

A close-up photograph of a person's hands holding a blue wallet. The person is wearing a purple long-sleeved sweater. The wallet is open, and a small gold coin is being held between the fingers of the right hand. The background is a blurred wooden surface.

Financial vulnerability

Literature study of groups in a financially vulnerable position

 **Money Wise**





Preface

Having financial difficulties is something that can happen to anyone. However, some groups are more at risk because of their vulnerable position. These groups require extra attention and effort to become and remain financially fit. Attention to financially vulnerable groups is one of the priorities announced by The Money Wise Platform in its [2019 national strategy on financial education](#) and [2020 annual plan](#). But what makes people financially vulnerable? At the end of 2019, Money Wise asked Nibud (National Institute for Family Finance Information) to conduct a literature study into this issue. This study paints a picture of the common circumstances and personal characteristics of people in a financially vulnerable position, based on studies that have been published in recent years.

However, due to the outbreak of the COVID-19 pandemic, the situation in the Netherlands has changed drastically in a very short period of time. The government has taken an extensive package of measures to support Dutch people who are struggling financially. Yet a recession seems to be inevitable and unemployment will increase according to forecasts by the Netherlands Bureau for Economic Policy Analysis. Many people are therefore concerned about their finances. And that uncertainty usually brings (a lot of) stress with it. This can cause people to behave less rationally. Financial stress makes it difficult to think ‘clearly’, to take stock of a situation and/or to take action. All this while acting rationally is very important to be able to find out which support measures you are entitled to and what you can do to prevent further financial problems.

Some groups described in this literature study are hit extra hard. They were already financially vulnerable before the COVID-19 pandemic but as a result of the crisis, their financial situation has deteriorated further.

Examples include people in low-paid and precarious work who lose their job/hours due to the COVID-19 pandemic, such as agency workers, on-call workers, people with a zero-hour contract and low-paid self-employed workers. For other financially vulnerable groups, such as people on benefits, the financial situation after the COVID-19 pandemic has remained unchanged. The financially vulnerable groups of functionally illiterate people and asylum permit holders mainly fall into these two categories. In addition, the COVID-19 pandemic has created new financially vulnerable groups, such as well-paid self-employed workers and people with a permanent contract working in sectors where there is suddenly less or no work at all. All these groups have to manage with less money to avoid debts and/or to prevent debts from accumulating further. Some financially vulnerable groups have to try even harder to find a new job if they want to improve their financially vulnerable position. After all, increased unemployment means there are more (sometimes less vulnerable) competitors for the jobs available.

Nevertheless, this literature study has not lost any of its relevance due to the COVID-19 pandemic. In fact, especially at a time when large groups of Dutch people are facing a decline in income, it is important to know which groups were vulnerable to begin with. These groups of people can sometimes fall between the cracks in these times, whereas they can use the helping hand of society even more than others. Professionals in the financial and social field can therefore benefit from this study. Let us work together for targeted support for those who are financially vulnerable.

Joost Smits
Chairman of Money Wise

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Summary and conclusions

Anyone can encounter financial setbacks or problems at some point in their lives. However, some groups are at greater risk of financial hardship. In the first months of 2020, Nibud carried out a literature study on behalf of Money Wise. The study provides insight into which groups are financially vulnerable, the size of these groups and what makes them vulnerable. Money Wise can use these insights to specifically focus their activities on those groups that are financially vulnerable.

Financial vulnerability

Based on the literature, we use the following characteristics of financial vulnerability:

- living in poverty;
- difficulty to make ends meet;
- in payment arrears and/or debt;
- low and/or precarious income;
- not economically independent.

When one or more of these aspects occur in a substantial part of a group in this study, the group is referred to as financially vulnerable.





Financial vulnerability is related to personal characteristics that can hardly or not be influenced

A combination of personal factors makes that people are financially vulnerable to a greater or lesser extent. Across all groups, the main characteristics of people in a financially vulnerable position are a low level of education, having no (earning) partner, a migration background, a limited ability to acquire (financial) skills and competencies, or a disability. People with these characteristics are more likely to be poor, struggle more to make ends meet and/or are dealing with payment arrears or debts more often. A low level of education is not the most decisive personal factor for the financially vulnerable position of people. It much more often is due to a lack of (financial) skills as seen among functionally illiterate people or people with a mild cognitive impairment or due to the absence of an (earning) partner or having a migration background. Within the group of lower educated people, people with these characteristics are more likely to be poor.



Men and women differ in terms of the nature and degree of financial vulnerability

In general, women are more likely to be financially vulnerable than men. The proportion of women who are not economically independent is much higher. However, men who are not economically independent rely on benefits relatively more often and are more likely to have a non-earning partner or a partner with a low income. Women who are not economically independent are more likely to have a partner with a high income. However, they run a great risk of poverty in the event of a divorce. We can also see that single women with minor children are more likely to be financially vulnerable.

Accumulation of factors makes people even more vulnerable

Different financially vulnerable groups face a combination of factors that make them financially vulnerable, such as a low level of education, a lack of skills, poor job prospects and/or a decline in income. This applies in particular to asylum permit holders and people with a mild cognitive impairment (mci). Asylum permit holders are often not financially skilled due to a poor command of the Dutch language and because they do not know their way around the Dutch system yet. They are more likely to be unemployed or to rely on low-paid and precarious work. In addition, many of them have psychological problems and are therefore unable to do paid work. Also people with an mci are vulnerable on various fronts. They often lack the skills and competencies to be (financially) self-reliant. They are more likely to be unemployed or rely on low-paid work. This combination of, on average, poor job prospects and personal factors makes them particularly vulnerable.



Low-paid and precarious work makes you financially vulnerable

A disadvantageous position on the labour market makes people who are relying on low-paid and precarious work financially vulnerable. Employees who, due to a low level of education or a mostly cognitive impairment, are dependent on these (flexible) jobs at the lower end of the labour market have few opportunities to improve their position. Moreover, when they have temporary contracts over a long period of time, they are more likely to be faced with periods of unemployment or less income from work than others. They can hardly compensate for such a drop in income. Asylum permit holders, labour migrants and people with an mci often rely on low-paid and precarious work. The extent of the overlap cannot be determined from the literature. Self-employed workers lack job security by definition. When combined with a low hourly wage, it makes them financially vulnerable. Therefore, self-employed workers with these characteristics also run a greater risk of poverty.

People with a disability are financially vulnerable due to low income and higher expenditure

Vulnerability among people with a chronic illness or a physical disability appears to be more related to higher expenditure on care, travel and/or living and limited employability for paid work. However, relatively little is known about the nature and extent of the financial problems and the financial vulnerability among these groups.

No clear picture of the size and overlap of financially vulnerable groups

Based on a literature study such as this, we are unable to provide a clear picture of the size of the various groups. Nor is it clear how big the overlap is between groups. This is because information about all characteristics of vulnerability is not known for all groups, nor is it measured in the same way.



Comparison of groups in terms of size and degree of vulnerability is therefore possible to a very limited extent only.

Vulnerable groups that stand out can be identified

The absence of a clear picture of the size and overlap of vulnerable groups does not change the fact that a number of vulnerable groups stand out. This may be due to an accumulation of factors, the risk of financial problems or, on the other hand, because little is known yet about the nature and extent of the financial problems. The groups we believe deserve extra attention in terms of research and/or support are:

- people in low-paid and precarious work;
- asylum permit holders;
- women who are not economically independent;
- people who are functionally illiterate;
- people with a chronic illness or disability.



1. Introduction

Anyone can experience unexpected life events, such as the loss of a job or going through a divorce, or an unexpected large expense. Often, people can deal with these setbacks and adapt to a new situation without too much difficulty, also financially. However, some groups run a greater risk of financial problems, for example, because they already have difficulty making ends meet, rely on low-paid work, cannot fall back on a partner's income and/or lack the skills to respond adequately. Money Wise and Nibud are here to support these groups and to offer them the tools to regain control of their financial situation.

Which groups are financially vulnerable and how many people this involves is not easy to identify. If we look at the literature, it becomes clear that this is a large and heterogeneous group. Money Wise needs more insight into this heterogeneous group, so the platform can specifically focus its activities on those groups that are financially vulnerable and offer a perspective for action by means of financial education and advice.

1.1 Objective of the research and terms of reference

Money Wise has asked Nibud to do a literature study to map out which groups in the Netherlands are financially vulnerable. The study must provide insight into which groups are at risk of financial problems, how large these groups are and what causes them to (potentially) get into trouble.



This study was conducted in the first months of 2020 and focuses on the following main questions and sub-questions:

Which groups are financially vulnerable?

- What are the characteristics of these groups?
- What is the size of these groups?
- What factors make these groups vulnerable?
- What financial problems are they experiencing?

1.2 Definition of financially vulnerable groups

The literature does not provide a uniform definition of financial vulnerability. Different studies use different descriptions of vulnerability. The most common descriptions are:

- living in poverty;
- difficulty to make ends meet;
- in payment arrears and/or debt;
- low and/or precarious income;
- not economically independent.

When one or more of these aspects occur in a substantial part of a group in this study, the group is referred to as financially vulnerable. There is no hard lower limit for this. This, among other things, depends on the size of the group as a whole. In addition, it is difficult to set a clear limit because figures are often not comparable. Different studies use different reference groups. For example, groups are sometimes compared to the average of all Dutch adults, whereas other studies use the Dutch working population or the total number of employees.

1.3 Approach

To be able to answer the research questions, we carried out a literature study and supplemented it with interviews with experts¹.

This study included Dutch studies from 2014 onwards, in which one or more of the stated characteristics of financial vulnerability occur and which focus on adults. In addition, we looked for studies in the following fields:

- personal factors (in relation to poverty and financial problems);
- work and income;
- health and disabilities.



¹ An explanation of the search strategy and the list of experts consulted can be found in the appendices.



The selected approach has resulted in us being able to sketch a perspective on financially vulnerable groups from various domains. Furthermore, we have been able to identify a wide spectrum of factors that are associated with or lead to financial vulnerability.

The downside of this approach is that on the basis of a literature study such as this, we cannot provide a clear picture of the size of the various groups. Nor is it possible to provide a clear picture of the aforesaid characteristics of financial vulnerability for all groups. For various groups of people in the working population, for example, we do have information about the proportion of people living in poverty and/or living on low incomes, but information about payment arrears is lacking. This creates a diffuse picture of financially vulnerable groups, whereby a comparison of groups in terms of size and degree of vulnerability is possible to a very limited extent only. We tried to overcome this by naming several specific groups in the last chapter that deserve extra attention. We also provide substantive evidence for each group.

1.4 Reading guide

In the next chapter, we will first discuss the personal factors associated with financial vulnerability. Then, in Chapter 3, we will examine the financial vulnerability of groups of benefit recipients and people in the working population in more detail. In Chapter 4, we will assess financial vulnerability in relation to health and disabilities. Where necessary in the various chapters, we will revert to results from previous chapters to indicate overlap between groups. In the last chapter, we will identify the vulnerable groups that deserve extra attention. This can be on account of the size of the group or the degree of vulnerability. Another reason to pay extra attention to groups is because of a lack of knowledge and insight into the financial problems of certain groups that are in a vulnerable position.



2. Personal factors

2.1 Introduction

A combination of personal factors means that people are financially vulnerable to a greater or lesser extent. Across all groups, the main characteristics of people in a financially vulnerable position are a low level of education, having no (earning) partner and limited (financial) skills and competencies. People with these characteristics are often less able to cope with unexpected or drastic events. Consequently, they run into financial problems earlier than others. In this chapter, we will discuss the personal factors associated with financial vulnerability. We will also discuss the group of asylum permit holders and the differences between men and women in terms of financial vulnerability. For each factor, we will provide an overview of available figures on the size of the group and the extent to which poverty and financial problems occur.

2.2 Educational level and financial vulnerability

Table 1 Education: the figures at a glance

Characteristics of financial vulnerability	%
Poverty: share among lower educated people	9
Poverty: share of the working poor within the lower educated group of people who are employed	5.8



Financial vulnerability often goes hand in hand with a low level of education

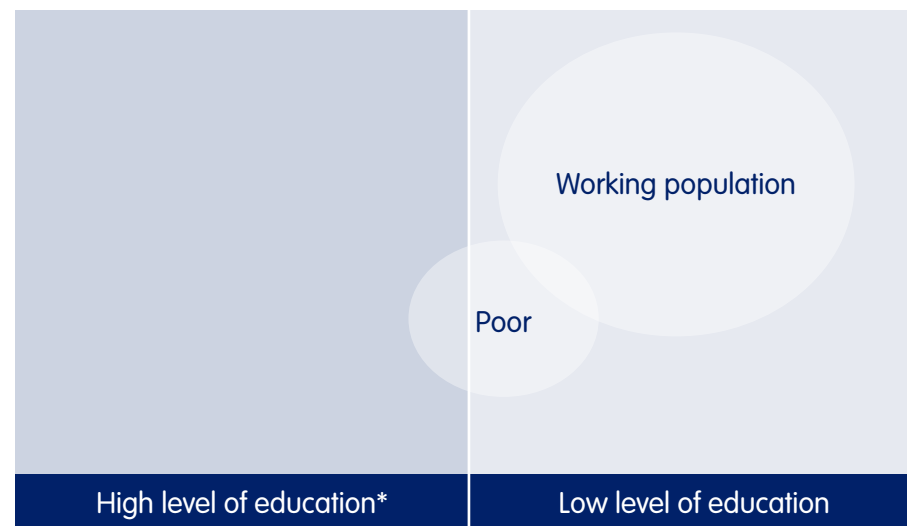
People with a low level of education are more likely to be poor and more likely to face financial problems, such as arrears or debts. More than two million people in the Dutch working population are trained at (pre-)vocational secondary education level. That is about one-fifth of the total working population². They do not have the required educational level for a basic qualification and therefore have less chance of a sustainable job that requires a degree of some kind.

Compared to people with an intermediate and higher education level, lower educated people are more likely to live below the poverty line (9% compared to 4.6% of higher educated people). This also applies to people who are employed with a low level of education. In this group, 5.8% of them are poor, compared to 3.6% of higher educated people (De Graaf-Zijl et al., 2015). Lower educated people also run a higher risk of debt because they often have no savings in reserve; 44% of lower educated people (compared to 24% of higher educated people) say they probably or certainly cannot afford unexpected expenses of € 2,000 (Money Wise, 2019). Figure 1 shows how the share of poor, lower educated people is divided among those in the working population and those who do not work. This shows that the share of people in the working population among higher educated people is higher, but also that the lower educated group of people in the working population is relatively more likely to be poor.

Various studies into financial behaviour and financial problems have shown that people with a low level of education are more likely to struggle financially and are more likely to have financial problems compared to people with an intermediate and high level of education (Madern, 2015, Tiemeijer, 2016, Van der Schors et al., 2015). People with a low level of education are also overrepresented in debt assistance (Oomkens et al., 2018).

² In the fourth quarter of 2019, the working population consisted of 9.3 million people (Statistics Netherlands, 2020).

Figure 1 Relationship between poverty and work among lower educated people (approximate)



* Among people with a high level of education, the net employment rate is around 86%. In this group, almost all poor people are out of work and only a very limited number belong to the working poor.

A low education is not the most decisive factor for financial vulnerability

When lower educated people are financially vulnerable, this often goes together with other factors that make them vulnerable. The level of education is not the most decisive factor for poverty and financial problems. It is much more often due to a low income, household composition, type of employment relationship, a migration background or a lack of (financial) skills. Within the group of lower educated people, single parents and migrants therefore run the greatest risk of poverty (De Graaf-Zijl, 2015). Wiersma et al. (2019) find that lower educated people are less able to cope with financial setbacks, but that the effect of level of education disappears when financial literacy and numeracy are included in the analysis.



However, the observation that financial vulnerability is more likely to affect people with a low level of education remains intact. This makes education a relevant factor, but not sufficient for targeted support of vulnerable groups. A low level of education in combination with other personal factors and factors in the fields of income, work and/or health offer more starting points for this. We will return to these factors later.

2.3 Financially vulnerable households

Table 2 Single people: the figures at a glance

Characteristics of financial vulnerability	Single people without children %	Single people with children %
Poverty	–	13
Serious payment problems	–	19
Mild payment problems	15	16
Difficulty making ends meet	48	65

Single people are financially vulnerable due to the absence of a safety net

Another factor of importance is household composition. Experts indicate that financial vulnerability should be viewed at a household level. A low income does not immediately make you financially vulnerable if you have a partner with a (higher) income. Due to the absence of this safety net, single people with a low income are more vulnerable than people with a partner.

In its most recent *Mapping poverty* (2019), the Netherlands Institute for Social Research shows that single people with minor children and single people under state pension age are most at risk of living in poverty. In 2017, about 13% of them lived on an income below the poverty line.

In addition, women who head a single-parent family are more likely to live below the poverty line than men in the same situation. Women are more likely to have to rely on social assistance benefits.

Single people are more likely to have difficulty making ends meet. A total of 48% of single people without children indicate that they have difficulty making ends meet (compared to 38% in the total sample). This figure rises to no less than 65% among single people with children. These percentages are much lower among couples with and without children (33 and 29% respectively) (Schonewille & Crijnen, 2018).



Single people with minor children in particular are more likely to have financial problems

Mild payment problems are also more likely to be seen among single people with or without children (16 and 15% respectively compared to 11% in the total sample). Serious payment problems are particularly likely among single people with children (19% compared to 8% in the total sample) (Schonewille & Crijnen, 2018).



The same picture emerges from research by Panteia: single people with minor children and a low income run a greater risk of problematic debts (Westhof et al., 2015).

2.4 Financial vulnerability among men and women

Table 3 Men and women: the figures at a glance

Characteristics of financial vulnerability	%
Not economically independent: men	21%
Not economically independent: women	41%
Not economically independent: women with a non-Western background	64%
Poverty: female divorcees who are not economically independent	36%
Poverty: male divorcees who are not economically independent	14%



More women than men are not economically independent

As found earlier, single women with minor children are particularly vulnerable. When we zoom in further on the differences between men and women, we can see that women are more likely to be economically dependent. Of all women in the working population, 41% is not economically independent (Statistics Netherlands, 2017). Among women with a non-Western background, this percentage rises to no less than 64% (Portegijs & Van den Brakel, 2018). Men are significantly less likely to be economically dependent (21%) (Statistics Netherlands, 2017). According to Statistics Netherlands, more than 2 million women are financially vulnerable and more than 1 million men.

Men who are not economically independent rely on benefits more often than women

About two-thirds of men who are not economically independent rely on benefits. Just over a quarter of men who are not economically independent are in paid work, but earn less than the social assistance benefit level. This is mainly because they work few hours. A small part has no income at all. Among women who are not economically independent, it is striking to see that almost a quarter of them have no income. These women often have an earning partner. An equal share of them has paid work, but earns a low income. One-third of women receive social assistance or disability benefits, which is a significantly smaller proportion compared to men who are not economically independent.

Women who are not economically independent are more likely to have an earning partner

An important difference between women and men who are not economically independent is that a larger proportion of men do not have a partner (64% versus 32% of women). When men *do* have a partner, those partners have on average a significantly lower annual income than partners of women who are not economically independent (an average of € 21,000 for partners of men compared to an average of € 49,000 for partners of women).



The negative financial consequences of a divorce are greater for women than for men

Life events, such as a divorce, often have negative financial consequences. After a divorce, women lose more purchasing power than men. This applies to women who are not economically independent as well as those who are. However, more than 36% of women who are not economically independent run the risk of poverty after a divorce, compared to 14% of men who are not economically independent. This risk is significantly lower for economically independent men and women (3% among men and 9% among women; Brakel & Arts, 2017).

Women with care responsibilities who are not working or are working only a few hours are financially vulnerable

Alliantie Samen werkt het!³ zooms in on women with care responsibilities in financially vulnerable positions. Care responsibilities include caring for children, but also informal care for parents, for example. In their assessment, they do not just include women who are not economically independent. Women who *are* economically independent may be living below the poverty line or dealing with financial problems as well. Van den Hoek et al. (2018) define financial vulnerability as *'a situation where a woman is unable or unwilling to earn an adequate income'*. They distinguish three risk groups of women with care responsibilities:

- women on social assistance or disability benefits;
- women not entitled to benefits who are not working or are carrying out less than 12 hours of paid work;
- working poor, often with low-paid jobs or on flexible contracts.

3 Alliantie Samen werkt is a partnership of five organisations, namely Bureau Clara Wichmann, Movisie, Nederlandse Vrouwen Raad, WO=MEN and WOMEN Inc. The Alliantie's objective is that by 2022, all men and women, in particular women who are financially vulnerable, will make use of the opportunities for combining paid work and unpaid care.

2.5 Migrants

We distinguish different groups of migrants. Groups differ from each other in terms of employment and income position, but also in terms of their command of the Dutch language. The previous sections briefly and more generally touched upon the fact that people with a migration background are more likely to be poor. In this section, we discuss the group of refugees and asylum permit holders more specifically. This is a group that has generally been in the Netherlands for only a short period of time and is potentially vulnerable due to language barriers and insufficient knowledge of their way around Dutch society. The various studies we have found mainly provide insight into the obstacles they encounter when it comes to financial matters. In these studies, we did not find any information about the extent of the financial problems affecting asylum permit holders.





Poor command of the Dutch language can lead to financial problems

Refugees and asylum permit holders do not always speak Dutch (well). This creates several other problems. First, finding employment that pays (well) is more difficult (Avric et al., 2019). The language barrier makes it even more difficult for migrants to find their way in the already complicated Dutch financial system which, for example, causes them difficulty in applying for benefits or allowances (Dagevos et al., 2018). In addition, they often (still) lack a social network that can help them with questions or problems. Due to the language barrier, migrants encounter some of the same problems as the group of functionally illiterate people. We will discuss this latter group later on.

Refugees/asylum permit holders often start life in the Netherlands with debts

Refugees often accrue debts immediately from the moment they arrive in the Netherlands. They have often already accrued debt themselves during their flight, because they had to pay smugglers for themselves and possibly also for family members. As soon as refugees receive a residence permit, they are referred to as asylum permit holders and move on to independent accommodation. To furnish the home, the asylum permit holders receive a furnishing credit from the municipality. They must also repay this credit. They can take out a loan with the Education Executive Agency (DUO) to finance language and integration courses. The debt is waived if they pass on time, but not everyone succeeds (Avric et al., 2019). In addition, asylum permit holders often send money to their family in the country of origin. They often experience this as an obligation. However, many asylum permit holders rely on social assistance benefits or earn a low income and this obligation can push them into financial difficulties (Avric et al., 2019).

Unfamiliarity with financial products and insufficient financial skills and competencies make migrants financially vulnerable

Several migrants grew up in countries without digital money. They lack the digital skills to find their way in Dutch society. They are therefore not used to having a bank account, debit cards, allowances or insurance (Ferrier et al., 2017). This unfamiliarity also makes some migrants easy targets to be persuaded into purchases that are not necessary (Dagevos et al., 2018).

If something is offered 'for free', they assume that it is, even though there are often hidden costs involved. Female asylum permit holders are more vulnerable than male asylum permit holders. They often have not worked in their country of origin and came to the Netherlands later than the men. They stay at home more often and take care of the family. This means they have less contact with Dutch people and the Dutch system (Avric et al., 2019). Opportunities for asylum permit holders on the labour market are limited. Besides, how municipalities implement measures facilitating labour market access can be an obstacle for this group. The emphasis is often on employability measures facilitating one of the partners, so that the family is no longer dependent on benefits. In practice, this is more often the man. When the family is no longer dependent on benefits, the woman disappears from the picture, because municipalities only make limited investments in facilitating labour market access for people who are not entitled to benefits (De Gruijter et al., 2019).

2.6 Skills and competencies

People without financial skills and competencies or whose financial skills and competencies are insufficient are more likely to be financially vulnerable. In many studies, limited financial literacy emerges as an important explanatory factor for financial problems and debts.

Poor financial language and numeracy skills increase the risk of financial problems

Research by Madern (2015) shows that people with less financial skills run a higher risk of having financial problems. Factors such as not having their accounts in order, not being able to find important papers and less planning ahead, increase the risk of financial problems. Other studies have shown that numeracy skills and (confidence in) financial literacy are associated with financial problems or debts. People with less-advanced financial language skills make financial choices that are disadvantageous to them and, in the event of debt, they are unable to properly oversee their debt position (Wiersma et al., 2016, De Greef & Seegers 2015 and Keijzer, 2018).



Functionally illiterate people are more likely to have financial problems

Table 4 Functionally illiterate people: the figures at a glance

Characteristics of financial vulnerability	%
Share of functionally illiterate people in the Dutch population	18
Poverty: share of functionally illiterate people among the long-term poor	6
Financial problems: share of functionally illiterate people among Kredietbank ⁴ customers	50

Functionally illiterate people have insufficient language, numeracy and digital skills to be financially self-reliant. This concerns a substantial group of people; 2.5 million people of Dutch adults (18%) are functionally illiterate.



⁴ A Kredietbank is a government organization for help with debt, income management, and social credits.

Just under half (46%) have a migration background (first generation) (www.lezenenschrijven.nl). They are more likely to be poor and have to deal with financial problems relatively often. More than 6% of functionally illiterate people are long-term poor, compared to 2.5% of people with adequate language and numeracy skills. Functionally illiterate people are also three times more likely to be dependent on benefits than literate people (Christoffels et al., 2016). Research among customers of Kredietbank and Syncasso shows that half of the customers show signs of being functionally illiterate (Keijzer, 2018).

In part, functionally illiterate people experience the same barriers as other people with financial problems, such as embarrassment about their situation and a lack of control over it. Functionally illiterate people in particular have difficulty understanding texts and writing. This means they do not properly understand letters, cannot fill in forms properly, they sometimes make mistakes and they miss opportunities to improve their situation. They indicate that they lack support in administrative tasks and that they feel that too much is expected of them. This leads to (extra) stress and uncertainty, which impedes the search for a solution (Keijzer, 2018 and Dominguez Alvarez et al., 2018).

Competencies such as self-control and being able to oversee one's own situation are important for financial self-reliance

In addition to a lack of language and numeracy skills, skills and competencies such as self-control, being able to postpone fulfilment of a need, planning and overseeing risks appear to be important factors associated with whether or not debts or financial problems materialise (Jungman et al., 2018, Tiemeijer, 2016). An important characteristic of people with a mild cognitive impairment (mci) is a lack of these competencies. The Netherlands has 1.1 million people suffering from an mci, which is 6.4% of the Dutch population (IBO mci, 2019). In general, people are deemed to have an mci when scoring an IQ of 50-70, whereas people with an IQ of 70-85 are classed as having additional problems. In Chapter 4, we will take a closer look at the group of people with an mci.



3. Work and income

Financially vulnerable people are more likely to be unemployed. This does not alter the fact that different groups of people in the working population are still financially vulnerable. Particularly people who are unable or unwilling to work longer hours or who are structurally dependent on low-paid and precarious work belong to this vulnerable group. In this chapter, we will discuss the different groups of financially vulnerable benefit recipients and people who are employed. Where necessary, we will look back to groups that we identified in Chapter 2, such as migrants, single people and people with a low level of education.

3.1 Benefit recipients and financial vulnerability

Table 5 Benefit recipients: the figures at a glance

Characteristics of financial vulnerability	Entitled to social assistance %	Disability benefit %
Using savings and/or incurring debts	40	16
Difficulty making ends meet	56	34

Social assistance recipients and people on disability benefits are particularly vulnerable

People on benefits are more likely to be financially vulnerable than people who are employed. This applies in particular to people on social assistance benefits and disability benefits.



Research by Nibud shows that benefit recipients (65%) are more likely to struggle financially than people in paid employment (32%). Social assistance recipients (70%) and disabled people (66%) are the most likely to report that it is difficult to make ends meet (Schonewille & Crijnen, 2018). People on social assistance benefits also appear to be significantly more likely to have payment arrears and insufficient money for various expenses than people not living on benefits. They also have to draw on savings more often and are more likely to incur debt (Oomkens et al., 2018).

Analyses of the Employee Insurance Agency on Statistics Netherlands data for the period 2010-2012 show that 56% of social assistance recipients and 34% of people on disability benefits (WIA) find it difficult or very difficult to make ends meet, compared to 10% of those not living on benefits. Almost 40% of social assistance recipients and 16% of people on disability benefits have to draw on savings or incur debts, compared to only 7% of people not living on benefits (Employee Insurance Agency, 2015).

Benefit dependency is often accompanied by other factors that make people vulnerable

Social assistance recipients in debt often want to work to pay off debts, but they do not know how to go about it. An important reason for this is that they often have to deal with other obstacles, such as psychological and health issues (Oomkens et al., 2018). Other financially vulnerable groups too, such as single women with minor children and migrants, often depend on benefits.

High dependency on social assistance benefits among asylum permit holders

Eighteen months after obtaining their residence permit, about 90% of asylum permit holders are on social assistance benefits. Another two years later, this percentage has fallen to 67%, but this is still high (Statistics Netherlands, 2019). This causes asylum permit holders having difficulty to make ends meet (Dagevos et al., 2018). The fact that so many asylum permit holders are dependent on social assistance benefits in the first years can be explained by the fact that during the first period of their stay in the Netherlands, they attend language and integration courses. They often are also less employable, as they are frequently dealing with psychological problems (Avric, 2019).

3.2 Working poor

Work is a means to prevent or solve financial problems. This does not alter the fact that groups of people in the working population are still financially vulnerable. In the Netherlands, 5.3% of people who are employed are poor⁵. Most of the 5.3% working poor in the Netherlands are self-employed (45%), part-time workers (27%) or on-call workers (12%). However, contrary to people on benefits, the working poor are not well-documented by the municipalities and municipal support does not reach them as it should. After all, they do not maintain a support relationship with the municipality, as do benefit recipients (Vrooman et al., 2018). Increasing the reach towards people who are employed with financial problems is therefore an important task of the various parties, such as municipalities and employers.

Self-employed workers are vulnerable due to a low hourly wage and/or the lack of options to compensate financial setbacks

Groups that both run an increased risk of poverty and are relatively large in size are classed as ‘high-risk groups’. In 2019, the Netherlands had 1.1 million self-employed workers (Statistics Netherlands, 2019). In 2014, the income of 13% of them was insufficient (Vrooman et al., 2018). Compared to other working people, self-employed workers are more likely to indicate that they struggle financially (40%; Schonewille & Crijnen, 2018). This makes self-employed workers the main high-risk group in the Netherlands. This does not mean that self-employed workers are by definition financially vulnerable. In 2013, the average earnings of self-employed people were not much less than other working people. However, the group of self-employed workers is very heterogeneous. Differences and fluctuations in income are much greater for self-employed workers than for employees (Statistics Netherlands, 2020 and Berkhout & Euwals, 2016). Therefore, an average income can not be taken into account when calculating the risk of financial vulnerability. It is important to zoom in on the group of self-employed workers and the causes of their financial vulnerability. In addition, a low hourly wage and the lack of a buffer or alternative sources of income to compensate for financial setbacks are the most striking.

⁵ According to the ‘not much but sufficient criterion’ of the Netherlands Institute for Social Research.



Self-employed workers who work for a low hourly wage (less than 130% of the statutory minimum wage) are particularly vulnerable financially. For 35% of self-employed workers living in poverty, a low hourly wage is the main reason. Other important reasons for poverty, such as a large household (more than 5 persons) or working few hours, play a less important role among self-employed persons (Vrooman et al., 2018).

Another important reason for vulnerability is an unsteady income and the resulting lack of income security for self-employed workers. This can cause problems when a market collapses. Self-employed people are left to their own devices or become incapacitated for work (The Netherlands Scientific Council for Government Policy, 2020). That is why they need to have sufficient opportunities to compensate for a decline in income. Most self-employed people also have one or more alternative sources of income, such as salaried employment, assets or the income of a partner. However, some self-employed workers (18%) are unable to cope with an income decline in the short term. In the event of a long-term decline in income, such as in the case of incapacity for work, more than a quarter (27%) has no options for independently providing for an income at social assistance level (Berkhout & Euwals, 2016).



In addition to self-employed workers, migrants and single people are important risk groups for poverty

Besides self-employed workers, migrants and single people are the largest groups of working poor. More than 8% of these groups were poor in 2014 (Vrooman et al., 2018).

Single people with minor children often work few hours (see also section 3.3). Migrants often perform low-paid work at the lower end of the labour market. Labour migrants (from Eastern Europe) form a special group therein. Compared to Dutch people, they are more likely to be paid low wages in combination with a temporary employment contract. For example, they often do seasonal work or work through an employment agency (Strockmeijer et al., 2017). Asylum permit holders often work below the level for which they were trained in their home country, because their education is not recognised in the Netherlands (Engbersen et al., 2015). A total of 80% of working asylum permit holders have part-time jobs, often in the hospitality industry and/or through employment agencies (Statistics Netherlands, 2019).

Table 6 People who are employed: the figures at a glance

Characteristics of financial vulnerability	%
Poverty: share of working poor	5.3
Poverty: share of self-employed workers	13
Poverty: share of working migrants	8
Poverty: share of single people who are employed	8

3.3 Scope and nature of the employment

Table 7 Scope and nature of the employment: the figures at a glance

Characteristics of financial vulnerability	%
Poverty: share among households with <20 hours of work per week	13
Poverty: share among low-paid work/precarious work	19



People who are employed are particularly vulnerable when working few hours at a low hourly wage

When members of a household together work less than 20 hours, the risk of poverty is higher than in other households. Of the households whose members together do not work more than 20 hours in paid employment, 13% is poor. When one or more of the household members work as a self-employed worker, this share is even higher (19%) (Vrooman et al., 2018).

The increased risk of poverty among single people is mainly due to their low work intensity. Particularly single women with care responsibilities, such as caring for children or informal care, are often not able to work longer hours. A low hourly wage for employees (i.e. less than 130% of the statutory minimum wage) increases the risk of poverty as well, but not as much. As set out above, a low hourly wage for self-employed workers is an important cause of poverty.

People working in the gig economy work few hours. A quarter of them earns less than the minimum wage.

A special group of people who are employed with a low work intensity are those working in the gig economy or platform economy. About 34,000 of those people (0.4% of the labour force) are active in the gig economy. This concerns, for example, meal deliverers, cleaners, taxi drivers, but also stand-in workers in the hospitality industry. Most of them work less than 20 hours a week. A considerable proportion of workers are young and higher educated people, with the exception of domestic services. Compared to other people in the working population, however, workers in the gig economy are comparable as regards the distribution of people educated to a lower, intermediate or higher level. People working in the gig economy are generally satisfied, but do not want to do this work for a longer period of time.

The income of people working in the gig economy is relatively low. About a quarter of them earn less than the legal minimum wage (Ter Weel et al., 2018 and Van der Werff & Ter Weel, 2020). The research into the gig economy provides no insight into possible other sources of income for workers in the gig economy. People working in the gig economy have several important characteristics that are associated with financial vulnerability in other groups.

However, it is still difficult to make any statements about the financial vulnerability of this group on the basis of the existing research. Furthermore, it is not clear yet whether workers in the gig economy are able to improve their position. This requires more insight into the characteristics, skills and behaviour of this group.

Low-paid and precarious work makes you financially vulnerable and mainly affects the lower educated people, migrants and single people

In 2012, about 14% of all people who are employed were in low-paid and precarious work. Precarious work is, for example, being self-employed, flexible work or working on the basis of a temporary contract. In 2010, a total of 19% of people in low-paid and precarious work were living on an income below the poverty line (De Graaf-Zijl et al., 2015). It is not known to what extent there is an overlap between the aforesaid workers in the gig economy and the group of workers in low-paid and precarious work.

Compared to higher educated workers, lower educated workers are more likely to rely on low-paid and precarious work. In 2012, a total of 18.5% of lower educated people in the working population were in low-paid and precarious work. This is a significantly larger share compared to those educated to an intermediate (14.1%) and higher level (9.8%). In addition, people in low-paid and precarious work are more likely to be single (31% compared to 22%) or to have a partner who is also in low-paid and precarious work (13% compared to 6%) compared to people enjoying a higher income and more security. Of the first generation of migrants in the Netherlands working, nearly 20% are in low-paid and precarious work (De Graaf-Zijl et al., 2015). Labour migrants too are often dependent on low-paid and precarious work (Strockmeijer, de Beer, & Dagevos, 2017).

What makes this group particularly vulnerable is the fact that they have few opportunities to improve their position. Lower educated people in particular are often dependent on this type of work at the lower end of the labour market. In addition, employees in low-paid and precarious work appear to have a poor bargaining position in companies, because they work either on the basis of an on-call contract or as an agency worker and have virtually no contact with their formal employer (Van der Gaag, 2018).



Working on temporary contracts over a long period of time contributes to a lack of income security and financial vulnerability

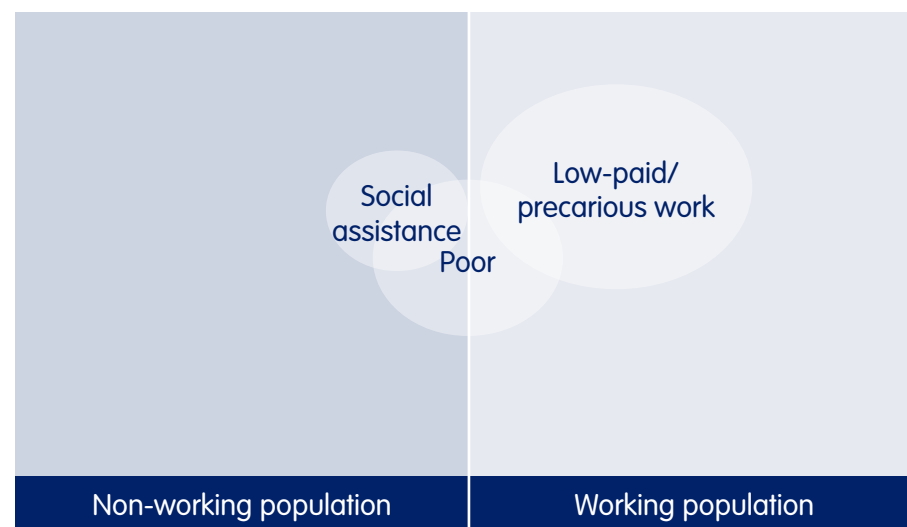
The number of people working on temporary contracts over a long period of time (i.e. people working on the basis of a temporary contract, on-call contract or flexible contract) has grown sharply in recent years. Of all Dutch people who are employed, 36% no longer have a permanent contract. Relatively speaking, lower educated people are more likely not to have a permanent contract than people educated to an intermediate or higher level (The Netherlands Scientific Council for Government Policy, 2020). Yet people working on temporary contracts over a long period of time are not by definition vulnerable. As we have seen, this is especially the case when this is accompanied by a low hourly wage and/or a low number of working hours. In addition, we can see that people who remain working on temporary contracts over a long period of time are more likely to be financially vulnerable. They appear to be unable to improve their income position. In addition, people working on temporary contracts over a long period of time have to deal with alternating periods of work and unemployment more than other salaried employees. It is precisely people with these types of career breaks that often suffer a significant decline in income (De Beer, 2017 and Employee Insurance Agency, 2011).

Finally, figure 2 indicates the extent to which poverty among people in and out of work is associated with benefit dependency and low-paid precarious work.

3.4 Employees with financial difficulties

People who are employed are less likely to be in financial problems than people living on benefits. Research by Nibud shows that people who are employed (33%) generally have less trouble making ends meet than people do on average (38%). Self-employed workers, on the other hand, are less likely to get by (40%). People living on an unsteady income in particular indicate to experience 'great difficulty' making ends meet (Schonewille & Crijnen, 2018).

Figure 2 Poverty, low income and precarious work among people in the working population and non- working population (approximate)



Divorce and lack of skills are major causes of financial problems among employees

In 2017, a total of 62% of employers had to deal with staff who are experiencing financial problems. A total of 46% of employers were dealing with attachments of earnings of personnel (Van der Schors and Schonewille, 2017).

Employers regard divorce and the resulting decline in income as one of the main causes of debt. In addition, employers believe that the lack of financial skills and making financially unwise choices are important causes for financial problems (Van der Schors & Schonewille, 2017). Research by Panteia into the role of employers with employees in debt shows the same picture. About two-thirds of employers indicate that they are dealing with employees experiencing financial problems (Oomkens et al., 2020).



Employers are often unaware of the financial problems of employees until late

Employers are often unaware of the fact that employees are concerned about their financial situation until late. This often only happens when an attachment of earnings order is issued, or messages from a bailiff are received. Many employees are also not inclined to turn to their employer with financial concerns.

This often does not happen until payment arrears or debts have actually been incurred. Fear of dismissal and shame about the situation that has arisen play a role in this. Nor do many employees have any idea what support an employer can offer (Van der Schors & Schonewille, 2017 and Oomkens et al., 2020).

Employers are willing to invest in supporting employees with debts

Employers do consider the financial health of employees an important issue. They consider this as a risk to the organisation, because employees with debts are more absent and less productive. In addition, a large portion of employers believes that supporting employees with debts is part of being a responsible

employer. Around 40% of employers are willing to invest in this type of support. Many employers are taking action, but a large portion (80%) does not have an HR policy in this field yet. Just as employees, employers do not always know what support they can offer (Oomkens et al., 2020). Both Nibud, Money Wise and Panteia note that there is still a lot to be gained by employers in supporting employees with financial problems, for example by referring them to existing tools and assistance⁶.

Table 8 Employers with employees with debts: the figures at a glance

Characteristics of financial vulnerability	%
Debts/payment arrears: share of employers with employees with debts	62
Debts/payment arrears: share of employers with attachment of earnings	46

⁶ For example via the 'Financially fit employees' website (www.financieelfittewerknemers.nl) or by pointing out the possibilities of budget coaching.



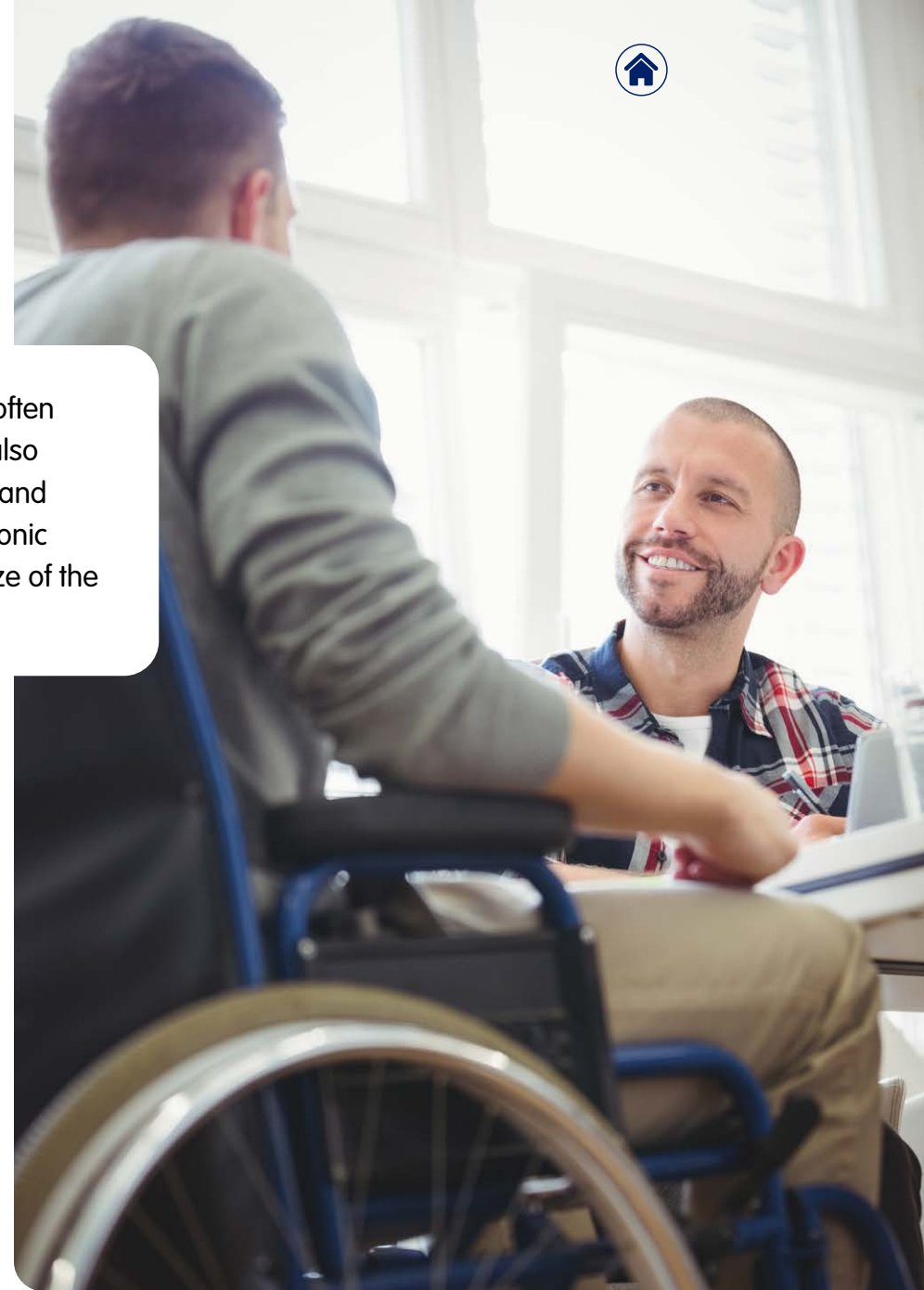
4. Health and disabilities

People with chronic conditions or disabilities face various obstacles that often make everyday life more complicated for them than it is for others. This also applies to finances. However, little is still known about the nature, scope and backgrounds of the financial problems among people suffering from chronic disorders or disabilities. This chapter provides an initial insight into the size of the group and possible causes for financial problems.

4.1 Scope of the problems

In the Netherlands, approximately 2.3 million people have a moderate to severe physical disability. Add to that the number of people with a chronic illness and the figure becomes much larger. More than 5 million people in the Netherlands have a chronic illness or disability (Cozijnsen et al., 2015). This includes people who experience little or no limitations from their condition. This says little about the vulnerability of this group. Approximately 142,000 people have a moderate to severe cognitive impairment (VGN, 2019). Some of them live in an institution. In addition, there are an estimated 1.1 million people with a mild cognitive impairment.

Some of the people with a chronic illness or disability are financially vulnerable. This is supported by the fact that in 2016, a quarter of people with a chronic illness or disability were faced with poverty or social exclusion (Alliance Convention on the Rights of Persons with Disabilities, 2019). That is more than a million people.





People with severe disabilities are more likely to live in households at risk of poverty than people with a moderate disability or people without any disabilities (Grammenos, 2018). In the Netherlands, more than a third of people with severe disabilities live in poverty (Alliance Convention on the Rights of Persons with Disabilities, 2019).

Limited information available about financial problems among people with chronic illness and disabilities

Research into financial problems among people with disabilities is available to a limited extent only. In research by Nivel into the work and income situation of people with a disability, 9% of the respondents (National Panel of the Chronically Ill and Disabled⁷) indicate to experience financial problems (Cozijnsen et al., 2015). Care providers estimate this share to be much higher. Based on their experiences, they expect that almost a third of all people with a psychological impairment and more than a quarter of all people with a chronic illness or disability are in financial difficulties (Schuurman et al., 2013). Little is known about the nature and seriousness of the problem.

4.2 Income and expenses

People with disabilities are more likely to be out of work or to work few hours

Unemployment among people with disabilities is much higher than among able-bodied people. In the Netherlands, 72% of all adults have a paid job. This percentage drops to 36% for people with a disability. Note that this share differs according to the nature of the disability. For example, 45% of adults with autism have a paid job; the share of people in the working population among adults with psychosocial problems or a cognitive impairment is considerably lower, at 22% and 21% respectively (Netherlands Institute for Human Rights, 2018). Moreover, people with a chronic illness or disability work fewer hours on average than other people in the working population. The average disposable income of this group is therefore lower than that of the general population (Cozijnsen et al., 2015).

⁷ The panel consists of 3,500 people with a chronic condition and/or motor disability living independently (no people with a cognitive impairment).



Many people are restricted in the number of hours they work on account of their disability and are therefore not able to work more to increase their income. A specifically vulnerable group is formed by young disabled people with an ability to work, who have been covered by the Participation Act since 2015. Some in this group, who previously would have been entitled to Wajong⁸ benefits, are no longer entitled to benefits under the Participation Act. When they work, it usually is part-time and on the basis of a temporary contract. This means that their income position is poorer and their income security lower (Van Echtelt et al., 2019).

People with a chronic illness or physical disability are more likely to face high costs for housing, care and living

People with a chronic illness or disability often have to deal with higher costs. This does not concern healthcare costs alone. A reporting campaign by various patient and client organisations shows that people incur extra costs for, e.g., examinations for a parking permit, high service costs for adapted living, a higher energy bill, dietary costs and extra costs incurred to travel to school or work.

⁸ Wajong is a benefit for those who have a disability before they turn 18, as a result of which they will not be able to work.



More than a quarter (28%) of people with a chronic illness or disability say they draw on their savings or incur debts due to this higher expenditure or decline in income on account of their disability (Cozijnsen et al., 2015).

Table 9 Chronically ill people and people with a disability: the figures at a glance

Characteristics of financial vulnerability	%
Poverty (and social exclusion): share of chronically ill people and people with a disability	24.6
Poverty: share of people with a severe disability	36
Financial problems: share of chronically ill people and people with a disability	9
Financial problems: estimated share of people with psychological impairments (according to records kept by the help services)	33
Financial problems: estimated share of people with a chronic illness or disability (according to records kept by the help services)	25
Debts/payment arrears: share of people with a chronic illness or motor disability	28

4.3 Mild cognitive impairments

A large group of people with an mci are financially vulnerable due to poor financial skills and an accumulation of problems

People with a mild cognitive impairment form a separate group of people with disabilities. An estimated 1.1 million people in the Netherlands have an mci, which accounts for 6.4% of the Dutch population (IBO People with an mci, 2019).

In general, people are deemed to have an mci when scoring an IQ of 50-70, whereas people with an IQ of 70-85 are classed as having additional problems. It is difficult to make statements about the exact size of the group, because an mci is not always recognised. The number of people with an mci and financial problems is also unknown.

An important characteristic of people with an mci is that they lack many of the skills necessary to be financially self-reliant. They have difficulty planning, overseeing risks, often have a limited ability to postpone fulfilment of a need and are highly influenced by their environment. This means that people with an mci are more likely to make purchases that are not responsible given their financial situation. Important causes for the financial problems in this group are partly related to the person and partly to the environment they are in. This concerns:

- having difficulty overseeing risks and consequences;
- having difficulty taking the right actions at the right time;
- financial abuse (for example 'lending a bank account');
- high bureaucratic demands (such as complex application procedures);
- demand-oriented services in the social domain;
- a structurally low income (Jungman et al., 2018).

In addition, people with an mci often lack the language and numeracy skills to keep their finances in order or to independently apply for income support, for example. This means that they share some of the same problems as functionally illiterate people. How big the overlap is between the two groups is unknown.

Moreover, many people with an mci structurally live on a low income and are unable to count on much support from their social network. Unforeseen events such as illness, unemployment or a sudden rise in fixed charges have a greater impact on people with an mci. They therefore run a greater risk of financial problems as a result of these types of events.



5. Financially vulnerable groups highlighted

In the previous chapters, we discussed financially vulnerable groups from three different perspectives ('personal factors', 'work and income' and 'health and disabilities'). The picture that emerges from this is that the group of people in a financially vulnerable position is large and heterogeneous. At the same time, we can see that different groups show an accumulation of characteristics that make people financially vulnerable. On the basis of this study, it is impossible to obtain a clear picture of this overlap and to quantify it.

This does not alter the fact that several groups stand out that deserve extra attention. This may be because of the size of the group, an accumulation of characteristics associated with financial vulnerability or the limited possibilities that the members of these groups have to improve their position on their own. Another reason to draw extra attention to a group is that little is known about the group or because the group is only partly reached by parties that can offer support.

We will briefly discuss the following groups, in the order as stated below:

- people in low-paid and precarious work;
- asylum permit holders;
- single women with children;
- people who are functionally illiterate;
- people with a chronic illness or disability.



5.1 People in low-paid and precarious work

Within the group of flexible workers, those in low-paid and precarious work are by far the most vulnerable. Moreover, it concerns a large group, which includes both self-employed workers and employees. In the group of people with low-paid and precarious work, we can see an accumulation of characteristics associated with financial vulnerability. People with a low level of education, a migrant background and single people are all more likely to be in low-paid and precarious work, more so than other groups. Moreover, this group has few opportunities to improve its position. For example, people with a low level of education and therefore without a basic qualification rely on this low-paid and often low-skilled work. The same applies to migrants with a poor command of the Dutch language. Single people, often women, in low-paid and precarious work are unable or unwilling to work longer hours due to care responsibilities and rely on small jobs, temping or on-call work.

The diversity of this group is large, making targeted support for these employees difficult. Reaching and supporting these groups could be better organised through the sectors, branches and professions traditionally offering a lot of low-paid and precarious work (retail trade, catering, production work, healthcare).

5.1.1 People working in the gig economy

A specific group of people in low-paid and precarious work are those working in the gig economy or platform economy. Currently, it is still a fairly limited group. However, the number of people working in the gig or platform economy is expected to grow. They work few hours and some of them also do this for an hourly wage below the statutory minimum wage. These are characteristics shared by vulnerable groups. However, it is not yet clear whether and which people working in the gig economy are financially vulnerable. It is recommended to gain more insight into this group in order to determine whether this group needs support.

5.2 Asylum permit holders

Asylum permit holders are a very specific vulnerable group that can be easily demarcated. They have specific characteristics that lead to financial problems. They often start their time in the Netherlands with a debt. In addition, they often still have insufficient command of the Dutch language and do not yet know their way around a complex Dutch society well enough to survive (financially). What makes them even more vulnerable is the fact that, partly due to events prior to and during their flight, they often suffer from psychological problems. Financial support for this group should be in line with the help and support asylum permit holders already receive during their civic integration in the Netherlands.

5.3 Women who are not economically independent

Many women are not economically independent. Many of these women have a partner earning a higher income. Yet women who are not economically independent are potentially vulnerable. In the event of a divorce, the income decline among women is often much greater than for men and some of them end up in a financially vulnerable position. This is also evident from the fact that single women with children are more likely to live in poverty and to experience financial problems.



5.4 Functionally illiterate people

Lack of financial skills is a major decisive factor in financial hardship. A large group where this is patently clear are functionally illiterate people. Poor language and numeracy skills mean they have difficulty keeping a grip on their finances. Various studies have provided a clear picture of where this group encounters obstacles. This mainly concerns not understanding letters or written information about, for example, financial products and the lack of digital skills, whereas a lot of information and services are offered digitally. This offers many starting points for support for these groups, especially because functionally illiterate people themselves indicate that they need support in, for example, keeping their finances in order.

5.5 People with a disability or chronic illness

A group that receives very little attention in research into financial problems are people with a chronic illness or disability. Yet this is a large and vulnerable group in more ways than one. People with a chronic illness or disability often rely on a low income (benefit and/or small job). In addition, their disability means that they often incur higher costs of living. This means that some of them are forced to draw on savings or go into debt.

The Convention on the Rights of Persons with Disabilities has been in force in the Netherlands since 2016. The convention stipulates that people with a disability must be able to participate equally and fully in society, regardless of a person's disability or chronic illness. This also means that people must be enabled to be financially independent and receive support where needed.



However, little is still known about the scope and nature of the financial problems among people suffering from a chronic disorder or disability. To be able to deploy targeted support, this insight needs to be increased.

5.5.1 People with a mild cognitive impairment

A specific group of people with a disability are people with a mild cognitive impairment (mci). This concerns a large group of people who are particularly vulnerable due to an accumulation of problems. People with an mci often earn a low income and face problems in multiple areas of life (education, work, finance). In addition, in many cases, they lack the skills to be financially self-reliant and are unable to master those skills or are very limited in their ability to do so. It is therefore particularly important that professionals who supervise these groups are well equipped with knowledge about financial matters and options to provide support in keeping their financial situation in order.



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Appendix 2 | Accountability

Demarcation and search strategy

Financial vulnerability

In this study, we refer to people as financially vulnerable if they are more at risk of financial problems. As characteristics for financial vulnerability we use:

- living in poverty;
- difficulty to make ends meet;
- in payment arrears and/or debt;
- low and/or precarious income;
- not economically independent.

These characteristics are the most common interpretations of financial vulnerability in the literature that has been studied.

Search strategy

In the selection of studies, we looked for studies in the field of:

- personal factors;
- work and income;
- health and disabilities.

We included studies that address poverty, difficulty making ends meet, debts, payment arrears, a low income, lack of income security or economic independence.

In addition, we applied the following inclusion and exclusion criteria:

- studies in the period 2014-2020 have been included;
- only studies related to the Dutch situation were included;
- studies relating to young people are not included.

We also searched through Google Scholar and through references in included studies.

Experts consulted

We asked several experts for relevant studies and articles. We approached the following experts for their expertise on a specific target group:

- Maurice de Greef, a professor of learning effects among lower educated and functionally illiterate people;
- Jolanda Douma, a research coordinator at the MCI knowledge centre;
- Nynke Hagenbeek, a director of WomenInc.

In addition, we approached people because of their specific expertise in a domain:

- Paul de Beer, an endowed professor of industrial relations (work and income);
- Tamara Madern, a lecturer in debt and debt collection (financial problems);
- Joris Barendrecht/Daniël Toebe, Elkel (health and disabilities).

Number of studies

We have included a total of 42 studies divided across the following fields and target groups:



Field/target group	Number of studies
Personal factors	10
Employees and employers	14
Chronically ill and disabled	5
Functionally illiterate people*	4
Migrants*	9

* We have designated migrants and functionally illiterate people as a specific target group, because we have come across a relatively large number of studies about this.



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