Pension system in Finland

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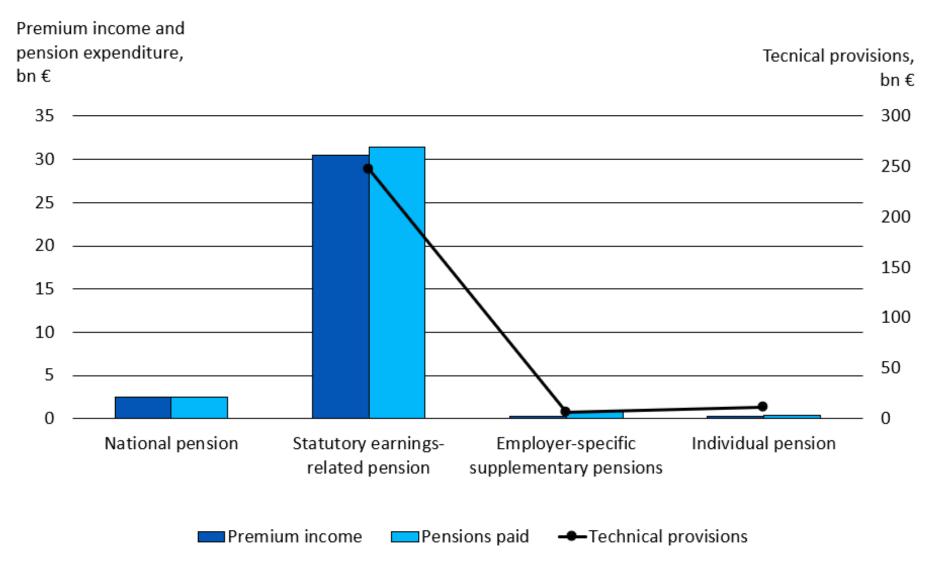
Presentation at ESU Conference on 14th November 2024



Pension System and Governance



Pension insurance in Finland in 2022





Governance in Earnings-related Pension System

Ministry of Social Affairs and Health Ministry of Finance Financial Supervisory Authority Finnish Centre for Pensions Pension insurance Farmers' Social companies TyEL, YEL (4) Insurance Institution Keva MYEL JuEL Company Pension Funds TyEL (6) Seafarer's Pension Industry-wide pension Fund MEL Other public parties funds TyEL, YEL (4) Insured and policyholders



Pension Rules



Pension provision

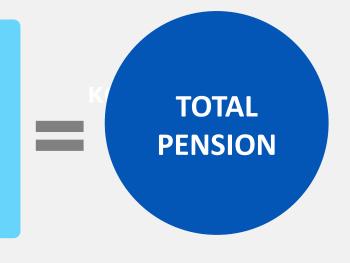
Earnings-related pension

Maintains the attained income level to a reasonable degree



National pension and guarantee pension

Guarantee a minimum income





Total pension in 2024

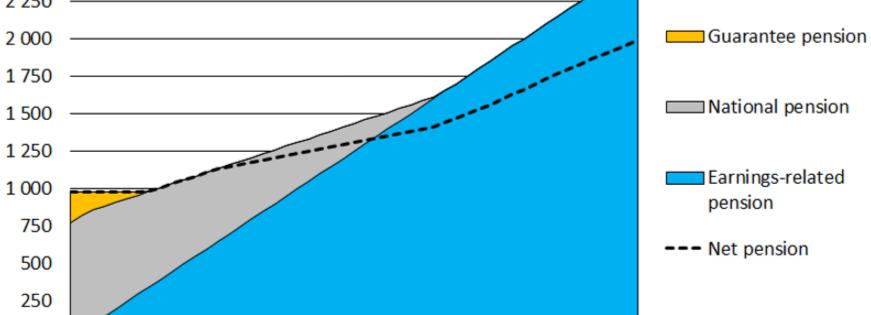
Pension €/Month 2 500 2 250

1500 2000

2500

0

0



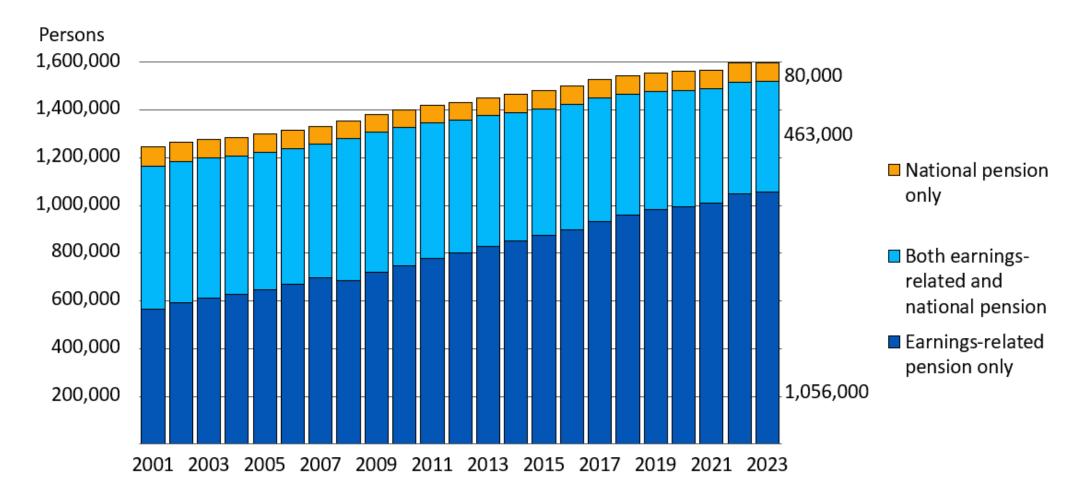
3000 3500 4000

Source: Finnish Centre for Pensions

4500 5000 Salary €/month



Pension recipients by pension structure in 2001–2023





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Pension Level



Average total pension on 31 Dec. 2023

	Men	Women	All
Average total pension EUR/month	2,216	1,779	1,977
Number of pension recipients	685,000	826,000	1,511,000

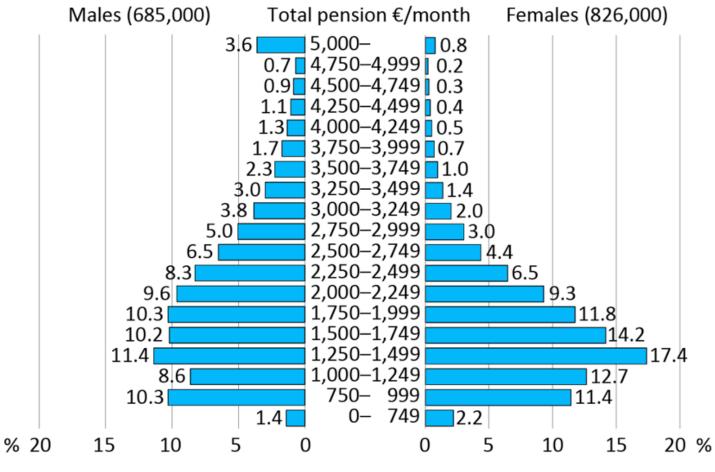
Pension recipients: Individuals residing in Finland who receive an old-age, disability or a special pension for farmers from the earnings-related or national pension scheme. Individuals who get a partial old-age pension are not included in the figures.

The total pension includes the pension in one's own right and survivors' pension components.

The total pension is a gross pension.



Distribution of total pension of persons residing in Finland 31 Dec. 2023



Pension recipients: Individuals residing in Finland who receive an old-age, disability or a special pension for farmers from the earningsrelated or national pension scheme. Individuals who get a partial old-age pension are not included in the figures.

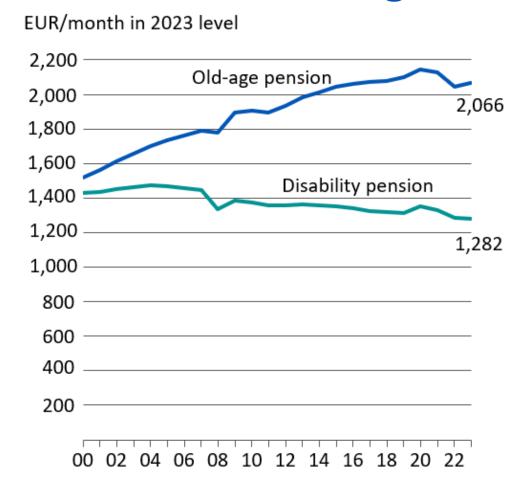
The total pension includes the pension in one's own right and survivors' pension components.

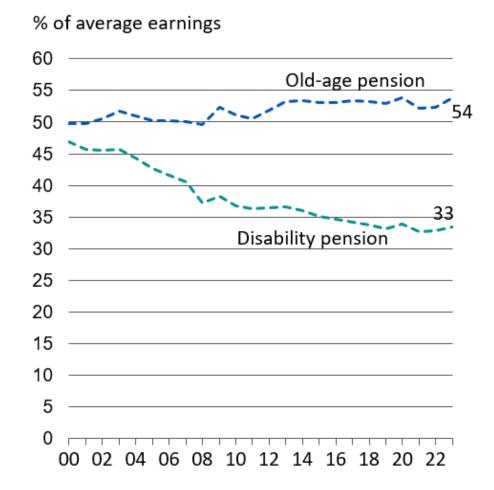
The total pension includes earnings-related pension, national pension, guarantee pension and special protection pensions components.

The total pension is a gross pension.



Average total pension and its ratio to average earnings in 2000–2023





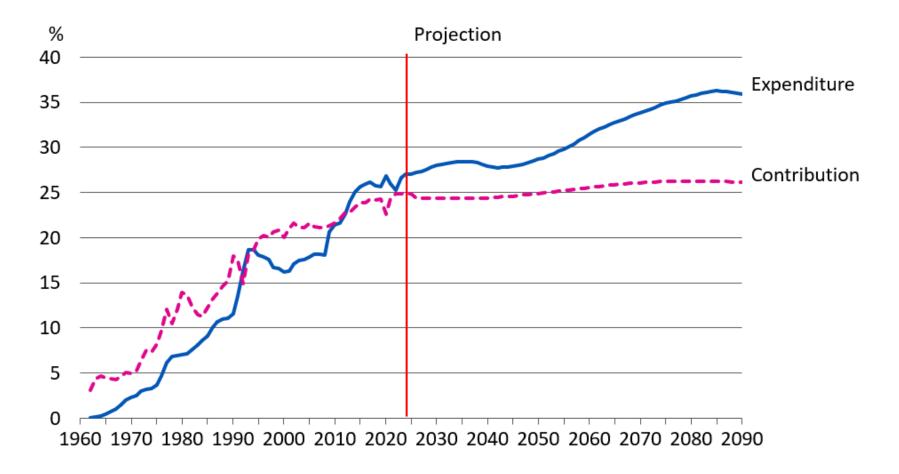


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Pension Expenditure and Financing



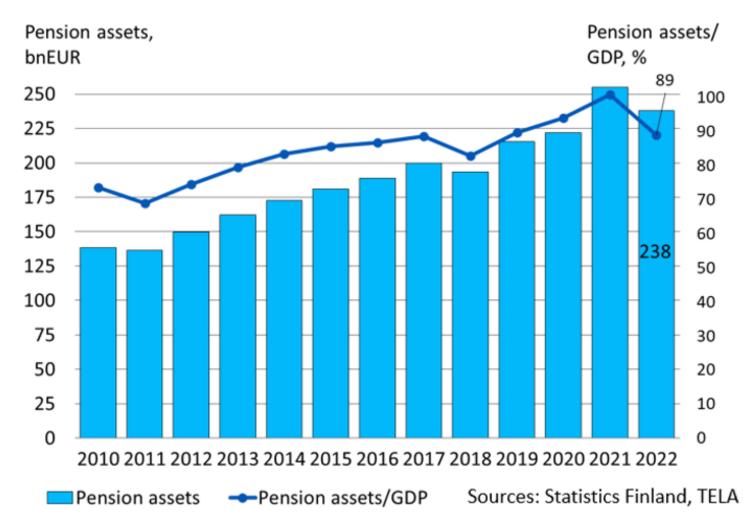
Pension expenditure and contribution rates in proportion to the wage sum under the Employees Pensions Act (TyEL) in 1962–2090



Source: Statutory pensions in Finland – Long-term projections 2022 (Reports 03/2023) Finnish Centre for Pensions



Pension assets and ratio of pension assets to GDP in 2010-2022





Key messages

- A simple system, with 1st pillar dominance.
- Same pension rules for both private and public sector wage earners, and self-employed and farmers, but financing rules differ (contribution levels and funding varies).
- Decent average pensions in EU comparison; at-risk-of-poverty of pensioners at the same level than for the total population.
- Partly funded system, helps to keep contributions at a lower level than expenditure.

