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Finnish Centre for Pensions, Studies

# Summary

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## Change in quality of life at retirement

Survey of persons retiring from work on an old-age pension  
in 2019–2021

In this study we examine the perceived quality of life of people who have retired with an old-age pension. We look at overall quality of life and related aspects: satisfaction with the amount of leisure time and social relations, as well as a subjective assessment of health, ability to cope and financial situation. The aim of the study is to provide comprehensive information on quality of life before and after retirement. We add to the overall picture by looking at changes between different demographic groups.

The study is based on the comprehensive survey “From work to retirement” conducted by the Finnish Centre for Pensions in 2022. A total of 3,378 persons retiring from gainful employment on an old-age pension between 2019 and 2021 responded to the survey (68% response rate). Respondents were asked to rate their quality of life before retirement and at the time of responding. In the study, we refer to the time of responding as the period after retirement. The period between actual retirement and time of response can vary between one and three years.

Overall, the study paints a positive picture of the quality of life of new pensioners before and a few years after retirement. Positive assessments of several aspects of quality of life were more frequent after retirement. The assessments were more negative for income and social relations.

## **Quality of life before and after retirement improved particularly for women and younger pensioners**

Most respondents rated their overall quality of life before and after retirement as fairly good or good. The proportion of respondents who felt their quality of life was good rose from 37 to 51 per cent. The proportion of respondents who described their quality of life as fair, rather poor or poor fell from just under a fifth to more than a tenth.

Most women and people who retired at age 63 (that is, at their retirement age) felt that their quality of life after retirement was better than their quality of life before retirement. These were groups who rated their pre-retirement quality of life lower than men and those who retired at a later age. After retirement, there were no statistically significant differences in quality of life between the sexes and between pensioners of different ages. In contrast, there were no differences in pre-retirement quality of life between blue-collar workers and white-collar workers, but post-retirement quality of life was more often favourable for upper white-collar workers.

## **Significantly higher satisfaction with amount of leisure time and slightly lower satisfaction with social relations than before**

Leisure time is one area of life with which people were significantly more satisfied after retirement. 75 per cent of the respondents were very satisfied with the amount of their leisure time after retirement. This is an increase of 57 percentage points compared to the situation before retirement. Those who retired at age 63 or younger, white-collar workers and those with higher incomes were more likely than others to be satisfied with the amount of leisure time they had after retirement. These are groups in which a much higher proportion were very satisfied than before retirement.

Satisfaction with social relations was slightly lower after retirement than before. Nevertheless, around 75 per cent of the respondents were very or fairly satisfied with their social relations after retirement. The proportion of people who were only moderately satisfied increased from 19 to 25 per cent. There were fewer differences between population groups in satisfaction with social relations than in other aspects of quality of life.

## **Perceptions of health slightly better than before, with significant change in ability to cope**

Four in five (81%) perceived their health as good or fairly good after retirement. People were slightly more likely to perceive their health as fairly good after retirement than before retirement. Correspondingly, other perceptions of health were slightly less common. The differences between demographic groups were similar before and after retirement. Those who retired at age 63, blue-collar workers and those on lower incomes were slightly less likely than others to feel that their health was good.

About half of the respondents assessed that their ability to cope was good after retirement. This was 15 per cent more than before retirement. Differences by demographic group levelled off between the sexes and people retiring at different

ages. Increasing proportions of women and people retiring at age 63 assessed that their ability to cope was good. Before retirement, their ability to cope was lower than that of men and those who retired at other ages, but after retirement there were no further differences in the ability to cope between the sexes and those who retired at different ages. In contrast, there were differences in post-retirement ability to cope between demographic groups: white-collar workers were more likely than blue-collar workers to find their ability to cope as good.

### **Income perceived as lower, but many found it fairly easy to make ends meet**

The majority (90%) felt that it was at least fairly easy to cover day-to-day expenses before retirement. This was perceived to be more difficult after retirement, although two in three still felt they could meet their expenses fairly easily. While all demographic groups were more likely to experience some degree of difficulty in meeting expenses after retirement, the situation was perceived to be worse particularly by those on low incomes, renters, single pensioners and those who rated their pre-retirement health as fair or poorer than in other groups.

Just over half (56%) of the respondents estimated that their household income had fallen significantly, and around a third (34%) estimated that it had fallen somewhat when they retired. For many, however, economic wellbeing in retirement followed their expectations. Around two thirds (64%) felt that their income in retirement would be as they had expected, while one in four (27%) felt that their income fell short of their expectations.

Women, those who retired between the ages of 63 and 65, those who rated their health as poorer and a few other groups of respondents were more likely than others to say that their income in retirement had fallen significantly. These same groups were also more likely to feel that their income in retirement had fallen short of their expectations.

### **Quality of life issues and working longer**

The results show that a higher proportion of people evaluated their quality of life more positively than before retirement, despite a perceived lower level of financial wellbeing. These experiences of changes in quality of life provide a basis for a debate on what aspects may shape the timing of retirement and what might be done to influence those aspects.

Changes in leisure time, social relations, health, ability to cope and income are issues that many people may consider when making decisions about retirement. Retirement can improve the quality of life for those who, for example, have found work too demanding, have difficulty coping or want more leisure time.

The findings suggest that to achieve the goal of longer working lives in the future, attention should be paid to measures that help older workers maintain different aspects of quality of life during their working lives. Such measures could include different forms of work-life flexibility and work task modification and relate specially to working time and workload.

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