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FINNISH CENTRE FOR PENSIONS, STUDIES

SUMMARY

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Retirement intentions and actual retirement age

Impacts of gender, employment sector and changed life circumstances

As the population ages, it is important to understand who will continue to work into older age. One way of projecting future trends is to examine people's retirement intentions. This study explores Finnish employees' retirement intentions and their actual retirement age. The focus is on the following questions: How accurately do retirement intentions predict future retirement? Are individual characteristics and family and work-related factors associated in the same direction with both retirement intentions and actual retirement age? In which groups does actual retirement age differ most clearly from intended retirement age and in what direction? Retirement intentions are measured with an item from the 2003 Quality of Work Life Survey in which respondents were asked to indicate the age at which they expected to retire full-time. Data on actual retirement age were drawn from Finnish Centre for Pensions registers. The follow-up extends to 2013.

Women predict their retirement age more accurately than men

The results show that intended retirement age predicts actual retirement age with high accuracy. Persons who intended to retire before age 63 lived up to their intentions. Retirement intentions at age 55–62, for example, tripled women's and doubled men's retirement risk at this age. According to the predicted likelihood, half of the women who intended to retire at this age lived up to their intentions. The corresponding proportion among men was just over 40 per cent. Women who intended to retire at age 63 were roughly twice as likely as others to retire at this age. No corresponding association was observed for men at this age. Intentions to stay on at work beyond age 63 doubled women's retirement risk after age 63. Women's predicted likelihood of retiring at this age was almost 60 per cent. Among men the effect did not reach statistical significance. Overall, then, women predicted their retirement age more accurately than men.

Unemployment multiplies risk of premature retirement

Men in manual occupations intended to retire before age 63, but in fact retired at this age less often than other groups. Men who had experienced unemployment were not interested to stay on at work beyond age 63. Unemployment had a significant impact on actual retirement age in both genders. An unemployment shock occurring after the Quality of Work Life Survey was the single most important factor explaining retirement before age 63. Unemployment tripled men's and quadrupled women's risk of premature retirement. One in four men and one in six women had experienced unemployment.

Ill health had no effect on retirement intentions, but men who had fallen ill after the Quality of Work Life Survey retired before age 63 more often than others; ill health doubled the risk of retirement at this age. Ill health had less significance among women than men, but the effect was in the same direction. It is noteworthy that experiences of unemployment and ill health are virtually the only factors with similar effects on the retirement of both women and men. The finding that unemployment and ill health tended to bring retirement forward in both genders was also seen in an examination of the difference between actual and intended retirement age, i.e. the forecast error.

Personal retirement age for women in the public sector often over 63 – encourages them to continue to work longer

Women who were employed in the public sector and who had a personal retirement age intended less often to continue to work beyond age 63, yet they did the exact opposite and stayed on to an older age more often than others. Around half of women had a personal retirement age, which for more than one in two of these women was over 63 years. Men who were employed in the public sector and who had a personal retirement age intended to retire at 63 more often than others, but employment sector had no impact on actual retirement age.

Finances have major impact on retirement decision

Financial resources have a major influence on retirement decisions. High-earning women intended less often to stay on at work beyond 63, and typically retired at the age of 63. Wealthier men – with wealth measured on the basis of home ownership – often retired before age 63. Men who were more indebted, on the other hand, typically continued to work beyond age 63. Part-time retirement, a lower non-manual employee status or employment in a manual occupation made women stay on at work until 63, contrary to their intentions. Rather than a means of extending employment, part-time retirement can in women's case be interpreted as part of the process of gradually withdrawing from active employment.

Highly educated men stay on at work into older age

Men living in a relationship were more willing than others to postpone their retirement beyond age 63, and they retired 1.5 times more often at age 63. Men with a lower tertiary degree were less interested to continue working beyond 63, but men with a higher university education actually remained in employment beyond the age of 63 more often than others; a higher education tripled the likelihood of continuing at work beyond age 63. Among women, neither living in a relationship nor education affected retirement intentions or actual retirement age.

Work ability and workplace characteristics influence retirement intentions

Only a few factors that explained retirement intentions and actual retirement behaviour were the same, and in most cases their impacts were slightly different or even completely opposite. As a rule, individual and family-related factors explained actual retirement age more accurately than intended retirement age. The biggest differences between retirement intentions and actual retirement behaviour mostly have to do with the individual's perceived work ability and views of the workplace organization and its characteristics.

Persons with a high work ability intended to retire no earlier than age 63 – men at 63 and women at over 63. Factors associated with the workplace organization were often found to underlie women's retirement intentions in particular. Redundancies in the workplace had an adverse effect on women's desire to stay on at work beyond age 63. A personnel policy promoting the continued employment of older people reduced women's intentions to retire before age 63. However these factors had no effect on actual retirement.

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