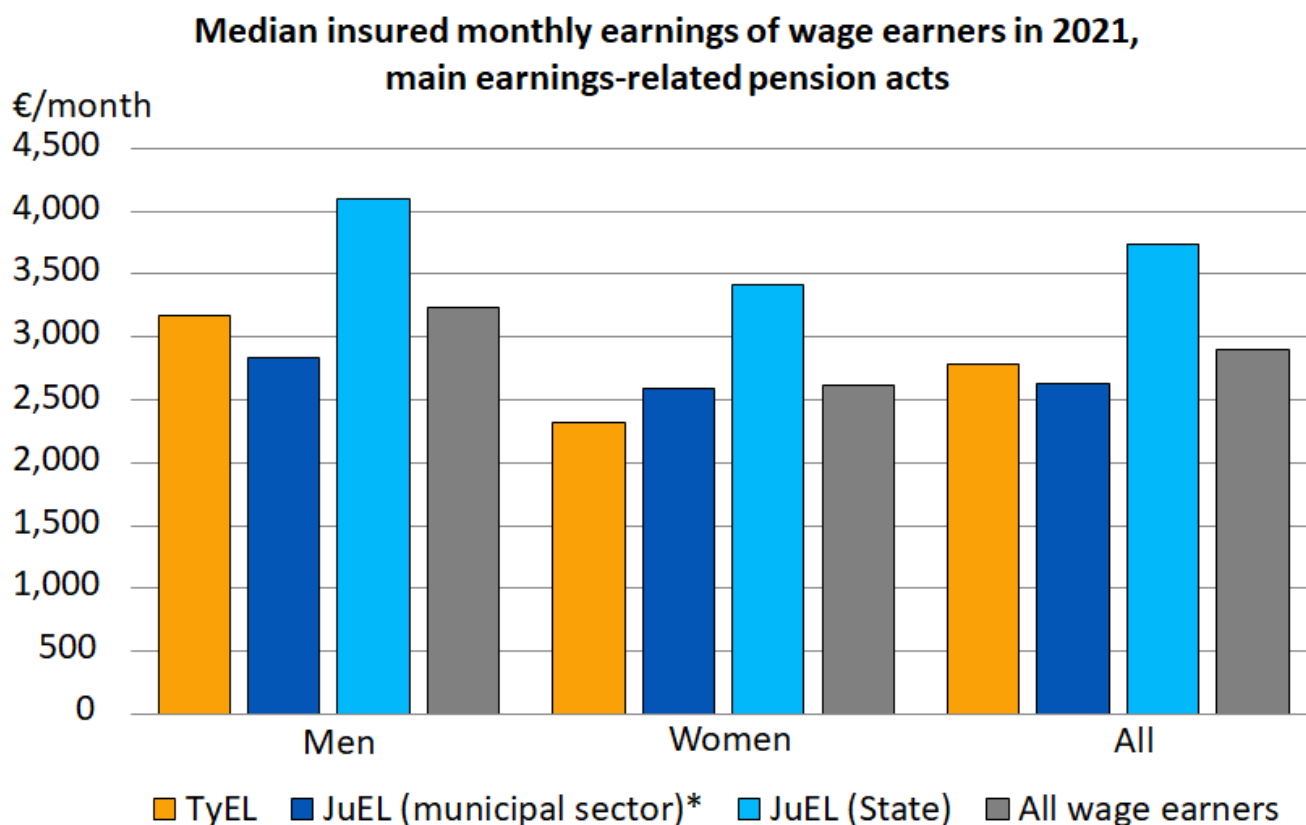


# Persons Insured for an Earnings-related Pension in Finland 2021 (OSF)

Median insured monthly earnings of all employees €2,890



\*in private or public sector employment relationships

The average monthly earnings have been calculated by dividing the pensionable annual earnings by the number of months in employment.

Source: Finnish Centre for Pensions

In 2021, a total of 2.6 million employees accrued earnings-related pension benefits. Slightly over half of them were women. The number of employees in the private sector was more than 1.9 million and in the public sector 860,000.

The median insured monthly earnings of all employees were 2,890 euros. The median earnings is the earnings of the wage earner in the middle of the earnings distribution.

The median monthly earnings of men was 3,240 euros and of women 2,610 euros. That means that women's median monthly earnings were 620 euros (or 20%) less than men's.

The median earnings level differs between the most central pension acts for wage earners. In 2021, the average wage was highest for State employees and lowest for local government employees. In the municipal sector, women's median monthly earnings were 240 euros (8%) less than men's; within the scope of the Employees' Pensions Act (TyEL), the gap was wider: 850 euros (27%).

One of the reasons behind the differences in earnings levels lies in the segregated labour market. Age and gender distributions differ between employees under different earnings-related pension acts. Furthermore, women work part-time more often than men.

Earnings insured for earnings-related pension includes all work insured for a pension, including irregular work that may be for a short period or part-time.

(Updated 30 November 2022)

## **Concepts and definitions**

### **Concepts relating to working**

#### **Covered by the earnings-related pension scheme**

Persons covered by the earnings-related pension scheme refer to those who have been employed or self-employed during the statistical year or earlier. In other words, the earnings-related pension scheme covers those persons who are entitled to an earnings-related pension at the time of the pension contingency or who already receive a pension based on their employment history.

#### **Earnings-related pension act**

Persons are classified as covered by all earnings-related pension acts under which they have been insured during their employment history.

#### **Earnings-related pension sector**

Persons are classified into pension sectors based on the earnings-related pension acts applicable during their employment history. If they have been employed in both the private and public sector, they will be included in the figures for both sectors.

#### **Employed at the end of the statistical year**

A person employed at the end of the year is someone who has been employed in December (employment relationships based on a monthly notification) or whose employment relationship has ended or been in force at the end of the year (employment relationships based on an annual notification). Pension recipients who are in employment or self-employment while drawing a pension are classified as being employed.

#### **Employed or self-employed**

An employed person is someone who during the statistical period has been in employment that accrues earnings-related pension, or who has been insured for earnings-related pension under the Self-Employed Persons' Pensions Act or the Farmers' Pensions Act.

## **Employee**

Employee refers to a person engaged in employment subject to earnings-related pension acts, excepting self-employment under the Self-Employed Persons' Pensions Act (YEL) and the Farmers' Pensions Act (MYEL).

The definition of employee applied in the statistics also comprises special groups in the municipal sector under the Public Sector Pensions Act, such as persons holding an elected municipal office and informal carers.

Furthermore, employees are defined as including family carers who have signed a commission agreement, even if they have not entered into an employment contract, within the meaning of the Employment Contracts Act, with a municipality or joint municipal authority.

### **First-time coverage under earnings-related pension acts**

Persons gain first-time coverage under earnings-related pension acts when they enter their first period of employment or self-employment subject to earnings-related pension acts.

### **First-time coverage under a specific earnings-related pension act**

Persons gain first-time coverage under a specific earnings-related pension act when their first period of employment or self-employment under that pension act is recorded as having started.

### **Not employed during the statistical year**

A person who is not employed during the statistical year is someone who has not engaged in employment that accrues earnings-related pension or who has not been insured for an earnings-related pension based on the Self-Employed Persons' Pensions Act or the Farmers' Pensions Act. In addition, it is required that this person has been insured for an earnings-related pension before the statistical year or that this person receives a pension based on their employment history.

### **Pension recipient**

A pension recipient is a person who receives an earnings-related pension based on their employment history. A pension recipient may receive an old-age, disability or part-time pension or a farmer's special pension. Some pension recipients additionally receive pension benefits paid out by Kela; these benefits are not considered in these statistics.

### **Persons insured for earnings-related pension benefits**

Persons insured for earnings-related pension benefits are those who during the statistical year or earlier have been employed or self-employed and who at the time of the pension contingency are entitled to an earnings-related pension. Typically, a person insured for earnings-related pension benefits has not yet retired, but even a retiree may be insured if they have been working while in retirement under age 68.

### **Working during the statistical year**

Persons are considered to have worked during the statistical year if, during that time, they have engaged in employment that accrues earnings-related pension or if they have been insured for an earnings-related pension under the Self-Employed Persons' Pensions Act or the Farmer's Pensions Act.

### **Concepts relating to earnings**

#### **Annual and monthly earnings**

All earnings statistics are for insured earnings from employment. Annual earnings are converted into monthly earnings by dividing insured earnings received during the year by the number of months in employment.

- **Example.** An employee was in employment from 20 August to 10 September, with insured earnings of 2,000 euros. In this case the monthly earnings entered in the statistics were  $2,000 \text{ euros} / 2 = 1,000 \text{ euros/month}$ , because the employment spell stretched across two different months. If the employment spell had taken place during one month (e.g. from 2 to 22 September), then the monthly earnings would have been 2,000 euros. If this was the employee's only spell of employment during the calendar year, the annual earnings entered in the statistics would in both cases have been the same, i.e. 2,000 euros.

#### **Benefits accrued from unpaid periods and under VEKL**

Unpaid periods are periods during which a person receives a social benefit that may, under certain conditions, affect pension accrual. Unpaid periods include periods on a parental, sickness or unemployment allowance. The grounds on which various unpaid periods impact on the final amount of earnings-related pension are set out in earnings-related pension acts.

Benefits accrued on the basis of child home care allowance and the completion of degrees and qualifications are funded by the State. These benefits are based on the Act on Compensation for Pension Accrual from State Funds for Periods of Childcare and Periods of Study (VEKL).

The benefits received for unpaid periods and based on VEKL are recorded in the earnings-related pension scheme's earnings register. Benefits for unpaid periods are also recorded for persons who have no employment history and who therefore are not covered by the earnings-related pension scheme.

It is noteworthy that it is possible during unpaid periods to undertake work that is insured for an earnings-related pension and that counts towards the person's pension accrual.

### **Insured earnings**

Insured earnings (i.e., pensionable income insured under the earnings-related pension scheme) include all income items that count towards pension accrual.

The bulk of insured earnings consist of compensation for employment in the form of wages, salaries, payment by results, or other consideration. The most noteworthy types of other consideration are various benefits in kind and holiday compensation, including compensations paid upon termination of employment, for instance for untaken carried-over holiday.

On the other hand, earnings-related pension does not usually accrue on daily allowances and option arrangements, and they are not included in insured earnings. In the statistics presented here, insured earnings include the employee's pension contribution, even though the contribution did not count towards earnings-related pension accrual before 2017.

### **Other concepts**

#### **Age**

Person's age at the end of the statistical year.

#### **Decile**

Deciles are used to divide employees into ten equally large earnings groups. Decile boundaries indicate the level of earnings beneath which lie 10%, 20%, ..., 90% of all cases.

### **Earnings-related pension acts**

#### **Private sector**

- **TyEL** Employees Pensions Act
- **MEL** Seafarer's Pensions Act
- **YEL** Self-employed Persons' Pensions Act
- **MYEL** Farmers' Pensions Act

#### **Public sector**

- **JuEL** The Public Sector Pensions Act came into force from the beginning of 2017, combining the relevant provisions of the Local Government Pensions Act (KuEL), the State Employees' Pensions Act (VaEL) and the Evangelical-Lutheran Church Pensions Act (KiEL) and the special legislation applicable to employees of the Social Insurance Institution of Finland.
- Pension regulation for the regional government of **Åland**
- Pension regulation for the **Bank of Finland**

## **Median**

When all employees are rank-ordered according to earnings, median earnings are the mid-point of the earnings distribution. There are exactly the same number of employees above the median as below the median. The median is less sensitive to outliers than the average. Especially in skewed distributions such as those of earnings, the median gives a better representation of central tendency than average.

## **Quality description: Persons insured for an earnings-related pension in Finland 2021 (OSF)**

The statistics Persons insured for an earnings-related pension in Finland is released by the Finnish Centre for Pensions.

The Act on the Finnish Centre for Pensions states that the responsibilities of the institution include the compiling of statistics in its field of operation. The production of the statistics at the Finnish Centre for Pensions is handled by the Planning Department.

The Finnish Centre for Pensions pays the costs of the statistics Persons insured for an earnings-related pension in Finland.

## **Relevance of statistical information**

In Finland, statutory pensions consist mainly of earnings-related and national pensions. Earnings-related pensions are based on earnings from work while national pensions are residence-based. The statistics on persons insured for an earnings-related pension offer an overall view of persons aged 17–68 years who are covered by the Finnish earnings-related pension system.

In the private sector, earnings-related pension provision is administered by earnings-related pension insurance companies, industry-wide pension funds and company pension funds. Keva handles most of the public sector pensions. The Finnish Centre for Pensions is the central body of the earnings-related pension system. One of its tasks is to collect the information required for the administration of earnings-related pension matters for the purpose of handling the assignments prescribed to it.

The statistics Persons insured for an earnings-related pension cover the entire statutory earnings-related pension provision. They contain key numerical data on all persons aged 17–68 years insured under the Finnish earnings-related pension scheme and on employees' insured earnings.

Persons covered by the earnings-related pension system have been divided into those insured for an earnings-related pension and those retired. The number of persons insured for earnings-related pension insurance is divided into two groups: those working and those who were neither working nor retired at the time of compiling the statistics. Other classifiers used in the statistics are earnings-related pension sector, earnings-related pension act and the person's age and gender.

The statistics also provide data on other periods for which pension accrues, including registered unpaid periods and periods of VEKL benefits under the Act on Compensation for Pension Accrual from State Funds for Periods of Caring for a Child Aged under Three and Periods of Study. This data is presented by benefit type.

Average and median data on employees' insured earnings are presented by earnings-related pension sector, earnings-related pension act, and employees' age and gender. Earnings deciles are presented separately by gender and by age.

The terms and definitions used in the statistics are presented on the homepage of the statistics at [www.etk.fi/statistics](http://www.etk.fi/statistics).

### **Correctness and accuracy of data**

The statistics are based on a total data.

Data on persons insured for and retired on an earnings-related pension are based on pension scheme registers. They include information on persons aged 17–68 who during the statistical year were covered by that scheme. Persons covered by the earnings-related pension scheme have worked under an employment contract or in self-employment subject to earnings-related pension acts. At the end of the statistical year they have been retired or they would have been entitled to an earnings-related pension at the time of the pension contingency. Furthermore, the data include information on so-called unpaid periods that affect the accrual of earnings-related pension. These data are reported to the earnings and accrual register, among others, by the Social Insurance Institution of Finland and the unemployment funds.

As from the beginning of 2019, the Finnish Tax Administration has compiled data on all employee earnings and income in a centralised national Incomes Register. From 2019 data on employee earnings entered in the earnings-related pension scheme register are drawn from this same source.

Flaws detected in the statistics are immediately corrected on the website. A separate bulletin is issued in the event of major errors.

### **Timeliness and promptness of published data**

The statistics are released once a year towards the end of the year following the statistical year. The release dates are presented on the Finnish Centre for Pensions website at [www.etk.fi/statistics](http://www.etk.fi/statistics) under 'Release Calendar'. The data in the statistics are final.

### **Coherence and comparability of data**

The data presented in these statistics are essentially compatible across different years. Minor variations may occur due to corrections and adjustments made to statistical software.

Some of the data on benefits for unsalaried periods have been updated retrospectively, and therefore the statistical time series up to 2019 has been revised based on the register situation in August 2020.

In some of the tables describing year-end situations, the introduction of the national Incomes Register has caused minor shifts from the group of "employed" to the group "not employed or retired", particularly in the private sector. This may complicate comparisons with statistics from years before 2019.

The national Incomes Register provides a more accurate figure for the number of months of wage payment during the year. Previously, data were reported for the employee's amount of insured earnings and duration of employment during the statistical year. Persons who were in an employment relationship all year recorded 12 months of employment, regardless of the number of months for which they received pay. Employment relationships may have continued without pay during periods of absence for study or sickness, for instance. Nonetheless annual earnings were divided by 12, and therefore monthly earnings were understated. Since the national Incomes Register only lists those months for which wages are paid, the calculation of monthly earnings can be more accurately based on months of wage payment.

This change in the data base increased monthly earnings for the public and particularly the municipal sector, and therefore the figures reported for the change in monthly earnings from years before 2019 are overstated. In the comparisons for all employees and private sector employees, by contrast, the change has only a minor effect. Likewise, comparisons of annual earnings are unaffected.

The statistics have been compiled since 2005 and their data are comparable from 2007 onwards. Time series for the private sector go back to 1977.



The statistics were previously released under the name Pensioners and Insured in Finland. Since the statistical year 2013 the data have been released in two different statistics: Earnings-related pensioners in Finland and Persons insured for an earnings-related pension in Finland.

### **Availability and clarity of data**

The statistical data are released annually on the Finnish Centre for Pensions website. Some of the data are also released in the Finnish Centre for Pensions statistical database at <http://tilastot.etk.fi/?lang=1>.

A description of the statistics is presented on the homepage of the statistics at [www.etk.fi/statistics](http://www.etk.fi/statistics).

For additional information contact the Finnish Centre for Pensions statistical service at [tilastot\(at\)etk.fi](mailto:tilastot(at)etk.fi).