SUMMARY

Aart-Jan Riekhoff

Retirement trajectories in the Netherlands and Finland

Institutional change, inequalities, de-standardisation and destabilisation

In contrast to most research that studies retirement as a single transition or state, this thesis focuses on retirement as a longitudinal process of transitions into and out of the labour market, i.e. as a trajectory, in the Netherlands and Finland. Sequence analysis is used in this thesis to identify broad typologies of retirement trajectories in these countries. This approach enables, on one hand, taking into account the structuring effects of institutions such as early exit pathways and pension systems. On the other hand, it permits the analysis of individual variations in retirement behaviour within an institutional context.

The present study concentrates on three main aspects. First, it investigates the types of retirement trajectories that have occurred in the Netherlands and Finland and how these trajectories have been shaped by early exit pathways and pension systems in their national institutional contexts. Second, it looks at the gender and socioeconomic differences related to the take-up of these trajectories in both countries. Third, it analyses whether extending working lives has coincided with trajectories becoming more dissimilar (i.e. de-standardisation) and more complex (i.e. differentiation or destabilisation) across time.

The register data from various administrative sources used in this study were collected from Statistics Netherlands (Articles I and IV), the Finnish Centre for Pensions (Articles II and III) and Statistics Finland (Articles II and V). Individual sequences were constructed based on main sources of income (Articles I–IV) and main activity statuses (Article V). Background variables on gender, socioeconomic status, income, sector and work history were gathered

Retirement trajectories in the Netherlands and Finland:
Institutional change, inequalities, de-standardisation and destabilisation

2

from Dutch education and labour force survey data (Articles I and IV), Finnish Linked Employer-Employee Data (Articles II and V) and Finnish Centre for Pensions data (Article III). Sequence and cluster analysis were used to create trajectory typologies. Heterogeneity was calculated with a status entropy indicator for each point in time. Sequence complexity was calculated using Elzinga's turbulence indicator.

Sequence and cluster analysis on the Dutch sample (N = 2,277) born between 1943 and 1945 for the age bracket 56–66 resulted in seven distinct retirement trajectories: 'Late retirement' (20.4%), 'Early retirement' (11.3%), 'Premature retirement' (42.6%), 'Disability' (6.2%), 'Unemployment' (4.6%), 'Inactivity' (2.9%) and 'Drop-out' (11.9%). In Finland, eight distinct retirement trajectories were identified for the cohort born in 1948 within the age bracket of 57–65 (N = 55,971): 'Regular retirement' (42.3%), 'Long career'/'Late retirement' (19.7%), 'Early retirement' (8.3%), 'Part-time retirement (6.7%), 'Disability' (5.6%), 'Long-term disability' (4.3%), 'Unemployment' (10.5%) and 'Death' (2.6%).

The results showed strong associations of the retirement trajectories with gender and socioeconomic factors. In both countries and in line with previous studies, higher education reduced the risk of involuntary early exit in both countries. There were differences in the relation of socioeconomic status with the trajectories in both countries, especially in the cases of farmers and blue-collar workers. The Dutch study showed that immigrants were more likely to face involuntary retirement trajectories. The Finnish study also showed strong interactions of gender with socioeconomic factors, especially with education and income. Moreover, it showed that marital status affected women's retirement, but not men's.

Article III additionally suggested that income not only affects retirement trajectory, but that retirement trajectory also has an impact on changes in income before and after retiring. Using the same retirement trajectories as in Article II, the study showed that the Finnish pension system had the strongest redistributive impact on the incomes of employees who exited early through unemployment and disability pensions. Those who retired early or on a part-time pension were relatively well-off before and after retirement. Those who retired late had relatively high incomes before retiring, but experienced the most substantial drop in income when they became pensioners.

In the Netherlands, there has been some level of differentiation across cohorts in retirement trajectories between the ages of 59 and 65 among men and women born between 1940 and 1946 (N = 12,843). Overall sequence complexity was higher among men than among women, but increased at a parallel pace. There was no evidence for socioeconomic differences in complexity or in the pace of destabilisation. In the study on Finland, the sequence complexity of cohorts born between 1937 and 1948 was analysed for the age bracket of 51–65 (N = 238,099). Sequences were constructed *without* and *with* job changes. The findings suggest that late careers de-differentiated when not taking into account job changes, especially among the higher-educated. When transitions between jobs were included, the results showed a slight late-career destabilisation among men and the lower-educated, but a decrease in complexity

Retirement trajectories in the Netherlands and Finland:
Institutional change, inequalities, de-standardisation and destabilisation

3

among women and the higher-educated. There was no evidence for de-standardisation of retirement or late careers in the Netherlands or Finland. Longer working lives appear to have contributed to trajectories becoming somewhat more similar. This might be explained by the closing of early exit pathways and increases in employment.

Overall, the results support the importance of viewing retirement as a long-term trajectory rather than a single transition. Moreover, the study shows there are social inequalities in the opportunities for retirement, income from pensions, and stability and predictability in late careers. In times of extending working lives, it underlines the necessity for social policies addressing various parts of the life course in order to guarantee equitable opportunities in retirement for all groups in society.

Finnish Centre for Pensions
ELÄKETURVAKESKUS