

Shifting the Finnish Line

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If you want to see what a mass retirement of baby boomers looks like, then head north to Finland which has one of the fastest-ageing populations in Europe.

One-third of its population of 5 million is now over 50 years of age, thanks to an extraordinary doubling of the birth rate for a short time after World War II.

The impending retirement of so many workers has huge implications for the Finnish government, society and employers, and the rest of the world is watching to see how they will provide staff for their workplaces and take care of their pensioners.

Population ageing is expected to reduce the growth potential of Finland by about one percentage point, according to the European Commission's 2009 Ageing Report.

One of the most influential figures in Finland's national ageing strategies, Juhani Ilmarinen, was visiting Sydney last week, to hold workshops for St George Bank, which has created a wellbeing program based on his work.

This program aims to extend the working life of bank staff, while keeping them happy and healthy.

Ilmarinen says measures by the Finnish government have been bearing fruit. It has structured its pension payments to make it more attractive for people to defer retirement, while educating the public and businesses about the risks of age discrimination and the benefits of ageing.

Some cognitive abilities improve with age, he says.

Over the past 13 years, the Finns have been able to raise the average retirement age to 61-62 and have stretched the amount of time people can live independently (because of the material, physical and mental advantages of continuing work).

The government pays a bonus to get people to postpone retirement, which increases each year to reach 22.5% on top of their pension if they are still working at age 68. (95% receive the pension).

The median age of the Finns is 42.3, compared with 36.9 in Australia.

One-third of Australians are over 45 and, in 40 years, this proportion will rise to one half. In this country, 89% retire before the age of 65.

Individual companies, such as Abloy, the Finnish lock maker, have their own programs for ‘age masters’ (over 55’s) and they include free massages, sponsored golf lessons, language classes and trips to the theatre.

Those over 58 get six fully paid free days per year, which rises to 20 days for those over 63. The extra “recovery time” has resulted in a fall in sick leave, says Ilmarinen.

The average age in the company is 52 years.

“It (Abloy) has been one of the first organisations to increase retirement age by three years” says Ilmarinen.

In Sweden, electricity company Vattenfall offers reduced working hours to 80-90% of salary – but with retirement pay contributions topped up to 100%. In the nine years since launching its suite of programs, the retirement age at Vattenfall has risen from 59 to 63.3 years.

An executive director (advisory services) at Ernst & Young, Louise Rolland, who has studied Australia’s ageing population for many years, says she has noticed a decline in age discrimination in the workplace.

But she says she doesn’t know whether this is because of a change in attitudes or because of the force of necessity, as skills become harder to find.

St George Bank introduced its wellbeing program in November last year to employees, one-third of whom are over 45.

The general manager of human resources, Ross Miller, says the program measures the wellbeing of employees over 5 elements;

1. Community
2. Work
3. Health
4. Family and friends
5. Financial security

“We see it as a great benefit to our employees’ attraction and retention”, says Miller.

“There has been a step-change in Australia, where astute employers have identified there is a huge talent pool in the mature-age workforce”.