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Finnish Centre for Pensions, Reports

Summary

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Retirement and mortality

A review of the 1947 age cohort

Pensions are about consumption smoothing over the life-course. An individual saves at an earlier stage of life so that they can spend later in life. In Finland, pension insurance is compulsory by law. The transition from work to retirement creates a complex process as the individual adjusts to a new situation, that is, retirement. Retirement ends typically in death. This report explores the link between retirement and mortality. The aim is to examine the co-variation of relevant variables and types of retirement with mortality. Previous studies do not provide an unambiguous answer of the association between retirement and health or mortality.

The data consists of the Finnish age cohort born in 1947. They were followed up from January 2007 to October 2020. Those who had not retired prior to 2007 were included in the study (n=56,876). During that time 11 per cent (n=6,198) of the study group died. The co-variation of different variables with mortality was examined using the Cox proportional hazards model and the Kaplan–Meier estimator.

The report describes the rules of the pension system and the benefits as they applied to the cohort born in 1947.

In the Cox model the type of pension to which a person moves is a good indicator of the mortality risk. Disability pensioners have a significantly higher mortality risk when old-age pensioners are used as the base group. Conversely, part-time pensioners have a lower mortality risk. Unmarried and divorced people have a higher mortality risk when married people are used as the base group. Somewhat surprisingly, education is not significantly associated with a different mortality risk. The only exception are those with a basic education who have a higher risk when those with a secondary education are used as the base group. The mortality risk of those with a basic education was higher. Yet, income matters: the mortality risk is lower for those in the higher pension income quartiles when the lowest pension income quartile is used as the base group. The male gender is associated with a higher mortality risk.

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