

The level of unemployment insurance contributions will remain the same

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On 25th of August 2022, the Supervisory Board of the Employment Fund approved the Fund's budget for 2023 and decided to propose to the Ministry of Social Affairs and Health that unemployment insurance contributions be kept at the current level in 2023.

The employer's average unemployment insurance contribution would be 1.54 percent, which takes into account the separate contribution increase of 0.03 percentage points made for the financing of the new restructuring protection scheme that comes into effect on January 1, 2023. The employee's contribution would be 1.50 percent of payroll in 2023.

According to the proposal, the employer's lower contribution would be 0.52 per cent of the wage sum (up to a maximum of appr. EUR 2.2 million per year) and the higher contribution would be 2.06 per cent (for the part that exceeds EUR 2.2 million).

The median salary of a Finnish wage earner for regular working hours in the private sector was 3,524 euros per month in 2021. According to the proposal, an employee earning the median salary would pay unemployment insurance contributions of 634.32 euros per year (52.86 euros per month), which is the same as in 2022.

*- The proposal on unemployment insurance contributions is based on a scenario analysis of the economy, which takes into account different options for the development of the economy and employment. According to the Fund's assessment, the risks of the economy are weighted in a weakening direction, and negative surprises are possible, says **Tapio Oksanen**, Employment Fund's Chief Financial Officer.*

Employment Fund's net assets are growing

In 2020 and 2021, sharply increased unemployment expenses caused by the coronavirus pandemic were financed with the Employment Fund's business cycle buffer and moderate increases in the unemployment insurance contributions. In addition, the Employment Fund's solvency was secured by taking loan and issuing bonds.

The Employment Fund's business cycle buffer had net assets of 633 million euros on 31 December 2021, while before the coronavirus pandemic at the end of 2019, the buffer had 1,668 million euros. According to the latest estimate, there would be net assets of 1,067 million euros in the buffer at the end of 2022.

*- The current level of unemployment insurance contributions secures the Fund's solvency and the financing of benefits next year as well, and at the same time the Fund's business cycle buffer is accrued. Unemployment expenses financed by the Employment Fund have fallen to the same level as before the coronavirus pandemic. Recent changes in both the economic outlook and the development of employment have increased uncertainty, says **Janne Metsämäki**, Employment Fund's Managing Director.*

The Finnish Parliament will confirm the contributions in the autumn. The unemployment insurance contributions are specified in law every year.

Amounts %	2022e	Budget 2023	Change
Unemployment rate %	6.8	6.9	0.1
Change in the total wage sum %	4.7	3.0	-1.7
Unemployment insurance contribution %, employers, average	1.51	1.54	0.03
Unemployment insurance contribution %, employees, average	1.50	1.50	0

employees			
Key financial figures, EUR million *			
Unemployment insurance contributions	2,759	2,885	126
Other income **	728	770	43
Unemployment benefits and allowances paid	-3,053	-3,275	222
Change in net position	433	380	
Net position	1,067	1,447	380
Maximum amount of buffer	2,054	2,180	

* 2022 figures are unaudited estimates

** Contributions from the Ministry of Social Affairs and Health

Source: Employment Fund and Statistics Finland

Helsinki, 25 August 2022

Employment Fund

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About Työllisyysrahasto

The Employment Fund brings comfort in the changes of the working life. We collect the unemployment insurance contributions that are among other things financing the earnings-related unemployment benefits and urging forward the innovation of learning with the adult education allowance.

Attachments

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