PENSION IS YOUR FINANCIAL LIFELINE IN DIFFERENT LIFE SITUATIONS

Earnings-related pension will support you in different life situations. When you stop working or reduce your working hours and begin enjoying your well-earned retirement days. Or if your work capacity declines. Your pension will also provide assistance to your family if you die.

EARNINGS-RELATED PENSION IS BUILT ON WORK

You earn pension on all the work you perform at a certain age. Pension accrues at a specific percentage. For an employee, it is calculated on your earnings, and for an entrepreneur, on your confirmed income under the Self-Employed Persons’ Pensions Act (YEL).

Pension also accrues during periods of study or on social benefits. It also accrues if you are retired and working at the same time.

The longer you work, the bigger your pension will be.

This is how it grows:

<table>
<thead>
<tr>
<th>Until the end of 2016</th>
<th>From the start of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>For employees and entrepreneurs</td>
<td>• 1.5% for employees from the age of 17 and for entrepreneurs from the age of 18</td>
</tr>
<tr>
<td>• 1.5% between 18–52 years</td>
<td>• 1.7% for employees and entrepreneurs aged 53–62 during the transition period, i.e. 2017–2025</td>
</tr>
<tr>
<td>• 1.9% between 53–62 years</td>
<td>• If you continue working after you have reached the lower retirement age, your pension will grow 0.4% per month every month thereafter</td>
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<tr>
<td>• 4.5% between 63–68 years</td>
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</table>

PENSION REFORM IN SUPPORT OF PENSIONS

People are living longer than ever. In order to ensure that everyone receives a pension, the Finnish pension system will be reformed as of the 1st of January 2017. The objective of the pension reform is to lengthen careers and reduce the sustainability gap in public finances. At the same time, sufficient levels of pension will be secured for all age groups.

The pension reform concerns all of us who work, i.e. future pensioners.

These are the main changes the pension reform will bring:

• The lower retirement age will increase to 63 years and 3 months for those born in 1955.
• For those born after 1955, the retirement age will rise gradually, by 3 months each year. For example, for those born in 1960, the lowest retirement age is 64 years and 6 months.
• Pension will accrue at a rate of 1.5% – the current accelerated accrual will be eliminated.
• The part-time pension was replaced by the partial old-age pension for persons aged 61 and up.
• A new type of pension is the years-of-service pension for those aged 63 whose career has been very strenuous.

Pension will accrue on work also in future

In other respects, everything will remain the same. Every euro you earn increases your earnings-related pension, and every entrepreneurs’ pension insurance contribution, i.e. YEL contribution, accrues pension.

If your earnings-related pension ends up being small, you will still be eligible for national pension or the guaranteed minimum pension from Kela.
**IMPROVE YOUR WORK CAPACITY THROUGH VOCATIONAL REHABILITATION**

If you fall ill or become disabled, you might not be able to work the same way as before. In that case, you should apply for vocational rehabilitation. During your rehabilitation, you can resume your previous work in a new way or you can learn a new vocation.

Rehabilitation can be applied for at any age until you reach the lower retirement age.

**IF REHABILITATION DOES NOT HELP**

If rehabilitation does not help, you can apply for disability pension. You can apply for it if your work capacity has weakened for at least a year due to an illness or injury.

You can retire completely or partially at any age, until you reach the lower retirement age.

Another option is the years-of-service pension. This is possible when you turn 63 and if your work capacity has weakened and you have performed strenuous and wearing work for at least 38 years. The years-of-service pension is a new pension that you may be eligible for as of the 1st of February 2018.

**AT THE END OF YOUR CAREER**

Thanks to partial old-age pension, you can reduce the amount you work or stop working altogether – or you can continue working as you are now.

The contents of partial old-age pension is described in the table below.

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**AFTER YOUR CAREER**

Once your career is behind you, it is time to switch to old-age pension. The later you retire, the bigger your pension will be.

You can retire at any point after you have reached the lower retirement age and your current employment relationship ends. If you wish to work during your retirement, begin a new employment relationship. You can continue working even after you have reached the upper retirement age, if this has been agreed with your employer.

If you are self-employed, you can continue your entrepreneurial activities as before. As a self-employed person, your YEL insurance will end automatically when you switch to old-age pension.

When you can retire depends on the year you were born in.

**YOUR YEAR OF BIRTH DECIDES YOUR RETIREMENT AGE**

If you were born in or before 1954, the earliest you can retire is at the age of 63. If you were born in or after 1955, however, your retirement age will vary according to the year you were born in, unless you have been unemployed for a long time and you were born before 1958. In that case, you might be eligible for retirement at the age of 62.

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### Partial old-age pension

<table>
<thead>
<tr>
<th>What you need to do</th>
<th>Reduce the amount you work or stop working or continue working as before</th>
</tr>
</thead>
</table>
| When you can make the switch | - At the earliest at the age of 61  
- If you were born in 1949 or after  
- If you do not receive any other pension based on work, except survivors’ pension |
| What you get | Salary or pension or both |
| Amount of your pension | 25% or 50% of the pension you have accrued by the end of the calendar year before the year your started collecting pension.  
If you retire on partial old-age pension before you reach the lower retirement age, the early retirement penalty will reduce your pension by 0.4%/month for every month before you reach the lower retirement age. Your old-age and disability pension will also be reduced at the same rate. |
When you wish to begin collecting any type of pension, you must apply for it. Each type of pension must be applied for separately. The easiest way to apply for pension is to fill in a pension application on our website ilmarinen.fi.

### Aim for Your Target Retirement Age

The table below contains your lower and upper retirement age, as well as your estimated target retirement age.

If you work until your target retirement age, you will accrue additional pension equal to what has been deducted by the life expectancy coefficient at your lower retirement age.

The estimate concerning your target retirement age becomes more accurate every year as the latest statistics on life expectancy are calculated. The latest estimate is available on our website.

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Lower old-age retirement age</th>
<th>Estimated target retirement age</th>
<th>Upper old-age retirement age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953 or before</td>
<td>63 yrs</td>
<td>No target retirement age</td>
<td>68 yrs</td>
</tr>
<tr>
<td>1954</td>
<td>63 yrs</td>
<td>63 yrs 9 mos.</td>
<td>68 yrs</td>
</tr>
<tr>
<td>1955</td>
<td>63 yrs 3 mos.</td>
<td>64 yrs 1 mo</td>
<td>68 yrs</td>
</tr>
<tr>
<td>1956</td>
<td>63 yrs 6 mos.</td>
<td>64 yrs 5 mos.</td>
<td>68 yrs</td>
</tr>
<tr>
<td>1957</td>
<td>63 yrs 9 mos.</td>
<td>64 yrs 9 mos.</td>
<td>68 yrs</td>
</tr>
<tr>
<td>1958</td>
<td>64 yrs</td>
<td>65 yrs 1 mos.</td>
<td>69 yrs</td>
</tr>
<tr>
<td>1959</td>
<td>64 yrs 3 mos.</td>
<td>65 yrs 5 mos.</td>
<td>69 yrs</td>
</tr>
<tr>
<td>1960</td>
<td>64 yrs 6 mos.</td>
<td>65 yrs 9 mos.</td>
<td>69 yrs</td>
</tr>
<tr>
<td>1961</td>
<td>64 yrs 9 mos.</td>
<td>66 yrs 2 mos.</td>
<td>69 yrs</td>
</tr>
<tr>
<td>1962</td>
<td>65 yrs</td>
<td>66 yrs 6 mos.</td>
<td>70 yrs</td>
</tr>
<tr>
<td>1963</td>
<td>65 yrs</td>
<td>66 yrs 8 mos.</td>
<td>70 yrs</td>
</tr>
<tr>
<td>1964</td>
<td>65 yrs</td>
<td>66 yrs 9 mos.</td>
<td>70 yrs</td>
</tr>
<tr>
<td>1965 or after</td>
<td>The life expectancy for your age group and the length of your career will decide – the latest estimate is available on our website</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### If the Breadwinner of Your Family Dies

If your spouse passes away, you and your children can apply for survivors’ pension.

Survivors’ pension is, at most, the amount of your spouse’s earnings-related pension. The amount of the survivors’ pension is affected by the number of children and your income. The more children under the age of 18 in the family, the larger the pension. If there are no children, the pension will be, at most, half of the maximum pension amount.

### When You Want Your Pension, Apply for It

When you wish to begin collecting any type of pension, you must apply for it. Each type of pension must be applied for separately. The easiest way to apply for pension is to fill in a pension application on our website ilmarinen.fi.

### Pension Information Conveniently Online – ilmarinen.fi

If you were to retire now, how big would your pension be? At what age can you retire?

Visit our website and make use of our pension calculator. The pension calculator calculates your retirement age and an estimate of your pension. Take a look at your pension record, which shows where you have accrued pension from.

Our website also contains additional information about earnings-related pensions and how to apply for them. You can also conveniently change your information, such as your account number and contact details.

Give us a call when you wish to discuss your pension security. Our customer service can be reached on weekdays at +358 10 284 2011.