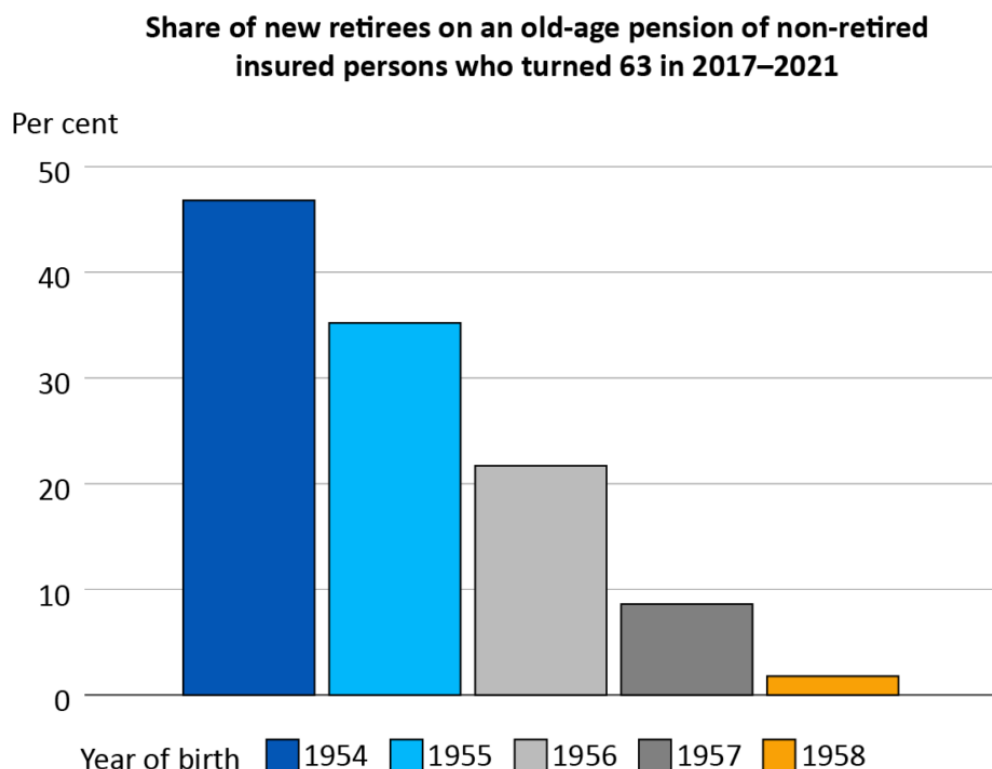


New Pension Benefits and the Pension Reform 2021

The website New pension benefits and the pension reform shows how the 2017 pension reform affects the statistics. The pension reform introduced two new pension benefits: the partial old-age pension and the years-of-service pension. The reform also raises the retirement age gradually.

Retirement on old-age pension increasingly deferred



Source: Finnish Centre for Pensions

So far, raising the retirement age by three months per age cohort seems to work as planned. The first time the retirement age rose by three months (in 2018), 10,000 persons deferred retirement. Another three months to the retirement age in 2019 and 2020 deferred retirement further in the same way.

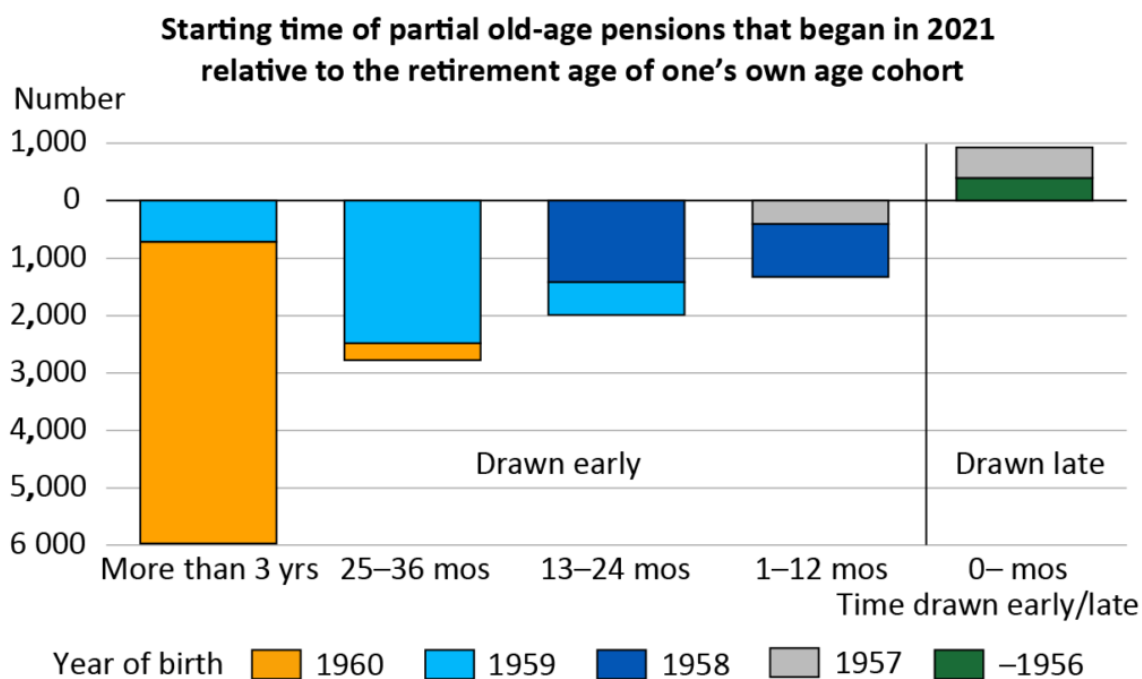
The change is observable in, among other things, a reducing number of persons retiring on an old-age pension in the year in which they turn 63. The share of insured, non-retired of this age group has dropped to around two per cent while it was nearly 50 per cent before the 2017 pension reform.

The majority of workers have continued working to their new retirement age. The change in retirement age has thus led to continued working. This is also evident in the rising employment rate among the 63-year-olds in the labour force survey of Statistics Finland.

The rising retirement age has also increased the number of new retirees on a disability pension among those approaching their retirement age. However, the change is moderate compared to the number of persons who have deferred retirement. The number of unemployed persons approaching their retirement age has remained on the same level in recent years. Raising the retirement age has not had a significant effect on that figure.

(Updated on 7 November 2022)

Nearly every second starting partial old-age pension was drawn more than three years early



In 2021, a total of 13,000 persons drew a partial old-age pension. 194 persons took it out at their retirement age.

Source: Finnish Centre for Pensions

In 2021, new partial old-age pension recipients numbered the same as in 2020 – around 13,000. Nearly 12,000 of them drew the pension early. On average, starting partial old-age pensions were drawn 31 months early. For a partial old-age pension at a 50 per cent level, the monthly pension paid out was reduced by an ample 100 euros. The average monthly partial-old pension was thus slightly under 800 euros.

The youngest partial old-age pension recipients were those born in 1960. They numbered 5,500 persons. On average, they drew their partial old-age pension 41 months early. This means that the part taken early was reduced by 16.4 per cent. In euros, the average reduction on a 50-per-cent partial old-age pension amounted to 150 euros/month and the paid out monthly pension amounted to 740 euros.

The rising old-age retirement age also means that the maximum length of the period of taking out a partial old-age pension early is extended. It is likely to also affect the choice of pension level as the reduction of the pension due to early retirement increases. Taking out 25 per cent of one's accrued old-age pension as a partial old-age pension has become more and more popular. In 2021, every fifth person drawing a partial old-age pension took out 25 per cent of their accrued pension.

At year-end 2021, a total of 32,000 partial old-age pensions were in payment. Men accounted for 58 per cent of the partial old-age pension recipients. Slightly less than 27,000 of those drawing a partial old-age pension took out 50 per cent of their accrued pension. This means they received an average monthly pension of 800 euros per month (or a median pension of €720/month).

A majority of partial old-age pensions begin before the recipients reach their statutory retirement age for a full old-age pension. At year-end 2021, every fifth recipient of a partial old-age pension received the pension after reaching their age group's statutory retirement age, women slightly more often than men.

Years-of-service pension paid to 75 persons at year-end 2021

The years-of-service pension was introduced in connection with the 2017 pension reform. The pension can be granted to individuals who were born in 1955 or after and who have done work that requires great mental or physical effort for at least 38 years. The first years-of-service pensions were paid out in the spring of 2018. The years-of-service pension can be paid out between the age of 63 and the retirement age for an old-age pension, so the partial old-age pensions that began last year have been in payment for a maximum of nine months.

Years-of-service pension 2018–2021

	2018	2019	2020	2021
Applicants	101	111	208	266
Starting pensions	21	27	72	84
– Average pension €/month	1,870	2,081	2,173	2,074
Pensioners at 31 Dec	5	15	62	75