

Working life and retirement expectancies at age 50 by social class: period and cohort trends and projections for Finland

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Objectives: The balance between time spent in work and in retirement underlie the long-term sustainability of the social security system. We examined socioeconomic differences in how increasing longevity is distributed between labor market statuses in Finland.

Methods: We used register data and the Sullivan method to analyze life expectancy at age 50 spent in different labor market statuses in the period 1989–2012 and for cohorts born in 1938–1953. We projected future mortality and labor market participation for partially observed cohorts.

Results: Both working life expectancy at age 50 and the share of remaining life spent in work have increased across periods succeeding the recession of the early 1990s and across successive cohorts. The trends were similar across the social classes, but there were large level differences: for the most recent period and the youngest cohort, male and female manual workers were expected to spend 3.6–3.7 years less in work, 1.7–4.7 years less in statutory retirement and 3.2–3.9 years more in other non-employment than upper non-manual employees.

Discussion: The increasing share of remaining life at age 50 spent in work implies that that pressure on the sustainability of the welfare system is not as severe as commonly thought.

Key words: Life expectancy, Labor market participation, Longevity, Socioeconomic status, Trends, Projections