



# EXECUTIVE SUMMARY

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## Disability Pension and Gainful Employment

In connection with the discussion on the prolonging of working careers, the issue of gainful employment among retirees on disability pension has been brought up. Despite a reduction in their work capacity, some of them could be able to perform lighter tasks or shorter hours at work.

The objective of the study was to establish, on the one hand, how large a proportion of retirees on a disability pension engage in gainful employment and, on the other hand, how large a proportion of those retirees who are not in gainful employment would like to work to some extent. In addition, the significance of the earnings limits of disability pension on gainful employment was clarified. In 2008, at the time of the survey, the earnings limits were 60 per cent (partial disability pension) or 40 per cent (full pension) of the stabilised average earnings prior to the disability. As of 2010, the earnings limits were changed to either EUR 600/month or the aforementioned 60 and 40 per cents.

The survey data comprised the under-63-year-old recipients of a disability pension under the earnings-related pension scheme in 2008. The data was collected through a questionnaire with 2,315 respondents, comprising 77 per cent of the sample. Some of the background data was picked from the registers of the Finnish Centre for Pensions.

On average, the retirees on a disability pension assessed their work capacity to be rather poor. On a scale from 0 to 10, where 10 stands for a top work capacity, three out of four retirees on a full pension and nearly half of the retirees on a partial disability pension assessed their own work capacity with a score of no more than 4 points, i.e. as rather poor. A higher level of education and working in professional occupations contributed to an assessment of a fairly good work capacity. These factors were also connected to a participation in gainful employment and a willingness to work.

Of those receiving a full pension, 5 per cent were gainfully employed, while 21 per cent were willing to work. The majority worked or wanted to work occasionally and only for a few hours a week. Of those receiving a partial pension, 68 per cent were employed and 7 per cent were willing to work. The employment was usually regular but part-time.

Finding one's work capacity to be moderate, engaging in gainful employment within sales, services and transport occupations, working as a senior expert, working in the public sector, or having been retired for less than a year were all factors that promoted the employment of retirees on a partial disability pension. The willingness to work among those on full pension was linked to a positive view of the development of the work capacity, as well as to the participation in management, expert and senior expert work or repair and manufacturing tasks. With age, both the participation and the willingness to participate in gainful employment were reduced.

In the larger disease categories causing disability, employment was most common among retirees with diseases of the circulatory system. Of retirees on partial disability pension, those who had retired due to diseases of the musculoskeletal system or mental disorders were the least often engaged in gainful employment.

Of the retirees on a partial disability pension, those in gainful employment felt most often that it was easy to make the ends meet. Of the retirees on a full pension, on the other hand, the same feeling was experienced least often by those in gainful employment.

Problems with health and functional capacity and the physical strain of work were the most common causes of obstacles for gainful employment among retirees on a disability pension. However, nearly as often those who would want to work mention the lack of work opportunities as an obstacle. This was the case, in particular, among those who had retired due to a mental disorder.

A total of 18 per cent of the retirees on a disability pension informed that the pension's earnings limits had prevented them from working, at least to some degree. Nearly half of the retirees who are in gainful employment and who receive a full pension, and more than one quarter of the gainfully employed retirees on a partial disability pension, would have liked to work at least some more, earnings limits permitting.

A total of 19,000 persons on disability pension under the age of 63 were engaged in gainful employment to some extent, and more than 33,000 were willing to work, mainly occasionally. Numerically, the majority of the retirees who wanted to work were those who had retired due to a mental disorder. Approximately 14,500 of those who had retired due to mental disorders wanted to work, while the equivalent figure among those retiring due to diseases of the musculoskeletal system was 7,600. Of the gainfully employed retirees, the number of those suffering from diseases of the musculoskeletal system (6,800) was larger than the number of those who have retired due to mental disorders (5,200).

If those retirees on a disability pension who would have liked to work would have been in gainful employment, the total employment rate in 2008 would have increased by approximately one percentage point, while the employment rate of those aged 50+ would have risen by more than two percentage points. Nevertheless, the number of working hours would have increased clearly less.

According to the results, utilizing the remaining work capacity for part-time and/or occasional work has been possible among a small proportion of retirees on a disability pension. Unrealised willingness to work speaks of the fact that, given the opportunity to work, combining disability pension and small-scale employment would be more common.

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