Finnish Centre for Pensions' research results

1. on the impacts of the rising retirement age
2. on the partial old-age pension

Finnish Centre for Pensions
ELÄKETURVAKESKUS

Pension reform 2017 – what changed?

Statutory retirement age rose

- First by three months per year
- As of 2030, based on the expected life expectancy

Incentives changed

- The increment for deferred retirement replaced the accelerated accrual rate
- Pension accrual rates were standardised
- Pension accrues based on career-long wages

Two new pension benefits

- The partial old-age pension replaced the part-time pension
- The years-of-service pension for a long and arduous working life

» 2017 pension reform – Finnish Centre for Pensions (etk.fi/en)

A brief summary of research results

The rising statutory retirement age has increased employment and clearly deferred retirement

- The employment rate has increased 1.7-fold as a result of a three-month increase per year between the former and the new statutory retirement age.
- Unemployment, disability and being outside the labour force has also increased between the former and the new statutory retirement age.
- For the low-educated and in the private sector, employment, unemployment, disability and being outside the labour force have increased more than for the high-educated and in the public sector.
- The exit age of those who have continued to work until their statutory retirement age has increased clearly and working lives have been extended by several months. For the low-educated and in the private sector, the growth has been more rapid than for others.
- The rising statutory retirement age is also reflected in the retirement intentions: a growing number of employees aged 50 and above now intend to retire at 66 at the earliest. The intended retirement age has risen more rapidly than the minimum statutory retirement age.

The popularity of the partial old-age pension has grown in recent years

- As a rule, people take out the partial old-age pension close to its minimum age limit. More than one out of three from a cohort takes out the partial old-age pension early. The partial old-age pension has become more popular in recent years.
- Men, the self-employed, the unemployed, those working in the private sector and persons with a longer working life, as well as people whose same-sex parent has had a shorter life, are more likely than others to take out the partial old-age pension.
- Most persons who take the partial old-age pension are working. The labour market status usually remains the same after taking the partial old-age pension. Typically, wages do not fall for those in work.
- Full-time workers who took out the partial old-age pension as soon as possible more often retired at their minimum retirement age and more seldom worked until their target retirement age compared to those who did not take out the partial old-age pension.
- It is very rare for people to take out the partial old-age pension after reaching the minimum retirement age.

1

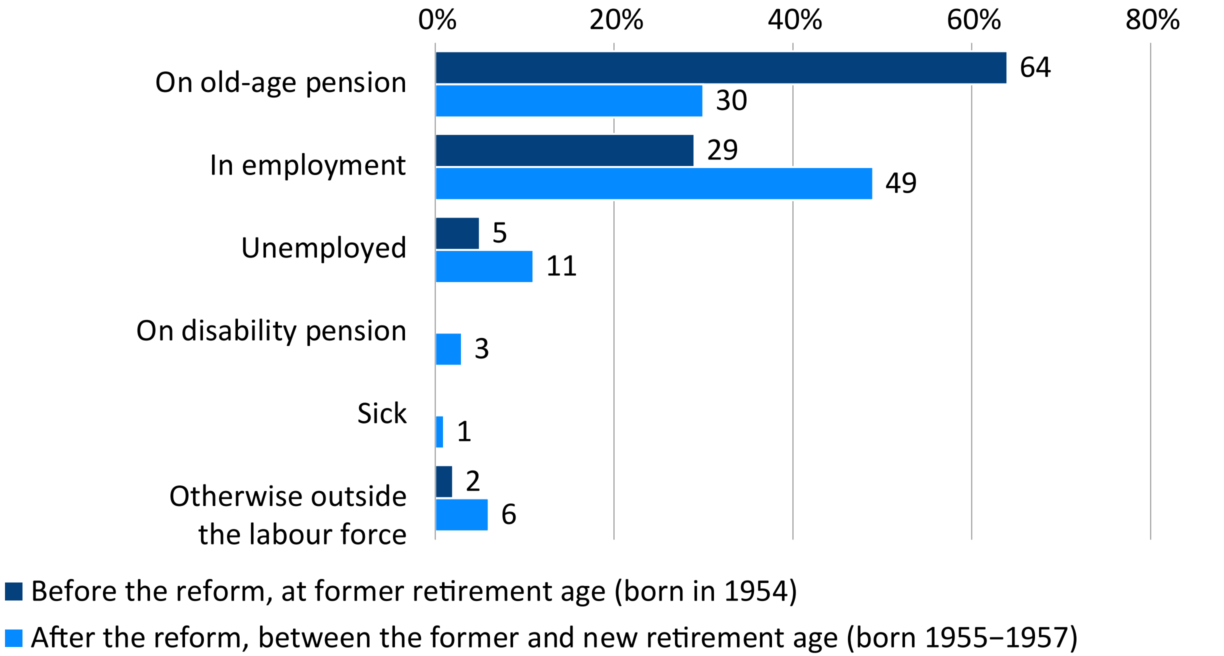
Research on the impacts of the rising statutory retirement age

2017 pension reform has increased employment significantly – unemployment and disability also increased

- The employment rate has increased 1.7-fold as a result of a three-month increase per year between the former and the new statutory retirement age. Following the reform, nearly 50% were working after age 63.
- Unemployment, disability and being outside the labour force has also increased. The main underlying reason is that the rising statutory retirement age increases the period of time spent in unemployment and on the disability pension. One tenth of those in employment have exited work.
- The employment rate of the low-educated has increased more than that of the high-educated. In these groups, the share of persons outside the labour force has also risen more.
- For the low-educated, the employment growth explains less of the reduction in retirement between the former and the new statutory retirement age than among the high-educated.

››› Press release

Share of persons in employment, unemployment and outside the labour force before and after the rise of the statutory retirement age, %



Source: Nivalainen 2024, Finnish Centre for Pensions

Nivalainen, S. & Ilmakunnas, I. (2025)
Increasing Statutory Retirement Age, Labor Market Outcomes and Effect Heterogeneity: The 2017 Pension Reform in Finland
Journal of Pension Economics & Finance.

Nivalainen, S. (2024)
Vanhuuseläkeiän nousun vaikutukset vuosina 1954–1957 syntyneillä ja sosioekonomiset erot. työmarkkinatiloihin
Finnish Centre for Pensions, Analyses 02/2024

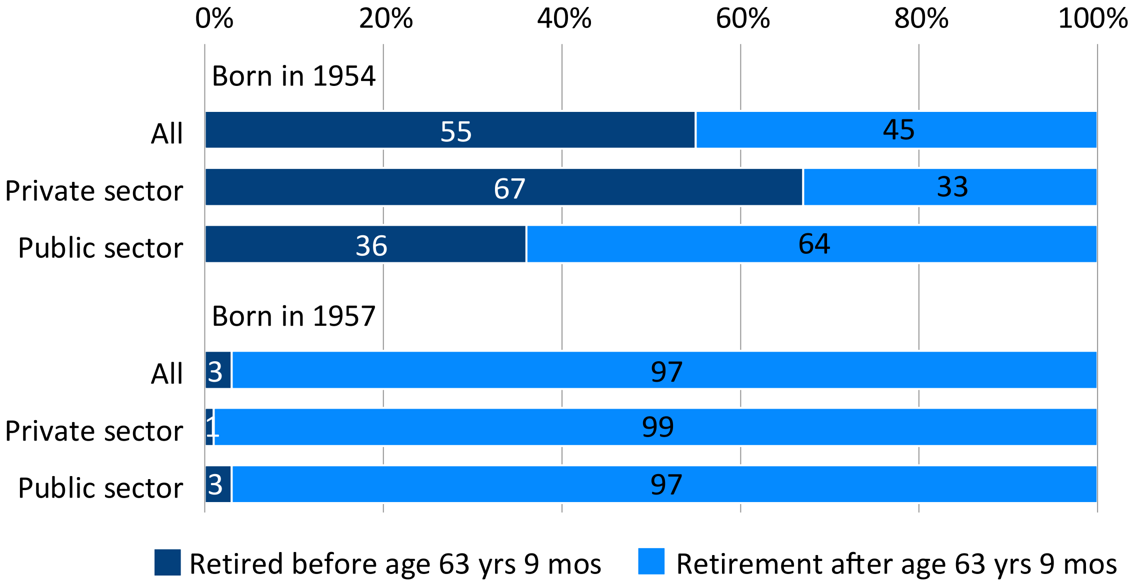
Nivalainen, S. & Ilmakunnas, I. (2023)
Vuoden 2017 eläkeuudistus: Vanhuuseläkeiän nousun vaikutus työllisyyteen ja muihin työmarkkinatiloihin
Finnish Centre for Pensions, Studies 02/2023

Data used includes all Finnish citizens born between 1954 and 1956 or 1954–1957.

Retirement on an old-age pension from work has clearly deferred and working lives have extended by several months

- Along with the rising statutory retirement age, retirement from work has been clearly deferred, particularly in the private sector.
- More than half of those born in 1954 retired before turning 63 years and nine months while practically all of those born in 1957 will retire after that age.
- The share of people retiring at age 65 or older has increased.
- Those born in 1957 worked for four months longer after age 63 than those born in 1954. For the low-educated and in the private sector, the growth has been even more rapid.
- The number of persons retiring on a partial disability pension has increased among the 60–62-year-olds, but the number of persons retiring on a full disability pension has remained fairly unchanged

Timing of retirement on an old-age pension from employment for those born in 1954 (retirement age 63 yrs) and in 1957 (statutory retirement age 63 yrs 9 mos), %



Source: Nivalainen et al. 2023, Finnish Centre for Pensions

Nivalainen, S. & Ilmakunnas, I. & Laaksonen, M. (eds.) 2023

[Tutkimuksia vanhuus- ja työkyvyttömyyseläkkeelle siirtymisen muutoksista vuoden 2017 eläkeuudistuksen jälkeen]

Finnish Centre for Pensions, Studies 01/2023.

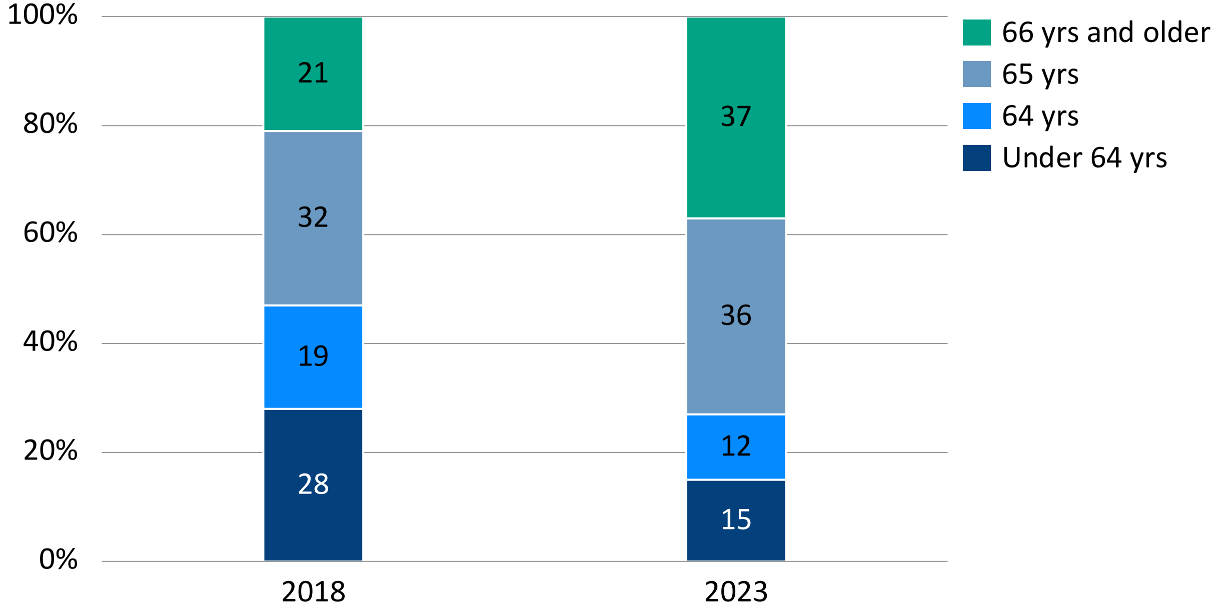
Study focused on persons born in 1954–1957 who have retired on an old-age pension from work.

»» [Press release]

The intended retirement age of wage earners has risen faster than the statutory retirement age for the old-age pension

- In 2023, two out of five 50–64-year-old employees reported that they intend to retire full time at age 66 at the earliest. In 2018, this was the intention of only one out of five.
- The intended retirement age has risen by 10 months between 2018 and 2023. During the same period, the minimum retirement age has increased by 7 months.
- The own minimum retirement age strongly determines the intended retirement age. In 2023, approximately one third of employees intended to retire at their minimum retirement age and nearly two out of five intended to work past their statutory retirement age.
- Men, the highly educated and upper white-collar employees intended to postpone retirement. A weaker work ability bring forward retirement plans, as does the desire to reduce working hours before reaching the retirement age.

Intended retirement age of 50–64-year-olds in 2018 and 2023, %



Source: Nivalainen 2026, Finnish Centre for Pensions

Nivalainen, S. (2026)
Eläkeikää lähestyvien palkansaajien eläkeaikeet ja niiden taustatekijät vuonna 2023.
Finnish Centre for Pensions, Studies 01/2026.

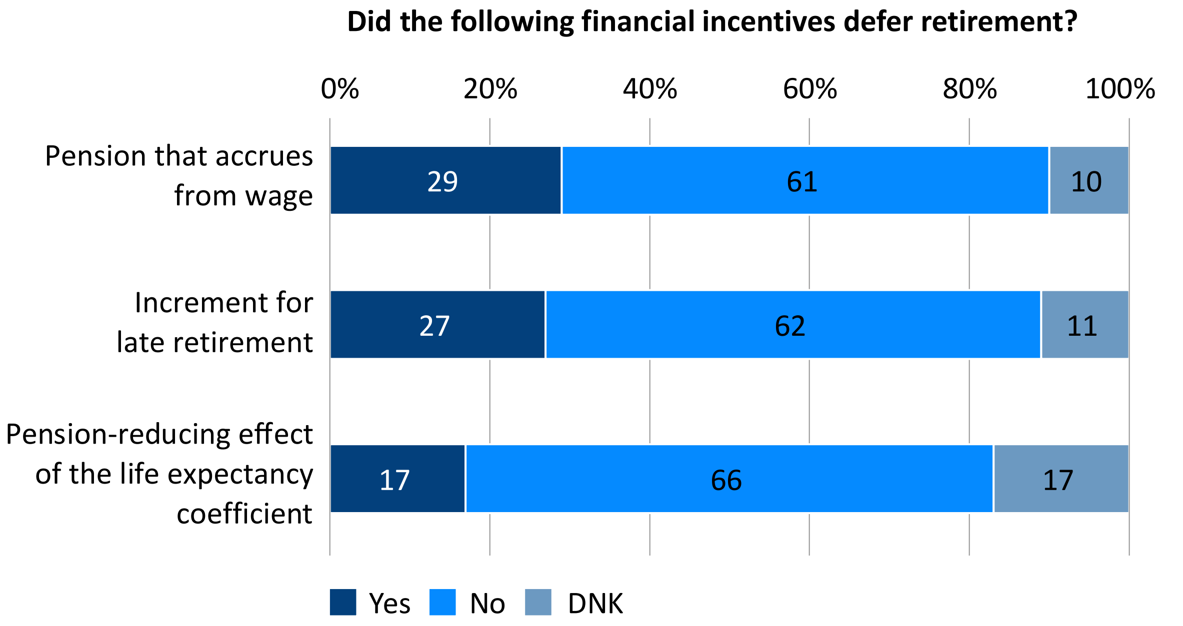
Nivalainen, S. (2023)
Retirement Intentions and Increase in Statutory Retirement Age: 2017 Pension Reform and Intended Retirement Age in Finland
Journal of Aging & Social Policy

Nivalainen, S. (2022)
From plans to action? Retirement thoughts, intentions and actual retirement: an eight-year follow-up in Finland
Ageing&Society, 42(1), 112–142

Data originate from Statistics Finland's Quality of Working Life Surveys of 50–64-year-old wage earners for the years 2008, 2018 and 2023.

Financial incentives seldom influence continued working

- 70% of recently retired wage-earners knew that the life expectancy coefficient reduces the pension amount, and 90% knew that postponing retirement beyond the minimum retirement age results in a permanent increase to the pension and that additional pension accrues for continued working.
- 29% felt that the additional pension that accrues based on their wages from work had spurred them to postpone retirement.
- Only 17% assessed that the pension-reducing effect of the life expectancy coefficient had spurred them to postpone retirement. 17% were unable to assess the matter.
- Those who retired later, the highly educated, those who received a higher pension and those who rated their health and ability to cope as better were more likely than others to say that financial incentives had influenced them.



Source: Nivalainen & Tenhunen 2024, Finnish Centre for Pensions

Nivalainen, S. & Tenhunen, S. (2024)

Taloudelliset kannustimet vai työolot – Mikä saisi jatkamaan työssä pidempään? : Kyselytutkimus vuosina 2019–2021 palkkatyöstä vanhuuseläkkeelle siirtyneille.

Finnish Centre for Pensions, Studies 02/2024.

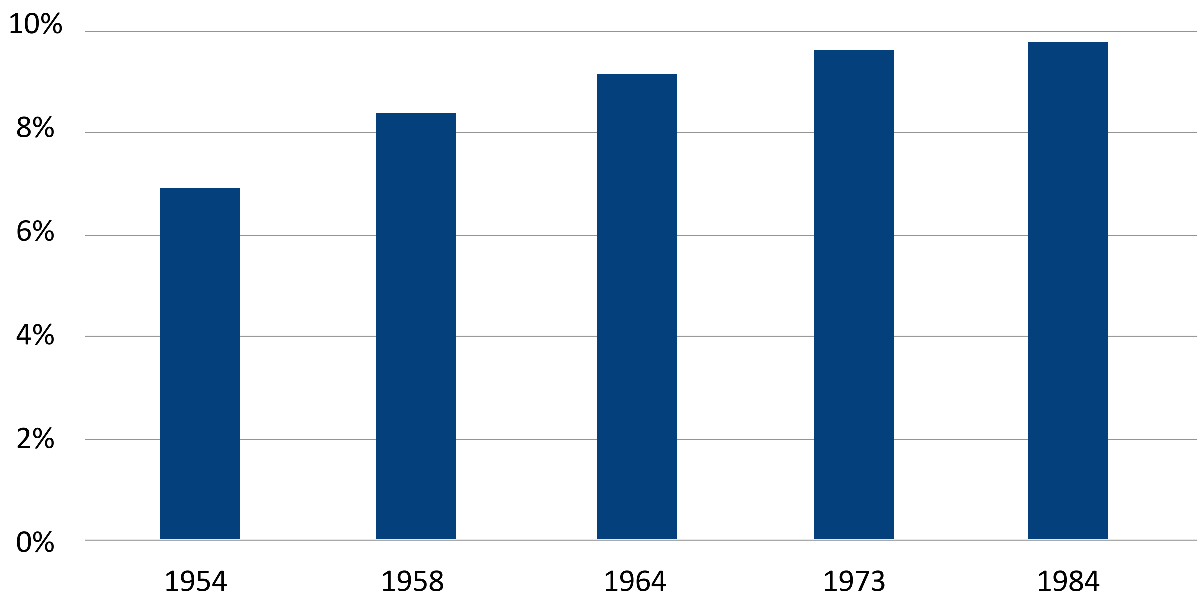
Press release

Women benefit from deferring retirement more than men

- Working for one additional year past one's statutory retirement age raises the net income for life with nearly 10%.
- Women benefit more than men of deferring retirement due to their longer life expectancy.
- The highly educated also typically benefit more from deferring retirement than do those with a vocational education.
- The gaps between age groups from different decades are only minor.
- The relative benefit from extending working life is somewhat reduced in the following years of deferral.
- In individual years, random factors, such as the impact of slow earnings growth on pension indexation, may affect the profitability of deferral.

››› Press release

Change in sum of net income for life when pension is deferred and work continued for one year, by birth cohort



Source: Tikanmäki 2020, Finnish Centre for Pensions

Tikanmäki, H. (2020)

Eläkkeelle siirtymisen kannustimien arviointi mikrosimulointilaskelmilla

Finnish Centre for Pensions, Reports 12/2020

Eläkkeelle siirtymisen taloudellisia kannustimia on tarkasteltu mikrosimulointimallilla. Laskelmat kuvaavat, kuinka paljon loppuelinkaaren tulot muuttuvat, jos eläkkeelle siirtymistä myöhentää 1–5 vuodella vanhuuseläkkeen alaikärajasta.

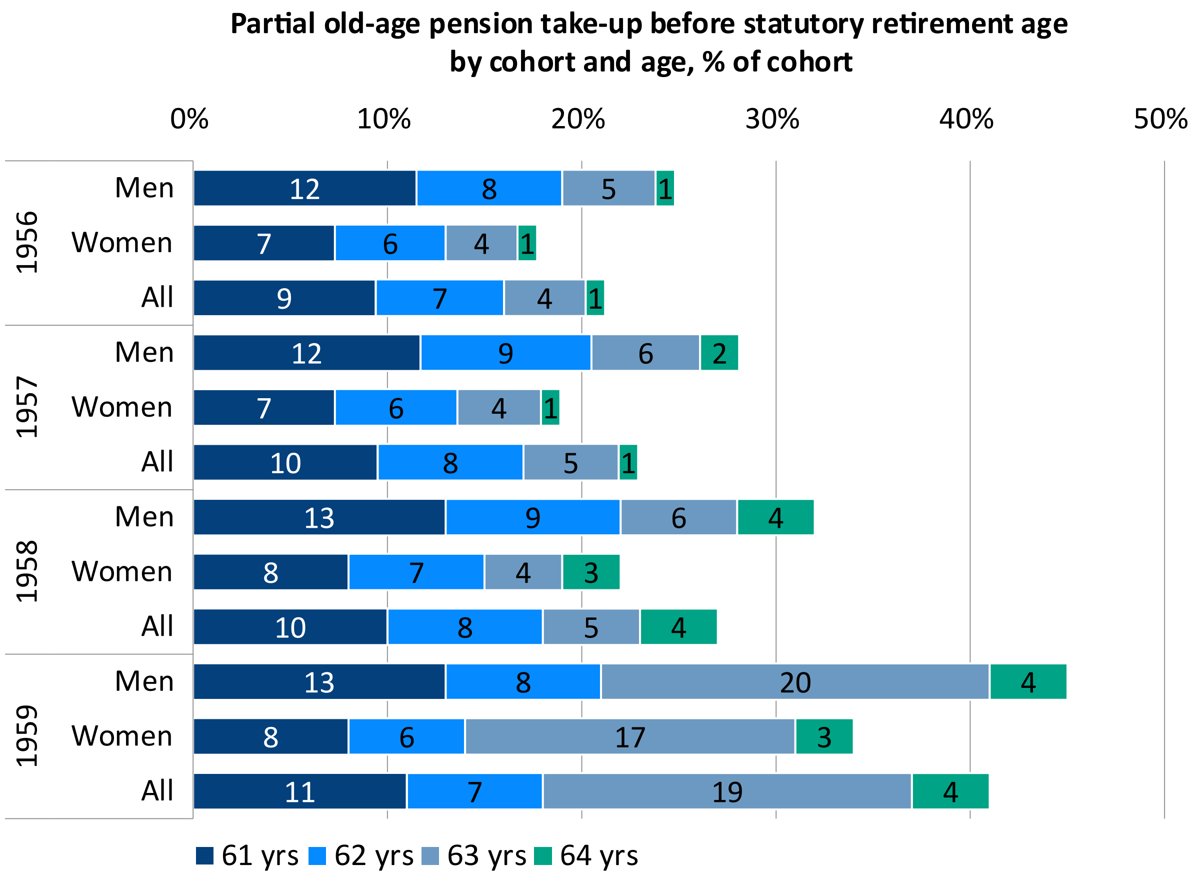
2

Studies on partial old-age pension

One third of each cohort takes out the partial old-age pension early – men, the self-employed and the unemployed more often than others

- The popularity of the partial old-age pension has grown in recent years. Most take out 50% of their accrued pension.
- Most often, the partial old-age pension is taken out close to the minimum retirement age for the old-age pension. Men take out the partial old-age pension more often than women.
- Nearly 80% of those who have taken out the partial old-age pension early were in employment before taking out the pension. Around 20–30% of those who have taken out the pension were unemployed. Unemployment was slightly more common among men than women.
- The self-employed, those employed in the private sector and those with a longer working life take out the partial old-age pension more often than others.
- It is very rare for people to take out a partial old-age pension after reaching the minimum retirement age. Among those who have done so, the highly educated and high-income earners are over-represented.

»» Press release



Source: Nivalainen & Tenhunen 2025, Finnish Centre for Pensions

Nivalainen, S. & Tenhunen, S. (2025)

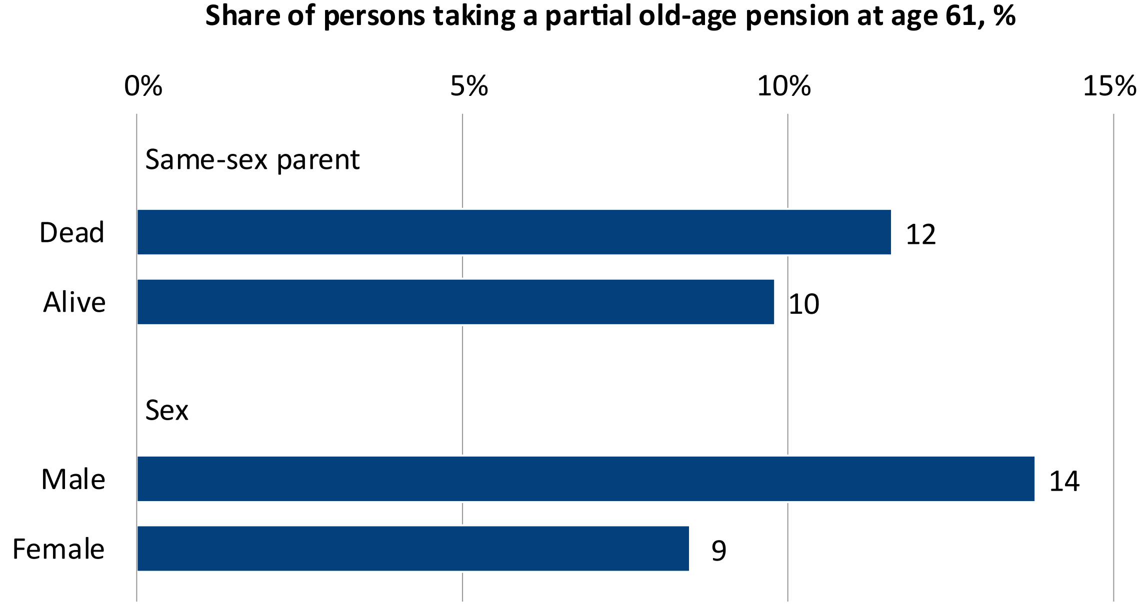
Osittaisen vanhuuseläkkeen varhennettuna ottaneiden ominaisuudet vuosina 2020–2023

Finnish Centre for Pensions, Studies 02/2025

Those with a shorter life expectancy take the partial old-age pension more often as soon as it is possible

- Finns’ interest in taking the partial old-age pension as soon as it is possible is linked to parental longevity.
- Those whose same-sex parent died at a younger age take the partial more often than others at age 61.
- This indicates that the shorter the subjective life expectancy is, the more likely they are to claim the partial old-age pension. Those with a shorter subjective life expectancy benefit from taking the partial old-age pension as soon as possible.
- Also other factors relating to shorter life expectancy, such as male gender, lower income and smaller wealth, increase the likelihood of taking the partial old-age pension at age 61.

»» News



Source: Nivalainen 2022. Work, Aging and Retirement

Nivalainen, S. (2022)

Early Pension Claiming and Expected Longevity: A Register-Based Study 2017–2020

Work, Aging and Retirement, 8:3, 264–272

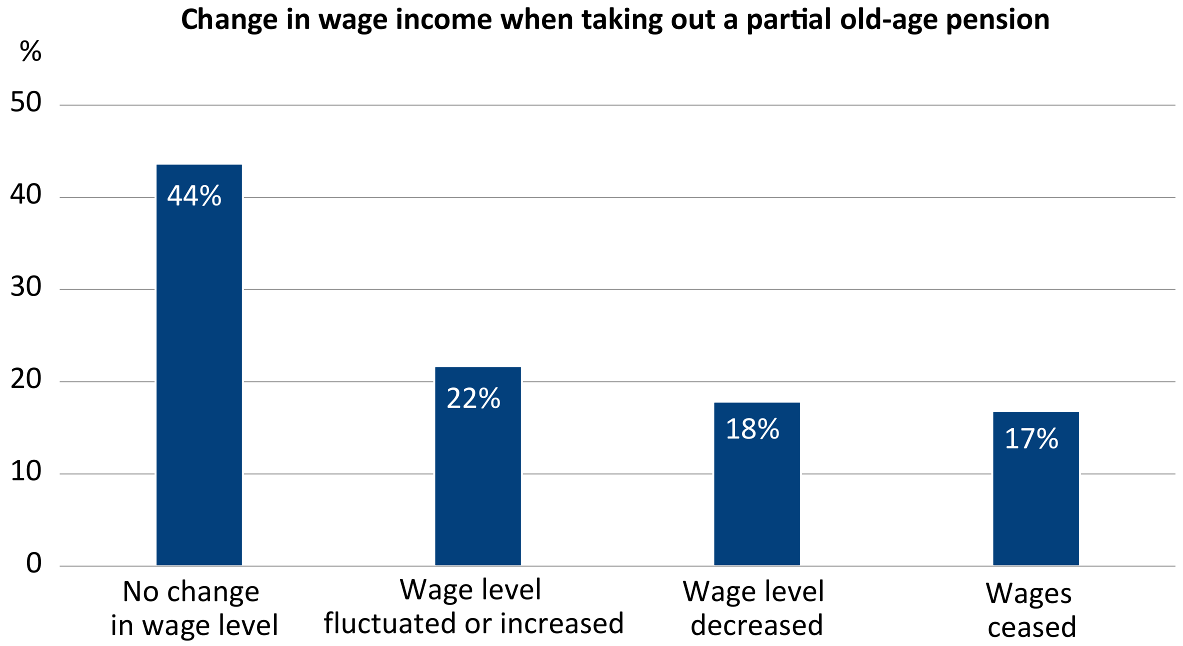
Parallel publication in Julkari

Study based on total register data on those eligible to claim a partial old-age pension at age 61 in 2018 and 2019.

Majority does not cut down on working while drawing a partial old-age pension

- Many persons taking out the partial old-age pension continue working as before, with no changes to their wage level.
- Around every fifth continued working on a lower wage level, that is, seemed to have cut down on their working hours.
- 17% stopped receiving earnings and nearly 50% of them received unemployment benefits during the follow-up period.
- Those who drew 25% of their accrued pension more often continued working on a lower wage level while it was more typical for those who drew 50% of their pension to cease receiving wages.
- Public sector wage earners were more likely to continue working than private sector wage earners on the same or lower wage level than before drawing the pension.

››› Press release



Source: Ilmakunnas & Sten-Gahmberg 2024, Finnish Centre for Pensions

Ilmakunnas, I. & Sten-Gahmberg S. (2026)

Finland's Flexible Partial Pension – A Bridge to Full-Time Retirement, a Pathway Out of Paid Employment, or an Income Supplement?

Journal of Aging & Social Policy, 1–17.

Ilmakunnas, I. & Sten-Gahmberg, S. (2024)

Palkkatulot ennen ja jälkeen osittaisen varhennetun vanhuuseläkkeen ottamisen

Finnish Centre for Pensions, Studies 1/2024

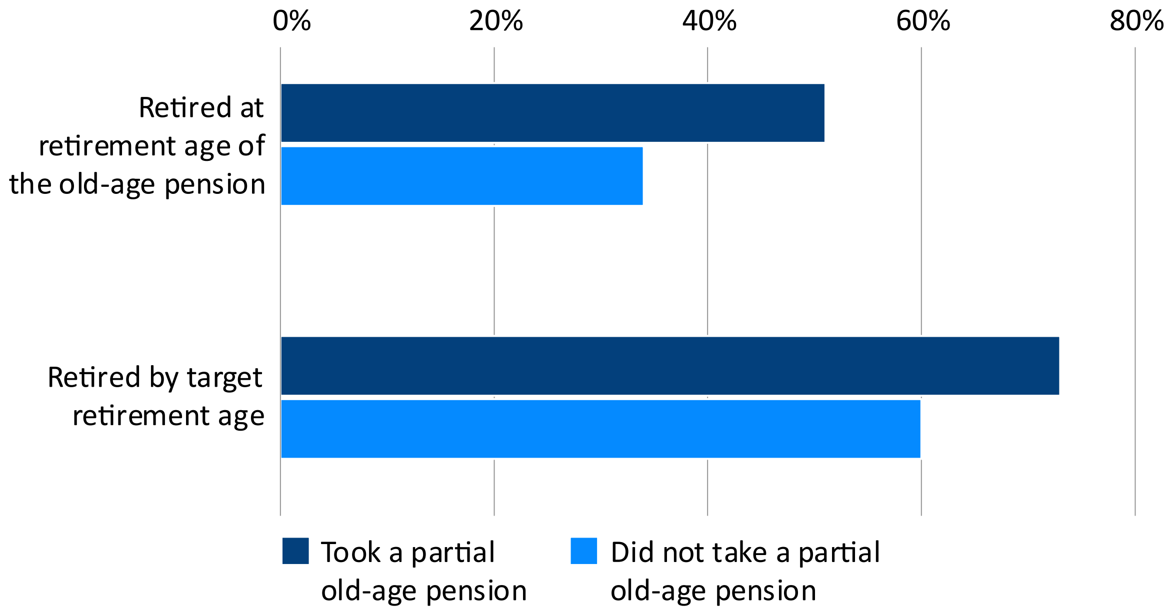
The study examines wage earners whose wage data could be monitored for 14 months before and 12 months after taking out a partial old-age pension. The individuals did not reach their statutory retirement age during the follow-up period.

Persons on a partial old-age pension retire on a full old-age pension earlier than others

- Person's on a partial old-age pension more often retire on a full-time old-age pension as soon as they reach their statutory retirement age than do those who are not on an early pension.
- They also continue working until their target retirement age less often.
- Among those working full time, the part-time pension and the partial old-age pension are each other's opposites in terms of which population groups take out the pension more often than others.
    - The recipients of the partial old-age pension are more often men, private sector employees and have a primary or secondary education.
    - More often than average, the recipients of the part-time pension were women, public sector employees and university graduates.

»» Press release

Association of the partial old-age pension with timing of retirement on an old-age pension for persons born in 1956



Source: Ilmakunnas et al. 2022, Yhteiskuntapolitiikka

Ilmakunnas, I. & Nivalainen, S. & Tenhunen, S. (2022)

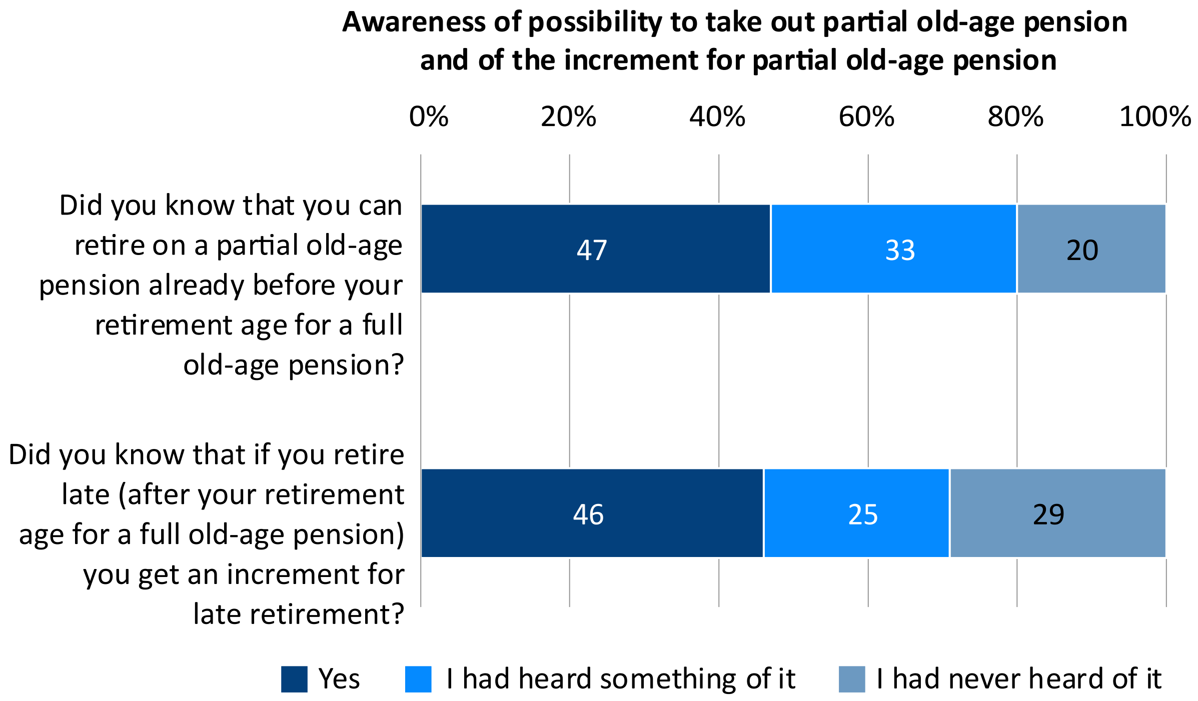
Osa-aikaeläke ja osittainen vanhuuseläke: Yleisyys, taustatekijät ja yhteys vanhuuseläkkeelle siirtymiseen

Yhteiskuntapolitiikka 87:3, 258–70

Study based on register data on full-time workers who took the partial pension (part-time pension for those born in 1954 and the partial old-age pension for those born in 1956) at age 61 and who would have been eligible for the benefits.

Taking the partial old-age pension before reaching the statutory retirement age and impact of increment for deferred retirement fairly well known

- Four in five knew about or were somewhat aware of the possibility to take the partial old-age pension early, before reaching the statutory retirement age for a full old-age pension. Older, high-educated and public sector wage earners were more aware of this possibility than others.
- More than two in three knew or were somewhat aware of the increment for late retirement. The over-55-years-olds, the high-educated, those in a relationship and those with a higher income were more often aware of this than others.
- An ample half felt that the increment for deferred retirement encourage late retirement. The high-educated shared this opinion more often than others.
- An ample half thought that the reduction for early retirement encourages people not to take the pension early. Men shared this opinion more often than women.



Source: Tenhunen et al. 2020, Finnish Centre for Pensions

Tenhunen, S. & Ilmakunnas, I. & Kuivalainen, S. & Mustonen, J. & Liukko, J. & Palomäki, L.-M. (2020).

Miten hyvin eläkeasiat ja vuoden 2017 eläkeuudistus tunnetaan? Kyselytutkimus eläketurvaan liittyvistä näkemyksistä

Finnish Centre for Pensions, Studies 04/2020

A survey conducted by the Finnish Centre for Pensions in autumn 2019 sent to a randomly selected group of 5,000 Finns aged 25–67 years (n=1757, response rate 34%).

Annual statistical data relating to the 2017 pension reform

2017 pension reform – Finnish Centre for Pensions (etk.fi/en)

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