

Transition from work to retirement

LFS ad hoc module 2012 FINLAND

Interviewer instructions

Background and target

The ad hoc module is carried out in all EU Member States in connection with the Labour Force Survey in 2012. Its primary objective is to answer the need of information and to support the political decision-making of the European Union.

In 2006, a LFS ad hoc module on transition from work to retirement was conducted for the first time. The results from the module have contributed to the many analyses and formed a key foundation of the reports concerning pension systems.

2012 LFS ad hoc module aims at answering some main issues:

1. How and why people leave the labour market
2. Why they did not stay longer
3. How long population aged 50 to 69 expects to be in the labour market.

The results are intended for use both in Finland and in EU in the fields of labour market participation and promoting active ageing. One of the most important applications is the strategy of Europe 2020.

Research method, targets and duration

Data collection continues the whole year 2012.

The target population is everybody aged 50 to 69, currently working or having worked after the age of 50. If a person has not worked after 50th birthday, he/she is not involved.

On average, AMH2012 is a short survey, but the length depends on answers. If a target person is inactive not receiving a pension, there are only three questions. Those who got a pension will be asked more questions.

The questionnaire contains questions of a different kind for the person in a labour market position of a different kind. For this reason, the questionnaire has a structure of a different kind for different people. The advantage of the structure is that there aren't unnecessary questions.

Content

The first question is asked to all belonging to the target group. After this, the questions are based on that the person gets the pension or not and what is his/her labour market status.

Those people, whose job will start in more than three months, are considered as unemployed. Ad hoc module locates after the normal LFS but before the household module.

The pensioners are inquired about the type of the pension and did they receive early retirement and in which age.

Those who are employed and receive a pension are inquired about reducing working hours, the main reason for staying at work and plans to stop work in the future.

Those who are inactive and receive a pension are inquired the main reason for not staying longer at work, wish to stay longer at work and reducing working hours.

Those who are not receiving a pension and those who are receiving a certain type of pension are inquired whether they have acquired rights to another type of a pension than statutory scheme or not.

Those who continue to work and not receive a pension are similarly inquired reducing working hours and expectations to continue to work after receiving old-age pension. The questions last mentioned are also inquired to the unemployed who are not receiving a pension.

Guidelines

The questions are read out according to the interview technique. The instructions on the questionnaire are used if a target person is not able to answer the question or if he/she zones out. In chapter 13.8 of the manual, it has been told a little about the pensions. For the Ad hoc module all necessary is told here.

Basically, the pension is an income after the work career. From the year 2005 onwards, the general age of retirement - in other words, the age of retirement which is based on the work - is 63 - 68 years.

The national insurance secures the minimum livelihood in cases in which the employee pension is small or it does not exist. In this study, the sample includes ones working at present or ones have earlier worked. These people are entitled to the pension which is paid according to the employee pension acts.

Social Insurance Institution (Kela) costs either an old age pension or the disability pension. From the disability pension it is transferred nowadays to the old age pension at age 63. (In those few cases which should not be found in this study in which the person gets only the pension of Kela, the limit of the retirement pension is 65 years.) Several pensions of Kela cannot get simultaneously.

Nowadays the majority of the pensioners only draws the pension which is based on the income of the career. The part of the pensioners draws both the basic pension and the employee pension. A small part of the pensioners draws only the basic pension.

The purpose is not to clarify who (Kela or employee pension funds) is a pension payer. However, the matter will possibly come forth when the interviewees will think what pension they get. Likewise, there is not interest of according to which pension law the pension is paid (TyEL, KuEL, VaEL etc.).

The guideline to the pensions is that the retirement pension is paid either on the basis of the career or on the basis of the age. Because the pension is connected with the work, it is often talked about the employee or work pension but the right definition is an old age pension. It is important however, to separate the old age pension and the early old age pension, see the question-specific instructions.

Instead, the disability pension and rehabilitation allowance as well as widow's pension and employment accident pension are connected with a special situation in life, so they must be distinguished from an old age pension.

Question-specific instructions

AH1 GETTING OF THE PENSION

The purpose of the question is to clarify whether a pension is paid to the target person or not. It is important that all who are drawing the pension are recorded. In order to not say too fast "no" there is an explanatory sentence in a question, which must be read out.

There is not yet interest in here of what pension ip. gets. Therefore the pension categories are not explained. The assumption is that the interviewee knows if he gets the pension or does not.

The reference time is the time of the data collection.

The interviewee may have expressed in LFS an old age pension or a disability pension in as his main status. In that case, he will get the pension with the most probable and so one must make sure that he has understood the question right, if the answer is now "no".

On the other hand, the question may seem like a repetition. However, now is asked about the drawing of the pension, which was not talked about earlier. The words can be posted to the ones already known as retired: "You are retired, so you get the pension at the moment?"

Some pensions (such as a widow's pension) may be very small. On the sum of the pension has no significance in this enquiry.

NOT PENSIONS

In Finland many kinds of other supports are paid which however, neither are pensions nor which are included: the support of the caring for close relatives, day care allowance to pensioners, different unemployment benefits as well as so-called unemployment pathway to retirement (exception: section AH9.2), sick pay or Kela-subsidy, housing allowance to low-income pensioners and such like.

AH2 TYPE OF PENSION

AH2 is the second filter question. Its purpose is that the asking of all the pension types would be avoided from all the pensioners. The aim of the first part of the question is to lead the interviewee to think about the type of his/her pension. The answer to the question is recorded only "yes" or "no". With the question an attempt is also made to illustrate what an old age pension means. Without understanding about the old age pension it is difficult to carry out the survey.

The question has to be carefully read so that the interviewee would understand what the question means. The old age pension can be a strange concept because many people perceive their pension as an employee pension even though in fact it is an old age pension.

Answer "no" will always be recorded when ip. draws a disability pension or unemployment pension, rehabilitation allowance or employment accident pension. Furthermore, the person may get the pension which is based on a personal retirement pension insurance.

The purpose of the question is to distinguish the group which draws the pension which is based on the incapacity for work from the ones to which a retirement pension is paid based on the career. By these the answer should be "yes".

The right answer of the ones getting the widow's pension depends on the fact whether ip. draws another pension. If a respondent gets the mere widow's pension, the right final result will be achieved by both routes ("yes" or "no"). Because the widow's pension deviates from other pensions, a totally satisfactory solution has not been found to its handling on the form.

In those cases in which the person does not have a conception of his/her pension different pension types should be read out to him/her from the paper instructions. The interviewee probably is able to pick up the right alternative suitable from him/her. If it appears that ip. does not get any pension at all, only way is to return to the section AH1 and change the answer.

PENSION OF KELA, EMPLOYEE PENSION

Even though both concepts are relevant in Finnish pension system, they are not exact answers to the questions of this survey.

Both the employee pension and the pension of Kela (basic pension) point to the pension systems. In these systems, people are going into an old age pension.

"The employee pension" or "the pension of Kela" are ambiguous as terms. With their help it is not possible to define what pension category they are distinctly. The pension of Kela can be drawn as an old age pension or as a disability pension and the amount of the disability pension is based on the work career. If a person gets both pensions at the same time, it is an old age pension.

EMPLOYEE PENSION vs. OLD AGE PENSION

Interviewees may say that nowadays it is talked about the employee pension and not the old age pension. - The problem is in the fact that few pensioners have studied the right use of the pension terminology. The old age pension is a general term in the pension system and it is used on purpose in this survey, among others, for the sake of international comparability.

TEL, LEL (TaEL)

These pension laws merge TyEL, in other words workers' pension law in 2007. The person claiming that he/she is TEL retired is probably retired with the old age pension.

AH3–AH8 TYPE OF PENSIONS, GUIDELINES

AH3-AH6

Even though the majority of the pensioners draw one pension type, a person can simultaneously get pension of the different pension category. Because of this, it must be inquired the getting of different pensions.

AH3 is asked only from the ones, which can get it (born in 1949).

AH4 is asked from the ones, which answered “no” in the question AH2 (except it is not asked from the ones, which answered "yes" in the question AH3). The partial pension is not asked for separately but if the interviewee says it, in that case alternative 3 will be chosen.

The sequence of the question in AH6 series will come to the ones, which inform a getting pension in the questions AH3-AH5.

AH7

This sequence has been meant for the ones, which inform that they are drawing the pension which is based on the career. If a person says in AH7.1 that he is getting the part-time pension, a few other alternatives will fall away in that case; the same is repeated in AH7.2 and AH7.3. The old age pension (AH7.3) is the most general of all pension types. In order for the part-time and early pensioners wouldn't inform that they are getting the old age pension, AH7.3 is asked not until as the third alternative in this list.

The oldest interviewees (63 - 69-year-old) proceed directly from the question AH1 to the AH7 (if they get the pension).

If an interviewee has chosen "yes" in the question AH2 but does not identify any pension in the AH7 questions, the pension is asked with the open question in AH8.

AH8

This question has been intended to be as an “escape door”.

Record the pension which ip. says and if necessary, return to the earlier sections to change a pension type. The following instructions are on the form:

If 63 - 64-year-old ip. says that he/she is getting the disability pension, he/she must be retired before the year 2006 on the disability pension > record it here and move on the form.

63-year-olds plus are not asked about the disability pension. However, it is possible that there are persons who have stayed on the disability pension on the basis of an earlier law: their pension changes to an old age pension not until at 65.

If ip. is sure that he/she only gets the employment disability pension > record the it here, and move on the form.

The ones, which have turned 63 and inform they are still drawing the disability pension are read to this section.

If over 64-year-old ip. says that he/she is getting a disability pension or unemployment pension or rehabilitation allowance, they will draw an old age pension at the age of 63 > record in AH7.3 “yes”.

Turned 65, no one should be according to the pension system on the disability pension.

AH3-AH8 PENSION TYPES

The principles of pensions have been briefly described in the following text (sources e.g. www.etk.fi, www.kela.fi).

Unemployment pension AH3

A pension which can be paid to an unemployed person who has reached the age of 60 and who has received unemployment allowance for the maximum period of time. An unemployment pension can only be granted to persons born before 1950. The last unemployment pensions are paid in 2012.

Disability pension AH4

A pension paid to a person who is incapable of work due to illness, handicap or injury. A person can get extra incomes by working. Average earnings from which the pension has been calculated may not exceed 40 per cent. Maximum salary is 687 euro.

Partial disability pension, partial pension AH4

A partial pension is the same as a partial disability pension. The disability pension may be awarded as a partial pension. The amount of the partial pension is half of the full disability pension.

Entitlement to a partial disability pension exists if a person's work capacity has decreased by at least two fifths.

The disability pension can also be left “to rest” for the time of the work period. In that case, it will not be calculated that the person draws the pension in question.

Rehabilitation allowance AH4

A benefit paid to a person who participates actively in working life and whose incapacity for work is prevented through vocational rehabilitation.

Workers' compensation pension (SOLITA) AH5

A pension which is paid to a person whose incapacity for work is due to an accident at work or an occupational disease. A workers' compensation pension is a so-called primary pension, i.e. other possible pensions do not reduce it.

Disability indemnity is paid for the permanent drawback caused by the accident injury and by the occupational disease. A kind of a disability pension also is the top **athletes' protection**.

Part-time pension AH7.1

A pension which requires that the person works part-time. Presupposes that the person is aged at least 58. For those born in 1953 or later, the age-limit is 60 years. The change to part-time work and retiring on a part-time pension has to be agreed on with the employer.

Early old age pension AH7.2

On the retirement pension that has been moved to an earlier time one can stay at 62. Because it reduces the pension sum, the name of the retirement pension that has been moved to an earlier time will stay after age 65 as the same and so does not become an old age pension.

The professional specific pension arrangements are not an early old age pension (for example the general age of retirement of the army for the age of 55 years).

Old age pension AH7.3

A pension which may be taken flexibly between the ages of 63 and 68. The old-age pension retirement age for state and local government employees may be individual, between the ages of 63 and 65, or occupational, in which case it is lower than 63. A voluntary occupational pension arranged by the employer may also include the possibility of retiring on an old-age pension before the age of 63.

Because to the most people the old age pension means the pension received after a career, they may understand it as an employee pension, see the section AH2.

Farmers' early retirement aid AH7.4

A pension paid to a person aged at least 55 who gives up farming. Includes a calculated national pension. The aim of the farmers' early retirement aid is to support changes of generation and improve the structure of agriculture.

It is known earlier by the name as change-of-generation pension (it was admitted until the year 1995). Also the closure pension and compensation for closure are earlier forms of the aid.

Voluntary insurance pension AH6.1, AH7.5

Pension insurance usually wholly paid for by a private individual himself or herself. A type of long-term saving which makes possible an early retirement or an improved pension.

Accrual of the statutory earnings-related pension ends when the person stops working and starts receiving the voluntary pension he has paid for. The earnings-related pension may be taken early, in which case a reduction for early retirement is calculated to the pension. If the statutory earnings-related pension is not taken until the age of 63, no reduction for early retirement is calculated to the pension.

Supplementary pension AH6.2, AH7.6

Through supplementary pension insurance the employer can improve the employees' pensions or lower the retirement age.

Supplementary pension insurance can be collective supplementary pension insurance, group pension insurance or a supplementary pension arranged through a pension fund.

Surviving spouse' pension AH6.3, AH7.7

The widow's pension belongs to the survivors' pensions. It is paid to the widow. The survivors' pension is not paid for the same time as basic pension. However, the widow has the right to draw a starting pension for six months if it would be bigger than a basic pension.

The people often get the pensions as accounts from different pension funds. They have had service during the career in private as well as the public sector. In that case, it will be a question of the one and same pension type in most cases the old age pension which is based on the career.

The guarantee pension which has come into force 1.3.2011 is paid to low-income pensioners. However, it is always connected to one of the above-mentioned pensions so it is not recorded in the survey. The pensioners always get some other pension than a guarantee pension primarily. Also the immigrant's special aid became a guarantee pension in 2011.

The pensions which are paid for abroad are classified as pensions which are paid for Finland.

DNK in AH3-AH7

When Ip has found the right pension which he/she draws, other pensions have to be marked in uncertain cases ("not surely", "perhaps not", and such like) "no". If Ip answers "I do not know" the pension must be clarified with the help of instructions. If Ip cannot even still say, the "no" will be marked.

AH9 EARLY RETIREMENT

Question is posed to get information if the pension path has begun with some earlier pension than the interviewee now gets.

The question will come to the ones, which informed that they were drawing pensions in the sections AH7.3, AH7.5, AH7.6, AH6.1 or AH6.2.

In AH9.2 it can be unclear to the Ip if he/she has got the unemployment benefit, the continued unemployment allowance or unemployment

pension earlier. The unemployment benefit (usually paid for 500 days) is not included here but the continued unemployment allowance is included. However, it does not need to be asked separately.

N.B. Early retirement does not refer to the agreements in which the age of retirement is lower than a general age of retirement (for example the staff of the army).

AH10 AGE AT WHICH A PERSON FIRST RECEIVED AN OLD AGE PENSION

Those pensions the person has informed that he draws in sections AH7.1 - 7.6 or AH6.1 - 6.2 and AH9.1. will become asked.

If an interviewee wants to be very exact the time is that account day in which the pension was paid for the first.

QUESTIONS FOR EMPLOYED

AH13T REDUCED WORKING HOURS

The question is not asked 50–54-year-old. The reference period is indefinite on purpose so an attempt do not need to be made to specify it.

To the ones, which have informed that they are or have been part-time pensioners, the question is not asked. If Ip appears only here that he/she has enjoyed the part-time pension, the answer will be "yes".

If Ip has reduced working for other reasons which are related to the managing or coping, the answer is a "no" (for example only the family reasons). If however, the point of view of the coping is connected to the reducing of work also for its part, the answer will be "yes".

The transition to the pension and the beginning of the part-time job is not enough for the "yes". If an ip who already draws a pension has reduced hours in order to cope better (for instance five hours to three) the answer will be "yes".

The way of reducing makes no big difference. It has been able to take place with the agreement or the worker to reduce the overtime work himself.

The question fits the best on the ones, which approach the age of retirement. Instead it can be difficult for those already retired and for those working minor hours. The question has wanted to retain similar because of the comparability to the previous pension inquiry.

If Ip fails to give an appropriate answer (for example cannot say if working hours have shortened in order to continue "as long as possible"), then he must be asked to answer "yes" or "no" according to his/her best estimate.

AH14T REASON FOR STAYING AT WORK

The question fits well on the ones, which are working and draw an old age pension. However, it is enquired of those who are drawing widow's pension for example. The question is not suitable for the situation of life

in which the retirement is still far. One has to ask as it is written but if there are difficulties in the answering, DNK can be recorded to be an answer.

The interest is what is the main reason for the staying at the work. The interviewee may not have a thought of the matter with presented alternatives. If the motive of the working is money and the reasons expressed in alternatives 1 and 2 are as important, alternative 3 is used.

Alternative 4 means that main reason to continue is non-financial, i.e. satisfaction in the job, flexible work arrangements, safe workplace, appreciation, social contacts or so. Many other reasons also suit here as "I do not find a successor for my business", "the children do not live any more at home", "I do not want to be only at home" etc.

AH15T PLANS TO STOP WORK

This is enquired of those who are still working and drawing the pension.

If Ip cannot answer even after the thinking, then DNK is accepted as an answer.

If Ip says that he/she intends to work as long as it manages, alternative 5 will be recorded in that case.

AH16T AND AH17T PENSION RIGHTS THE PERSON HAS ACQUIRED

Questions are asked to those who do not get a pension at all and to the those who do not get pension types in AH6.1-AH7.6.

AH16T voluntary insurance pension, see the definition of pension types.

AH17T the employer's supplementary pension, see the definition of pension types.

Ip can say that he/she does not know if the employer has arranged the supplementary pension. It is very unlikely that an employer without the worker knowing gives a happy surprise for retirement. If an interviewee says that he/she does not know, then "no" will be recorded.

AH18T-AH20T WORKING AFTER RECEIVING OLD-AGE PENSION

In the question, the willingness to continue work with the old age pension is to be enquired. Voluntary work is not included here.

Eurostat has not given detailed instructions on the questions AH18-AH20. So the interviewee may independently decide what he/she understands with these questions.

The job does not need to be looked already, the willingness to look for a work is enough here for "yes" answer.

Because the interviewee may ask about the old age pension, the same explanation is given as in AH7.3 to the pension. However, the question itself is not explained more.

If an answer in AH18T is "yes", then the reason is inquired (AH19T). A more important reason is chosen.

If an answer is “no”, it is inquired whether Ip has an intention to continue to work until pension age or does he/she aim to stop work before it.

QUESTIONS FOR INACTIVE AND UNEMPLOYED

AH11E REASON FOR NOT STAYING LONGER AT WORK

The question is asked to the ones, which get the pension outside the labour force. The objective is to know the reason the interviewee stayed out of the labour market. If it is difficult for the interviewee to make the choice, then the choosing of the closest right reason is acceptable.

1. Losing of the job. For example dismissal for one reason or another, but not the voluntary resignation. The person did not find new work any more.
2. Had reached the maximum retirement age. The person had to retire because it was not able to continue working for his age. Nowadays this usually means for the age of 68 years except professions in which one must retire earlier.
3. Had reached eligibility of the pension. Typical when one retired on the age limit of the old age pension pension. Usually it will be for the age of 63 years but earlier the age limit has not been as unambiguous.
4. Own health problem. A person retires to take care of the health.
5. Family reasons. A person retired so that could for example take care for example grandchildren, spouse or other next of kin; also giving up the company to the descendants. However, not only because the spouse was already retired (>8).
6. Work-related problems. All problems which are related to the contents of the work or to the working conditions: for example the difficult working hours, too demanding work, safety at the job place, working pressures, inadequate skills, lack of the appreciation, the employer's attitudes which led to the going away from the labour market.
7. Favourable financial arrangements to leave. The person got an economic benefit from the fact that he/she retired earlier than ordinary. The transition for example to the unemployment pathway to retirement or so-called golden handshakes are calculated here as an alternative.
8. Other reason for stop working. The retiring was affected for example by the fact that the spouse was already retired or that the working was not necessary because of the economic livelihood.

AH12E WISH TO STAY AT WORK

It is asked if Ip would have liked to stay for a longer time in the work than he/she stayed. Here a moment is meant when Ip stayed out of the labour market.

The interviewee can say that it was not even possible for him/her to stay for a longer time in the work. In that case it will be explained that it is on the whole inquired from his/her willingness to continue at that time.

If an interviewee says he/she would have been willing to continue in another work it is recorded "yes".

AH13E REDUCED WORKING HOURS TYÖAJAN LYHENTÄMINEN

The question will come to the ones, which draw the pension outside the labour market.

Instructions see AH13T.

AH16E AND AH17E PENSION RIGHTS THE PERSON HAS ACQUIRED

Questions are asked to the ones, which do not get a pension and to the ones, which do not get pension types in AH6.1 - AH7.6. It is enquired of non-employed if earlier the interviewee has had an employer who has raised an extra pension.

AH16E voluntary retirement pension insurance, see the definition of pension types.

AH17E the employer's supplementary pension, see the definition of pension types.

AH18E-AH20E WORKING AFTER RECEIVING OLD-AGE PENSION

In addition to employed, the question will come to the unemployed. See the explanation AH18T-AH20T.