Content

• Number of new retirees on an earnings-related pension
• Development of effective retirement age
• Employment
• Expected length of working life
Drive to postpone retirement monitored by means of

• Expected effective retirement age:
  – corresponds in principle to life expectancy
  – describes average effective retirement age if retirement and mortality rates remain unchanged at the level of the statistical year
  – is unaffected by demographic age structure

• Employment rate of older people

• Expected length of working life:
  – depicts the number of years that a person at a certain age can be expected to work during their remaining life span;
  – based on a method that uses cross-sectional data on mortality risk rates, labour force participation rates and employment rates.
Effective retirement age in 2018

- Expected effective retirement age
  - 61.3 years (for 25-year-olds)
  - 63.1 years (for 50-year-olds)

- Slight change in effective retirement age
  - 25-year-old’s expected effective retirement age was up 0.1 years from the year before
  - 50-year-old’s expected effective retirement age was up 0.3 years from the year before
  - Retirement rate declined especially among 63-year-olds

- Retirement rate declined especially among 63-year-olds
  - Persons born in 1955 are the first age group whose retirement age was raised in connection with the 2017 pension reform. Their retirement age is now 63 years 3 months.
New retirees on an earnings-related pension 2004–2018, by pension benefit

68,910 persons retired on an earnings-related pension in 2018*
75,372 persons retired on an earnings-related pension in 2017*
* The number of new retirees does not include people who retired on a part-time pension or a partial old-age pension.
New retirees on an earnings-related pension, by age

Persons

Age at retirement

2017
2018

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New retirees on an earnings-related pension, by age

Persons

Age at retirement

2004 2011 2018

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Expected effective retirement age, all new retirees on an earnings-related pension

Expected effective retirement age

50-year-olds

25-year-olds

New retirees on an earnings-related pension as a proportion of all insured persons, 25–49-year-olds

Percentage of new retirees on an earnings-related pension as a proportion of all insured persons, 25–49-year-olds, from 2016 to 2018. The graph shows an increase in the percentage of new retirees with age, with the proportion being higher in 2018 compared to 2016 and 2017.
New retirees on an earnings-related pension as a proportion of all insured persons, 50–69-year-olds

%  

Age at end of statistical year

- 2016
- 2017
- 2018
Retirement on an earnings-related pension: some changes

• Number of persons retiring on an earnings-related pension fell to 68,910 in 2018, down 6,500 from 2017

• Number of persons retiring on an old-age pension fell by 7,800
  – 14% drop mainly due to higher age threshold
  – number retiring on old-age pension down to 48,900
  – 75% of all new retirees retired on an old-age pension

• Number of new retirees on a disability pension up 7% from the year before
  – New retirees on a disability pension numbered 19,900
  – Almost 30% of new disability pensions started as partial pensions
Retirement on an earnings-related pension: some changes

• Minor changes in retirement rates
  – Women’s rates higher than men’s in younger age groups and among those over 63

• In 2018 number who took early payment of a partial old-age pension reached 10,800
To achieve the goal at an even pace, the effective retirement age needs to rise each year by 0.16 years.
Outlook

• The 2005 pension reform has clearly increased effective retirement age
  – Difficult to assess effect of life expectancy coefficient

• The 2017 pension reform will further push up effective retirement age
  – In 2018 the increased age threshold for old-age retirement reduced the number of persons retiring on an old-age pension and drove up the number of new disability pensions. Overall the number of new retirees fell significantly.

• Future trends will depend on changes in behaviour
  – Intended retirement ages have been rising
  – Retirement decisions influenced by multiple factors
Outlook

• Future trends will depend on economic outlook
• Future trends will depend on changes in working life
• In 2019 it is expected that the number of new retirees will continue to fall from the year before, to an estimated 66,000
Employment rates for the working-age population (15–64 years), younger people (25-34 years) and older people (55-64 years) in 2006–2018

Source: Official Statistics of Finland (OSF): Labour force survey, Statistics Finland
Employment rates for persons aged 55–59 and 60–64 in 2006–2018

Source: Official Statistics of Finland (OSF): Labour force survey, Statistics Finland

Employment rates in 2018: 55–59-year-olds 79.1% and 60–64-year-olds 51.7%
Employment rates in 2017: 55–59-year-olds 76.0% and 60–64-year-olds 49.2%
Employment rates for persons aged 55–67

Source: Official Statistics of Finland (OSF): Labour force survey, Statistics Finland
Unemployment rates for persons aged 55–59 and 60–64 in 2006–2018

Unemployment rates in 2018: 55–59-year-olds 6.6% and 60–64-year-olds 8.2%
Unemployment rates in 2017: 55–59-year-olds 7.4% and 60–64-year-olds 8.4%

Source: Official Statistics of Finland (OSF): Labour force survey, Statistics Finland
Average employment rates of 55–64-year-olds in Nordic and EU countries in 2008–2017

Source: Eurostat, Employment, Labour force surveys
Age group differences relative to employment trends among older people aged 55–64

• Overall employment rate exceeded pre-financial crisis level in 2018 and was at its highest since 1990

  – employment rate for working-age population 71.7% in 2018, up 2.1 percentage points from 2017
  – older people’s employment has developed favourably in the 2000s
  – employment rate in age group 55–59 was up 3.1 percentage points last year and reached statistical record high at 79.1%
  – employment rate in age group 60–64 exceeded 50% for the first time ever in 2018 and reached statistical record high at 51.4%, up 2.5 percentage points on the year before
  – employment rate in age group 25–34 fell by 6.3 percentage points in 2009–2016, but following turnaround in 2017 reached 76.8% in 2018, up 1.9 percentage points but still 4.3 percentage points lower than the 2008 record of 81.1%
Age group differences relative to employment trends among older people aged 55–64

• Employment rates for older people in Finland remain lower than in other Nordic countries in 2017
  – Second lowest Nordic figure recorded for Denmark, which is more than 6 percentage points ahead of Finland, but it seems the gap is no longer growing
  – EU28 countries lagging behind Finland by 5.8 percentage points and gap is shrinking
Expected length of working life for a 15-year-old 2006–2018

* Estimate based on the population’s mortality rate in 2017.
Calculation, source: Official Statistics of Finland (OSF), Labour force survey, Statistics Finland
Working life expectancy for a 15-year-old 2006–2018

* Estimate based on the population’s mortality rate in 2017.
Calculation, source: Official Statistics of Finland (OSF), Labour force survey, Statistics Finland
Length of working life in 2018

• Expected labour force participation in 2018 was 38.4 years
  – increase of 0.6 years from previous year
  – increase of 3.4 years during 2000s
  – increase for men 2.0 years during 2000s
  – increase for women 3.1 years during 2000s

• Working life expectancy in 2018 was 35.5 years
  – increase of 1.0 years from previous year
  – increase of 4.0 years during 2000s
  – 35.9 years for men (up 3.5 years during 2000s)
  – 35.1 years for women (up 4.5 years during 2000s)