

# Earnings-related Pension System in Graphs and Figures

The slideshow includes key information of the Finnish earnings-related pension system.

Updated: 5 Apr 2024



# 1

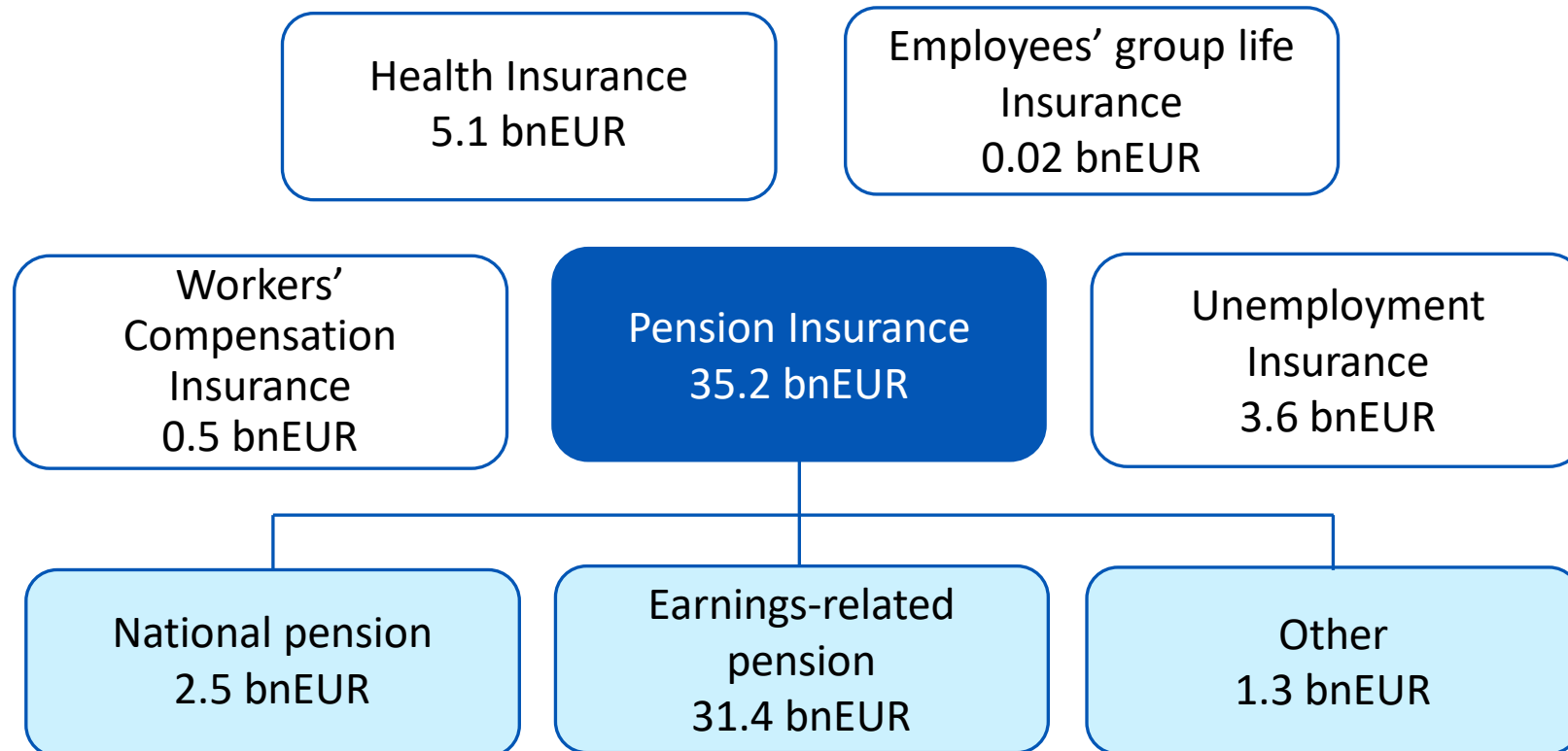
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## Pension System and Governance



# Social security insurance in 2022

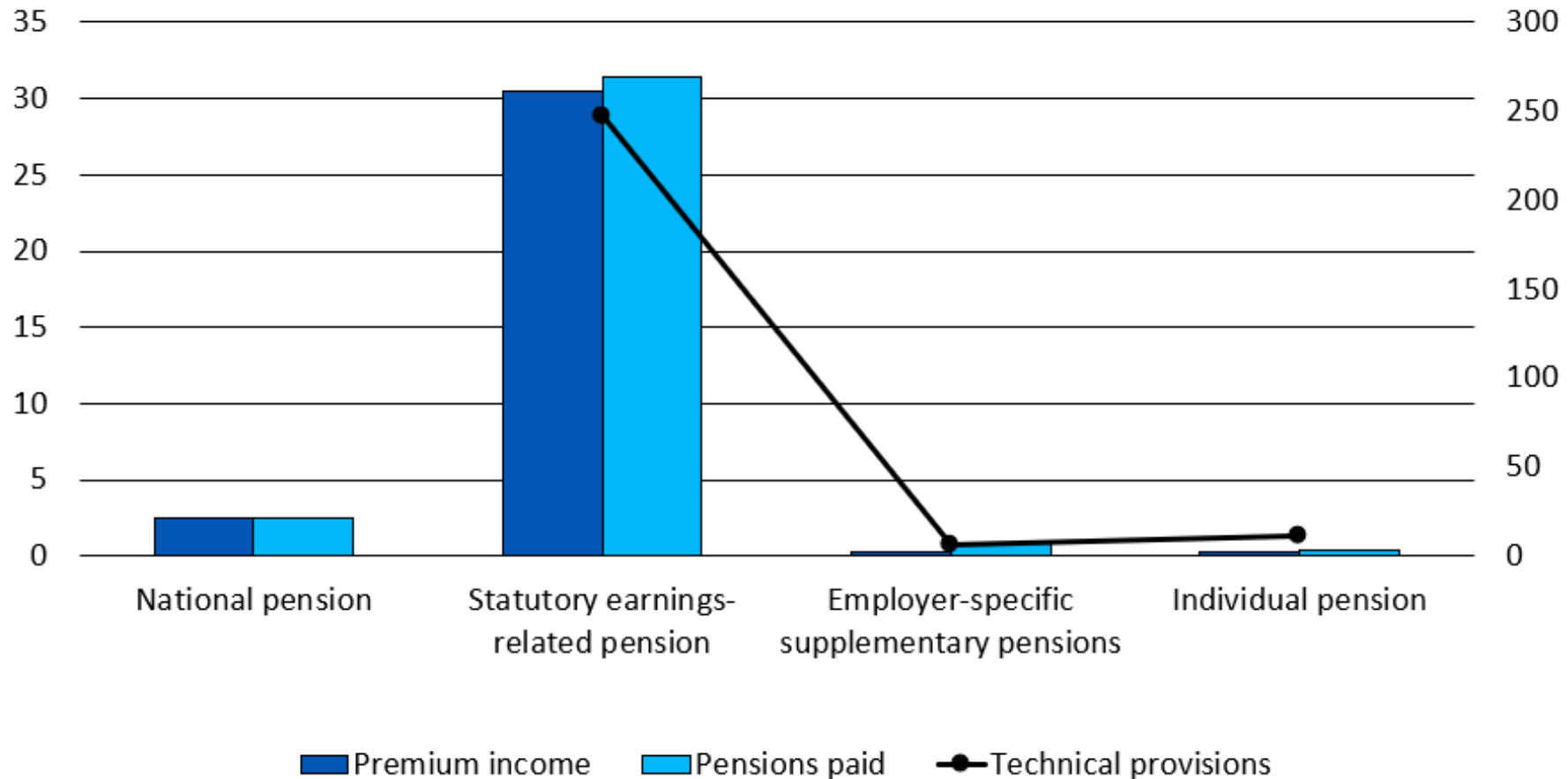
## 44,4 bnEUR



# Pension insurance in Finland in 2022

Premium income and  
pension expenditure,  
bn €

Technical provisions,  
bn €



# Basic pension provision

## Earnings-related pension

Maintains the attained income level to a reasonable degree



## National pension and guarantee pension

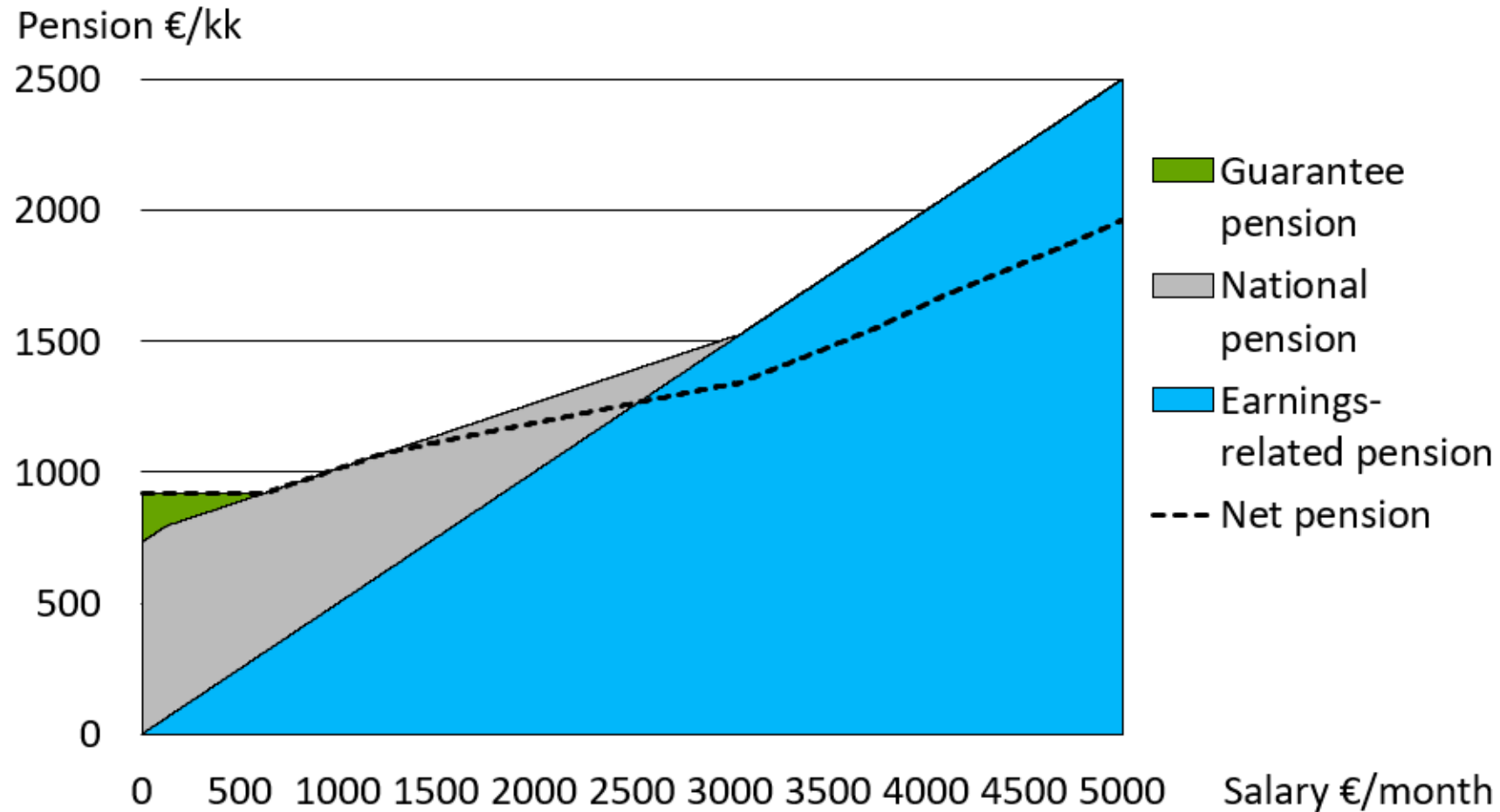
Guarantee a minimum income



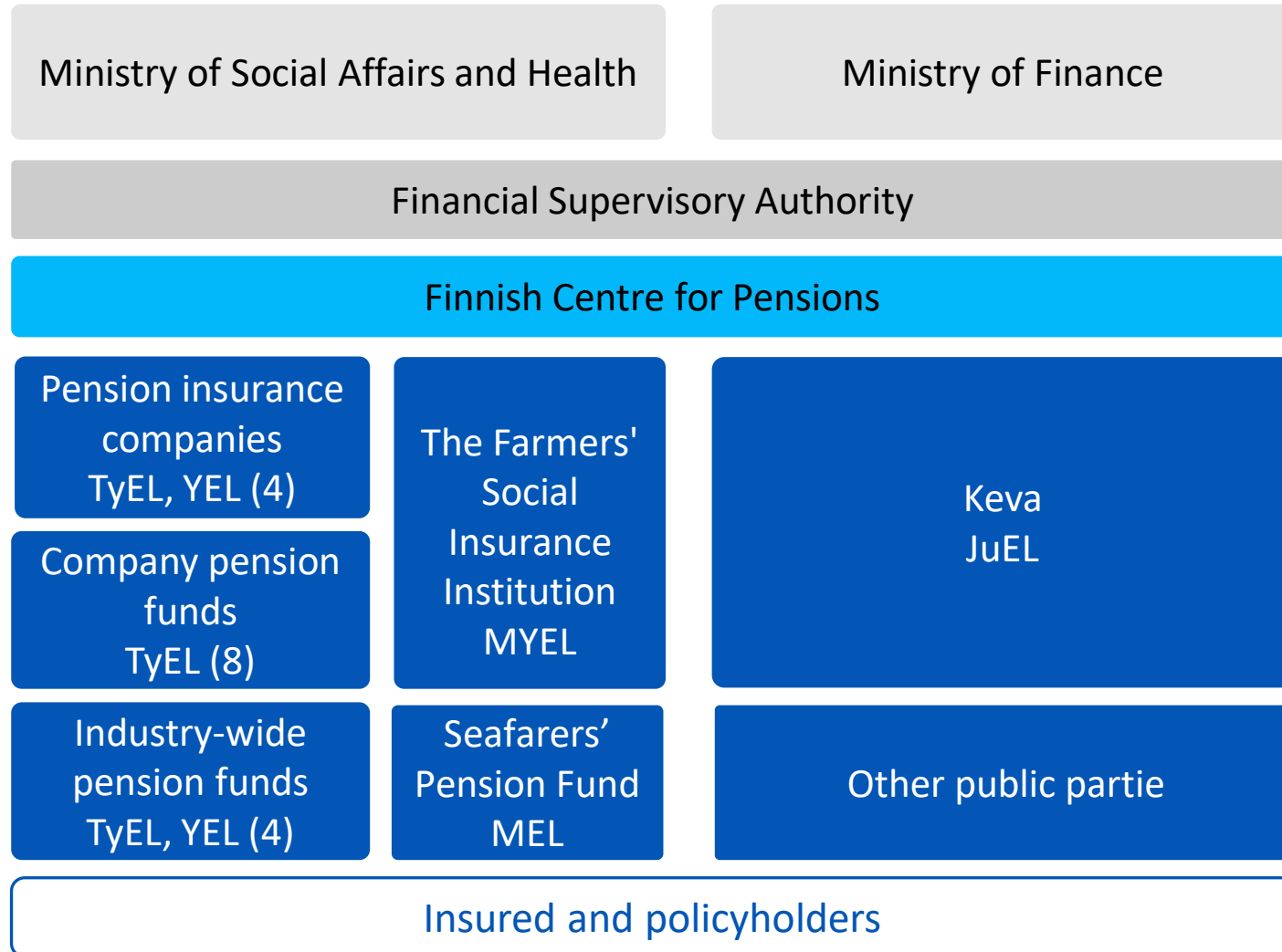
**TOTAL PENSION**



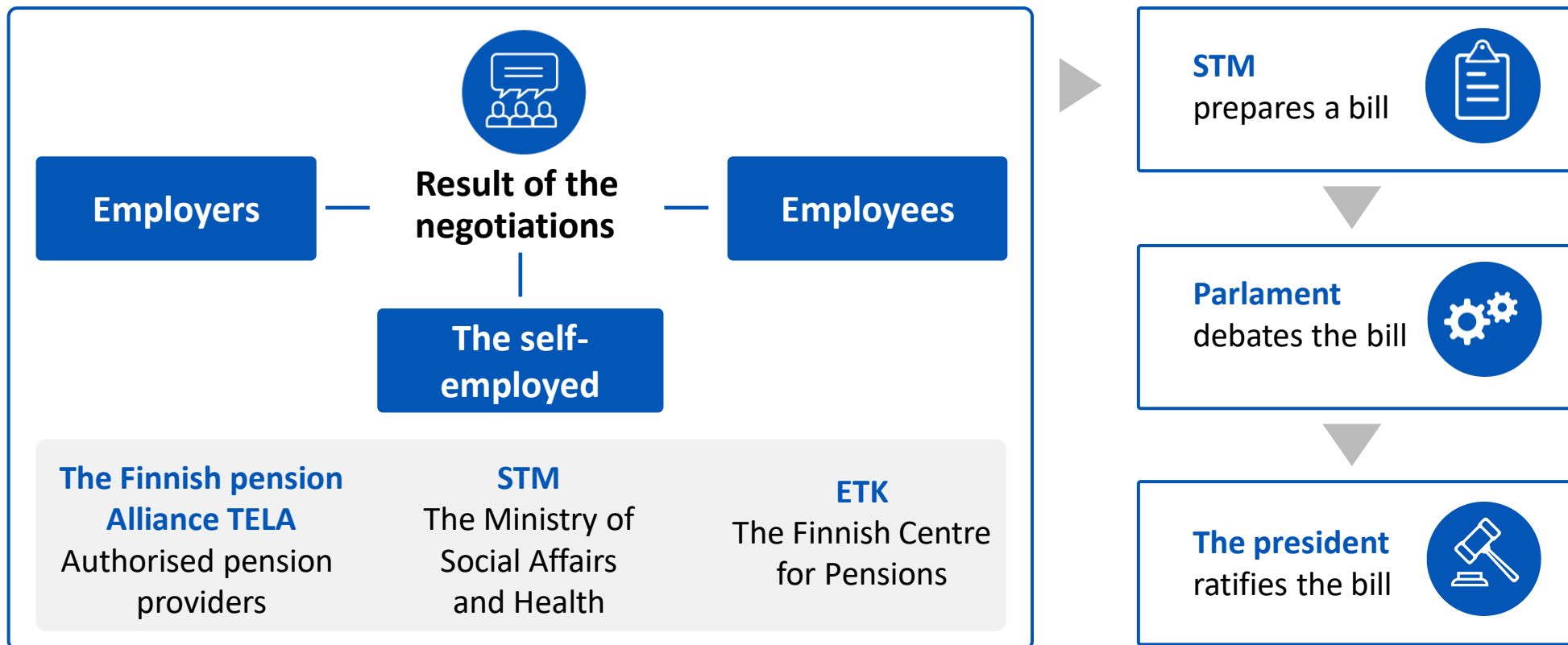
# Total pension in 2023



# Execution in Earnings-related Pension System



# Preparation and coming into force of earnings-related pension acts





# 2

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## Determining the Pension



# Basic pension provision

## Earnings-related pension

Maintains the attained income level to a reasonable degree



## National pension and guarantee pension

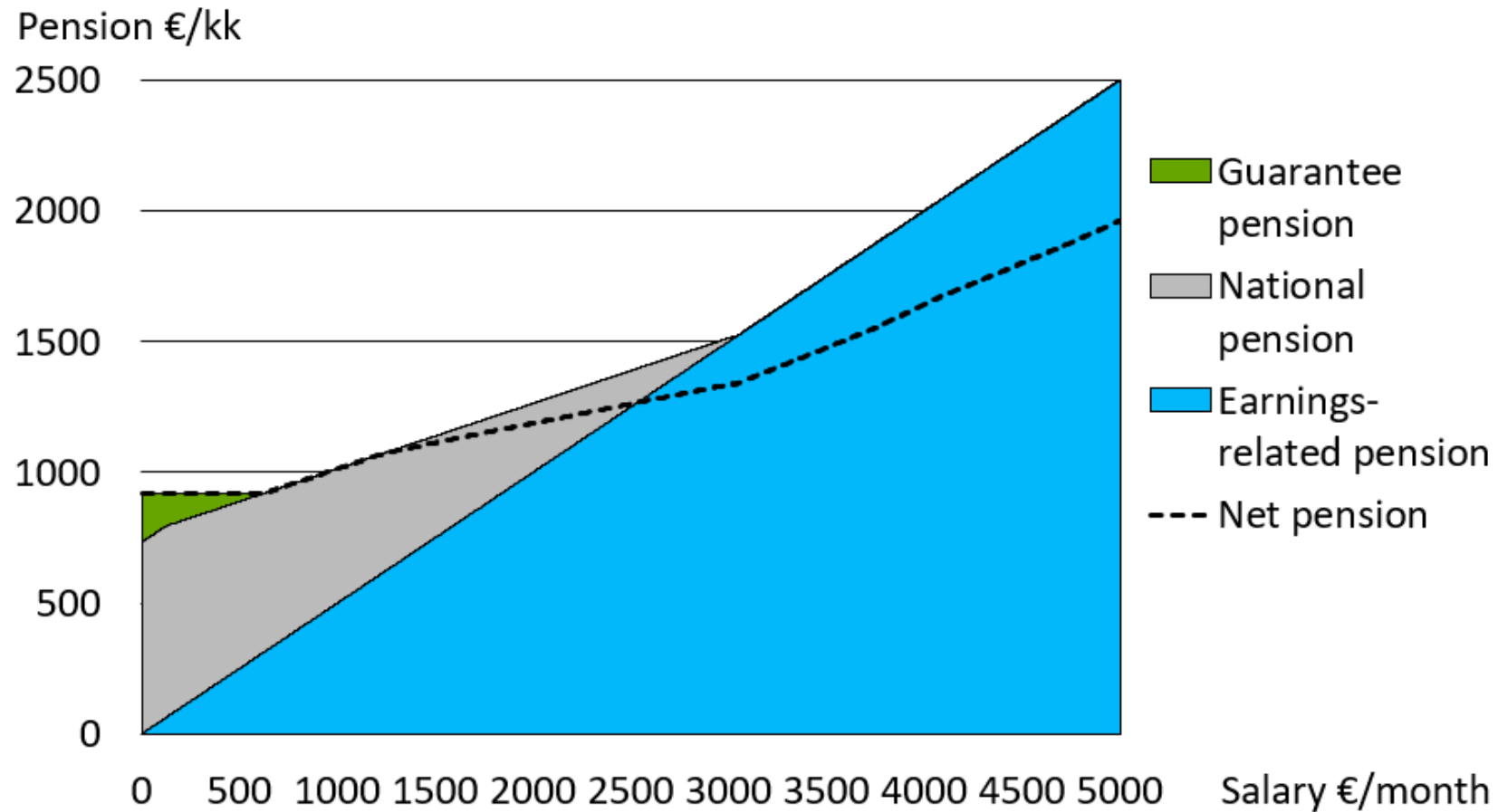
Guarantee a minimum income



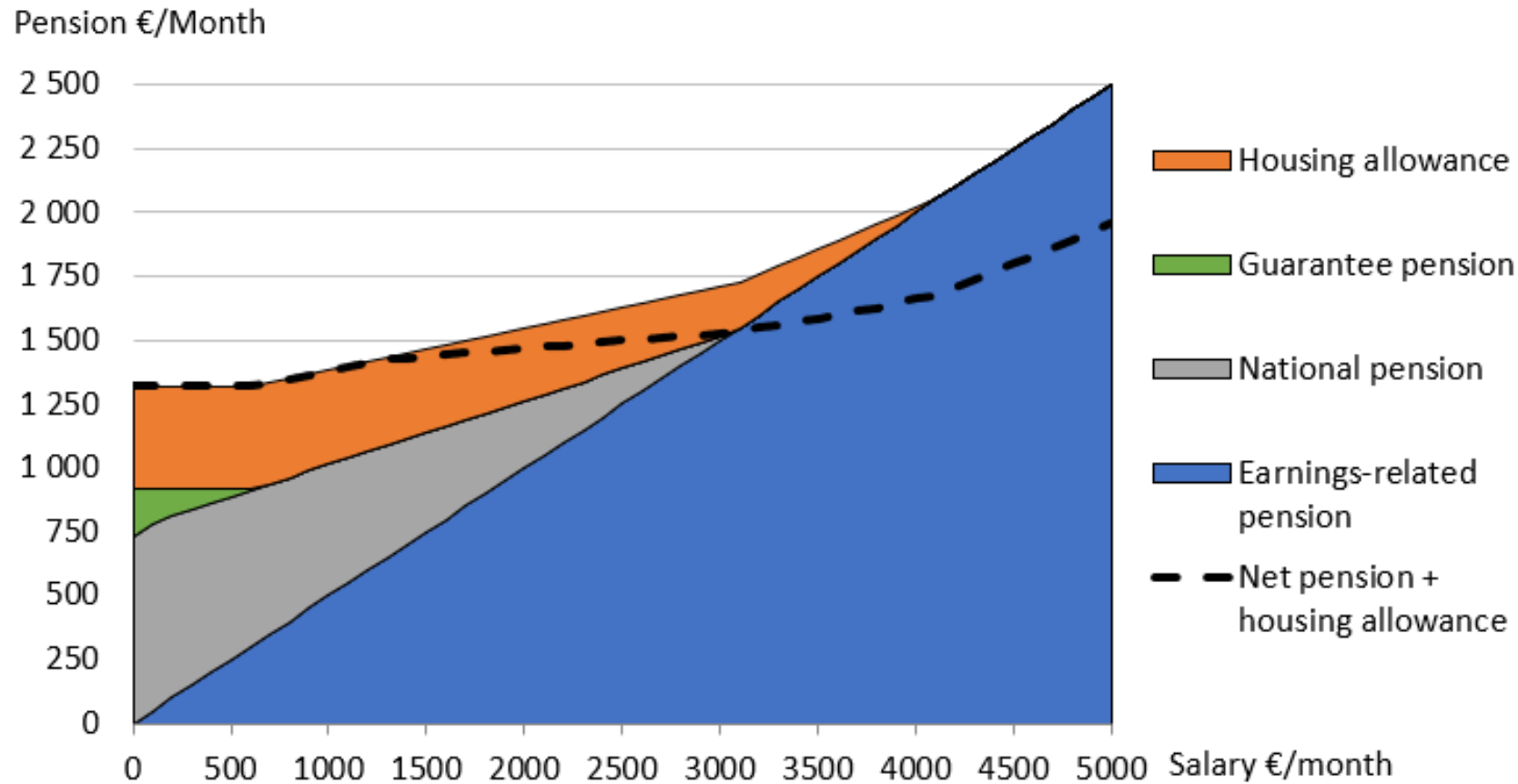
**TOTAL PENSION**



# Total pension in 2023

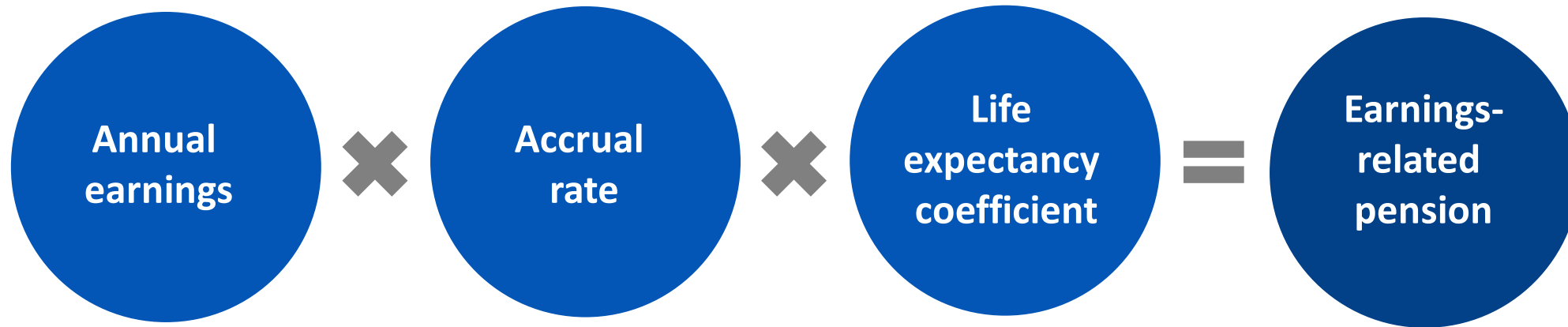


# Total pension in 2023, including housing allowance



# Pension accrues from work

As of the beginning of 2017



- Pension accrues at a rate of 1.5% of the gross annual wages
- For those aged 53–62 years: at a rate of 1.7% of the gross annual wages until the end of 2025 (accrual during transition period).
- If the pension is taken after reaching the retirement age, the pension will be increased by 0.4% per month.



## Retirement age rises by birth group

Year of birth	Retirement age	Age when insurance obligation and pension accrual end
1954	63 years	68
1955	63 years 3 months	68
1956	63 years 6 months	68
1957	63 years 9 months	68
1958	64 years	69
1959	64 years 3 months	69
1960	64 years 6 months	69
1961	64 years 9 months	69
1962–1964	65 years	70



# Age limits of earnings-related pension benefits

Benefit	Year of birth	Right to pension in age
Old-age pension		As of age group's retirement age
Partial old-age pension	1949–1963	61–
	1964	62–
	1965–	3 years before reaching the retirement age (follows life expectancy)
Disability pension (full or partial)		17– age group's retirement age
Years-of-service pension	1955–1964	63– age group's retirement age
	1965–	2 years before reaching the retirement age (follows life expectancy)
Survivor's pension		
- Child		0–18
- Surviving spouse, if children		No age limit
- Surviving spouse, no children		50–
Vocational rehabilitation		17– age group's retirement age



# Index adjustments secure pension level

- The earnings are adjusted with the wage coefficient to the level of the starting moment of the pension.
- Earnings-related pensions in payment are adjusted annually with the earnings-related pension index.
- National pensions in payment are adjusted annually by Kela with the national pension index.

Index	2020	2021	2022	2023	2024
Wage coefficient	2.0 %	1.3 %	2.5 %	3.8 %	5.1 %
Earnings-related pension index	1.2 %	0.5 %	2.3 %	6.8 %	5.7 %
National pension index	1.0 %	0.4 %	2.1 %	7.8 %	5.9 %





# 3

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**Pension Level**



# Average total pension on 31 Dec. 2023

	Men	Women	All
Average total pension EUR/month	2,216	1,779	1,977
- Earnings-related pension component	2,073	1,621	1,826
- National pension component	122	146	135
- Special protection pension component*	20	13	16
Number of pension recipients	685,000	826,000	1,511,000

\*Occupational Accidents, Injuries and Diseases Act, Motor Liability Insurance Act, Act on Compensation for Military Accidents and Service-Related Illnesses, Act on Compensation for Accidents and Service-Related Illnesses in Crisis Management Duties and the Compensation for Military Injuries Act.

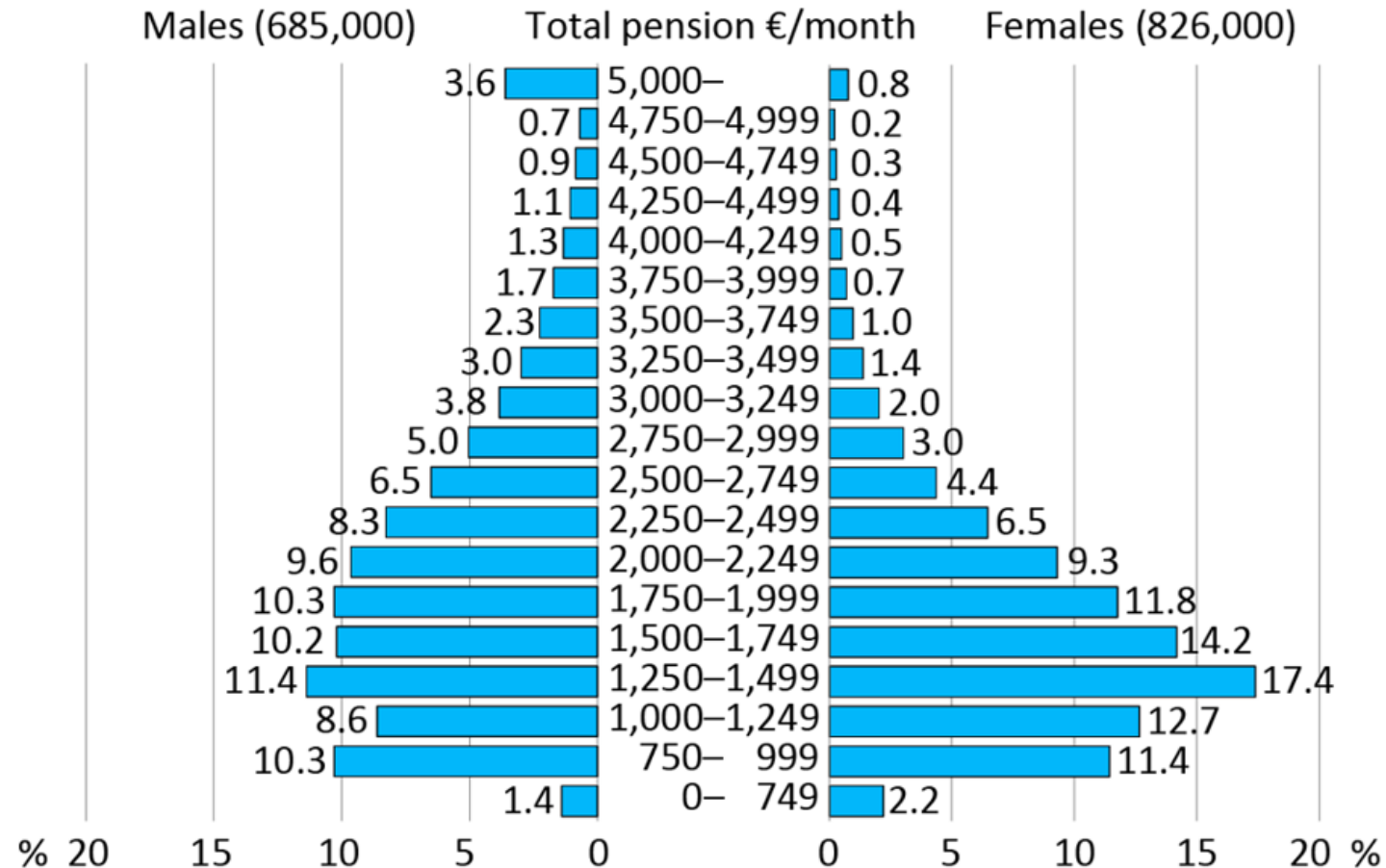
Pension recipients: Individuals residing in Finland who receive an old-age, disability or a special pension for farmers from the earnings-related or national pension scheme. Individuals who get a partial old-age pension are not included in the figures.

The total pension includes the pension in one's own right and survivors' pension components.

The total pension is a gross pension.



# Distribution of total pension received in one's own right of persons residing in Finland 31 Dec. 2023

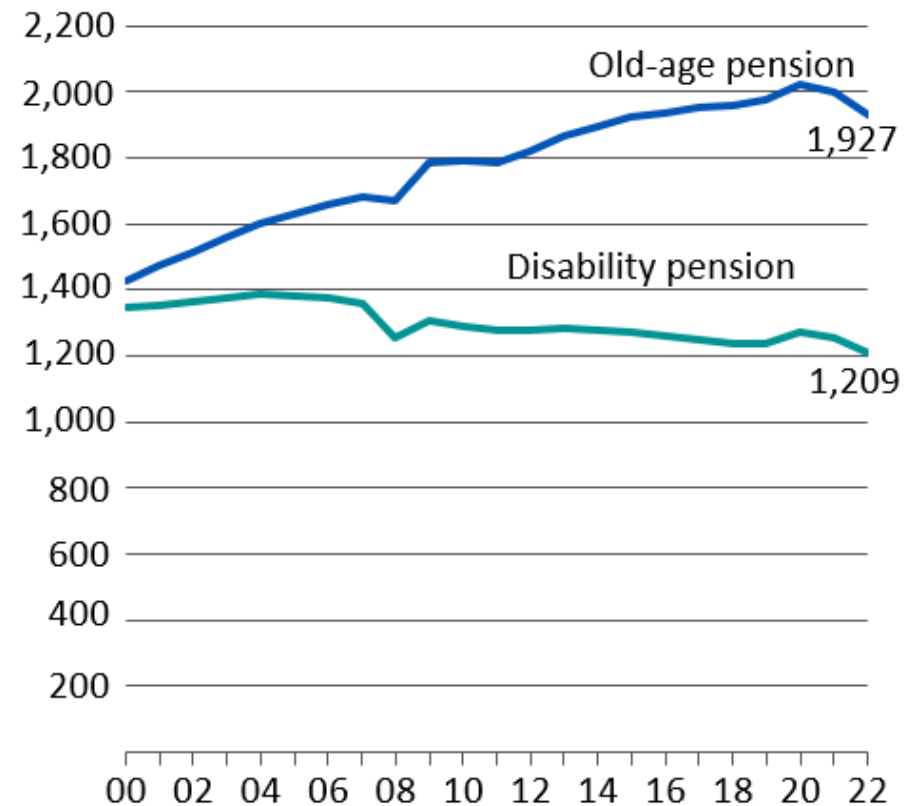


Pension recipients: Individuals residing in Finland who receive an old-age, disability or a special pension for farmers from the earnings-related or national pension scheme. Individuals who get a partial old-age pension are not included in the figures.  
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 The total pension includes earnings-related pension, national pension, guarantee pension and special protection pensions components.  
 The total pension is a gross pension.

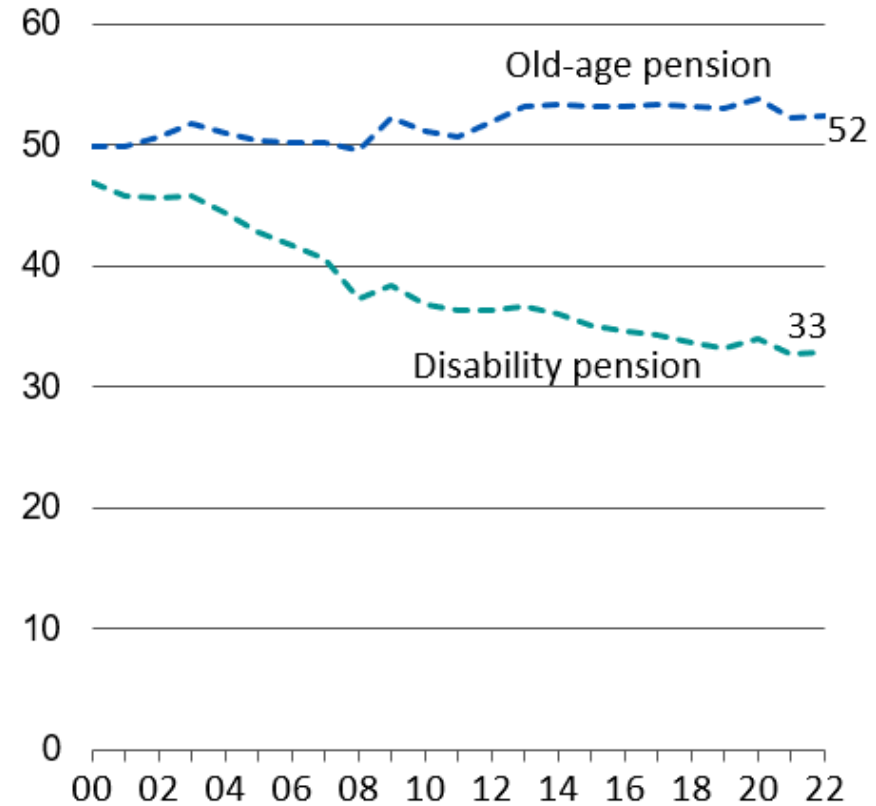


# Average total pension and its ratio to average earnings in 2000–2022

EUR/month in 2022 level

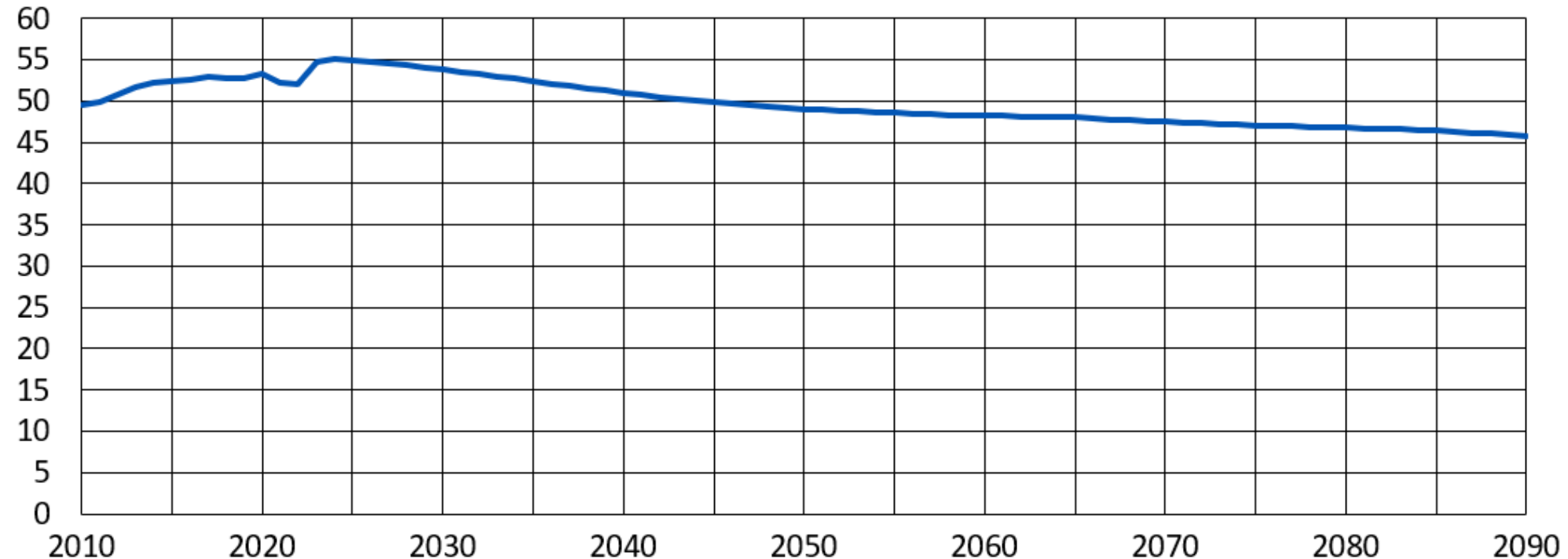


% of average earnings



# Average total pension relative to average earnings in 2010–2090, %

Average total pension relative to average earnings in year in question, %



The estimated development of the average total pension is based on the long-term projection compiled and published (in Finnish) in October 2022 (in English in early 2023). [Statutory pensions in Finland – Long-term projections 2022](#) (Reports 03/2023) Finnish Centre for Pensions

The total pension includes earnings-related pensions, national pensions and pensions based on special provisions. The average earning is based on data on the insured individuals' income from work and the number of insured persons in the earnings and accrual register of the earnings-related pension system.



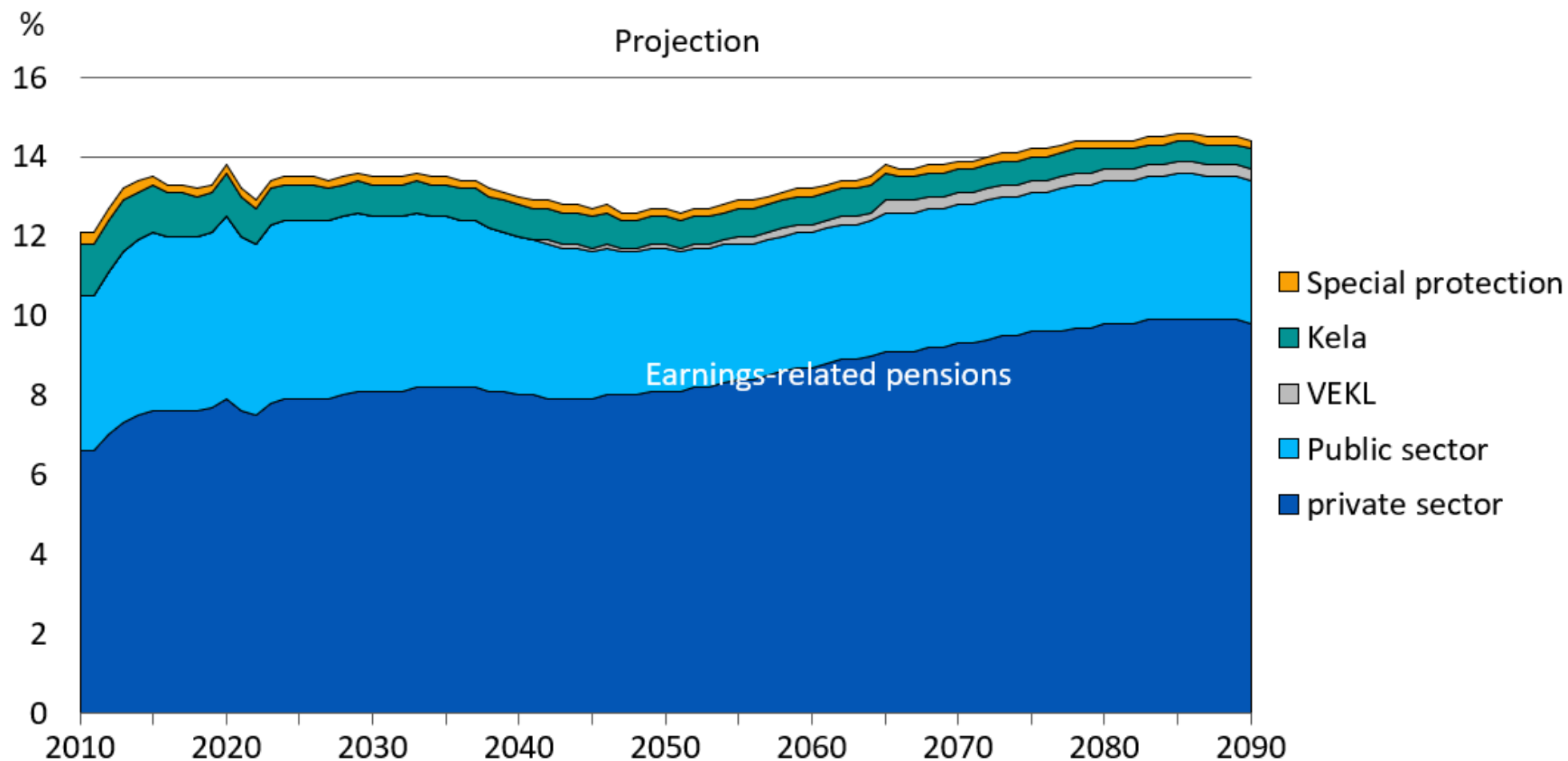
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## Pension Expenditure



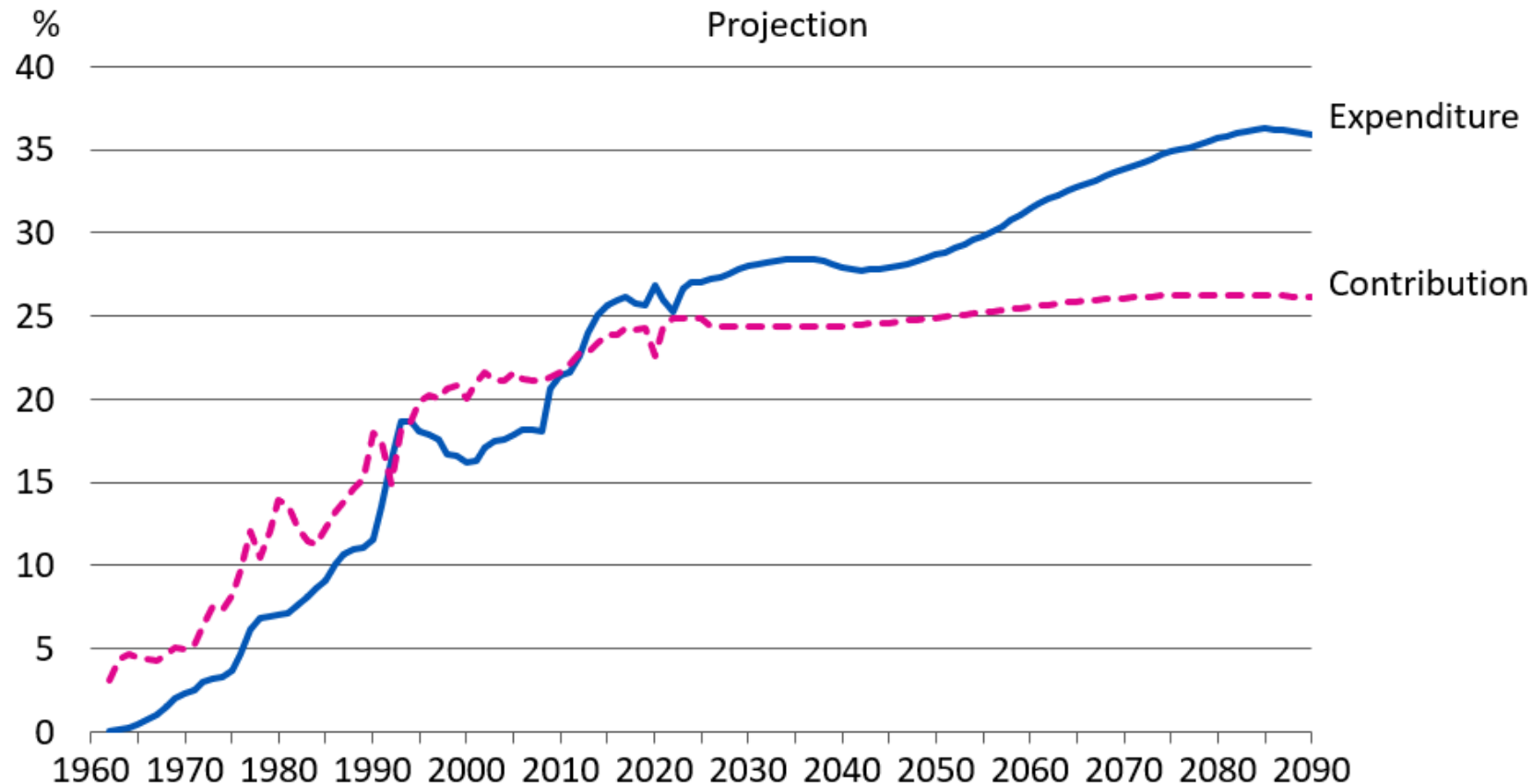
# Pension expenditure, per cent of GDP in 2010–2090



Source: Statutory pensions in Finland – Long-term projections  
2022 (Reports 03/2023) Finnish Centre for Pensions



## Pension expenditure and contribution rates in proportion to the wage sum under the Employees Pensions Act (TyEL) in 1962–2090



Source: Statutory pensions in Finland – Long-term projections 2022 (Reports 03/2023) Finnish Centre for Pensions





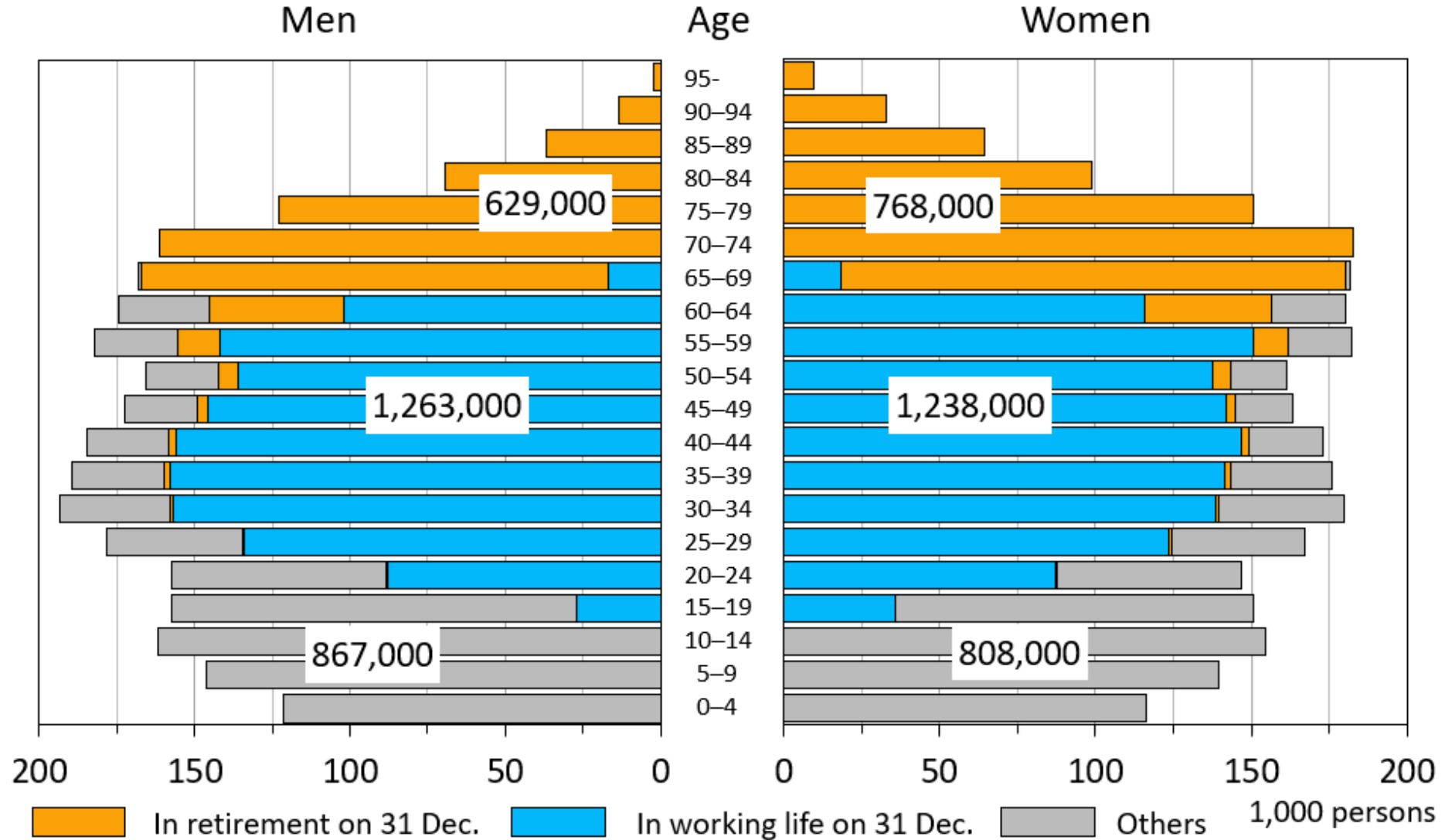
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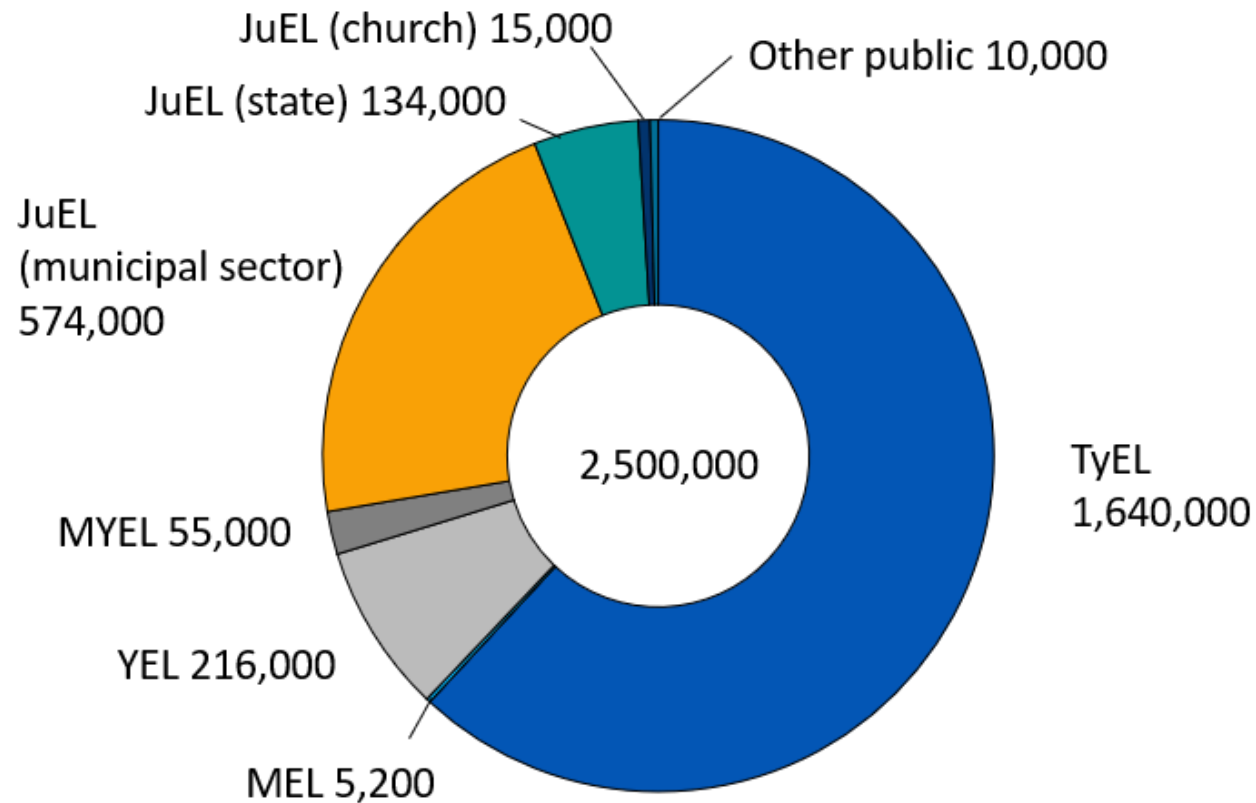
## Insured for Earnings-related Pension Benefits



# Distribution of population in terms of work and earnings-related pension per 31 Dec. 2022



# Insured persons in employment or self employment on 31 Dec. 2022, by pension act



A person may be insured under several different pension acts simultaneously. In the total amount (2.5 million), each individual is counted only once.  
JuEL (Municipal Sector) covers 35,000 elected officials, family caregivers, private care-providers etc.  
JuEL (State) covers 8,600 elected officials, consultants etc.



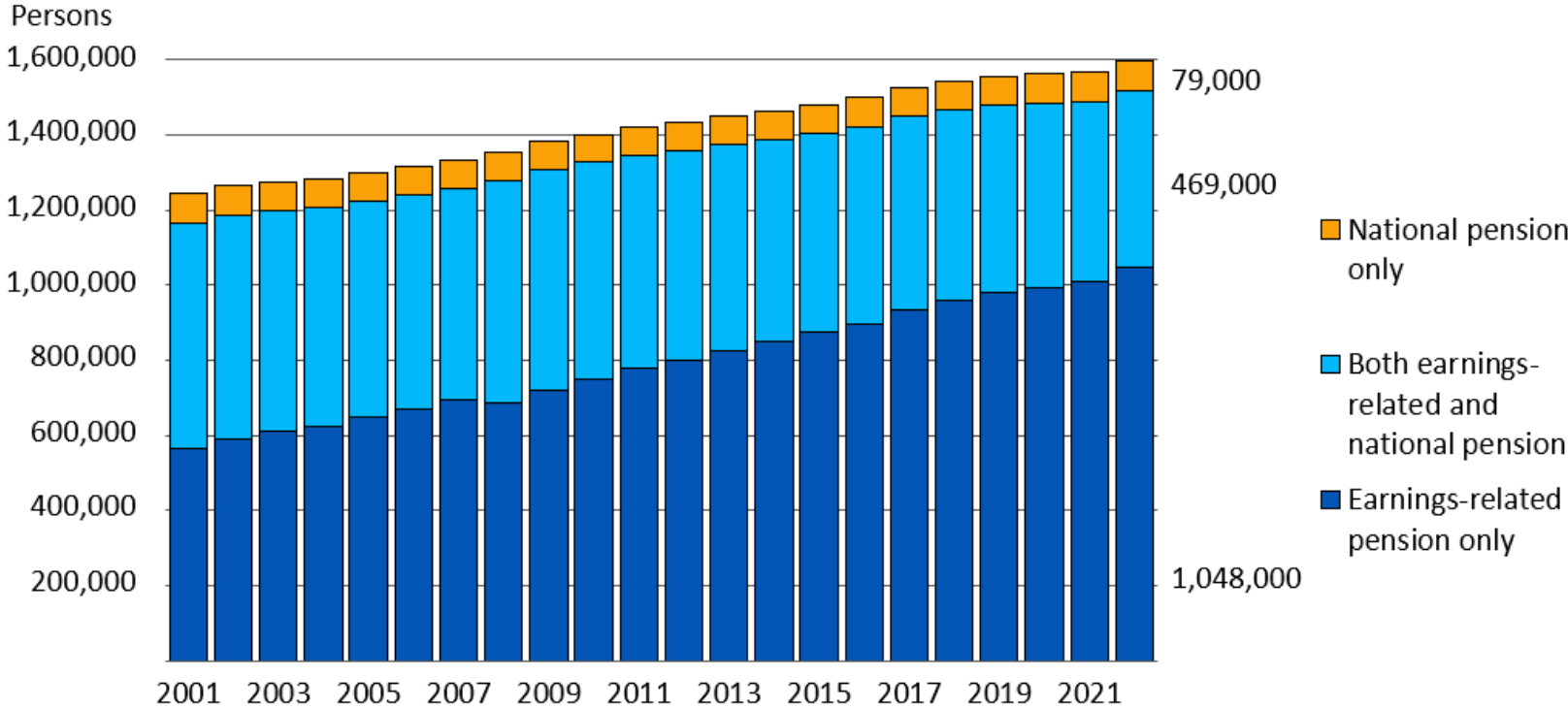
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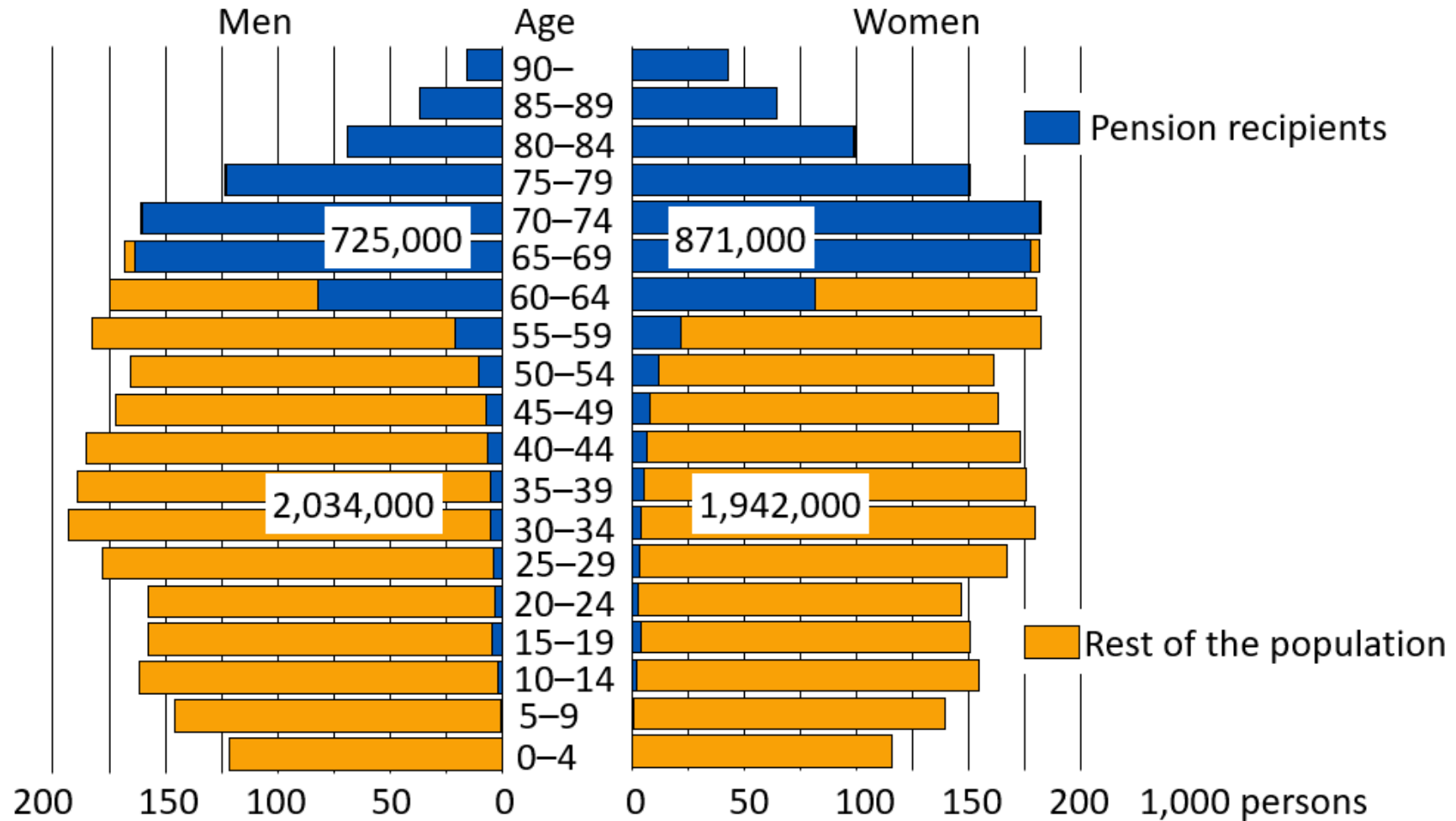
## Pension Recipients



# Pension recipients by pension structure in 2001–2022



# Total population and pension recipients on 31 Dec. 2022



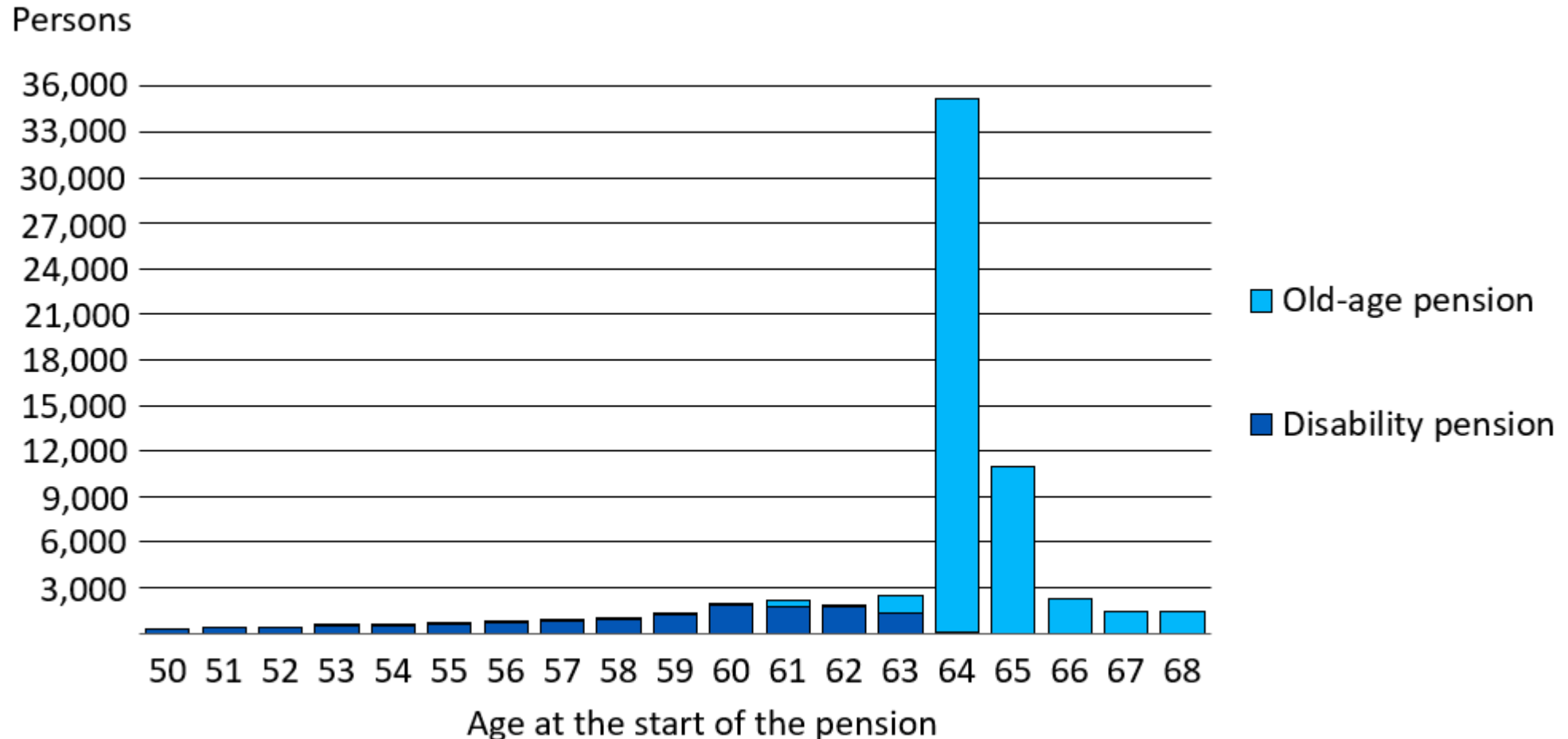
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## Retirees on Earnings-related Pensions and Effective Retirement Age

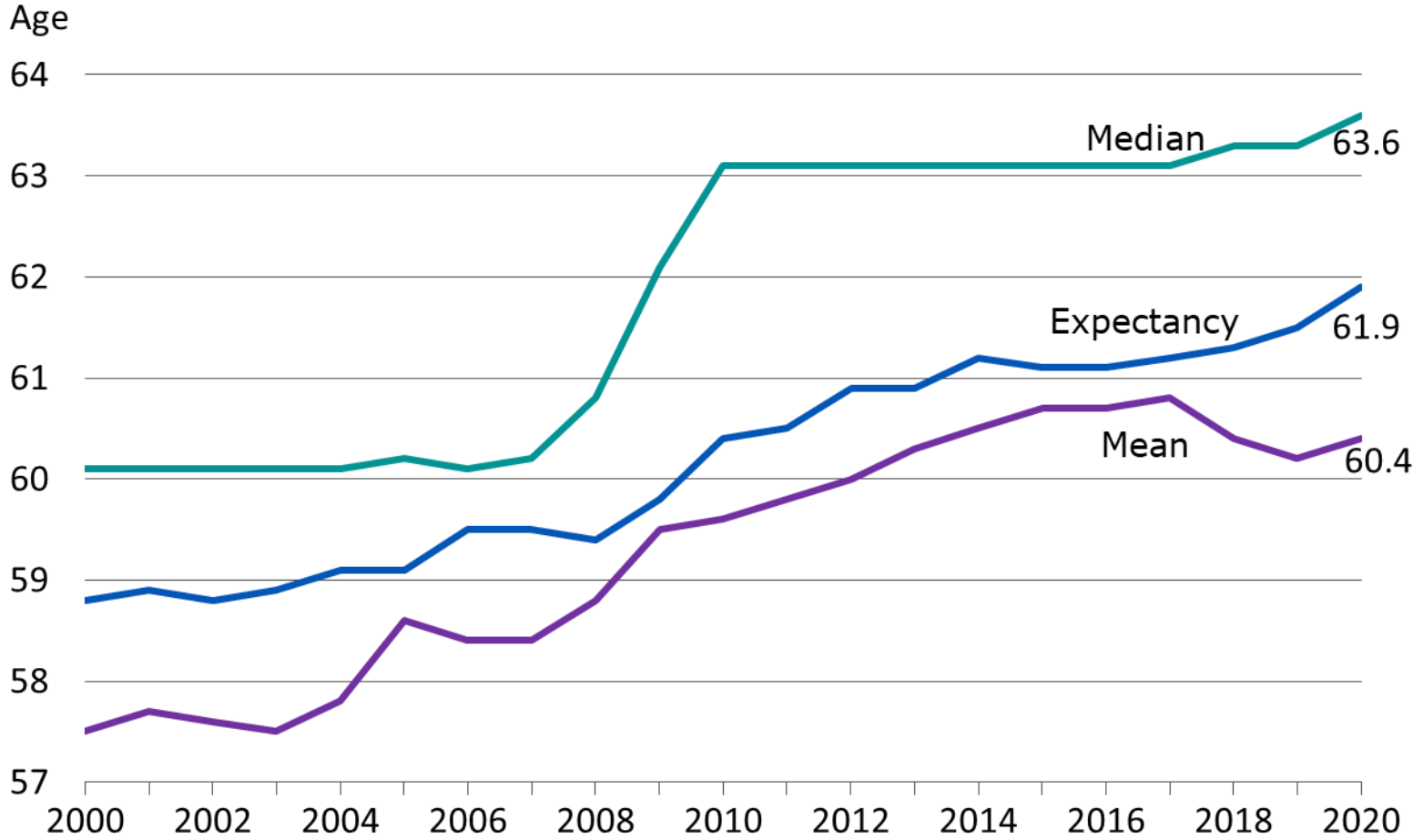


# New retirees on an earnings-related pension in 2022, aged 50–68

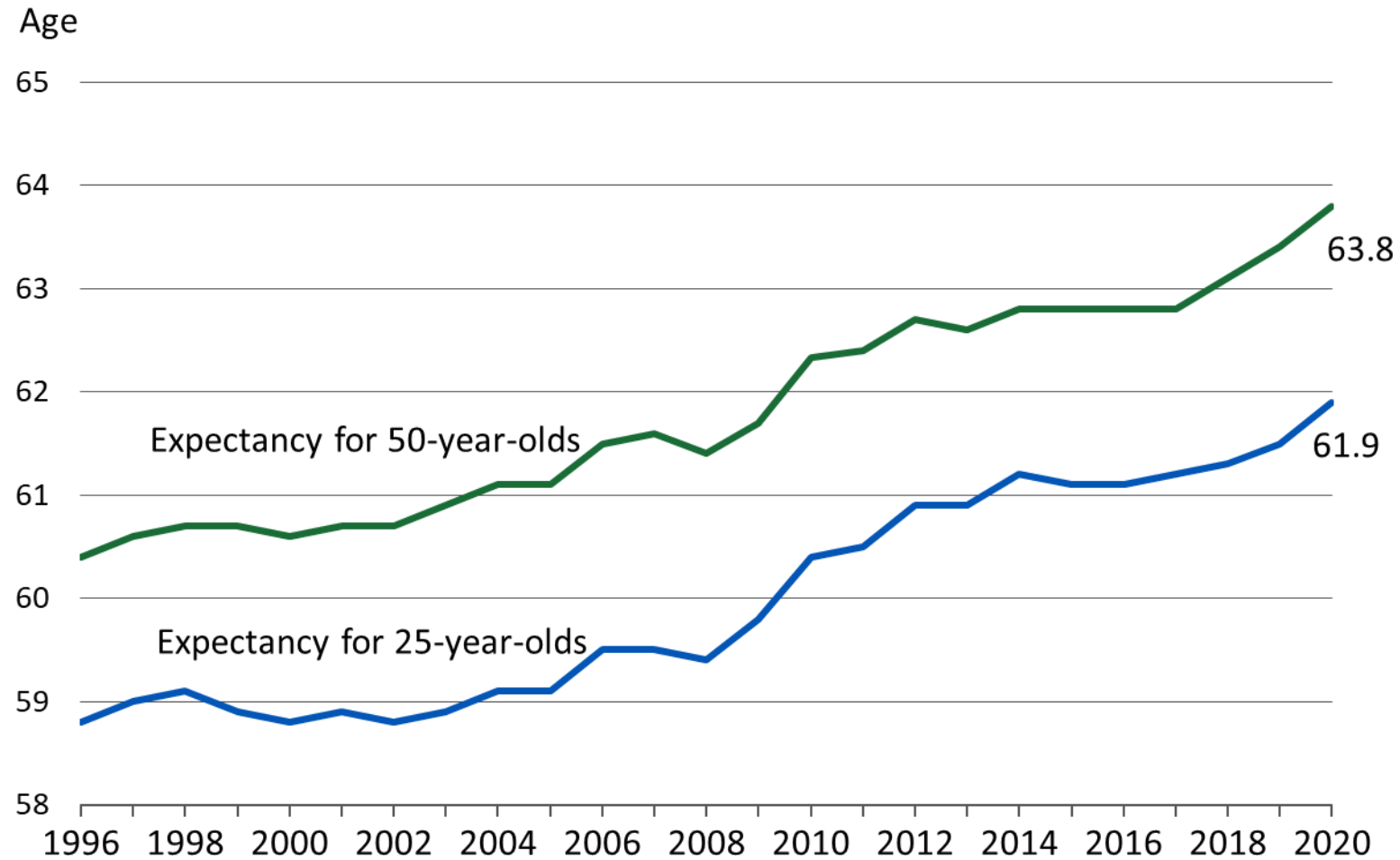




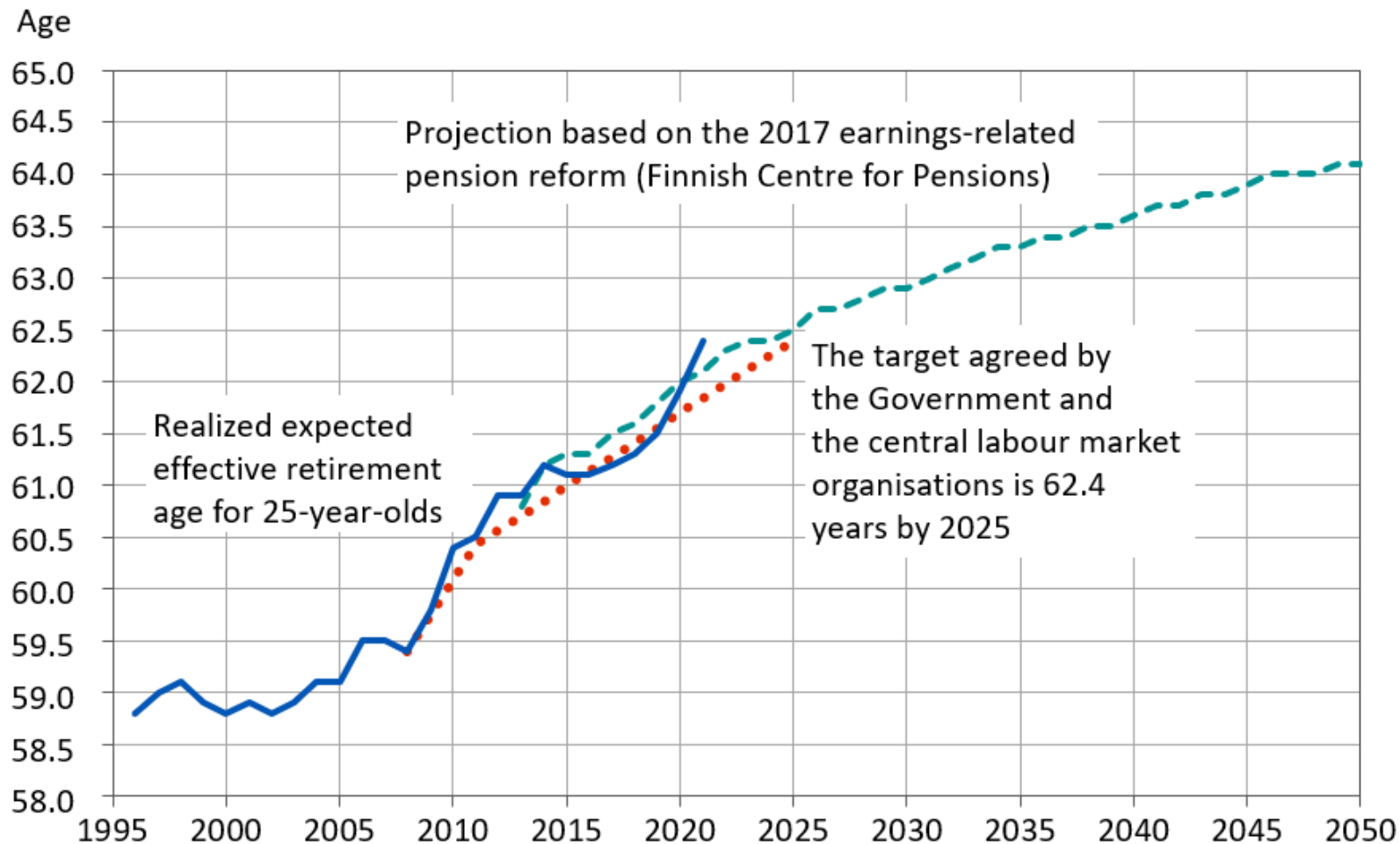
# Effective retirement age in earnings-related pension scheme in 2000–2020



# Expected effective retirement age in earnings-related pension scheme in 1996–2020



# Expected effective retirement age in 1996–2050: realization, target and projection



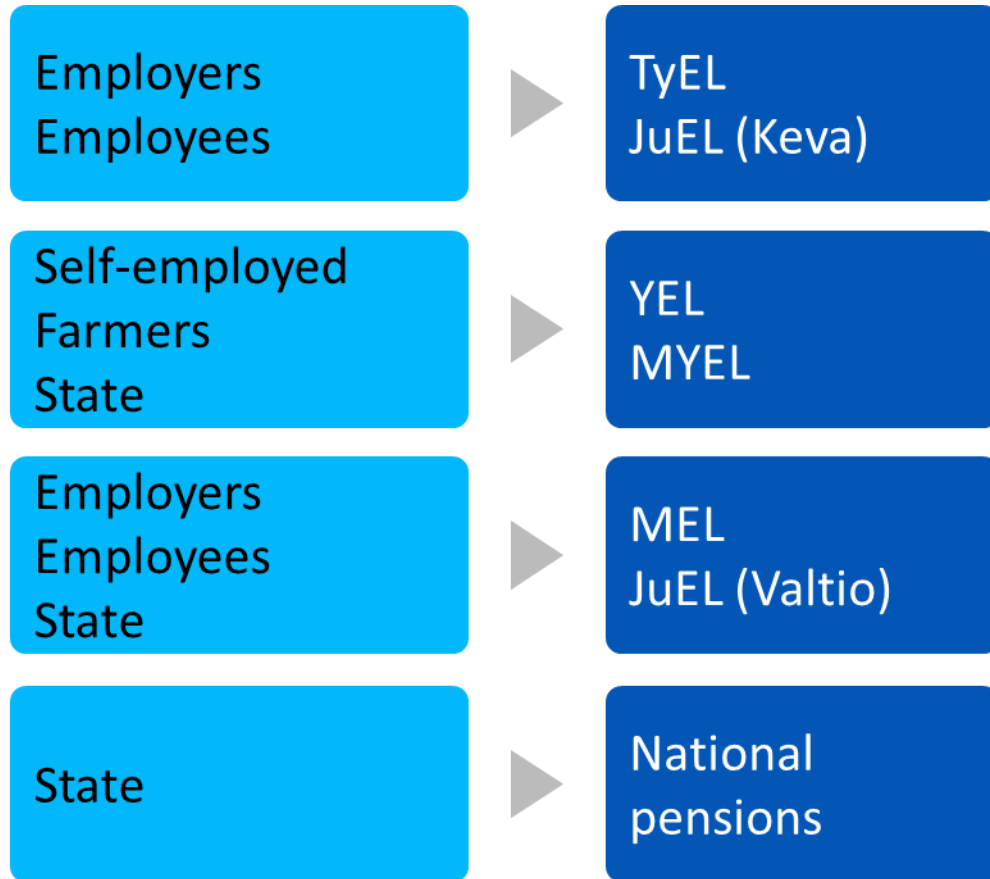
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## Financing of Earnings-related Pensions



# Financing of pensions, by pension act

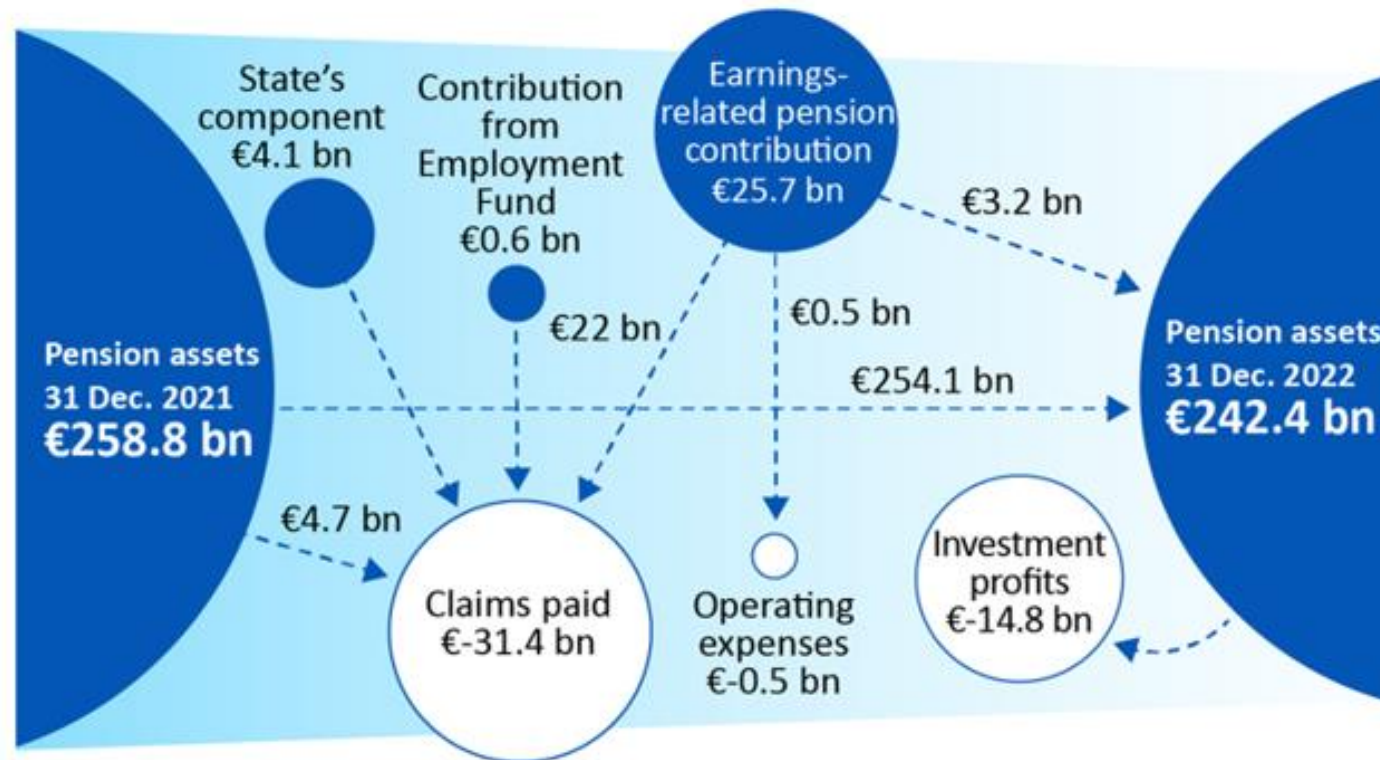


- The Finnish statutory pension provision is financed mainly with earnings-related pension contributions paid by employers, employees, self-employed persons and farmers, as well as with accrued pension assets and investment returns.
- Parts of some of the pensions are financed with state payments and contributions paid by the Employment Fund to the earnings-related pension scheme.
- State funds are used to finance the expenses of VEKL benefits relating to the care of one's own child under the age of three or to studying, as well as relating management expenses.



# Money flows of earnings-related pension scheme 2022

Money flows of earnings-related pensions in 2022



Source: Finnish Centre for Pensions, Tela



# Earnings-related pension contribution rates in 2024

	Contributions, % of income from work (estimate)	Employee's contribution, % under 53 or above 63 years	Employee's contribution, % 53-62 years
Employees			
TyEL	24.81	7.15	8.65
MEL	19.0	7.15	8.65
JuEL (municipal sector)	27.15	7.15	8.65
JuEL (state)	24.81	7.15	8.65
JuEL (church)	28.97	7.15	8.65
Self-employed Persons'			
YEL	23.2	24.1 <sup>1)</sup>	25.6 <sup>1)</sup>
MYEL	14.0/13.3 <sup>2)</sup>	24.1 <sup>3)</sup>	25.6 <sup>3)</sup>

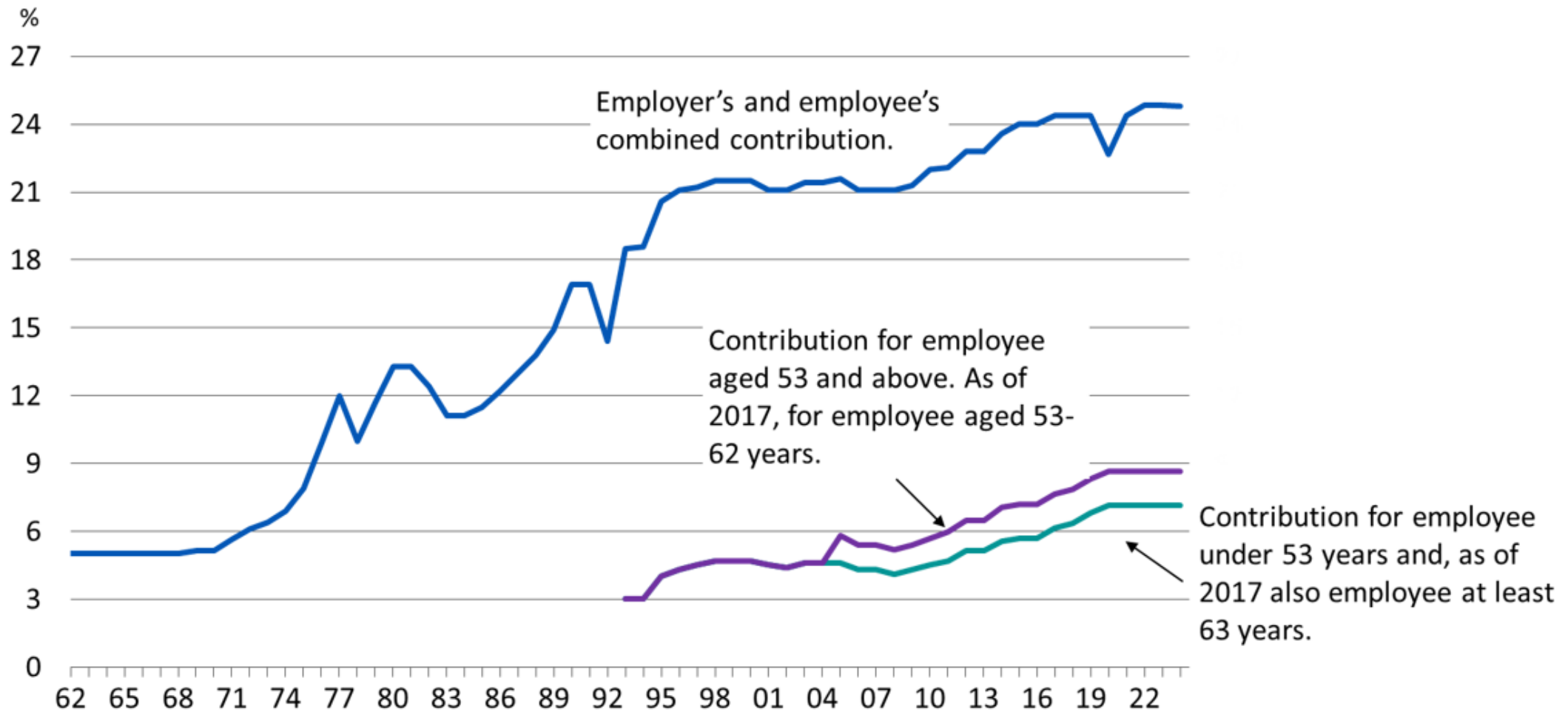
1) Confirmed YEL contributions.

2) The average contribution rate of farmers is 14.0 and grant recipients 13.3 per cent.

3) Confirmed MYEL basic rates.



# Average TEL-/TyEL contribution in 1962-2024





# Earnings-related pension contribution rates

Term	Explanation
TyEL	Employees Pensions Act
MEL	Seafarer's Pensions Act
JuEL (municipal sector))	Public Sector Pensions Act (local government employees)
JuEL (state)	Public Sector Pensions Act (State employees)
JuEL (church)	Public Sector Pensions Act (Evangelical Lutheran Church employees)
YEL	Self-employed Persons' Pensions Act
MYEL	Farmers' Pensions Act

- The Ministry of Social Affairs and Health confirms the earnings-related contribution rates annually.
- The contribution rates confirmed for the self-employed and farmers are linked to the average TyEL contribution.
- The contribution rate for a self-employed person who has turned 53 is applied as of the beginning of the year after they turn 53 years and continues until the end of the calendar year in which they turn 63 years.
- Between 2005 and 2016 the contribution rate of those who had turned 53 years was higher than for younger employees. As of 2017 the contribution rate has been higher for employees aged 53–62 years.
- The competitiveness pact that took effect as of the beginning of 2017 resulted in a shift of 0.2 percentage points from the employer's contribution to the employee's contribution.



# Pension assets and ratio of pension assets to GDP in 2010-2022

