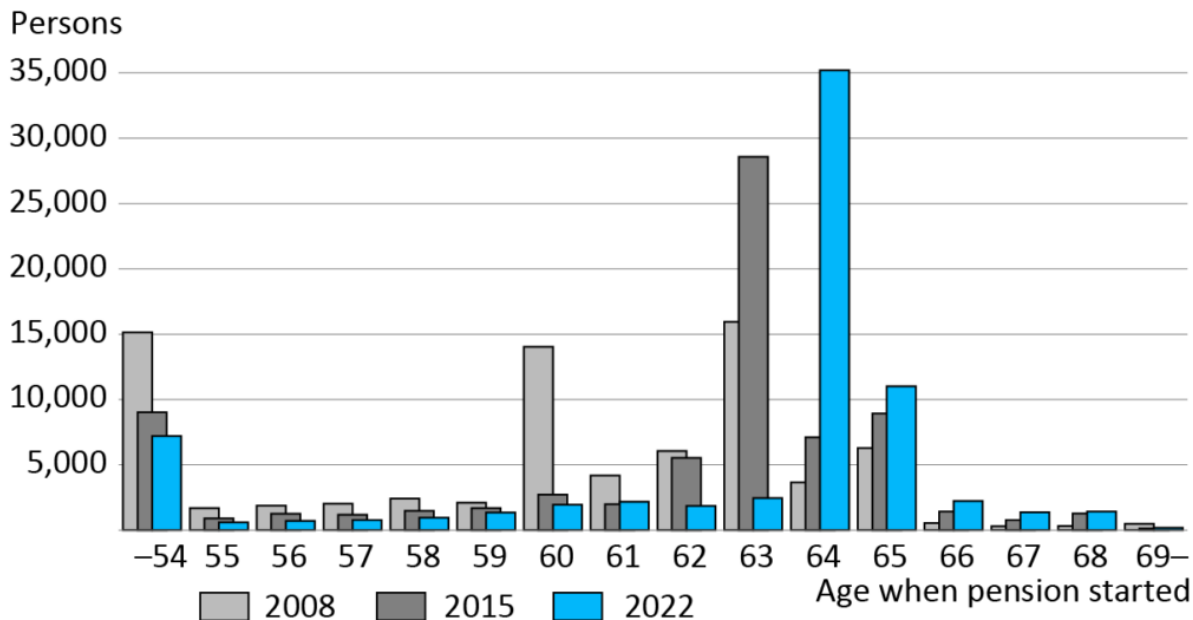


Effective Retirement Age 2022

Effective retirement age dropped after strong upswing

New retirees on an earnings-related pension in 2008, 2015 and 2022, by age



Source: Finnish Centre for Pensions

In 2022, the expected effective retirement age within the earnings-related pension system was 62.2 years. It dropped by 0.2 years compared to 2021. Underlying the drop in the expected effective retirement age was the large number of new retirees on an old-age pension compared to 2021. In 2022, those born in 1958 reached their retirement age. The expected effective retirement age of a 50-year-old also dropped by 0.2 years (63.8 years).

The number of new retirees on a disability pension rose slightly compared to 2021 but remained exceptionally low compared to earlier years. The number has been lower than before during the corona pandemic.

In 2022, new retirees on an earnings-related pension numbered 71,500. Around 54,000 of them retired on an old-age pension. Compared to 2021, the number of new retirees rose by 10,000 insured persons. Nearly all of them retired on a full old-age pension. The largest drop can be observed among the age groups 62 and 63 years.

In 2022, the expected effective retirement age for 25-year-old men was 62.6 years and for women 61.9 years. Traditionally, the gender gap of the effective retirement age has been narrow, but now it has widened in a few years to 0.7 years as men are expected to retire at a later age.

Especially at the early stages of working life, women run a slightly greater risk of retirement on a disability pension, which is why their effective retirement age is somewhat lower than that of men. In other respects, the effective retirement age is the same for men and women. The effective retirement age is slightly lower for women in the public sector compared to women in the private sector.

Expected effective retirement age for 25-year-olds and 50-year-olds

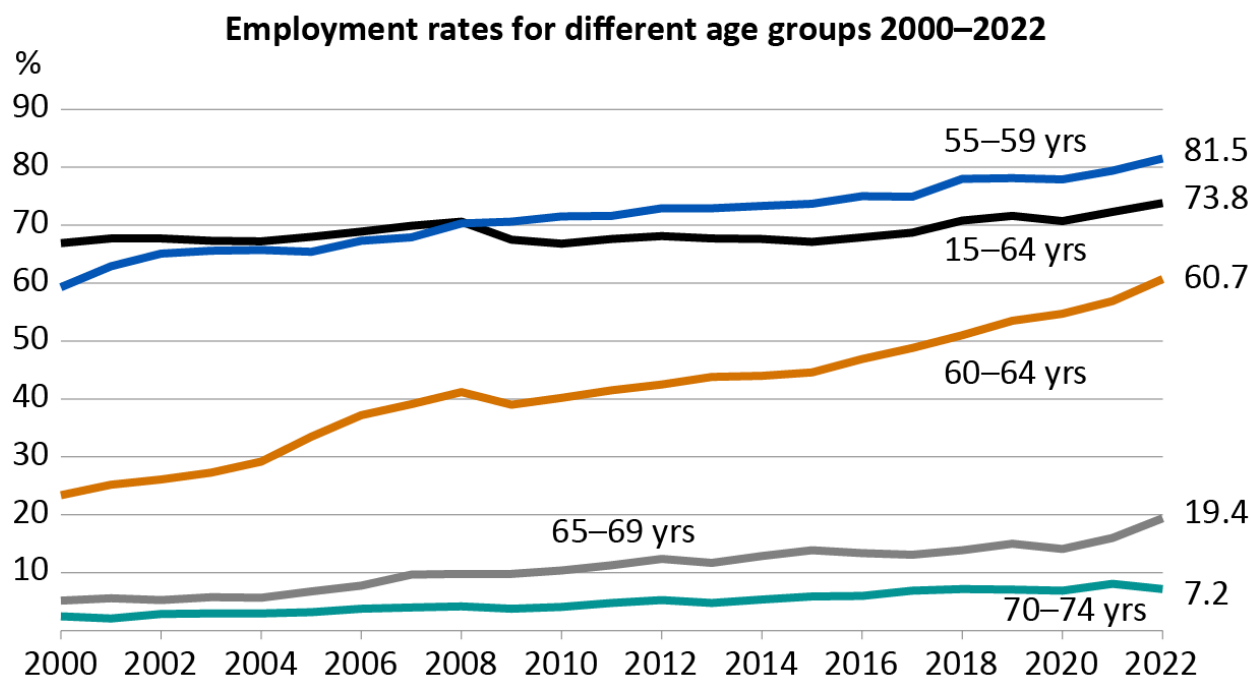
Year	25-year-olds	50-year-olds
2016	61.1	62.8
2017	61.2	62.8
2018	61.3	63.1
2019	61.5	63.4
2020	61.9	63.8
2021	62.4	64.0
2022	62.2	63.8

Employment

Strong employment trends among older people (55–64-year-olds)

Employment rate continued the upward trajectory in 2022

- employment rate of the working-age population was 73.8% in 2022 – up by 1.5 percentage points from 2021
- employment rate outlook of the older population has been favourable in the 2000s
- employment rate of 55–59-year-olds reached a statistical record-high at 81.5% – up by 2.1 percentage points from 2021.
- employment rate of age group 60–64 was record-high at 60.7% – up by 3.8 percentage points from 2021

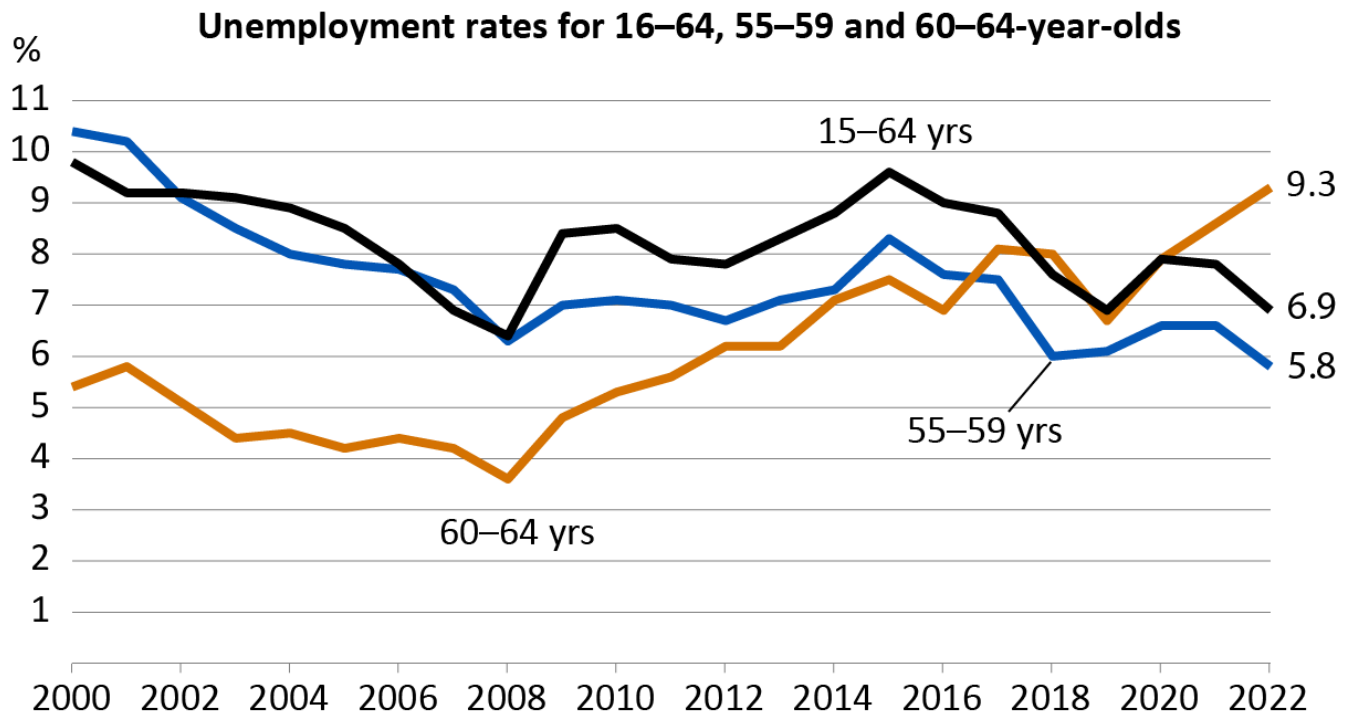


Source: Official Statistics of Finland (OSF): Labour force survey, ISSN=1798-7830. Helsinki, Statistics Finland

Figure: Finnish Centre for Pensions

Unemployment rate varies by age group

- The employment rate of 55–59-year-olds follows that of the working-age population and took a downward turn towards the end of the corona years.
- The employment rate of 60–64-year-olds has taken an upward turn since 2019 and approaches 10%.



Source: Official Statistics of Finland (OSF): Labour force survey, ISSN=1798-7830. Helsinki, Statistics Finland

Figure: Finnish Centre for Pensions

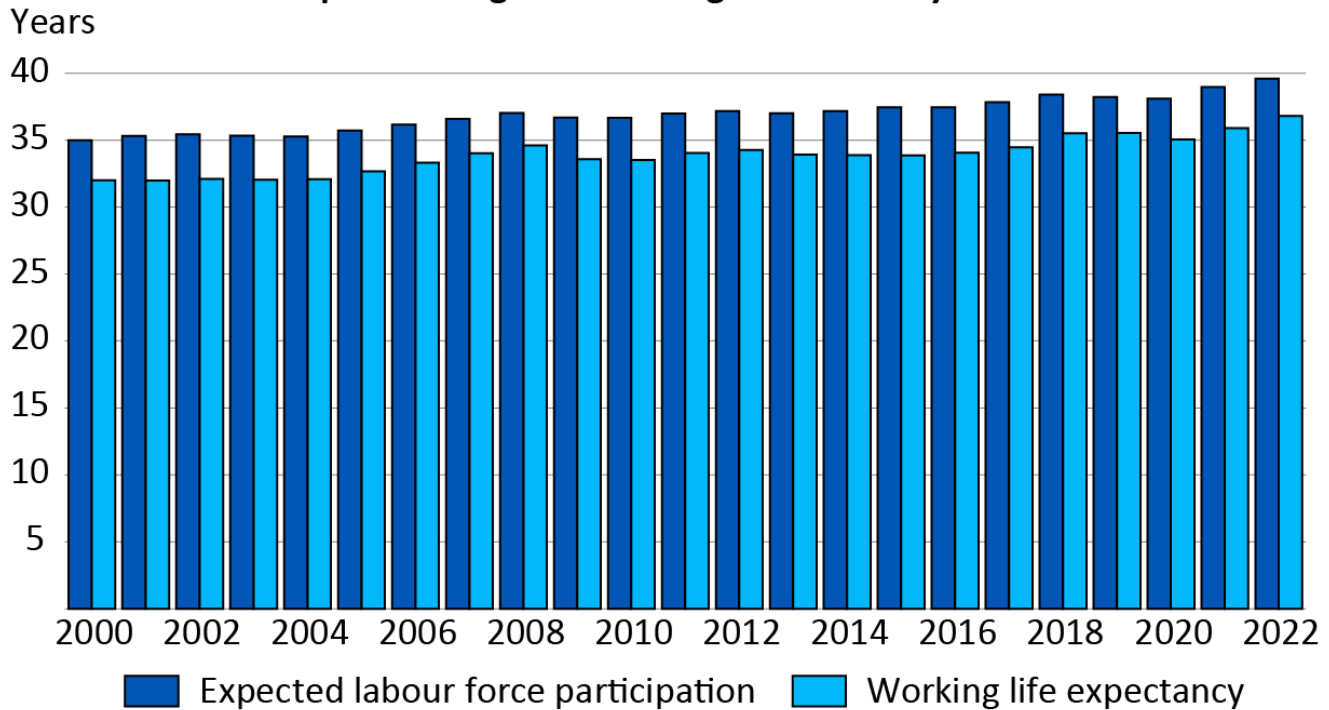
Length of working life

Length of working life in 2022

Expected labour force participation was 39.6 years

- up by 0.6 years from 2021
- up by 4.6 years in the 2000s
- for men, up by 3.8 years in the 2000s
- for women, up by 5.3 years in the 2000s

Expected length of working life for a 15-year-old

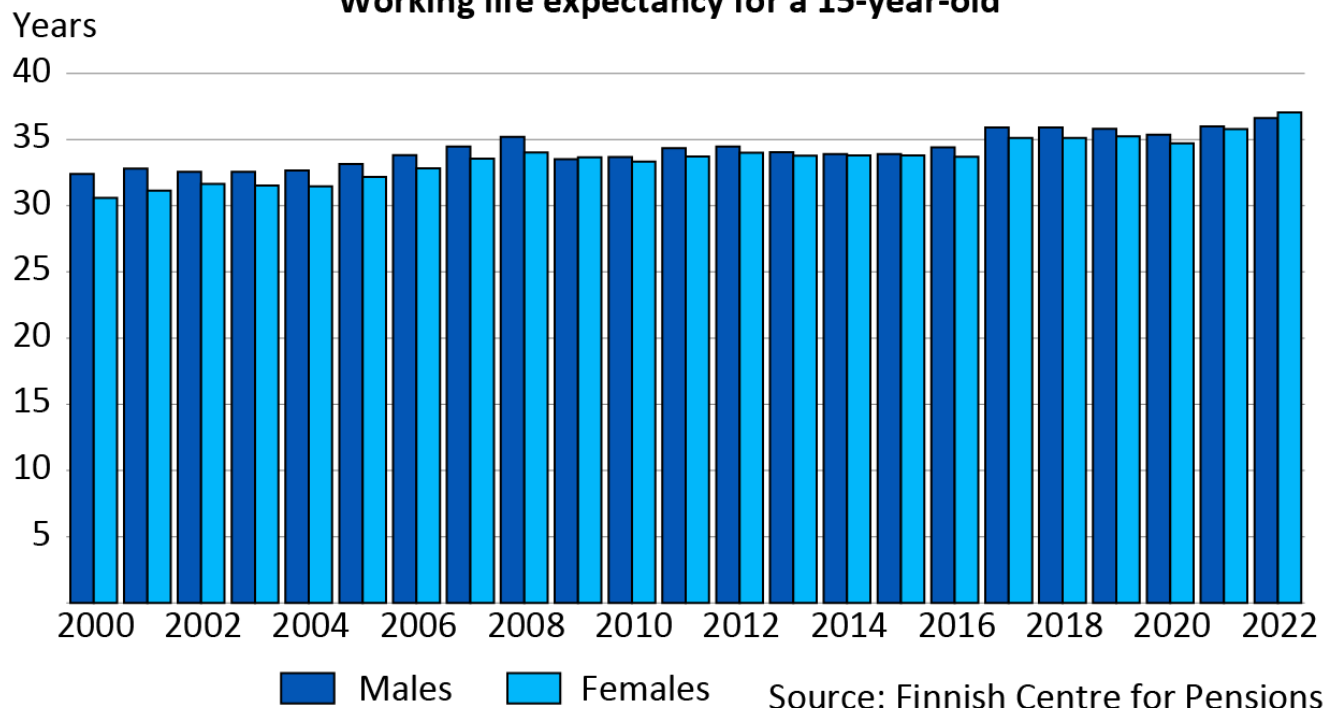


Source: Finnish Centre for Pensions

Working life expectancy was 36.8 years

- up by 0.9 years from 2021
- up by 5.3 years in the 2000s
- for men, 36.6 years (up by 4.2 years in the 2000s)
- 35.8 years for women (up by 6.5 years in the 2000s)

Working life expectancy for a 15-year-old



Source: Finnish Centre for Pensions

(Updated on 14 February 2023)

Quality description: Effective Retirement Age 2022

The statistics on effective retirement age are compiled and published by the Finnish Centre for Pensions.

The Act on the Finnish Centre for Pensions states that one of the agency's roles is to compile statistics relating to its functions. Responsibility for the production of statistics at the Finnish Centre for Pensions rests with the Planning Department.

The costs of producing these statistics are borne by the Finnish Centre for Pensions.

Relevance of statistical information

These statistics describe the effective retirement age under the Finnish earnings-related pension scheme.

The phenomenon is described using three measures of central tendency: expected effective retirement age, median age and average age. The indicators used describe effective retirement age in different ways and are suited to different purposes.

Expected effective retirement age

Expected effective retirement age is an indicator developed by the Finnish Centre for Pensions for the measurement of effective retirement age. It describes the average effective retirement age for persons of a certain age who are insured under the earnings-related pension scheme, proceeding from the assumption that the retirement and mortality rates for each age group are unchanged from the year of observation. The indicator only reacts to changes in retirement rates: it is unaffected by changes in the population structure and other demographic phenomena.

Expected effective retirement age is calculated for both 25-year-olds and 50-year-olds. The expectancy for 25-year-olds describes the effective retirement age for the whole population with earnings-related pension insurance, and it is used as the official indicator to describe changes in effective retirement age.

Of the three indicators used, expected effective retirement age provides the most accurate measure of changes over time in effective retirement age.

Average

Average retirement age is the arithmetic mean of the ages of new retirees. Average age is calculated based on age at the onset of retirement.

Average is the most commonly used indicator in international comparisons of effective retirement age.

Median

Median retirement age is the midpoint observation for the dataset, i.e. half of the new retirees are younger and the other half older than the median. Median age is calculated based on age at the onset of retirement.

Median is well-suited to describing the typical effective retirement age in a highly skewed distribution.

New retirees on an earnings-related pension

A new retiree on an earnings-related pension is defined as a person whose pension based on his or her own employment started during the statistical year, or whose pension eligibility has started earlier but who has only received a pension decision during the statistical year.

Persons retiring on a part-time pension or taking early payment of a partial old-age pension are not counted as new retirees.

The concepts and definitions used in the statistics are presented on the statistics homepage at www.etk.fi/statistics/effective-retirement-age/concepts-and-definitions

Correctness and accuracy of data

The statistics are based on register data from the earnings-related pension scheme.

The Finnish Centre for Pensions has responsibility for the content of the central registers of the earnings-related pension scheme, as well as for the management and development of related operations. Provisions on the Finnish Centre for Pensions' register-keeping duties are set out in the Act on the Finnish Centre for Pensions.

The numbers of new retirees, persons insured for an earnings-related pension and deceased persons in different age groups are derived from register data from the register sources. The analyses are based on total datasets.

Errors found in the statistics are immediately corrected online. A separate bulletin is issued in case of significant errors.

Timeliness and promptness of published data

The statistics are released once a year in the February of the year following the statistical year. The exact date of publication is given in the Finnish Centre for Pensions release calendar.

Coherence and comparability of data

The statistics have been compiled since 2003 and time series have been produced retrospectively back to 1996. Private sector time series extend to 1983.

The figures presented in the statistics are consistent with those in the statistics on Earnings-related pension recipients in Finland and Persons insured for an earnings-related pension in Finland.

Changes in earnings-related pension legislation must be taken into account when interpreting the statistics.

Availability and clarity of data

The statistical data are released annually on the statistics homepage and in the Finnish Centre for Pensions statistical database at <https://tilastot.etk.fi>.

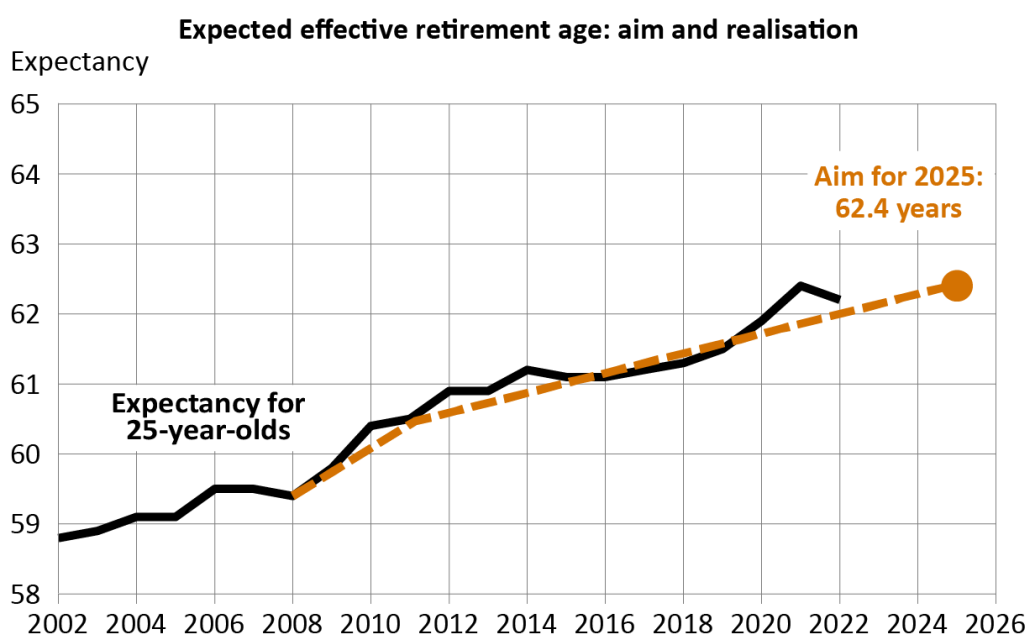
The statistics are described on the statistics homepage at www.etk.fi/statistics/effective-retirement-age/description.

For further information on these statistics, contact the Finnish Centre for Pensions Statistical Services at [tilastot\(at\)etk.fi](mailto:tilastot(at)etk.fi).

Aim to defer effective retirement age

Since the 1990s, attempts have been made to curb the upward pressure on pension contributions. Extending working lives and raising the retirement age have become key means to reach this goal. Changes in the length of working lives are monitored primarily through employment rates and the effective retirement age in the form of the expected effective retirement age, developed at the Finnish Centre for Pensions.

- The long-term goal of the 2005 pension reform was to postpone retirement by 2-3 years. No specific time frame was set.
- In the spring of 2009, the Finnish Government and labour market organisations negotiated the details: by 2025, the expected effective retirement age is to rise to at least 62.4 years. Growing at a steady rate, the expected effective retirement age should rise by nearly 0.2 years each year.
- In the 2011 government programme, the goal for the rise of the expected effective retirement age was repeated.
- In the 2013 structural policy programme, the goal of 62.4 years by 2025 was confirmed. To achieve the goal, an annual growth of an ample 0.1 years was required.
- In the justifications of the 2017 pension reform, the goal for the expected effective retirement age was stated as 62.4 years.
- This goal was reached in 2021, but in 2022, the expected effective retirement dropped by 0.2 years. Justifiably, the drop can be expected to be temporary, after which the expected effective retirement rate will return to an upward trajectory.



The goal was reached in 2021, but the expected effective retirement age dropped by 0.2 years in 2022.

Source: Finnish Centre for Pensions