LAYERED INEQUALITIES IN VOLUNTARY PENSION ENGAGEMENT IN THE BALTIC STATES

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Abstract: Despite policy efforts to broaden voluntary pension coverage, participation in the Baltic states remains uneven and often regressive. This study conceptualises voluntary pension engagement as the outcome of layered social stratification rather than isolated individual traits. Using harmonised microdata from the 2023 OECD/INFE International Survey of Adult Financial Literacy, we analyse 2,100 adults in Estonia, Latvia, and Lithuania who report awareness of voluntary pension products. Logistic regression models with clustered standard errors assess how income, employment, education, gender, household composition, and place of residence shape participation. Results show that higher income, self-employment, and urban residence substantially increase the likelihood of participation, whereas unemployment, labour-market inactivity, and older age reduce it. Education exerts an independent, though more modest, positive effect. Gender, partnership, and parenthood do not display significant main effects; however, interaction terms reveal that income translates into participation more strongly for men, higher-educated individuals, and parents than for women, less-educated respondents, and childless individuals. These patterns indicate that inequality arises not only from the unequal distribution of economic resources but also from differential capacity to convert those resources into pension engagement. The findings highlight the need for pension policies in post-socialist contexts that address structural barriers alongside information deficits.

***Keywords*:** Voluntary pensions, social stratification, financial inclusion, Baltic states, retirement security

INTRODUCTION (ARIAL, 10 font size, bold, all caps)

Population ageing, labour-market flexibilisation, and fiscal pressures on public pension systems have intensified policy reliance on voluntary private saving as a pillar of retirement security in the Baltic states. Despite communication campaigns and product development, uptake of voluntary pensions remains concentrated among socioeconomically advantaged groups, even when formal awareness of retirement products is high. This raises concerns that the shift toward supplementary private pillars may inadvertently reinforce inequalities in old-age income rather than mitigating them.

Existing research has largely emphasised behavioural explanations such as life-cycle optimisation, financial literacy, and nudging, which foreground individual information and preferences while underplaying structural constraints. Building on social stratification theory, this study instead conceptualises voluntary pension participation as a stratified outcome shaped by layered mechanisms - economic thresholds, positional capital, demographic position, and spatial opportunity structures - thereby linking debates on financial inclusion with broader discussions of inequality in post-socialist welfare regimes.

METHODOLOGY

The analysis draws on harmonised microdata from the 2023 OECD/INFE International Survey of Adult Financial Literacy for Estonia, Latvia, and Lithuania. We restrict the sample to 2,100 respondents who report awareness of voluntary pension or retirement products, thereby isolating structural barriers from informational deficits. Logistic regression models with standard errors clustered at the country level estimate the probability of voluntary pension participation as a function of income, employment status, education, age, gender, partnership, parenthood, and urban–rural residence.

FINDINGS

Results indicate that higher income, self-employment, and residence in urban centres are strongly associated with increased odds of voluntary pension participation, while unemployment, other forms of labour-market inactivity, and older age significantly reduce engagement. Education has an independent positive effect, suggesting that it operates as positional capital that facilitates the conversion of economic resources into pension saving. Gender, partnership, and parenthood show limited main effects but become salient through interactions, revealing that income translates into participation more effectively for men, better-educated individuals, and parents than for women, lower-educated respondents, and those without children.

CONCLUSIONS

The study demonstrates that inequalities in voluntary pension participation in the Baltic states reflect both unequal resource distribution and unequal capacity to convert resources into financial engagement. Policy efforts focused solely on information provision or behavioural nudges are therefore insufficient. More equitable outcomes require interventions that strengthen material capacity among disadvantaged groups, broaden inclusive labour-market attachment, and explicitly address conversion gaps faced by women, less-educated individuals, parents with constrained resources, and residents outside major urban centres.

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