

Seppo Karisalmi, Raija Gould and Lauri Virta

Disability pension recipients in different schemes

A disability pension may be awarded from the earnings-related pension scheme, the residence-based national pension scheme or both schemes. The study strives to analyse how disability pension recipients in the earnings-related pension scheme and the national pension scheme differ from each other. The working career always connected to the earnings-related pension and, on the other hand, the reduction of the residence-based national pension due to other pension income already create inherent differences between persons receiving disability pensions from different schemes. Those who have the longest working careers have accrued so much earnings-related pension that they are not paid any national pension. On the other hand, persons who become incapable of work at a very young age have not been gainfully employed, and thus they receive only a national pension.

The data used in the study were gathered at the beginning of the 2000s for the project Health 2000 as well as related follow-up data for 2001–2007 gathered from different registers. The cross-section data consisted of persons aged 30–64 who received disability pension in winter 2000–2001 (n=459). The follow-up data consisted of persons aged 30–56 who at the start of the follow-up did not receive a disability or an unemployment pension. The follow-up data included 4,015 persons, of whom 314 persons retired on a disability pension during the follow-up period. A comparison of both the cross-section data and the follow-up data to the register data for the same period indicated that they were quite representative of the disability pension recipients at the relevant times.

The persons who received disability pensions from different schemes differed from each other in many respects. Those who received only a national pension had retired on a disability pension already at a young age, many of them had only a scant education, and most of them

were unmarried. For their part, those who received only an earnings-related pension had long working careers, about half of them had at least a secondary education, and usually they had retired on a disability pension only after the age of 50. Those who received a small earnings-related pension and additionally a national pension in the form of a disability pension were somewhere in between these two other groups. For instance, those who received only an earnings-related pension had by the time of the study drawn a disability pension on average for four years, those who received both an earnings-related and a national pension for ten years and those who received only a national pension for 25 years.

There were large differences between the schemes as regards the distribution of the illnesses which caused the work disability. The share of mood disorders, especially depression, was the highest for those who received only an earnings-related pension and, then again, the share of other mental disorders was the highest for those who received only a national pension. As for other mental disorders, intellectual disability was the most common diagnosis for those who received only a national pension. The share of diseases of the musculoskeletal system was higher for those who received an earnings-related pension than for those who received only a national pension.

In addition to the illnesses, there were also differences as regards perceived health. Those who received only a national pension experienced mental symptoms more seldom than the others, and they also perceived their health, work ability and quality of life as being better than did those who received an earnings-related pension. These differences in perceived wellbeing were linked to the differences in illnesses between the schemes. Among those who received only a national pension, especially those with intellectual disability considered their health as good, whereas among those who received an earnings-related pension, those with mood disorders considered their quality of life as low.

The differences in earnings level between the pension schemes are mainly related to the rules concerning pension benefits. A national pension is only awarded to persons whose earnings-related pension does not exceed a certain euro limit, which is determined each year. The earnings average for those who received only an earnings-related pension was twice the amount of the earnings for those who received only a national pension. Of all disability pension recipients, more than fifty per cent considered their income as meagre. However, this was not directly related to the small size of the pension, since the group with the smallest proportion of those who considered their income as meagre was men who received only a national pension. However, they also had the least flexibility in their income: in order to pay for high medical expenses they needed assistance from friends or income support. On the other hand, those who received an earnings-related pension had cut spending or used their savings in order to pay for large expenses.

The analysis of retirement on a disability pension indicated that for those who retired on only an earnings-related pension the earnings level preceding the pension did not significantly differ from the earnings level of the rest of the population of corresponding age. On the other

hand, for nearly two-thirds of those who had retired on a combination of a small earnings-related pension and a supplementing national pension the earnings level preceding the pension was in the lowest income quartile determined on the basis of the earnings level of the whole population of corresponding age.

For both those who received only an earnings-related pension and those who received both an earnings-related and a national pension, perceived impaired work ability predicted well later retirement on a disability pension. The odds ratio, which indicates the incidence of disability pensions, was approximately 30 times higher for those who considered their work ability as impaired compared to those who considered their work ability as good. Especially as regards persons in the low-income brackets, retirement on a disability pension was, in addition to impaired work ability, also connected more generally to factors related to being disadvantaged.

The results of the study firstly emphasised the disability pension recipients' remaining work capacity. Especially those who received a pension due to intellectual disability assessed their work ability as moderate. It is important that those who perceive themselves as being partially capable of work could participate in the labour market, if they so wish. A second key observation was the perceived insufficiency of the income. The income problems of disability pension recipients should be analysed in more detail. A third conclusion related to the quality of life. Disability pension recipients defined their quality of life primarily through health and mental wellbeing. Improving mental wellbeing through treatment and rehabilitation would enhance disability pension recipients' quality of life and probably also work ability.

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More information:

Raija Gould
E-mail: raija.gould@etk.fi
Telephone: +358 10 751 2154

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