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Transition from work into retirement

Labour Force Survey ad hoc module 2006

Interviewer instructions

Background and objectives of the survey

Transition from work into retirement is an ad hoc module of the Labour Force Survey conducted in all Member States of the European Union. The topics of the ad hoc modules of the survey change every year and their purpose is to collect internationally comparable data on current and politically interesting issues. The survey topics are determined by the European Commission and the data content of the surveys is defined in a regulation. The results of the survey are used both in Finland and by the EU to support decision-making concerning working life.

The survey has two main objectives in terms of content:

1. to find out at which age and with which arrangements a person's transition into full-time retirement has taken place, will take place or is expected to take place, and
2. to find out which factors affected a person's transition from work into retirement or would affect a person's transition into retirement, and which factors could cause or could have caused a person to postpone his/her exit from working life.

Survey method and target groups

The data collection of the survey continues throughout the year 2006. Target groups include all employed persons aged between 50 and 69 belonging to rotation group 5 as well as those unemployed persons who were at least 50 years of age when their last employment relationship ended.

Contact persons at Statistics Finland

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Data content

The first ad hoc question AH1 is asked from all persons in the target group and the purpose is to find out the duration of a person's working career. After this the asking of specific questions depends on whether the person is employed or not. The questions directed at the employed are asked also from those non-employed persons who are on an unpaid leave lasting over one month, such as job alternation leave, but who have an employment relationship (M2=1901). Ad hoc questions are found at the end of the basic part of the Labour Force Survey, before the part on households.

AH2T - AH16T

These questions are asked from the employed. As the employed comprise both persons fully engaged in working life as well as those who already receive some pension but continue to work either regularly or occasionally, separate questions exist for these two groups. The "genuinely" employed are asked about their intentions as regards retirement as well as factors related to working life that influence their intentions. The employed who already receive some pension or are entitled to a pension but still continue working are of particular interest. They are asked about their reasons for continuing in working life.

AH2E - AH17E

These are questions for the non-employed persons. Most of the questions are directed at retired persons, who are asked about the timing of transition into retirement and its reasons. There are separate questions also for the unemployed.

AH18 - AH24

These questions concern a person's health and working capacity and they are asked from all persons belonging to the target group. The employed are also asked about absences due to sickness during the past year.

General instructions for the interview

The majority of the **questions concern facts**, and if necessary the respondent can be assisted by using the screen instructions and the interview instructions. The purpose of the question can be clarified to the respondent, but the final answer is selected by the respondent on the basis of his/her personal opinion. Questions AH9T, AH11T, AH15T, AH7E, AH16E, AH17E, AH18 and AH19 concern opinions and are indicated with the letter M. They should be asked in the exact form in which they have been written. In these questions the respondent may be assisted, if necessary, by reading the screen instructions aloud.

The objective is to ask all questions. If a proxy respondent has to be used, it may be difficult to get an answer to some of the questions. In such cases the CANNOT SAY code can be used, if necessary.

Unlike in the basic part of the Labour Force Survey, the making of detailed remarks is encouraged in the ad hoc surveys. The remarks are examined afterwards and can be useful in the planning of the next corresponding survey. Feedback on the survey and the questions can also be given directly to Laura Hulkko or Mirja Tiisanoja.

Instructions by question

AH1. How many years altogether has the respondent been in gainful employment during his/her life

The objective of this question is to elicit an estimate of the duration of a person's working career. In this context, the working career is considered to have begun from **the first significant (often full-time) employment relationship** after the person has turned 15. Working as a wage or salary earner and working in one's own company are both taken into account. Schoolchildren's summer jobs or other temporary or short-term employment relationships after which the person returned to activities outside working life are not taken into account. Part-time work alongside studies is not taken to account either.

If the person has been temporarily absent from work due to e.g. maternity, paternity or parental leave, sick leave or being laid off temporarily, these periods are included in work experience. Longer unpaid absences, then again, such as child care leave, job alternation leave or military service are not included in working years.

An estimate is better than no response.

Questions for employed persons

AH2T, AH3T. Pensions

The purpose of these questions is to find out if an employed person is receiving some personal pension or cash rehabilitation benefit. The object of interest are pensions a person may be receiving **at the time of the survey** and not pensions the person may have received before (a person may have started receiving disability pension but is now receiving old-age pension).

The primary purpose of these questions is to function as filter questions, that is, to determine which further questions will be put to the respondent. They do, however, also give direct information which is used in the reporting on the survey. AH3T is a multiple choice question in which all the pensions and allowances received by the person are selected. The basic principles applied to the types of pensions listed are described briefly below (source of the descriptions: Finnish Centre for Pensions, www.etk.fi).

Part-time pensions

AH3T1. Part-time pension

A pension whose recipient must work part-time. Currently requires the recipient to be 58 years old, earlier the limit was 65 years. The transition into part-time work and part-time pension must be agreed with the employer.

AH3T2. Partial disability pension, partial cash rehabilitation benefit

Disability pension may be granted as a partial pension. The amount of partial pension is one half of full pension. A person is entitled to receive partial disability pension if his/her working capacity is diminished by at least two fifths.

Disability pensions

AH3T3. Disability pension

A pension received by a person who is incapable to work due to an illness, disability or injury.

AH3T4. Cash rehabilitation benefit (fixed-term disability pension)

A disability pension granted for a fixed term. The cash rehabilitation benefit is the same sum as the disability pension.

AH3T5. Individual early retirement pension due to incapacity for work

An individual early retirement pension may be granted to an employee or a self-employed person born in 1943 or 1942 and younger than 63 years of age whose working capacity is permanently diminished so that he/she cannot reasonably continue in his/her current or corresponding work. In the public sector also a person born between 1944 and 1947 may, under certain conditions, be entitled to an individual early retirement pension.

Unemployment pension

AH3T6. Unemployment pension

A pension which can be received only by persons born before 1950. Can be paid to an unemployed person at least 60 years of age, who has received unemployment benefit for the maximum period. In addition the person must have been employed at least five years during the 15 years preceding the unemployment (this condition, however, is less severe for persons born before 1945).

AH3T7. Early old-age pension

A person can start receiving early old-age pension when he/she is 62 years of age. Persons born in 1944 or earlier may, if they wish, start receiving early old-age pension when they are 60 to 61 years of age, according to the rules in force in 2004.

AH3T8. Old-age pension

According to the current system, a person may start receiving old-age pension flexibly at the age of 63 to 68. A person must submit an application for old-age pension. State and municipal employees may be eligible for old-age pension before they have turned 63. A voluntary supplementary pension arranged by the employer for an employee may also make it possible for old-age pension to start before the age of 63 years.

Pensioners aged 63 or over generally all receive old-age pension, as e.g. disability pension changes into old-age pension when the recipient turns 63.

Old-age pensions

AH3T9. Change-of-generation pension, farmer's early retirement pension

Pension types suitable for self-employed persons in the case of a change of generation are early old-age pension and part-time pension. The primary pension payable to a farmer in the event of a change of generation is a farmer's early retirement pension, which is a pension payable to a person at least 55 years of age who is giving up agriculture and includes the calculatory basic pension. The purpose of farmer's early retirement pension is to support changes of generation and improve the structure of agriculture.

AH3T10. Pension on the basis of voluntary pension insurance

This group includes different types of voluntary pension insurances. A voluntary pension insurance is a pension insurance paid for in full by the private person. It is a form of saving which allows the person to retire before the retirement age or guarantees a higher pension than the earned employees' pension. If a person retires from working life before retirement age and receives his/her livelihood from a voluntary pension insurance, his/her

employees' pension will start once he/she reaches retirement age. Employees' pension does not accrue after retiring from working life.

Basic pension is payable on the basis of incapacity for work (younger than 65 years) or age (aged 65 or older) and is therefore not included here as a separate alternative. If the respondent states he/she is receiving basic pension, it should be asked which of the two kinds of basic pension he/she is receiving.

The above list of types of pension attempts to take into account all kinds individual pensions, i.e. the so-called own pensions, as comprehensively as possible. Survivor's pension or surviving spouse's pension is not taken into consideration as it is based on the gainful employment of the deceased spouse. The respondent may have trouble remembering the name of the pension he/she is receiving, especially if he/she has retired already long ago. The names of pensions may also have changed over time. It would, however, be important to find out at least the main type of pension, so the respondent can be asked the correct further questions. In difficult cases additional questions may be asked in order to clarify what type of pension the respondent is receiving, after which the following deductive tools can be used:

- Normal old-age pension payable on the basis of age
Choose AH3T8 (old-age pension)
- Pension payable on the basis of illness or disability
Choose AH3T3 (disability pension)
- Part-time pension
Choose AH3T1 (part-time pension)

It is not important to list each and every pension, but to guide the interview towards the correct questions.

AH4T, AH5T. At what age did the respondent start part-time pension or old-age pension

If the respondent has initially started to receive e.g. disability pension which has later changed in to an old-age pension, the age meant here is specifically that in which the respondent started receiving old-age pension. If the respondent cannot recall the exact age, he/she is asked to give an estimate.

AH8T. Would the respondent be entitled to some old-age pension

The purpose of this question is to recognise the persons who have chosen to carry on working despite being entitled to old-age pension.

Under the current system, all persons at least 63 years of age are entitled to old-age pension, so theoretically all persons older than that have consciously decided to postpone retirement. The reasons behind such a choice are one of the main points of interest in this survey.

AH9T, AH10T. Financial reasons for carrying on working

Employed persons who would be entitled to old-age pension are asked about their reasons for carrying on working. At first respondents are asked about the financial reasons in questions AH9T and AH10T. Financial reasons here mean:

1. a better pension in the future, or

2. securing the current livelihood of the household.

The purpose is that the respondent chooses the alternative which is more significant to him/her. **If choosing between the two is impossible, mark code 1.**

AH11T. The most important reason for carrying on working

This question is put to all employed persons aged 63-69 and those persons aged 50-62 who want to carry on working despite receiving or being entitled to some pension. In this question the respondent's entire situation in life is considered by taking into account also other than financial reasons for carrying on working. The contents of the different alternatives are described more closely in the following:

1. The challenging and interesting nature of work: The content of the work itself motivates to carry on.
2. The employer encourages to carry on: the respondent would have retired already, but is carrying on working at the initiative of the employer (financial incentives naturally also play a role in such a situation, but the employer's active role is key).
3. Economic livelihood: the decision to carry on working has been made mainly because of economic reasons.
4. Interaction with co-workers and customers: The social aspect of work is an important reason for carrying on working.

AH12T. Reducing working hours

This question is asked from employed persons who are not receiving part-time pension or part-time disability pension. The purpose is to find out whether there are other unofficial shorter working time arrangements in Finland, besides part-time pensions, intended to help employees cope in working life longer and so postpone complete retirement. Such gradual arrangements of retiring are common in some European countries.

As this questions looks specifically into shorter working hours with the intention of lengthening the working career, part-time work for some other reason is not taken into account.

AH13T. Has the respondent planned to reduce his/her working hours

The purpose of this question is to find out how many persons are planning to reduce their working hours during the next five years. This question is asked from the employed persons who do not yet receive part-time pension or have not reduced their working hours with some other arrangement (AH12T=2 or CANNOT SAY), i.e. it is asked also from persons currently working part-time for some other reason.

If the issue is in no way topical during the next five years (the respondent is too young) code 3 is chosen. Otherwise choose between codes 1 and 2. Code 2 includes also the cases in which reducing working hours is not possible even if the respondent would like to reduce them (e.g. because of economic reasons or reasons connected to the employer). The alternatives can be read aloud, if necessary.

AH14T. Age of stopping work for pay or profit

In this question the respondent is asked to estimate the age at which he/she will **stop all work for pay or profit**. The question does not refer to retirement age, as a person can work for pay or profit while receiving pension. The primary objective is to get the exact age (even though what is looked for in an estimate). If a respondent cannot estimate an exact age, choose from codes 94-97. The alternatives can be read aloud.

AH15T. Factors which have an effect on the respondent to stay at work

The purpose of this multiple choice question is to find out which factors should be paid more attention to in order to keep people at work longer than before. The question refers specifically to the **respondent's own life situation and current work**. The point is not to ask if the respondent considers these factors to be generally significant.

A person's decision to retire at a given age may be mainly based on quite other factors than work, such as economic situation or own state of health. However, in addition to the personal factors, work-related factors may also have an effect. The point of this question is to take into account all the factors which could, according to the respondent's estimate, have at least some effect. If, however, other factors are much more significant to the respondent, or all the factors have been taken into account at his/her workplace as well as possible, it may be that this question does not elicit any Yes responses. In this case the question can be skipped by pressing on enter.

AH16T. Doing gainful work when on old-age pension

Retiring is not a final life change for all individuals, but a part of them return to gainful employment in the form of e.g. short-term jobs. This question is designed to find out the respondent's estimate of whether he/she could consider working to some degree while receiving old-age pension. Other gainful work than the current work is also taken into account, but voluntary work is excluded from this question.

Questions for non-employed persons

AH2E. Activity after the end of the latest gainful employment

In question M5 of the basic part of the Labour Force Survey the respondent has been asked about the reason for the ending of his/her latest gainful employment. This does not, however, in all cases reveal what the person's main activity was just after leaving work. The respondent may have been laid off after which he/she may have been unemployed for some time, but has since then decided to retire. Therefore the respondents whose answer to question M5 was that the reason for the ending of the employment relationship was a lay-off, a temporary lay-off, the ending of fixed-term employment or some other unspecified reason are asked this further question.

AH3E, AH4E. Current pensions or allowances

The purpose of these questions is to clarify if a non-employed person is receiving some pension or cash rehabilitation benefit. A respondent who has reported receiving a pension is asked about the specific type of pension (AH4E). The object of interest are pensions the person may be receiving **at the time of the survey** and not pensions the person may have received before (a person may have started receiving disability pension but is now receiving old-age pension).

The primary purpose of these questions is to function as filter questions, that is, to determine which further questions will be put to the respondent. They do, however, also give direct information which is used in the reporting on the survey. The various types of pension are described in the instructions to question AH3T on pages 4-5.

The respondent may have trouble remembering the name of the pension he/she is receiving, especially if he/she has retired already long ago. The names of pensions may also have changed over time. It would, however, be important to find out at least the main type of pension, so the respondent can be asked the correct further questions. In difficult cases additional questions may be asked in order to clarify what type of pension the respondent is receiving, after which the following deductive tools can be used:

- Normal old-age pension payable on the basis of age
Choose AH3E7 / AH4E1 (old-age pension)
- Pension payable on the basis of illness or disability
Choose AH3E1 / AH4E5 (disability pension)
- Pension payable on the basis of unemployment
Choose AH3E4 / AH4E8 (unemployment pension)

It is not important to list each and every pension, but to guide the interview towards the correct questions.

AH5E. At what age did the respondent start to receive old-age pension

If the respondent has initially started to receive e.g. disability pension which has later changed in to an old-age pension, the age meant here is specifically that in which the respondent started receiving old-age pension. If the respondent cannot recall the exact age, he/she is asked to give an estimate.

AH6E. Did the respondent start old-age pension immediately when it was possible

This question is asked from the respondents who are, according to answers obtained earlier (in questions AH3, AH4 or M5), on old-age pension. The purpose is to find out how many have taken advantage of the possibility of flexible retirement age. Under the earlier pensions system, persons who retired from certain occupations did not necessarily have a choice, but retirement age was predetermined, in which case the logical answer is Yes (started old-age pension immediately when it was possible). The answer is marked as Yes also if the respondent has retired before the actual retirement age.

AH7E. Main reason for retiring

This question is asked from the respondents who have changed from working life directly to old-age pension or early old-age pension and refers to the time when the respondent left gainful employment. The content of the different alternatives is described more closely in the following:

1. Losing a job: voluntary resignation is not taken into account.
2. Reaching the maximum age of employment: a person had to retire, because he/she could not continue working on account of old age. He/she worked for as long as possible. Under the current pension system the limit is usually 69 years, apart from certain occupations from which a person must retire earlier.
4. Looking after a relative: the person retired to look after e.g. grandchildren, a spouse or some other close relative.
5. Work-related problems: this category includes all problems related to the content of work or working conditions, such as
 - difficult working hours
 - too demanding work
 - poor occupational safety
 - pressure at work
 - insufficient competence
 - lack of appreciation at work
 - employer's attitudes etc.
6. Transition into retirement was encouraged financially: the person benefited financially from retiring sooner than usual. This includes the so-called golden handshakes as well as transitions to the unemployment path to retirement as alternatives for being laid off.
7. The person wanted to stop working for some other reason: the transition into retirement was influenced primarily by personal reasons, such as an already retired spouse, or working was not necessary in terms of economic livelihood. This includes also the persons who retired when they reached the minimum age, even if they could have continued working.

If the respondent has difficulties in selecting the main reason from the alternatives given, the first alternative from the top which fits his/her situation at the time is chosen.

AH8E, AH13E. Part-time pension

The question AH8E is asked from all non-employed persons who, according to the responses given to earlier questions, are on old-age pension, the question AH13E is asked from other non-employed persons. These questions are intended to clarify if the person has retired or left working life straight from full-time employment or via part-time employment. Only actual part-time pension is taken into account here and not other part-time arrangements such as part-time disability pension or partial cash rehabilitation benefit intended for employed persons whose working capacity is diminished.

AH10E, AH14E. Did the person reduce his/her working hours in some other way

Question AH10E is asked from persons on old-age pension, and question AH14E is asked from other non-employed persons. Reduced working hours include all other arrangements apart from part-time pension, i.e. also part-time disability pension and partial cash rehabilitation benefit. Unofficial arrangements, such as reduced working hours of a self-employed person, are also included in this. Specifically such situations are meant here in which a person has reduced working hours from the norm before retirement age in order to cope with working life for longer. If the person was in part-time work to begin with, mark code 2 (No).

AH11E. Would the respondent be entitled to some old-age pension

This question is asked from all non-employed persons who are not retired. The purpose is to identify the persons who have, for some reason, postponed retirement. In principle, under the current system, all persons aged 63 or older have the right to receive old-age pension.

AH12E. Does the respondent still want to return to working life

This question is asked from all non-employed persons apart from the unemployed. It functions as a screening question for question AH15E, which looks into the intended age of leaving gainful employment. All kinds of gainful employment, short-term and temporary work included, are taken into account here. Voluntary work is, however, excluded.

AH15E. Age of stopping all work for pay or profit

This question is asked from all unemployed persons as well as the persons who have responded to question AH12E that they still want to return to working life. This refers to the respondent's estimate of the age at which he/she will stop all work for pay or profit. The primary objective is to get the exact age (even though what is looked for in an estimate). If a respondent cannot estimate an exact age, choose from codes 94-97. The alternatives can be read aloud.

AH16E. Factors which would have had an effect on the respondent to stay at work

The purpose of this multiple choice question is to find out which factors about working life should be paid more attention to in order to keep people at work longer than before. The question refers specifically to the **respondent's own life situation and work at the time when he/she left**

working life. The point is not to ask if the respondent considers these factors to be generally significant.

A person's decision to retire at a given age may be mainly based on quite other factors than work, such as economic situation or own state of health. However, in addition to the personal factors, work-related factors may also have an effect. The point of this question is to take into account all the factors which could, according to the respondent's estimate, have had at least some effect in his/her situation. If, however, other factors were much more significant to the respondent, or all the factors had been taken into account at his/her workplace as well as possible, it may be that this question does not elicit any Yes responses. In this case the question can be skipped by pressing on enter.

AH17E. Factors which have an effect on the respondent to stay at work (if unemployed)

The unemployed are asked about the effects of only three work-related factors. The question may not seem relevant, if the person has been laid off for reasons related to production. In this case it is likely that there are no Yes answers. The laying off of the person may, however, have been influenced by e.g. the fact that his/her skills are outdated with regard to new technology, in which case the answer to point 2 could be Yes. Correspondingly, the person may have resigned voluntarily because of unsuitable working time arrangements, in which case point 1 might fit to his/her situation.

Extra instructions

The term "old-age pension" used in the current pension system has caused some confusion among respondents. Many respondents may say they have retired on the basis of years of work or years in office and not on the basis of age (civil servant's pension, employees' pension). However, the same thing, i.e. normal transition into retirement on the basis of age or years of work, is meant. Thus in questions AH3T, AH3E or AH4E, this kind of pension should be noted down as old-age pension. If the respondents wonder at this, the matter can be explained by stating that the names of different pensions have changed over the years.

The target group of this survey necessarily includes some carers for close relatives. In this case they form a special group, who cannot plan transition from work into retirement in the same way the so-called normal employees can. If necessary, the CANNOT SAY code can be used for carers of close relatives, if the question appears to be completely inapplicable to the respondent's situation.

Questions about the respondents' state of health

AH18. Estimated state of health at the moment

The purpose is to get the respondent's own estimate of his/her state of health at the moment. The estimate is very subjective, the respondent may compare his/her situation to the general opinion concerning "a good state of health" or to his/her own earlier state of health. This is not significant as such, the questions simply tries to obtain the respondent's own feeling.

AH19. Estimated present working capacity

The respondent's own subjective estimate as an integer on a scale of 0–10. The respondent may estimate his/her working capacity in terms of his/her own (earlier) occupation or work in general. This is an established question, and the so-called working capacity index is calculated on the basis of the responses to it.

AH20. Long-term health problems

The purpose is to recognise all persons suffering from one or more long-term health problems i.e. persons with diminished capacities, so the formulation "illness, handicap, injury or ailment" defines health problems as comprehensively as possible. The question does not refer only to physical injuries or illnesses, but health problems are seen to include also sensory problems such as difficulty in seeing or hearing as well as problems with mental health. Recurring episodic illnesses (e.g. migraine) are also taken into account, even if the illness is non-symptomatic at the moment.

Long-term is the key work of this question, as it is important to differentiate between long- and short-term health problems. Long-term refers here to a period lasting at least six months. There are two acceptable alternatives:

- a) the problem has existed for six months or longer at the time of the interview, or
- b) the problem has existed for less than six months at the time of the interview, but will probably continue for at least six months.

The use of the six month period is intended to clarify the concept of long-term, rather than set an absolute time limit. If the respondent does not know the duration of the problem, the interviewer may not solve the issue, but the respondent is asked to estimate how long he/she thinks the problem will last on the basis of all information available to him/her. The use of the term "long-term" intends to differentiate chronic problems, such as diabetes, epilepsy or schizophrenia from acute problems such as a sprained ankle, bone fractures, appendicitis or respiratory infections. However, also an injury resulting from and **accident** may be long-term if the consequences (e.g. surgery, rehabilitation) last at least six months.

AH21. Does the illness limit the respondent's capacity to work or function

This question, together with the previous ones, provides a general picture of the respondent's state of health. Information on a person's long-term illness alone does not say much about the person's working capacity, as the health problem may not set any limitations to his/her functioning, if he/she is

wholly symptom free due to medication. This is why the limitations set by the illness are important background information when interpreting the data on staying at work.

AH22. Days of being absent from work due to state of health during the last 12 months

The question is only asked from employed persons. Days of being absent due to state of health include whole days when the person has been absent from work due to illness or examination of health or sickness. Half days are not combined into whole days. If the respondents seem to have trouble remembering the exact number of days, the alternatives can be read aloud.

AH23. Duration of the longest sick absence

This question refers to the longest absence due to state of health during the last 12 months. This question is asked because long-term absences specifically predict transition into retirement fairly well. The number of sick days alone does not provide enough information, as it is not known if there have been several short periods or one long one.

AH24. Does the respondent believe that he/she will be able to work in his/her present occupation in two years' time

The question is only asked from employed persons. This question refers to the respondent's state of health and is not intended to take into account other reasons for leaving working life. If, for example, the respondent is retiring before the two years' time, he/she may still give an estimate of his/her working capacity in terms of his/her state of health.