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STATISTICS FROM THE FINNISH CENTRE FOR PENSIONS

# SUMMARY

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## First year of partial old-age pension

### *Review of retirees on a partial old-age pension*

In connection with the 2017 pension reform, a new pension benefit, the partial old-age pension, was introduced. It has been popular from the onset. By the end of 2017, more than 14,000 applications for a partial old-age pension were submitted, based on which 12,500 persons started to draw a partial old-age pension last year.

The first partial old-age pension applications were registered in December 2016. The first pensions were paid out in February 2017. In December 2016, about 220 people submitted an application for a partial old-age pension. As of the beginning of 2017, more than 1,500 persons have applied for a partial old-age pension each month. By the summer, the number of new applications went down to less than 1,000 in June and July. In the autumn, the number rose again to more than 1,000 applications per month. By the end of 2017, a total of 14,300 persons had applied for a partial old-age pension. 200 of the applicants were born in 1957. Applicants born in December 1956 or later have been able to retire on the partial old-age pension as of January 2018.

The partial old-age pension has been particularly popular among men. 60 per cent, or 8,200, of the applicants by the year-end 2017 were men. The number is high, also relative to the number of persons who were eligible to apply for the partial old-age pension. Those born in 1956 were most inclined to apply for a partial old-age pension (9.7 per cent). Of the men born in 1956 who were not already retired, 11.5 per cent applied for the partial old-age pension. Of the men born in 1955, 9.9 per cent applied for this pension. The equivalent figures for the women were 8.0 per cent (born in 1956) and 6.6 per cent (born in 1955).

Around 10,000 of the applicants were working in the private sector and 4,300 in the public sector. That means that 70 per cent of the applicants for a partial old-age pension worked in the private sector.

A total of 12,500 persons retired on a partial old-age pension in 2017. 10,700 retired early, an ample 300 at their retirement age and 1,500 retired late. Those who retired early took out their pension 22 months early on average, which means that the part of their pension that they took out was permanently reduced by 70 euros per month. For those born in 1956, the reduction for early retirement was naturally the greatest. Taking the pension 29 months early cut their monthly pension (when 50% of the accrued pension was taken out) by nearly 100 euros.

Around 7,200 men and 5,200 women retired on a partial old-age pension in 2017. One of the reasons for the difference between the genders is that a high proportion of women work in the public sector. Nearly 90 per cent chose to take out 50 per cent of their accrued pension which meant that their average monthly partial old-age pension was 810 euros and the median monthly pension 100 euros less. 10 per cent of those who took out a partial old-age pension took out 25 per cent of their accrued pension. On average, it amounted to 430 euros per month (median pension €380/month).

Applicants who choose to take out 25 per cent of their accrued pension can apply to change the share to 50 per cent. It is not possible to reduce the amount taken out from 50 per cent to 25 per cent. Slightly over 100 persons chose to apply to change their share of 25 per cent to 50 per cent. That way, they doubled their average monthly partial old-age pension of 450 euros.

A recipient of a partial old-age pension can cancel the pension. This has to be done within three months from when the pension payments start. By the end of 2017, less than 100 persons cancelled their partial old-age pension. Two thirds of them worked in the public sector.

In 2017, the partial old-age pension ended for 900 persons. 28 of them died and the rest retired on some other pension. Naturally, those who reached their retirement age retired on a full old-age pension. 74 per cent of those whose partial old-age pension ended in 2017 were born in 1954.

At year-end 2017, a total of 11,700 persons got a partial old-age pension. 10,300 persons had chosen to take out 50 per cent of their accrued pension, which amounted to 800 euros on average (€890 for men and €680 for women). The older the recipients, the higher their average partial old-age pension. This applied to both men and women.

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