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SUMMARY

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Retirement on disability pension: trends, current situation, future outlook

This report looks at how the propensity to apply for disability pensions, the application rejection rate and the number of starting disability pensions have changed during the 2000s, and goes on to offer an outlook of future trends.

The propensity to apply for disability pensions has clearly decreased during the 2000s. However, this only applies to full disability pensions; applications for partial disability pensions have clearly increased. The increase in applications for partial disability pensions is heavily concentrated in the oldest age groups.

Men's applications for disability pensions have fallen more sharply than women's in all diagnostic groups. The main reason for the change in gender differences lies in the sharp decrease in men's applications based on somatic diagnoses other than musculoskeletal disorders. Among women, the number of applications based on mental health problems has decreased the least. The proportion of women among applicants for disability pensions has clearly increased.

Disability pension applications have clearly decreased in population groups where the baseline propensity to apply was high, such as low-educated groups, blue-collar workers and the unemployed. At the same time, however, the decline in disability pension applications has been sharpest in metropolitan Helsinki, which had the lowest application propensity to start with. The unequal distribution of the increase in partial disability pension applications is clearly reflected in population group differences in the propensity to apply for disability pensions. For example, the

increase in the propensity to apply for partial disability pensions among persons with a lower degree level tertiary education completely offsets the decline in the propensity to apply for full disability pensions.

The number of starting disability pensions has declined somewhat more steeply than the number of applications. All in all, changes in the number of starting disability pensions are very similar to the changes seen in application propensity.

From 2007 to 2016, three-quarters of the decrease in applications with a positive outcome was attributable to the declining number of applications and one-quarter to the increased rejection rate. The effect of the increased rejection rate on the declining rate of retirement on disability pension was greater in the private sector, among lower white-collar employees and persons with experiences of unemployment. The effect of the increased rejection rate on the reduced rate of retirement on disability pension was somewhat greater among women than men, and somewhat greater for mental health reasons than for somatic diseases.

In the past two years both disability pension applications and the number of starting disability pensions have started to rise. In relative terms the change has been more pronounced for mental health problems than for somatic diseases. The increase in disability pension applications and starting disability pensions based on mental health problems cuts through all population groups. In 2019 women's disability pension applications on mental health grounds were at a higher level than in the peak years of the early 2000s. The changes are similar both for depression and other mental health problems. The rise in disability pension applications based on somatic diseases and in the number of starting disability pensions is mainly concentrated in the age group over 60.

Disability pension applications and starting disability pensions increased far more sharply among persons with experiences of unemployment than among the non-unemployed. The rise in disability pension applications and the number of starting disability pensions during 2018 and 2019 was in part attributable to the activation model for unemployment security. Among the non-unemployed, the increase in the number of starting disability pensions was exclusively attributable to mental health reasons.

Based on recent trends it can be expected that the number of people retiring on disability pension on mental health grounds will continue to rise in the immediate future. It is hard to predict future trends for starting disability pensions granted on grounds of somatic diseases. Over longer term, the rising age limit for old-age retirement will drive up the number of people retiring on disability pension.

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