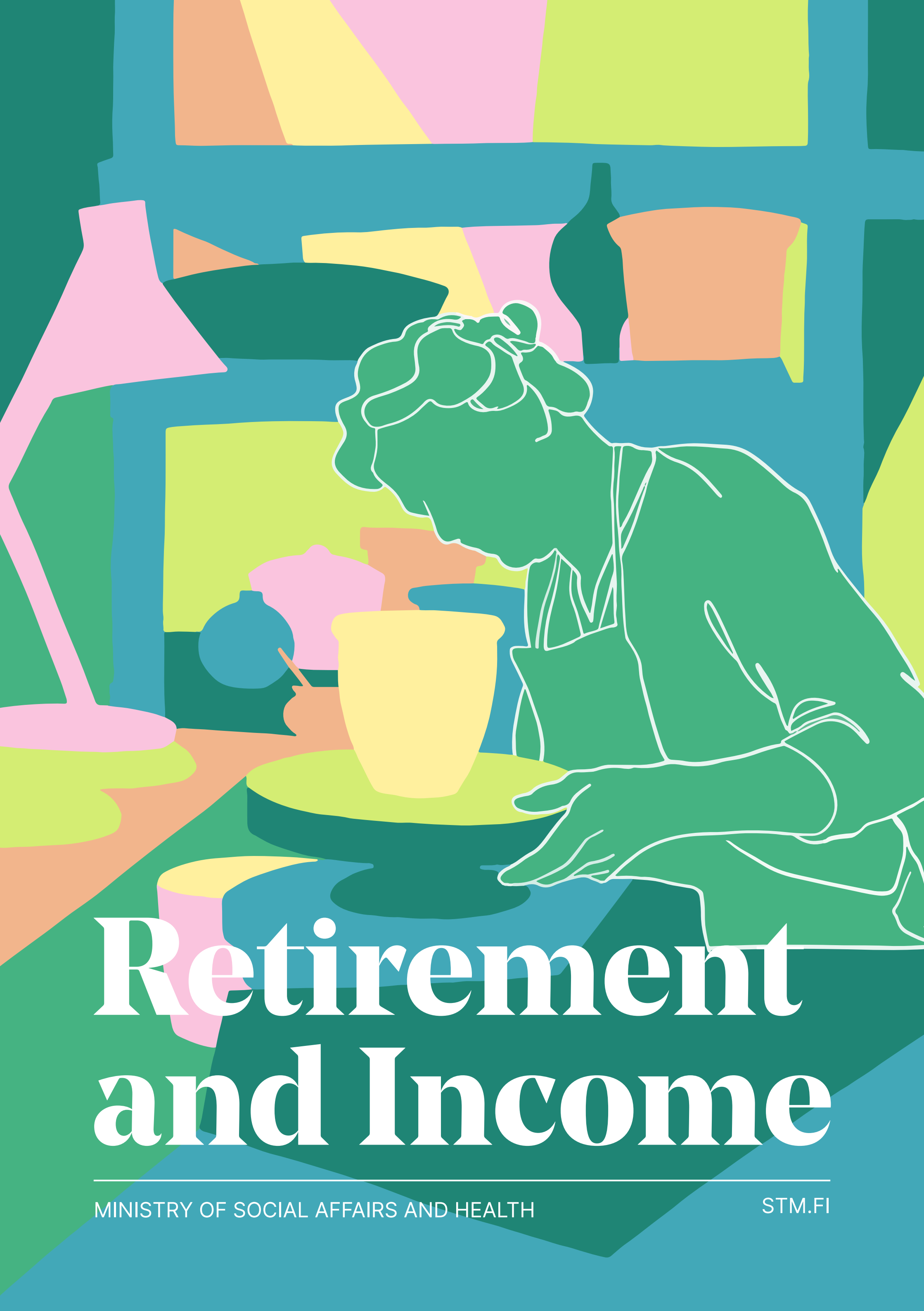

Retirement and Income

MINISTRY OF SOCIAL AFFAIRS AND HEALTH

STM.FI

Good career, good pension – How to ensure a reasonable income in retirement?

It pays to prepare for retirement well in advance. The sooner, the better. This is because your pension is based on your earnings throughout your whole career, and on any changes that take place over those years. It is worth being aware of your future pension so you can decide if it will guarantee a reasonable income after you retire. There are ways you can make a difference to the size of your pension.

Women's pensions are on average one fifth smaller than men's pensions. The same principles apply to everyone's pension accrual but the careers of women and men are generally different. On average, women earn less, have more breaks in their career due to family leave, and the length of their working career often tends to be slightly different to that of men. However, on average, women spend more time on pension, and in their later years, often live at least part of their old age alone.

At what age you decide to retire makes a big difference to the size of your pension. The current general retirement system where you can retire flexibly within a given age range allows you to choose a retirement date that suits you the best.

Reaching the general retirement age does not mean you have to stop working. If you continue working beyond the general retirement age, you are paid longer, collect more pension and receive an increase for late retirement to your pension.

You can also work while on pension. In this case, the work you do will bring you more pension and your earnings will supplement your income when you retire.

The longer you defer your retirement, the bigger your lifelong pension.

Example of the increase for late retirement

If you were born 15 June 1958 and your minimum retirement age was 64 years, you would reach retirement age on 15 June 2022. If you were to retire a year later, on 1 July 2023 after your 65th birthday, the period from 1 June 2022 to 30 June 2023 is 12 months, so the increase for late retirement is calculated for 12 months, in other words 12 × 0.4% = 4.8%.

If the monthly pension you accrued by the end of the month preceding the start of your retirement was 1,650 euros a month, your increased general pension on 1 July 2023 would be 1,650 euros + (1,650 euros x 4.8%) = 1,729,20 euros a month. This means you would receive approximately 80 euros more pension per month

If your earnings have been low during your career, your pension will be low as well. In this case, the national pension and guarantee pension help supplement your earnings-related pension. These also secure an income for those who are not entitled to any earnings-related pension.

You can calculate your estimated pension using this calculator:
tyoelake.fi/pension-calculator

More information:

Basic information about pensions

tyoelake.fi/en

Kela – Pensions

MINISTRY OF SOCIAL AFFAIRS AND HEALTH

Finnish Centre for Pensions
ELÄKETURVAKESKUS

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