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HOUSEHOLDS' VIEWS ON SECURITY IN OLD AGE AND THE ROLE OF HOUSING ASSETS IN SLOVENIA**

Abstract. This paper is based on the DEMHOW project and aims to gain an insight into how Slovenian households perceive the role of their housing in their security in old age. The results indicate that housing equity is largely perceived as a potential income source in old age and a vague safeguard for any future risks. However, its release is only acceptable if absolutely necessary; how and at which point such a need emerges mostly depends on other arrangements within the broader family network. Compared to the oldest cohort, the younger cohorts perceive housing as an element of their future material security to a larger extent and are more inclined to use it.

Key words: *Slovenia, old age, care, family, housing equity*

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Introduction

This paper explores the views and behaviour of Slovenian households with regard to their security in old age and is based on the DEMHOW project whose overall purpose is to investigate the ways in which demographic change and housing wealth are linked (Doling, 2007). The aim is to gain an insight into and understanding of how Slovenian households perceive the pension system, old age care and particularly the role of their housing as a possible additional source of security in old age. We observe the possible differences between age cohorts as well as between households with and without children. However, to try to comprehend these findings they need to be contextualised and therefore some specific features of the Slovenian social context are sketched out.

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Pensions, old age care and housing equity: the Slovenian institutional context

During the last two decades Slovenia has undergone profound changes due to both its transition from socialism and its independence from Yugoslavia. The social cost of the transition was not as high as in most of other transition countries and thus relatively high levels of social protection and quality of life were sustained (Kolarič et al., 2009; Stanovnik and Čok, 2009). Slovenia kept a net positive migration influx from other EU countries, a relatively favourable budgetary situation (EC, 2007) and was one of the transition countries that entered the EU and Euro-region quite early. However, in serving these broader aims some policy domains were “sacrificed”.

The first such domain was housing that suffered the most. The privatisation of housing, unlike in the general economy, was fast and drastic (Cirman 2006) with the result that Slovenia became a “super-homeowners” society, with a minute rental housing sector. The state drastically disengaged itself from housing, with its housing expenditure now representing one of the lowest proportions of GDP in the EU-27. These developments, together with the weakly regulated real estate market, widely held and dispersed real estate property owned by households (second homes, unoccupied housing, land) and the continuous growth of housing prices up to late 2008 (GURS, 2008; Cirman et. al., 2008) have led to housing becoming one of the best possible areas to invest one’s personal savings. There has also been a widespread practice of self-help housing production, fuelled by both the favourable loans during socialism and family networks (Mandič, 2001). Accordingly, for a significant share of households, housing real estate has become a very important element of present and future material security. On the other hand, help from the family is vital when it comes to the housing of younger generations (Cirman, 2006; Mandič, 2008).

The second domain is the policy area of old age and pensions. The relatively generous arrangements for early retirement during the transition helped curtail the unemployment rate, but later created problems of an unsustainable public pension insurance system (EC, 2007). While the initial changes were introduced in 1999, they were later reversed due to political pressure and hence the problem of the unsustainability of the public pension insurance system is being aggravated. Due to problematic future projections, pension system reform has been recommended by the EC and urged by the IMF. In 2009, at the time of interviewing, a radical reform was being prepared but had not yet been subjected to public discussion. Apart from pensions, long-term care and old-age provisions have also been neglected during the transitional changes, thus requiring modernisation of the system and the better integration of related policies (MDDSZ, 2006a).

These developments indicate that there is huge potential in Slovenia for a future equity-release in old age; however, this would involve opening up the gap between those who have such equity and those who do not. While the policy document "Strategy for care for the elderly 2006–2010" (MDDSZ, 2006b) recognises and provides declarative support for such schemes, in reality these schemes are very scarce, in the initial phases and mostly subject to innovative initiatives of local communities, chiefly in connection with housing and nursing homes along with certain other private actors.

Selected Area and Methodology

The region selected for the interviewing was the Savinjska region which in terms of economic performance ranks as "upper middle" among the country's 12 regions. The interviews were concentrated in Celje, a town of 50,000 inhabitants and the third largest city in Slovenia. We used a semi-structured questionnaire that was developed together with the research partners from all eight countries and was translated into Slovenian. The adequacy of the translation was tested and adjusted. The interviews were carried in June and July 2009 at people's homes and lasted 45 minutes to 2 hours.

The starting point for drawing the sample was five areas in Celje, covering diverse types of housing and of households in terms of demography and stratification: 1) pre-war inner city tenements; 2) multi-dwelling neighbourhoods built during the 1970; 3) those built recently; 4) a pre-war single family housing area; and 5) a newer single family housing area. Both the upper and lower income extremes were avoided. From these areas a random selection of 214 persons was drawn from a telephone company's database and invitation letters sent out that encouraged people to contact the person in charge by telephone, provided they were home-owners. In this way 14 respondents were drawn. For additional recruitment the snow-ball method was used based on links provided by interviewees and later by interviewers, leading to some interviews being conducted in Velenje and Prestranek. Finally, the target quotas were reached with regard to the age of the interviewees and whether they have children or not; hence, 10 interviews were conducted for each of the following age cohorts: 25 to 35 years (younger cohort), 45 to 55 years (middle cohort) and 65 to 75 years (older cohort); in each cohort there were six interviewees with children and four without, irrespective of where the children lived.

Retirement: planning or waiting for an unknown future?

Thinking about retirement and its timing

Retirement is an important issue in people's lives and it seems to bring up a series of ambiguities when people think about it. There are many

uncertainties due to the announced reform of the pension system and the recent economic crisis.

Well... regarding the problems of the pension budget and ...all that, we are supposed to save something today so we can eventually receive a pension in the future ... there is such a great risk ... everybody thinks ... with this crisis today... what could even happen in the future, so we should think about it (25–35 years, woman).

But for some people this uncertainty and unpredictability were a reason for not thinking at all.

I have been fully employed for four years now, and I have no clue whether I will have to work up to those 40 years of employment ... This requirement may be extended several times in the future ... so there is no sense thinking about it now, I don't think about it ... I don't know how long I would work ... most probably I would prefer to retire as soon as possible, or perhaps if I were still able to work ... who knows? (25–35 years, man).

Thus, the youngest cohort was quite polarised with regard to how much they think about retirement. One-half is not yet thinking about retirement at all; the other half is thinking about it occasionally, mostly about the possible timing and their financial situation in their old age. The middle age cohort is more certain about the timing of their retirement, at least giving estimates regarding it. All respondents in the oldest cohort have already retired. Eligibility for the state pension and invalidity were given as the leading reason for retirement. Accordingly, it is quite common in Slovenia to believe that one retires when the eligibility criteria have been satisfied.

Making plans?

When asked whether they have any plans to make arrangements for their retirement, the youngest cohort mostly stated they did not have any such plans. While a general, comprehensive picture of retirement seemed to be out of view and loaded with uncertainties and unknowns, two respondents mentioned their individual current arrangements, namely stocks and shares, and “rent saving” (bank savings bringing life time annuities). The middle cohort mainly declared that they are employed and paying their contributions to the pension insurance fund and do not have sufficient funds for anything else; two respondents mentioned private insurance as the state pension is expected to be low.

Expected sources of income

The state pension is expected to be or actually received by most respondents, by all but one in each age group. An additional private pension is expected as a source by most of the youngest cohort, some of the middle and only one of the oldest cohort. Nearly one-half of the youngest and middle cohorts and only one of the oldest group expect their current housing to provide an income source in retirement. The family appears as an expected income source for only a few respondents in the youngest and middle age groups and for none of the oldest cohort. Savings, stocks and shares were expected as an income source by most of the youngest cohort and by only a few of the other two cohorts. Hence the state pension as a traditional source of income retains its dominant role among all cohorts, while the expectations of the youngest cohort reveal a shift towards various other additional sources of income such as private pension schemes, stock and shares and particularly housing.

Would income suffice?

The discussion of whether people expect to have a sufficient income in their old age was marked by very many uncertainties and unknowns.

I. Do you think you will have a sufficient income in your old age?

R: Maybe, hopefully, I don't know really.

I: Why is that so?

R: It is these times, so you don't know whether it will be or not; but I hope there will be... a solution. So the crisis will pass and there will be jobs for young families, and that the required number of years of employment would be ... extended (45-55 years, woman).

Respondents in the youngest group were mostly pessimistic about the sufficiency of their funds in their old age, while only a few were optimistic or undecided. In the middle age group the estimates were only slightly less pessimistic, often accompanied by expressions such as “hopefully”, “I suppose so” etc.

Expectations regarding the sufficiency of income in retirement thus revealed a lot of uncertainty and were mostly pessimistic, believing their pension will be insufficient. This was mostly attributed to the pension system reform which had forewarned that pensions should decrease relative to current earnings. Even at that time, prior to the actual reform, most people close to retirement do not know what proportion of their earnings the pension would cover since individual calculations involve a very complicated and lengthy formal procedure. Having said that, anecdotal sources suggest the first pension is close to 50% of the last income. While getting the

message that the reform will lead to lower pensions and a later retirement, the middle and the older cohorts mostly do not see any other options for responding.

The impact of the changing pension system

For the youngest group, the ongoing discussions on pension system reform seem to have made a significant impact, as confirmed by 7 out of 10 respondents. They mostly mentioned the announced changes – a decrease in the pension level and an increase in the number of working years required before one can retire. Quite a few respondents said that while they see things differently now, they cannot do much about it. However, the reform message seems to have been received as they said they realise that pensions are going to decrease and they have to start thinking about their individual supplementary funds.

In the middle age group, most people said they have not been influenced by the announced pension reform; those who felt such an impact were aware of the future decrease in pensions, but sometimes only a very blurred negative picture was perceived.

Yes, it has impacted on me ... How? In a negative way, in the sense – bad for me... basically, bad for me ... bad ... not only for me, but for everyone (45-55 years, man).

It seems that for several people in this age group the message is clear but the ways and means to respond are too few.

Who is responsible for the adequacy of one's income in old age?

Responsibility for an adequate income in one's old age is mostly seen as a split between the state and the individual involved; one's employer is also important. The individual is responsible in the sense of acquiring a good education, skills and employment as a basis for making contributions to the pension fund. On the other hand, the state's responsibility is twofold: direct in terms of managing the present pension fund, and indirect in terms of making and implementing policies. The great majority of respondents stated that the same distribution of responsibility should remain. However, in the youngest cohort some cases were detected of shifting responsibility from the state to the individual.

Increasing retirement income

The respondents mentioned a number of ways to earn additional income in old age when presented with the vignette that describes a couple in their late 50s, having recently retired and now facing difficulties in

maintaining their standard of living. Two options appeared very often. The first was work, such as helping neighbouring farmers, child care, caring for older people, any kind of occasional work, also work paid only in kind. The second was making use of a garden/farming land, such as by growing your own food that could also be sold or exchanged with others; some had a more entrepreneurial vision, suggesting a specific profile (bio-products, bee products, special kinds of poultry and rabbits) or services such as a tourist farm. When explaining these suggestions, the respondents mainly emphasised that this is making use of what they have – skills, prudence, the land and what can be grown on it. While one middle-aged respondent thought the couple from the vignette is too old to start something new, an older lady advised to not even think about feeling desperate as at this age people can still learn and change their life course, as she herself did once. The third option, mentioned by one out of three respondents, was about their housing – either to change the current housing for a smaller flat, or to rent out part of their house.

Other properties and financial assets

The respondents were asked about other properties they possess besides their home. Only a few of the youngest and approximately one-half of the middle and the older cohorts reported having other property, such as second homes and parcels of farm land. When asked about other financial assets, almost two out of three respondents reported savings and approximately one-half indicated that they have a financial investment such as stocks, shares and bonds.

Care in old age

Who should be responsible for care in one's old age?

In response to the questions raised by Vignette 3, depicting a critical point in the life of an elderly lady who is no longer able to care for herself at home, respondents mostly turned to three possible solutions: 1) living with her adult child (either one moving in with the other); 2) a home for the elderly; and 3) the status quo with additional support at home. However, the frequency of the options chosen significantly varies between the cohorts. Living with the children was chosen by one out of two of the younger and middle-aged respondents, yet it practically did not appear at all in the oldest age group who opted for the other two solutions in equal measure: a home for the elderly and the status quo with additional services. Consequently, the option of co-residing appeared less frequently among the oldest cohort.

When asked specifically who should be responsible for caring for the elderly lady, the children and their responsibility for parents was emphasised

much more than the state and its agencies. Quite an important issue surfacing in the discussion was the form of responsibility, extending from direct care and help to an indirect responsibility for arranging, paying (at least partly) and organising professional help. A number of times the respondents needed to spell out that there are limits to the children's responsibility.

Yes, children are responsible, but they can't be directly involved in such care. They are neither capable nor qualified, and also their jobs would suffer and, after all, they are not even obliged to do that ... to be present 24 hours a day there and change diapers on their parents ... no... We could talk about children paying back their parents for their care in their childhood, but no, I do not support such a perception (25-35 years, woman, with children).

In the oldest age group the children's responsibility was acknowledged only in making arrangements for care and helping to get the services. In the other age groups, there seems to be many ambiguities regarding the role of the helping professions as an addition to - or a substitute for - traditional family care, particularly in case of a home for the elderly. Compared to the family, particularly the children, the responsibility of the state and its agencies was mentioned much less frequently; in that case, the responsibility was acknowledged as resting on a public home for the elderly, on the local community and on the centres for social work. The state's role was often seen as a residual - just in case the family could not do it.

The role of public and private institutions

When discussing the different scenarios and referring to various institutions, a distinction between the public and private sector was not specifically mentioned. In Slovenia, institutions of care and of support for the elderly are dominated by the public sector, although in the last few years a number of private service providers has emerged (Kolarič et al., 2009). When talking about homes for the elderly, home nursing and co-ordinating these services in centres for social work the respondents largely referred to the traditional public sector institutions, which they trust the most. However, when discussing support services at home, both public and private commercial services were mentioned (cleaning, bringing food), as well as voluntary services (volunteers bringing groceries and cooking) and neighbours, all of which have a recognised role in the Slovenian welfare system (Mali, 2009; Nagode, 2009; Hlebec, 2009; Filipovič, 2009). Several times the respondents referred to finding "a lady to clean and take care", a widely used solution (Šadl and Hlebec, 2009) in the informal economy.

Expectations regarding one's own situation

When discussing the respondents' expectations about who would take care of them when needed in their old age, the majority of responses were polarised between the option of children and a home for the elderly. In many cases, the help of the children was expected as long as a respondent can live independently, but afterwards the option is a home for the elderly. Most respondents from all age groups expect to be able to cover the cost of such care by themselves, from their pensions, public insurance and, in the case of moving to supported housing or to a home for the elderly, by selling their home (four respondents). Also quite important is the family, particularly the children, who are expected and expecting to pay for additional costs in a home for the elderly if needed.

Did the recent policy changes have an impact on future expectations?

In both younger age groups most respondents saw that, due to the recent and announced policy changes, their future situation would get worse since they would face a prolonged period of work before retirement would be possible, reduced rights from health insurance, uncertain pensions, a decrease in their social rights.

So our pensions now would be lower, much lower, nothing, some 40% of our average incomes or something ... whereas so far they were much greater (25–35 years, man).

In the oldest cohort, one-half of the respondents confirmed such changes, namely a lessening of social rights or a reduction of rights from health insurance. Quite a few respondents mentioned that for the time being they have not yet been affected but they do expect such changes to occur in the future.

Trust in care institutions

When asked whether they can rely on elderly care and health institutions when they become old or ill, a great majority of the respondents responded positively, although it was often articulated as something believed and hoped for. When asked to explain such positive expectations, some respondents said that they take it for granted as this is what such institutions do and are meant to be doing; yet a number of respondents emphasised the progress these institutions have made, some referring to Slovenia, others specifically to the region of Celje.

R: I think these institutions have made huge progress, when compared to ... say ... 20 years ago ... when people were scared of such homes ... everyone avoided them ... While today they are ... looking at ours in Celje ... on quite a

level ... People have company there, they are not lonely and I think it is quite good ... You are there ... they watch you ... if something happens they immediately come ... Why remain at home if you are alone there ... Yes, I think these things have improved now (45 to 55 years, woman, with children).

While acknowledging the good quality of supported housing and of homes for the elderly, some people pointed out the problem of long waiting periods. Two respondents expressed the hope that these institutions would remain at the present level when they too are old. Some were critical of the commercialisation of health care services, with one lady saying that they care only about money, not people.

Housing and its role in security in old age

Housing equity

In Slovenia, housing along with other real estate is generally believed to be a good investment; its acquisition, particularly combined with self-help practices and the informal economy has been widespread ever since socialism. To estimate housing equity, the value of outstanding loans was subtracted from the estimated present market value of their housing unit. No case of negative equity was found, not even close to it. When comparing the initial prices and the current price, the younger respondents (for older cohorts this was mostly not feasible due to historical changes) they all estimated that their current house price exceeds that of the initial price paid at the time of purchase, in spite of the falling prices in the recession. To sum up, all age groups share the experience that housing equity is a good investment, albeit the gains and the value of the equity varies dramatically between the different cohorts. For most of the youngest cohort, the estimated housing equity was below EUR 100,000, while for most of the other two cohorts it was above that level.

Is housing important in one's retirement?

Two out of three respondents from all cohorts confirmed the financial importance of their home in retirement. When specifically discussing the financial significance, a number of respondents expressed the positive role of their home, as equity, as a reserve. The financial advantages specifically mentioned were the possibility of selling and moving to a smaller unit or entering a home for the elderly, while the equity would be covering its costs in excess of their pension; renting out a room or part of the house; the option of selling and moving to a rented dwelling was never mentioned. In some cases, considerations included the option of leaving an inheritance and the role of the children.

Why would it be significant? Well, if I happened to want to go into a home for the elderly, I would probably need to pay more than my pension would cover so I might make a deal with somebody for such an additional payment, otherwise I would need to sell my home. So my home is some kind of security, it is an income to cover the additional payment for a home for the elderly if I were to accept this; I don't know now, one can never know; it all depends on the circumstances ... When you feel fear... you choose to do things that otherwise you would never think of ... Maybe I really have the desire to leave this to somebody, but maybe I am more concerned about myself ... I don't know ... you think about it later... it is difficult to tell in advance (woman, 45-55 years, without children).

Others, mostly those living in larger single family homes, perceived the negative financial role of their homes, being a financial burden due to the high costs of heating, upkeep and repair; these issues are quite common in Slovenia (Mandič, 2010).

One in three respondents did not see any financial significance of their home, but saw it as a home.

I see my home as something to live in ... for as long as possible ... No, no, no other options and ... those, whatever you name, I just want to live here in peace until death and so... (65-75 years, woman, without children).

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Is a reverse mortgage an option?

Very few people had already heard about a reverse mortgage in Slovenia; this is understandable as this instrument has only been introduced in the capital Ljubljana and not yet in the region of Celje. After hearing a brief explanation of a reverse mortgage and how it works, only a few said they would consider if they needed such a thing or in case of necessity, while most respondents refused to even consider such an option. There was no divergence here between the age groups or between people with or without children. Different reasons for rejecting this option were given, mostly either a wish to leave a bequest to the children, or a mistrust in banks and in such complex transactions. Two respondents even expressed an extreme aversion, saying they would never ever want to have a loan again. One of them, adopting a bank perspective, stated:

A mortgage ... This is the best way out of your home on to the street... go out now, because you have now wasted all your money!!! ... A mortgage ... and the bank ... I don't know whether you are aware of these things ... no merchant will never ever give you anything for free ... you always

have to pay everything back ... plus interest... (65-75 years, man, with children).

Why not consume the housing equity?

The respondents were asked for their opinion as to why older people often tend to save their money and even do not spend it all while still alive. This was to verify the “life cycle model” (Doling, 2007) according to which people accumulate income during their productive years and tend to spend it later, when their incomes are lower.

The youngest age group expressed almost a unanimous view whereby the main reason for not spending money is security and safety; people save money for bad times that might come and many older people have already experienced what it is like to be in great distress. Older people are also used to living modestly, their needs are less and saving money is one of their habits.

People save their whole lives, especially if they have had a bad experience, especially in old age, when they don't need much, and they also got used to it and don't miss anything ... absolutely it is a factor of security ... they don't allow themselves as much as they could because for their whole life they were perhaps afraid of some distress or the loss of something or ending up on the street without money and risks like that ... I don't know, it is a habit then ... people don't allow themselves ... or some natural fear ... (25-35 years, woman, without children).

Some of the younger respondents were quite cynical and annoyed with this saving habit of the older generation:

Because they are used to saving and sparing and being stingy, and do not allow anything for themselves... they don't spend because it is like a loss or a waste for them ... Because they need to have the money for their funeral so they don't incur costs for somebody else and so on ... that is why they save ... This is what I think.. They could afford something for their soul even if they are old ... a new house ... or a new car ... or... I don't know ... a new cooking range, but no, no, because they save money for bad times and for their funeral so they don't stay outside... (25 to 35 years, man, with children).

Some younger respondents felt directly challenged to spell out their opposite life credo:

They save to get this feeling of security ... they think if you have this much in your account you are safer ... so when you are young you save

money and then when you are old, let's say 50 years ... well, when you are young, you don't allow yourself to travel or so, but when you are 50 maybe you can't go any more because of your weak heart or something ... That is why I think that you have to live while you are living (25 to 35 years, woman, without children).

A similar explanation was offered by some respondents in the middle age cohort. They emphasised a feeling of safety and security and the habit of moderate spending and a moderate life; however, their tone seemed less emotional and more emphatic in comparison to the youngest age group.

The older you are, you think you need some investment to feel safer ... and so, years go by, while the money stays, and then you are old and you don't need it as much as you can spend (45-55years, man, with children).

Other explanations were also given such as higher risks, particularly in the area of health, fears of how to live with a small pension and greater needs in the case of illness. Two respondents said that old people want to leave their savings and equity as a bequest to their children. One lady said that they want to receive gratitude by leaving something behind. One lady said she does not believe people save that much since these days it is very difficult to save.

Respondents of the older cohort emphasised security. People save for any eventuality and it is not so important whether they spend it or leave it at the very end. One respondent said they cannot know when are they going to die so they save and, if they pass away before spending their savings, their children will get it. Another reason given was that people with savings feel more powerful and respected.

A number of respondents said that saving is in the very nature of people; it is in their genes; they are used to saving from childhood. An older lady illustrated this with her memories from early childhood when her parents had farmland that was hardly sufficient to provide enough food for the whole family so they had to economise even with their daily bread, and only after seriously saving all year round could Saint Nicolas bring a little something. Saving as a way of life was also mentioned by another respondent.

Wife: Why do they save? Because it is their way of life.

Husband: Slovenians ... we Slovenians are a nation that likes to save.

Interviewer: And what do you think about this saving?

Wife: Well, saving is always smart. Saving is always smart.

Interviewer: Why do you think so?

Wife: Because this is ... this is precisely some source of discipline ... What I mean to say is that saving is a discipline, yes... I personally most dislike people who spend and waste everything ... or spend even more than they have.

Husband: Or they drink ...

Wife: All right, drink ... I mean to say that this is such an attitude to money or to material things ... I think one has to teach his children how to save throughout life.

Husband: We did this ... (65–75 years, with children).

A couple of times an argument was also put forward that the needs of older people diminish and they are satisfied with more basic things than young people. Some emphasised the need to be self-sustaining, independent of others; with one lady saying it is better to leave something behind than to be paid for by others, or to leave debt behind you. A few respondents noted that it is important to leave something behind and to think about your children. One lady said it does not make much sense to save too much because in the end those who inherit get into conflict trying to prove that each deserves more than the other, so it is better not to leave anything to avoid disputes.

Conclusions

The future is worth considering by most Slovenians, but it does not seem accessible to allow more specific planning. Yet some things are clearer. Firstly, most Slovenians of the middle and the older cohorts do not want to carry debts into their future unless absolutely necessary, the aversion might be related to bad experiences. Secondly, almost half the respondents have savings and financial investments such as stocks, mutual funds etc. and nearly one-half also have other real estate. Thus, saving and investing for the future are popular, although their purpose is less specified; it is very important to “put something aside”, just for “bad times”. Thirdly, the future is perceived not clearly and seen to bring risks. Many middle aged and older respondents expressed fears that the crisis in the country’s pension system – a topical issue in the mass media – might lead to very low pensions or the collapse of the entire pension system. Many people are pessimistic and uncertain about their incomes in old age, and most believe the pension will be insufficient. Most people close to retirement do not know how much would they get in their first pension; according to anecdotal sources it could be close to 50% of the last earned income.

There seems to be little space left for strategic thinking about retirement and future pensions in Slovenia. For the youngest cohort it is too early to

think about it as the time and conditions for retiring were found to be largely unpredictable as a radical pension reform has recently been announced. For most of the middle age cohort, it seems to already be too late since for most of their productive years they were already included in the public pension system and made the obligatory contributions.

The responsibility for an adequate income in one's old age is seen as resting equally on the state (for managing the present pension fund and related policy-making) and the individual. Individual responsibility, in addition to making contributions to the public pension system and savings, is demonstrated by a readiness to look for additional means of living in one's old age by utilising the resources they have – skills, prudence, the land and what can be grown on it, reflecting the significance of the informal economy in Slovenia.

Care seems to be a more predictable issue in old age. The respondents expect it would be combined between “children” and “a home for the elderly”; often the help of the children is expected as long as the respondents can live independently, afterwards the option is a home for the elderly. The majority of respondents expect that the cost of their care in old age would be covered by their pensions, public insurance and, in the case of supported housing or a home for the elderly, also by selling their home; in addition the family, particularly the children, are expected and expecting to contribute to additional costs if needed.

Housing equity is considered important in one's old age. It is seen as a vague safeguard for any risks or troubles in the future, which is largely unpredictable and quite unrosy. Housing is also seen as an additional income source (by renting out, changing for a smaller place), also to pay for a home for the elderly should the costs exceed the pension. However, the withdrawal of housing equity in one's old age is mostly seen as acceptable only if absolutely necessary. How and at which point such a necessity emerges remains open and depends on other arrangements within the broader family network. This is also an explanation of why people do not act according to the “life cycle model” and do not spend everything they have while they are alive. They tend to keep something, perhaps as much as possible, as a safeguard for the future, which is unpredictable and bringing risks and emergencies. Yet they seem to hope that such emergencies would not arise so that something is passed on to their children.

However, views about why people do not spend all their savings and do not consume their housing equity were found to considerably diverge between the age cohorts. While recognising the old people's need for security, some younger respondents were quite cynical about this saving habit of older people and were challenged to spell out their opposite life credo in the sense that “you have to live while you are living”. In contrast, older

people emphasised the habit of moderate spending, an awareness of risks that might arise, the need to be self-sustaining (“better to leave something behind than to be paid for by others”) and the wish to think about one’s children and leave something behind. These views seem to reflect divergence among cohorts in their past experiences; unlike the youngest cohort, members of the older cohort have encountered material scarcities during their lifetimes and hence are familiar with a need to maintain reserve funds against possible future risks. Moreover, it could be hypothesised that this indicates a divergence in lifestyles, with the prevailing long-term investment orientation amongst the older cohort and a more short-term consuming orientation amongst the younger cohort.

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