Trigger events and poverty transitions among young adults in Finland after leaving the parental home

Abstract

Studies have shown that leaving the parental home is associated with an increase in the risk of poverty. However, less is known about poverty dynamics after leaving the nest. Based on Finnish population register data, this research answers the question of how employment and demographic events affect poverty entries and exits among 18- to 24-year-olds in Finland. The follow-up of individuals starts when young adults move away from the parental home. In addition to descriptive methods, discrete-time event-history models are estimated. This study illustrates that changes in employment are typical and are, therefore, often associated with poverty transitions among young adults. Although demographic events are less common, when experienced, they often lead to poverty transitions. This study found that the effects of demographic events vary by gender. This study also illustrates that a move back to the parental home is more likely for some poor population subgroups than for others.

1. Introduction

In Europe, young adults tend to have higher relative income-poverty rates than the population as a whole (European Commission, 2010). Additionally, the relative income poverty rates for 18- to 24-year-olds have been on the rise in many countries in recent decades (OECD, 2014), particularly during the recent economic recession (Aassve et al., 2013). **Poverty rates are generally lower in the Nordic countries, yet the life course risk of poverty differs from that of other European nations, because the risk peaks during young adulthood and youth poverty rates are higher** (Aassve et al., 2006; Aassve et al., 2013).

It is important to go beyond the cross-sectional analysis because analysing the dynamics of poverty helps us better understand underlying causes of poverty (Ellwood, 1998). Bane and Ellwood (1986) have pioneered the study of poverty dynamics and have illustrated that most people living in poverty experience only short spells of poverty. This implies that poverty transitions (entries and exits) are typical. This is especially true for young adults (Finnie and Sweetman, 2003). In fact, Bane and Ellwood (1986) have argued that studying **poverty transitions and their precursors** should be the driving force in studies on poverty dynamics. In the poverty dynamics literature, life course events that are associated with poverty transitions are called trigger events

(Jenkins, 2011). This study analyses trigger events and poverty transitions among young Finnish adults who live independently.

Research on the transition to adulthood has shown that young adulthood is characterised by demographic instability, unpredictability and diversity, and frequent changes **in residential arrangements** (Arnett, 2000). In addition, unemployment, underemployment, and part-time or temporary jobs are common among young adults, and youth unemployment is sensitive to the economic cycle (Eurofound, 2014). With respect to the characteristics of transition to adulthood, the Nordic countries share some special features. These include a relatively young age at which people leave the parental home and late marriage (Buchmann & Kriesi, 2011). A prolonged period of living alone after leaving the parental home is also typical in the Nordic countries (Iacovou & Skew, 2010). **However, the median age at entry into a co-residential union in the Nordic countries is among the lowest in Europe (Iacovou & Skew, 2010)**. Additionally, public tertiary education expands the educational choices that young adults can make in these countries (Buchmann & Kriesi, 2011).

It has been argued that youth poverty has been an under-researched area (e.g. Aassve et al., 2006). Additionally, there has been a lack of empirical analyses focusing on the events that lead to poverty among young adults (Aassve et al., 2006). However, during recent years more analyses of youth poverty have emerged (e.g. Aassve et al., 2013, 2006; Ayllón, 2015; Groh-Samberg and Voges, 2014; Mendola et al., 2009). The experiences of poverty are often found to be temporary among young adults (Ayllón, 2015; Mendola et al., 2009). However, Mendola et al. (2009) have found differences in youth poverty permanence among European welfare states. In the Nordic countries, the permanence of youth poverty is low, although the number of individuals who experience poverty during young adulthood is relatively high. In Southern Europe, in Ireland, and the UK, permanent youth poverty is more typical than elsewhere. Continental European countries somewhat resemble Nordic countries, but the permanence of poverty is, on average, a bit higher (Mendola et al., 2009). This study provides new information on how different life course events affect poverty among young adults who have left the parental home.

Earlier studies have typically analysed youth poverty by concentrating on individuals who can be defined as young adults. However, the following examples illustrate why it can be particularly interesting to focus on those individuals who have left the parental home. Firstly, leaving the parental home is one of the main markers of transition to adulthood (Buchmann & Kriesi, 2011). Finland is among the countries where young adults move away from the parental home exceptionally early (Aassve et al., 2007; Aassve et al., 2013, 2006). **Moreover, young adults**

particularly in the Nordic countries have a preference for living independently (Iacovou, 2010). Secondly, it is already known that leaving the parental home early is associated with an increased risk of poverty (Aassve et al., 2007; Aassve et al., 2005; Ayllón, 2015; Mendola et al., 2009). Thirdly, despite recent studies on returning to the parental home (Berngruber, 2015; South and Lei, 2015; Stone et al., 2014), little is known about returning to the parental home as a possible route out of poverty. This study contributes to the literature by examining return to the parental home **as an additional dimension of poverty dynamics**. Lastly, by focusing on youths who have left the parental home, it is possible to analyse trigger events and youth poverty without changes in the composition of the parental home affecting the results. Focusing on youths who have moved from the parental home makes sense in a Nordic context in which the age of leaving the parental home is low and the youth poverty rates are high.

Based on the Finnish population register data, this research answers the question of how employment and demographic events are associated with the first poverty transition among 18- to 24-year-olds after they have left the parental home. Poverty transition refers to a situation in which a person is poor in year t-1 and non-poor in year t (poverty exit) or non-poor in year t-1 and poor in year t (poverty entry). Employment events are related to changes in employment status or work intensity. Demographic events are related to someone leaving or entering the household. In addition, the question of whether some poor population subgroups are more likely than others to move back to the parental home is analysed. The reasons to focus on poor young adults when analysing moving back to the parental home are that moving back home can be an important route out of poverty (Finnie and Sweetman, 2003), and young adults with financial problems are more likely to move back home (Berngruber, 2015; Kaplan, 2009). This study also analyses whether the effects of the demographic events vary by gender among young adults.

The analytical design is the following. Firstly, this study analyses the incidence rates and the conditional probabilities of poverty transitions and trigger events. Secondly, discrete-time event-history models are estimated. This study focuses on 2007–2012, **which was characterised by economic recession**. During this period, GDP per capita decreased by over 4 percent (Statistics Finland, 2017), and poverty among 18- to 24-year-olds increased in Finland (Eurostat, 2017).[1] In this study, young adults are defined as persons aged 18–24. This definition is used, for instance, by Eurostat for measuring youth poverty. In addition, this age group is close to the definition of emerging adulthood (Arnett, 2000).

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[1] Between 2007 and 2011, the poverty rate increased from 23.8 to 26.5%. However, between 2011 and 2012, the poverty rate decreased by 1.6% (Eurostat, 2017).

2. Poverty transitions and trigger events

Since this research is interested in income poverty, a useful starting point is to discuss the association between individual-level financial well-being and household incomes. At the individual level, total household incomes determine whether an individual is classified as income poor (Jenkins, 2000). The assumption is that people who live together share and pool resources (Jenkins, 2000). If there are additional adults in the household, then there are also more potential income earners. However, an increase in the number of household members also raises the needs of the household, although not linearly (Jenkins, 2000).[2] Moreover, changes in household composition can also affect the eligibility of various social transfers. For these reasons, even though all trigger events might not be as typical among 18- to 24-year-olds as among older adults (such as the birth of a child), they nonetheless can have a substantial effect on incomes.

While the significance of different life course events varies, household reactions to different kinds of events also vary. Households try to preserve the consequences of positive events and respond to the consequences of negative events (DiPrete and McManus, 2000). However, an increase in needs does not always lead to an effort to increase the incomes of the household. For instance, an increase in the number of children can reduce the labour supply of the household if parents reduce working hours to spend more time with their children (McKernan and Ratcliffe, 2005). Of course, responding patterns vary from one household to another.

The role of trigger events can also be discussed from a wider societal perspective. The capability of the welfare state to cushion the impacts of – old and new – social risks determines how widespread a problem poverty is in a society. While the old social risks (such as old age or disability) are already taken into account by the welfare state, some claim that so-called new social risks have emerged alongside the old risks. New social risks include low skills, reconciling work and family life, and single parenthood (Bonoli, 2005; Taylor-Gooby, 2004). The changes in household composition and labour market instability attach the concept of new social risks to the trigger events of poverty. Moreover, with respect to young adults, it is somewhat unclear how much of the recent increase in poverty rates can be explained by economic crisis and how much by the emergence of the new social risks (Hamilton et al., 2014).

2.1 Demographic and employment events

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[2] In principle, the changes in household size and differences in needs are taken into account using equivalence scales. Equivalent incomes are created using the equivalence scale as a denominator and total household income as a numerator. The equivalence scale changes when the household size changes. (Buchmann et al., 1988.)

Empirically, this research utilises a strategy to analyse the association between trigger events and poverty transitions that is similar to many earlier studies (e.g. Andriopoulou and Tsakloglou, 2011; Finnie and Sweetman, 2003; Obućina, 2014; OECD, 2008; Polin and Raitano, 2014). These studies have typically focused on demographic and employment events. The results of earlier studies can be used as a reference point to which the results of this study can be compared.

Moving in together is associated with increasing incomes and poverty exits (Fritzell and Henz, 2001; Rigg and Sefton, 2006; Valletta, 2006), while moving into a single-adult household from a couple household increases poverty entry risk (Valletta, 2006; Vandecasteele, 2015). Also among young adults, marriage and cohabitation provide protection from poverty (Aassve et al., 2005). In Europe, those adults living with another adult have a poverty entry risk that is almost half the risk of those living in a single-adult household (Callens and Croux, 2009). The number of children is negatively correlated with the likelihood of leaving poverty (Obućina, 2014). Among young adults, having children increases the risk of poverty, although the Nordic countries seem to be an exception (Aassve et al., 2005; Barbieri and Bozzori, 2016). In addition to other demographic events, a Canadian study has found that moving back to the parental home is typically associated with an exit from poverty (Finnie and Sweetman, 2003). In general, poverty entries are associated with demographic events more often than poverty exits (e.g. Andriopoulou and Tsakloglou, 2011; Bane and Ellwood, 1986; Jenkins, 2000; Obućina, 2014). With respect to the effects of demographic events, it is proposed that

H1a: When young adults move from a couple household into a single-adult household or experience a birth of a child, they face an increase in the risk of poverty;

H1b: Moving in together is associated with a decrease in the risk of poverty.

In general, women in Europe are more likely than men to experience poverty (European Commission, 2010; Eurostat, 2017). However, among young adults in Finland, women have a lower poverty rate than men (Eurostat, 2017). Additionally, Mendola et al. (2009) have shown that among young adults women are typically more protected from experiencing long-term poverty. Research has found that changes in family composition have greater effects on incomes among women than men (Callens and Croux, 2009; Curtis and Rybczynski, 2014; DiPrete and McManus, 2000; Fritzell and Henz, 2001; Rigg and Sefton, 2006). This is because women are more dependent on their partners' incomes. Additionally, single parents are typically women. A break-up with a co-residential partner is especially risky for women with dependent children (Rigg and Sefton, 2006). Thus, it is proposed that

H2: Among young Finnish adults, demographic events have greater effects on women than men.

Among all households, a job loss increases, and gaining employment reduces, the poverty risk of the household (Obućina, 2014; OECD, 2008; Valletta, 2006; Vandecasteele, 2015). This is also true for young adults (Aassve et al., 2005; Ayllón, 2015). According to earlier studies, employment events are the most common trigger events to be associated with poverty transitions (e.g. Jenkins, 2000; McKernan and Ratcliffe, 2005; Polin and Raitano, 2014; Valletta, 2006). Thus, it is proposed that

H3a: Leaving employment and decreases in months of employment are associated with poverty entries;

H3b: Becoming employed and increases in months of employment are associated with poverty exits;

H4: Employment events play a more prominent role than demographic events in explaining poverty transitions among young adults.

2.2 Other explanatory factors

In addition to demographic and employment events, studies have pointed out important explanatory factors. These include the length of the (non-)poverty spell, educational attainment, family of origin, degree of urbanisation, and country of birth. The duration of poverty is negatively correlated with the likelihood of leaving poverty (e.g. Andriopoulou and Tsakloglou, 2011; Curtis and Rybczynski, 2014; Obućina, 2014). This means that those who have been poor for a long period of time have less likelihood of escaping poverty. A higher educational level has been shown to be positively correlated with the likelihood of avoiding poverty (e.g. Curtis & Rybczynski, 2014; Obućina, 2014; Polin & Raitano, 2014; Vandecasteele, 2015). Additionally, students – especially in the Nordic countries – are at risk of poverty (Aassve et al., 2005, 2006; Mendola et al., 2009). Using data from Southern European countries, studies have shown that those young adults whose family of origin was poor are more likely to be poor when they move away from the parental home (Parisi, 2008). It has been also shown that there are substantial within-country differences in European poverty rates by degree of urbanisation (Copus et al., 2015). In Finland, rural poverty is more typical than urban poverty (Copus et al., 2015). Lastly, immigrants are more likely than natives to experience poverty (OECD/European Union, 2015).

2.3 Precursors of moving back to the parental home

In addition to poverty transitions, **different life course events** are also useful for analysing the precursors of moving back to the parental home. Break-up with a co-residential partner and leaving education increase the likelihood of returning to the parental home (Kaplan, 2009; South and Lei, 2015; Stone et al., 2014). **Those in a partnership are unlikely to move back to the parental home (Berngruber, 2015; South and Lei, 2015; Stone et al., 2014).** Additionally, the likelihood of moving back to the parental home varies with the financial well-being of the individual. Studies show that those with higher individual incomes are less likely to move back to the parental home (Berngruber, 2015; Kaplan, 2009), and loss of income (Smits et al., 2010) and problems in labour market attachment (Kaplan, 2009; Stone et al., 2014) are associated with a greater probability of living with parents.

Studies have also shown that country of birth, degree of urbanisation, age, and gender predict a move back to the parental home. An immigrant background is associated with a greater likelihood of moving back to the parental home (Berngruber, 2015; Smits et al., 2010). Young adults living in rural areas are more likely to return to the parental home (Berngruber, 2015; Smits et al., 2010). The probability of moving back to the parental home has been shown to decrease with age (Smits et al., 2010; South and Lei, 2015; Stone et al., 2014). Men are more likely than women to move back to the parental home, but gender also moderates the effects of different demographic events (Smits et al., 2010; Stone et al., 2014). **Italian data shows that men are more likely than women to move back to the parental home when they experience a break-up with a co-residential partner (Ongaro et al., 2009). Furthermore, a study conducted in the Netherlands showed that never-married single men are particularly likely to live with parents (Smits et al., 2010). With respect to the effects of parenthood, earlier results have been mixed, and the effects have been shown to vary by gender and changes in residential arrangements. For instance, fathers experiencing a break-up with a co-residential partner are more likely than mothers to return to the parental home (Smits et al., 2010; Stone et al., 2014). All in all, research has illustrated that it is useful to analyse how the effects of demographic events on moving back to the parental home vary by gender.** With regards to returning to the parental home, it is proposed that

H5: Living in a couple household and an increase in the number of months of employment decrease the likelihood of returning to the parental home;

H6: Among young adults, men are more likely than women to move back to the parental home, and this is especially true when different demographic events are experienced.

3. Data, measures, and methods

3.1 Data

The data used in this research is based on high-quality Finnish population registers. Information found in different registers is combined by Statistics Finland. A random sample of 25 percent of cohorts born in 1984–1993 was used in the analyses including only those years when the sample persons were aged 18–24. In addition to the sample persons, the dataset includes income information on parents and biological siblings when they lived in the same household as the sample person. The total disposable income of these household members was used to calculate their poverty status. The time period used for analysing poverty transitions includes 2007–2012. Therefore, the length of the follow-up period was from two to six years. Focusing only on the recent economic crisis made it possible to interpret the results without the effect of different economic periods. Since the focus was on transitions, information on consecutive person-years was utilised. The follow-up of the individuals started when they moved away from the parental home and ended when they experienced their first poverty transition or were otherwise censored from the data.[3] In calculations other than the ones analysing a move back to the parental home, individuals were censored also when they returned to the parental home.

Poverty thresholds were calculated using time-series of the Income Distribution Statistics (IDS). The IDS contains a representative sample of the total household population in Finland. Income information on the Finnish households in the IDS is collected using registers and interviews. To equalise the income concepts between the register data used and the IDS, transfers between households were excluded from the income concepts in the IDS. The register data used does not include information on biological siblings if these live together with sample persons after moving away from the parental home. Additionally, the register data does not include information on non-biological siblings. For these reasons, the concept of household income is not exactly the same in both datasets, and, consequently, the register data used produces somewhat higher youth poverty rates.

3.2 The poverty measure

This study applied a relative income poverty threshold that was set at 60 percent of the median of the national equivalent disposable income. In the equivalence scale used, the first adult in the household receives value 1; other adults receive value 0.5; and children under 18 receive value 0.3.

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[3] Individuals were censored if they did not experience poverty transition during the follow-up or if they were not included in the data anymore (e.g. due to emigration or death).

The age limit for children is different than in the popular modified OECD scale since the datasets used include only information on the number of children under 18 years of age. If the household's total annual incomes were below the poverty threshold, the sample person was defined as being poor. The thresholds were allowed to vary from year to year, which is a common practice when relative poverty measures are applied.

All analyses were estimated also by focusing only on poverty transitions in which an individual ended up more than 10 percent above or below the poverty threshold. This has been seen as a tool for focusing on 'genuine' poverty transitions, limiting the effects of small changes in incomes near the poverty threshold (Jenkins, 2000). However, these findings did not have an effect on the conclusions drawn from the analyses, and, thus, the results related to all poverty transitions are shown in this study.

3.3 Methods

The significance of different trigger events was first analysed using descriptive methods. Firstly, the incidence rate of different trigger events among all young adults was analysed. Secondly, the incidence rate of the trigger events among poverty entrants and escapers was analysed. Thirdly, the conditional probability of different trigger events leading to a poverty transition was ascertained. The incidence of the trigger events among poverty entrants and escapers produces information from an aggregative perspective, while the probability of a poverty transition by different trigger events indicates whether an individual experiencing a trigger event is at risk of a poverty transition (Jenkins, 2011, 244). Throughout the analyses, poverty entries and exits were analysed separately.

After the descriptive analysis, discrete-time event-history models were estimated (see Allison, 1982; Rabe-Hesketh & Skrondal, 2008). This method makes it possible to analyse the effects of various socio-economic factors while controlling for demographic factors and vice versa. Discrete-time models were utilised since poverty is measured on an annual basis. Event-history models give the probability of experiencing a poverty transition at year t conditional on a poverty or non-poverty spell up to year $t-1$ and a set of independent variables. Discrete-time logistic event-history models were estimated for poverty entries and exits among young adults living independently.[4] Lastly, an event-history model was estimated within the competing risks framework

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[4] Complementary log-log models were also estimated, but logistic models fit better according to the AIC and BIC values. In addition, income poverty is, by definition, an annual concept, and, for this reason, logistic models are theoretically better than complementary log-log models, which are better for analysing underlying continuous time processes with discrete-time data (Allison, 1982). In addition, random-effect discrete-time logit models were estimated for poverty entries and exits to take into account unobserved heterogeneity, but no difference in the results between the models was found.

(discrete-time multinomial logit model) to take into account moving back to the parental home as a possible route out of the risk of experiencing a poverty transition while living independently. With respect to poor young adults, taking into account a return to the parental home can be important. This is because descriptive analyses show that poor young adults who move back to the parental home typically escape poverty. Additionally, poor young adults seem to be more likely than non-poor young adults to live with their parents (Kaplan, 2009; Smits et al., 2010). In the analysis of competing risks, the probability 1) to experience a poverty exit or 2) to move back to the parental home was compared to a situation in which a poor individual did not experience a poverty exit while living independently. Interactions were included in the event-history models to analyse whether the effects of demographic events vary by gender.

3.4 Trigger events in this study

In the descriptive analyses, a method was utilised that allows for defining trigger events separately rather in sequential or hierarchical order (see Jenkins, 2011). Therefore, the set of events was not mutually exclusive. In other words, if a poverty transition was associated both with someone leaving the household and a decrease in employment, both these events were calculated as being associated with the poverty transition.

In the descriptive analysis, the trigger events were calculated as dichotomous events. The dichotomous trigger events were the following: new children born into the household of the sample person, moving into a single-adult household, moving in together, moving back to the parental home, becoming employed, leaving employment, and a decrease or an increase in months of employment. The changes in employment were divided into events occurring to the sample persons and events occurring to the partner in the household.

Moving in together refers to a transition from a single-adult household to a couple household. Moving into a single-adult household refers to a contrary development. 'New children born' refers to a situation in which a sample person has more children at year t than at $t-1$. Moving back to the parental home refers to an individual living with parents at year t, while at $t-1$, the individual lived independently. Becoming employed and leaving employment were measured using the main activity status at the end of the year. Becoming employed refers to the individual not being employed at year $t-1$ and being employed at year t. Leaving employment refers to a contrary development. Decreases and increases in months of employment were measured using months of employment during a calendar year (0–12). If the number of months of employment was higher at t

than at $t - 1$, an increase in employment was classified, and if the number of months of employment was lower at year t than at $t - 1$, a decrease was classified.

3.5 Explanatory variables in the event-history models

The main explanatory variables in the multivariate analyses were based on household composition and months of employment. A dummy variable indicating whether an individual lived in a single-adult household and a dummy variable indicating whether there were children in the household illustrate the effects of household composition on poverty transitions. The reason for using a dummy variable to indicate whether there were children in the household was the low number of 18- to 24-year-olds with many children. Information on having own children and whether the sample person lived in a single-adult household was included using lag-variables ($t - 1$) in models that analysed a move back to the parental home. Lag-variables were used since, therefore, the explanatory variables only contained information about the years when the young adults lived independently. Employment was measured using months of employment since the main activity status is based on information at the end of the year. For this reason, the main activity status is a less inaccurate measure of employment during the whole income reference period (calendar year).

Other explanatory variables included were the highest educational level attained, enrolment in education, gender, country of birth, living in a rural municipality, age when the move away from the parental home occurred, the poverty status of the family before the move, and the length of the current poverty or non-poverty spell. The highest educational level attained was classified into three groups: 1) no qualification from post-compulsory education, 2) secondary education, and 3) tertiary education. The variable used to measure education enrolment had two values: 1 if an individual was enrolled in education during the autumn semester, and 0 otherwise. A dummy variable was created using information on country of birth. The variable had value 1 if the individual was born in a country other than Finland. A dummy variable was created to describe whether an individual lived in a rural municipality. This variable was included as a lag-variable in models analysing a move back to the parental home. Table 1 describes the data used in the event-history models.

Table 1. Means of the data used in event-history models, person-years

	Outcome: poverty entry	Outcome: poverty exit	Outcome: Poverty exit or moving back to the parental home
Duration of the spell	1.78	1.75	1.73
Women (ref: men)	0.52	0.51	0.51
Age at the start of the spell	20.5	19.66	19.65
Born in another country (ref: born in Finland)	0.02	0.04	0.04
Living in a rural municipality (ref: non-rural municipality)	0.10	0.05	Not used
Living in a rural municipality (t − 1) (ref: not living in a rural municipality)	Not used	Not used	0.05
Poverty status of the parental family before moving away (ref: non-poor parental family)	0.07	0.15	0.15
Children in the household (ref: no children in the household)	0.11	0.05	Not used
Children in the household (t − 1) (ref: no children in the household)	Not used	Not used	0.03
Single-adult household (ref: couple household)	0.60	0.33	Not used
Single-adult household (t − 1) (ref: couple household)	Not used	Not used	0.25
Compulsory education	ref.	ref.	ref.
Secondary education (ref: compulsory education)	0.82	0.77	0.77
Tertiary education (ref: compulsory education)	0.05	0.03	0.03
Enrolment in education (ref: not being enrolled)	0.36	0.60	0.59
Number of sample person's months of employment	6.17	3.49	3.48
Number of partner's months of employment	4.37	1.53	Not used
Number of persons	18 527	42 648	46 112
Number of person-years	36 349	80 855	86 234

4. Results

4.1 Descriptive statistics

The association between trigger events and poverty transitions is illustrated descriptively in Table 2. The first column illustrates the incidence of different kinds of events among all sample persons. Columns 2 and 3 show the incidence of different trigger events among poverty entrants and escapers. These columns illustrate whether a trigger event accounts for a relatively large share of all

poverty exits or entries. Columns 4 and 5 illustrate the conditional probability of experiencing a poverty transition when different trigger events are experienced. These columns show how high the probability is of experiencing a poverty transition among those who experience a trigger event. Around 12 percent of non-poor person-years were followed by poverty entry, and around 27 percent of poor person-years were followed by poverty exit. When a move away from the parental home occurred, around 30 percent of young adults moved to a non-poor household, and almost 70 percent moved to a poor household (not shown). Due to data restrictions, it was not possible to calculate the poverty status of the parental home during the period when the sample person lived independently.

Table 2. Incidence rates and conditional probabilities of poverty transitions and trigger events, %.

Trigger events and poverty transitions	Incidence rate among all person-years	Incidence rate by poverty transition		Conditional probability to experience poverty transitions by trigger events	
		Poverty entries	Poverty exits	Poverty entries	Poverty exits
Poverty entry rate among non-poor individuals	12.3 (4 483)				
Poverty exit rate among poor individuals	27.2 (21 953)				
Demographic events					
A new child	3.9 (4 520)	7.4	2.2	13.8	23.0
Moving in together	11.4 (13 309)	5.8	25.0	8.6	53.4
Moving into a single-adult household	6.0 (7 004)	25.8	3.7	38.5	20.4
Moving back to parental home [a]	5.5 (6 840)	1.0	18.0	2.9	89.4
Employment events					
Sample person has become employed	15.5 (18 219)	12.7	23.2	19.0	33.5
Partner has become employed	11.3 (13 182)	4.9	27.6	5.8	64.7
Sample person has left employment	10.3 (12 118)	22.7	8.6	27.9	22.3
Partner has left employment	6.3 (7 358)	26.8	4.1	29.2	27.8
Increase in sample person's months of employment	32.7 (38 369)	28.4	42.5	12.1	33.5
Increase in partner's months of employment	15.1 (17 655)	7.1	31.2	5.9	55.8
Decrease in sample person's months employment	39.3 (46 042)	51.6	40.2	14.6	29.3
Decrease in partner's months of employment	16.3 (19 050)	40.0	13.1	17.7	32.3

[a] The figures for a move back to the parental home were calculated from the data in which the year when sample person returned to the parental home was not censored. In this data, poverty exit rate was 31.0 and poverty entry rate was 12.0.

Many of the demographic events were seldom experienced among young adults. Each demographic event was experienced by less than 12 per cent of 18- to 24-year-olds between two consecutive years. However, even though demographic events were not often experienced, many of those who experienced a demographic event also experienced a poverty transition. Around one-quarter of the

poverty exits were experienced simultaneously with moving in together, and around the same share of poverty entries coincided with a move from a couple household to a single-adult household. Over half of those poor individuals who moved to live with another adult escaped poverty, while around 40 percent of those who were not in poverty and who moved into a single-adult household entered poverty. Among poverty entrants, the birth of a child was somewhat more common than among the total youth population. However, the birth of a child was less conspicuously connected with poverty transitions than other demographic events. Only around 5 percent of those who lived away moved back to the parental home. However, almost 90 percent of those poor young adults who returned to the parental home escaped poverty. Poor young adults were also more likely to move back to the parental home (not shown).

Among young adults, employment events were more typical than demographic events. They were also often associated with poverty transitions. The most common events were the sample person becoming employed and the events related to changes in the sample person's or partner's months of employment. For instance, around 15 percent of person-years indicated that the sample person had become employed, and almost 33 percent of person-years indicated that the sample person had experienced an increase in months of employment. Becoming employed was more common among poverty escapers, and leaving employment was more common among poverty entrants than among all young adults. Decreases in months of employment were overrepresented among poverty entrants, and increases were overrepresented among poverty escapers. With respect to the conditional probabilities, employment events did not necessarily result in poverty transitions. This may be because these events were rather common among young adults, which resulted in a larger share of events not being associated with poverty transitions. In general, employment events more often resulted in poverty exits than poverty entries. The highest conditional probabilities were related to a partner becoming employed and an increase in the partner's months of employment. These events lifted poor individuals above the poverty threshold over half of those times when these events were experienced. However, this can largely be explained by the demographic event that the sample person moved in together with a partner.

To summarise, in line with hypotheses 1a and 3a, poverty entries among young adults were associated with the birth of a child, moving into a single-adult household, leaving employment, and a decrease in months of employment. In line with hypotheses 1b and 3b, poverty exits were associated with moving in together, moving back to the parental home, becoming employed, and an increase in months of employment. Employment events coincided with poverty transitions on average more often than demographic events. However, the conditional probabilities illustrate that

when employment events were experienced, they did not necessarily lead to a poverty transition. Additionally, the effects of the changes in a partner's employment were significantly influenced by the changes in household composition (moving from a single-adult household to a couple household and vice versa). Therefore, with respect to the fourth hypothesis, it cannot be fully confirmed that employment events are more important than demographic events in explaining poverty transitions among young adults.

4.2 Multivariate results

Next, the poverty transitions among young adults were analysed using discrete-time event-history models. This method makes it possible to analyse the effects of the explanatory variables on the likelihood of experiencing an event while controlling the other variables in the model. Table 3 includes models for poverty entries, and Table 4 includes models for poverty exits. In addition to other explanatory variables, Models 1 and 2 include a variable indicating whether the sample person was living with a partner and a variable for the sample person's months of employment, while Models 3 and 4 include a variable for a partner's months of employment. Models 3 and 4 have no variable indicating whether the sample person was living with a partner, due to collinearity. Model 2 includes interaction between gender and whether there were children in the household, and interaction between gender and whether the sample person was the only adult in the household. Model 4 includes interaction between gender and whether there were children in the household.

Table 3. Discrete-time logistic event-history analysis of poverty entries among young adults living independently, odds ratios.

Explanatory variables	Model1	Model2	Model3	Model4
Duration of the spell	0.59***	0.59***	0.54***	0.53***
Women (ref: men)	0.80***	0.43***	0.84***	0.77***
Age at the start of the spell	0.74***	0.74***	0.75***	0.75***
Born in another country (ref: born in Finland)	1.12	1.11	1.10	1.08
Living in a rural municipality (ref: not living)	0.70***	0.73***	0.69***	0.69***
Poverty status of the family before moving away (ref: not poor)	1.37***	1.38***	1.41***	1.41***
Enrolment in education (ref: not enrolled)	3.55***	3.55***	3.46***	3.52***
Highest educational attainment (ref: compulsory education)				
Secondary education	0.88*	0.88**	0.77***	0.78***
Tertiary education	0.74*	0.74*	0.62***	0.64***
Number of sample person's months of employment	0.92***	0.92***		
Number of partner's months of employment			0.83***	0.83***
Children in the household (ref: no children)	3.52***	2.52***	2.35***	1.48***
Single-adult household (ref: couple household)	5.64***	3.46***		
Female * Children in the household (ref: no children)		2.44***		2.31***
Female * Single-adult household		1.66***		
Number of persons	18 527	18 527	18 527	18 527
Number of person-years	36 349	36 349	36 349	36 349
Log-likelihood	-11111.9	-11048.6	-11363.6	-11336.5
Degrees of freedom	12	14	11	12

Note: *** $p<0.001$, ** $p<0.01$, * $p<0.05$

Table 4. Discrete-time logistic event-history analysis of poverty exits among young adults living independently, odds ratios.

Explanatory variables	Model1	Model2	Model3	Model4
Duration of the spell	1.04***	1.03***	1.07***	1.07***
Women (ref: men)	1.24***	1.45**	1.28***	1.33***
Age at the start of the spell	1.15***	1.15***	1.13***	1.13***
Born in another country (ref: born in Finland)	0.99	0.99	0.99	0.99
Living in a rural municipality (ref: not living)	1.13**	1.12**	1.14**	1.14**
Poverty status of the family before moving away (ref: not poor)	0.79***	0.78***	0.75***	0.75***
Enrolment in education (ref: not enrolled)	0.38***	0.38***	0.37***	0.37***
Highest educational attainment (ref: compulsory education)				
Secondary education	1.34***	1.35***	1.61***	1.60***
Tertiary education	2.86***	2.91***	3.49***	3.42***
Number of sample person's months of employment	1.12***	1.12***		
Number of partner's months of employment			1.23***	1.23***
Children in the household (ref: no children)	0.43***	0.40***	0.55***	0.96
Single-adult household (ref: couple household)	0.23***	0.27***		
Female * Children in the household		1.12		0.41***
Female * Single-adult household		0.74***		
Number of persons	42 648	42 648	42 648	42 648
Number of person-years	80 855	80 855	80 855	80 855
Log-likelihood	-39846.6	-39808.4	-40765.7	-40708.1
Degrees of freedom	12	14	11	12

Note: *** p<0.001, ** p<0.01, * p<0.05

The models for poverty entries and exits give a somewhat similar picture of the factors associated with poverty among young adults. However, although the duration of a non-poverty spell reduced the likelihood of entering poverty, the duration of a poverty spell did not seem to be associated with

a lower chance of escaping poverty. This can perhaps partially be explained by the finding that older sample persons were more likely to avoid poverty.[5]

As proposed in H1a and H1b, demographic factors were associated with poverty transitions. Having one's own children was associated with a higher risk of poverty. Living in a couple household was a significant protective factor against poverty. Those living in a single-adult household were significantly more likely to enter and less likely to exit poverty. As proposed in H3a and H3b, an increase in one's own or one's partner's months of employment was associated with a lower likelihood of entering poverty and a higher likelihood of exiting poverty.

Living in a poor family before leaving the parental home was associated with a higher likelihood of entering poverty and a lower likelihood of exiting poverty. The results also illustrate that education is an important protective factor against poverty. With respect to educational groups, those with tertiary education were the least likely to enter poverty and the most likely to escape poverty. However, being enrolled in education increased the risk of poverty conspicuously. This is in line with the findings that student poverty is a common phenomenon in the Nordic countries (Aassve et al., 2005, 2006). The young adults who lived in a rural municipality were less likely to experience poverty. This was somewhat unexpected given that in Finland rural poverty is more typical than urban poverty (Copus et al., 2015). It can be speculated that young adults in rural municipalities become employed at a younger age, instead of studying, and are, for this reason, more likely to avoid poverty.

Somewhat unexpectedly, this study did not find that those born outside Finland would be more likely to experience poverty. However, the reason for this finding can be two-fold. Firstly, the number of observations of those born outside Finland was relatively low. In fact, the odds ratios indicate that those born outside Finland were more likely to enter poverty, but this association was not statistically significant. Secondly, a requirement for sample persons to be included in the analysis was that the move from the parental home was traceable. An immigrant background has been shown to be associated with a higher likelihood to live with parents (Smits et al., 2010).

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[5] Although there were signs of duration dependency among shorter poverty spells, somewhat surprisingly the longest observed spells were associated with higher risk rates for poverty exits. However, 18- to 24-year-olds form a rather unique age group. The relative poverty rates peak among young adults near age 20 and decrease strongly close to age 25 (Aassve et al., 2006). Additionally, the individuals who had possibly the longest spells in this research shared special characteristics. They were individuals who had moved away from the parental home around age 19 and in 2007, and at that time many of them had probably started studying. They obtained educational qualifications around age 23 and 24, which is indicated as a poverty exit when these young adults start working full-time. Duration dependence of poverty was found in the sensitivity analyses where the focus was on those poverty exits in which an individual ended up more than 10 percent above the poverty threshold. This indicates that many of those who escaped poverty ended up near the poverty threshold.

Additionally, those individuals who did not move to Finland with parents or to live with parents were not included in the analysis. This affects both the number of observations and the composition of the group.

Women were more protected from poverty than men. This is in line with the fact that among young adults in Finland, women have lower poverty rates than men (Eurostat, 2017). As proposed in H2, this study found that demographic events had greater effects on women than men. **This finding is in line with earlier research (cf. Callens and Croux, 2009; Curtis and Rybczynski, 2014; Fritzell and Henz, 2001).** To help interpret the interaction effects, predicted probabilities were calculated based on Models 2 and 4 (Tables 3 and 4). Predicted probabilities are illustrated in Figures 1 and 2 for statistically significant interactions.

Figures 1 and 2 illustrate that women are less likely to enter poverty and more likely to exit poverty when living in a couple household than men. With respect to having their own children, women are more likely than men to avoid poverty when they do not have children and more likely than men to experience poverty when they have children (Figures 1 and 2). However, with regards to poverty exits, women with children were more likely than men to stay in poverty only when the variable for the partner's months of employment was included in the model instead of the variable indicating whether the household was a single-adult household (Table 4, Model 4). Thus, partnership status, and how it is included in the model, plays an important role for women. **Having a partner may not increase the economic resources of the family if the partner is not working. Therefore, months of employment provide more information on the economic position of the family than the indicator for single-adult household.**
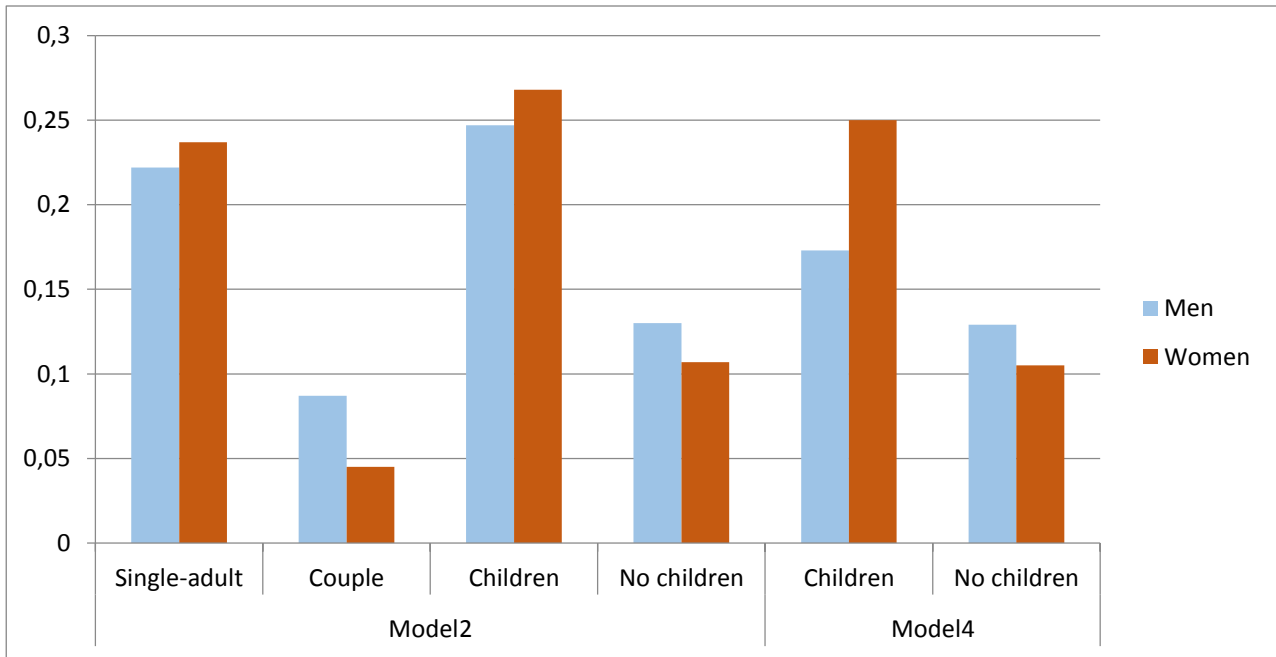
Figure 1. Predicted probabilities of poverty entry according to demographic events. All other covariates held constant.
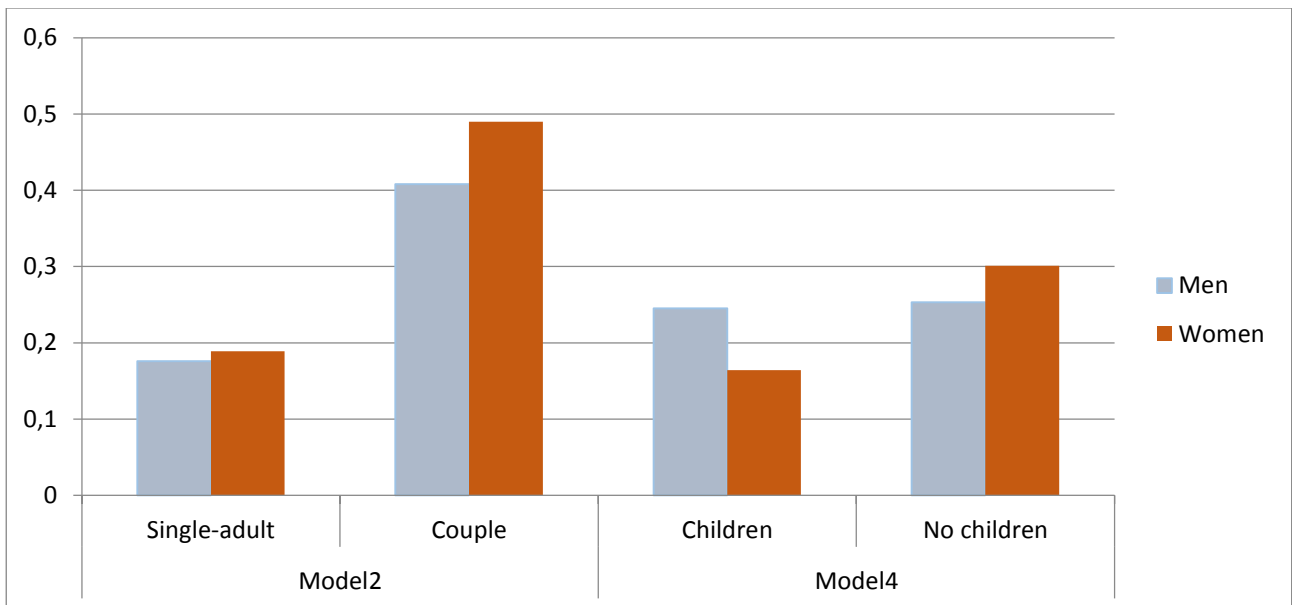
Figure 2. Predicted probabilities of poverty exit according to demographic events. All other covariates held constant.

It is important to take into account a return to the parental home to gain a full picture of the factors associated with poverty among young adults. Since returning to the parental home is relatively unusual in Finland and poor young adults typically escape poverty when they return to the parental

home, returning to the parental home was analysed as a single event. Furthermore, there would have been an endogeneity problem if the poverty status of the family (before an individual moved away) had been included in the model in which those returning to the parental home were divided into those staying and those escaping poverty. Table 5 shows the estimates for the likelihood of escaping poverty while living independently and for the likelihood of moving back to the parental home. These events were compared to the base case, which is that a poor young adult did not experience an exit from poverty while living independently. The table includes models with and without the estimates for interactions between gender and demographic events. The estimates of the independent variables for poverty exits were similar to those in Table 4, and, therefore, the focus in the interpretation is on estimates for returning to the parental home. The models shown do not include a (lag-)variable for a partner's months of employment since a partner's months of employment did not have any effect on the likelihood of moving back to the parental home.

Table 5. Discrete-time multinomial logistic event-history analysis, poverty exit, and moving back to the parental home as competing risks, relative risk ratios.

Explanatory variables	Poverty exit vs. no poverty exit while living independently	Move back to the parental home vs. no poverty exit while living independently	Poverty exit vs. no poverty exit while living independently	Move back to the parental home vs. no poverty exit while living independently
	Model with main effects only		Model with interactions	
Duration of the spell	1.02	0.74***	1.02	0.74***
Women (ref: male)	1.28***	0.94*	1.10**	0.69***
Age at the start of the spell	1.12***	0.96**	1.11***	0.96**
Born in another country (ref: born in Finland)	0.93	1.46***	0.94	1.47***
Living in a rural municipality (t − 1) (ref: not living)	1.12**	1.19**	1.12**	1.20**
Poverty status of the family before moving away (ref: not poor)	0.78***	0.86***	0.78***	0.86***
Enrolled in education (ref: not enrolled)	0.41***	0.45***	0.41***	0.45***
Highest educational attainment (ref: compulsory education)				
Secondary education	1.41***	1.11***	1.41***	1.10**
Tertiary education	3.11***	2.28***	3.09***	2.24***
Number of sample person's months of employment	1.11***	1.03***	1.11***	1.02***
Children in the household (t − 1) (ref: no children)	0.72***	0.30***	0.68***	0.72*
Single-adult household (t − 1) (ref: couple household)	0.53***	1.24***	0.48***	1.04
Female * Children in the household (t − 1)			1.07	0.07***
Female * Single-adult household (t − 1)			1.24***	1.52***
Log-likelihood	-62249.7	-62249.7	-62187.8	-62187.8
Degrees of freedom	24	24	28	28

Note: *** p<0.001, ** p<0.01, * p<0.05

Note: There were a total of 46,112 individuals who moved away from the parental home to a poor household and whose poverty status could be analysed a year after that event. Of these individuals, 21,953 (47.6 %) experienced a poverty exit during the follow-up while living independently. A total of 5,379 (11.6 %) individuals moved back to the parental home. Of this group, 4,810 (89.4 %) individuals escaped poverty

when they moved back to the parental home, and 569 (10.6 %) individuals returned to the parental home but remained poor. 18,780 (40.7 %) individuals did not experience a poverty exit during the follow-up (base case).

The models illustrate that those who had lived independently for a longer period of time were less likely to return to the parental home. Older individuals were less likely to move back to the parental home. Those born outside Finland were especially likely to move back to the parental home. Young adults living in rural areas were more likely to return to the parental home. Those poor young adults who lived in a poor parental home before moving away were less likely to return. This could also indicate that these individuals are less likely to move back due to the poverty status of the parental home.

With respect to the highest educational level attained, those with a higher degree were more likely than others to return to the parental home. Since the analysis focused on young adults, this could be explained by the fact that after graduation individuals may move back to the parental home while searching for a job (South and Lei, 2015; Stone et al., 2014). This may be particularly true during an economic recession when jobs are scarce. However, those still studying were less likely to move back to the parental home. One reason could be that the educational institution is located in a different geographical area than the parental home. Additionally, affordable student housing can make it possible for students to maintain their autonomy (Breen and Buchmann, 2002). After graduation, this kind of housing arrangement is not possible for young adults.

As proposed in H5, those living in a single-adult household were more likely than those living in a couple household to move back to the parental home. A higher number of own months of employment increased slightly the likelihood of moving back to the parental home. This was unexpected **(cf. H5)**. However, since the base case was staying poor while living independently, this finding can be seen as related to the finding that fewer months of employment were associated with a higher likelihood of staying in poverty. **Moreover, research has shown that positive life course transitions – such as becoming employed after being a student – can also increase the likelihood of return to the parental home (South and Lei, 2015; Stone et al., 2014).** Among poor young Finnish adults, having one's own children was associated with a lower likelihood to return to the parental home.

In line with earlier research, it was found that women were less likely than men to move back to the parental home. This study also analysed how the effects of demographic events on the likelihood of returning to the parental home vary by gender. Figure 3 illustrates the predicted probabilities of

living in a single-adult household and having one's own children on returning to the parental home for men and women. Men were more likely than women to move back to the parental home if they lived with a partner or had their own children. **This is in line with hypothesis 6**, since when interpreting the main and interaction effects from Table 5, it should be remembered that variables for household composition were measured from the year prior to the move to the parental home. Therefore, it is possible that a sample person, who was living in a couple household at t-1, had moved into a single-adult household before possibly returning to the parental home. Thus, gender differences in, for instance, **the effects of partnership dissolution on returning to the parental home (e.g. Ongaro et al., 2009)** and the incidence of single parenthood can affect the interaction estimates.
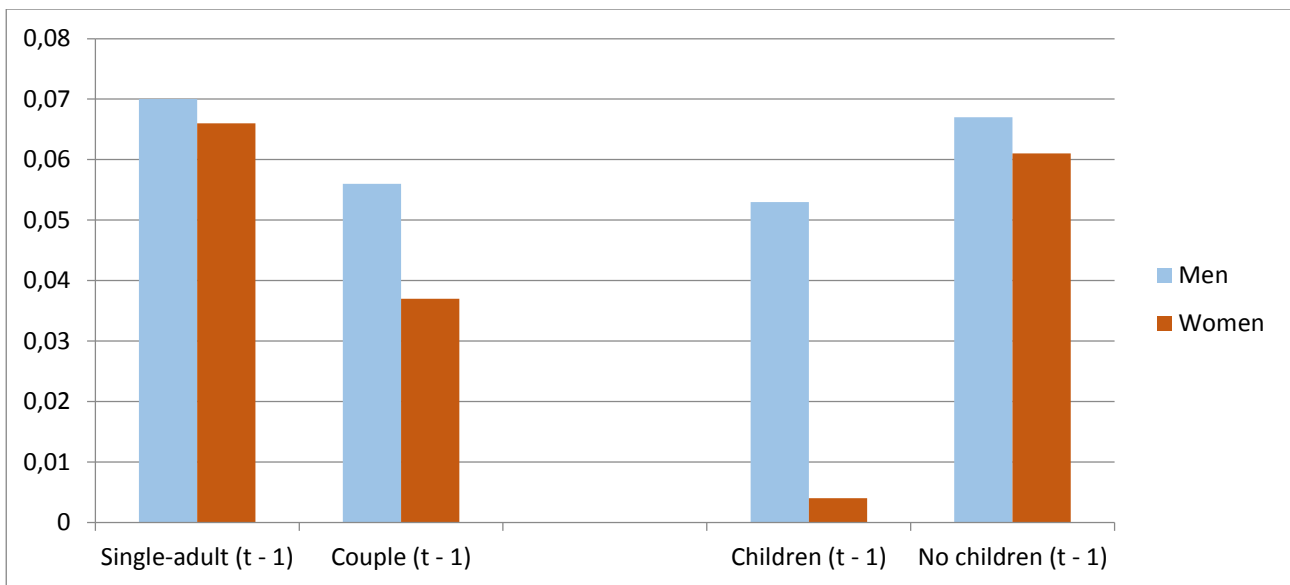
Figure 3. Predicted probabilities of returning to the parental home according to demographic events. All other covariates held constant.

5. Discussion and conclusions

The aim of this study was to illustrate how demographic and employment events are associated with poverty transitions among young adults. The focus was on young adults who live independently. New information was provided about poverty dynamics among young adults after they had left the parental home. Furthermore, this study contributed to literature on returning to the parental home by analysing it as an additional dimension of poverty dynamics.

The results of this study illustrate that an individual's living arrangement is an important contributing factor for financial well-being. Living alone or moving into a single-adult household from a couple household increases the risk of poverty. Conversely, living in a couple household is an important protective factor for young adults. In addition, having one's own children during the early years of young adulthood increases the risk of poverty. All in all, the findings in this study are in line with an earlier cross-sectional finding that it is not just living away from the parental home that makes young adults vulnerable, but it is the fact that young adults often live alone (Aassve et al., 2006). Changes in employment seem to be common and, therefore, often coincide with poverty transitions. However, employment events do not necessarily result in poverty transitions. It can be speculated that since young adults have an unstable labour market attachment, a low level of earnings, and are often enrolled in education, living arrangements can play a more important role for them than for other adults. The results of this study imply that the welfare state should take into account young single-adult households in its social and housing policies if youth poverty is to be reduced.

This study found that young adult women were less likely than young adult men to experience poverty while living independently. This study also showed that the effects of demographic events on the likelihood of experiencing poverty transitions or moving back to the parental home vary by gender. Living in a single-adult household and having one's own children increased the likelihood of experiencing poverty, especially among women. **One reason for these findings is that women are more dependent on their partners' incomes (Callens and Croux, 2009; DiPrete and McManus, 2000). Additionally, the findings can also be related to women being more often single parents than men. It should also be taken into account that women move away from the parental home, begin a co-residential partnership, and have their own children at a younger age than men (Iacovou and Skew, 2010). In Finland, a move from the parental home and a co-residential partnership occur particularly early compared to other European countries (Iacovou and Skew, 2010). With regards to returning to the parental home, it was found** that the women who had lived in a couple household or who had their own children were less likely than men to return. **Women might have a stronger preference for living independently, which is shown also as a younger age of leaving the parental home. Moreover, since children usually stay with their mothers in the case of a break-up with a co-residential partner, fathers are more likely to move from the joint home and, thus, are more likely to move back to the parental home (Smits et al., 2010; Stone et al., 2014). Based on the findings in this study,**

gender differences in residential arrangements can also affect the incidence of youth poverty and the length of poverty spells among men and women.

The multivariate analyses gave a very symmetrical picture of how different factors affect the likelihood of experiencing poverty entries and exits. Thus, the results indicate that poverty dynamics among young adults could be analysed, at least in the Finnish context, using standard panel regression techniques with a binary dependent variable in forthcoming analyses. Furthermore, this study has illustrated that, to gain the full picture of poverty dynamics among young adults who live independently, the possibility of moving back to the parental home should also be taken into account. A large majority of the poor young adults in this study who moved back to the parental home escaped poverty.

It can be argued that, based on living arrangements and socio-economic attainment, young adults have different possibilities to shape their financial well-being. Firstly, different population subgroups have different probabilities of experiencing poverty transitions. Secondly, moving back to the parental home as a mechanism to cope with poverty is more likely for some population subgroups than others. For instance, poor young adults with children or living with another adult were found to be less likely to return to the parental home. This is especially problematic for those with poor parents since they are more likely to experience poverty while living independently and do not have a chance to escape poverty by moving back to the parental home. Thirdly, the effects of changes in household composition also vary between genders among young adults.

Even though youth poverty is typical, the poverty exit rates are rather high in Finland. In addition, poverty is often related to being a student. Although some have argued for taking into account the investment nature of education by using lifetime incomes (e.g. Koerselman & Uusitalo, 2014), income poverty is nonetheless typically analysed using annual incomes. Although affordable housing, student loans, and financial transfers from parents can be important for a student's financial well-being and autonomy in Finland, it is likely that the possibility of utilising these factors varies among young adults. For instance, in the Nordic countries, social background is an important predictor of young adults' receipt of social assistance (Kauppinen et al., 2014). However, it is possible that the results presented here could have been different if other poverty measures had been used since there is a substantial mismatch in the levels of income poverty and subjective and material deprivation among young adults (Fahmy, 2014). High income poverty rates are not entirely replicated in terms of high material deprivation rates (Fahmy, 2014). Additionally, poverty trends can differ among different measures. Despite the increase in income poverty among young adults in the Nordic countries during the recent economic recession, subjective deprivation increased only

slightly in these countries. In contrast, subjective deprivation increased in Central and Eastern Europe and Southern Europe (Aassve et al., 2013). In the Nordic countries, both material and subjective deprivation rates are low among young adults compared to many European countries (Aassve et al. 2013; Fahmy, 2014). However, subjective or material deprivation cannot be studied using population registers.

It is possible that the reasons for returning to the parental home often have nothing to do with escaping poverty. For instance, an individual may move back to the parental home temporarily due to partnership dissolution or the loss of a job (South and Lei, 2015; Stone et al., 2014). However, the findings of this study should be interpreted in the light of the preference of young Nordic adults for living independently (Iacovou, 2010). Therefore, it is likely that the financial conditions of the parental home affect the decision to return (cf. Smits et al., 2010). For some young adults, of course, moving back to the parental home is not possible for various reasons. One important reason can be geographic location, which was not possible to analyse using the data.

Different life course events can also affect each other. For instance, employment events may affect the decision to have children. It is likely that there are complex interactions between employment, demographic events, and poverty. It is also possible that, in some cases, causation runs in the other direction: poverty transition leads to a life course event (Jenkins, 2011). For instance, a break-up with a co-residential partner may be related to a decline in household income. In addition, individuals can make decisions about co-residential arrangements and employment contracts at very short notice, and annual data can be a crude tool for measuring the effects of trigger events. However, analysing income poverty using annual data is a typical practice, and only annual data was available.

The analyses focused on a period of economic crisis. The time period can affect the timing when individuals move away from the parental home and, thus, the composition of the population analysed in this study. Young adults may postpone the move away from the parental home because it is more difficult to find a job during an economic recession (Aassve et al., 2013). However, this study has illustrated that most of those who moved away from the parental home moved to a poor household in Finland. An earlier study has illustrated that the Nordic countries are exceptions to other European countries since in the Nordic countries young adults move away from the parental home, although they are likely to experience poverty (Aassve et al., 2007).

This study has illustrated that 18- to 24-year-olds form a special age group. In Finland, this age group is characterised by a large proportion of individuals who live independently and experience

poverty. To avoid poverty, young adults often need a co-residential partner or they need to graduate from an educational programme and enter the labour market. Although the economic crisis has made young adults more vulnerable (Aassve et al., 2013), it seems that income poverty is, nonetheless, often temporary in Finland. For this reason, the focus should be on those young adults who live in long-term poverty, and the factors associated with re-entries to poverty should be studied.

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