

03/2013

FINNISH CENTRE FOR PENSIONS, REPORTS

EXECUTIVE SUMMARY

Mervi Takala (ed.)

Review of the survivors' pension

Survivors' pension consists of surviving spouse's pension and orphan's pension. Survivors' pension is paid out as earnings-related and national pension, workers' compensation benefit and group life insurance. The statutory security following widowhood is dependent on the ages of the surviving spouse and the children, as well as on pensions and other benefits.

Legislation concerning survivors' pension was added to the earnings-related pension acts in 1966, and the general Survivors Pensions Act was approved in 1969. The Act was reformed in 1990 to also award male surviving spouses the right to receive surviving spouse's pension. The calculation of the pension was changed simultaneously.

Surviving spouse's pension from Kela is awarded to a surviving spouse who has not yet turned 65 years of age. The surviving spouse's pension includes a starting pension, paid out for half a year, possibly followed by a continuing pension. Kela's orphan's pension includes a basic amount and a completing amount, and is paid until the child turns 18. A full-time student may receive orphan's pension until the age of 21.

Survivors' pension according to the earnings-related pension acts can be paid out to the spouse and children of a deceased person who was covered by the earnings-related pension acts. Survivors' pension can be paid to the surviving spouse, the former spouse, the surviving partner to a registered partnership and to the children. The precondition for receiving orphan's pension is that the child is younger than 18 years old at the time of death of the benefactor.

The basis of the survivors' pension is the pension received by the beneficiary at the time of death, or the pension that he or she would have received had he/she become incapable to work on the day of death. The surviving spouse's own earnings-related pension, either pension already in payment or calculated pension, may have a diminishing effect on the surviving spouse's pension. A pension deduction is also made to the surviving spouse's pension when the youngest child turns 18.

Survivors' pensions were paid out to a total of 284,300 persons by the end of 2011, of which surviving spouse's pensions numbered 262,600 and orphan's pensions 21,600. The share of male surviving spouses was 17 per cent. A majority of those receiving surviving spouse's pension were women over the age of 65.

In the review based on the registers of the Finnish Centre for Pensions and Kela, it became clear that surviving spouse's pension is paid out for longer time periods than before. While a pension that ended in 1992 was paid out for 9.3 years on average, the payment period has risen to 15.3 years over a decade. The change in age structure of surviving spouses is clearly visible here; surviving spouses are increasingly older.

The average surviving spouse's pension in 2011 was EUR 519. The average surviving spouse's pension was EUR 574 for women and EUR 202 for men. The orphan's pension was EUR 335. The level of statutory pension security of survivors' pension recipients was almost at the same level as for other pension recipients. Survivors' pension expenditure in 2011 was EUR 1,634 million, and its share in the total pension expenditure was seven per cent.

The income distribution research of Statistics Finland provides us with the income available to domestic households when the combined income of the household has been taken into account. In 2008, the income of retired surviving spouses was EUR 16,800 on average per year. The income of surviving spouses was approximately 85 per cent of the income of all pensioners. The fact that single households are so common explains quite well why the income of retired surviving spouses is lower than that of all pensioners on average.

In the income distribution of the population as a whole, retired surviving spouses have smaller incomes than the average and the poverty risk has increased. As a result of becoming widowed, the income of pensioners drops by on average 10 per cent, while it remains roughly the same for surviving spouses who work. The income level for surviving spouses who work is higher than for retired surviving spouses. Reviewed based on gender, the income drops primarily for women.

The Publication is available only in Finnish:

Katsaus perhe-eläkkeeseen. Eläketurvakeskuksen raportteja 03/2013.

More information:

Mervi Takala
Finnish Centre for Pensions
E-mail: mervi.takala@etk.fi
Telephone: +358 29 411 2162

Ordering of publication:

www.etk.fi › Publications › Research publications › Reports ›
Review of the survivors' pension
or aineistotilaukset@etk.fi

ISBN 978-951-691-184-0 (s-b)
ISBN 978-951-691-185-7 (PDF)

ISSN-L 1238-5948
ISSN 1238-5948 (printed)
ISSN 1798-7490 (online)



Finnish Centre for Pensions
ELÄKETURVAKESKUS

Finnish Centre for Pensions
FI-00065 Eläketurvakeskus Finland
Telephone +358 29 411 20
Fax +358 9 148 1172

Eläketurvakeskus
00065 ELÄKETURVAKESKUS
Puhelin 029 411 20
Faksi 09 148 1172

Pensionsskyddscentralen
00065 PENSIONSSKYDDSCENTRALEN
Telefon 029 411 20
Fax 09 148 1172

www.etk.fi
› Publications