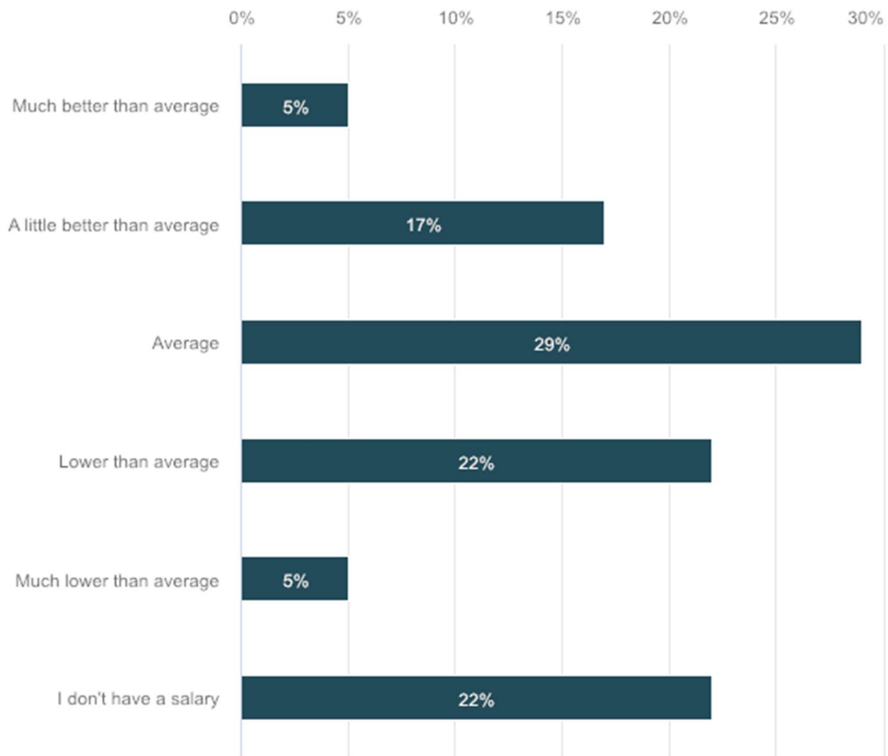

Figure 6. Question 8. How would you rate your salary?

Despite the large proportion of students, saving money was common among respondents. Only 10% answered they did not have savings in any form. 26% disclosed their savings to be more than 20 000 euros. Figure 7 below shows the total savings amounts. Of their total savings, Millennials had allocated their assets very cash-dominantly. We asked how much of total savings was invested into alternatives to bank accounts; such as bonds, stocks, mutual funds or real estate. 38% said none. Other allocation alternatives in the questionnaire were: *under 15%, 15-40%, 41-75% and over 75%.* Each alternative was chosen by roughly one sixth of the respondents.

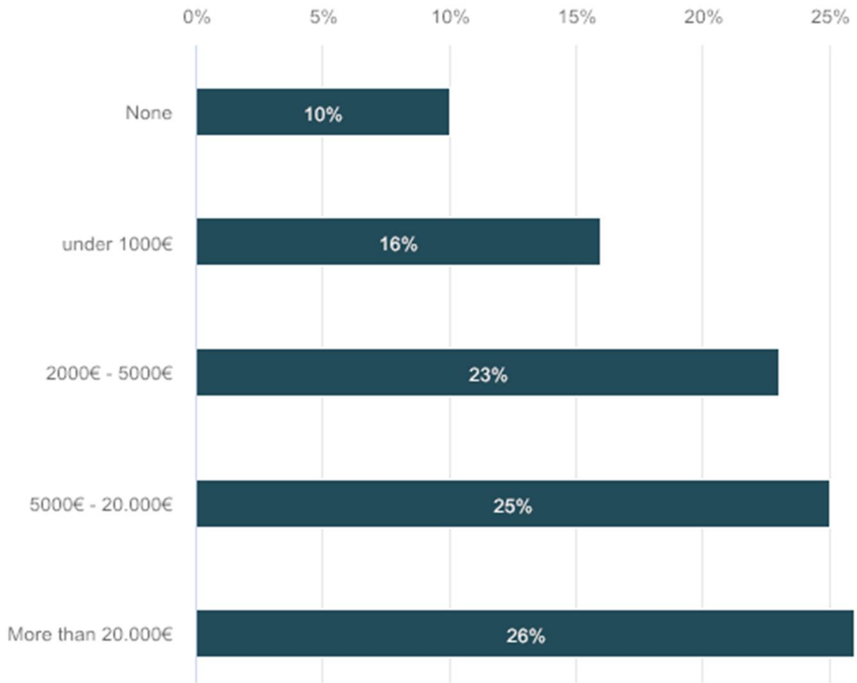

Figure 7. Question 9. How much savings do you personally have currently in any form?

Millennials were carefully positive about their financial situation and its development. Overall, 44% said they see their financial development to be good (35%) or very good (9%). 40% were careful and said it would be average. Only a minority thought their financial situation would develop poorly.

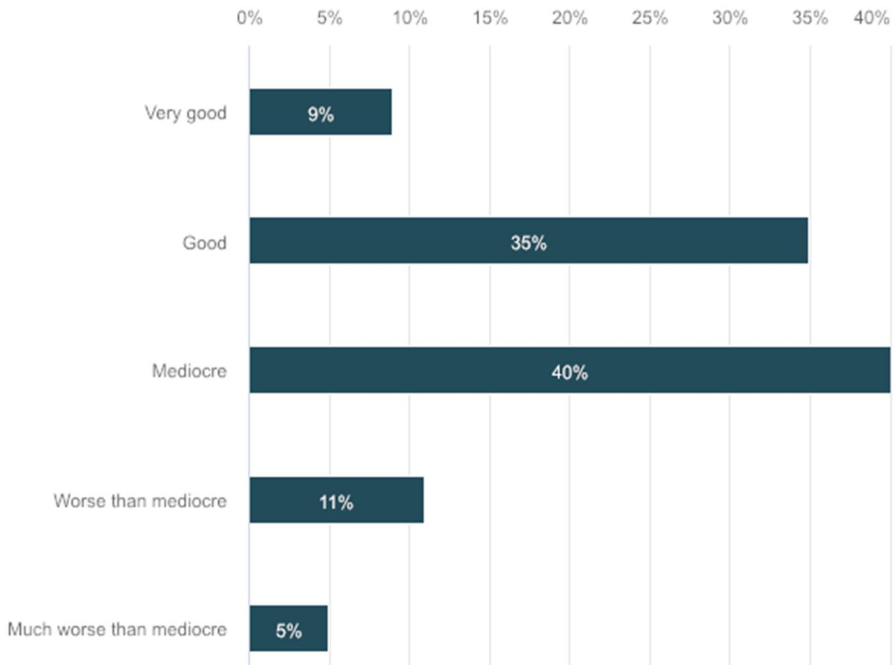

Figure 8. Question 11. How do you see your personal financial situation develop in the future?

4.2 Utilization and consideration of financial products and services

Savings accounts, stocks and mutual/index funds were the most commonly recognized asset classes by Millennials. Relatively many respondents were familiar with newer, less commonly used asset classes and financial services such as cryptocurrencies (36%) and the equity savings account (30%) that launched in Finland at the beginning of 2020. 38% of respondents were familiar with long-term savings products such as voluntary pension insurance. Some respondents commented that there could have been a more detailed explanation of each asset class, and that some terms were completely new to them. Figure 9 below shows the complete list of financial products and services and Millennials' familiarity with them.

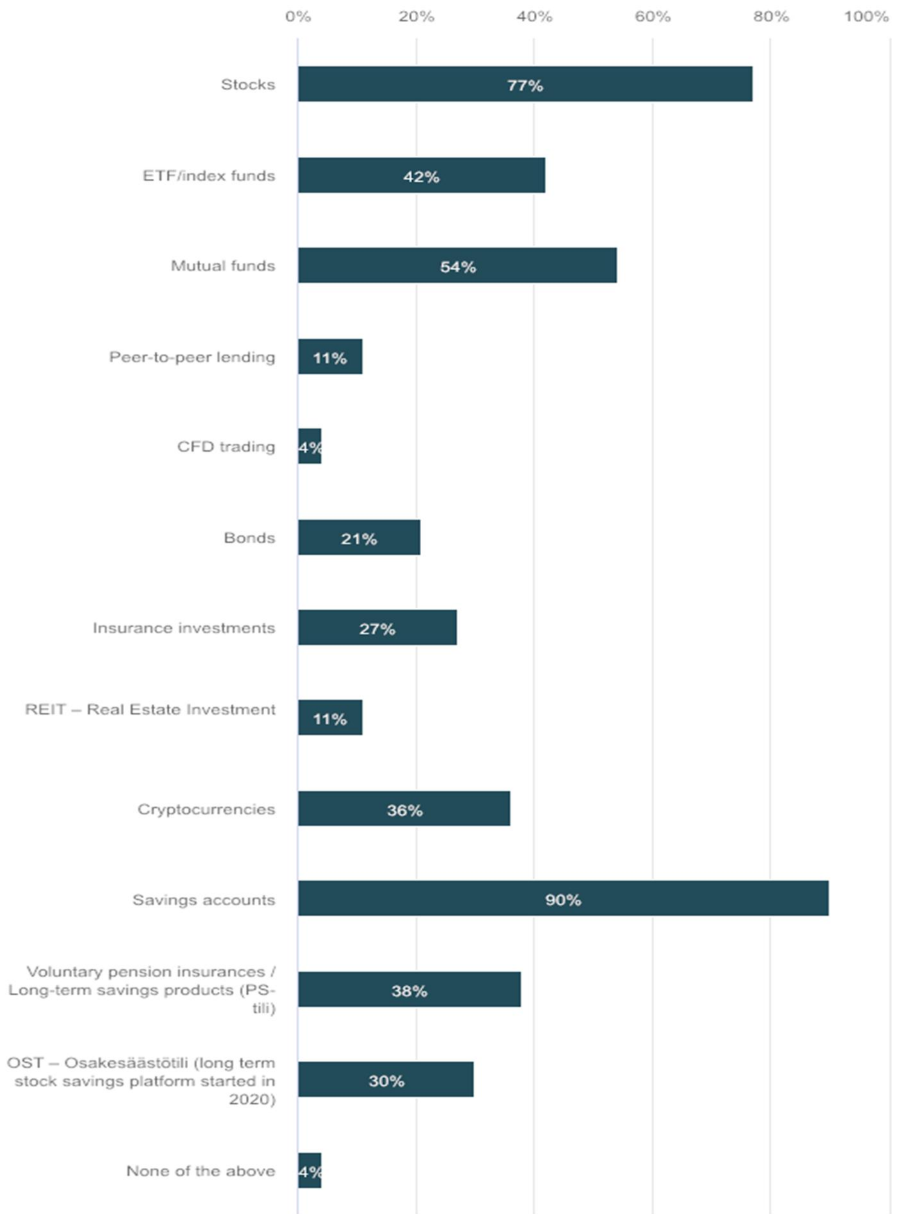

Figure 9. Question 16. Which financial products are you familiar with? Pick as many as you are familiar with.

Given the large portion of students in the sample, Millennials seem to be using savings and investment services quite actively: 55% said they are currently actively saving or investing. Utilization seems to be in accordance with familiarity: the savings account is the most commonly used way to save money. 41% of respondents said they are currently saving into a savings account. Stocks were chosen by 31%, mutual funds by 31% and ETF/index-funds by 25%. Figure 10 below displays the full assortment of investment services in utilization by Millennials during the past 12 months.

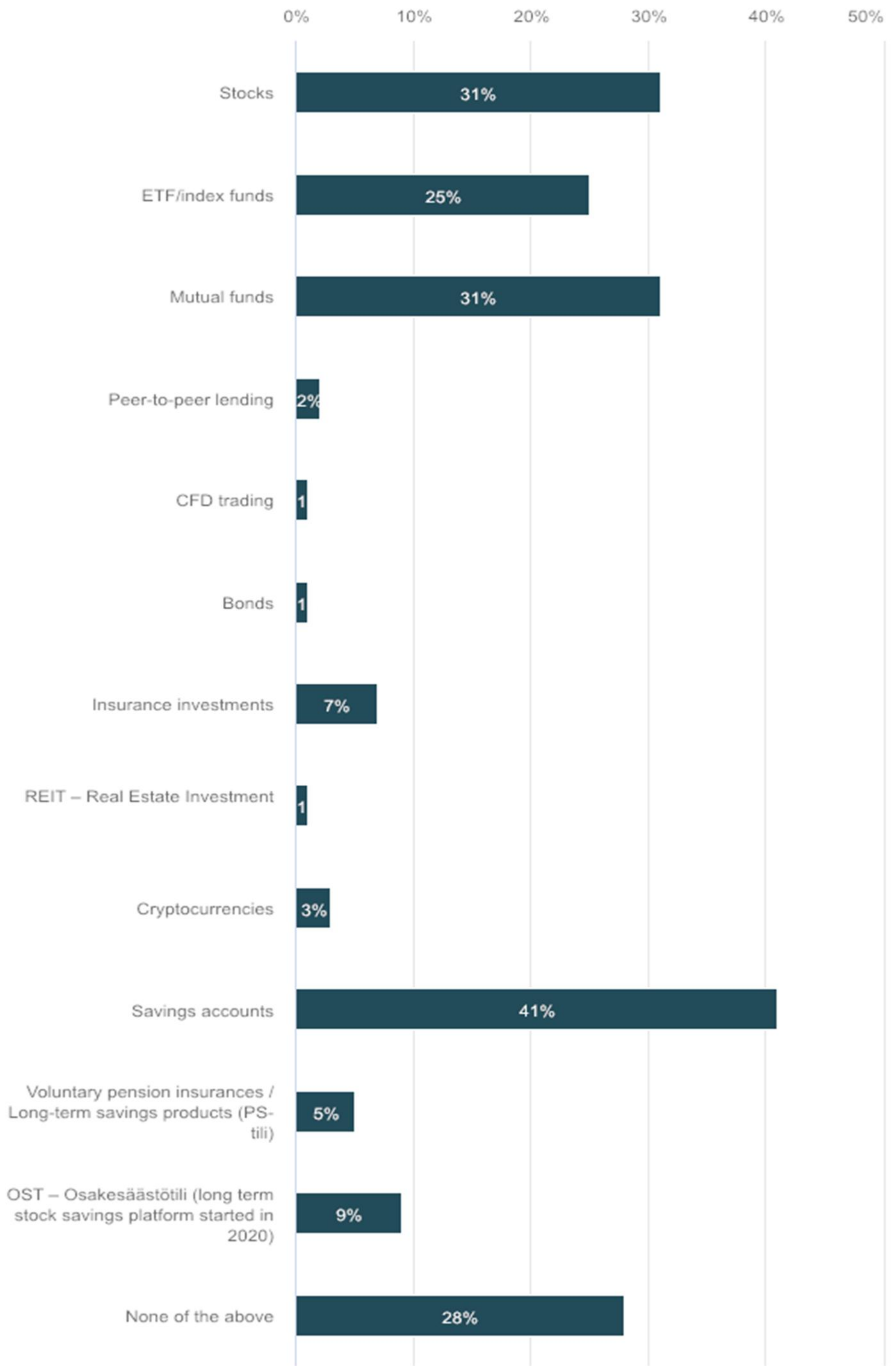

Figure 10. Question 18. Which financial products have you invested to during the past year?

When asked about regularity in saving and investing, respondents chose similarly as to the previous question of generally used asset classes. Savings account (45%) remained the most common choice for a regular savings plan, followed by mutual funds and ETF's / index funds. 21% said they invest irregularly which points out to investing into stock market occasionally because stocks were bought by 31% of respondents during the last 12 months. In fact, of those 38 respondents who invested irregularly, 100% invested in stocks. Of those who did not save at all (18%) almost all were currently students. Only one student said they saved onto a savings account and three students invested irregularly. Figure 11 below presents Millennials' chosen regular savings plans.

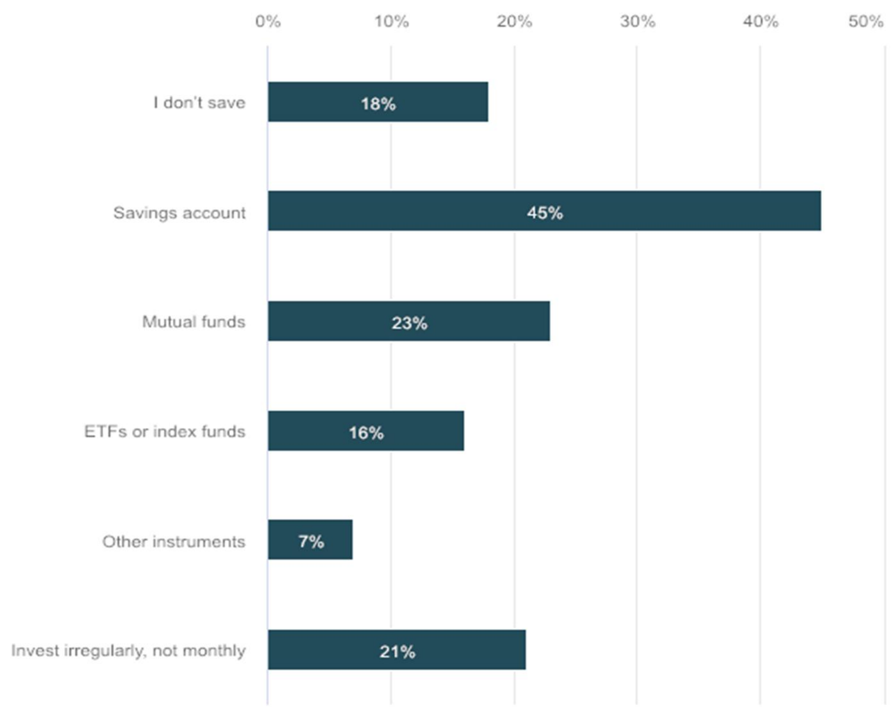

Figure 11. Question 19. Are you investing on a regular basis? If you are, to what instruments?

Accordingly, 17% answered they save 0€ when asked how much Millennials were saving on their monthly savings plans. Vast majority, 37%, saved up to 100 € per month. From there on percentages declined as the monthly savings amount increased. 22% saved 100-200 € per month, 13% saved 200-400 € per month and 11% said they saved more than 400 € monthly.

Next, we asked what insurance products Millennials were familiar with. The product mix in savings and investments field is so diverse, it was clear that many products were unfamiliar to Millennials. However, respondents were very familiar with all chosen insurance products. All alternatives were familiar to 86%-98% of the respondents. The simpler product mix probably affected the familiarity. Despite the complexities of insurance terms, most insurance plans for individual customers are quite understandable and perhaps more common than the investment products. In this case, insurances seemed conventional as savings accounts.

Most respondents felt they were insured quite well or even very well. Only 9% said they felt they were not insured as well as they should be. Figure 12 describes that below.

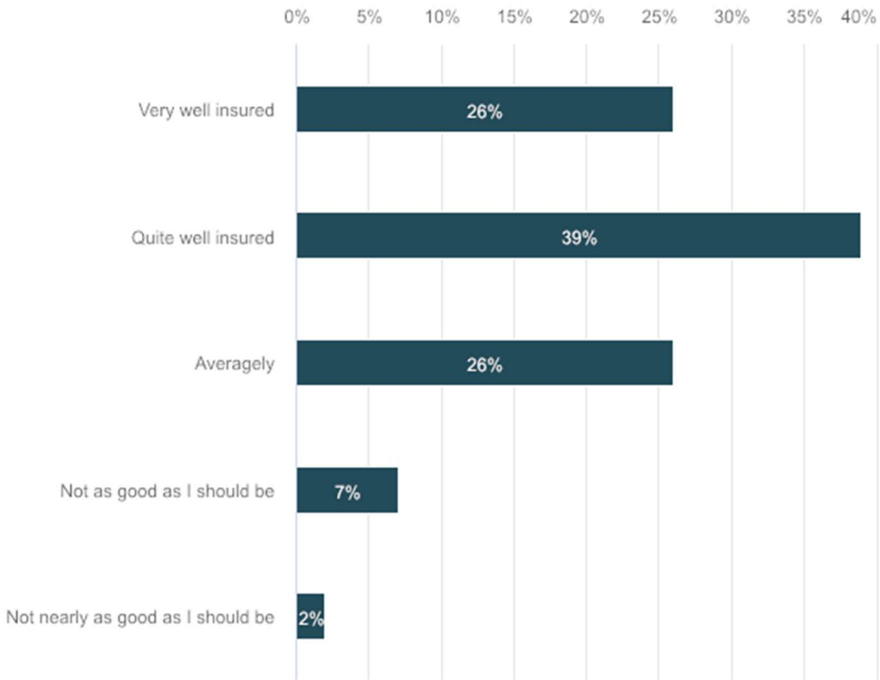

Figure 12. Question 23. Do you consider yourself well insured?

Most respondents did have an extensive insurance plan indeed. Almost all, 91%, had home insurance. 65% - 68% had other insurances, too. Figure 13 below displays what insurances Millennials said they were using at the time they answered the questionnaire.

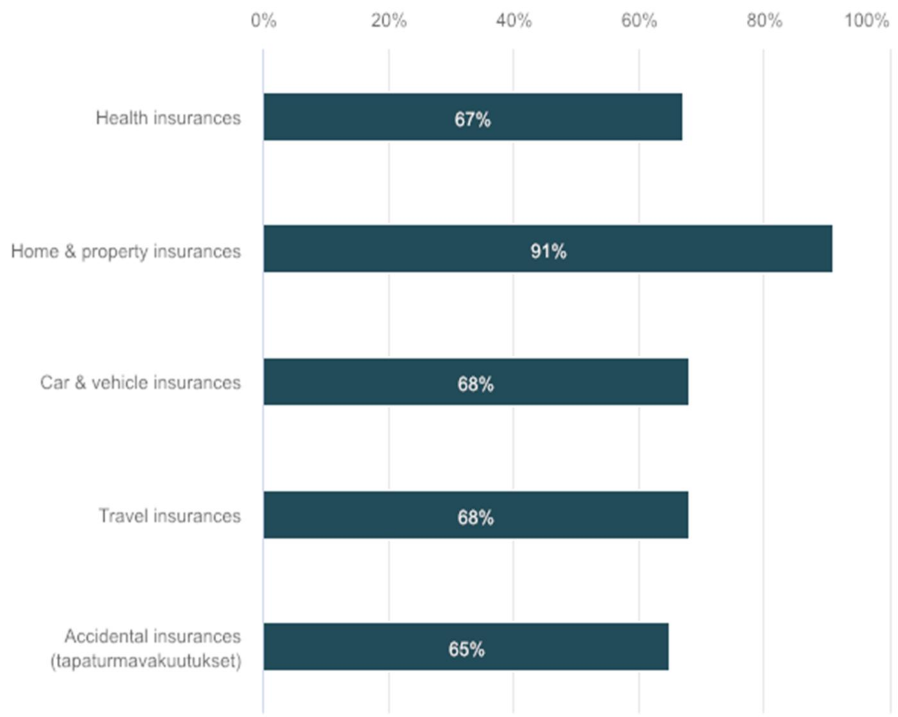

Figure 13. Question 22. What insurance products are you using currently?

Millennials' spending on different health, car and property insurance plans was spread widely. Only a few (3%) did not have insurances at all, but otherwise the spending fluctuated quite evenly between the given categories which indicates the alternatives were chosen well. Figure 14 presents the household spending on insurance plans annually:

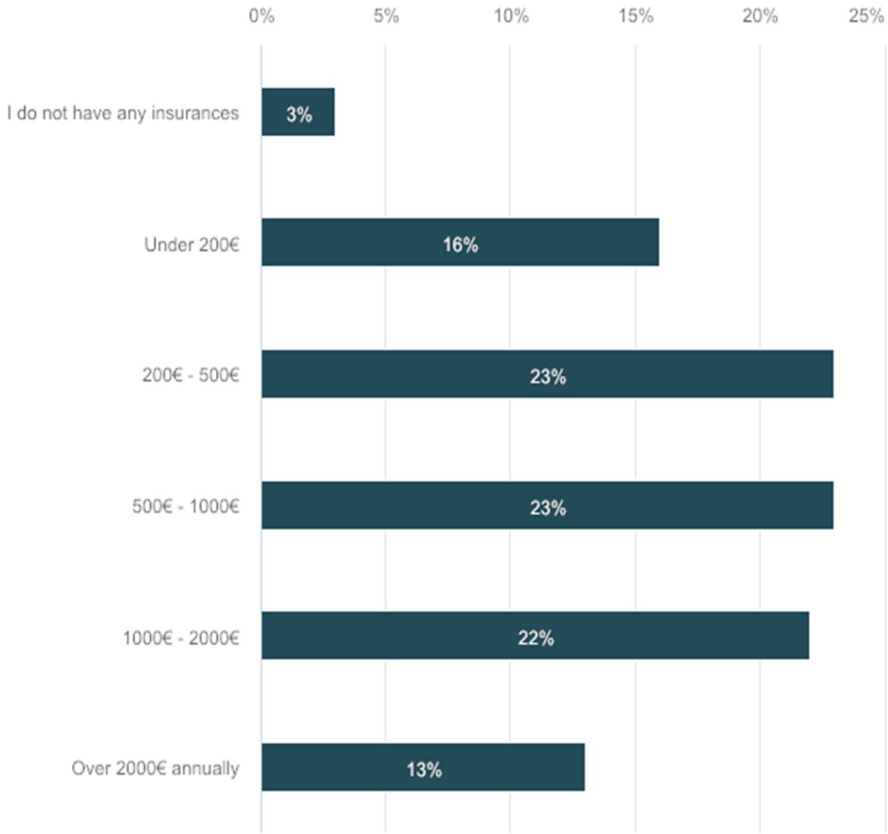

Figure 14. Question 24. How much are your household insurance fees per year?

Next, we asked what Millennials' key preferences were in savings, investment and insurance products. Would they prefer accessibility, benefits or price perhaps?

The questionnaire's alternatives were given a scale of 1 to 6, 1 being the most and 6 being the least important feature in the chosen product/service. Interestingly, trustworthiness of the service provider was found the most important feature when asked about investment products. The score was 2,5 (on the 1-6 scale). Trustworthiness was followed by price (score 2,8) and gains/benefits (score 3,0). Millennials thought payment flexibility was the least important feature in investment products. Figure 15 below presents the complete range of scores between different features:

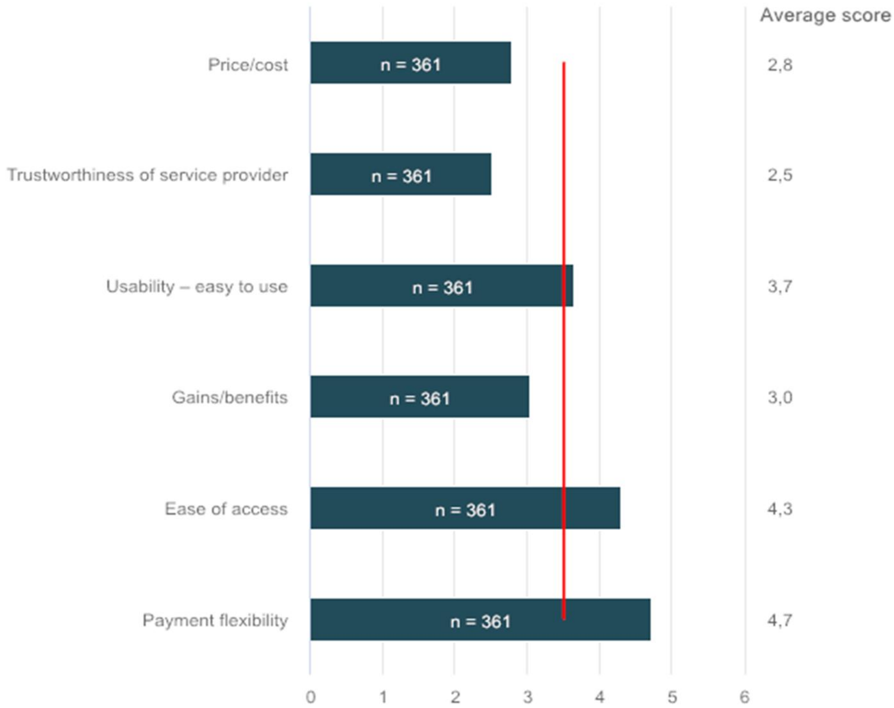

Figure 15. Question 33. What are your key preferences regarding investment products?

Millennials' preferred the same features when it came to insurance products, too. Only a slight difference was seen towards investment products. Trustworthiness and especially price were seen even more important; in insurances, trustworthiness of the service provider scored 2,4 and price scored 2,5. Insurance coverage itself was not as important feature as the previous two; scoring 3,1 and claiming third place in importance. Figure 16 below shows the complete scale:

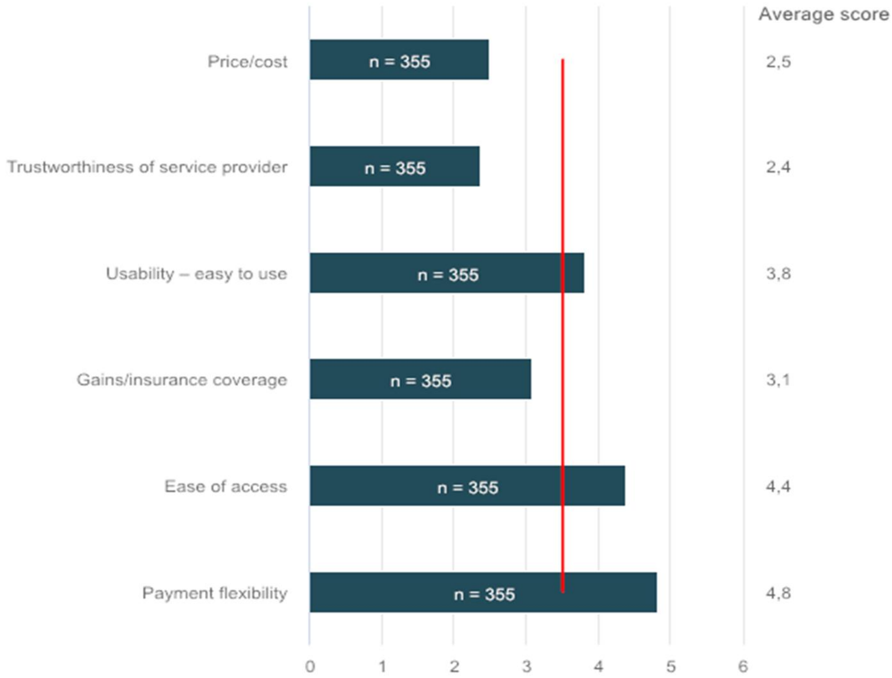

Figure 16. Question 34. What are your key preferences regarding insurance products?

Besides investment and insurance products, we asked what features Millennials preferred in some more newer products and services that are not so commonly used yet but are perhaps gaining interest in the future. Respondents answered very similarly as with investment and insurance products. A few minor differences could be found, however. When it comes to new products and services such as sharing economy and cryptocurrencies, Millennials appreciated the trustworthiness of the service provider even more. Trust got a score of 2,3 on the scale from 1 to 6, with 1 being most important and 6 least important feature. Price was the second most valued preference scoring 2,7. Aside from investment and insurance products, Millennials seemed to value usability (score 3,3) more with these newer services. Gains/benefits was only fourth with a score of 3,8. Figure 17 below gives a closer indication of the answers.

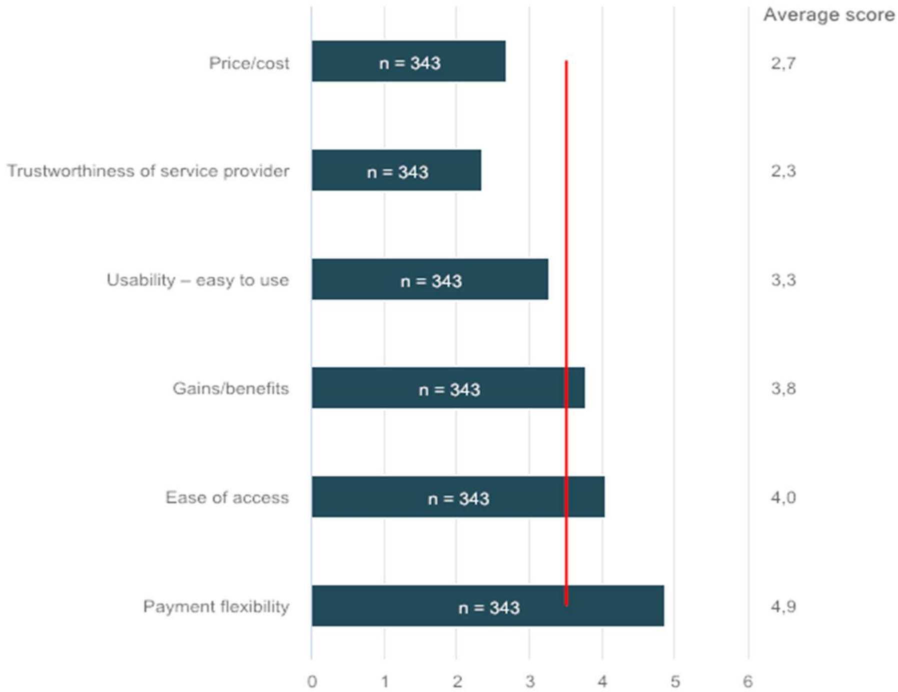

Figure 17. Question 35. What are your key preferences regarding new products and services such as the sharing economy and cryptocurrencies?

When asked about future investments, Millennials planned to continue saving to mostly same instruments as before. 36% planned to invest in mutual funds and 32% to ETFs or index funds. Almost half (48%) planned to continue saving onto saving accounts. Stock market seemed very interesting to Millennials. As we studied before, 31% of respondents had invested in the stock market currently. Therefore, it is remarkable that 65% said they planned to invest in the stock market in the future. Could this result occur despite of or because of the current Corona-virus pandemic that has shaken the stock market harshly? Additionally, it is interesting that only 3% of respondents said they were not interested in saving or investing at all. Figure 18 presents the complete mix of savings and investment products Millennials plan to use in the future.

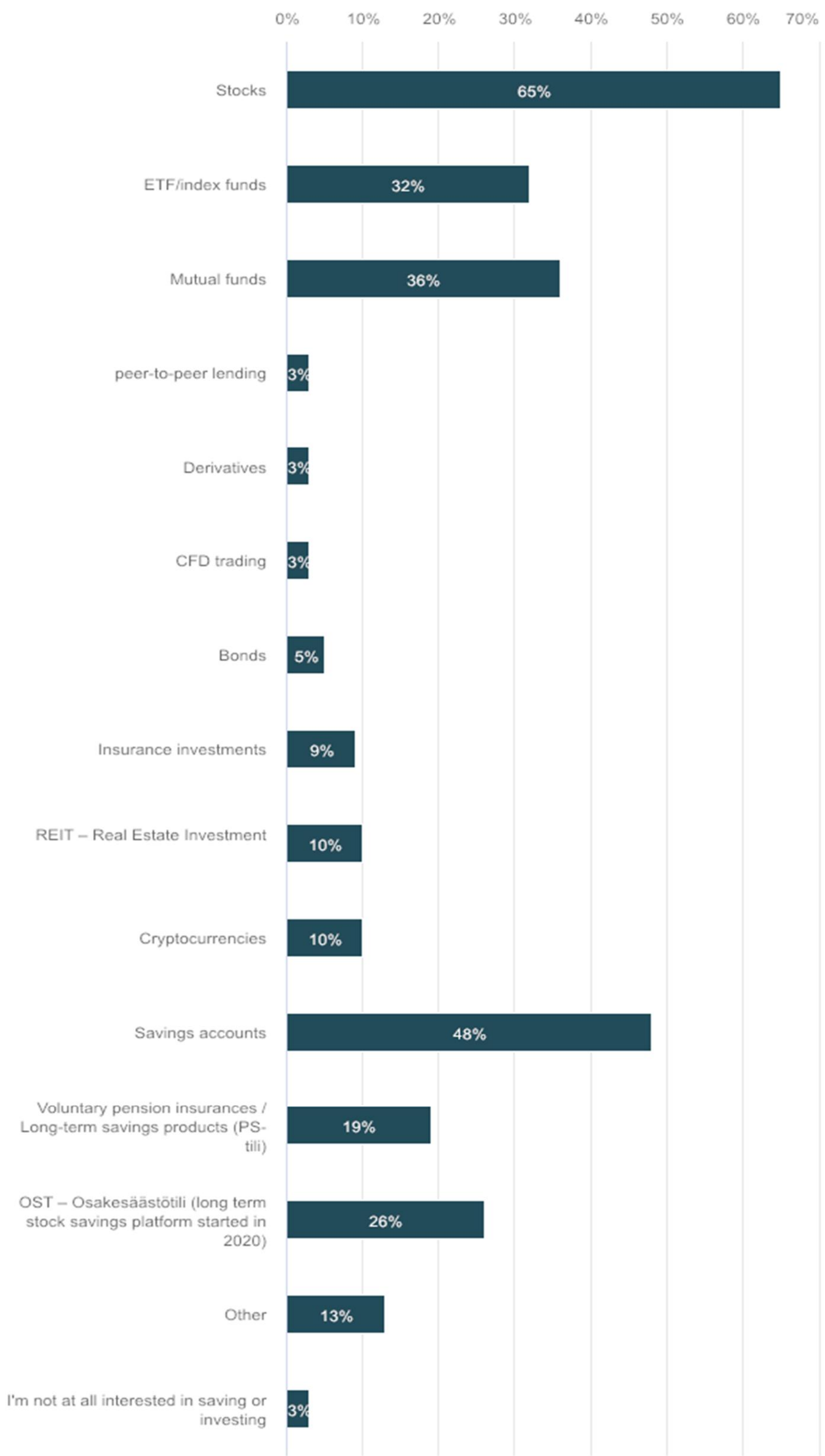

Figure 18. Question 41. Which one of these savings and investment products interest you the most to start investing in the future?

4.3 Trust in the Finnish public pension system

The research shows very clearly that Millennials do not trust the Finnish public pension system. The clear majority, 71% of the respondents said they were doubtful or very doubtful that the Finnish government is able to provide them adequate pension through the public pension system. Only 9 out of 378 respondents (2%) said they were very confident in getting adequate pension from the public pension system.

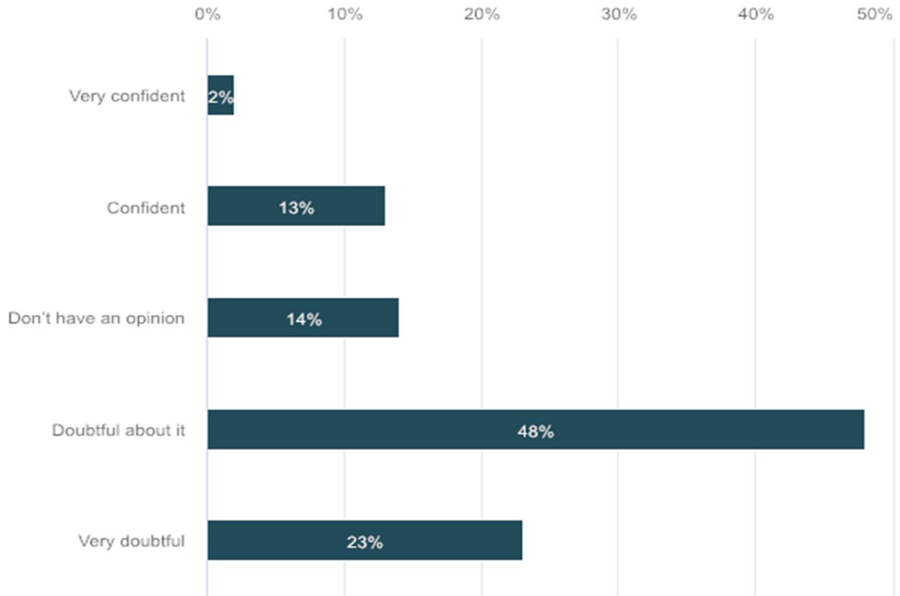

Figure 19. Question 12. How trustful are you that the government will provide you an adequate pension?

Furthermore, Millennials did not think their future pension would be enough for them. The question was very similar to the previous one but with this we tried to stress the respondents to concentrate on the amount of their pension, not about would they receive it through the current public system or not. 72% were doubtful or very doubtful that their future pension would be enough for their needs. 20% were sure or confident that it would.

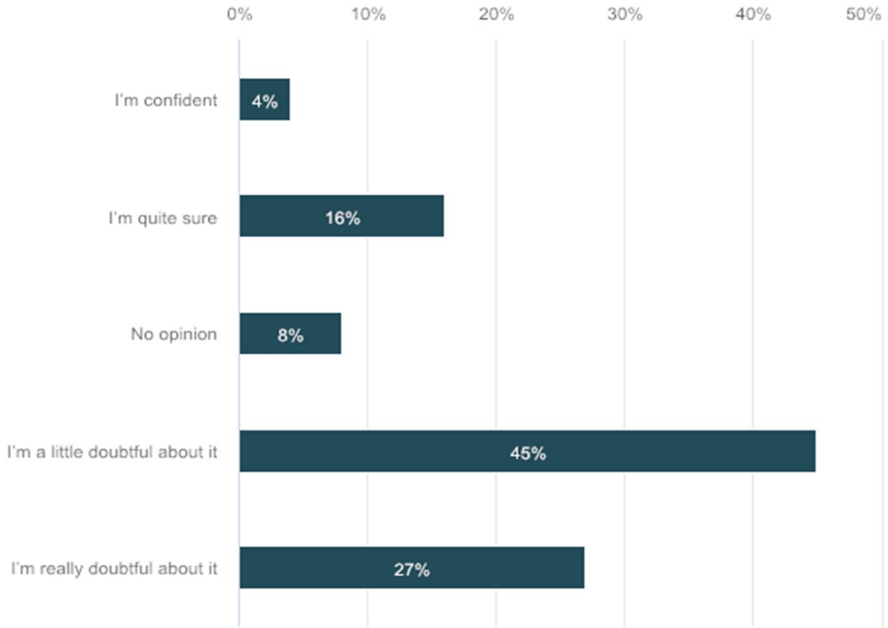

Figure 20. Question 36. Do you think your future pension will be sufficient or adequate for you?

Nor did Millennials think their future pension would be enough to compare to current pensioners. 76% of respondents said they think their pension would be less than of those who are currently receiving pensions. Only 9% thought their pension will likely be better than current pensioners'. Figure 21 demonstrates this below:

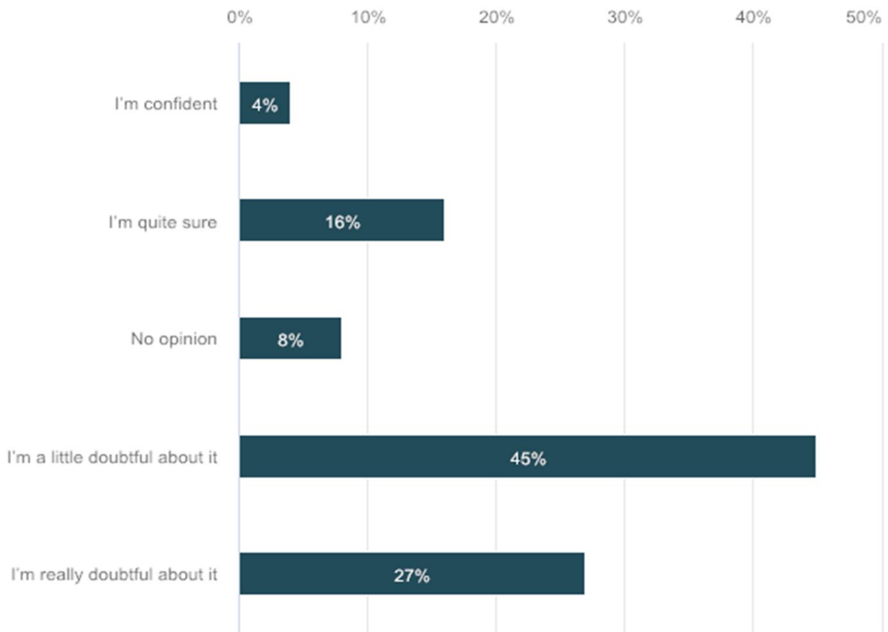

Figure 21. Question 37. How do you think your pension will compare to current pensioners?

Millennials' worry about their pension continues to show when asked about the cornerstone of the Finnish pension system; the dependency ratio. Altogether, 79% of respondents were slightly or very worried about the dependency ratio's recent decline.

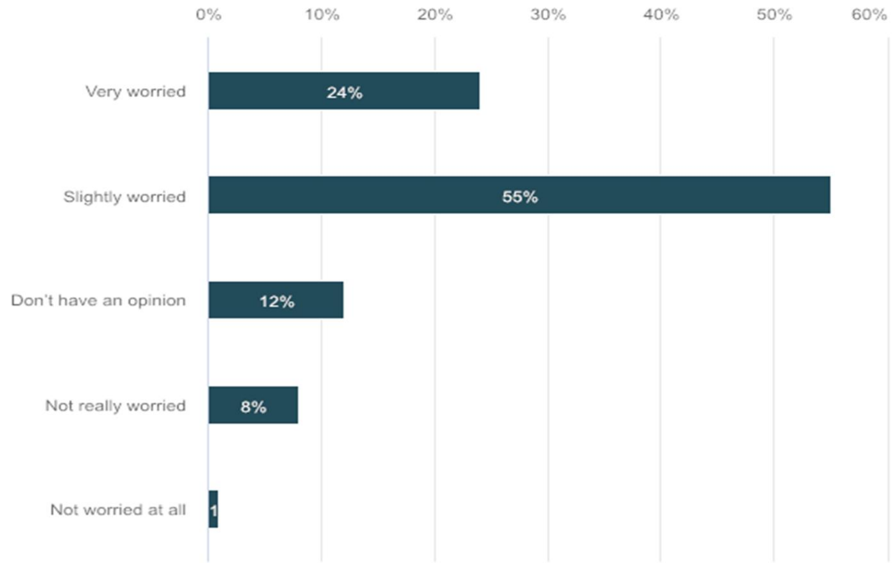

Figure 22. Question 38. Are you worried about the dependency ratio declining?

Most Millennials seem to tackle the dependency ratio and inadequate pensions by saving and investing themselves. 60% had made plans to provide themselves a better pension by saving or investing into real estate, funds, stock and other instruments. 34% did not have plans to save their own pension money and 6% said they had some other plans. Likewise, 82% of the respondents felt it was quite or very important to start planning additional pension themselves.

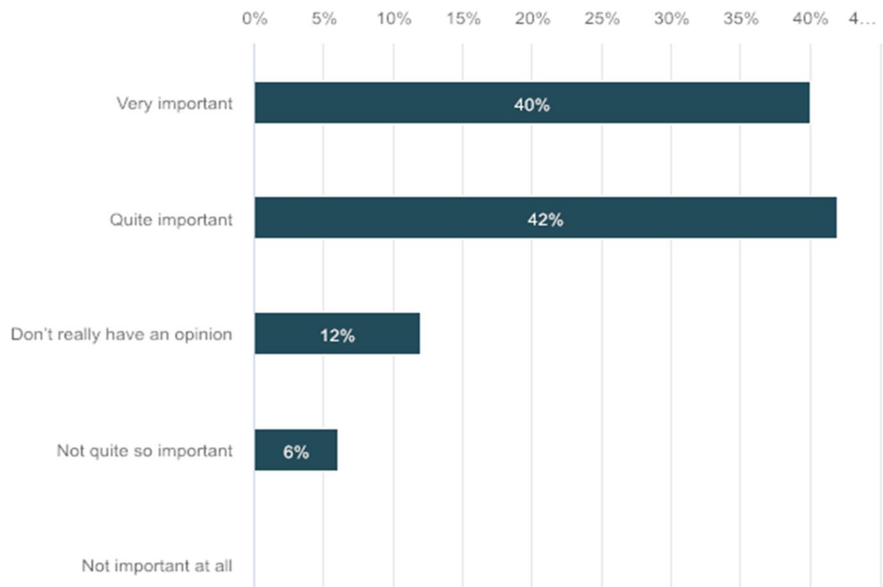

Figure 23. Question 40. How important would you rate planning for an additional pension for yourself by saving or investing?

Despite the imminent worries about their future pensions, most Millennials (64%) did not know what their retirement age is. 36% said they did. However, Millennials do know when they would like to retire. The average desired retirement age was 59,4 years.

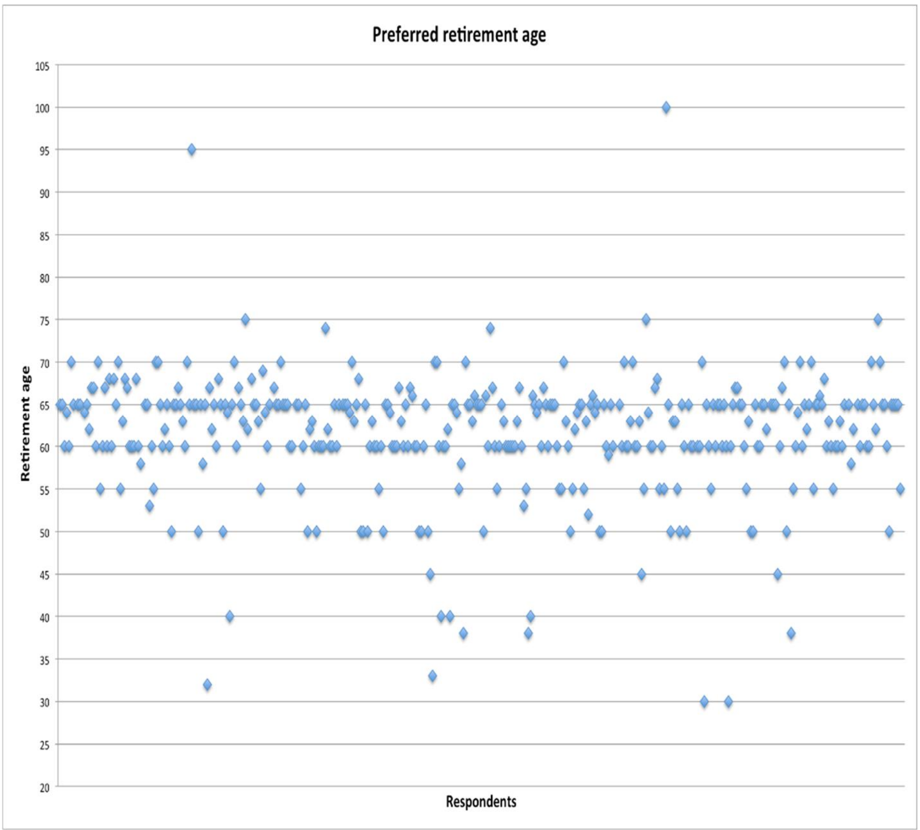

Figure 24. What is your preferred retirement age?

4.4 Defining characteristics of the Millennial generation

Lastly, in this chapter we will present the respondents' answers to the questions that could be seen generationally defining. The objective was to find out a wide understanding of the mindset the Millennial generation has regarding preparing for their future financially. It is commonly said that Millennials prefer more free time than money, at least in comparison to their preceding generations. When asked would they prefer more free time or more income in the future, respondents were mostly equally motivated by both alternatives. A slight lean towards earning more income in the future could be seen from the answers, perhaps due to the relatively large group of students among the respondents. Figure 25 below shows the motivations:

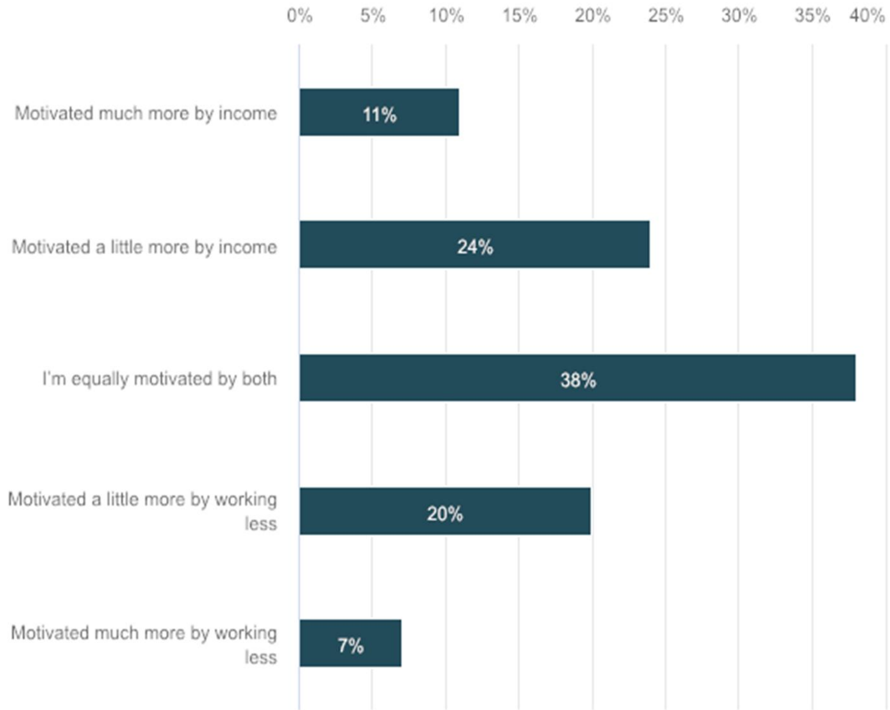

Figure 25. Which scenario motivates you more in the future: earning more income or having more time off work?

Interestingly, Millennials seemed very eager to work overtime if they could earn more that way. 70% were willing to consider overtime work if they could earn more progressively that way. 19% were not interested that much and 6% said they were not interested at all.

When it comes to owning versus experiencing, Millennials leaned more towards experiences. Most said it depends on the situation, but overall, 36% said they preferred experiencing over owning at least a little or more. Only 9% said they preferred owning much more, as can be seen in figure 26:

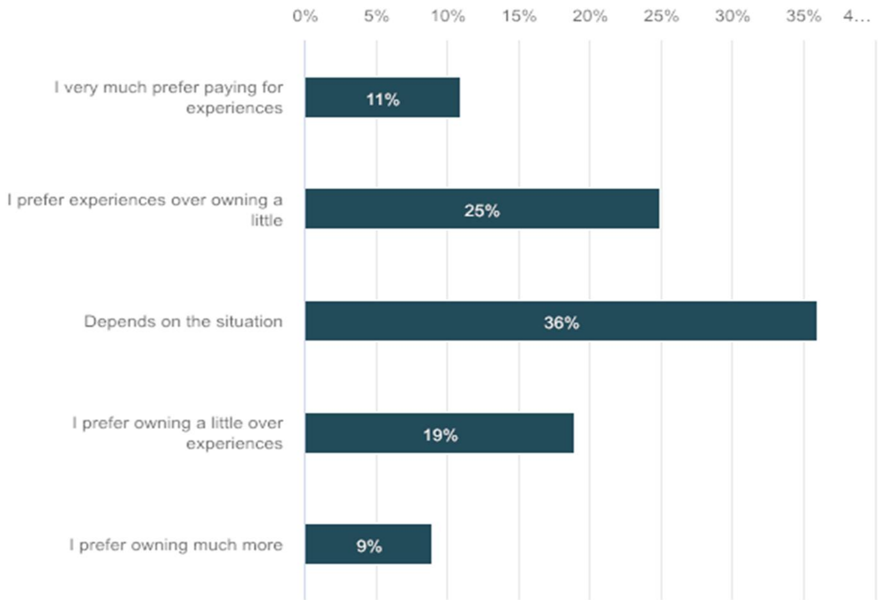

Figure 26. How do you feel about owning vs. experiences?

This similar thinking could be applied to insurance preferences. To open Millennials' mindset in the context of the thesis topic, we asked did they prefer personal insurances or property insurances. 18% in total said property insurances are more important to them. 45% thought the two were equally important. 37% of respondents felt personal insurances were more important to them.

Next, we continued to follow this way of thinking and asked if Millennials preferred to save and invest or insure when preparing themselves for the future financially. Saving and investing was clearly more preferred by respondents. Only 5% preferred insuring much more. Figure 27 below explains this in detail.

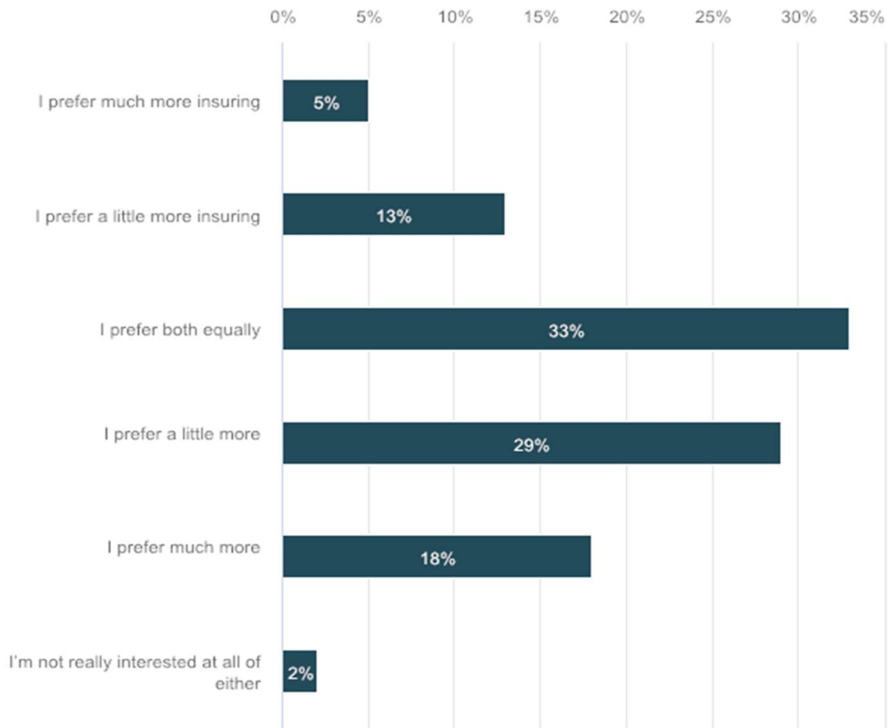

Figure 27. From a risk management view, you can take precautionary measures in a couple of ways. For surprising situations in the future: do you prefer to insure or invest and save?

To measure Millennials' openness towards new solutions, we asked how interested they were in some newly emerged services such as AirBnB, the sharing economy or Uber. I turned out that Millennials are extremely open-minded in this sense. 46% said they were interested in these new services and 21% were very interested. Over half of the respondents (58%) had already used this type of services.

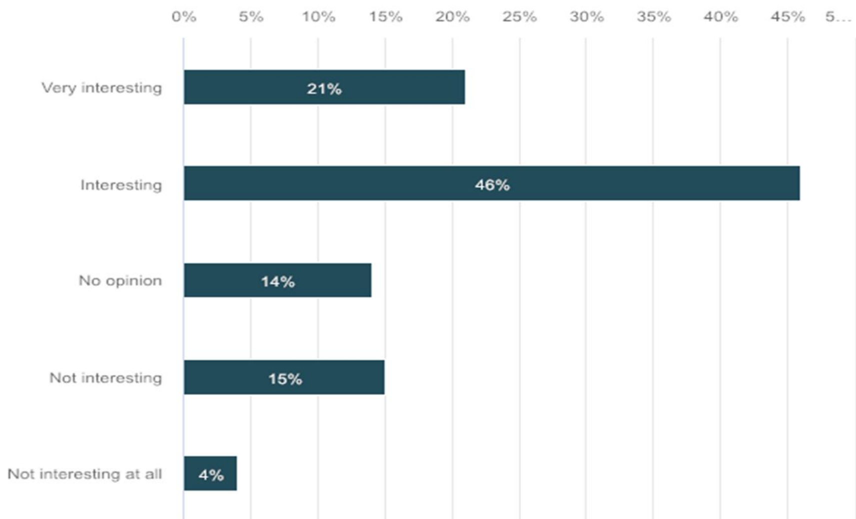

Figure 28. How do you find using sharing economy services such as Airbnb, or sharing apps such as ShareitBloxcar or Uber?

In line with the interest of newer type of products and services, we inquired what was Millennials' level of interest towards digital currencies that are not backed by any central banks, such as the Bitcoin. This argument created some disruption when analysing the answers. Roughly one fourth were either interested, intrigued, unopinionated or not interested. This can be seen from figure 29 below.

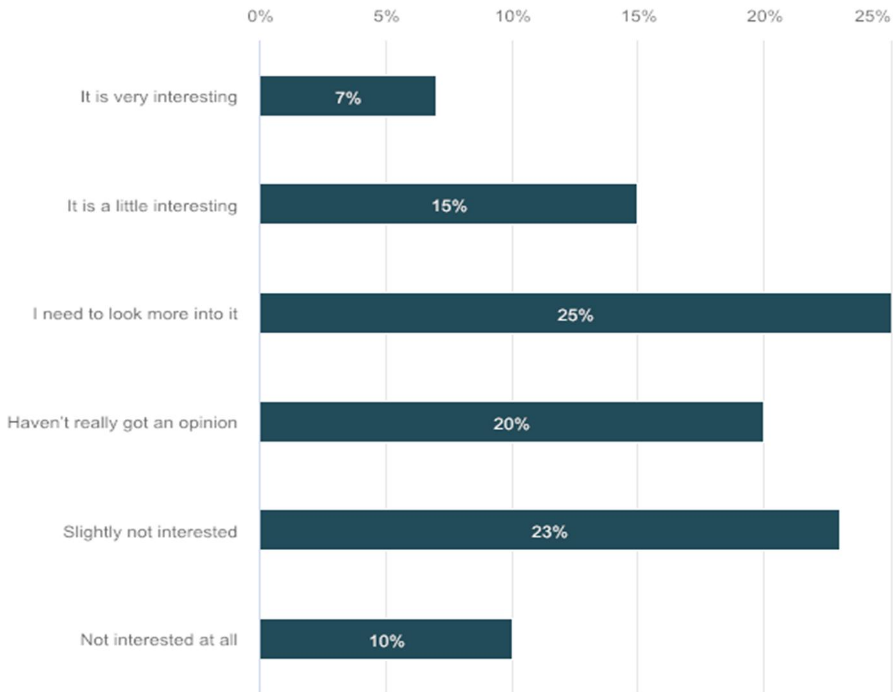

Figure 29. How do you feel about the Bitcoin? It is a purely digital, deflationary, easily transferable asset and not backed by any government or central bank.

Finally, the majority of Millennials (60%) concluded, that laws and regulations in finance were acceptable currently. 22% felt the level of regulation could be decreased a little.

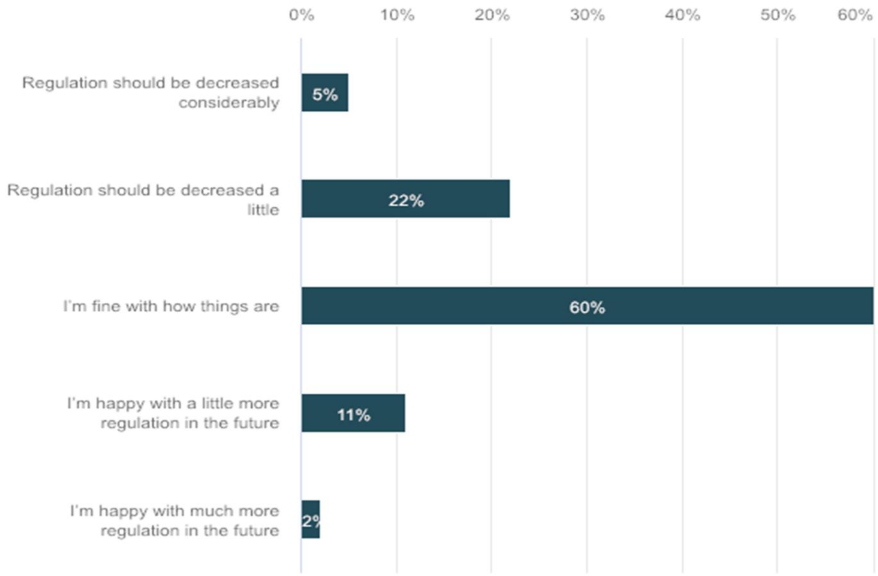

Figure 30. How do you feel about laws and regulation in finance and business?

4.5 COVID-19 – Pandemic's effects on respondents' answers

The thesis project was surprised by the sudden coronavirus-pandemic. Therefore, we decided to add two questions regarding the situation. We asked if the coronavirus and its effects had affected respondents answers in their opinion. Exactly half said it had not while 25% felt it had, on some level. Figure 31 below presents the answers on the coronavirus' effects on respondents' answers.

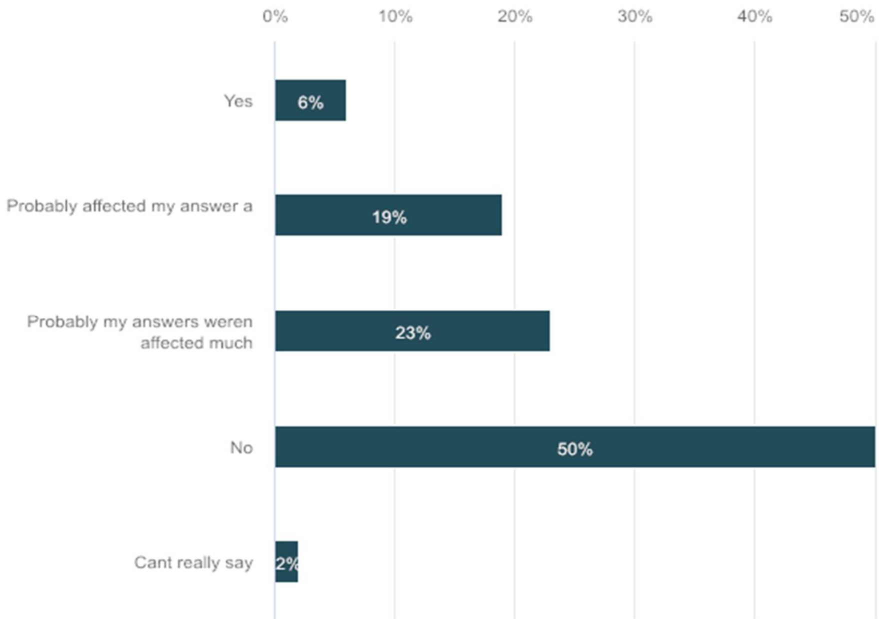

Figure 31. Do you think your answers were affected by the current economic situation regarding the coronavirus?

The other coronavirus-question was about respondents financial planning. Many respondents thought about starting to save more cash to create a bigger financial buffer for themselves. 42% answered they had changed nothing. It was very interesting that only 2% said they would get a more extensive insurance plan, yet still, only 3% thought about cancelling their insurance plans to save money. Postponing major purchases was a common choice for many as well, with 30% of respondents planning to do accordingly. Figure 32 displays the actions Millennials thought about doing because of the coronavirus-pandemic.

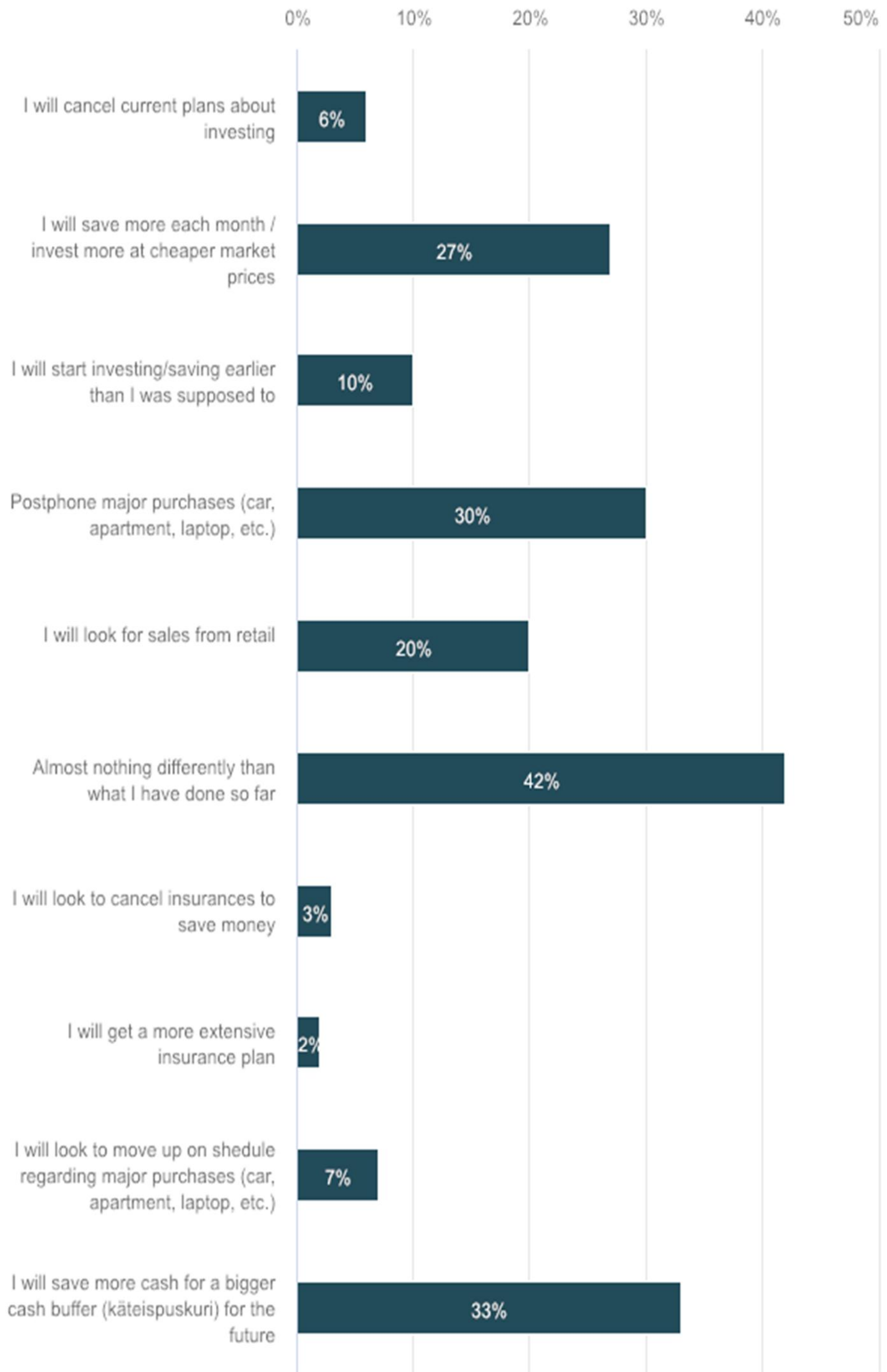

Figure 32. How has the coronavirus changed your financial planning?

5 CONCLUSION

5.1 Research Outcomes

In this final chapter of the thesis, we will enclose the research findings. We will go through the main research questions and offer conclusive remarks for each one. We will also analyse the results and reflect on them by researching relevant secondary data. Lastly, we will discuss the research's implications and recommendations for future research. We will also make suggestions how investment and insurance providers could better cater the Millennial segment based on our research.

5.1.1 Trust in the Finnish pension system and its future

Finland's dependency ratio is declining rapidly while Finland has the second worst ratio of old-aged people to working aged people from countries in the European Union. Only Italy's number is worse. Consequently, the government seeks to prolong careers from both ends. This causes anxiety among Millennials; whose careers are already very fractured. (Sorjonen & Vainio 2020, 46) Our research results indicate, that Millennials have taken the dependency ratio's decline very seriously. 79% of respondents were worried about the issue.

Millennials are also very doubtful about receiving enough pension from the Finnish pension system. Even the oldest Millennials are only in their 30's, so understandably, perhaps retirement seems rather far away. Nevertheless, most are already making plans to save for retirement. Interestingly, almost all Millennials hope to retire earlier than their estimated retirement age, however, most are unaware what the estimated retirement age actually is. On average, respondents preferred to retire at the age of 59 which is considerably lower than any Millennial's actual retirement age. There certainly is a group of Millennials (15% of respondents) who are seeking to retire very early, at 55 years or younger. A handful of respondents had hopes of retiring in their 40's and some even in their 30's. One interpretation to this could be, that these Millennials follow the FIRE-movement (Kerr 2020) where you seek to retire very early by investing heavily and relying on the compounding interest effect to accumulate wealth rapidly. Conclusively, Millennials are worried about the durability of the Finnish pension system and have already taken corrective actions to secure their retirement themselves. It seems, though, that Millennials are the first generation since the foundation of modern pension systems, that must rely more on individual savings to secure sufficient pension. Additionally, the coronavirus' effects on Millennials (and younger) remain to be confirmed but appear overwhelming by current assessments. (Talouselämä 2020.)

The voluntary pension insurances were a good idea from banks & governments, and some of the contracts opened in the start of 2000s. But constant changes (even retrospective) to the terms and taxation of voluntary pension insurances deteriorated interest in the products, while increasing retirement age and uncertainty of the final retirement age eventually finished off the opening of new agreements. If a new system is created which has benefits for saving up your own pension, governments and tax authorities should restrain themselves on changing the rules constantly, therefore providing a better belief in the voluntary pension system.

5.1.2 Financial situation currently and in the future

Research's results were aligned with an American study on different generation's retirement savings. According to Transamerica Centre for Retirement Studies (2019), Millennials start saving for retirement earlier than previous generations and have a median amount of $23 000 saved for retirement. Our study showed that a fourth of Millennials had saved 5 000 – 20 000 euros. 26% of Millennials had already saved more than 20 000 euros. American Millennials must rely more on saving for pension themselves (Nutting, 2016). Given the fact that Finland does have the public pension system as described in the theory part of this thesis, it can be assumed that Millennials in the Finnish system have perhaps a more secure financial situation to their American counterparts in preparing for retirement.

In conclusion, Millennials were moderately optimistic about their financial situation in the future. Lower educated (comprehensive, high or vocational school vs. university educated) respondents were more inclined towards pursuing increasing their income in the future as shown by the preference of doing overtime work if it paid better than regular working hours.

5.1.3 Utilization and consideration of financial products and services

According to the research, almost all Millennials already save or invest. However, their knowledge about investment instruments is polarised. Traditional saving or investing instruments such as saving accounts, funds and stocks are well-known, but only the most active investors are familiar with the more complicated products. Millennials' preferences seem to correlate with their income levels and the uncertainty to the Finnish pension system. Currently there are over 96 billion euros of funds in different kind of saving- and checking accounts in Finnish banks according to a survey done in March of 2020 by the central bank of Finland (Finlands Bank Eurosystemet). A Finnish bank and insurance company, Lähitapiola (2020) reports in their survey that saving money to bank accounts is still the most popular investment instrument to Finnish people. The study states that 57% of Finnish people prefer saving to accounts as their primary investment form. Compared to these numbers, according to our research results from the questionnaire Millennials seem to more be open than the average person in looking for more developed possibilities for investing, possibly partly by necessity. This could be interpreted by having access to more information in the digital era of today but also because previous generations only preferred risk-averse instruments in order to save for shorter time spans. Perhaps, one could argue, that this was because there was more trust that the pension system would cover you in the end with a sufficient pension.

On the other hand, insurance products are known exceptionally well by Millennials. The product range, however, is remarkably smaller than on the investment side. Millennials clearly consider saving and investing more as a concrete mean to prepare for future financially. Insurance seems to be more of a side note which is perceived as important but is less linked in the long-term financial preparation. Perhaps, respondents did not see health, disability, death or other risks as the type of matters that could affect their future financially. It is human to consider positive actions, such as saving money for yourself, as self-dependent means to prepare for the future. The money saved can also serve as an emergency fund, but it can also be a catalyst to a better livelihood. (Caldwell, 2017)

Patterns for both, investment and insurance services are similar in the order from most important to least important feature, with some small differences. With investments, trustworthiness of the service provider is more important than with insurance. In investing, the difference to the second most important feature (price/cost) is larger, than in insurance. In insurance, price/cost follows the trustworthiness feature extremely close, almost as important as the most important feature, trustworthiness. In the questionnaire, 3% replied not having any insurances all, compared to the answers related to 18% reporting not saving at all on a monthly basis and 38% reporting to having only cash and money on a bank account (not investing). Combining these statistics, we can assume that partly the difference with cost/price effects between investing and insuring could be because of better knowledge of insurance products. If you have less knowledge of investment products than insurance products, then this may reflect the larger emphasis on trustworthiness of investment product providers and further emphasis on cost/price related to insurances as it is easier to compare insurance products.

5.1.4 Attitudes and expectations towards new products and services

Millennials seem to postpone major arrangements, and major acquisitions. In a large Millennials Research, Goldman Sachs (2020) reported that the number of under 32-year olds being married and living in their own household has declined to only 23% in 2012 from 56% measured in 1968 of the age group. The research in question also states that Millennials are more reluctant to buying ownership of cars, music and luxury goods than earlier generations. Instead they prefer services that though which they can access to these goods and services (Goldman Sachs, 2020). Services such as car sharing are touted to more common than owning a car from various sources. From how Millennials see paying for access to services and experiences it is relatively easy to figure out why the sharing economy markets five key sectors such as travel, car sharing, staffing, finance and music/video streaming have been prospected to grow from 15 billion in 2014 to 335 billion by 2025. (PwC 2015)

In the research we found a small preference in experiences, with 36% preferring experiences more than owning. Generally speaking, Millennials seem to prefer paying for access to services and experiences rather than owning the goods themselves. This can be seen also in other reports, such as with the Goldman Sachs (2020) report. What comes especially to car ownership, a study done to US Millennials found out that major reasons for embracing car access over ownership are environmental concerns, total cost of vehicle ownership and collaborative consumption. (Zipcar 2011)

A 2019 Deloitte study concluded that the past decade has had its effects on the Millennials. This age generation wants business leaders to stand out as agents for positive change, according to Deloitte (2019). Millennials are not just happy to do business, they want companies to enhance lives while providing for a salary and are more likely to buy products from these companies (Deloitte 2019, 26) Unfortunately according to the same sources not enough of businesses are up for the tasks.

“Millennials are not who you think they are. Coming of age in a period of economic uncertainty, individuals born between 1980 and 2000 have been stereotyped as recent college grads who can’t find meaningful work. They’re forced to move into their parents’ basements. They’re faulted for living in a limbo somewhere between adolescence and adulthood. They’re criticized for being selfobsessed. They’re chided for clinging to their mobile phones as a lifeline. Worse yet, they’ve been ignored by a financial industry that believes they have no money and little interest in building personal wealth"

Figure 33. Natixis Investment Managers 2017.

Millennials have used mobile phones from a relatively young age. They are also a large group of users of social media and digital services. A research by Natixis Investment Managers (2017) however manages to bring out something very important and even surprising. According to the survey even as only 56% rate their investment knowledge good, 87% of Millennials trust themselves with making investment decisions. Even more surprising is that 86% state that they trust their financial professional as much as Millennials trust themselves. Millennials trust in their financial advisor (88%) far exceeds their trust on the investment advice of their families, co-workers a& close friends (71%) while also beating Millennials trust on financial media (58%). (Natixis Investment Managers 2017). Also, a very interesting factor from the same research was that only 44% of Millennials would prefer digital advice over person-to-person advice. The easier access to markets and information has been interpreted largely as decrease in need for personal advice. However, an interesting alternative view could be that the availability of information from various sources can actually generate need to reflect it with someone. Or is it also possible that it is easier to validate your financial advisors’ advice when alternative information is in abundance. According to Natixis Investment Managers (2017) survey, already 18% already use both digital and personal advice regarding investments.

Our research shows, that in both; investment and insurance products and services, usability and ease of access fall behind price, trust and benefits, when asked to rank the key features are preferred by Millennials. Only payment flexibility was ranked below ease of access and usability. This result seems to be aligned with Natixis Investment

Managers (2017) research. Despite their indisputable abilities in digital services, Millennials seem rather conventional when it comes to the most important features in investing and insuring.

An overwhelming majority – 77% want to be told the stark truth about the challenges they face, yet 46% get no information through their workplace or educational establishment. They are demanding new products, that offer early withdrawal for key life events and they want to invest in a more ethical, socially engaged way, being prepared to allocate on average 42% of their portfolio to Social Finance projects. (BNY Mellon 2015.)

This report proposes a number of ways in which financial services providers should change their approach to tomorrow's high earners – a radically improved approach to financial education at all ages, a more honest dialogue with young people about the financial challenges they will face in later life, a new emphasis on investments that benefit the wider community and a fresh approach to product design that includes early access. Implementing them will not be straightforward, but those financial services providers that adapt to their changing customer base can be sure they will be best positioned to thrive in future markets and continue to drive shareholder value. As an example, 75% of Millennials would like an app that gives them information on their long-term savings. (BNY Mellon 2015.)

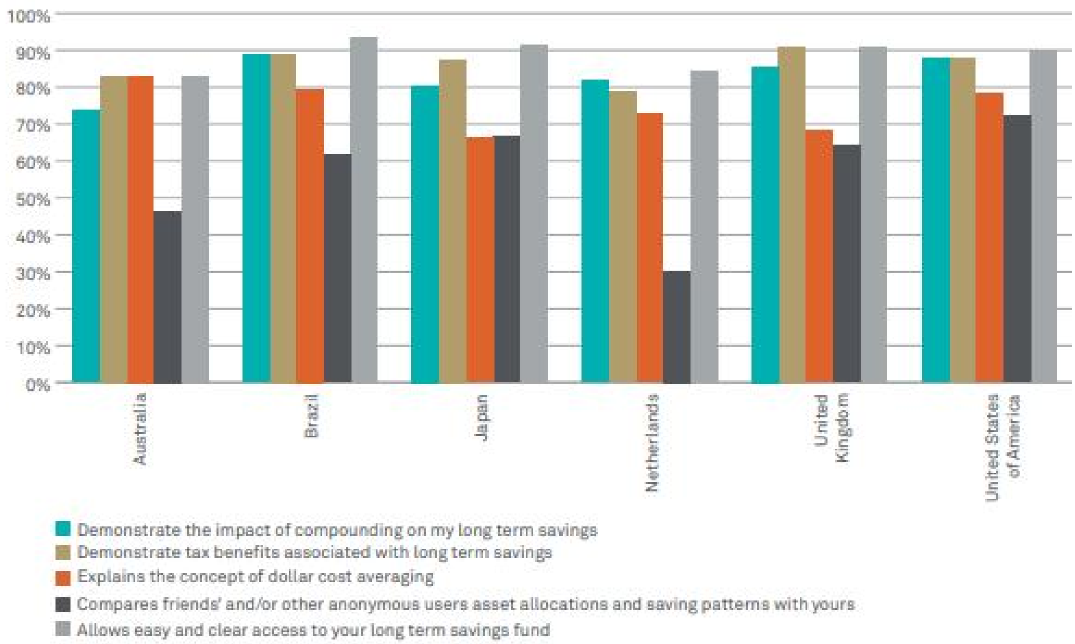

Figure 34. What do Millennials want from retirement saving apps? BNY Mellon. (2015).

5.2 Implications and recommended actions

Our research showed that Millennials are very sceptical about the current pension system in Finland. If the dependency ratio's development continues unfavourable, politicians and government officials will probably have to face a pension system reformation. Based on our research results, an in-depth -analysis should be conducted to further understand the pension system's long-term durability and sensibleness for future pensioners with further calculations on the effects of decreasing birth rates, decreasing permanently low interest rates and increasing lifespans of senior citizens. One possible solution could be that instead of a risk-averse investment perspective from a collective group of people (all Finnish people) we could give more control of pensions investing decisions to the people individually. Could this be a favourable solution to Millennials, who are often described as individualistic? (Sorjonen & Vainio 2020, 40.)

Sweden's pension savings model is contrary to the totally collective system in Finland. Sweden gives individuals a choice how they want their accumulated pension to be invested long—term. (Cowell 2005.)

Swedish pension setup is composed of three elements: The first is income-based pension, which is collective for all with a contribution rate of 16%. The second is the guarantee pension which in return – provides all citizens with a minimum old-age pension in case they have not accumulated other pensions, or their individual pension is small. The most interesting part is the third one, premium pension, which has a contribution rate of 2.5%. This amount is compulsory, and money is governed by a new authority called Premium Pension Authority (PPM), founded in the early 2000s. Swedish people can themselves decide how to invest this 2.5% through a wide selection of around 700 mutual funds. Instead of having to deal with insurance companies and fund managers individually, people can just choose the mutual funds they desire and change them at any time, free of charge. This promotes competitiveness and freedom of choice among service providers. There is also an option for giving the control of investment decisions to the PPM – in case you don't want to make investment decisions on your own. (Pension Funds Online 2020.)

Similar system in Finland would be more engaging for the people and could possibly help alleviate the concerns doubt about the pension system. In theory, this could also help the insufficiency of pension funds in the future as individuals tend to be less risk-averse than collective groups (Jouini et. al. 2013, 14). As stated in the same research, groups whose members have high individual risk tolerance and that are more heterogeneous will display a higher risk tolerance. (Jouini et al. 2013, 14.) This can easily be interpreted as a large population of people from very different backgrounds (all people in the Finnish pension system) would not qualify as being able to take higher risks with investing.

By allowing more risk in long-term investing, future profits should be larger as all financial and investing sources support this assumption. Optionally it would be possible of boosting pension sufficiency with a working voluntary pension saving system, which would have to have some sort of guarantees of not changing the rules and taxation constantly. This is more challenging however, as this is voluntary and past changes into the past voluntary pension system can be a hindrance. Furthermore, after analysing thoroughly, it would be useful to educate Millennials – and younger generations – about the current pension system as they seem partly ignorant about its functionality and relevance.

From the insurance point of view, the individualistic approach of Millennials could be studied further. Havakka et al. (2012, 20) describe insurance as an agreement by which a group chooses to compensate each other in the actualization of a certain risk. Is this collective approach desirable for Millennials? The generation seems to have taken control of their savings individually and lacks confidence in the public pension system. Could an alternative, more individualistic insurance plan be introduced in the future? One approach could be a reverse bonus system where the insurance plan owner would have a set payment, but instead of bonuses or discounts the insurer could offer a cash back system. By doing this, customers with no claims to file, could feel they are receiving money back from their insurance, not only paying all the time. Another approach could be to return to insurances with tight-in investment options. As investing seems to give the impression of being more in control of one's financial future, perhaps these type of insurance plans could prove to be popular in the future?

Based on the research outcomes, we can draw some recommendations for investment and insurance providers how they could serve the Millennial segment better in the future. Despite being digital savvy, Millennials still appreciate trust and value. Costs and dependability are important to Millennials. Service providers should not overlook this when catering their Millennial segment. Millennials have less money to spend than the previous generations (Leonhardt 2019) and are more likely to switch brands based on good discounts. (Costin 2019.)

These attributes were highlighted by our research, too. When offering investments and insurances to Millennials, being active is at utmost importance. Our research shows that Millennials are very interested in saving and investing especially. Besides students, all respondents were saving or investing in some form. By being active and providing Millennials with more engagement, investment providers could attain new customers from the Millennials segment.

If the government chooses to reform the Finnish pension system, it creates reformation onto the service providers as well. Changing legislation towards a more open playfield, service providers could be more innovative in creating new investment and insurance products that could serve customers willing to retire earlier or be more flexible at the latter part of their work life. Given the legislation around these products and services tightens, providers are forced to cut their product range and most likely simplify many instruments' attributes.

For example, in the US, Individual Retirement Accounts (IRA) seem to be quite popular. US based IRAs give the choice of freedom related to how you want to save for your future pension. Possible investment instruments for IRAs include stocks, bonds, ETFs, mutual funds, real estate and so forth. Also, a person saving their money onto a US based voluntary pension account (IRA) may at any time withdraw their money before the age of 59,5 years with a small tax penalty of 10%. (Kagan, J. 2020)

Social finance, an investment form with two different goals –as an example is growing in popularity. Social finance investments mean that along with economic return, investors want social dividends. This means investing in companies with socially responsible and sustainable businesses, charities and impact-oriented products and services. This is just one of the examples that either have not been yet "tailored" for the Millennials or is lacking in total as an investment option in these IRA-accounts. BNY Mellon research (2020) also shows that 95% of Millennials feel that pension funds and insurers provide no options or very limited options for investing in social finance investments.

This is very much different to the Finnish voluntary pension insurance system which usually allows only saving to mutual funds, and withdrawals are not allowed at all – with the exception of full withdrawal of unexpected events such as a divorce or long-term unemployment (for at least 1 year). According to a BNY Mellon research (2015), funding a house deposit (49%) or providing during a major illness (48%) are the most important life events for which Millennials would want to access to cash through a multi-lifetime withdrawal product.

This thesis sought to provide a general outlook on the Millennial generation’s means of preparing for their future financially. We introduced the generation’s defining characteristics, discussed the theory behind retirement, pensions, savings and investing, risk management and insuring. After analysing our empirical findings, we were able to form a comprehensive understanding on Millennials’ mindset regarding the subject.

As an afterthought, it could have been useful to ask respondents more in detail how they felt about retirement and how often they discussed the topic with their family and friends, for example. It would be useful to conduct further studies about the pension system, its characteristics and state now and in the future. Possibly even a comparison of sentiment towards an Individual Retirement Account (IRA) used in the US, a partly individualistic approach system by Sweden and the current, collective pension system of Finland. Another useful and relevant research subjects – regarding this thesis’ subject – could be Millennials’ investment preferences and how the Millennials would prefer to handle their finances if given possibilities to change and transform current, existing, predominant service structures.

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Appendix 1

GLOSSARY

Bond	Debt security. Financial agreement where two parties agree on lending money and receiving interest for it. Several different categories of bonds exist.
Capitalize	Referring to the Finnish pension system, capitalizing means investing a part of the pension payments and gaining compounding interest from it over the years.
Cash buffer	A cash reserve for unexpected future costs.
CFD trading	Contract For Differences (CFD) is an arrangement made in financial derivatives trading where the differences in the settlement between the open and closing trade prices are cash-settled. There is no delivery of physical goods or securities with CFDs.
Convertible bond	A bond, where both the capital in the bond and the profits are convertible into something else, such as company shares.
Collaterize	To provide something as collateral for a loan (for example, bonds).
Cryptocurrency	Digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.
Dependency ratio	A ratio which measures the number of working aged people with the number of old-aged people probably on pensions.
Derivatives	Securities, that have their value derived from something else such as oil prices or gold.
ETF	Exchange Traded Fund, which means that the fund can be traded like stocks. Often also an index fund.
Fixed income	Income, which is steady and provided a fixed amount of profit.
Index fund	Fund that invests passively to chosen index’s stock portfolio by reiterating its stock contents.

Insurance investment	Investment instrument that allows clients to invest into different kind of securities, most often mutual funds and index funds. E.g. Voluntary pension insurance.
Mutual fund	A fund funded by shareholders that trades in diversified holdings and is professionally managed.
OST (Osakesäästötili)	A long-term savings plan for long-term stock investing with some tax benefits for stock investing. Launched in start of 2020 in Finland.
Peer-to-peer lending	Modern way of investing / lending where a company or a service platform pairs up an entity that needs funds and another who lends funds seeking profits.
Portfolio	The group of all financial assets.
Rehabilitation allowance	Allowance for rehabilitating someone who has lost their ability to work. Part of social security.
REIT	Real Estate Investment Trust. A special trust/fund oriented in doing only real estate investments.
Sharing economy	Economic model based on peer-to-peer access on resources. Sharing of resources or access to goods and services often facilitated by a community-based online platform.
Social finance	A wide-scoped approach to investing, where the goal is to invest by creating a economical return but also providing a social dividend. Social investing includes charities, impact-focused products and organisations an investing to socially responsible sustainable businesses.
Reversionary pension	Family pension where a widow and underaged children are compensated with a pension over the death of one of the family providers.
Shareowner	A person, company or an entity which holds some of a company's stocks/shares, thus making the entity a part-owner of the company.
Stakeholder	Different parties that either have an interest in a company or can be affected by the company. Includes investors, employees, customers, and suppliers. In a broader view, also incorporates community, government and possible trade associations.

Stocks/shares	Company's ownership is defined by registering owners. Owners are registered by listing who owns shares/stocks of the company. A stock is a security, which possesses value of ownership of a company.
Structured bond	Bond, which is structured by the issuer of the bond. Instead of a direct debt security, structured bonds can have many features, defined by the entity building them.
UCITS	Undertakings for Collective Investments in Transferable Securities. A European directive for collective rules for funds.
Webropol	Online survey/questionnaire program which helps in making surveys and reporting the results.

Appendix 2

RESEARCH QUESTIONNAIRE

Hello and welcome to our query!
We are interested how Millennials born in the 1980s and 1990s see their future financially. You will see various questions related how you are viewing your financial future and what kind of financial products you have been exposed to. We are also interested in knowing what kind of aspect do you value in products/services of the future. All information will be handled accordingly by the data protection act.

1 Demographics
We would also like to know a little about your station in life concerning marital status, employment and age.

2 How do you see your personal financial situation?
In this part you will be asked questions how you personally see your financial situation and what do you think about your future financially.

3 Different kind of financial products
In this section we would like to find out what kind of financial products you have been exposed to. And also your thoughts and preferences concerning insuring and investing related to your situation

4 New, emerging services and products of the future
In this section we would like to find out what do you think about emerging new services and business models and what do you value as a customer using these services. Especially in the financial sector there are a lot of new companies with very different business models compared to old ones.

5 Perspective into the Finnish government pension system
Here you will find questions about the governmental pension system and your thoughts about future of pensions. Here we want to know how you feel about your financial future & future pension.

Demographics
We would also like to know a little about your station in life concerning marital status, employment and age.

- What is your marital status (single, married, cohabitation (avoliitto))
  - A – Single
  - B – Married
  - C – Cohabitation (avoliitto)
  - D – Widow
  - E - Divorced
- how many people are there in your household?
  - A – one
  - B – Two
  - C – three
  - D – 4 or more
- Do you have children?
  - A – Yes
  - B – No
  - My spouse has
- What is your age? (type in numbers)
  - ______
- Gender (male, female, transgender)
  - Male
  - Female
  - Transgender
  - Undefined
- Employment
  - A - full-time-employed
  - B - part-time-employed
  - C - unemployed
  - D - student

How do you see your personal financial situation?
In this part you will be asked questions how you see your financial situation and what do you think about your future financially.

- How would you rate your salary?
  - A - Very good
  - B - Good
  - C - Average
  - D - Lower than average
  - E - Much lower than average
  - F - I don't have a salary
- How much savings do you personally have at the moment in any form (real estate, cash, equities, mutual funds, etc.)
  - A - none
  - B - under 1000€
  - C - 2000€-5 000€
  - D - 5000€-20.0000€
  - E - More than 20.000€
- From your total savings, how much have you invested (not on your banking account) into other assets such as stocks, real estate of mutual funds etc.
  - A – none
  - B – under 15%
  - C - 15-40%
  - D – 41- 75%
  - E - Over 75%
- How do you see your personal financial situation development in the future?
  - A - Very good
  - B – Good
  - C – Average
  - D – Worse than average
  - E – Much worse than average

- How much is your income per year (before tax)?
    - A – Under 15.000€
    - B - 15.001€ – 25.000€
    - C - 25.001€ - 35.000€
    - D - 35.001€ - 50.000€
    - E - 50.001€ - 75 000€
    - F - Over 75.000€
- How trustful are you for the government providing you with an adequate pension despite discussion of the pension system?
    - A – Very confident
    - B – Confident
    - C – don't have an opinion
    - D – doubtful
    - E - Very doubtful
- Which scenario motivates you more than the other: earning more income in the future or having more time off work (working less)?
    - A – Motivated much more by income
    - B – Motivated a little more by income
    - C – I'm equally motivated by both
    - D – Motivated a little more by working less
    - E - Motivated much more by working less
- Assumption: Overtime hours pay more than regular working hours. If you would progressively earn more by working more hours you would be thinking about overtime work:
    - A - very interested in overtime work
    - B - Interested a little
    - C - No opinion
    - D - Not interested much
    - E - Not interested at all

Different kind of financial products
In this section we would like to find out what kind of financial products you have been exposed to. And also your thoughts and preferences concerning insuring and investing related to your situation

- Which financial products are you familiar with? Pick as many as you are familiar with.
    - A - Stocks
    - B - ETF/index funds
    - C - Mutual funds
    - D - Peer-to-peer lending
    - E – Derivatives
    - F – CFD trading
    - G – Bonds
    - H - Insurance investments
    - I - REIT – Real Estate Investment Trust
    - J - Cryptocurrencies
    - K - Savings accounts
    - L – Voluntary pension insurances / Long-term savings products (PS-tili)
    - M - OST – Osakesäästötili (long term stock savings platform started in 2020)
    - N – None of the above
- Are you currently invested in any investment products?
    - A – Yes
    - B – No
- Which financial products have you invested to during the past year?
    - A - Stocks
    - B - ETF/index funds
    - C - Mutual funds
    - D - Peer-to-peer lending
    - E – Derivatives

  - F – CFD trading
  - G – Bonds
  - H - Insurance investments
  - I - REIT – Real Estate Investment Trust
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  - K - Savings accounts
  - L – Voluntary pension insurances / Long-term savings products (PS-tili)
  - M - OST – Osakesäästötili (long term stock savings platform started in 2020)
  - N – None of the above
- Are you investing on a regular basis (monthly savings plan)? If you are, to what instruments?
  - A – I don’t save
  - B – Savings account
  - C - Mutual funds
  - D – ETFs or index funds
  - E – Other instruments
  - F – I invest irregularly, not monthly
- How much are saving monthly on average? If you don’t have a savings plan, calculate yearly investments divided by twelve (12) months.
  - A – 0€, I do not save.
  - B - 1-100€ /month
  - C - 100-200€ /month
  - D - 200-400€ /month
  - E – More than 400€ /month
- What insurance products are you familiar with?
  - A – Health insurances
  - B – Life insurances
  - C – Home & property insurances
  - D – Car & vehicle insurances

  - E – Travel insurances
  - F – Accidental insurances (tapaturmavakuutukset)
- What insurance products are you using currently? Pick as many as you want.
  - A – Health insurances
  - B – Life insurances
  - C – Home & property insurances
  - D – Car/vehicle insurances
  - E – Travel insurances
  - F – Accident insurances (tapaturmavakuutukset)
- How well do you consider yourself well insured?
  - A - Very well insured
  - B - Well insured
  - C – Averagely
  - D – Not as good as I should be
  - E – Not nearly as good as I should be
- How much are your household insurance fees per year?
  - A – I do not have any insurances
  - B - under 200e
  - C - 200-500e
  - D - 500-1000e
  - E – 1000-2000e
  - E - Over 2000e annually
- Do you find personal insurances more important than property insurance?
  - Personal insurances much more important
  - Personal insurances a little more important
  - Equally important
  - Property insurance a little more important
  - Property insurance a lot more important

- How much are you spending on fixed asset insurances yearly? (cars, real estate, boats, etc.)
  - A – I do not have fixed asset insurances
  - B - under 200e
  - C - 200-500e
  - D - 500-1000e
  - E – 1000-2000e
  - E - Over 2000e annually
- You can take precautions for your households' financial state in a couple of ways. For surprising situations and regarding the future: Do you prefer to insure or to invest and save?
  - A – I prefer much more insuring
  - B - I prefer a little more insuring
  - C – I prefer both equally
  - D - I prefer a little more saving/investing
  - E - I prefer much more saving/investing
  - F – I prefer not to either invest/save or be insured
  - G - I'm not really interested at all of either

New, emerging services and products of the future
In this section we would like to find out what do you think about emerging new services and business models and what do you value as a customer using these services. Especially in the financial sector there are a lot of new companies with very different business models compared to old ones.

- How do you find using sharing economy services such as Airbnb, or car sharing apps such as ShareitBloxcar or Uber?
  - A – Very interesting
  - B – Interesting
  - C - No opinion
  - D – Not interesting
  - E – Not interesting at all
- Have you used services of sharing economy companies such as Airbnb, or car sharing apps such as ShareitBloxcar or Uber?

  - A - Yes
  - B – No
- How do you feel about a purely digital, deflationary, easily transferable asset such as bitcoin not backed by any government or central bank?
  - A - It is very interesting
  - B – It is a little interesting
  - C – I need to look more into it
  - D – haven't really got an opinion
  - E – Slightly not interested
  - F – Not interested at all
- How do you feel about regulation and laws in finance, business and your everyday life?
  - A - Regulation should be decreased considerably
  - B - Regulation should be decreased a little
  - C - I'm fine with how things are
  - D - I'm happy with a little more regulation in the future
  - E - I'm happy with much more regulation in the future
- How do you feel about owning vs experiences? By owning we mean owning property, cars, summer cottages. By experiences we mean for example paying for access to summer cottage, use of a car or booking a holiday.
  - A - I very much prefer paying for experiences
  - B - I prefer experiences over owning a little
  - C - Depends on the situation
  - D - I prefer owning a little over experiences
  - E - I prefer owning much more
- Regarding **investment products** what would be your key preferences? Please pick from most important (1st) to least important (last)
  - A – Price/cost
  - B – Trustworthiness of service provider

- C – Usability – easy to use
- D – Gains/benefits
- E – Ease of access
- F - Payment flexibility

- Regarding **insurance products** what are your key preferences? Please pick from most important (1st) to least important (last)
  - A – Price/cost
  - B – Reliability of service provider
  - C – Usability – easy to use
  - D – Gains/benefits
  - E – Ease of access
  - F - Payment flexibility
- Regarding **New products/services of the future such as the sharing economy** or **cryptocurrency** what would be your key preferences? Please pick from most important (1st) to least important (last)
  - A – Price/cost
  - B – Reliability of service provider
  - C – Usability – easy to use
  - D – Gains/benefits
  - E – Ease of access
  - F - Payment flexibility

Perspective into the Finnish government pension system
Here in the last section you will find questions about the governmental pension system and your thoughts about future of pensions. Here we want to know how you feel about your future & future pension.

- Do you think your future pension will be sufficient or adequate for you?
  - A – I'm confident
  - B – I'm quite sure
  - C – No opinion
  - D – I'm a little doubtful about it

    - E – I’m really doubtful about it

- How do you think your pension will be compare to the current pensioners?
    - A – Very likely to be better
    - B – Likely be a little better
    - C – It will probably stay similar
    - D – Little likely to be a little less
    - E – Very likely to be less
- Are you worried about the dependency ratio declining? (the amount of working aged people compare to people on pensions. in Finnish “kestävyysvaje”)
    - A – Very worried
    - B – Slightly worried
    - C – Don’t have an opinion
    - D – Not really worried
    - E – Not worried at all
- Have you made any alternative plans to provide an additional pension for yourself by saving or investing? (such as real estate, funds, bonds or stocks)
    - A – Yes
    - B – No
    - C - I have made other plans than the possibilities mentioned above
- How important would you rate planning for an additional pension for yourself by saving or investing? (such as real estate, funds or stocks)
    - A – Very important
    - B – Quite important
    - C – Don’t really have an opinion
    - D – Not quite so important
    - E – Not important at all
- Which ones of the mentioned above interests you the most to start investing in the future?

- A - Stocks
- B - ETF/index funds
- C - Mutual funds
- D - peer-to-peer lending
- E – Derivatives
- F – CFD trading
- G – Bonds
- H - Insurance investments
- I - REIT – Real Estate Investment Trust
- J - Cryptocurrencies
- K - Savings accounts
- L – Voluntary pension insurances / Long-term savings products (PS-tili)
- M - OST – Osakesäästötili (long term stock savings platform started in 2020)
- N – Other
- M – I'm not at all interested in saving or investing

- Do you know what your retirement age is?
  - A – Yes
  - B – No
- What would be you preferred age of retirement?
  - ______ years