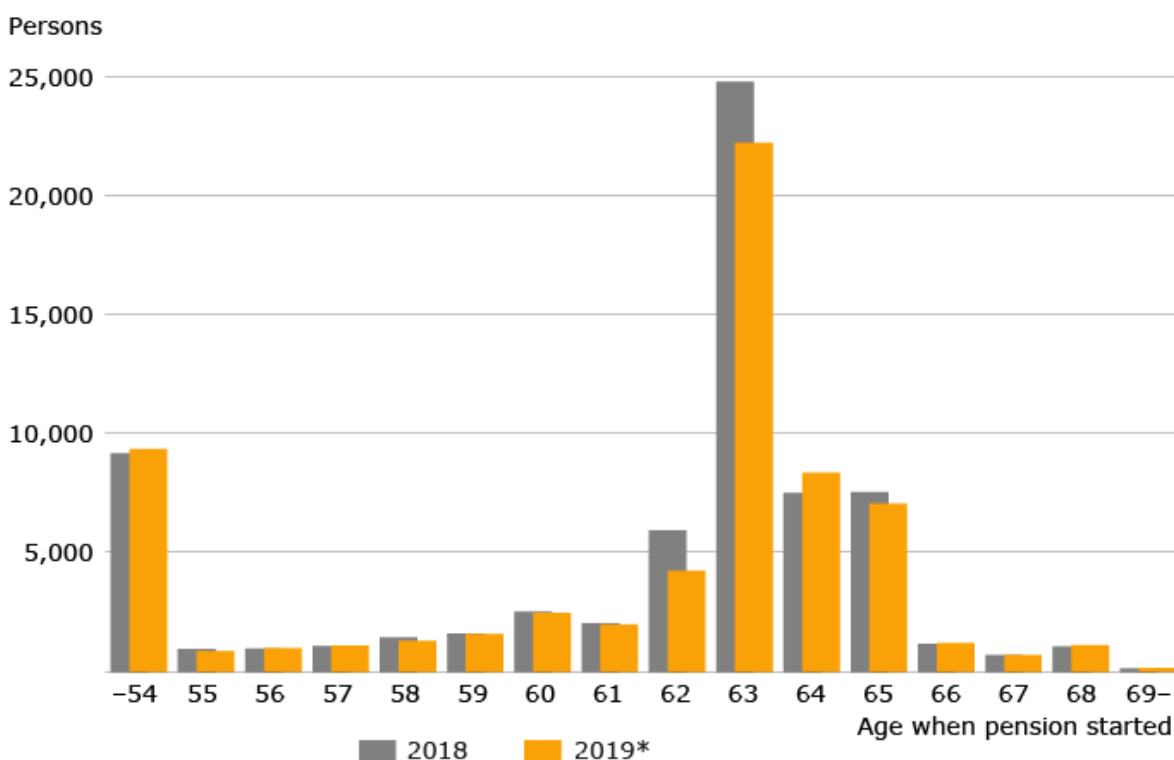# Effective Retirement Age 2019

Raising the retirement age defers retirement

In 2019, the expected effective retirement age within the earnings-related pension system was 61.5 years. It increased by 0.2 years since 2018. The expected effective retirement age of a 50-year-old grew by 0.3 years (63.4 years). This increase was mainly due to the rising general retirement age. For the second time, that age rose by three months. The effects of the rising retirement age have thus been as expected.

The rising retirement age has also reduced the number of persons retiring on an old-age pension. In 2019, there were 65,000 new retirees on an earnings-related pension. More than 44,000 of them retired on an old-age pension. The number of new retirees was reduced by 4,000 persons compared to in 2018. It was mainly the number of new old-age pension retirees aged 62 and 63 years that was reduced.

New retirees on an earnings-related pension, by age

Source: Finnish Centre for Pensions

In 2019, the expected effective retirement age for 25-year-old men and women was 61.8 and 61.1 years respectively. Traditionally, the gender gap of the effective retirement age has been narrow, but now it has widened in a few years to 0.7 years as men are expected to retire at a later age. Especially at the early stages of working life, women run a slightly greater risk of retirement on a disability pension, which is why their effective retirement age is somewhat lower than that of men. In other respects, there are few differences between men and women in the time of retirement. There is no significant gap between the effective retirement ages in the private and the public sector.

Expected effective retirement age for 25-year-olds and 50-year-olds

Year	25-year-olds	50-year-olds
2010	60.4	62.3
2011	60.5	62.4
2012	60.9	62.7
2013	60.9	62.7
2014	61.2	62.8
2015	61.1	62.8
2016	61.1	62.8
2017	61.2	62.8
2018	61.3	63.1
2019	61.5	63.4

Quality description: Effective Retirement Age 2019

The statistics on effective retirement age are compiled and published by the Finnish Centre for Pensions.

The Act on the Finnish Centre for Pensions states that one of the agency's roles is to compile statistics relating to its functions. Responsibility for the production of statistics at the Finnish Centre for Pensions rests with the Planning Department.

The costs of producing these statistics are borne by the Finnish Centre for Pensions.

Relevance of statistical information

These statistics describe the effective retirement age under the Finnish earnings-related pension scheme.

The phenomenon is described using three measures of central tendency: expected effective retirement age, median age and average age. The indicators used describe effective retirement age in different ways and are suited to different purposes.

Expected effective retirement age

Expected effective retirement age is an indicator developed by the Finnish Centre for Pensions for the measurement of effective retirement age. It describes the average effective retirement age for persons of a certain age who are insured under the earnings-related pension scheme, proceeding from the assumption that the retirement and mortality rates for each age group are unchanged from the year of observation. The indicator only reacts to changes in retirement rates: it is unaffected by changes in the population structure and other demographic phenomena.

Expected effective retirement age is calculated for both 25-year-olds and 50-year-olds. The expectancy for 25-year-olds describes the effective retirement age for the whole population with

earnings-related pension insurance, and it is used as the official indicator to describe changes in effective retirement age.

Of the three indicators used, expected effective retirement age provides the most accurate measure of changes over time in effective retirement age.

Average

Average retirement age is the arithmetic mean of the ages of new retirees. Average age is calculated based on age at the onset of retirement.

Average is the most commonly used indicator in international comparisons of effective retirement age.

Median

Median retirement age is the midpoint observation for the dataset, i.e. half of the new retirees are younger and the other half older than the median. Median age is calculated based on age at the onset of retirement.

Median is well-suited to describing the typical effective retirement age in a highly skewed distribution.

New retirees on an earnings-related pension

A new retiree on an earnings-related pension is defined as a person whose pension based on his or her own employment started during the statistical year, or whose pension eligibility has started earlier but who has only received a pension decision during the statistical year.

Persons retiring on a part-time pension or taking early payment of a partial old-age pension are not counted as new retirees.

The concepts and definitions used in the statistics are presented on the statistics homepage at www.etk.fi/statistics/effective-retirement-age/concepts-and-definitions

Correctness and accuracy of data

The statistics are based on register data from the earnings-related pension scheme.

The Finnish Centre for Pensions has responsibility for the content of the central registers of the earnings-related pension scheme, as well as for the management and development of related operations. Provisions on the Finnish Centre for Pensions' register-keeping duties are set out in the Act on the Finnish Centre for Pensions.

The numbers of new retirees, persons insured for an earnings-related pension and deceased persons in different age groups are derived from register data from the register sources. The analyses are based on total datasets.

Errors found in the statistics are immediately corrected online. A separate bulletin is issued in case of significant errors.

Timeliness and promptness of published data

The statistics are released once a year in the February of the year following the statistical year. The exact date of publication is given in the Finnish Centre for Pensions release calendar.

Coherence and comparability of data

The statistics have been compiled since 2003 and time series have been produced retrospectively back to 1996. Private sector time series extend to 1983.

The figures presented in the statistics are consistent with those in the statistics on Earnings-related pension recipients in Finland and Persons insured for an earnings-related pension in Finland.

Changes in earnings-related pension legislation must be taken into account when interpreting the statistics.

Availability and clarity of data

The statistical data are released annually on the statistics homepage and in the Finnish Centre for Pensions statistical database at https://tilastot.etk.fi.

The statistics are described on the statistics homepage at www.etk.fi/statistics/effective-retirement-age/description.

For further information on these statistics, contact the Finnish Centre for Pensions Statistical Services at tilastot(at)etk.fi.

Background: aim to defer effective retirement age

Aim to defer effective retirement age

Since the 1990s, attempts have been made to curb the upward pressure on pension contributions. Extending working lives and raising the retirement age have become key means to reach this goal. Changes in the length of working lives are monitored primarily through employment rates and the effective retirement age in the form of the expected effective retirement age, developed at the Finnish Centre for Pensions.

- The long-term goal of the 2005 pension reform was to postpone retirement by 2-3 years. No specific time frame was set.
- In the spring of 2009, the Finnish Government and labour market organisations negotiated the details: by 2025, the expected effective retirement age is to rise to at least 62.4 years. Growing at a steady rate, the expected effective retirement age should rise by nearly 0.2 years each year.

- In the 2011 government programme, the goal for the rise of the expected effective retirement age was repeated. In the 2013 structural policy programme, the goal of 62.4 years by 2025 was confirmed. To achieve the goal, an annual growth of an ample 0.1 years was required.
- In the justifications of the 2017 pension reform, the goal for the expected effective retirement age was again stated as 62.4 years. To reach the goal, a steady annual growth of 0.15 years is required.

Expected effective retirement age: aim and realisation

Expectancy

Aim for 2025:
62.4 years

Expectancy for
25-year-olds

Source: Finnish Centre for Pensions