

# The Finnish experience and challenges of demographic change

Professor Marja Vaarama

[marja.vaarama@thl.fi](mailto:marja.vaarama@thl.fi)

Presentation in the fifth FLARE Summer School,  
27-27 August 2015, Helsinki



NATIONAL INSTITUTE FOR HEALTH AND WELFARE, FINLAND



# Contents

- Demographic Change (DC) in Finland
- Experienced and estimated consequences of Demographic Change in the Finnish society
- Preparation for DC in the Finnish welfare policy
- Policy Challenges
- Challenges for research, especially in gerontology

# Demographic change in Finland

# Total population with number and proportion (%) aged 65+ and 80+, present and forecast

- In the year 2012, total population was 5,426,674
  - 18,8 % 65+
  - **5 % 80+**
- In the year 2030, total population will be 5,847,678
  - 25,6 % 65+
  - **8,7 % 80+**
- In the year 2050, total population will be 6,095,858
  - 26,9 % 65+,
  - **11,2 % 80+**
- **The number of 90+ will grow fastest – from 40 000 in 2012 to 80 000 in 2030 and to 150 000 in 2050**
- **The number of single households grows now and in the future – challenges the current care system heavily!**

## Projected proportions (per cent) of people aged 80 and older, in the whole population, 2010-2050

	Denmark	Finland	Iceland	Norway	Sweden
2010	4.1	4.8	3.3	4.5	5.3
2020	4.6	5.7	3.7	4.1	5.4
2030	6.9	8.7	4.9	5.8	7.6
2040	7.8	10.6	7.1	6.3	8.2
2050	9.2	11.2	8.4	8.5	9.3

Source: 80+ Living in Scandinavia

## Old age dependency ratio will be highest in Finland among Nordic countries

	Denmark	Sweden	Finland	Norway
2010	24,9	27,7	25,6	22,5
2030	37,0	37,2	<b>42,7</b>	33,0

Eurostat 2012

# From the year 1990, the average length of life has increased by 6,9y in men and by 4,9y in women

	Denmark	Finland	Iceland	Norway	Sweden
<b>Men</b>					
1990	72.0	70.9	75.0	73.4	74.8
2012	77.9	77.5	80.8	79.4	79.9
<b>Women</b>					
1990	77.7	78.9	80.1	79.8	80.4
2012	81.9	83.5	83.9	83.4	83.5

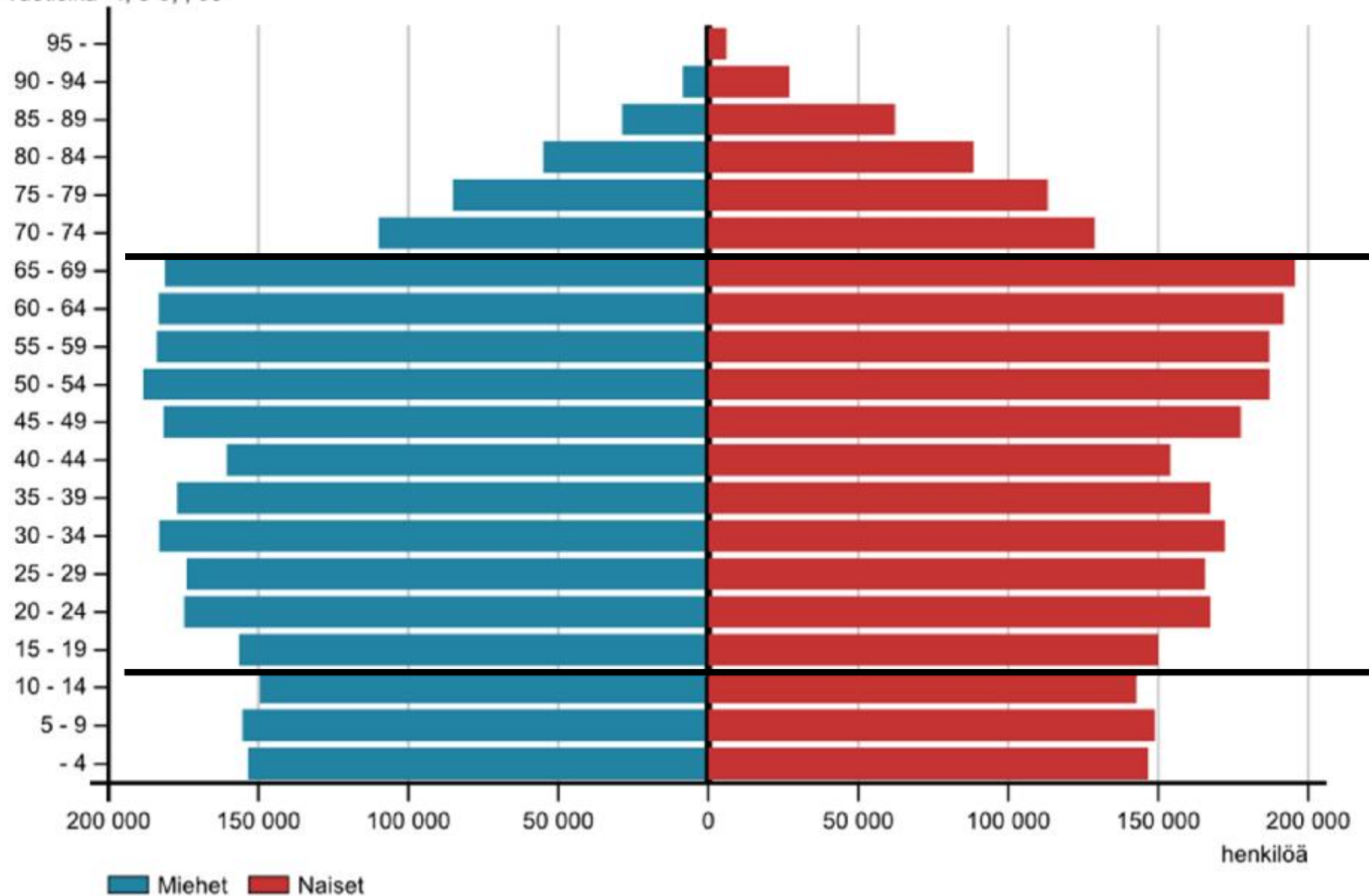
Source: 80+ Living in Scandinavia

Life expectancy at birth in 2013 was 77,8y in boys and 83,8y in girls, Finland (Statistics Finland)

# Ikärakenne 2014

## KOKO MAA

5-vuotisikä -4, 5-9, , 95-



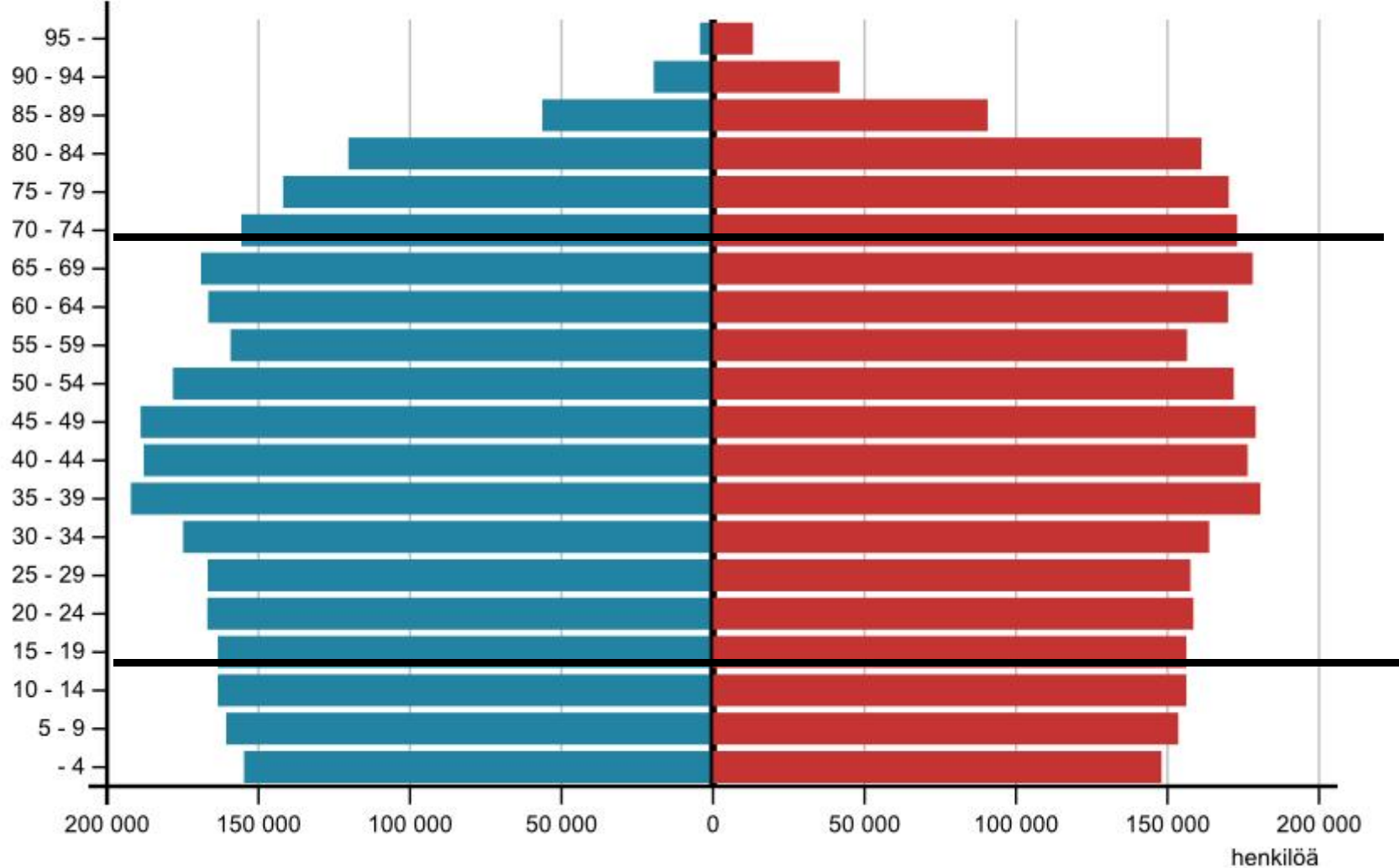
Miehet Naiset



# Ikärakenne väestöennusteen mukaan 2030

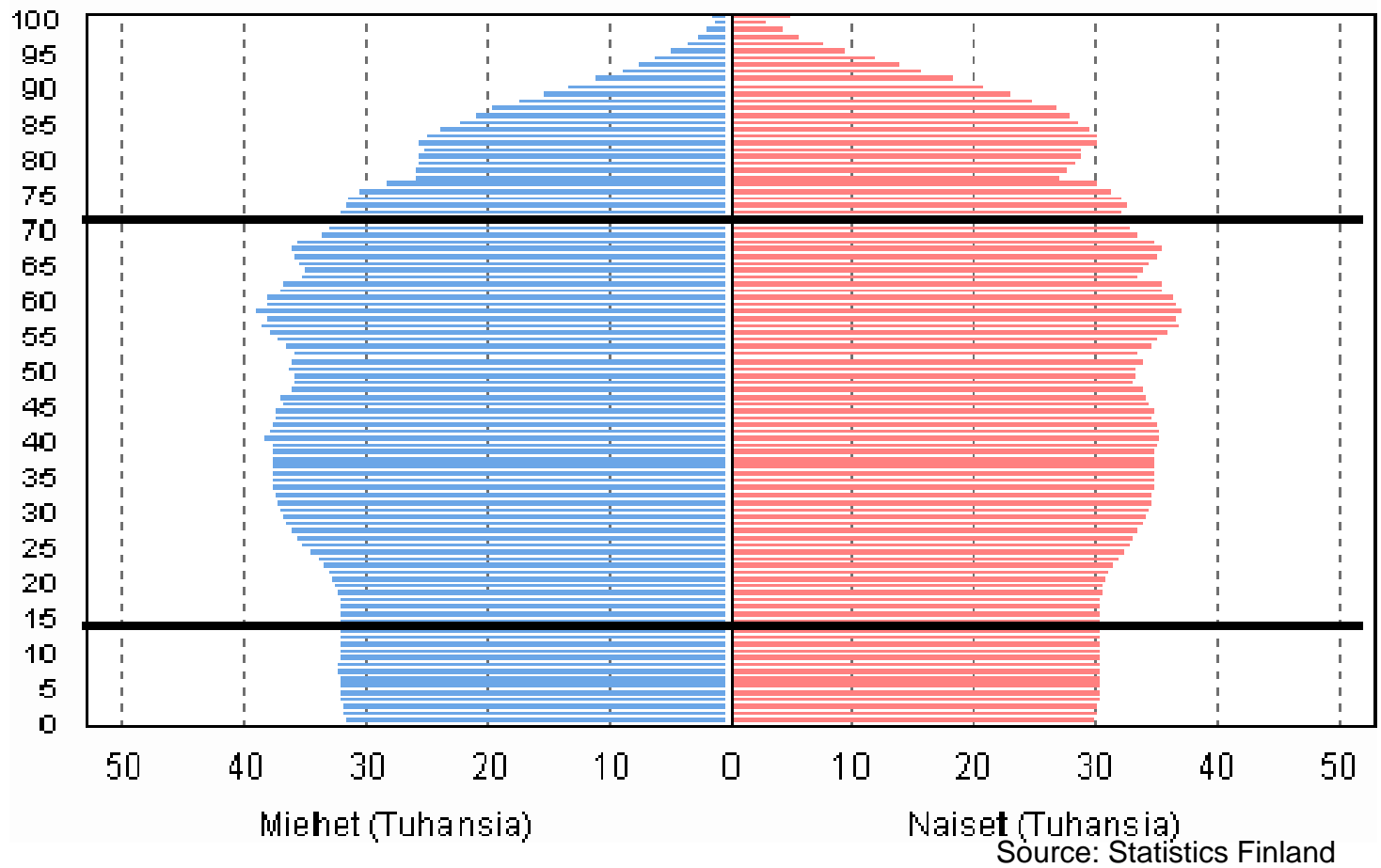
## Koko maa

5-vuotisikä -4, 5-9, , 95-

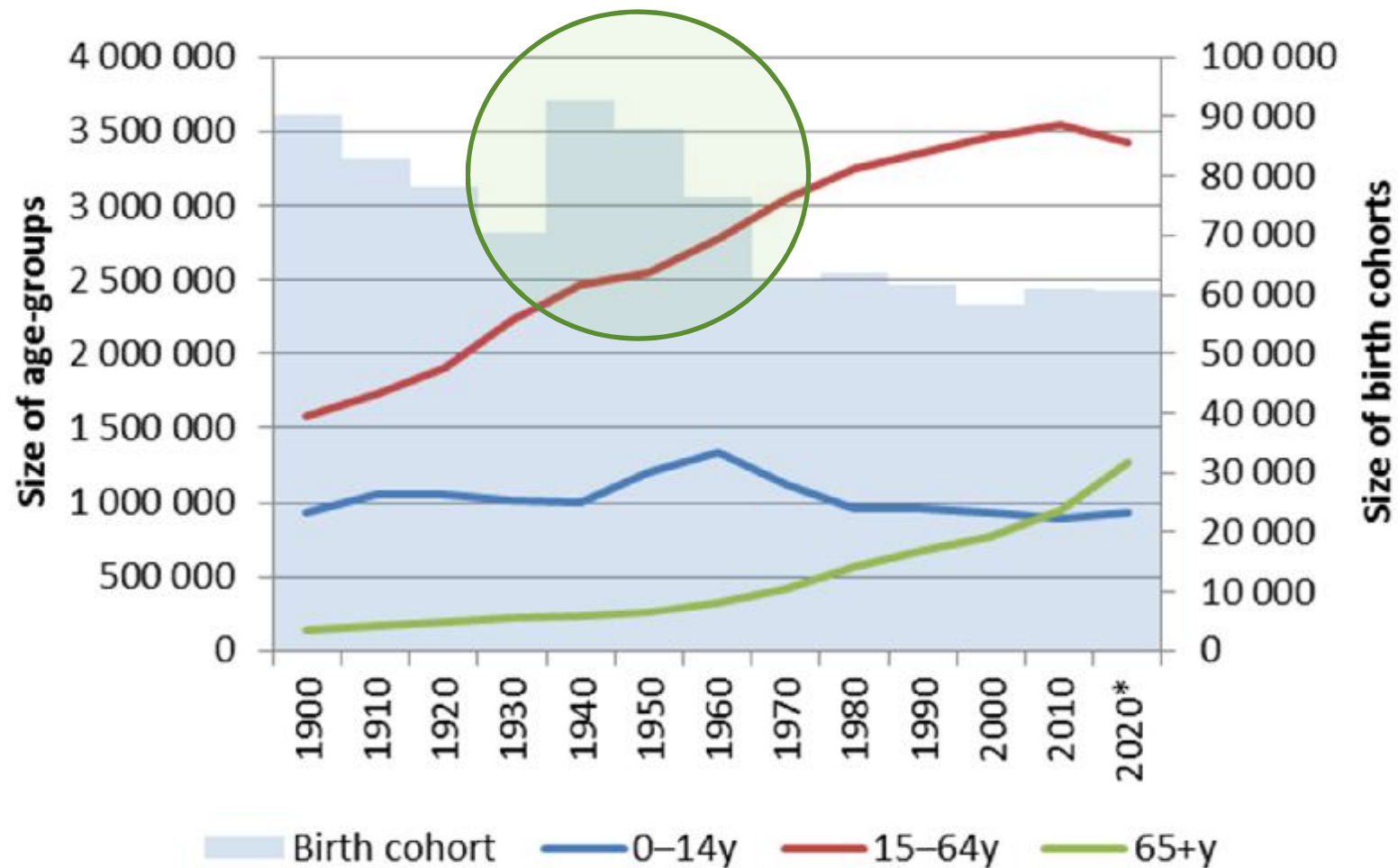


Miehet Naiset

# Finnish population by age and gender in 2050, forecast 2012

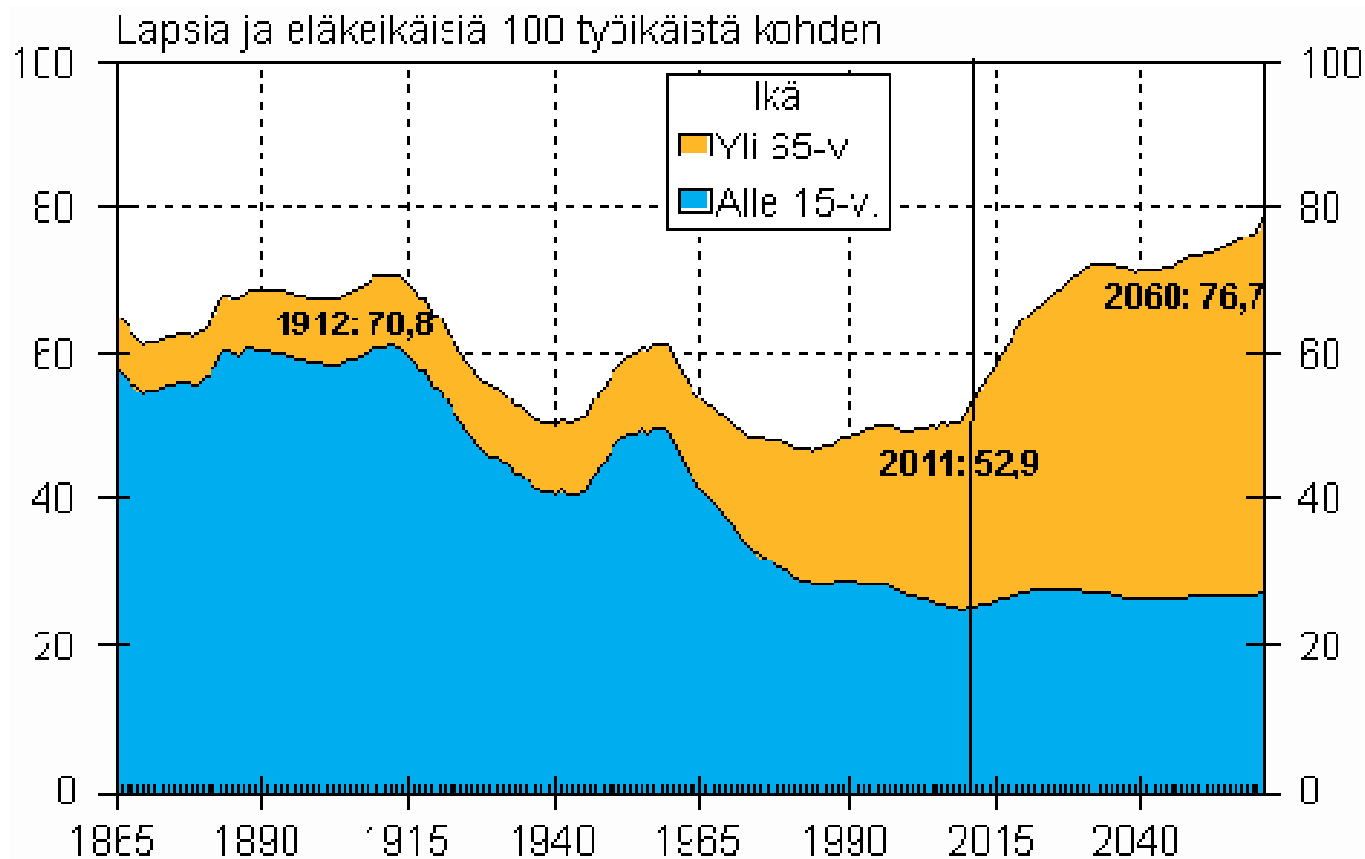


# Population in Finland by age group and birth cohorts 1900-2020



# Experienced and foreseen consequences of Demographic Change in Finland

**Population dependency index (number of children and pension aged persons/100 persons in the working age) has been and is growing, years 1865 – 2060 (yellow = people 65+, blue= people under 15 years of age)**



Source: Statistics Finland



NATIONAL INSTITUTE FOR HEALTH AND WELFARE, FINLAND

# Number and proportion (%) of people with dementia is growing and will about double by the year 2030 in Finland

Age group	%	2010	2020	2030	2040
65-74	4.2	21,231	30,199	28,480	25,984
75-84	10.7	34,389	43,504	64,725	63,902
85+	35.0	39,956	57,588	84,755	137,163
<b>Total</b>		<b>95,576</b>	<b>131,291</b>	<b>177,960</b>	<b>227,049</b>

**Caution! Newest research evidence suggest dementia to diminish due to better health, food and life habits!**

Lähde: 80+ Living in Scandinavia

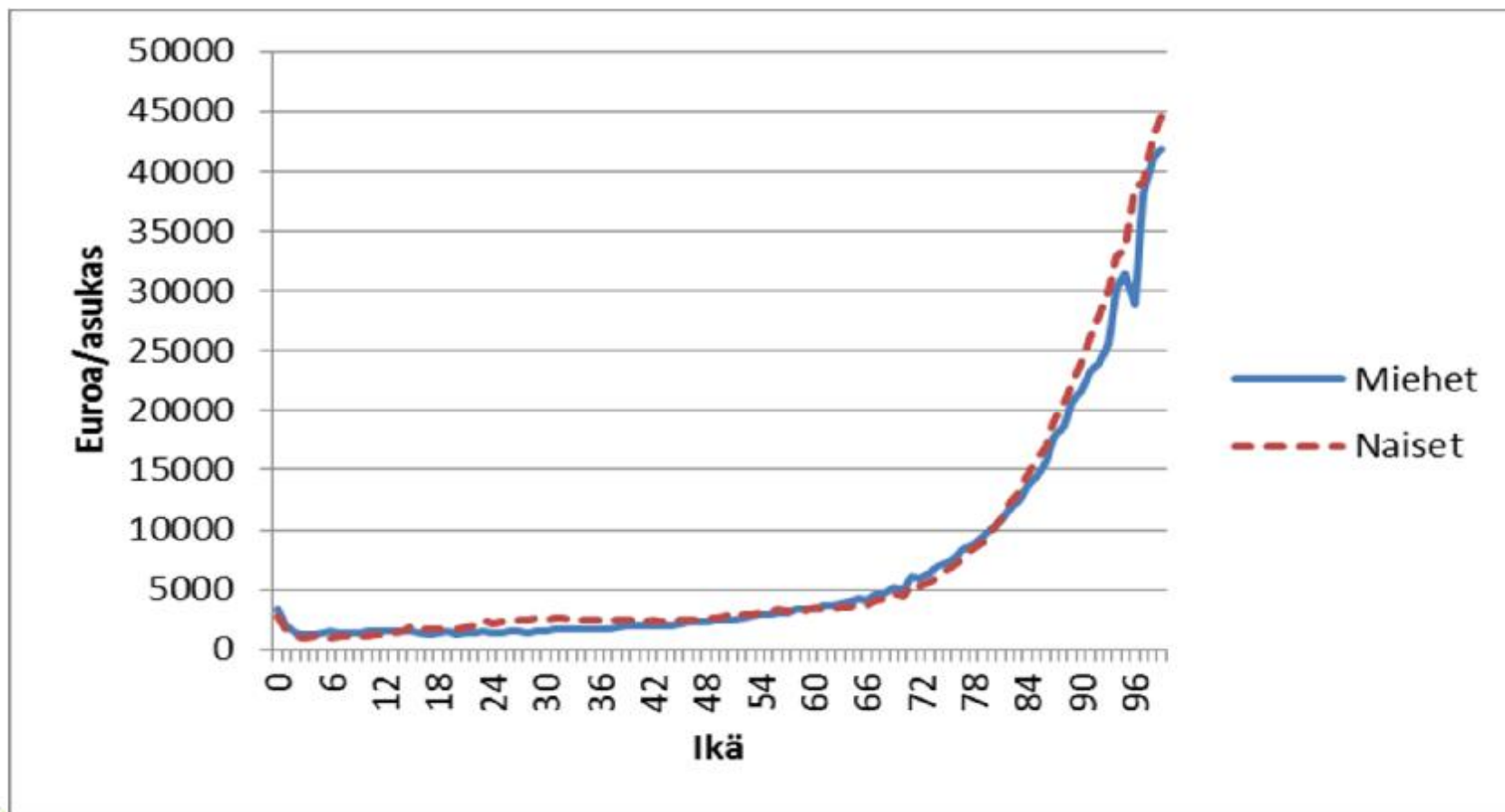


NATIONAL INSTITUTE FOR HEALTH AND WELFARE, FINLAND

## If current patterns in health and social care do not change, the costs of care of older people will grow 70-80 % by the year 2030

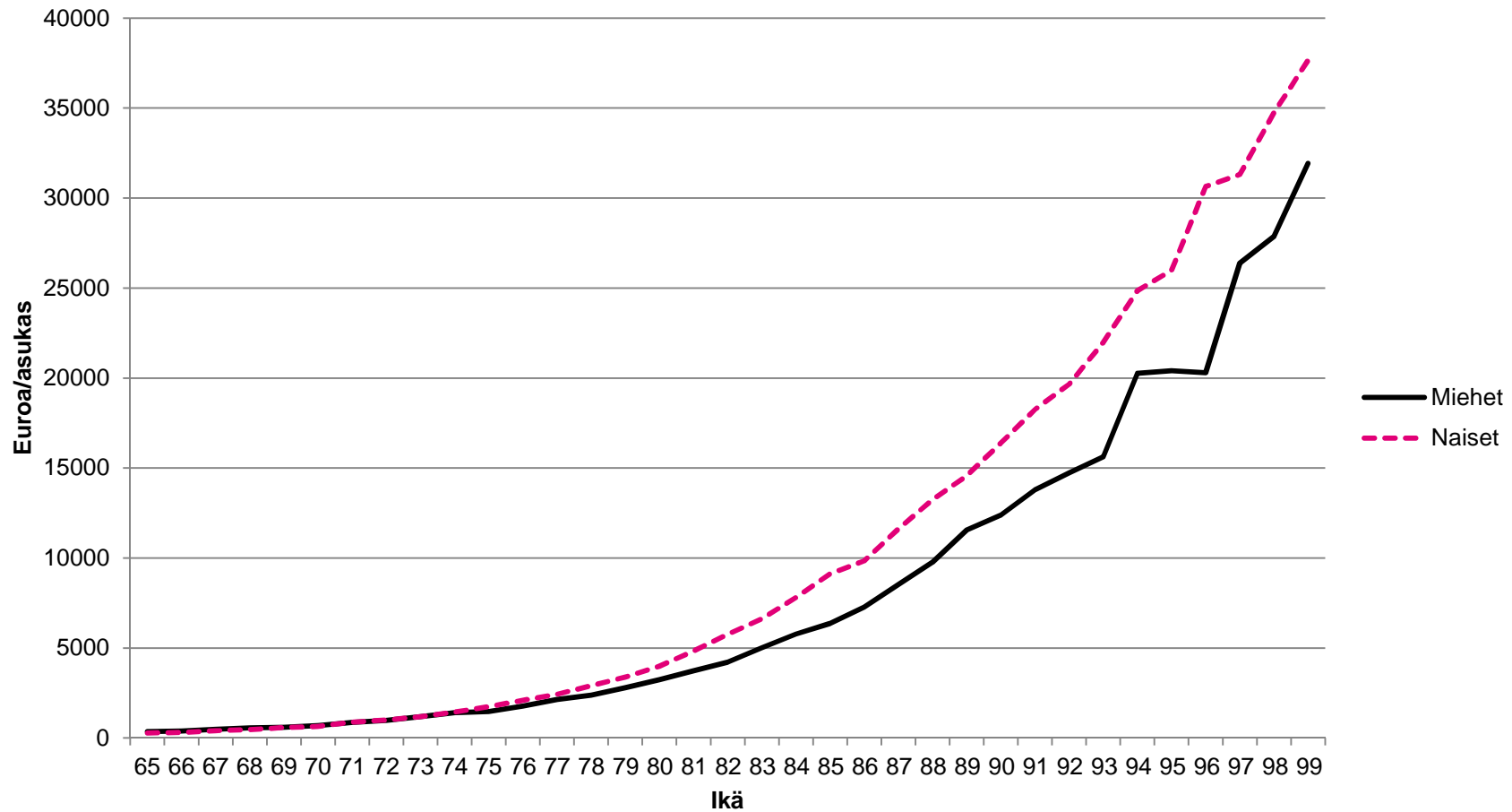
- Health expenditures in the year 2011
  - Whole population: 18,1 mrd €, of which
    - 65+: 8,3 mrd €
    - 75+: 5,7 mrd €
- LTC of older people, costs in 2011
  - 65+: 3,1 mrd €;
    - 37,7 % of total health expenditures of people 65+
  - 75+: 2,8 mrd €
    - 48,6 % of total health expenditures of people 75+
- If nothing changes
  - Health care expenditures plus LTC expenditures (65+) will increase by 70 % up to the year 2030
  - Only LTC expenditures will increase by 80 %

# Total health expenditures per capita (whole population) including LTC in the year 2011

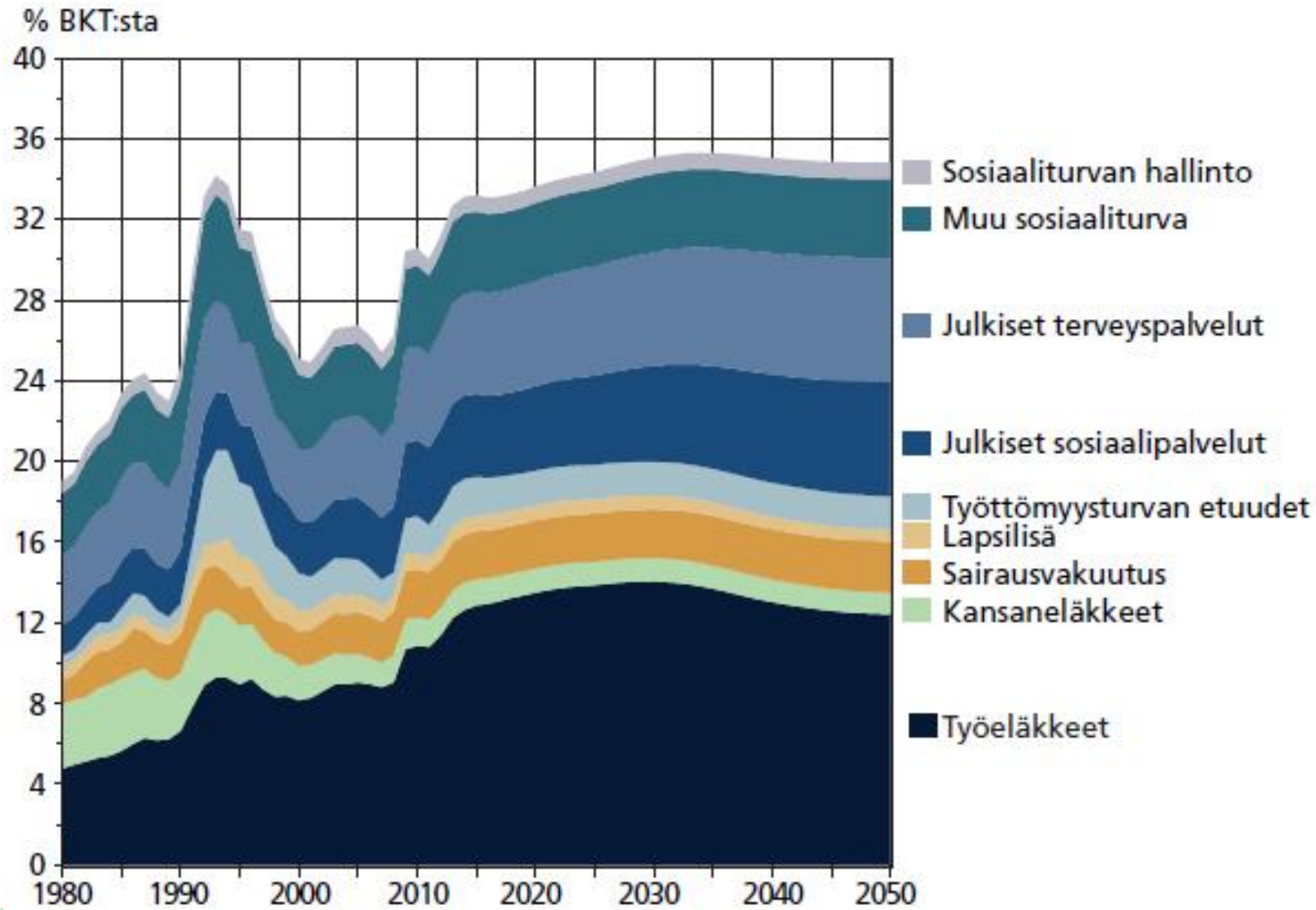




# LTC of people 65+ ( €person ), year 2011 (black line = males, =women)



# Development of the social expenditures % GDP, years 1980-2050

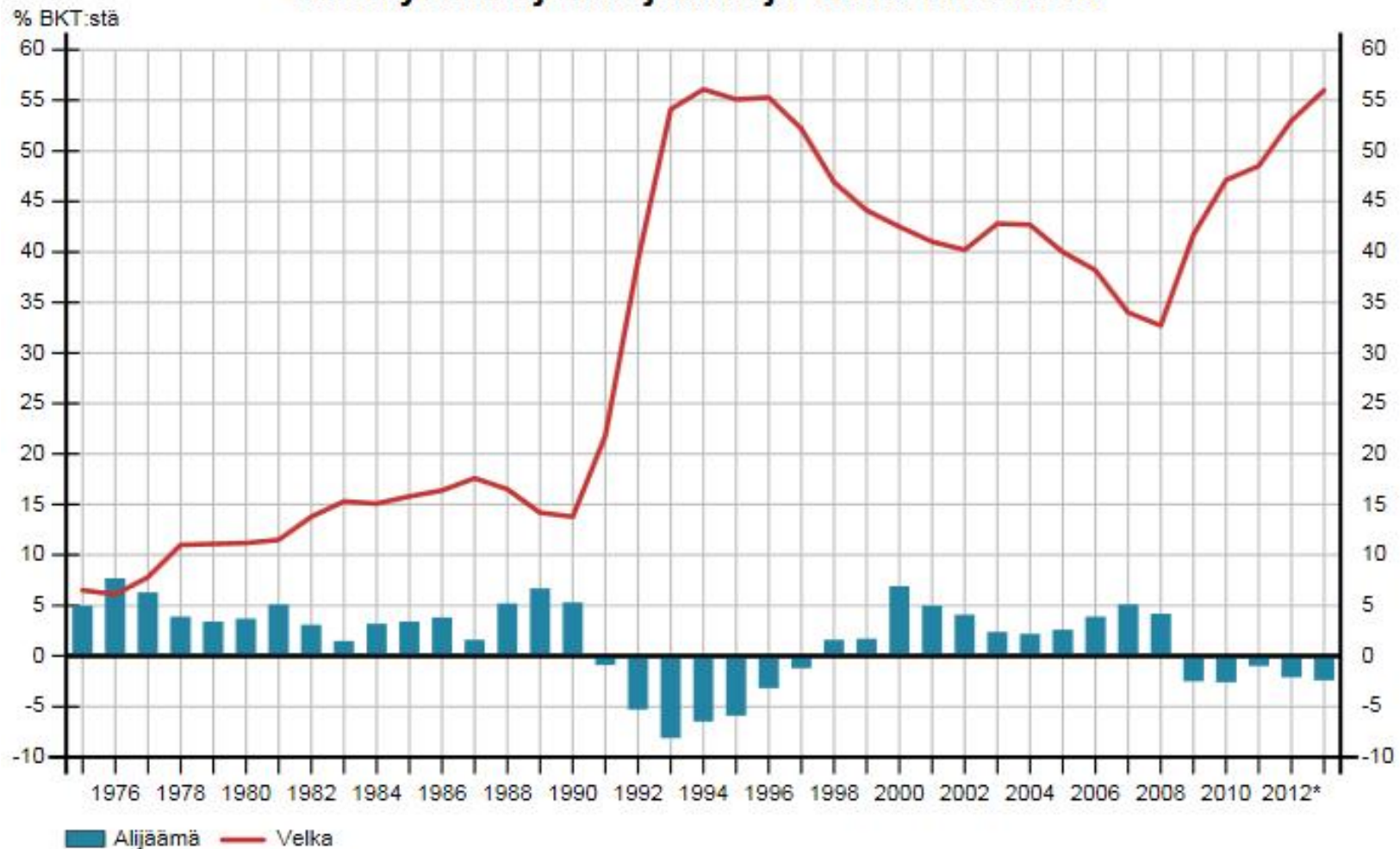


NLAND

Source: Linnosmaa, Moisio & Seppälä, Suomalaisten hyvinvointi 2014, THL

# Public sector's deficit (blue) and depth (red), % from GDP

Julkisyhteisöjen alijäämä ja velka 1975-2013\*



## Sustainability gap in the Finnish GDP is 10 milliard euro

- according to the program of the government of prime minister Juha Sipilä
- to be abolished by 2030
- by austerity, cost cutting and structural innovations

# How public sector has prepared for the Demographic change in Finland and where are we now?

**In Finland,  
preparation for Demographic Change  
started already in 1980's (and earlier)**

## First the focus was on care

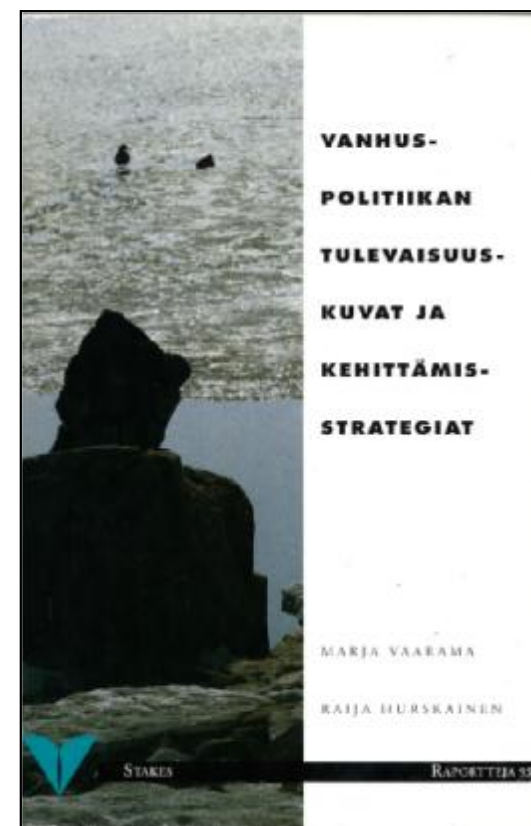
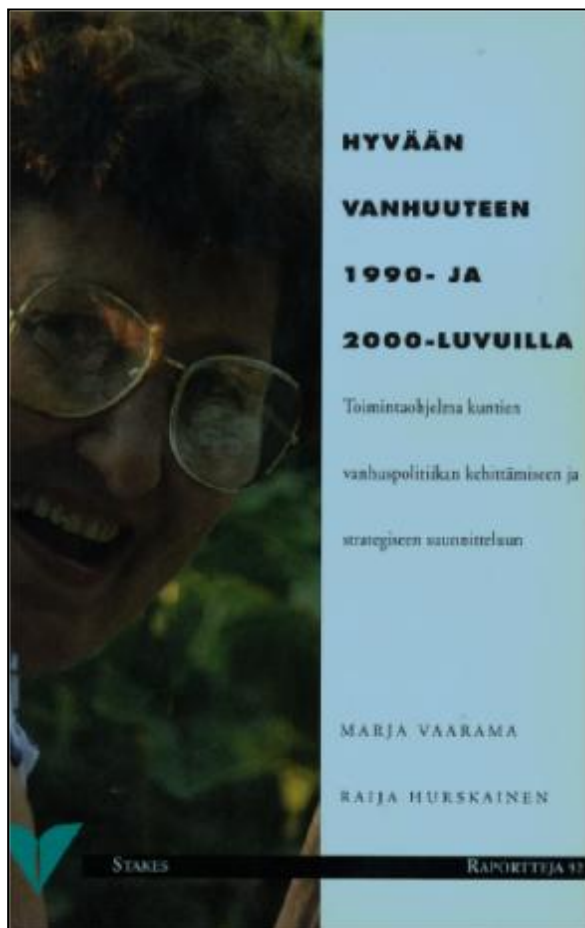
- First focus was on shifting the balance of LTC from institutional care to home care
  - First **recommendations for coverage and personnel** intensity in LTC, 1987 (National Board for Welfare)
  - The **Future Scenarios** for Finnish Ageing Policy – project 1998-90, produced alternative care scenarios, a national action plan, publications, Evergreen simulation program (Vaarama 1992-1995)
  - Recommendations on **high quality of care** of older people in 2003 (Stakes and STM) and 2008 (STM)

# Then a more comprehensive policy focus was taken

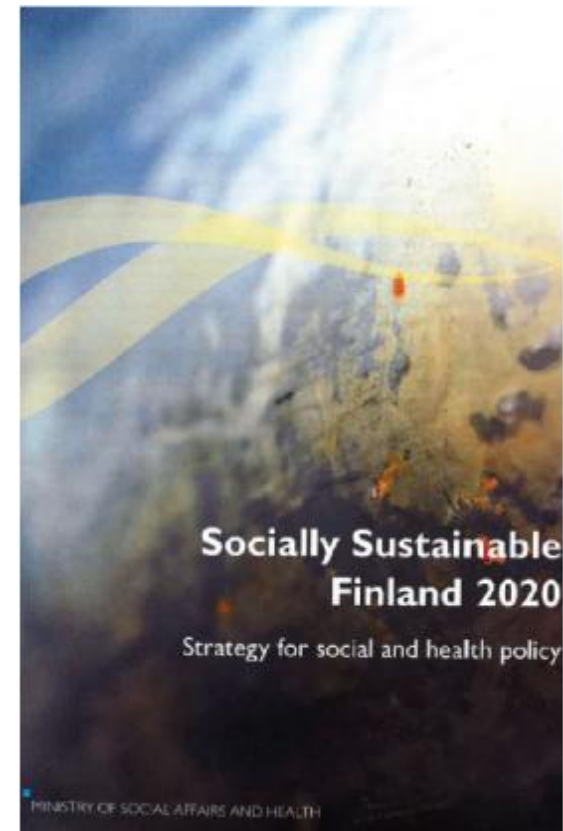
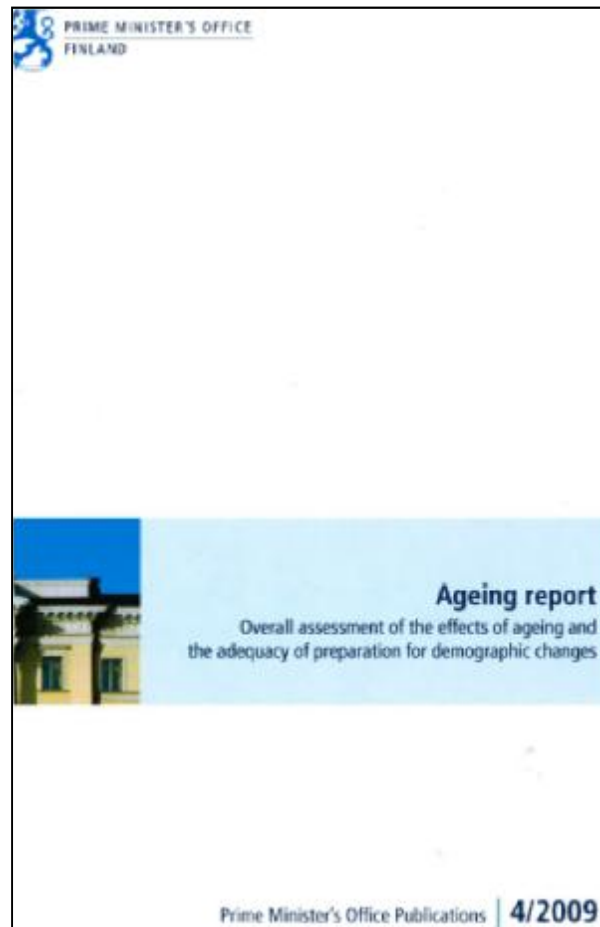
- **Government's reports on Future since 2003**
  - Vanhanen's I Government's Future foresight report "Finland for all ages", 2003, introducing older people as a resource –approach, follow up the social sustainability
  - Vanhanen's II Government's "Ageing report" 2009
  - Katainen's Government's Report on the Future: "Well-being through sustainable growth" ,2013
- **Research Institutes activities** : Stakes, Sitra, VATT, THL, DEMOS...
  - E.g. Whole municipality working for the well-being of older people 2001 (Stakes/Vaarama)
  - Finland for all Ages Think-tank 2014 (Vaarama): Generational policy for Finland for All Ages



# Examples: Stakes-THL materials on DC



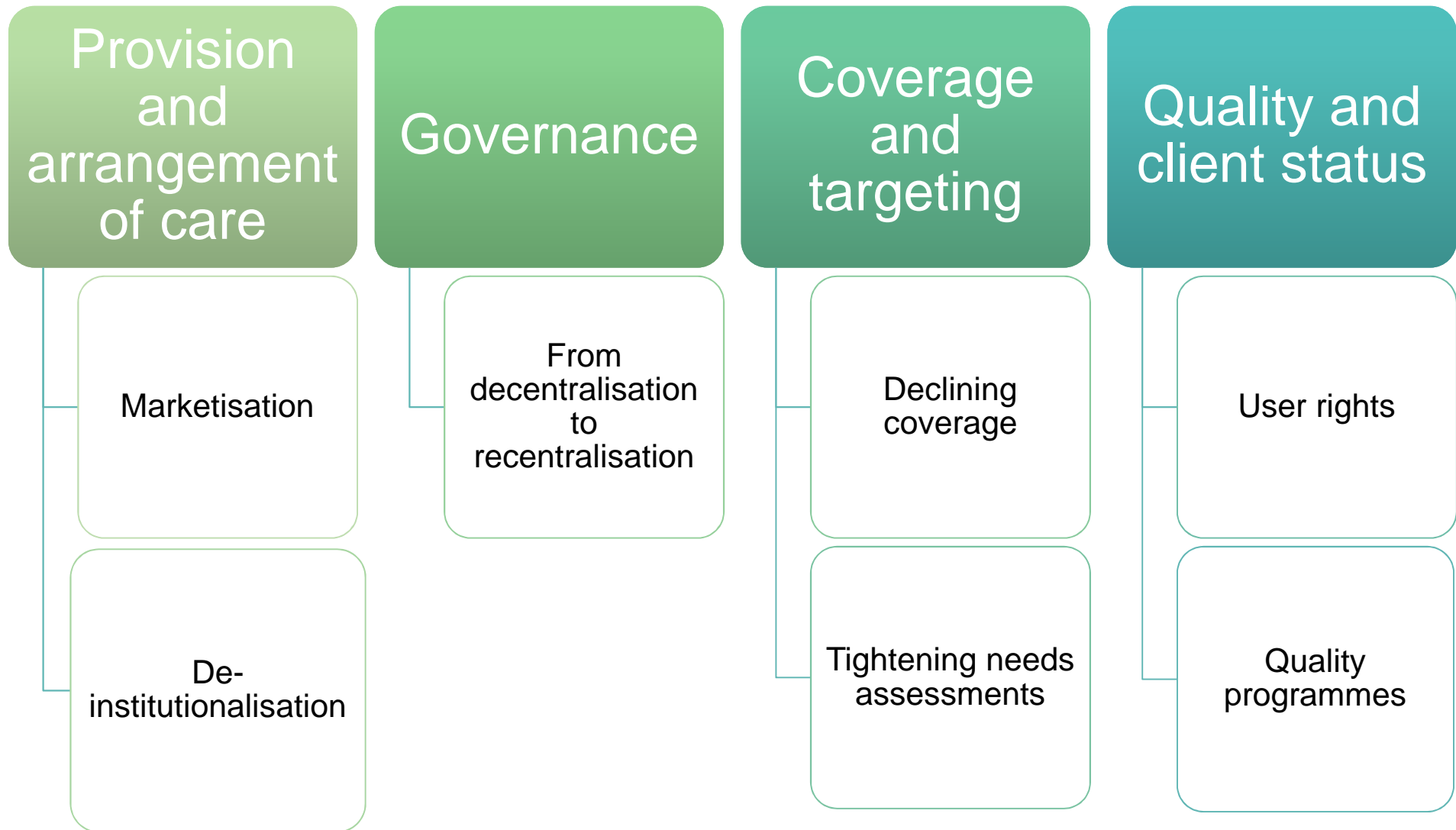
# Government Future Reports since 2003



NATIONAL INSTITUTE FOR HEALTH AND WELFARE, FINLAND

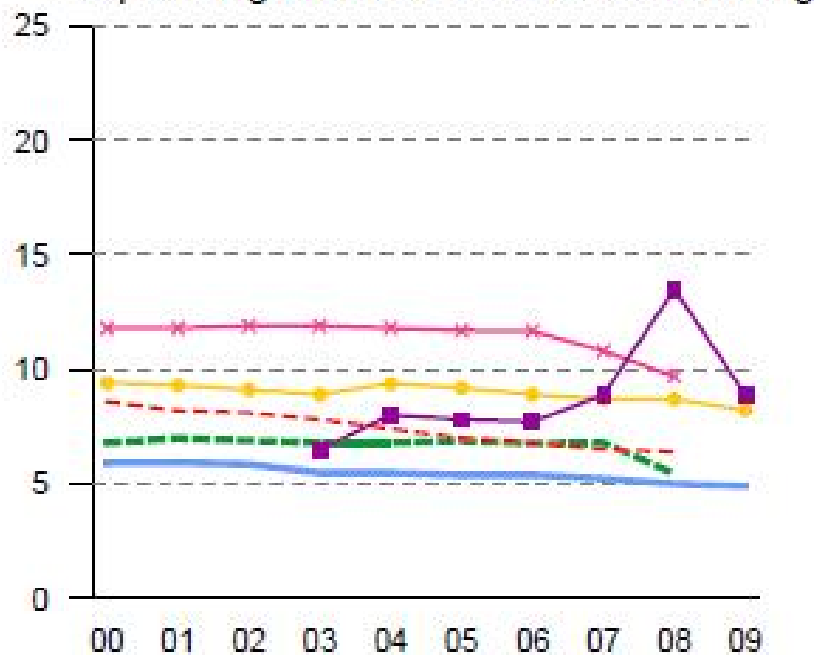
# Legislative reforms

- **Increasing incentives and means for *mixed economy* of care since 1980's**
- **Pension reform 2005**
  - Flexible retirement age 63-68 (actual 59-63), life expectancy coefficient, incentives for later retirement, hindrances for early retirement
- **Pension reform 2017**
  - Postponing the retirement age by 3 months/year until the lowest age is 65, regards those born in 1955 and after (NO BABY BOOMERS!!!); in 2030 the retirement age will be bound with the average development of life expectancy, work career pension for heavy manual work after 38 years of working, incentives to postpone actual retirement etc.
- **Reforms and shifts of balance of care of older people by legislation on care of older people 2013,**
- **Reforms of the legislation for health and social care,**
- **Historical Health and social care reform still at initial stage**

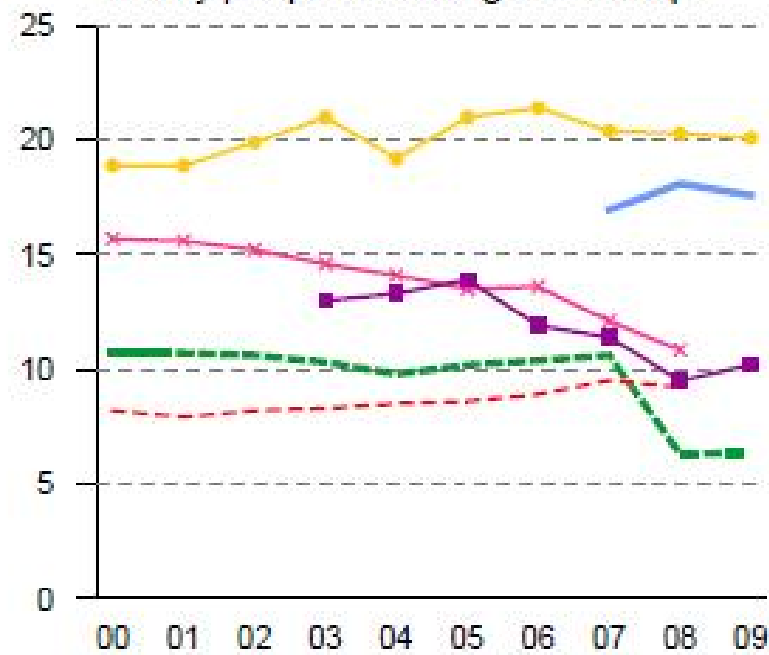


# Long-term care in percent of the age groups 65 years or more 2000-2008/2009 (NOSOSCO 2010)

Per cent  
People living in institutions or service housing



Per cent  
Elderly people receiving home help



## Most important source of help for living at home, subjective evaluation by persons 80+ years 2004 and 2013 (%)

	2004	2013
	171	134
<b>Own or spouse's child</b>	<b>46</b>	<b>42</b>
<b>Municipal home care</b>	<b>27</b>	<b>19</b>
<b>Spouse</b>	<b>8</b>	<b>20</b>
Other relative	6	6
Private nurse	4	3
Other (often friend or some close one)	9	11

Research on care satisfaction suggests a considerable care gap in home care. Older people wish better access to public home care.

# Policy Challenges

## General welfare and well-being is on high level in Finland, also in population 65+, but vast inequalities exists

- 65+ population has better **health, living standard** and **well-being** than ever
- **Subjective health** and **functional ability** have improved, also among "young olds", but **not in oldest olds, i.e. 80+ population**
- Both years with a good functional capacity and years with disability will increase; bringing **more good years for men**, but **more disabled years for women**, and this is directly connected with age and SES (Jylhä 2014)
- About 20-30 % of people 80+ experienced diverse **problems in daily living** in 2014, especially lack of home care, every 10. felt always lonely, women 80+ and men 85+ experienced most problems (Vaarama et al 2014)
- **We cannot see a decrease in need of help in daily living among the oldest old – care services are still needed!**



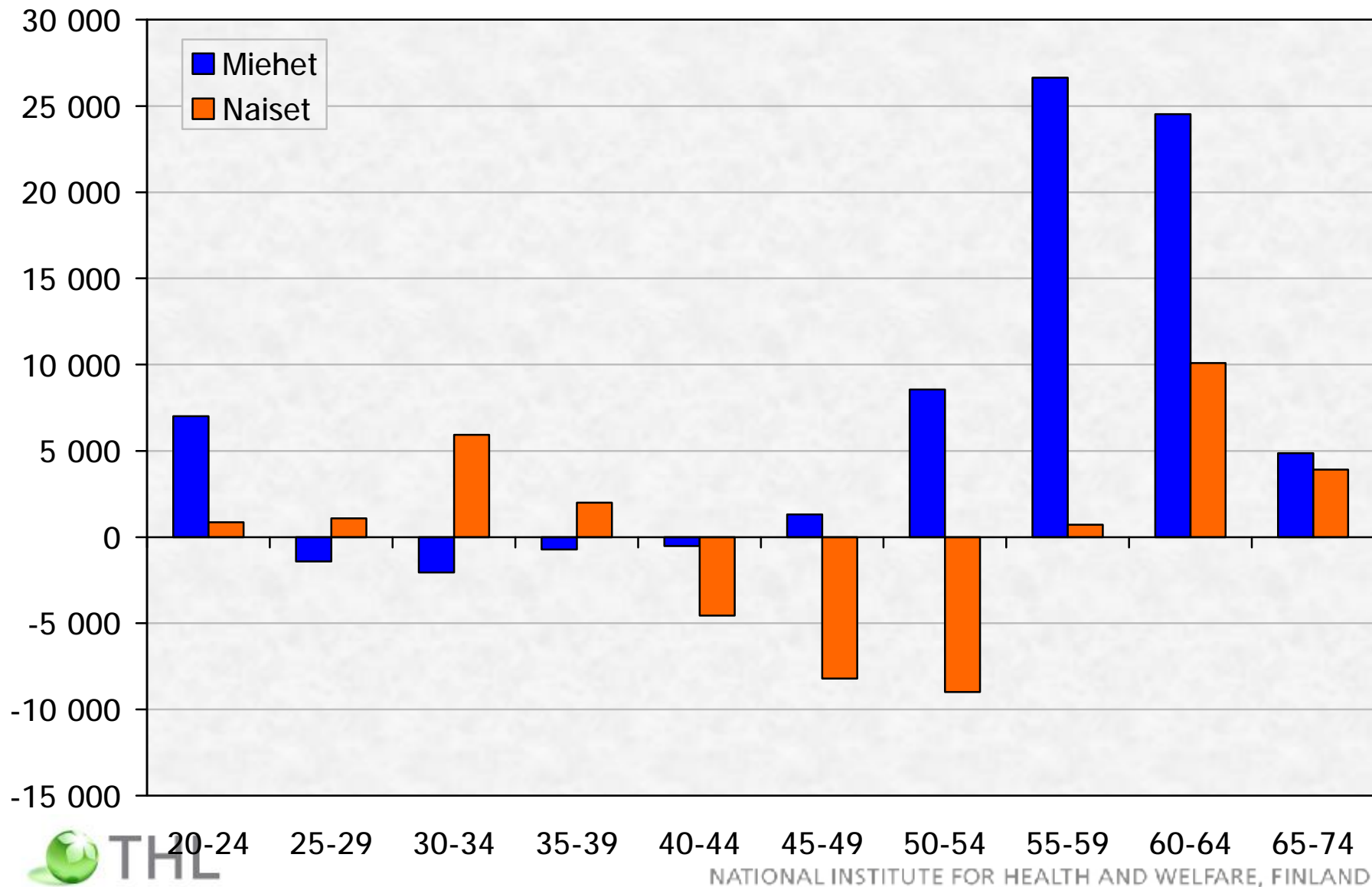
# The program of the Juha Sipilä's government 2015-2018: "Solutions for Finland"

- **Vision:** "Finland 2025 – created together: Innovative, caring and safe Finland, where everybody is important. Trust characterizes our society."
- **12 key goals,**  
each of them implemented in practice by defined key actions
  - Sustainable growth and national economy
  - Employment and competitiveness
  - Knowledge and education
  - Welfare and health
  - Bioeconomy and clean tech
  - Digitalization, explorations and decreasing obligations/norms
  - Structural innovations

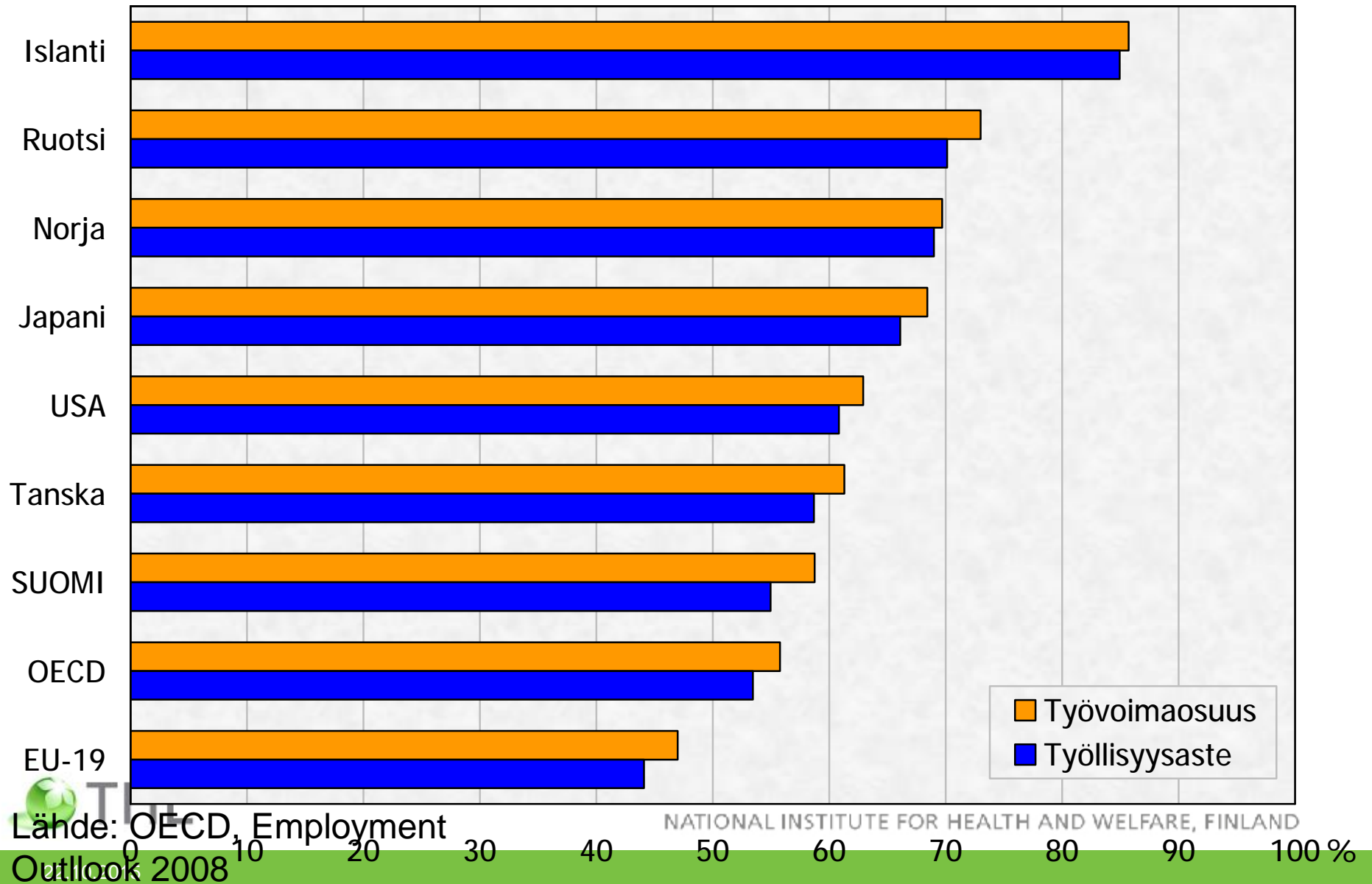
# Key actions for better welfare and health

- Priority on prevention and health promotion
- Client centered care, more efficient and effective care, use of technology, digitalisation
- Clear public service commitment/promise
- Health and social care reform toward  
bigger and fewer producers, for 350 to max 19  
better integration of social and health care  
improved equality of access
- Reforms in child and family care
- Development of home care for older people  
and family care
- New avenues to labor markets for those with partial work  
ability

## The labor force potential emphasises the potential in older population – people feel work ability up to age of 70 yrs



# Proportion of population 55-64 of age in the labor force and their employment rates



# Summary

- Among European and even in Nordic countries, population **ageing is most rapid in Finland**
- According to the prognoses, in the year 2026 (11 years from today!), the **share of working population** may be only **40%** of the whole population, which would seriously hamper the economic base of the Finnish Welfare State
- Finland has prepared for demographic change already in many ways, but latest this prognosis makes it clear that we need to do more to find ways of turning the demographic change **from burden to an opportunity**, and build a society which is **fair for all ages**
- Social, economic and ecological sustainability are tied together, therefore we need **integrative policies**
- The government of Juha Sipilä has defined **sustainable growth with economical, ecological and social sustainability** as leading policy goal. An extensive action plan with savings in social expenditures and structural renovations is to be implemented during the years 2016-2030 to realize the goal.

## We need cultural change in our society

- If we keep on concept that people already at 65 years of age are old, then **old age lasts increasingly often 50 years:** from 65years of age to 115 years of age
- People **90+ is the fastest growing age group** in Finland, as also in other ageing populations, and this group is also the group in needs of more extensive cure and care
- **Real longevity is a new phenomenon,** and we are not yet culturally understood this and adapted to this at the societal level
- A lot depends on how we can realize **healthy, active, productive and rewarding ageing over the life course and old age**

# Baby boomers as social force for societal and cultural change

- “Baby boom generation” cohorts 1945-1955 are exceptionally large in Finland
- Baby boom generation has changed the Finnish society in many ways due to its sheer size:
  - the education system,
  - the youth culture,
  - the day care and family policy,
  - the labor markets,
  - the health care and social protections system,
  - the pension system
- **and now they have largely retired, and entering to old age.**
- This has already now changed not only the social protection system but also the image of old age
- They, together with younger generations, may be able to update the generational contract for a cultural change in our society – toward a society for all ages



## Challenges for gerontological research, examples

- What do we know about growing old in current societies, and how it differs from earlier times?
- What are the most effective means to maintain and improve the physical, psychological and social functional abilities in older population?  
What is cost-efficient?
- What do we know about the flows of help, assets, and income transfers within and between the generations? How are they to change in the future?
- What do we know about the life plans of current 50+ generations?  
How do they differ and what consequences there may be?
- What care and cure is effective in different life situations?  
How to organize and how to produce care in a cost-efficient way?
- How could we combine pensions, services and use of peoples own assets for independent living?  
Is it possible to find socially just and economically sustainable models?
- What promises and potentials can be found in "Silver Economy"?  
How could it create common good? Are there some examples of good practices, and what could we learn from them?



**Thank you!**



NATIONAL INSTITUTE FOR HEALTH AND WELFARE, FINLAND