



MoPAct

Mobilising the Potential of
Active Ageing in Europe

MoPAct – Mobilising the Potential of Active Ageing in Europe Extending Working Lives and Lifelong Learning Final Country Report: Finland

Based on (in chronological order):

- **Werder, Marten v. / Thum, Anna-Elisabeth (2013):** National report for the conceptual framework on innovative, effective, sustainable and transferable strategies to enhance the extension of working life and lifelong learning. Country: Finland.
- **Linnenschmidt, Katja (2015):** Finland. In: Barslund, Mikkel/Bauknecht, Jürgen/Cebulla, Andreas/Gasior, Katrin/Kadarik, Ingel/Khyrova, Veronika/Krumina, Marija/Linnenschmidt, Katja/Martellucci, Elisa/Moskvina, Julija/Naegele, Gerd/Osila, Liina/Principi, Andrea/Rincon-Aznar, Ana/Socci, Marco/Styczyńska, Izabela/ Vidovičová, Lucie/Wilkinson, David/ Zólyomi, Eszter (2015): Best Practice Cases. MoPAct WP3, 180-227.
- **Bauknecht, Jürgen (2015):** National Policy Report Finland. In: Naegele, G./Bauknecht, J. (eds., 2015): National Policy Report. MoPAct WP3, 77-87.
- **Bauknecht, Jürgen/Naegele, Gerd (2015):** Report on Case Studies. MoPAct WP3. Based on contributions by Mikkel Barslund, Carina Bössing, Andreas Cebulla, Katrin Gasior, Nathan Hudson-Sharp, Veronika Khýrová, Katja Linnenschmidt, Elisa Martellucci, Julija Moskvinina, Liina Osila, Ana Rincon-Aznar, Agnès Romanini, Marco Socci, Izabela Styczyńska, Lucie Vidovičová, David Wilkinson, Eszter Zolyomi
- **Väänänen Niko / Jürgen Bauknecht (2016):** Identifying and assessing structural drivers of and barriers to innovative, sustainable strategies for extending working lives and lifelong learning on the demand and supply side. National Report Finland.

And comments by Jürgen Bauknecht und Gerhard Naegele.

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Reading Guidance

This final country report Finland is a composition of several documents that were written in the context of the EU-project for MoPACT – Mobilising the Potential of Active Ageing in Europe. MoPACT is a four years project funded by the European Commission under the 7th Framework Program.

The chapters base on several reports and partly additional research:

1. Summary:

The summary is written by Vera Gerling and bases on all parts of the following text.

2. Basic Demographic Information:

This chapter bases on additional research by Vera Gerling (2.1 – 2.5) and on the national report for the conceptual framework on innovative, effective, sustainable and transferable strategies to enhance the extension of working life and lifelong learning; Country: Finland written by Marten v. Werder and Anna-Elisabeth Thum in 2013 as result of WP 3 Task 1 (2.6).

3. Extending Working Lives and Lifelong Learning: National Policies

3.1 (Introduction) also bases on the national report for the conceptual framework on innovative, effective, sustainable and transferable strategies to enhance the extension of working life and lifelong learning; Country: Finland written by Jürgen Bauknecht as result of WP 3 Task 1.

The following chapters are an extract of the National Policy Report written by Gerd Naegele und Jürgen Bauknecht in February 2015 as a result of Work Package 3 Task 2.

4. Extending Working Lives and Lifelong Learning: Selected Innovative and Sustainable Approaches

The models of good practice have been identified by Marten v. Werder and Anna-Elisabeth Thum and comprise good practice both on the sides of labour supply and labour demand. The text stems from the National Policy Report written by Gerd Naegele und Jürgen Bauknecht in February 2015 as a result of Work Package 3 Task 2.

The models of good practice themselves are drawn from the report of Mikkel Barslund et al. written in February 2015, Extended Working Lives - Good practice Cases, MOPACT project, Work Package 3 Task 2.

5. Extending Working Lives and Lifelong Learning: Drivers and Barriers

This chapter basis on the National Report Finland written by Niko Väänänen and Jürgen Bauknecht identifying and assessing structural drivers of and barriers to innovative, sustainable strategies for extending working lives and lifelong learning on the demand and supply side as a result of WP 43 Task 4.

Regarding the macro level, only a brief summary and the recommendations by the authors are given since the policy level is described in detail in chapter 3.

1. Summary

Basic Demographic Information

In 2014, Finland had a population of 5.4 million people, of which 2.6 million were men and 2.7 million women. 19.9 % were aged 65 and over. The unemployment rate was 8.6 % of the total labour force, being 9.4 for men and 7.9 for women. The long-term unemployment rate was 23.0 %. The self-employment rate in Finland was 14.0%.

Older Worker

Finland is ageing noticeably earlier and slightly more intense than most European countries. In 1995, only 48% of the Finnish population between 50 and 64 years was working, which placed Finland at the average EU 15 level while facing the societal ageing earlier. Furthermore, in stark contrast to the official retirement age of 65, the effective retirement age decreased constantly since 1981 to equal only 60 in 1995.

Despite these harsh conditions in the early 90s, Finland excelled in the last 20 years compared to most of its European peers. Finland witnessed an expansion of the elderly workforce since the mid-90s. While being at an average position in 1995 compared to the EU 15, Finland overtook and extended its advantage within 9 years by almost 10% - despite a considerable increase in elderly employment for the EU 15 by almost 7%. The most significant expansion in Finland was witnessed by females between 55-59 years with upper secondary education whose employment rate rose by almost 18% points. A similar soaring was observed for the tertiary educated females between 60 and 64 years, whose employment rate increased by 16% points. Less impressive in numbers but of equal significance is the increase in the male labour force where Finland ranked far below average and where it almost managed to catch up to the EU 15 average.

Classification as “Early” or “Late Movers”

When compared with other European countries, Finland is an “early mover” in terms of willingness and ability to manage the older workforce both at the macro and the meso levels, and of promoting age management policies, employability and workability of older workers.

Predominant Concept of “Active Ageing”

Finland is a remarkable case of implementing measures to foster active ageing: In the early 1990s, despite an excellent integration of females in the labour market and despite the generally well educated workforce, Finland was a country with only average success in integrating older people in the labour market but awareness of early and quick ageing of the Finnish society forced the government to introduce extensive pension reforms in the mid-nineties. These reforms lifted the Finnish position to the top countries in Europe in only about a decade.

The Finns are generally prepared for an extension of working or active lives: According to data by Eurostat, Finland ranks second in the European Union when it comes to the formal and non-formal education of elderly and programs such as “liberal adult education” have been launched. Furthermore, Finnish people tend to be relatively active after retirement and show a high degree of well-being.

Predominant Concept of “Social Innovation”

Social innovations are products, services or models that meet both, social needs and economic requirements (European Commission, 2013). They are also an important mean to improvements in the institutional setting of the ageing workforce: Marjo Wallin (FIOH) identifies the grassroots-character of most social innovations and is of the opinion that a culture of participation and dialog on the firm level is most important for the creation of such innovations. In such an environment worker can share their ideas that might stem from long standing experience and the daily interaction with stakeholders. Social innovations are demand-led and create new relationships and collaborations and therefore need openness and multidisciplinary thinking.

Public Pension and Retirement Policies

Already before the 2005 pension reform, retirement age and employment rate increased quickly. Yet this started from a low level and is partly explained by a rising number of part-time pension workers.

Finland changed its system of a retirement age of 65 with early retirement between 60 and 64 to a flexible retirement age (between 63 and 68) with an early retirement option at 62. Although the new system is ‘flexible’, financial incentives for working longer have been increased: In the old system, the accrual rate was 1.5% per year until the age of 59 and the 2.5% until 65. In the new system it is 1.5% until 52 (the low rate ends very soon now), and 1.9% from 53 to 62 and then 4.5% from 63 to 68. In the beginning of 2017 the age-based accrual rates were scrapped and they were set to 1.5 % for all age cohorts.

Despite the accrual rates, the reform increased the number of people already retired at 64, so that the low retirement entry age after the reform pushed some workers from early retirement to early regular retirement.

In 2009, the Prime Minister proposed the increase from 63 to 65, yet without prior talks with social partners. After criticism and strike threats the proposal was withdrawn in favour of a joint statement of the Prime Minister and trade unions to extend working lives by three years until 2025. The new government coming into office in 2011 stated it will not raise the retirement age but raise labour supply at various life phases (‘beginning, middle, end’).

In 2014, the labour market organisations agreed on the increase of the retirement entry age from 63 to 65 for those born after 1955 and the upper limit will be at 70. The increase will be in steps of 3 months per year. The retirement ages will start to increase gradually from 2018 on.

Partial Retirement / Partial Pension Policies

Until the end of 2016 workers above a certain age working part-time could get part-time pension, which covered half of the gap between full-time and part-time wages.

The eligibility age was 58 years after the 2005 reform according, and it gradually increased to 61 for those born after 1954. Earnings had to be at 35-70% of prior earnings.

This option has been made less attractive. For those born after 1946 the accrual rate was decreased, and the eligibility was increased gradually from 56 to 61.

In 2016 the part-time pension was available for those who:

- Are between the age of 61 to 67
- In the private sector: have been in full-time employment for at least 12 months during the last 18 months. There can be a six month elapse between full-time employment and the start of part-time pension
- In the public sector: have been in full time employment for at least three years in the last five years. The person must move straight from full-time employment to part-time pension
- Have accrued earnings-related pension for at least 5 years in the past 15 years
- Are not drawing any other pension in their own right.
- Are able to agree on a reduction (between 35 – 70 %) of working hours with their employer. The pension system compensates 50% of the loss in salary as a part-time pension benefit.

As part of the pension reform of 2017, the part-time pension scheme was abolished and replaced by a partial early old-age pension:

- The partial pension can be withdrawn as either as a 50 or 25 per cent pension.
- The pension will be calculated on the accrued pension right of the individual and a permanent reduction of 0.4 per cent will be calculated for each month that the pension is advanced from the old age retirement age.
- The age limit for partial early old-age pension will be 61, and after 2025 it will be raised to 62. After this it will be increased in line with the increase of the earliest retirement age.
- The biggest difference with the new scheme is that the partial pension benefit will be decoupled from work, making it easier to combine work and partial pension in the future.

Promoting Work after Retirement

The share of those 65-74 employed has tripled in the 2000s and is now at about 10%. Since the beginning of 2017, for each month of postponed retirement after the age of 63, there will be an increment (0.4% per month) for deferred retirement to the accrued pension after the (earliest) retirement age. .

Unemployment Policies and Employment Protection

Whereas the number of unemployed persons considerably declined from the 1993/1994 peak of >16% to >6% in 2009 and rising again to about 8% afterwards primarily due to a rise amongst males, the number of unemployed persons 50-64 peaked in 1997 and remained on this level. Structural unemployment amongst older workers is a problem.

Older workers are overrepresented amongst those losing their job. This is exceptional, since in other countries older worker unemployment is more a problem of low re-hiring chances. Also, high older worker unemployment is caused by their low educational status.

The normal unemployment scheme consists of unemployment allowance (basic provision), earnings-related unemployment benefits and labour market support (Kyyrä/Ollikainen 2008: 2051).

Those born in 1950 or later cannot enter 'unemployment pension' (i.e. completely abolished in 2014). Yet those who are 61 or older when their unemployment benefits expire can receive unemployment benefits until retirement, so that there still has been left an 'unemployment tunnel' to retirement pensions. Thus, basically the unemployment tunnel starts at the age of 59 years (500 days prior to 61 years). And it has been preliminary agreed that in 2019 the age limit will go up to 62 years of age.

All in all, reforms have shortened the possible time in pre-pension unemployment from 12 years (53-65) in the early 1990s to 6 years, and the lower pension age of 63 reduced it even to 4 years.

Health Protection and Promotion, Prevention of Disability

In contrast to the *ordinary disability pension*, access to *individual early retirement pension* had an age threshold. The lower age limit was raised from 55 to 58 in 1994 and to 60 in 2000. In 2004 the system was abolished for those born after 1943, whereas for those over 60 eligibility criteria for ordinary disability pensions were a little bit relaxed.

Disability is the main early retirement exit route in Finland although the number of retirees retiring into disability pension has been declining. Bad health is disability pensioners' main reason for retirement, yet also straining work is a crucial factor. Medical examination is conducted by a doctor chosen by the applicant and not a special insurance doctor, which makes it more likely that non-medical criteria are taken into consideration. However, the final decision of the disability pension is made by specialized insurance doctors.

Comparable to the Dutch case, in Finland employers have to bear part of the disability pension costs if the disability risk in their company is higher than average. This can lead to high costs until retirement, especially for companies with at least 50 employees. This employer contribution should incentivize employers to take preventive measure (the ex ante effect) or to get disabled employees back into work (the ex post effect).

In 2007, part-time sick leave has been abolished. Register data shows that this reform (as well as the 2005 pension reform) has increased older workers' employment rate.

There is also temporary disability pension. If disability lasts less than one year (workability restored due to rehabilitation and medical treatment), the affected person does not enter disability pension but the pension provider offers rehabilitation benefit this short period.

In 2007 partial sick leave has been introduced to support return to work after long (>2 months) absence. Since 2012 due to new legislation employers have to report to occupational health if a workers total number of sickness days is at 30 days, and at 90 days the worker has to provide

a certificate to social insurance of a health specialist in which a plan of return to work is described.

Extending Working Lives and Lifelong Learning: selected innovative and sustainable approaches: Good practices on the supply side of labour

All Finnish examples aim at increasing retirement age and extending working lives through the promotion of workability.

Career plan

A solution that allows individual measures are career plans. *Saarioinen Oy* introduced a career plan within its programme for Senior Workers where the supervisor discusses problems and needs with the employer. Things such as training needs and aspects of the working environment are addressed in this talk. Based on this information the supervisor develops a career plan which sums up the employee's conditions and benefits. *Berner Oy* implemented a similar approach. The inherent adaptability of individual career plans offers high transferability to other companies and branches.

Knowledge transfer

The transfer of knowledge – especially of tacit knowledge – is seen as crucial with regard to a high share of employees in transition to retirement. *Abloy Oy* has made this topic a priority because tacit knowledge had to be transferred from the experienced workers to the new ones. A workshop was organised to identify, capture and pass tacit knowledge.

The 'mentor driver' approach at *Länsilinjat Oy* is also a way of knowledge transfer where the experienced drivers pass their knowledge to the younger drivers. An effect of the mentoring is a higher attendance for vocational training.

Working hours and extra days off

(More) flexible working hours are a measure in all examples. Depending on the surrounding conditions working hours are individualised or reduced, shift work minimised. To allow older employees more time for recreation *Abloy Oy* introduced a time reduction programme for workers 58 years and older with a full-time contract. Those that are 58+ and do a fitness test per year are allowed to get some additional free days (e.g. 6 days/year with 59 years, 12 days/year with 62 years).

Age consciousness and diversity

The *City of Helsinki* understood that demographic change also means more diversity. To live up to the different life situations and different needs age management was introduced. It should help to create an age-conscious working environment. The objective was to manage people of different ages within the municipality in a way that the requirements of people in different life situations and with different goals will be taken into account during the planning, organising and designing of work, as well as in other areas of management.

Extending Working Lives and Lifelong Learning: Drivers and Barriers on the Supply Side

Workability / Employability: Motivation

On macro level, the authors refer to retirement policies, unemployment policies and disability policies.

Workability / Employability: Health

It is suggested, that unemployed people in Finland could get less attention for the health system than employed people since many health care services in Finland are linked to the occupation. After three months of unemployment employability decreases due to worsening health. For this reasons some projects started to provide occupational health service to unemployed people to maintain their employability and to reduce the costs of finding new jobs. For example, so-called “age bus stops” in occupational health centres in some municipalities provide free medical screening for those 45 or older.

In Finland the occupational health care has a good coverage as 93% of employees are covered. The occupational health care is partly reimbursed by the tax-funded Social Security Institute (KELA) that reimburses 60 % of costs for preventive care and 50 % for other type of care.

The Finnish Health 2015 programme (2001-2015) aimed to reduce the differences in mortality rates between different occupational groups and education levels by a fifth till 2015. It did not succeed in this; actually the differences partially grew during this period

Workability / Employability: Life Cycle Orientation

Care: The Finnish long-term care system is a publicly funded universal system. Formal care is provided by municipal services.

The economic incentives for formal or informal care depend strongly on the (potential) informal carer’s income and the income of the carer receiver (which is pensions in most cases).

Three policy regulations affect the financial incentives for a potential informal carer for the choice between formal and informal care. First (the assumption here is that the potential formal carer is in paid employment and would have to cut hours for informal care), there is progressive income taxation. Secondly, the fees for care depend on the income of the person receiving care (and the spouse’s income). Third, sometimes the income loss due to informal care can be reduced by informal care allowances to the carer or the person cared for.

Generally, a low income of the carer (therefore low opportunity costs) and a high income of the person cared for (high potential care fees) provide financial incentives for informal care and vice versa.

In comparison to other European countries, Finland places a high emphasis on informal care (e.g. by family members) and financing of care (if needed) is more in private responsibility than in the European average. Therefore, in contrast to countries with low informal care use (e.g. Denmark, Sweden, the Netherlands) Finnish older workers can be expected to be strongly involved in (or burdened by) private care obligations. Remarkably, in Finland, the female employment rate is higher than the male employment rate in the age group 55 – 64.

The system of “working hours bank” was introduced to Finland in the early 2000s. It has been

slow to attract workers despite positive experiences. The system allows employees to convert work hours and benefits to leisure time or paid off as salary. Even though it has gained some popularity, it still is not widely in use.

Lifelong Learning

Lifelong learning becomes increasingly important for labour market participation. Also in Finland, the employment rate is highest amongst the well-educated.

The Finnish system of education for the elderly is working well. Attitudes of Finns towards learning are judged differently, some suggest that the attitude of elderly towards learning could be improved.

Professional educational institutions are not seen as appropriate for the learning requirement of the elderly. Also employers underestimate the pay-off from learning. The transfer of knowledge – especially of tacit knowledge – is seen as crucial with regard to a high share of employees in transition to retirement. In company level, there is some good practice.

(Sustainable, real) Self-Employment

Since 2007 retirees can engage in entrepreneurial activity without having to pay the pension contribution fee. This helps them to make their business activity more profitable. The proportion of entrepreneurs among those who are working alongside retirement is significantly high. In 2012, 35 % of those working alongside pension were entrepreneurs (or family members), as their proportion in the overall workforce was 13.6 %.

Work beyond Legal Retirement Age

The term 'legal retirement age' is misleading in the case of Finland with the flexible retirement age. A register based analysis concluded that during the years 2007 to 2013 the employment while retired had grown by 30%. Especially prone to work are the ones from higher socio-economic groups. This suggests that working during retirement is not due to economic necessity. The employment rate of the age group 65-74 has increased from a relatively low level during the last ten years; this is almost solely explained by increasing work during retirement.

2. Basic Demographic Information

The following information is mostly drawn from OECD statistics.

2.1 Population and age structure

In 2014, Finland had a population of 5.4 million people, of which 2.6 million were men and 2.7 million women.

In 2014, 19.9 % were aged 65 and over. From 1.0 million older people aged 65 years and more 470.000 were males and 621.000 females. (OECDb)

The elderly dependency rate (64 +) in Finland was 31.3% in 2014. (OECDi)

2.2 Life Expectancy

In Finland, in 2013, life expectancy for a new born male child¹ was 78.0 years and for a female child 84.1 years (in average 81.1 years). (OECDc)

Life expectancy at 65² was 18 years for men and 21.8 years for women. (OECD 2016d)

2.3 Fertility Rate

The fertility rate in Finland was 1.7 in 2014. (OECD 2016e)

2.4 Unemployment Rates

In 2014, the unemployment rate³ was 8.6 % of the total labour force, being 9.4 for men and 7.9 for women. OECD (2016f)

The long-term unemployment rate⁴ was 23.0 % in 2014. (OECD 2016g)

2.5 Self-Employment Rate

The self-employment rate in Finland was 14.0% in 2014. (OECD 2016h)

2.6 Older Worker Employments / Unemployment Rates

Finland is a country facing severe population ageing. It has witnessed a pretty short and very pronounced baby boom from 1945 to 1950 but did not witness a comparable peak in the fertility rate that would be due to an “echo generation”, i.e. the offspring of the baby boomers, as some other European countries did. It did also lack positive constant net-migration until the early 80s which could have compensated for the dropping fertility. All this sums up to Finland ageing

¹ Life expectancy at birth is defined as how long, on average, a newborn can expect to live, if current death rates do not change. However, the actual age-specific death rate of any particular birth cohort cannot be known in advance.

² Life expectancy at age 65 years old is the average number of years that a person at that age can be expected to live, assuming that age-specific mortality levels remain constant.

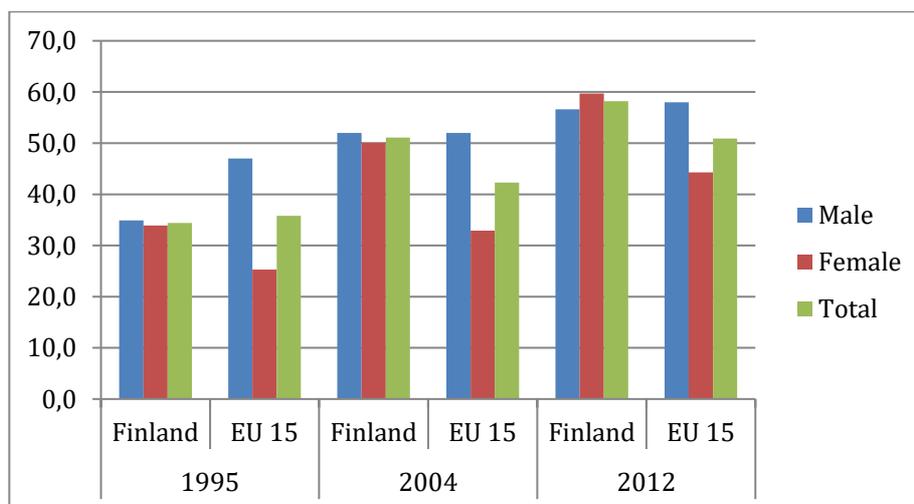
³ Unemployment rate is the number of unemployed people as a percentage of the labour force, where the latter consists of the unemployed plus those in paid or self-employment. Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks.

⁴ Long-term unemployment refers to people who have been unemployed for 12 months or more. The long-term unemployment rate shows the proportion of these long-term unemployed among all unemployed.

noticeably earlier and slightly more intense than most European countries (Karisto, 2007; Piekkola, 2004a; Piekkola 2004b; Hytti and Nio 2004). The baby boomers, i.e. the biggest cohorts, are quitting the labour force and are entering retirement now. Therefore the Finnish society faces the quickest phase of ageing now.

This development was foreseeable and the starting position of Finland in the 90s rather difficult: As *Figure 1* indicates, only 48% of the Finnish population between 50 and 64 years was working in 1995, which placed Finland at the average EU 15 level while facing the societal ageing earlier. Furthermore, in stark contrast to the official retirement age of 65, the effective retirement age decreased constantly since 1981 to equal only 60 in 1995 (OECD, 2011). The country also just came from a severe economic downturn in the early 90s when the GDP dropped by 10% within 3 years. The resulting tax losses and the increasing welfare expenses turned the differentiated welfare system to a financial burden relying on prosperous times (Forssen et al., 2002). The depression particularly had consequences for the older workers: First, the risk of unemployment rose disproportionately for employees that were eligible for extended unemployment benefits. Indeed, employees getting unemployed at least at 55 could receive earnings-related unemployment benefits until 60, after which they were entitled to receive unemployment pension which in turn bridged to the regular old-age pension from 65 onwards. Reija Lilja (LER) talks of a mutual agreement between employer and employees to end the employees' career soon after 45 years of work. Secondly, increasing skill mismatch on the labour market bedevilled the re-integration of older employees in the labour market and caused persistent unemployment among elderly (Ilmakunnas and Takala, 2005). Eurostat data⁵ shows, that long-term unemployment among 55 to 64 year-olds in Finland skyrocketed to 71.6% in 1996, thereby surpassing the EU 15 average by 10%. The Finnish state had to launch a set of reforms and programs which already have to prove now whether they are effective or fizzling out. To put it simply, Finland could be considered to be somewhat of a blueprint for the changes most of Europe is about to face in a couple of years.

Figure 1: Employment rate of the age group 55-64



Source: European Labour Force Survey (2013)

⁵ When referring to Eurostat data, then we refer to the Eurostat online database: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

Despite these harsh conditions in the early 90s, Finland excelled in the last 20 years compared to most of its European peers. Finland witnessed an expansion of the elderly workforce since the mid-90s (*Figure 1*). While being at an average position in 1995 compared to the EU 15, Finland overtook and extended its advantage within 9 years by almost 10% - despite a considerable increase in elderly employment for the EU 15 by almost 7%. The most significant expansion in Finland was witnessed by females between 55-59 years with upper secondary education⁶ whose employment rate rose by almost 18% points. A similar soaring was observed for the tertiary educated females between 60 and 64 years, whose employment rate increased by 16% points. Less impressive in numbers but of equal significance is the increase in the male labour force where Finland ranked far below average and where it almost managed to catch up to the EU 15 average.

There are at least two apparent drivers for this positive development. First, a constantly high capacity to integrate women of all age groups and all educational levels in the labour market translates into an outstanding female workforce in the age group between 55 and 64 which is even compensating for the male workforce in that age group that is of rather average size. Sweden is the only country even surpassing the Finnish success in that regard, why one may conclude that the Nordic welfare system somewhat accounts for these findings. It is argued that the *life course* perspective and in particular the educational success and the family policy account for the outstanding rate of female employees.

(Source: Marten v. Werder and Anna-Elisabeth Thum, National Report, WP 1)

⁶ Secondary education here relates to the ISCED levels 3 and 4.

3. Extending Working Lives and Lifelong Learning: National Policies

3.1 Introduction

Classification as “Early” or “Late Movers”

When compared with other European countries, Finland is an “early mover” in terms of willingness and ability to manage the older workforce both at the macro and the meso levels, and of promoting age management policies, employability and workability of older workers.

Predominant Concept of “Active Ageing”

“Active ageing means helping people stay in charge of their own lives as long as possible as they age and, where possible, to contribute to the economy and society.”⁷

Finland is a remarkable case of implementing measures to foster active ageing: In the early 1990s, despite an excellent integration of females in the labour market and despite the generally well educated workforce, Finland was a country with only average success in integrating older people in the labour market but awareness of early and quick ageing of the Finnish society forced the government to introduce extensive pension reforms in the mid-nineties. These reforms lifted the Finnish position in Europe to the top countries in only about a decade.

Main elements of this success were the high female labour market participation and the implementation of stronger monetary incentives for postponing retirement through national programs aiming at changing the habits of the elderly. Nevertheless, the Finns only rarely make use of their flexible retirement age and still retire earlier than their peers in the other Nordic countries. It turns out that pressure arising from the gap between competences and labour market requirements, still existing age discrimination and narrow mindsets seem to be the main obstacles for a further expansion of the employment rate among the elderly (ibidem). However, the Finns are generally prepared for an extension of working or active lives: According to data by Eurostat, Finland ranks second in the European Union when it comes to the formal and non-formal education of elderly and programs such as “liberal adult education” have been launched. Furthermore, Finnish people tend to be relatively active after retirement and show a high degree of well-being. These conditions should suffice to overcome the obstacles in terms of working conditions, workability and employability.

Predominant Concept of “Social Innovation”

Social innovations are products, services or models that meet both, social needs and economic requirements (European Commission, 2013). They are also an important mean to improvements in the institutional setting of the ageing workforce: Marjo Wallin (FIOH) identifies the grassroots-character of most social innovations and is of the opinion that a culture of participation and dialog on the firm level is most important for the creation of such innovations. In such an environment worker can share their ideas that might stem from long standing experience and the daily interaction with stakeholders. Social innovations are demand-led and create

⁷ European Commission, DG Employment, social affairs and inclusion: <http://ec.europa.eu/social/main.jsp?catId=1062&langId=en>

new relationships and collaborations and therefore need openness and multidisciplinary thinking.

Hence, in particular top managers are responsible to encourage employees to participate actively in the organization of the work instead of reacting only passively. Wallin (FIOH) understands such action as an investment into the company that will pay-off as workers have knowledge they can contribute.

3.2 Public Pension and Retirement Policies

Already before the 2005 pension reform, retirement age and employment rate increased quickly. Yet this started from a low level (Jokinen 2012: 4) and is partly explained by a rising number of part-time pension workers (Ilmakunnas/Ilmakunnas 2006: 6).

The reform (approved by Parliament in 2003) introduced the life expectancy coefficient that linked the development of the benefit level to the projected development of life expectancy (residual life expectancy at 62, s.a. Takala et al. 2015: 2). This could lead to significant declines in benefit levels, and it is up to the individual if this gap is filled with additional working years or private savings or if less wealth in old age is chosen, whereas politically the reform has been presented that working longer is the option (Börsch-Supan 2005: 22). The 2017 pension reform kept the life expectancy coefficient but it was mitigated as the retirement age will be linked to life expectancy.

Finland changed its system of a retirement age of 65 with early retirement between 60 and 64 to a flexible retirement age (between 63 and 68) with an early retirement option at 62 (Börsch-Supan 2005: 23). Although the new system is 'flexible', financial incentives for working longer have been increased: In the old system, the accrual rate was 1.5% per year until the age of 59 and the 2.5% until 65. In the new system it is 1.5% until 52 (the low rate ends very soon now), and 1.9% from 53 to 62 and then 4.5% from 63 to 68 (s.a. Takala et al. 2015: 2). The sharply increasing accrual rate "creates an incentive to work longer" (Börsch-Supan 2005: 23f.); also Tuominen (2013: 9) describes this rise as 'strong': A survey shows that most employees working beyond 63 were motivated by the increase, yet on the other hand one third stated that this had not been significant, Tuominen 2013: 21f.). After 68, the adjustment is at 4.8% per year, which is less than in the past (when it started at 65. It was at 7.2%). Though the system is 'flexible' it strongly incentivises workers to work for several years after the age of 63. As Börsch-Supan (2005: 38) writes (next page): "The introduction of a 'window of retirement' between the ages of 62 and 68 is a smart move because it avoids the politically highly controversial increase in the normal retirement age. Giving individuals a choice is politically appealing and diffuses many issues", whereas on the other hand he (2005: 39) states that the drawback is the unclear message to the population what can be considered the 'normal' retirement age. Although there is the flexible retirement age between 63 and 68, nevertheless Virtanen et al. (2014: 2) refer to cases where the pensionable age is higher, for example at 64. In these cases retirement at 63 is possible with small pension deductions (Tuominen 2013: 12 refers to public sector workers whose individual retirement age is above 63).

Despite the accrual rates, the reform increased the number of people already retired at 64, so that the low retirement entry age after the reform pushed some workers from early retirement to early regular retirement (von Werder/Thum 2013: 22): “Few Finns still retire in the very early 60s and take advantage of the monetary benefits to stay in work” (22f., Takala et al. 2015: 2 state that half of retirees retire at 63). Also Braconier (2010: 23) states that the 2005 reform reduced the number of people still working at 65, but he (2010: 24) also refers to Hakola and Määttänen (2009) stating that increasing the entry age into retirement from 63 to 65 would achieve little due to alternative exit routes like the unemployment pipeline and the disability scheme. In contrast to the dismal view of the 2005 reform’s effects, Jokinen (2012: 4) states that after the reform the increase in retirement age continued (e.g. between 2005 and 2011 the expected effective retirement age for 50 year-olds increased from 61.1 to 62.4) and will continue. Although Jokinen (2014: 4) states ‘after’ the reform, not ‘due to’ the reform, he (2014: 5) also states that in Finland “the most important measure might appear to be the flexible and encouraging pension system, which has produced positive short-term results in Finland, where the reform has been a clear success and has been regarded positively among all stakeholders”.

Jokinen also (2014: 4) emphasises the general employment situation, higher education amongst the new old and better working conditions as relevant factors.

In 2009 the Prime Minister proposed the increase from 63 to 65, yet without prior talks with social partners. After criticism and strike threats the proposal was withdrawn in favour of a joint statement of the Prime Minister and trade unions to extend working lives by three years until 2025 (Kautto 2012: 17). The government that came into office in 2011 stated it will not raise the retirement age but raise labour supply at various life phases (‘beginning, middle, end’, cf. Kautto 2012: 17).

In 2014 the labour market organisations agreed on the increase of the retirement entry age from 63 to 65 for those born after 1955 and the upper limit will be at 70. The increase will be in steps of 3 months per year (Takala et al. 2015: 3). Further, accrual will be 1.5% in all years between 17 and 65. The reform took effect from the beginning of 2017 (Akava 2014, s.a. Takala et al. and Gould et al. 2015: 74). Not all unions signed the agreement. For example, Akava (‘a trade union confederation of affiliates for highly educated people’, www.akava.fi/en) did not sign the agreement since they consider incentives to work longer before the age of 65 too weak.

In the transition period between 2005 and 2011, benefits were calculated with the new and the old system and the higher benefit was taken (Kyyrä 2010a: 8).

Who accepts the new flexible retirement age?

Based on a survey (2011) covering 1894 workplaces and which had a high (81%) response rate, Tuominen (2013: 13) shows employers’ and employees’ attitudes towards the new retirement ages. Somewhat surprisingly, the view that the lower age limit of 63 is too high is more widespread amongst employers (21%) than amongst employees (3%). As Tuominen (2013: 15) notes, this view is most strongly supported in the private sectors and in physical work fields

(construction, hotels and restaurants) and in some public sector areas (health care, social services). Therefore, one may conclude that employers consider 63 too high mainly in physically or mentally demanding areas.

The idea to raise the age limit of 63 gains only weak support, whereas unsurprisingly support is strongest amongst employers who need to raise their number of employees (Tuominen 2013: 16).

Also the share of employers (66%) considering the maximum age of 68 too high is higher than the share of employees (44%) holding this view. In the case of the age limit of 68 years, Tuominen (2013: 15) states that although the number of employers considering 68 too high is high (66%), the number declined between 2004 and 2011. Further, the number of employers stating that employees can work until 65 or 68 has risen (from 50% to 58% and from 21% to 26% respectively, Tuominen 2013: 18).

Importantly, 78% of employees who used the flexible retirement age between 63 and 68 state that they had been freely able to choose their retirement age, only 17% said this had not been the case (Tuominen 2013: 16). Given that it is at least conceivable that employers use some 'internal rule' determining their workers' retirement age, this is a very positive result and a positive finding concerning Finnish employees' older worker policies. Further, this was more freedom of choice than older private sector employees expected in 2003 (Tuominen 2013: 16). Another positive finding is that both employers and employees give nearly congruent answers to the question on who decided: 83% of employers and 78% of employees stated that the employee decided, 12% of employers and 15% of employees state both decided, and only 2% of employers and 7% of employees stated it was the employer's decision. Yet, if an employee wants to work past the age of 63, the decision is mostly collective (67% of employers state this) or the employee's decision (26, no figures on what employees state). Employers mainly decided based on labour needs, but if employers want to reduce their workforce they are less interested in employees' participation in the decision (Tuominen 2013: 17).

These results give valuable insights into the mechanisms of the flexible retirement age and who decides if decisions become necessary if there is not default retirement age. Although figures suggest that it is mainly employee's decision to work longer, this could partly depend on labour demand. Yet still, at least figures from 2011 show that amongst retired persons 79% state that their employer would have accepted a longer working career, but most of these retirees (71% percentage points) would not have wanted to work longer. Only a small minority (11%) state that they would have liked to work longer and their employer would not have accepted this. As Tuominen (2013: 18) notes: "it is important to establish the reasons lying behind the incapacity or unwillingness...". The result is that work and working conditions have been important (primarily amongst those retiring at or under 63), leisure time and hobby have been important, health somewhat less (and considerably less amongst those who retired at 66-69), and the family situation (less important than health, Tuominen 2013: 19). Open questions led to various workplace factors advancing the decision to retire early, such as time pressure at work, task changes, inflexible working times, poor administration and poor atmosphere at work. One (possibly often neglected) factor had been lack of support for continuing work: "Had they been asked to continue at work, they would have done so" (Tuominen 2013: 20).

More than half of open answers were work-related and less than 10% were health-related (Tuominen 2013: 20), showing that also amongst pre-retirement workers working conditions can extend working lives.

Maximum benefit level

Prior the 2005 reform, the earnings-related pension could not be higher than 60% of the highest pensionable wage during working life: "This mechanism created a major disincentive to work once this cap was reached since further work could not increase retirement benefits" (Börsch-Supan 2005: 24). In contrast, working longer did not increase the pension level but reduced the number of years in retirement (Börsch-Supan 2005: 24). Now there is no cap on the replacement rate any more. Before, pensions could not exceed 60% of the highest wage (Ilmakunnas/Ilmakunnas 2006: 7). As Börsch-Supan's simulation analysis shows, the abolishment of the cap provides strong incentives to work longer than until 63.

Pension indexation

"Moreover, the working-age index (i.e., the index with which earnings are converted from nominal Euro into real Euro to form the basis for the wage base of the benefit computation) has also been changed for those who work. In the old system, their earnings were indexed by a 50-50 mixture of wage and cost-of-living increased. The new system changes this index to a 80-20 mixture and therefore makes it much closer to pure wage indexation. While this increases the incentive to work longer, the change of the working-age index makes the new system costlier than the old one" (Börsch-Supan 2005: 26).

If wages rise faster than cost-of-living, pension rises according to wage rises lead to higher pensions and therefore stronger incentives to work longer (bonuses and deductions for working longer or shorter have a higher value). (Source: Naegele & Bauknecht National Report)

Recent Developments

The 2017 reform will bring changes to accrual rates, as the age-based accrual rates will be abolished. A generic 1.5 % accrual rate will apply to all employed people between the ages 17 to 68. An incentive to keep working will be given in the form of a 4.8 % yearly pension deferral for those who do not take up pension at the lower age limit of flexible retirement age. In addition, people might want to mitigate the impact of life expectancy coefficient by working longer too. It is yet too early to fully analyse the impact of the coefficient on people's retirement behaviour as it was only implemented in 2010 (Nivalainen, 2015: 8). In 2015 the average age for persons having retired on old-age pension was 63.6 years which implies that the retirement at the earliest eligibility age is still the norm (Kannisto, 2015).

The concept of flexible retirement age

The retirement age is 'flexible', and financial incentives for working longer still exist although the age-based accrual rates will be abolished and replaced with a general 1.5 % accrual rate. From 2017 on working past the earliest eligibility age will defer the pension with a 0.4 % increase per month. Simultaneously person will accrue more pension with a 1.5 % accrual rate from their earnings. In the old system (valid till then end of 2016), the accrual rate is 1.5% until

the age of 52, and 1.9% from 53 to 62 and then 4.5% from 63 to 68 (s.a. Takala et al. 2015: 2).

When introduced with the 2005 pension reform the sharply increasing accrual rates were seen to “create an incentive to work longer” (Börsch-Supan 2005: 23f.). Also, a survey shows that most employees working beyond 63 were motivated by the increase, yet on the other hand one third stated that this had not been significant, Tuominen 2013: 21f.

Barr (2013: 58) points out that there is large spike in the number of people who retire at the earliest possible age and puts into question the incentive effects of the 4.5 % accrual rate. Barr (2013: 57) continues to criticise the age-based accrual rates as he finds them to be more beneficial for persons with high earnings after the age 63 and people with short career. Barr states that deferral of the accrued pension capital, instead of age-based accrual rates, should be understood as more actuarially fair incentive to delay the take-up of a pension as it takes into account the whole pension wealth accumulated till that age. Thus the 2017 reform very well responds to the criticism pointed out by Barr.

Though the system is ‘flexible’ it incentivises workers to work for several years after the age of 63. As Börsch-Supan (2005: 38) write regarding the 2005 reform when the flexible retirement was introduced: “The introduction of a ‘window of retirement’ is a smart move because it avoids the politically highly controversial increase in the normal retirement age. Giving individuals a choice is politically appealing and diffuses many issues”, whereas on the other hand he (2005: 39) states that the drawback is the unclear message to the population what can be considered the ‘normal’ retirement age.

The 2017 reform introduces a new ‘goalpost’ in the form of a target retirement age. It is a psychological target rather than a parameter of the pension system or an economical incentive (Tikanmäki et al., 2015: 98). Every age cohort is given a target retirement age, i.e. the age when the impact of the life expectancy coefficient will be compensated by postponing the retirement. A clear challenge will be in informing the idea of a target retirement age to the general public. If it succeeds it can help in bringing the “normative” retirement age up from the lowest eligibility age, as currently people retire on average very near the earliest eligibility age. This could give people a boost to prolong their working careers. Currently, the target retirement age has not gained much attention and the discussion revolves around the earliest eligibility age

Such an amendment was suggested by Barr (2013: 77) in his evaluation of the Finnish pension system. Barr recommended that the terminology should be revised so that the earliest eligibility age would not become the social norm of retirement. Introducing the target retirement age is an attempt to fulfil this objective.

The retirement ages have been harmonised across sectors and occupations but some people working in the public sector still have different retirement ages due to transitional provisions dating back from late 1980’s, but their amount is decreasing all the time.

Despite the accrual rates, the 2005 reform increased the number of people already retired at 64, so that the low retirement entry age after the reform pushed some workers from early retirement to early regular retirement (von Werder/Thum 2013: 22): “Few Finns still retire in the very early 60s and take advantage of the monetary benefits to stay in work” (22f., Takala

et al. 2015: 2 state that half of those still active retire at 63). Also Braconier (2010: 23) states that the 2005 reform reduced the number of people still working at/till 65. In contrast to the dismal view of the 2005 reform's effects, Jokinen (2012: 4) states that after the reform the increase in retirement age continued (e.g. between 2005 and 2011 the expected effective retirement age for 50 year-olds increased from 61.1 to 62.4). In 2015 the expected effective retirement age had grown to 62.8 years (Kannisto 2015). Although Jokinen (2012: 4) states 'after' the 2005 reform, not 'due to' the reform, he (2014: 5) also states that in Finland "the most important measure might appear to be the flexible and encouraging pension system, which has produced positive short-term results in Finland, where the reform has been a clear success and has been regarded positively among all stakeholders".

Jokinen also (2012: 4) emphasises the general employment situation, higher education amongst the new old and better working conditions as relevant factors. In addition, pathways to early retirement schemes were tightened before and as a part of the 2005 and 2017 pension reforms. These changes played some role in increasing the employment rates and expected effective retirement ages. (Source: National Report WP4)

Early retirement

Early retirement has been very short after the 2005 reform (12 months, between 62 and 63). 'Actuarial adjustment' amounts to a benefit reduction of 0.6% per month or 7.2% per year, and retirement before the age of 62 is no longer possible (Börsch-Supan 2005: 24). Early retirement at 62 was abolished in 2014 (Natali/Stamati 2013: 55). In 2014 labour market organisations agreed on a 'retirement at 63' scheme for those in physically or mentally burdensome jobs who have worked for at least 38 years. As with the pension age increases from 63 to 65, this will come into effect in 2017.

In some cases the legal retirement age can be lower than 63, this is based on occupation (e.g. for sailors and military personnel) and job entry year (Virtanen et al. 2014: 2). Tuominen (2013: 12) also refers to public sector workers being able to retire before 63, yet the author also points out that the number of persons eligible for retirement before 63 declines and will approach zero due to the abolishment of individual retirement ages.

3.3 Partial Retirement / Partial Pension Policies

Prior to the pension reform in 2017 workers above a certain age working part-time could get part-time pension, which covered half of the gap between full-time and part-time wages. The eligibility age was 58 years after the 2005 reform according to von Werder and Thum (2013: 22). Since then it has increased to 61 for those born after 1954 according to Takala et al. (2015: 3). Earnings had to be at 35-70% of prior earnings (Takala et al. 2015: 3).

Part-time pension was supposed to keep older workers with low work capacity or low work motivation in the labour market and out of the disability scheme (Kyyrä 2010a: 7). Kyyrä's (2010a: 33) differences-in-differences analysis shows that part-time pensions attracted those who would otherwise have worked full-time, without having effects on unemployment or disability enrolment. Therefore Kyyrä (2010: 33) expects a two-year increase of the eligibility age

to affect the intensive margin rather the extensive margin. Also Ilmakunnas (2006: 1) criticised the part-time pension as “an example of a system with high subsidy for this extra leisure time”.

Also this option has been made less attractive. For those born after 1946 the accrual rate has been decreased, and the eligibility has been increased from 56 to 58 (s.a. Jokinen 2014: 6. Yet, decreases in this age are not that far ago, from 60 to 58 in 1994 and to 56 in 1998, Ilmakunnas 2006: 5). Part-time earnings contribute to pension accrual similar to full-time earnings, and “the difference between full-time and part-time wage also enjoys pension accrual” (Börsch-Supan 2005: 25). Whereas in the old system this provided incentives for early retirement, “since this difference enjoyed an accrual rate of 1.5 percent p.a. independent of age” (Börsch-Supan 2005: 25), which was first reduced to 0.75%, and then abolished completely. Further, the accrual rates of part-time work have been adjusted to those for normal pensions (Börsch-Supan 2005: 25; see ‘pensions’ at the beginning).

Beginning in 2005, the traditionally high share of part-time employment amongst the elderly declined (von Werder/Thum 2013: 19) (Source: National Report by Bauknecht & Naegele)

Recent Developments

In 2016 the part-time pension is available for those who:

- Are between the age of 61 to 67
- In the private sector: have been in full-time employment for at least 12 months during the last 18 months. There can be a six month elapse between full-time employment and the start of part-time pension
- In the public sector: have been in full time employment for at least three years in the last five years. The person must move straight from full-time employment to part-time pension
- Have accrued earnings-related pension for at least 5 years in the past 15 years
- Are not drawing any other pension in their own right.
- Are able to agree on a reduction (between 35 – 70 %) of working hours with their employer. The pension system compensates 50% of the loss in salary as a part-time pension benefit.

As part of the pension reform of 2017, the part-time pension scheme will be abolished and replaced by a partial early old-age pension. The age limit for partial early old-age pension will be 61, and after 2025 it will be raised to 62. After this it will be increased in line with the increase of the earliest retirement age.

The partial pension can be withdrawn as either as a 50 % or 25 % pension. The pension will be calculated on the accrued pension right of the individual and a permanent reduction of 0.4 % will be calculated for each month that the pension is advanced from the old-age retirement age. The permanent reduction will only apply to the part of pension that is withdrawn. On the other hand, there will be an increment (0.4 % per month) for deferred retirement to the accrued pension after the (earliest) retirement age.

A person who starts to withdraw partial early old-age pension can reduce their working hours, but it is not required or followed in any way. Thus, the biggest difference with the new scheme is that the partial pension benefit will be decoupled from work, making combining (part-time) work and partial pension easier in future. As such, it resembles the decoupled partial pensions introduced earlier in Sweden and Norway. (Source: Väänänen & Bauknecht 2015)

3.4 Promoting Work after Retirement

The share of those 65-74 employed has tripled in the 2000s and is now at about 10% (Takala et al. 2015: 1).

For each month of postponed retirement after the age of 68, there is a pension increase of 0.4% (Ilmakunnas/Ilmakunnas 2006: 7). Since this is 4.8% per year compared to 4.5% between 63 and 68, the accrual rate rises again. Further, there is no cap on additional earnings for those receiving pensions, and this raises pensions by 1.5% per year instead of the 4.5 for those postponing the receipt of retirement benefits (Ilmakunnas/Ilmakunnas 2006: 7).

3.5 Unemployment Policies and Employment Protection

Whereas the number of unemployed persons considerably declined from the 1993/1994 peak of >16% to >6% in 2009 and rising again to about 8% afterwards primarily due to a rise amongst males (Finnish Labour Review 2013: chart appendix 8ff., the number of unemployed persons 50-64 peaked in 1997 and remained on this level. Jokinen (2014: 4) states that structural unemployment amongst older workers is a problem (in 2013 70% of the unemployed 55+ were unemployed since at least one year, i.e. long-term unemployed according to ILO definition, Takala et al. 2015: 2).

One factor is that older workers are overrepresented amongst those losing their job. This is exceptional, since in other countries older worker unemployment is more a problem of low re-hiring chances. Takala et al. (2015: 2) state that high older worker unemployment is also caused by their low educational status.

The normal unemployment scheme consists of unemployment allowance (basic provision), earnings-related unemployment benefits and labour market support (Kyyrä/Ollikainen 2008: 2051). Those born in 1950 or later cannot enter 'unemployment pension' (i.e. completely abolished in 2014, cf. Kautto 2012: 8).

In 2016, those who are 60 or older when their earnings-related unemployment benefits expire can receive unemployment benefits until retirement (so called 'unemployment tunnel'). Since benefits expire after 500 working days (about two years), the 'tunnel' starts at 58. Previously, when the age limit was 57, Börsch-Supan (2005: 41) concluded that for those who want to or have to retire early, the unemployment pathway option is highly attractive. Especially in the late 1990s the unemployment tunnel was an attractive option to exit the labour market for the people aged 55 to 59 (ETK 2013:51).

In the publication by Kyyrä/Ollikainen (2008: 2069) conclude from their calculations that most people on extended benefits do not return to work until retirement (Kyyrä 2010a: 6). About one half does not look for a job until retirement (Kyyrä/Ollikainen 2008). As Braconier (2010: 11)

remarks, the combination of generous replacement rates with weak activation (e.g. in contrast to Denmark) “is unusual among OECD countries”. Referral to an active labour market programme after 100 weeks is late compared to Sweden (60 weeks) and Denmark (40 weeks; cf. Braconier 2010: 13). The gap between (high) official older worker unemployment figures and (low) Labour Force Survey unemployment shows that “many individuals receive unemployment benefits but do not consider themselves job seekers” (Braconier 2010: 20). Yet, the higher age threshold for the unemployment pipeline (57 instead of 55) in 2005 resulted in a large drop in the number of long-term unemployed in the 55-59 age bracket after 2005 (from ca. 25 000 to ca. 10 000 in 2009), whereas in the lower age groups (50-54) numbers declined merely slightly and in the higher age group (60-64) numbers rose slightly (Braconier 2010: 21). Further, those in the eligibility age bracket are targeted by private sector employers for dismissals (Kyyrä 2010a: 6 based on Kyyrä/Wilke 2007).

An increase in the age threshold for extended unemployment benefits postponed unemployment entry and raised employment exit age by 1.3 months. Further increases will further increase the age threshold (Kyyrä 2010a: 33). Kyyrä (2010a: 33) expects stronger effects because in higher age unemployment risk is higher and exit via disability is harder due to stricter medical screening.

All in all, reforms have shortened the possible time in extended unemployment benefit from 12 years (53-65) in the early 1990s to 6 years, and the lower pension age of 63 reduced it even to 4 years (Kautto 2012: 14).

Also the long unemployment benefits are expected to be part of a reform in 2017 (Natali/Stamati 2013: 56).

Employment protection

Against the backdrop of the low number of workers over 65, Braconier (2010: 25) proposes to weaken employment protection over 65 (the new minimum retirement age in his proposal) in order to incentivise employers to hire workers at 65 (who could be considered a productivity risk by employers).

Wage subsidies

Partial unemployment benefits

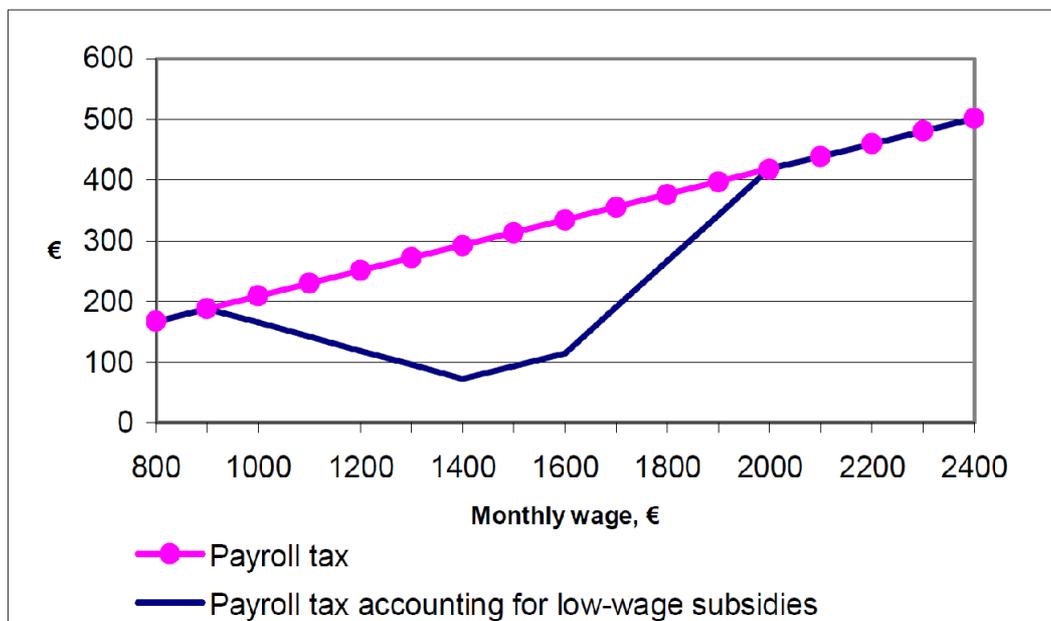
Unemployed full-time job seekers taking up a part-time job of a full-time job of short duration can simultaneously receive unemployment benefits. Kyyrä (2010b: 911ff.) shows that participants find a permanent full-time job considerably faster than non-participants, possibly because employers use short full-time jobs as a probation period, whereas the effect is especially strong for long-term unemployed. Though Kyyrä’s result is in line with other studies, e.g. by Kauhanen (2005, cited in Kyyrä 2010b: 914), he states that possibly there are substitution effects and hidden costs, so policy conclusions should not be drawn prematurely, although partial unemployment benefits come with “no major direct costs”.

Low-wage subsidies

On 1/2006, Finland started a low-wage subsidy scheme for workers over 54 years old (temporarily limited until 2010/12/31). The subsidy was targeted on full-time workers (at least 140 hours/month) with monthly earnings between € 900 and € 2000. The subsidy pays 44 % of the wage over € 900. Subsidies decline when earnings exceed € 1600 and are at € 0 with earnings of € 2000. Subsidies can be at € 220 max which can be up to 16% of the gross wage (Huttunen et al. 2009: 3). The subsidy can be considered a reduction of employers' payroll tax.

Huttunen et al. (2013: 51f.) expect that the low-wage subsidy (1) increases the number of employed low-skilled workers and decreases the number of workers who can be substituted by low-skilled workers (due to higher hiring or lower exit). For the number of hours worked by a particular worker, the authors show that for a given hourly wage of € 9 a lower number of monthly hours (less than 155) implies a lower payroll tax, and between 155 and 178 hours the "marginal payroll tax is the same as originally" (Huttunen et al. 2013: 52 – the subsidy should start at € 1260 since with lower earnings and € 9 per hour the number of working hours is below the necessary 140).

Fig. 02: The Finnish low-wage subsidy as a function of monthly wage



Source: Huttunen et al. 2009: 4

For the number of hours worked per workers, Huttunen et al. (2013: 52) state that the marginal tax rate is crucial, and the extent to which taxes affect gross wages: "The gross wage rate remains fixed for perfectly elastic labour supply, whereas the wage reaction completely absorbs the change in the tax rate if labour supply is fixed. In the realistic intermediate case, part of the payroll tax decrease is captured by workers via a higher wage rate. Similarly, hours and the wage rate will decrease for workers whose marginal payroll tax increases and remain unchanged for workers whose marginal payroll taxes are unaffected by the reform." (2013: 52)

This temporary subsidy (from 1/2006 until 12/2010) provided 16% of gross earnings or 13% of pre-reform labour costs. The subsidy was paid to employers and limited to full-time workers (at least 140 hours/month) earning between € 900 and € 2000 per month: The subsidy was at 44% of earnings above € 900 and capped at € 220, so over € 1440 the subsidy no longer

increased. For earnings above € 1600 the subsidy has been decreased by 55%, so that at € 2000 the subsidy vanished (Huttunen et al. 2013: 50). The subsidy has been a reduction of the payroll tax. The full-time wage with the best absolute wage subsidy is between € 1400 and € 1600 and with the best relative wage subsidy is € 1400. The average full-time wage in 2006 was at € 2500 and “in typical low wage sectors, the lowest full-time wages were around € 1300” (Huttunen et al. 2013: 51), so that the subsidy really is focused low-wage workers. As Huttunen et al. (2013: 51) note, for the extensive margin (the number of people working) theoretical predictions are clear since lower costs for low skilled workers raises employment of low-skilled workers and decreases employment of those who can be substituted by low-skilled workers. For the intensive margin, labour supply effects are more complicated. The number of hours worked increases for those workers whose marginal payroll tax declines. As Huttunen et al. (2013: 52) note, effects size depends on effects of tax changes on gross wages (tax incidence). For effects of the subsidy on wages, Huttunen et al. (2013: 52) assume that due to Finland’s large unions and the small share of workers in the targeted group that wage negotiations have not been significantly affected by the tax incentives. Incentives provided by the programme lead Huttunen et al. to expect a bunching of workers at the point at or slightly above the 140 hour-point. The authors (2013: 56) find that employment rates rose especially for those over 54. Yet, the authors (2013: 57) find that a huge decrease in labour costs leads to a low increase in employment, i.e. labour demand is rather inelastic. Further, they (2013: 57) find that the subsidy increased the hours of older low-wage workers and had negative effects on hourly wages. Huttunen et al. (2013: 59) suspect that companies increased the official number of hours because of the subsidy yet did not change monthly wages. Positive effects mainly amongst the oldest age group and far less among younger groups could result from the reform making part-time pension less attractive (Huttunen et al. 2013: 59). The authors (2013: 59) conclude that “the prospects of improving labour market position of older low-skilled workers with financial incentives for the employers appear limited...intensive margin...we found effects only among those who were 58 or older”, because they could get part-time pensions and are flexibly concerning their working hours.

3.6 Health Protection and Promotion, Prevention of Disability

In contrast to the *ordinary disability pension*, access to *individual early retirement pension* has an age threshold. The lower age limit has been raised from 55 to 58 in 1994 and to 60 in 2000. In 2004 the system has been abolished for those born after 1943, whereas for those over 60 eligibility criteria for ordinary disability pensions were a little bit relaxed (Korkeamäki/Kyyrä 2012: 446).

Disability is the main early retirement exit route in Finland (Korkeamäki/Kyyrä 2012: 439), whereas Takala et al. (2015: 2) state that the number of retirees retiring into disability pension has been declining (possibly also due to the fact that since 2005 those at least 63 old do not have access to disability pension since they can enter ‘normal’ retirement, Takala et al. 2015: 3). The authors refer to Saurama (2004) who shows that bad health is disability pensioners’ main reason for retirement, yet also straining work is a crucial factor. Medical examination is conducted by a doctor chosen by the applicant and not a special insurance doctor, which “makes it more likely that non-medical criteria are taken into consideration” (Braconier 2010:

22).

The 'individual early retirement scheme' has been abolished for those born after 1943. Further, 'social factors' (i.e. non-medical factors) after 60 are taken into account stronger for the grant of disability benefits (Börsch-Supan 2005: 26). Korkeamäki and Kyrrä (2012: 461) find out that the inclusion of non-medical factors raises the number of disability benefit recipients (they also refer to Börsch-Supan 2007 who has concluded this). The authors (2012: 467f.) conclude that eligibility criteria should be strict, and that non-medical factors distort labour supply, so that those not disabled retire via the disability scheme (employers did not encourage disability exit during downsizing). This is supported by the finding of Braconier (2010: 22) that in Finland regional unemployment and disability are positively correlated.

Calculating the effects of Finnish pension reforms, Kyrrä (2010a: 32) states that the abolishment of individual early retirement has been the most effective for longer working lives (increase of retirement age by 3.4 months).

Comparable to the Dutch case, in Finland employers have to bear part of the disability pension costs, which can lead to high costs until retirement, especially for companies with at least 50 employees (Korkeamäki/Kyrrä 2012: 447). By experience rating, the employer's contribution is adjusted to reflect the costs of its workers' disability benefit claims in comparison to other employers (Kyrrä/ Tuomala, 2013). This employer contribution should incentivize employers to take preventive measure (the ex ante effect) or to get disabled employees back into work (the ex post effect). Korkeamäki and Kyrrä (2012: 467f.) state that seemingly both effects can be observed and remark that this could be interesting for other countries (they concede that e.g. spillover effects to other exits than disability are not clear yet, and possibly this affects hiring decisions).

However, having used panel data on all employers and employees in the private sector, Kyrrä and Paukkeri (2015) could not find evidence that firms would be incentivised with the experience rating. The volume of disability pensions and sickness allowances was not significantly reduced by the incentive structure of disability insurance contributions. Another kind of approach will be tested in the forthcoming (Liukko et al. 2017) research that is based on a survey to employers. The research studies whether or not employers understand the technical details of the experience rating and if it has had an impact on disability prevention at company level.

In 2007, part-time sick leave has been abolished. Register data shows that this reform (as well as the 2005 pension reform) has increased older workers' employment rate (Takala et al. and Gould et al. 2015: 74).

There is also temporary disability pension. If disability lasts less than one year (workability restored due to rehabilitation and medical treatment), the affected person does not enter disability pension but the pension provider covers this short period (Laaksonen/Gould 2014). As the authors note, after 1 year mostly temporary disability continues but before 2 years have passed a final decision between work and disability pension is met (in the case of mental disorders the decision takes longer than with physical sicknesses). For those 55-62 the rate of return to work is at only 15% (Takala et al. 2015: 7).

In 2007 partial sick leave has been introduced to support return to work after long (>2 months) absence. Since 2012 due to new legislation employers have to report to occupational health if a workers total number of sickness days is at 30 days, and at 90 days the worker has to provide a certificate to social insurance of a health specialist in which a plan of return to work is described. Success is limited for the time being (Takala et al. 2015: 7).

3.7 Other Policy Approaches

Calculations of reform effects

Based on a stochastic wage process based on Finnish data, Määttänen (2014: 17ff.) calculates labour supply (working hours) effects of various reform scenarios. There are several models including changes. Results (2014: 35ff) are too numerous to be repeated her in appropriate detail (also due to reform effects on the use of alternative pathways). One crucial result is that raising the entry age into normal retirement does not extend working lives if the unemployment exit route and part-time pension are left unchanged (2014: 36). Further, Määttänen (2014: 37) states that “the current accelerated accrual rate considerably improves the labour supply incentives for many. Correspondingly, deferring the accelerated accrual rate will vitally weaken the labour supply incentives for some individuals.”

In contrast to the current accelerated rate (1.9% per year until the age of 62 and 4.5 afterwards) the new labour organisation agreement from 2014 proposes a rate of 1.5% until 65. Possibly the trade union Akava is right in stating that incentives to work before 65 too weak. Määttänen (2014: 36) shows that the retirement age of 65 instead of 63 ceteris paribus reduces working lives by 1 month, despite raises amongst higher educated men (2.4 months) and women (0.6 months). A rather comprehensive reform scenario (raising entry ages by two years in regular pension, part-time pension and the unemployment tunnel) would raise labour supply by 6 months. Effects are similar across different groups.

4. Extending Working Lives and Lifelong Learning: selected innovative and sustainable approaches

The following models of good practice have been identified by Katja Linnenschmidt and comprise good practice only on the side of labour supply.

4.1 Good practices on the supply side of labour

The demographic shift to an ageing population started in Finland earlier than in other European countries: the largest cohorts were the people in the age group born in 1946 to 1949. Thus, the challenge to cope with older employees occurred already 15 years earlier (e.g. the baby boom generation in Germany had its peak in 1964). Early retirement has been an established practice until the end of the 1990s. To avoid a loss in know-how and workforce this practice had to be avoided. Against this background all examples aim at increasing retirement age and extending working life through the promotion of workability.

Career plan

A solution that allows individual measures are career plans. *Saarioinen Oy* introduced a career plan within its programme for Senior Workers where the supervisor discusses problems and needs with the employee. Things such as training needs and aspects of the working environment are addressed in this talk. Based on this information the supervisor develops a career plan which sums up the employee's conditions and benefits. *Berner Oy* implemented a similar approach. The inherent adaptability of individual career plans offers high transferability to other companies and branches.

Knowledge transfer

The transfer of knowledge – especially of tacit knowledge – is seen as crucial with regard to a high share of employees in transition to retirement. *Abloy Oy* has made this topic a priority because tacit knowledge had to be transferred from the experienced workers to the new ones. A workshop was organised to identify, capture and pass tacit knowledge.

The 'mentor driver' approach at *Länsilinjat Oy* is also a way of knowledge transfer where the experienced drivers pass their knowledge to the younger drivers. An effect of the mentoring is a higher attendance for vocational training.

Working hours and extra days off

(More) flexible working hours are a measure in all examples. Depending on the surrounding conditions working hours are individualised or reduced, shift work minimised. To allow older employees more time for recreation *Abloy Oy* introduced a time reduction programme for workers 58 years and older with a full-time contract. Those that are 58+ and do a fitness test per year are allowed to get some additional free days (e.g. 6 days/year with 59 years, 12 days/year with 62 years).

Age consciousness and diversity

The *City of Helsinki* understood that demographic change also means more diversity. To live up to the different life situations and different needs age management was introduced. It should

help to create an age-conscious working environment. The objective was to manage people of different ages within the municipality in a way that the requirements of people in different life situations and with different goals will be taken into account during the planning, organising and designing of work, as well as in other areas of management.

Good Practice 1:

1. Actor:

Berner Oy, founded in 1883, is a Finnish family-owned company, located in Helsinki. Berner is a department store for brands, which offers a selection of domestic and international brands. 437 people were employed at the company in 2013, about 60 per cent were women.

Mixed strategies/actors, i.e. are there different actors involved? State of the art: What is being done?

In 2009 Berner has implemented the "Senior Programme" which is a collaboration between management, supervisors and staff.

The senior programme includes some 80 employees, i.e. around one fifth of the company's personnel (53 members in 2014). The junior programme, begun in 2013, involves 60 people. Juhani Ilmarinen was involved in developing the tools.

The outcome of the age management is that the average retirement age has risen to 63.6 years in 2011 and to 64.5 years in 2012. In 2013 the average retirement age decreased a little to 64 years.

In 2012 Berner won the Finnish National Prize for Innovative Practices in Employment and Social Policy for its support of well-being at work, including the senior programme for its older employees.

Public incentives used?

Public incentives were not mentioned.

In practice/idea/proposal?

In practice

2. Reason

High share of older employees

3. Description of approach (which dimension of the supply side of labour is addressed and what are the aims?)

Within the senior programme a career plan is drawn with workers aged 55, together with the respective supervisor. The career plan contains an assessment of to what extent their duties, working hours and working conditions need to change. The aim of the programme is to enable employees to last longer at work while taking on productive and stimulating work.

Is the approach targeted especially on older workers or on all age groups?

Age management at Berner applies to people of all ages. Indeed, the senior programme is for employees who have turned 55. However, Berner emphasises that the programme is not only profiled for older people which is underlined by the junior programme.

3.1 Dimensions and quality of work (career and employment security, wages etc.)

3.2 Values/Motivation

With the aid of leadership Berner promotes greater cooperation and interaction between people of different ages. One tool of age management is senior management, whose purpose is to allow supervisors to take a favourable view of people ageing, ensure that tacit knowledge is passed on, and show respect for the experience, skills, competence and commitment of older people.

3.3 Professional Competence (Lifelong Learning)

The professional experience, expertise and commitment of ageing employees are appreciated. Tacit knowledge is being transferred.

3.4 Health

The company offers health checks, workability programmes and with 58 years a physical examination and a personal exercise programme.

3.5 Close Social Network

3.6 Family, work-life balance; Others ...

Those between the ages of 58 and 60 can take off five working days, and those over 60 eight days a year. A condition of leave for senior staff is that the employee takes part in a programme to maintain physical capacity organised by the occupational health care unit and the employer.

4. Work after retirement (“silver work”)

Those who have already retired can register with the staff bank, and can be invited to fill in for others when they are away or to do seasonal work.

5. Life course orientation

6. Overarching dimensions of MOPACT touched (gender, older migrants, intergenerational solidarity, handicapped workers, social inequality, regional dimensions etc.)?

Berner states that they value every person as an individual regardless of gender, world view, age or any other similar factor. They have recorded the goals and functions of their equality activities in their company's equality plan.

7. Linkage to informal work/civic engagement/social volunteering?

8. Other socially innovative dimensions touched worth being mentioned?

9. Brief SWOT evaluation including transferability, sustainability and usability

As the approach includes individual career planning the measures are very appropriate to implement in other companies, also from different branches. A prerequisite is that managers are convinced and sensitised for the needs of the employees.

10. Further relevant information (also sources such as literature, interviews etc.)

Berner Oy. Annual reports 2012 and 2013 <http://www.berner.fi/>

Finnish National Prize for Innovative Practices 2012 (2013):

<http://www.kemianteollisuus.fi/en/the-chemical-industry/responsible-care-20-years-2/everyday-actions/Berner-receives-the-Finnish-Working-Life-Award/>

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1804&furtherNews=yes>

<http://www.sitra.fi/en/news/working-life-prize/finnish-national-prize-innovative-practices-employment-and-social-policy>

Ilmarinen Mutual Pension Insurance Company (2013) <http://vuosikertomus.ilmarinen.fi/en/responsibility-of-pension/case-berner/>

Good Practice 2:**1. Actor:**

City of Helsinki

With 40,000 employees the administration of the city of Helsinki is the largest municipality in Finland.

Mixed strategies/actors, i.e. are there different actors involved?

Age Management is an internal project of the municipality and involved the occupational health centre, experts from the human resources division and occupational physical activities as well as representatives of agencies and public-service companies. The Finnish Institute of Occupational Health was an external consultant in this process.

State of the art: What is being done?

A broad-based working group has been established, consisting of the aforementioned stakeholders. The City of Helsinki has prepared a management action plan to promote occupational health and work-ability for work among different age groups, the implementation of which has been coordinated from the Human Resources Division. During the strategy period 2009-2012, the City of Helsinki has been in the process of creating a management model for different age groups, which will be implemented during the strategy period 2013-2016.

The objective of this programme is to manage people of different ages within the municipality in a way that the requirements of people in different life situations and with different goals will be taken into account during the planning, organising and designing of work, as well as in other areas of management.

At a strategic level the Helsinki City Board requested action plans for retirement and age management from each of the 35 departments. These plans include age structure analysis and projection of upcoming retirement transitions and concrete plans of action adjusted for the particular challenges of each department.

Several projects were implemented, for example:

- ELSA, Retirement of people in specialist work (the Human Resources Division and City Planning Department);
- Work engagement (Koskela Hospital and Herttoniemi Dental Clinic);
- Management of different age groups in a diverse workplace, Kustaankartano Centre for the Elderly (Department of Social Services and Health Care);
- Healthy Working Hours benchmarking (Health Care) and
- The guys get in shape project (Sports Department).

The outcome of the action plans is:

- a) Updated awareness of retirement scenarios in each department with new sense of urgency for actions,
- b) age management action plans of various age groups for each department; who is doing what, when and with what kind of results,
- c) a summary of all these plans delivered to the City Board.

In 2012 the City of Helsinki won the award "Workplaces for all Ages" by the European Commission for the following reasons:

Helsinki had a comprehensive plan for becoming a model city of age management.

Helsinki had a number of projects for supporting young employees, improving the wellbeing of older employees and creating an age-conscious operational culture.

Occupational Physical Activities, the Occupational Health Centre and the Human Resources Division all participated in the project.

An integrated perspective to an active ageing lifestyle had been created within the project.

Public incentives used?

Public incentives were not mentioned.

In practice/idea/proposal?

In practice

2. Reasons

As the average age of the staff is increasing and a large number of employees reach retirement age in the near future the municipality of Helsinki figured that a more individual approach of management is needed. To meet the requirements of age diversity the City has strived to become the most age-friendly workplace in Finland.

3. Description of approach

The age management approach in the municipality of Helsinki is targeted on all ages, taking their diverse needs into account that occur among other things from different life situations and goals. These diverse aspects were considered when planning, organising and designing work. Hence, there are measures for all employees such as flexible working hours, telecommuting, independent shift planning, family time, and work rotation and there are measures especially for older workers such as physical activity courses, flexi-time, redeployment, and retirement advice. Age is also taken into consideration in their bonus system. Other measures targeted at different age groups are induction, mentoring, and construction of career paths.

Aims of age management are to get young workers to remain in the service of the city, to support continuation in the workplace for employees at different stages of life, to improve the well-being of older people at work and to extend their working lives and furthermore to create a more age-conscious culture in the city that takes better notice of workers in different life situations and with different needs.

During the process city guidelines for preparation of retirements and age management were developed:
Strategic personnel planning and knowledge management: The challenge of knowledge management is to recognise, develop and transfer the knowledge that the strategy requires.

Future work and flexibilities connected to work: The working methods are diversified and solutions are sought for flexibilities of tasks, time and place.

Recruiting: The practices of recruitment and orientation, as well as the knowledge of the managers, must be developed on all organisational levels

Working capacity management: Development measures directed at early support discussions and active intervention in sick leaves.

Diversity management: Good cooperation skills are required from the entire personnel in a diversifying working community. Moreover, the managers need training for managing these diversifying working communities.

3.1 Dimensions and quality of work (career and employment security, wages etc.)

3.2 Values/Motivation

3.3 Professional Competence (Lifelong Learning)

3.4 Health

3.5 Close Social Network

3.6 Family, work-life balance

4. Work after retirement (“silver work”)

5. Life course orientation

Life cycle and career thinking suited for the young, the middle-aged and the older people.

6. Overarching dimensions of MOPACT

To meet the diversity – especially age diversity – was the main inducement to introduce age management.

7. Linkage to informal work/civic engagement/social volunteering?**8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation including transferability, sustainability and usability**

As the approach includes individual career planning the measures are very appropriate to implement in other companies, also from different branches. A prerequisite is that managers are convinced and sensitised for the needs of the employees.

10. Further relevant information

De Vos, Ans/Gielens, Tim (2014): Good practices to facilitate the sustainability of individuals' Careers. White paper for the third learning seminar, Trento, 4 & 5 November 2014. European Network on Career & AGE (Age, Generations, Experience) (www.careerandage.eu/site/public/store/Final%20white%20paper%20learning%20seminar.pdf)

EY2012 Award. Workplaces for all Ages. http://ec.europa.eu/employment_social/empl_portal/EY2012/Awards/07.Workplaces_1_Finland.pdf

Heikkilä, Titi (2014): Age management in Helsinki (http://www.tyoturva.fi/files/3798/Titi_Heikkila_Age_management_04092014_en.pdf)

Website for age management of the City of Helsinki: www.eri-ikaistenjohtaminen.fi

Good Practice 3:

1. Actor:

Saarioinen Oy is a privately owned Finnish food industry company with in total 1,500 employees. The headquarters is located in Tampere. Saarioinen produces convenience food products, meat products and preserved food. Saarioinen has a long history that dates back to the 15th century and began in 1955 its operations as a limited company.

Mixed strategies/actors, i.e. are there different actors involved?

Organisations involved were Saarioinen Oy and Saarioinen Oy's main occupational health care provider Tampereen Työterveys ry. The management together with representatives from human resources, health and safety representatives, as well as workers representatives, drafted an age management programme focused specifically at blue-collar workers.

State of the art: What is being done?

Saarioinen's age management programme, also known as the programme for Senior Workers, applies to employees who are 55 years or older and have been employed by the company for at least five consecutive years. Once eligible, an employee can opt to be designated a 'senior' by notifying their employer/manager. Once a designation has been made, the employer is obliged to hold a meeting, the aim of which is to map out the potential restrictions the employee has to carry out certain work/tasks, what potential rehabilitation and re-training needs may exist and are possible to address. The results of the meeting are documented and used as a basis for planning the employee's future career.

The age management programme has resulted mainly in increased well-being of senior employees and an increased average retirement age (from 58 years in 2004 to 61.6 years in 2013). Out of the 279 employees who are 55 years or older, 178 (i.e. about 64%) have asked to be designated as senior employees and make use of the benefits available to them. The most used benefit was the option to transfer holiday pay to senior leave days. The company sends out a broad questionnaire to all staff every other year to gain feedback on issues including well-being. In general, especially in terms of the physical working environment, the questionnaire has resulted in positive feedback in recent years indicating continuous improvement in this area. The company is pleased with the results of the programme and are considering widening the scope to white-collar workers once appropriate tools have been identified.

In 2010 Saarioinen won the Finnish National Prize for Innovative Practices in Employment and Social Policy.

Public incentives used?

Public incentives were not mentioned.

In practice/idea/proposal?

In practice

2. Reasons

Saarioinen's age management programme had the primary aim to reduce the costs incurred by the company due to a high rate of sick leave and early retirement mainly due to musculoskeletal disorders.

3. Description of approach

The process starts with a discussion between each worker and his or her supervisor, which forms the base for the worker's career plan. They discuss any problems looking at workability, need to change work content, need for education and rehabilitation and other important aspects of the working environment. The supervisor then prepares a career plan, which sets out the worker's conditions and benefits, and the production manager and managing director subsequently approve it.

In addition to career planning, employees designated as seniors (referred to as 'senior employees') have the potential to enjoy a number of concrete benefits including: 1) a guarantee of salary level, 2) a move away from shift work, 3) a reduction in work rotation, 4) a possibility to take leave days, 5) a possibility to request work sharing, and 6) have the costs of certain medical treatment covered.

The most significant challenge presented by the programme has been the ability of managers and senior employees to appropriately identify the needs that are most pertinent, and the methods that would be most helpful, in relation to career planning after the age of 50 years. To alleviate this, the company intends to further involve staff in training on age management, for example, by way of disseminating information leaflets and holding meetings to raise awareness.

Is the approach targeted especially on older workers or on all age groups?

The aim of the programme for Senior Workers was to extend the working lives of the blue-collar workers. The measures are focused on older workers but the measure of temporary leave is also for any of the eligible staff members.

3.1 Dimensions and quality of work (career and employment security, wages etc.)

Guarantee of salary level: Senior employees will not have their base income level altered even if appointed to new tasks that are not at the same level as previously. Additional bonuses or performance related additional income, however, will be paid according to the new job profile.

Possibility to take leave days: Where requested, a senior employee can opt to transfer annual holiday pay or bonuses paid in lieu of 20 years or more of service in the company to senior leave days. Senior leave days cannot be taken together with annual leave days or during high production seasons.

Possibility to request work sharing: According to the Act, an employee who has a work history of at least 10 years in total and has been employed by their current employer for at least 13 months, may agree together with the employer on a temporary leave during which the employer commits to employ a currently unemployed person (priority for under 25 year olds) for whom a short term contract could be useful in terms of future employment possibilities. The temporary leave granted by the employer must be for a period of a minimum of 90 days and a maximum of 359 days. Though temporary leave can be granted to any one of eligible staff members, at Saarioinen Oy, senior employees are prioritised in case there are more temporary leave applicants than the internally allocated quota.

3.2 Values/Motivation.

3.3 Professional Competence (Lifelong Learning).

3.4 Health

Move away from shift work: Where justified by health or other reasons, senior employees will be moved away from the normal three shift system applied at the manufacturing plants.

Reduction in work rotation: Senior employees are given priority to stick to the type of task that they prefer and the rotational nature of work will be reduced as much as possible, if requested by the senior.

Costs of certain medical treatment: Senior employees have the possibility to receive financial support for physiotherapy or similar when it has been prescribed by the occupational health care doctor and agreed to by the employer. The support can be granted regardless of what the cause of the need for treatment is, i.e. can be something other than a workplace injury or occupational disease. The company will cover costs up to EUR 300 per employee for every three year period.

3.5 Close Social Network

3.6 Family, work-life balance

4. Work after retirement (“silver work”)

5. Life course orientation

6. Overarching dimensions of MOPACT touched (gender, older migrants, intergenerational

solidarity, handicapped workers, social inequality, regional dimensions etc.)?

7. Linkage to informal work/civic engagement/social volunteering?

8. Other socially innovative dimensions touched worth being mentioned?

9. Brief SWOT evaluation including transferability, sustainability and usability

The following factors are determined to contribute to the on-going success of the programme:

- Consultative approach between management and workers;
- Utilisation of the expertise of occupational health care practitioners;
- High rate of adoption of the various benefits available to employees who are 55 years old or more;
- Career planning with employees who turn 50 years in order to identify their individual needs and potential solutions to restrictions in work capacity.

The transferability of the programme to other organisations, private or public, independent of size and sector, is determined to be very good especially with regards to the following aspects:

- Career planning together with the employer after 50 years of age;
- Job satisfaction questionnaires.

The transferability of the programme to other similar organisations is determined to be very good with regards to the following aspect:

- Providing the option to make use of the variety of benefits that aim to improve the health and well-being of older employees enabling them to continue at work for longer.

10. Further relevant information (also sources such as literature, interviews etc.)

EurWORK (2009): Ruoka-Saarioinen Oy. European Observatory of Working Life <http://eurofound.europa.eu/observatories/eurwork/case-studies/ageing-workforce/ruoka-saarioinen-oy-finland-comprehensive-approach>

Naegele, Gerd/Walker, Alan (2003): A guide to good practice in age management. European Foundation for the Improvement of Living and Working Conditions (Eurofound). Dublin.

OSHA (2013): Age Management at Saarioinen Ltd – Finland. Case Study 46. EU-OSHA – European Agency for Safety and Health at Work

Saarioinen Oy <http://www.saarioinen.fi/english-info/>

Good Practice 4:

1. Actor:

Länsilinjat Oy is a privately owned bus company, which was founded in 1939 when five bus companies merged. The company owns 80 buses, which provide transportation to the west and northwest regions of Tampere in Finland. Länsilinjat Oy employs about 143 people (15 women and 128 men), of whom 55 % are over 44 years, 22 % over 54 years and 6 % over 60 years. The average age of employees is 45 years. Most of the employees are bus drivers; a further 10 workers handle maintenance and 14 are white-collar workers. Staff turnover is low.

Mixed strategies/actors, i.e. are there different actors involved?

In 1999, Länsilinjat Oy participated in a programme for ageing workers (aged 44 years and over) established by the Council of State of Finland. The occupational safety commission was responsible for the design and implementation of the development measures.

State of the art: What is being done?

The company values long-term employment, believing employees should be able to continue working in Länsilinjat Oy until retirement age. Part-time retirement, a 'mentor driver' system and individual shift work planning are among the favourable working practices within the company. The values of a family business and cooperation are an integral part of the company's culture. Due to the scattered nature of the work (buses depart from 15 different localities), the possibilities for natural social dialogue among drivers are limited. The need for greater participation among employees was suggested by both the employees and the employer. The 'mentor driver' system was a big success. About 70 % to 80 % of the drivers have attended bus driver courses, and almost half of them have passed the bus driver examination.

Public incentives used?

Phase 1: yes, phase 2: no.

In practice/idea/proposal?

In practice

2. Reasons

Länsilinjat has gone through a shift from one generation to another in several responsibility areas. Most of the supervisors were young in both age and length of employment whereas the bus drivers were older. The length of employment has traditionally been long. Therefore, there were also many baby boomers among the employees.

3. Description of approach

The high average age of the workers in Länsilinjat Oy was a particular concern of company. In 1999, Länsilinjat Oy took part in a programme on ageing workers, established by the Council of State of Finland. One part of the programme was targeted at supporting organisations to develop comprehensively, particularly in relation to the work ability of its ageing workers.

Phase 1: Based on the programme on ageing workers, the company introduced a range of measures from 1999 to 2002. These measures included for example information about a healthy lifestyle, occupational health care services, development of drivers' professional skills and know-how, part-time pension arrangements and a mentor driver system for new drivers. The 'mentor driver' system was developed to support new drivers. The term 'mentor drivers' refers to drivers who have a long work history, have passed professional examinations and have participated in workplace trainer courses. Such experienced drivers can distribute their expertise and knowledge to the younger workers in a natural way. New drivers, in turn, become acquainted with their job in a safer environment. The mentor becomes a trusted person, one who can be turned to later also for answers to questions. Other training related to the mentor system involves communications between supervisors and mentors.

Phase 2: several measures from the original initiative have been continued on a regular basis with no significant changes. Among other things these were part-time pension arrangements and the mentor

driver system for new drivers.

Is the approach targeted especially on older workers or on all age groups?

Although mentor drivers are experienced drivers and are usually older, there is no specific age limit.

3.1 Dimensions and quality of work (career and employment security, wages etc.)

3.2 Values/Motivation

From the start, essential factors in the development work were the thoughts with which enterprise activities are developed and the attitudes that decide success in the tasks. The working conditions of a transport company can be straining: Employees must wake up early in the morning, work shifts continue until late at night, workdays are long, the work is lonely, and there are several forms of irregularity, a need for definite substitute arrangements, the need to be on call 24 hours a day. Under these conditions, success is only possible when the all of the personnel are able to commit themselves to common thoughts and attitudes.

3.3 Professional Competence (Lifelong Learning)

Measures: development of drivers' professional skills and know-how; education to prepare drivers for the professional drivers' examination; apprenticeship-based professional examination for maintenance workers; a mentor driver system for new drivers;

Training for a vocational degree has been targeted for drivers and garage employees. The first group to get vocational degrees was the mentor drivers and the supervisors. Since then, about 40 drivers have attained a vocational degree or participated in preparatory training. The first groups who left to receive their vocational degrees were novice drivers who had just started working for the enterprise. Later, this possibility has also been offered to drivers who have been employed for some time.

3.4 Health

Measures: information about a healthy lifestyle; rehabilitation courses; occupational rehabilitation; occupational health care services; education about emergency situations;

3.5 Close Social Network

3.6 Working time

Measures: part-time pension arrangements; more flexible working time arrangements

Part-time retirement arrangements have proved to be very good from the viewpoint of the drivers. Because of the nature of the work, work hour arrangements can be adjusted well to meet the needs of part-time employees. All of the employees who have shifted to part-time retirement have found the decision agreeable at the personal level also.

Possibilities for work shift arrangements vary from one location to another. If there are only one bus and two drivers in a specific location, the possibilities for arrangements are fewer than in bigger locations. The default rotation system of work shifts designed during this project has been gradually implemented. The objective is to create a work shift model with which drivers are able to know the contents of their future work periods in advance. The system has been received positively, and its use is continuously being expanded to new locations.

4. Work after retirement ("silver work")

5. Life course orientation

6. Overarching dimensions of MOPACT touched (gender, older migrants, intergenerational solidarity, handicapped workers, social inequality, regional dimensions etc.)?

Gender was not considered in the design and implementation of the mentor driver system. However, more men than women have participated in the programme, since most of the workers are men.

7. Linkage to informal work/civic engagement/social volunteering?

8. Other socially innovative dimensions touched worth being mentioned?

9. Brief SWOT evaluation including transferability, sustainability and usability

The introduction of the mentor driver system and individual working time systems proved to be the most beneficial practices. Both measures are important for maintaining the workability of older and younger workers. Individual working times offer possibilities for avoiding night shifts and enable workers to better plan their life outside of work. Such measures help to promote the work ability of workers of different ages and are especially important for older workers.

The measures are transferable to other companies with similar working conditions.

10. Further relevant information (also sources such as literature, interviews etc.)

EurWORK (2005): Länsilinjat Oy. European Observatory of Working Life <http://eurofound.europa.eu/observatories/eurwork/case-studies/ageing-workforce/Insilinjat-oy-finland-flexible-working-practices-redeployment-training-and-development>

Länsilinjat Oy: <http://www.lansilinjat.fi/>

Penttilä, Terhi (2005): Länsilinjat Oy. Review of the "Let's Build Work Ability Together" project. In: Ilmarinen, Juhani. Towards a Longer Worklife! Ageing and the quality of worklife in the European Union. Finnish Institute of Occupational Health. Ministry of Social Affairs and Health. Helsinki.

Good Practice 5:

1. Actor:

Abloy Oy is a manufacturer of locks, locking systems and architectural hardware and a developer of products in the field of electromechanical locking technology. It has 1,200 employees and is a part of the lock-making corporation ASSA ABLOY.

Mixed strategies/actors, i.e. are there different actors involved?

A steering group was formed for the project to develop and monitor the implementation of the program and to report its results to the Abloy management team.

State of the art: What is being done?

In 2001, Abloy initiated the Age Master project, part of a national effort aimed at helping reverse the nationwide Finnish trend to early retirement. Each year, members of Age Masters' Club make proposals for Age Master events to the Age Master Steering Group. Events include lectures, fitness tests, exercise, art exhibitions and other invigorating activities. Age Master holidays are extra paid time off for employees who are 58 years or older.

The Age Master programme has been in use for a few years: the average retirement age has risen by more than three years (from 60.5 in 2000 to 63 in 2004). The amount of sick leave, especially that caused by musculoskeletal diseases, has steadily decreased. The overall appreciation of senior employees has increased.

Public incentives used?

Public incentives were not mentioned.

In practice/idea/proposal?

In practice

2. Reasons

In 2000 it was noted that a large portion of the employees was between 50 and 60 years and going to leave the company during the next 10 years. During the next 5 years, the number of employees over the age of 55 years was going to double, and the average retirement age in the company was 59 years. The management team of Abloy analysed the risks and opportunities of the situation. The retirement boom, lost experience and competence, clashes between cultures of different age groups, and stagnation of development were seen as risks. On the other hand, increased turnover, sharing competence, questioning established procedures, and development opportunities were seen as possibilities.

3. Description of approach

Investing in age management was considered important by the management of Abloy Oy, and the initially 2-year Age Master project was started in 2001. In the Abloy management team, it was noted at the time that it would also be economically sensible to get people to commit themselves to work life for a longer period, transfer experience and competence to younger employees, and also develop human resources management through these actions.

The target group of the Age Master project was our employees over 55 years of age, who are working full-time on indefinite contracts. The objectives of the project were (2001):

- to extend the work life of personnel by 2 years
- to decrease sickness absences by 1 % a year
- to increase the appreciation of Age Masters and the transfer of "silent" information.

The Age Master project was oriented on the reduction of workload by additional free time, special work and health oriented trainings for employees and supervisors, and health promotion activities. In the age of 40 to 60 we ordinarily see a 20 % decrease in physical performance. If there is the same strain we can analyse a 20 % decrease in physical stress. For supporting to manage the work helps a reduction in working hours, either per day (e.g. 6 hours instead of 8 hours) or per week (4 days instead of 5 days) or per month or year. Additionally, we can give some new tasks that are more psychologically or socially

harmful, depending on the growth of mental resources and other strengths.

Therefore Abloy formulated a time reduction programme for elderly who have a full-time work contract. Those that are 58+ and do a fitness test per year are allowed to get some additional free days. Age Master holidays must always be agreed upon in advance with one's own supervisor, and they cannot be combined with annual leave or sick leave, equalisation holidays, or extended shift leaves.

The project was started with several supervisory training sessions, which dealt with ageing and workability, competence, experience, and affecting the contents and demands of work. Several groups were also formed from the Age Masters to formulate practical methods with which to achieve the objectives.

Furthermore, Abloy was a partner in the O.W.L. project since 2005 (Older Workers' Life/ Improvement of Personal Life Quality and Working Life Quality of Older Workers).

Is the approach targeted especially on older workers or on all age groups?

It is targeted on 55+ workers.

3.1 Dimensions and quality of work (career and employment security, wages etc.)

3.2 Values/Motivation.

3.3 Professional Competence (Lifelong Learning).

To ensure that the Age Masters pass on their experience to younger workers, Abloy made knowledge transfer a priority for 2007. The biggest challenge for Abloy was to transfer tacit knowledge from very experienced people to new ones. A workshop was held to help supervisors identify the tacit knowledge in their organisation and learn how to capture it and pass it on.

The need for IT training for Age Masters came out through work ability survey made as a part of the O.W.L. project. Age Masters felt they lack basic IT skills compared to their younger colleagues. Hence, IT courses were introduced, planned together with the Age Masters.

3.4 Health

- Functional capacity
- Massages, 50% of the cost being paid for
- Free use of the senior gym
- Yearly fitness improvements
- Fitness evaluations and individual plans and follow-up once a year for those who want to use Age Master holidays.

Each year, there are 1–4 functional events in which the Age Master can participate. The events include lectures, fitness tests, exercise, art exhibitions, and other invigorating activities. Especially popular events have been those that combine a factual lecture on issues that interest Age Masters and different invigorating activities or exercise.

3.5 Close Social Network

3.6 Family, work-life balance

4. Work after retirement (“silver work”)

5. Life course orientation

6. Overarching dimensions of MOPACT touched (gender, older migrants, intergenerational solidarity, handicapped workers, social inequality, regional dimensions etc.)?

Abloy values and promotes diversity. This includes the ambition to achieve a better gender balance at all levels of the organization over time. The goal is to have women fill 30 percent of management positions by 2020. A gender diversity policy was introduced in 2010.

7. Linkage to informal work/civic engagement/social volunteering?

8. Other socially innovative dimensions touched worth being mentioned?

9. Brief SWOT evaluation including transferability, sustainability and usability

The approach is transferable to other companies. However, also the employees younger than 55 years should be taken into account when planning measures to avoid age discrimination and for prevention.

10. Further relevant information (also sources such as literature, interviews etc.)

Abloy Oy: <http://www.abloy.com/en/abloy/abloycom/About-us/Sustainability/People/>

Frevel, Alexander/Cornelia Newiger-Bogumil (2012): Creative Age Management Strategies for SMEs in the Baltic Sea Region. Report within the project "Best Ager". http://www.best-agers-project.eu/Portals/18/Activities/BeA_Age%20Management%20for%20SME_Executive%20Summary_2012-10-02.pdf.

Mikkonen, Anna-Riitta (2007): Invest in Experience – Expert Perspectives on the Development of Age Management in the O.W.L Project. North Karelia University of Applied Sciences. http://www.karelia.fi/julkaisut/sahkoinenjulkaisu/c28_verkkojulkaisu.pdf.

Viklund, Pia (2005): Abloy Oy. Age Master. In: Ilmarinen, Juhani. Towards a Longer Worklife! Ageing and the quality of worklife in the European Union. Finnish Institute of Occupational Health. Ministry of Social Affairs and Health. Helsinki.

5. Extending Working Lives and Lifelong Learning: Drivers and Barriers

The following chapter is based on the report by Niko Väänänen and Jürgen Bauknecht “Identifying and Assessing Structural Drivers of and Barriers to Innovative, Sustainable Strategies for Extending Working Lives and Lifelong Learning on the Demand and Supply Side – Country Report: Finland ” (Work Package 3 Extending Working Lives; Task 4)

5.1 Supply Side

According to the definitions adopted in this project, the following analyses of the supply side of labour refers to innovative and sustainable approaches and solutions aiming directly (“immediately”) at enhancing both the employability and workability of the ageing workforce/older workers, in order to make/keep them able, prepared and willing to prolong their working life/extend lifelong learning.

5.1.1 Workability / Employability

v. Werder and Thum (2013) refer to Tuominen (2013) who assessed the reasons for relatively early retirement. For 65% of those who retired before 63, health did not affect the retirement decision, whereas the share rises with educational level. v. Werder and Thum (2013) conclude that this could reflect the level of physical demand in the job, so that amongst those with low education (and a higher frequency of physically demanding jobs) health is more often a reason for early retirement. More important than health are work, working conditions, leisure time, and especially time pressure at work, changes in work tasks and inflexible working hours. Also mentioned by retirees was work not considered meaningful by them, bad work atmosphere and uncertainty concerning the future of work (v. Werder / Thum 2013). Tuominen (cited after v.Werder/Thum) also states that employers’ efforts to support employees to work longer did not change after the introduction of flexible retirement in 2005.

5.1.1.1 Motivation

Macro Level

On macro level, the authors refer to retirement policies, unemployment policies and disability policies. For more detailed information regarding these policies compare chapter 3.

Retirement Policies

Finland has been reforming its pension system relatively actively lately. A major reform was implemented in 2005, and labour market parties and the Government agreed on a pension reform in autumn 2014. This reform was later approved in the Parliament, stipulated into law and it will be fully implemented in the beginning of 2017, thus we will refer to this reform in our text as 2017 reform. Already before the 2005 pension reform, effective retirement age and employment rate were increasing quickly. Yet this started from a low level (Jokinen 2012: 4)

and is partly explained by a rising number of part-time pension⁸ workers (Ilmakunnas/Ilmakunnas 2006: 6).

In 2014 the labour market organisations and the Government agreed on the gradual increase of the retirement entry age from 63 to 65 for those born after 1955. Not all unions signed the agreement. The 2017 reform will bring changes to accrual rates, as the age-based accrual rates will be abolished. A generic 1.5 % accrual rate will apply to all. An incentive to keep working will be given in the form of a 4.8 % yearly pension deferral for those who do not take up pension at the lower age limit of flexible retirement age. In addition, people might want to mitigate the impact of life expectancy coefficient by working longer too.

Unemployment Policies

The normal unemployment scheme consists of unemployment allowance (basic provision), earnings-related unemployment benefits and labour market support (Kyyrä/Ollikainen 2008: 2051). Those born in 1950 or later cannot enter 'unemployment pension' (i.e. completely abolished in 2014, cf. Kautto 2012: 8).

In 2016, those who are 60 or older when their earnings-related unemployment benefits expire can receive unemployment benefits until retirement (so called 'unemployment tunnel'). Since benefits expire after 500 working days (about two years), the 'tunnel' starts at 58. Previously, when the age limit was 57, Börsch-Supan (2005: 41) concluded that for those who want to or have to retire early, the unemployment pathway option is highly attractive. Especially in the late 1990s the unemployment tunnel was an attractive option to exit the labour market for the people aged 55 to 59 (ETK 2013:51).

Disability Policies

The disability pension is still the major labour market exit route before retirement. In 2011 more than 20% of the 61-year-olds received disability pension benefits (KELA 2011).

5.1.1.2 Health

Workplaces are regularly checked by the occupational health services and suggested workplace improvements have to be financed by the employer. This increases the costs of employing older workers or reduces employers' willingness to improve working conditions (v. Werder/Thum 2013 based on the interviews with Riitta Työläjärvi [STTK]). As v. Werder and Thum (2013) note, in another interview Marjo Wallin (FIOH) pointed out that workers with impaired health do not necessarily have to quit work but nevertheless do so too often, since often disabled people could stay in employment if tasks are rearranged and the employee's potential is taken into account by the employer. Further, she explains that the Finnish government supports employers whose employees have health problems, since in case of sickness-induced absence from work the employer pays 100% of the salary only for 9 days. Afterwards this falls down to 40% and the other 60% are covered by KELA (the social insurance institution). As v. Werder and Thum (2013) write, according to Wallin narrow mind-sets are the main obstacle for workability.

⁸ Sometimes also referred to as partial retirement (see e.g. Eurofound 2016)

Marjo Wallin (FIOH) reminds that not just physically demanding work causes health problems, but also the fast ongoing skill transitions due to technological change. This causes stress and feelings of too high challenges and can result in mental or physical health problems. Therefore health problems can also result from lack of skills, which in turn can result from a lack of further training. A similar finding has been brought forward in the German expert talk on longer working lives (report Bauknecht/Naegele 2016): Further training increases workers' feeling of control and decreases stress. Further, Marjo Wallin suggests involving workers in the organisation of their work. Lilja (LER) provides the example of municipality workers, who were involved in their organisation of work (e.g. working time), which significantly reduced their health complaints (information from v. Werder/Thum 2013). With higher retirement ages the number of workers with chronic illnesses will presumably grow, therefore strong emphasis need to be put on prevention of chronic diseases at workplace level (Takala et al. 2015).

Social welfare and healthcare, as well as regional administration, will be subject to a major reform in the next few years. The Government will unify all public social welfare and healthcare services, introduce freedom of choice between public and private primary care and abolish the present multi-channel funding of healthcare (Kalliomaa-Puha/Kangas 2016). However, it is still too early to assess what kind of changes the reform will exactly bring.

Macro Level

v. Werder and Thum (2013) suggest that unemployed people in Finland could get less attention for the health system than employed people since many health care services in Finland are linked to the occupation. They point out that after three months of unemployment employability decreases due to worsening health. For this reasons some projects started to provide occupational health service to unemployed people to maintain their employability and to reduce the costs of finding new jobs (v. Werder/Thum 2013). For example, so-called "age bus stops" in occupational health centres in some municipalities provide free medical screening for those 45 or older, which includes checks of the haemogram, the blood pressure, the body mass index, strength (squeezing, muscularly) etc. Such checks' main advantages are the early detection of diseases which show no obvious symptoms, which is especially important for men (v. Werder / Thum 2013).

Meso Level

In Finland the occupational health care has a good coverage as 93% of employees are covered. The occupational health care is partly reimbursed by the tax-funded Social Security Institute (KELA) that reimburses 60 % of costs for preventive care and 50 % for other type of care (Kangas 2014).

The flip side of the good occupational centred health care is that it creates a fast track for the labour market insiders, whereas those outside of labour market, mainly the unemployed and the elderly have a much more precarious situation when it comes to health care (Kangas 2014). They depend solely on the municipal or private health care centres. In many municipal health care centres, especially in the rural areas, there is a shortage of physicians (Sumanen et al. 2012). Private health care is only an option for those with sufficient wealth. This dualization between health care insiders, who have access to good occupational health care, and health

care outsiders, who do not have, may create and maintain socio-economic and regional differences in health.

The lifestyles (e.g. healthy food choices) of socio-economic groups differ from one another. The educational level associates with healthy food choices (Ovaskainen et al. 2012). This might also have an impact on health inequalities.

The Finnish Health 2015 programme (2001-2015) aimed to reduce the differences in mortality rates between different occupational groups and education levels by a fifth till 2015. It did not succeed in this; actually the differences partially grew during this period (Rotko/Kauppinen 2016: 35). The relative health inequality between socio-economic groups has persisted in Finland despite numerous policy targets prior to the Health 2015 programme. This might suggest that more community-based health promoting interventions, targeting especially rural labour market outsiders, could work in reducing the health inequality and simultaneously enhance the employability of the target group. Finland has a good tradition in similar successful interventions (see 'North Karelia project' Puska 2002).

To allow older employees more time for recreation „Abloy Oy“ (a manufacturer of locks, locking systems and architectural hardware and a developer of products in the field of electromechanical locking technology, 1200 employees) introduced a time reduction programme for workers 58 years and older with a full-time contract. Those that are 58+ and do a fitness test every year are allowed to get some additional free days (e.g. 6 days/year with 59 years, 12 days/year with 62 years) (based on Linnenschmidt 2015).

5.1.1.3 Life-cycle Orientation / Reconciliation of Paid Work and Care / Informal Work

A lifecycle-oriented personnel policy means a human resources management system that is strategically adapted to the needs of employees in the course of their work cycles and life-cycles and “covers” all stages of life from choice of occupation to retirement.

More in general, the Conceptual framework of WP3 recommends to distinguish 5 life-cycles: occupational life-cycle (from choice of occupation to retirement); corporate life-cycle (relating to the time from joining to leaving a company); job-related life-cycle (from taking up to leaving a position); family life-cycle (from parenting to caregiving to parents/dependants); biosocial life-cycle (orientation on “age-related” changes in performance) (Naegele and Bauknecht, 2013).

Care

For the age group 55 – 64, in only 2 out of 28 EU countries the gender gap in employment is negative (i.e. female employment rate is higher): In Estonia (-2.6%) and in Finland (-5.1%). Already in 2006 employment rates of older men and women were roughly similar, but afterwards the rise amongst females (from 54% in 2006 to 63% in 2015) was stronger than amongst men (from 55% to 57%, all figures: based on Eurostat data). In the EU-28 the gender gap for this age group is at 13.3% (2015). Nevertheless, this disregards differences between full-time and part-time employment.

The average number of usual weekly hours (including part- and full-time work) for the age group 55-59 is 34.8 hours for women and 39.3 hours for men. In the age group 60-64 the hours are 32.8 hours for women and 36.4 hours for men (Työvoimatutkimus 2016). Employed women are clearly working less weekly hours than employed men in older age groups.

As Määttänen and Salminen (2014) point out, the Finnish long-term care system is a publicly funded universal system. Formal care is provided by municipal services.

Economic incentives for potential informal carers

The economic incentives for formal or informal care depend strongly on the (potential) informal carer's income and the income of the carer receiver (which is pensions in most cases).

Three policy regulations affect the financial incentives for a potential informal carer for the choice between formal and informal care. First (the assumption here is that the potential formal carer is in paid employment and would have to cut hours for informal care), there is progressive income taxation. Secondly, the fees for care depend on the income of the person receiving care (and the spouse's income) (Määttänen/Salminen 2014). Third, sometimes the income loss due to informal care can be reduced by informal care allowances to the carer or the person cared for.

Generally, a low income of the carer (therefore low opportunity costs) and a high income of the person cared for (high potential care fees) provide financial incentives for informal care and vice versa (Määttänen/ Salminen 2014).

In sum, weaker incentives for informal care could further raise older (female) workers' labour market participation. This could be achieved primarily via lower costs for formal care or the abolishment of the compensation for income loss in case of informal care. There is still potential for higher female older worker employment rates. The negative gender gap is caused by mediocre older worker male employment rates (rank 13 in the EU-28) and high older worker female employment rates: Finland (63%) ranks third, behind Sweden (72%) and Estonia (66%).

Macro Level

In a "new typology of European long-term care regimes" Schulman and Leichsenring (2014, based on Kraus et al.) depict Finland as "informal care oriented" with "high private financing" (alongside with e.g. UK and France, the contrast to Germany is the high private financing). This means that in comparison to other European countries, Finland places a high emphasis on informal care (e.g. by family members) and financing of care (if needed) is more in private responsibility than in the European average. Therefore, in contrast to countries with low informal care use (e.g. Denmark, Sweden, the Netherlands) Finnish older workers can be expected to be strongly involved in (or burdened by) private care obligations. Besides Sweden and the Netherlands, "Finland still rank[s] high in their provision of residential care, but [is] are also leading in the provision of home care services" (Schulman / Leichsenring 2014).

Although, in Finland there is no legal obligation to take care of one's own parents unlike in many other European countries such as Estonia or Germany, the nursing culture of one's own parents lives strong (Vaarama et al. 2014).

As Schulman and Leichsenring (2014) state, long-term care is in the area of responsibility of municipalities, leading to considerable inter-municipality variation. They point out that the country “has been a forerunner in developing tangible strategies for LTC with its publicly debated ‘Framework for High-Quality Services for Older People’ (Ministry of Social Affairs and Health, 2008)”. One goal has been a high number of older people living at home independently (Schulman / Leichsenring 2014). With a voucher system municipalities subsidise beneficiaries who buy care service from the private market (Schulman / Leichsenring 2014).

Meso Level

The system of “working hours bank” was introduced to Finland in the early 2000s. It has been slow to attract workers despite positive experiences. The system allows employees to convert work hours and benefits to leisure time or paid off as salary. Even though it has gained some popularity, it still is not widely in use.

Kauppinen et al. (2015) investigated the determinants of informal carers’ mental strain, coping strategies and early retirement intentions. They compiled good practices and development ideas into a fact sheet that workplaces can use in supporting employees with caregiving duties. The fact sheet emphasises flexible work time arrangements with the help of modern technology (working hours bank, flexible working hours, teleworking, working short time). Also they suggest that not only should workplaces allow communication between the caregiver and the patient, but they should also secure a calm space where caregivers can speak on the phone in discrete and discuss personal matters regarding their patient. This would ease the challenging task of combining informal care and employment.

Other

At the company level attitudes towards part-time could be promoted. Barr (2013) states based on OECD data that the rigidities in Finnish labour market is heavily geared to a binary choice (no work or full-time work) that affect people’s attitudes towards part-time work. A study (Takala/Väänänen 2016) suggests the same as sometimes the full-time work till the end of one’s career is seen as the norm in Finland. This could imply that a lot needs to be done to adapt the Finnish working life more in line with increased part-time work of the elderly.

In a study on part-time pensions Takala and Väänänen (2016) analysed system-level registers and compared the length of working careers of 58-years-old people who took up part-time pension to those who did not. They compared the length of working careers of these two groups in 2005 and in 2014, when the groups have reached the age of 67. The data shows that part-time pensioners end up having a longer working career when measured in years. However, Takala and Väänänen analyse this more in detail and explain it by the fact that the part-time pensioners have a longer working career before the take-up of part-time pension. For most of the socioeconomic groups the differences in the length of the careers do not significantly alter from 2005 to 2014. They also point out that part-time pension is more common in higher socio-economic groups. Thus the data suggest that the impact of part-time pension is not positive when assessed by its impact on the length of working lives or total work input.

The relevant question for the measurement of effects of part-time work on total number of working hours (extensive margin * intensive margin) is: What would part-timers have done if

part-time would not have been available? A table provided by Eurofound (2016, 2007 data) shows that nearly half of them would have worked full-time until retirement instead, a quarter would have proceeded to work full-time, yet not until retirement, and only about ten per cent would have retired immediately (rest: no answer). Whereas the result indicates that partial retirement reduces the number of working hours, a closer examination of three health groups (good, moderate, bad) shows that especially those in good health would have continued to work full-time (ca. 65%), whereas this applies only to a small minority of those in bad health (ca. 11%). The latter group would have entered retirement straight away to a considerable degree (28%, whereas 16 percent of respondents could not answer). Although this is unsurprising, it shows (again) that targeting of partial retirement schemes or old-age part-time schemes on those with bad health could increase the total number of working hours until labour market exit.

The table shows the reported reasons for part-time pension (2007, %).

	Main reason	At least one of the reasons
Willingness to have more time for family and hobbies	15.6	33.3
Part-time pension is a soft transition to full retirement	12.2	52.9
Had been doing full-time work long enough	11.4	38.2
Full-time work was physically too heavy	10.5	22.0
Full-time work mentally too heavy	10.0	30.7
Bad health condition	8.2	15.8
Part-time pension together with work income are sufficient for living	5.1	43.6

Source: Takala 2007 (taken from Eurofound 2016, forthcoming).

The Finnish scheme was criticized as being unfair to people who work part-time, and are thus not able to take up part-time pension. Another issue has been targeted towards the financing as it is financed by all the members of the pension system but used proportionally more by higher socioeconomic groups. Eurofound (2016) suggests that this might be caused by the fact that blue-collar workers might not be able afford the drop in salary. Furthermore, not everyone succeeds in organizing part-time work with their employer. However, a study (Takala 2001) states that about nine out of ten part-time pension applicants in small and medium sized enterprises would be granted the part-time pension. Although part-time pensioners report having some problems (staying up to date at workplace and feeling estranged), one could say that generally speaking they are satisfied with the arrangement (Takala/Väänänen 2016).

Meso Level

A solution that allows individual measures are career plans. Saarioinen Oy (a food industry company with 1500 employees) introduced a career plan within its program for Senior Workers where the supervisor discusses problems and needs with the employer. Things such as training needs and aspects of the working environment are addressed in this talk. Based on this information the supervisor develops a career plan which sums up the employee's conditions and benefits. *Berner Oy* (a department store for brands, 400-500 employees, 60% female) implemented a similar approach. The inherent adaptability of individual career plans offers high

transferability to other companies and branches (based on Linnenschmidt 2015). In some sectors (e.g. food industry) the collective agreements stipulates that a career plan has to be agreed between the employer and any employee above 50 years of age. The aim of the plan is to promote well-being at work and extend working lives. (Andersson et al. 2013)

Oras group, a sanitary fittings manufacturer, launched a senior programme more than 20 years ago. Employees aged 55 and above can enrol in the senior programme, which includes a fitness programme, wellbeing-at-work events and senior leaves. Employees aged 60 and above can take 15 days of senior leave per year. Senior leave should be taken when the employee is not feeling fully fit to work but not as much as to go on a sick leave. Three of the days have to include organised wellbeing-at-work events. The remaining 12 days are to be used for taking care of one's own health and wellbeing. The average retirement age among Oras Group's Finnish employees is 63.3 years (including disability pensions), two years above the national average. Not a single employee retired on a disability pension in 2014. In total the company has approximately 450 employees in Finland. Since 1996 the average retirement age in Oras has risen seven years. Oras justifies their senior policy as a mechanism to make sure that there will be no gaps in transmission of valuable knowledge to younger employees. (Seretin 2015)

Even though there are several positive experiences coming from age management programmes, Haring (from SAK 'Central Organisation of Finnish Trade Unions' representing blue-collar workers) sees that the value of them has not been fully understood at workplace level and as such they exist only in a few companies (Rissa 2014).

5.1.1.4 Lifelong Learning

Riitta Työläjäarvi (STTK) pointed out that lifelong learning becomes increasingly important for labour market participation. As v. Werder and Thum (2013) remark, also in Finland the employment rate is highest amongst the well-educated. Lilja (LER) stresses the importance of learning too and states that the Finnish system of education for the elderly is working well and meets positive attitudes of Finns towards learning. Contrastingly, Työläjäarvi (STTK) states that the attitude of elderly towards learning could be improved. She complains about the lack of financial resources and methodology in professional educational institutions that is not appropriate for the learning requirement of the elderly. Further, she states that employers underestimate the pay-off from learning, since younger workers change jobs quickly, so that their pay-off period is (also) not very long in the mean. This is a pattern which is e.g. also seen by German experts for their country. Työläjäarvi suggests that older workers would be more grateful for further training and would pay back in the form of extended careers and loyalty to their employer. Also here interview statements are taken from v. Werder and Thum (2013).

V. Werder and Thum (2013) report a 2004 OECD statistic showing that 44% of the Finnish between 50 and 64 reported that further training resulted in a higher probability to keep their job, while 32% said that training increased their probability to get higher pay. Over 70% of workers from Nordic countries and the Netherlands either asked for employer-paid training or participated in it in the last 12 months. As v. Werder and Thum (2013) remark, an interesting

finding is the relatively high share of Finnish employees having unsuccessfully requested employed-paid training.

Meso Level

The transfer of knowledge – especially of tacit knowledge – is seen as crucial with regard to a high share of employees in transition to retirement. **Abloy Oy** has made this topic a priority because tacit knowledge had to be transferred from the experienced workers to the new ones. A workshop was organised to identify, capture and pass tacit knowledge (based on Linnenschmidt 2015). Abloy's programme includes. Since the implementation of the programme the average retirement age at Abloy has risen from 59.5 years to 63 years. (<http://www.akava.fi/files/11375/opas-ikaohjelman-laatumiseen.pdf>)

The 'mentor driver' approach at Länsilinjat Oy (a privately owned bus company, 150 employees) is also a way of knowledge transfer where the experienced drivers pass their knowledge to the younger drivers. An effect of the mentoring is a higher attendance for vocational training (based on Linnenschmidt 2015).

5.1.2 (Sustainable, real) Self-Employment

Since 2007 retirees can engage in entrepreneurial activity without having to pay the pension contribution fee. This helps them to make their business activity more profitable. The proportion of entrepreneurs among those who are working alongside retirement is significantly high. In 2012, 35 % of those working alongside pension were entrepreneurs (or family members), as their proportion in the overall workforce was 13.6 % (Työvoimatutkimus 2012).

5.1.3 Work beyond Legal Retirement Age

The term 'legal retirement age' is misleading in the case of Finland with the flexible retirement age. A register based analysis (Kannisto 2015) concluded that during the years 2007 to 2013 the employment while retired had grown by 30%. Especially prone to work are the ones from higher socio-economic groups. This suggests that working during retirement is not due to economic necessity. The employment rate of the age group 65-74 has increased from a relatively low level during the last ten years; this is almost solely explained by increasing work during retirement.

5.1.4 Other Aspects of Workability / Employability

5.2 Demand Side

According to the definition employed in this project, the analysis of the demand side of labour is mainly focused on positive actions which indirectly positively affect the participation to the labour market and the extension of working life of older workers.

Here, we consider innovative and sustainable approaches and initiatives targeted to/implemented by employers. These approaches/measures may be launched by different actors (e.g. public sector, employers' organisations, trade unions, NGOs, etc.) and could include a variety of measures (e.g. financial incentives, awareness and information campaigns, exchange of

good practices, etc.).

5.2.1 Financial Incentives for the Employment of Older Worker

Public financial incentives for the employment of older workers

Non-public financial incentives

5.2.2 Non-Financial Incentives for the Employment of Older Worker

Public non-financial incentives for the employment of older workers

Non-public non-financial incentives for the employment of older workers

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