

# Gender pension gap from the perspective of Kela-awarded pensions

MINISTRY OF SOCIAL AFFAIRS AND HEALTH

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## Kela pensions as the basis for pension security

Minimum pension security in Finland consists of the national pension and the guarantee pension, both of which are paid by Kela. The full amount of the national pension is EUR 662.86 per month (or EUR 591.79/month for those who are married, cohabiting or in a registered partnership). A full national pension is granted if a person does not receive an earnings-related pension or if it is at most EUR 56.04/month before taxes. The guarantee pension guarantees a minimum pension for persons living in Finland (EUR 834.52/month in 2020) if all of the recipient's pensions before taxes do not exceed EUR 827.78/month. (For more detailed information see [www.kela.fi/kansanelake](http://www.kela.fi/kansanelake) and [www.kela.fi/takuuelake](http://www.kela.fi/takuuelake).) Kela began to pay the guarantee pension in March 2011, and in recent years the number of guarantee pension recipients has increased ([Pösö 2019](#)).

Discussions on pension differences between the genders highlight the smaller earnings-related pensions received by women in comparison to men and, often, the significance of such factors as family leaves as a reason for the smaller pensions received by women. Pensions are accrued during family leaves, but the wages earned by women of younger generations during childcare years are also smaller than those of men ([Ritola 2020](#)). However, there are a number of factors accounting for pension differences between the genders which are related to educational and professional choices, working careers, pay differences and uneven distribution of care responsibilities. Therefore, in looking for ways to narrow pension differences and promote the realisation of equality, it is important to take a broad view that encompasses different areas of social policy ([Koskenvuo 2020](#)).

“What goes around, comes around” sums up the logic behind the accumulation of earnings-related pensions. An earnings-related pension accumulates as a person works. Persons who achieve a long, cohesive career of gainful employment can also expect a reasonable income once they retire ([Koskenvuo 2016](#)). For persons whose working career is cut short and whose accrued earnings-related pension is small, or who never have a career, the pension cover is based on Kela pensions.

## A detailed examination by age group highlights a more diverse picture of pension differences between the genders

At the end of 2019, there were some 590,000 recipients of national pensions and some 109,500 recipients of guarantee pensions. The majority of Kela pension recipients are women, who comprise 64% of national pension recipients and 56% of guarantee pension recipients. However, a closer examination by age group highlights the fact that in younger age groups, men account for a larger share of Kela pension recipients, and the share of women among the recipients begins to increase with age. Of Kela's approximately 460,000 old-age pension recipients, almost 70 per cent at the end of 2019 were women.

Figure 1. National pension recipients by age group and gender at the end of 2019

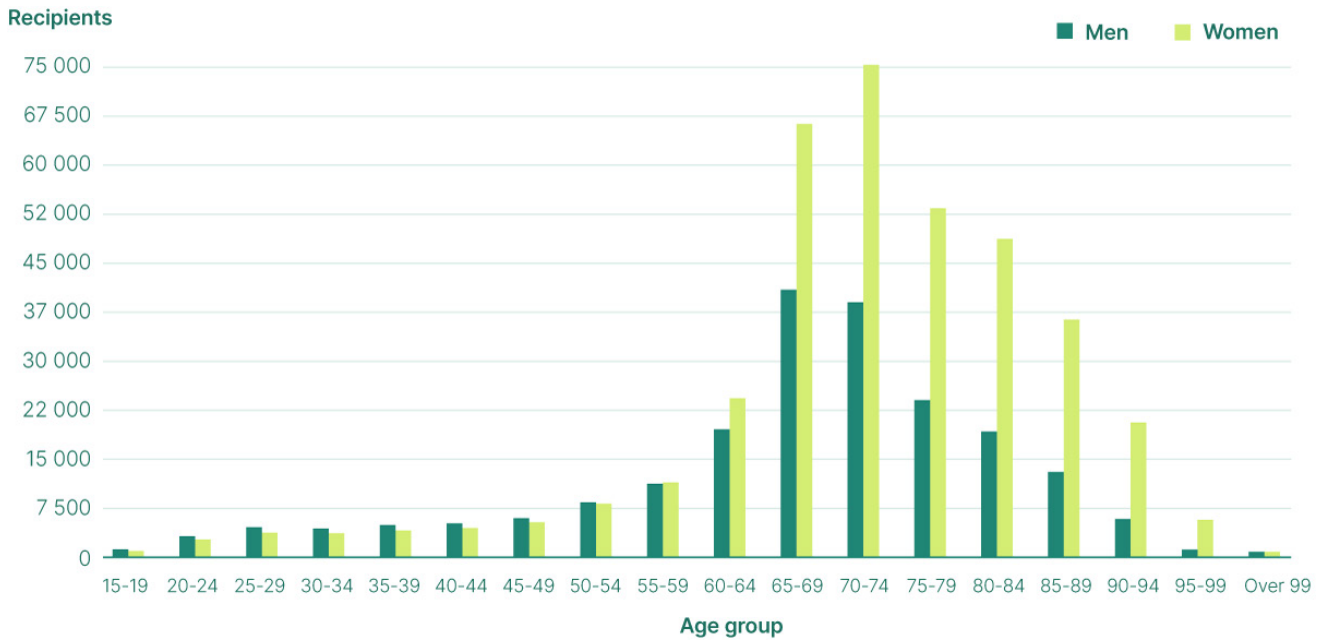
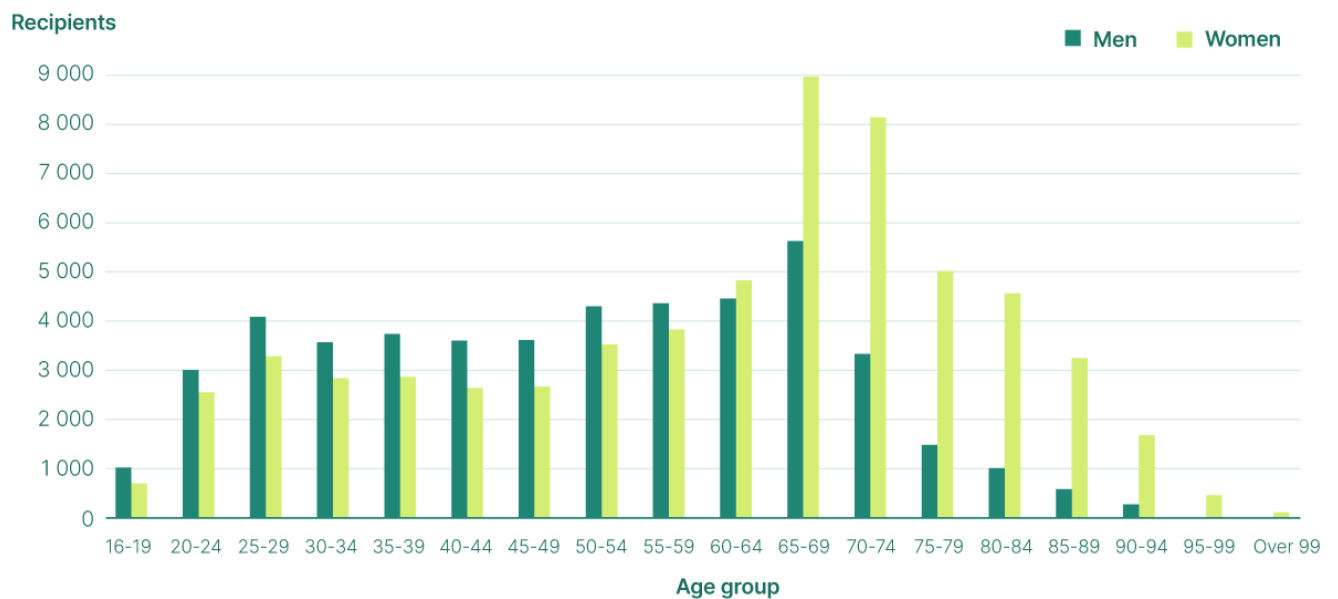


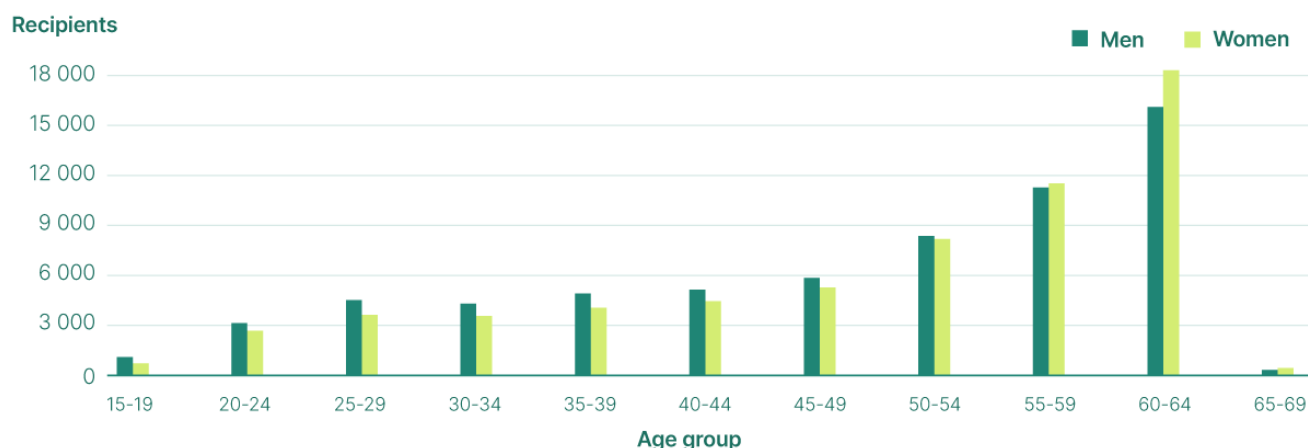
Figure 2. Guarantee pension recipients by age group and gender at the end of 2019



Persons under the old-age pension age who receive a pension in their own right from the national pension system are recipients of disability pensions - either recipients of a rehabilitation subsidy, i.e. a fixed-term disability pension, or a disability pension paid for an indefinite period of time. At the end of 2019, approximately 126,900 people received disability pension from the national pension system; 49% of them were women. Men account for a slightly larger share of disability pension recipients until around the age of 50 years, starting from which point women account for just over 50% of recipients.

Differences in disability pensions between men and women reflect gender differences in morbidity. For example, compared to young women, young men are more likely to receive a disability pension due to psychological development disorders, intellectual disabilities and schizophrenia, whereas women receive a disability pension due to mood disorders more often than men. Among the youngest pensioners under the age of 20, some 60% are men. In younger age groups, men are also more likely than women to receive a disability pension granted for an indefinite period of time, while women represent a larger share of rehabilitation subsidy beneficiaries.

Figure 3. Recipients of Kela disability pension by age group and gender at the end of 2019



## Survivors' pensions balance out pension differences between the genders – the majority of spouse's pension recipients are women

The significance of survivors' pensions is greater for women than for men (84% of the recipients are women), and survivors' pensions go some way towards closing the gender pension gap. Survivors' pensions is of lesser significance for men. Men often have a higher earnings-related pension than their female spouse, and because of the pension adjustment made to spouse's pensions, men often do not receive a spouse's pension. Due to their shorter life span, fewer men than women are widowed. (Kuivalainen et al. 2019)

In addition to the earnings-related pension scheme, a person who has lost a family member may receive a survivor's pension from Kela in the form of a survivors' pension, either a spouse's pension or an orphan's pension ([www.kela.fi/omaisenkuolema](http://www.kela.fi/omaisenkuolema)). At the end of 2019, the majority (74%) of those receiving a spouse's pension from the national pension scheme were women.

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