

Working in retirement

Working in retirement continues to be on the upswing

At year-end 2022, around 430,000 persons under the age of 68 received a pension paid based on their own working life. Nearly every fourth (110,000 persons) of them worked. If those receiving a partial old-age pension are excluded, the total figure drops to 380,000 pension recipients, of whom every fifth (70,000 persons) worked.

Working is most common among those who receive a partial disability pension: 80 per cent of them worked at year-end 2022. Working is also common among people drawing a partial old-age pension. At year-end 2022, three out of four persons on this pension benefit continued working.

Around 40,000 persons under the age of 68 (of whom a few thousand were under the age of 63) worked alongside drawing a full old-age pension at year-end 2022.

Number of pension recipients working in December 2022 and share of recipients aged under 68 per pension benefit

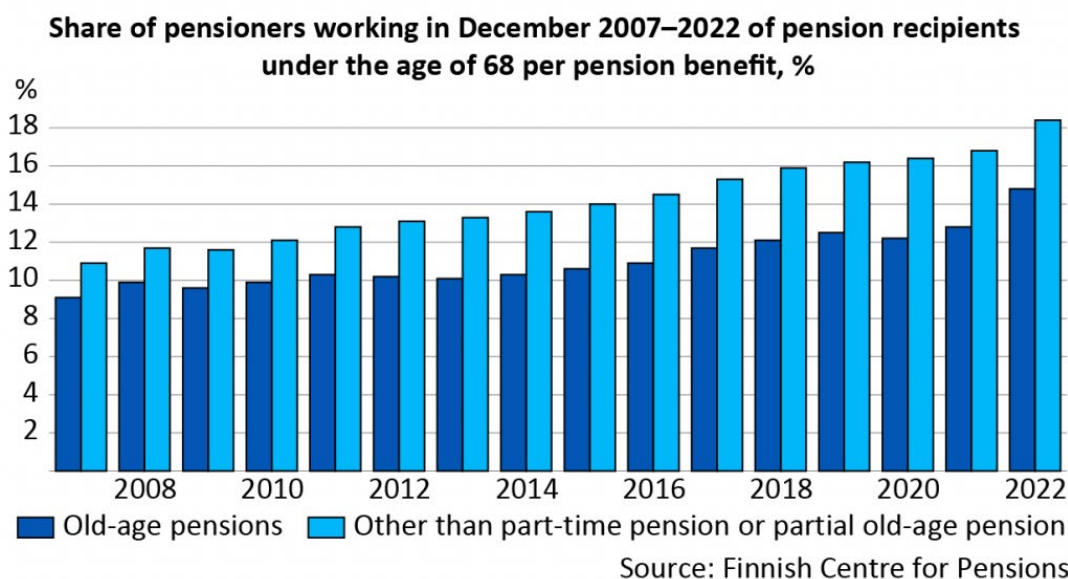
Pension benefit	Both genders, persons	Both genders, %
All	108,888	25.3
– excluding old-age pensions	69,818	18.4
Full old-age pension	38,310	14.8
Partial old-age pension	39,041	75.5
Disability pension	31,397	26.1
– Full disability pension	13,075	13.4
– Partial disability pension	18,325	80.8

Working while drawing a pension has increased steadily throughout the review period as of the year 2017. Both the number of persons and the share of persons under the age of 68 years has increased. Part of the increase can be explained by the growing number of persons drawing a partial disability pension while part of it stems from the fact that working while drawing an old-age pension has become more common. Drawing a partial old-age pension has also raised the number of working pension recipients considerably as of 2017 although persons receiving a partial old-age pension are not counted as pensioners as such.

Working while drawing a pension is often irregular or part-time. For example, the average earnings from work of persons receiving an old-age pension is of the same level as their average pension, which indicates a clear drop in the earnings level from the level before retirement.

The temporary nature of work done while drawing a pension is also reflected in the variation in the number of persons working over the year. When slightly less than 110,000 persons receiving a pension and aged under 68 worked in December 2022, they numbered nearly 150,000 over the entire year.

Getting an extra income is not the primary incentive for working in retirement. The earnings level and the temporary nature of working, as well as research conducted on this subject, support this conclusion. In addition, the old-age pensions of working pension recipients are higher, on average, than the old-age pensions of others of the same age.



Working more common among retired women than men

Among men, working in retirement is less common than among women. At year-end 2022, about 60,000 women drawing a pension worked while the equivalent figure for men was 50,000. If the working of retired self-employed persons would be included in full in the review, the gender gap would narrow considerably.

Number of pension recipients working in December 2022 and share of recipients aged under 68 per pension benefit

Pension benefit	Men, persons	Men, %	Women, persons	Women, %
All	49,032	22.9	59,856	27.5
– excluding partial old-age pensions	28,221	15.2	41,597	21.5
Full old-age pension	17,662	13.8	20,648	15.7
Partial old-age pension	20,795	73.0	18,256	78.5
Disability pension	10,533	18.3	20,864	33.3
– Full disability pension	5,423	10.8	7,652	16.2
– Partial disability pension	5,112	71.5	13,213	85.0

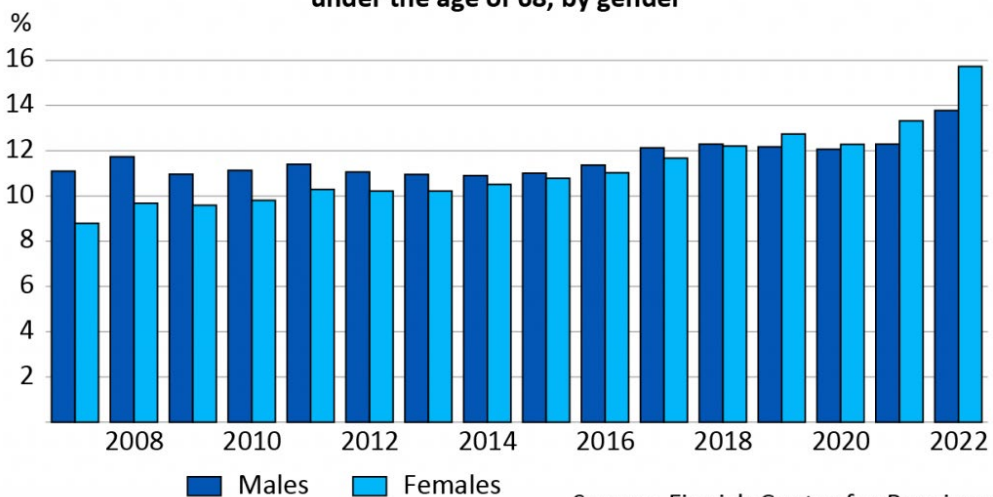
The gap in the number of men and women receiving a partial disability pension is particularly wide. This pension benefit is considerably more common among women than men. In line with the goals of this pension benefit, most persons drawing a partial disability pension continue working while drawing the benefit. Of women drawing a partial pension at year-end 2022, roughly 85 per cent worked. For men, the share was more than 10 percentage points lower.

The partial old-age pension is the only pension benefit received by more working men than women. The reason for this is obvious. Men select to draw the partial old-age pension clearly more often than women. Yet more women than men continue working after drawing this pension benefit.

40,000 persons receiving a full old-age pension worked

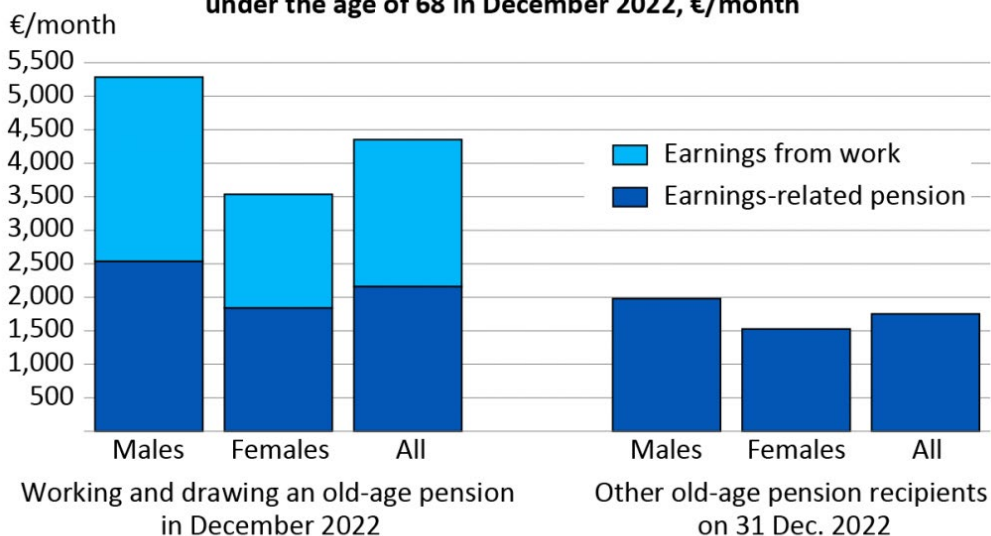
Of those who received a full old-age pension and were under the age of 68, around 40,000 (15%) worked in December 2022. Slightly more than half of them were women. Currently, slightly more women than men work while receiving an old-age pension.

Share of old-age pensioners working in December 2007–2022 under the age of 68, by gender



In 2022, nearly 70,000 persons worked while drawing a pension. On average, they worked for six months. Working doubled the monthly income of old-age pensioners in the months they worked. The average monthly earnings were nearly 2,200 euros, which is about as much as the average monthly pension of this group of people (€/month).

Average pension and average earnings of old-age pensioners under the age of 68 in December 2022, €/month

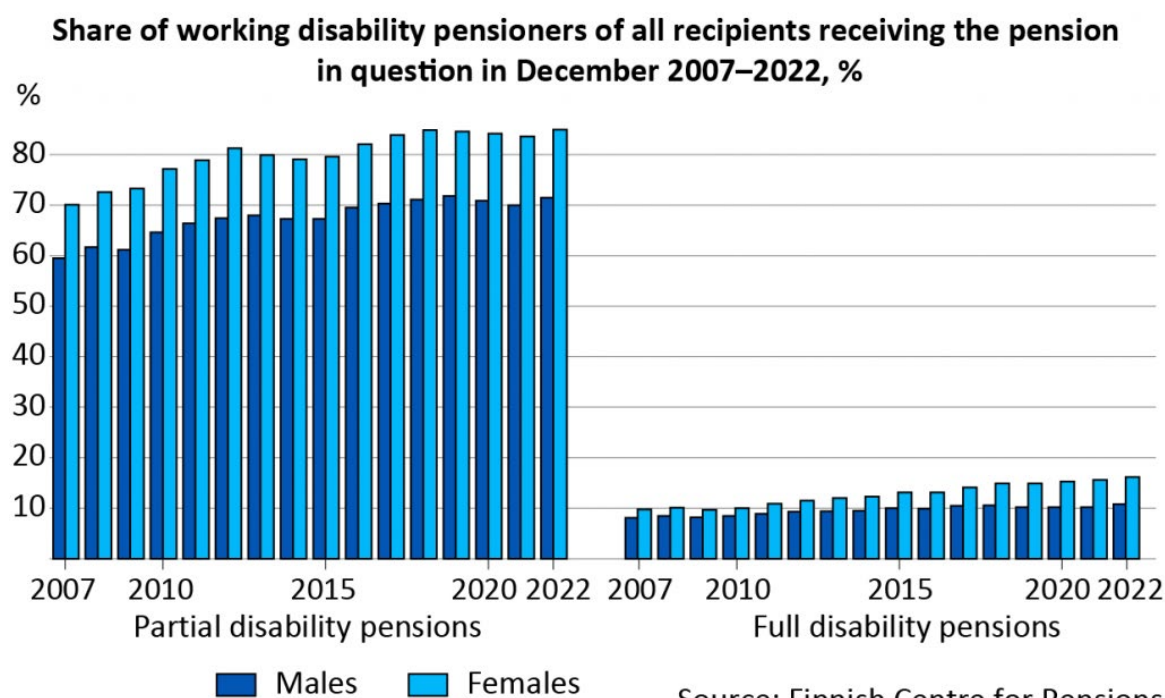


In December 2022, working retired men’s average combined monthly income from work and old-age pension rose to more than 5,000 euros. Women’s average income was around 3,500 euros. The higher-than-average old-age pensions of working pensioners indicate that the incentive for them to work is not primarily financial.

Although the earnings-related pension of working old-age pensioners is reasonably high on average, it is low for some. In December 2022, the earnings-related pension of 7 per cent (2,600 persons) of working old-age pensioners was less than the limit for the guarantee pension (€855/month). Two out of three of these pension recipients were women. Based on this we can estimate that fewer than every tenth pensioner works primarily because they receive a small pension and need an additional income.

31,000 disability pensioners worked

Working is possible also while drawing a disability pension. The number of working disability pensioners has clearly risen during the period under review. Working is particularly common among persons drawing a partial disability pension – this applies to four out of five partial disability pensioners. In December 2022, they numbered 18,000, of whom 13,000 were women. Of those working while drawing a partial disability pension, slightly more than half were under the age of 60.



Working is less common among those who draw a full disability pension, but even they can do some work. In December 2022, working full disability pensioners numbered 13,000, of whom 8,000 were women. Two out of three were aged under 60.

The average monthly pension was an ample 900 euros and the average monthly earnings from work 1,800 euros. The average earnings of those receiving a full disability pension was slightly less than 1,200 euros per month of work. Working increases the total income of persons receiving a full

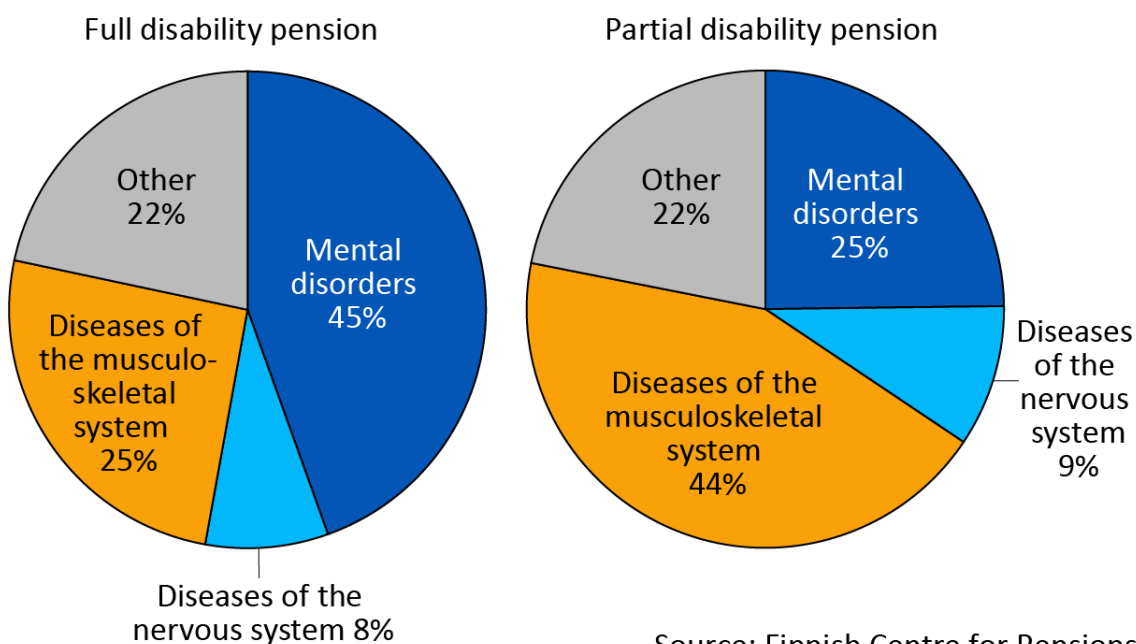
disability pension and persons receiving a partial disability pension to the same level. The income is clearly higher than for those who receive only a disability pension.

Causes of disability and working

Cause of disability affects employment opportunities alongside retirement

Nearly half of all recipients of a full disability pension who worked at year-end 2022 were granted the disability pension because of mental disorders. Every fourth received the pension due to musculoskeletal disorders. For the partial old-age pension, the situation is the opposite: nearly half worked despite musculoskeletal disorders. Every fourth working partial disability pension recipient suffered from mental disorders.

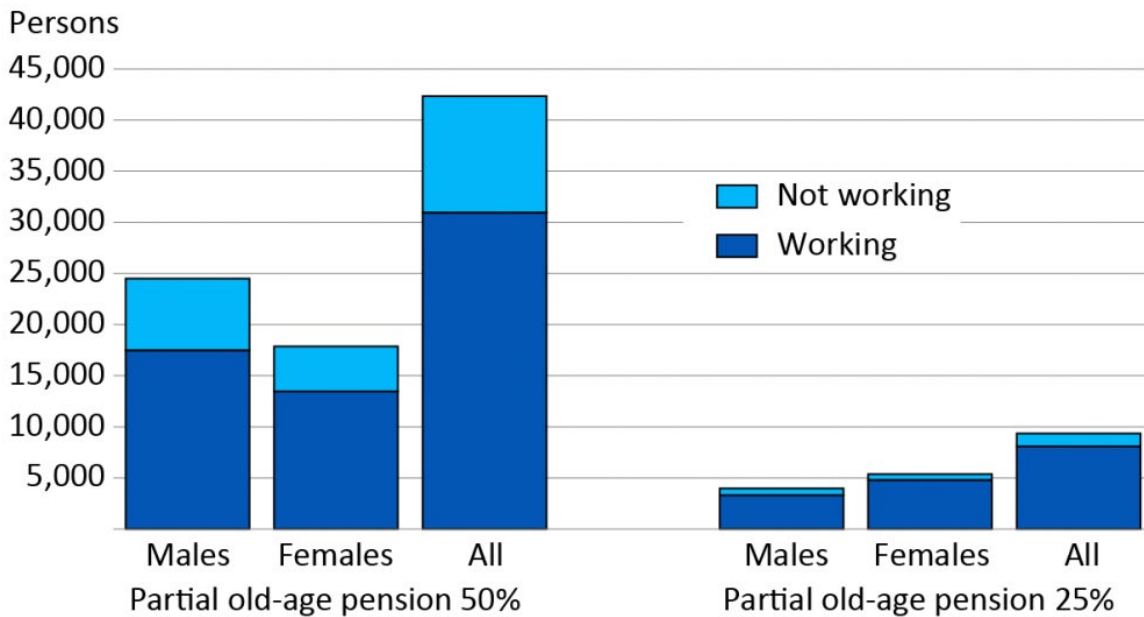
Working disability pension recipients in December 2022, by cause of disability



Most partial old-age pensioners continue working

At year-end 2022, more than 50,000 persons insured for an earnings-related pension received a partial old-age pension. The partial old-age pension can be granted at age 61. A person can take out one quarter or half of the pension they have accrued by the time they start drawing the partial old-age pension. Most have selected to take out 50 per cent of their accrued pension.

Recipients of the partial old-age pension in December 2022, by employment



Source: Finnish Centre for Pensions

Most persons receiving a partial old-age pension worked at year-end 2022. Three out of four persons selecting to draw a 50-per-cent partial old-age pension continued to work, and nearly 90 per cent of those receiving a 25-per-cent partial old-age pension were working.

It is no surprise that the share of working partial old-age pensioners is large. In practice, the pension received is less than half of the accrued pensions, which is seldom enough to live on. At year-end 2022, the average monthly pension of those working and drawing a 50-per-cent partial old-age pension was 900 euros. For those drawing a 25-per-cent pension, it was 450 euros. In addition to their pension, men received average monthly earnings from work of 3,700 euros and women slightly less than 2,900 euros.

Following the 2017 pension reform, the partial old-age pension replaced the part-time pension which required that the pension recipient continued working. The pension benefit still encourages older people to continue working. When it is possible to reduce the workload towards the end of one's working life with the help of the partial old-age pension without having to considerably compromise one's standard of living, it can help people to continue working for a longer time.

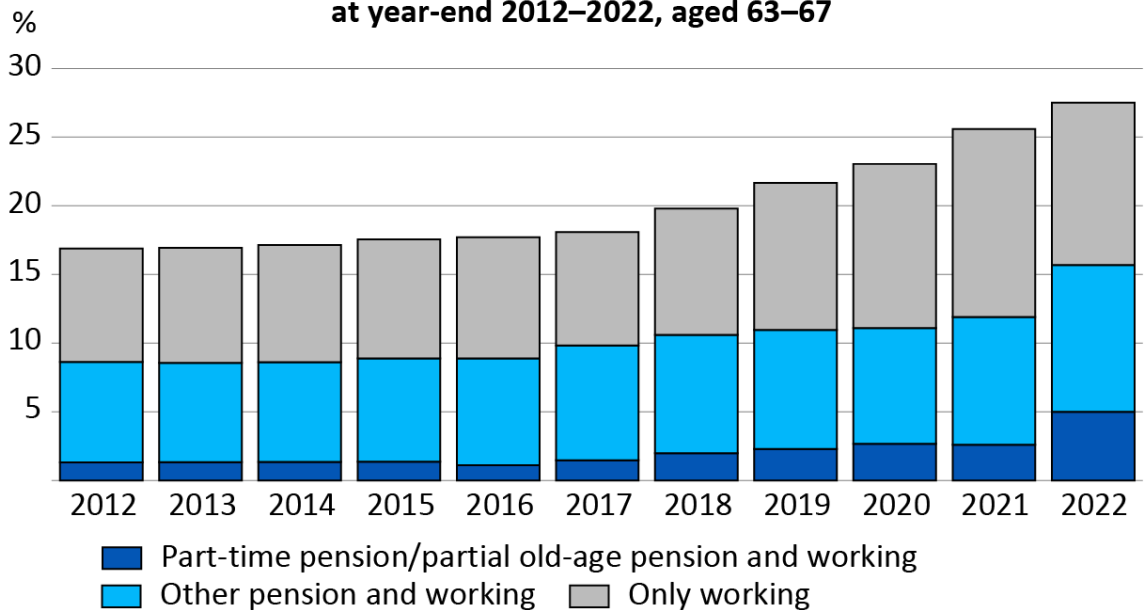
Working in retirement affects employment rate

Working in retirement raises the employment rate among older people

More than every fourth 63–67-year-old person covered by the earnings-related pension system worked at year-end 2022. The share of people working in this age group rose slowly until the mid-2010s, but has risen strongly since then. Working after turning 63 has become more common both among pensioners and those working without drawing a pension.

At year-end 2022, around 12 per cent of those in this age group who were working did not receive an earnings-related pension. Five per cent received a partial old-age pension and the rest, nearly 11 per cent, received some other pension (mainly a full old-age pension).

Share of persons covered by the earnings-related pension system at year-end 2012–2022, aged 63–67



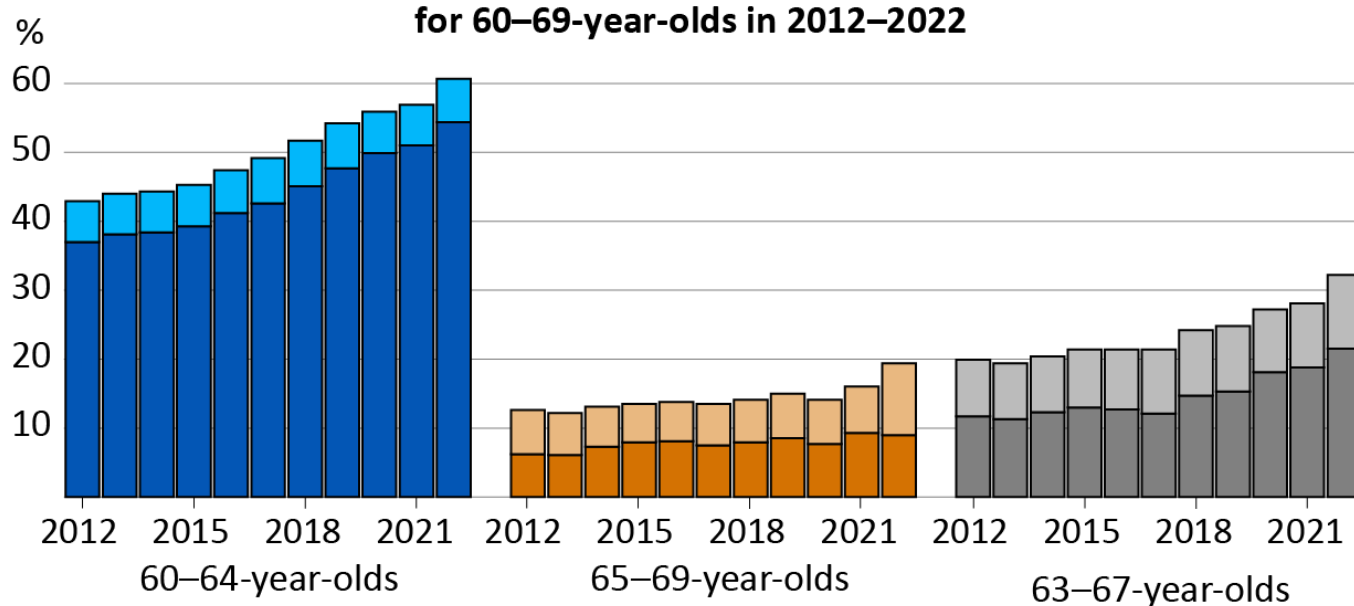
In 2018, the number of partial old-age pension recipients exceeded the number of part-time pension recipients.

Source: Finnish Centre for Pensions

As working among those of a pensionable age or those who have retired becomes more common, the employment rate among older people rises. For example, in the age group 65–69-year-olds, half of the employment rate in 2022 can be contributed to working pensioners. In addition, around 2,400 persons in this age group worked while receiving a partial old-age pension in December 2022.

Correspondingly, every tenth person in the age group 60–64-years who were working was a pension recipient. If the recipients of a partial old-age pension were considered as pensioners, the share of pension recipients in this age group would rise to 16 per cent.

Effect of pensioners' working on employment rates for 60–69-year-olds in 2012–2022



The lighter upper sections of the columns reflect the share of pension recipients of the employed persons of the age group in question. The pension recipients exclude those receiving a partial old-age pension or a part-time pension.

Source (employment rates): Official Statistics of Finland (OSF): Labour Force Survey. ISSN=1798-7857. Helsinki: Statistics Finland.

Shares of pension recipients calculated by the Finnish Centre for Pensions.

Source: Finnish Centre for Pensions

(Updated on 19 December 2023)

Description

Working in retirement

Producer: Finnish Centre for Pensions

Website: <https://www.etk.fi/en/research-statistics-and-projections/statistics/working-in-retirement/>

Subject area: Work, wages and livelihood

Part of the Official Statistics of Finland (OSF): No

Description

These statistics describe pensioners' pension-insured work in retirement and their average income and earnings-related pensions.

Data content

The statistics contain information on working in retirement among the working-age population. Working is examined in terms of number of people, population shares and changes over time. The data includes information on pensioners' average pensions and earnings.

Categorizations

Gender, age, pension benefit, main disease category

Methods of data collection and source

The data on working in retirement are based on the earnings and pension registers of the earnings-related pension system.

Data on employment rates are based on Statistics Finland's Labour Force Survey.

Update frequency

Once a year.

Time of completion or release

The statistics is released at the end of the year following the statistical year. The exact date of publication is stated in the [release calendar](#).

Time series

The time series for the statistics starts from 2007.

Key words

pensioners, working, continued working, gainful employment, employment rate, older workers, earnings-related pensions

Concepts and definitions

Concepts relating to work

Earnings-related pension scheme

The statutory earnings-related pension scheme is divided into the private and the public sector.

Most persons working in the private sector are insured under the Employees Pensions Act (TyEL).

As a rule, persons working in the public sector are insured under the Public Sector Pensions' Act (JuEL). The act covers persons working for Keva's member companies, the State, the Evangelical-Lutheran Church and the Social Insurance Institution of Finland (Kela). Most persons insured in the public sector work in the municipal sector.

Insured under the earnings-related pension acts, insured

A person who, at the time of compiling that statistics or previously, were in an employment relationship or worked as a self-employed person, and who is eligible for an earnings-related pension at the time of the pension contingency.

Work insured under the earnings-related pension acts

Work done between the ages of 17 and 67 must be insured under an earnings-related pension act. The obligation to take out insurance ends when the person turns 68 years and concerns earnings that exceed a certain monthly limit (€62.88/month in 2022). If a retired person works, their earnings must also be insured, and they gain new pension for those earnings.

Since the obligation to take out insurance ends at the end of the month in which a person turns 68, the oldest age group reviewed in the statistics Working in retirement is that aged 67 years.

Self-employment insured for earnings-related pension

Self-employment must be insured if the annual earnings from self-employment is at least 8,261.71 euros (in 2022). Self-employment carried out by a pension recipient must also be insured. The only exception are self-employed persons who have retired on an earnings-related old-age pension. They are not under obligation to take out pension insurance under the Self-employed Persons' Pensions Act (YEL), but they may take out voluntary insurance under the Self-employed Persons' Pensions Act. That is why some of the self-employed persons on a pension are excluded from this data even though they continue working as self-employed persons.

Self-employed persons covered by mandatory and voluntary pension insurance under the Self-employed Persons' Pensions Act are considered working people. A self-employed person as referred to in the Self-employed Persons' Pensions Act is a person who engages in gainful employment without being in a service or an employment relationship. A self-employed person's family member is also a self-employed person if they work in the company but is not in an employment relationship in that work.

Under the Farmers' Pension Act (MYEL), pension insurance must be taken out for annual earnings of at least 4,130.86 euros (in 2022). Insurance under the Farmers' Pension Act must be taken out if the person farms on an estate of at least five hectares and does the work themselves. The insurance obligation also applies to family members whose main work is done on the farm.

As of 2009, grant recipients who engage in scientific research or artistic activities are also covered by the Farmers' Pension Act.

Activities covered by the Farmers' Pension Act by a pensioner can also be insured if the requirements of the Act are met.

Person in employment

A person who has been working during the calendar month for which pension has accrued or insured for earnings-related pension based on activities covered by the Self-employed Persons' Pensions Act or Farmers' Pension Act.

Person in employment at year-end

A person who has worked in December or at year-end (depends on how the working is reported). This causes slight differences in the statistics regarding numbers at the end of the year.

Concepts relating to pensions

Retired

A pension recipient is a person who receives an earnings-related pension based on their own working life. Although people who draw a partial old-age pension are not considered retired, they are considered retired in this statistics.

Disability pension

A disability pension may be granted to persons between the ages of 17 and 63 whose ability to work has been reduced due to an illness and whose inability to work is estimated to last for at least one year. A full disability pension is paid if the ability to work has been reduced by at least $\frac{3}{5}$. A partial disability pension is paid if the ability to work has been reduced between $\frac{2}{5}$ and $\frac{3}{5}$.

The disability pension can be granted as a fixed-term cash rehabilitation allowance or a pension valid until further notice, in which case it has not been determined when it will end. A cash rehabilitation benefit is a fixed-term disability pension that can be granted when the rehabilitee's ability to work is expected to improve as a result of treatment or rehabilitation. The cash rehabilitation allowance can also be granted to the amount of the partial pension. The cash rehabilitation allowance is here counted as a disability pension.

The disability pension may be awarded either to the amount of a full pension or a partial pension. A person drawing a disability pension has the right to work within the scope of their remaining work ability. When drawing a full disability pension, the earnings from work must be less than 40 per cent of the stabilised average earnings. A full disability pension is converted into a partial disability pension if the earnings from work exceed 40 per cent but are no more than 60 per cent of the stabilized income

level before drawing a disability pension. Pension payments may be interrupted if the earnings exceed the earnings limits.

Old-age pension

A person has been able to retire on an old-age pension flexibly between the ages of 63 and 68 when they stop the work from which they retire. In 2022, the lower age limit rose to 64 years. In addition to the general rule, there are certain exceptional groups of people in the public sector who can retire on an old-age pension before reaching their retirement age. Such groups are, for example, employees of the armed forces.

Drawing an old-age pension does not prevent the recipient from working, nor does the income earned in retirement affect the payment of the pension. Pension for work done in retirement is granted at the age of 68 at the earliest.

The partial old-age pension replaced the part-time pension in 2017. Taking out a partial old-age pension does not require that the employment relationship is terminated, so in these statistics, persons on a partial old-age pension are not considered people who have retired on an old-age pension. However, they are included in the tables on all pension recipients. Data on recipients of the partial old-age pension have also been tabulated separately.

Other concepts

Age

A person's age at end of year under review. Working-aged or active-aged people refer in this connection to 17–67-year-olds. At this age interval, work must be insured for an earnings-related pension. The employment data is entered into the registers of the earnings-related pension system.

People who can select to retire on an old-age pension refers to people aged between 63 and 67 and, as of 2022, to people aged between 64 and 67. In that age interval, it is possible to select when to retire.

Working while drawing a pension

People working in retirement are interpreted as people who receive some type of earnings-related pension benefit based on their own working life while simultaneously working and earning new pension for that work. Since a pension is always paid for the whole calendar month, working for just one day in the same month is working while drawing a pension.