

# Employment Fund: Employment Fund's Financial Statement Release 2022

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## Employment Fund Financial Statement Release February 28, 2023 at 11.30

Improving employment reduced unemployment security expenditure and strengthened net position.

Data from 2021 in parentheses.

- Unemployment insurance contributions and other income EUR 3,491 (3,335) million
- Unemployment benefits, adult education benefits and administrative expenses paid EUR 2,832 (3,750) million
- Change in net position (for the financial year) EUR 625 (-412) million
- Net position EUR 1,258 (633) million
- Total amount of investments and assets EUR 2,703 (2,018) million
- Loans disbursed and other liabilities EUR 1,445 (1,385) million
- Average unemployment rate 6.8% (7.7%)
- Return on investments -2.9% (0.7%)

## Managing Director Janne Metsämäki:

At the start of 2022, the outlook for the Finnish economy was still reasonably bright but the situation changed quickly after the Russian invasion of Ukraine. However, despite a difficult operating environment, employment in Finland improved during 2022.

The changed outlook prompted us to revise our estimates of Employment Fund's 2022 results downwards in March. The improving employment situation was, however, reflected in Employment Fund's finances and we gave two positive profit warnings in late summer. In the end, the result for 2022 was significantly better than budgeted and after two deficit years, assets could again be accumulated in the business cycle buffer.

Our liquidity remained at a good level and the funding for unemployment benefits was secured. Due to the positive development of employment and the Fund's finances, we proposed that the unemployment insurance contributions would be kept at 2022 levels in 2023. Current contribution rates will safeguard Employment Fund's liquidity and financing of the benefits while at the same time, assets will accumulate in our business cycle buffer.

## Key Figures

EURm	2022	Change%	2021
<b>Unemployment insurance contribution income*</b>	3,491	4.7%	3,335
<b>Total financing contributions paid</b>	2,832	-24%	3,750
Unemployment funds (Employment Fund's contribution)	1,039	-29%	1,463
Unemployment funds (Government's contribution)	714	-21%	909
Finnish Centre for Pensions (unemployment pension security)	596	-34%	902
Adult education benefits	189	2%	186
Social Insurance Institution of Finland (Kela)	243	2%	239
Ministry of Economic Affairs and Employment (pay security)	20	43%	14
State Pensions Fund	8	-27%	11

Administrative expenses	23	-12%	26
<b>Change in net position</b>	625		-412
Net position (business cycle buffer)	1,258		633
Investment return% (for fair value)	-2.9%		0.7%
Loans withdrawn	1,445		1,385
Unemployment rate (avg.)	6.8%		7.7%
<b>Unemployment insurance contributions</b>			
Employee contribution	1.50%		1.40%
Employer, base	0.50%		0.50%
Employer, large firms	2.05%		1.90%

\* Includes contributions from the Ministry of Social Affairs and Health

## Employment Fund's operating environment

The financial statements show a surplus of EUR 625 million for 2022. Employment Fund's net position was EUR 1,258 (633) million on 31 December 2022.

There was further improvement in employment in Finland and the same trend also continued elsewhere in Europe and in the United States. Unemployment declined steadily during 2022, averaging 6.8%, the level recorded in 2019 before the coronavirus pandemic.

In 2022, the unemployment insurance contribution income collected from employers totalled EUR 1,327 (1,160) million and the liability component income paid by employers EUR 22 (23) million. The unemployment insurance contribution income paid by employees totalled EUR 1,424 (1,241) million.

The popularity of adult education allowance continued to increase in 2022. We paid a total of EUR 177.9 (175.3) million in adult education allowances to 30,124 (28,322) persons. The amount paid was about 1.5% higher than in 2021. We granted scholarships for qualified employees to 27,755 (25,949) persons in 2022. The number of approvals totalled 27,678 (26,257) and on their basis, a total of EUR 11.5 (10.4) million in scholarships were paid, which was 10.6% more than in the previous year.

The stagnation affecting the investment market was broad-based in 2022 as most asset classes generated negative returns. The weight of alternative investments was increased in our investment plan for 2022. At the end of the financial period, EUR 1,098 (721) million of the Fund's assets were invested in money market instruments, EUR 669 (534) million in bonds, EUR 36 (38) million in equities, and EUR 75 (43) million in alternative investments. In 2022, the return on our investments was -2.9% (0.7%). The return was lower than the expectation entered in the investment plan and the reference return on our investment activities.

## Preparations for our new financing task

In June 2022, Finnish Parliament adopted a legislative proposal on restructuring protection for employees aged 55 and over and additional days of unemployment security, under which the additional days will be gradually phased out and replaced with a restructuring protection package financed by Employment Fund. As in 2021, we continued our preparations for the new task by constructing a processing system and an information system supporting it, which was made operational in early 2023. The system development work will continue during 2023.

## The needs for reforming adult education benefits and training compensations in the assessment

During the spring 2022, the working group on continuous learning appointed by the Ministry of Social Affairs and Health assessed the need to revise the system of scholarships for qualified employees and training compensation paid by Employment Fund. The working group, which completed its work in April, did not make any concrete proposals for legislative changes.

In addition, The Ministry of Education and Culture launched an evaluation of the effectiveness of adult education benefits. The findings will be published in spring 2023 and any decisions on changing the system will only be made during the next parliamentary term.

## Events after the reporting period

There was a slight rise in the number of unemployed jobseekers in early 2023. As economic growth has slowed down and is now close to zero, many companies have announced that they will start change negotiations with their personnel. There is now more uncertainty about employment trends.

Even though the economic environment will remain difficult during the early part of 2023, the outlook for Employment Fund at the time of the preparation of the financial statements is slightly better than in the budget for 2023. Our estimate in August was that the gradual slowdown of the Finnish economy would already be reflected in higher unemployment security expenditure during the last months of 2022. However, as a result of the improvements in employment during the last months of 2022, the total amount of the contributions paid by Employment Fund during the year will remain lower than previously estimated. Strong growth in the wage sum in 2022 has also helped to consolidate the Fund's financial basis.

We expect a slight rise in unemployment during 2023 and a fall in the employment rate, especially during the first half of the year. Economic growth in the near future is particularly difficult to predict and growth below the baseline projection may have an adverse effect on the Fund's finances. Our estimate is that the change in our net position in 2023 would be positive to the amount of about EUR 560 million (budgeted amount EUR 380 million) and that our net position at the end of the year would be about EUR 1,820 million (budgeted amount EUR 1,447 million).

## Financial Statement Release 2022

This stock exchange release is a summary of Employment Fund's 2022 financial statement release and contains its key information. Financial Statement Release 2022 is published in full as a pdf file attached to this Release and is also available on Employment Fund's website at <https://www.tyollisyysrahasto.fi/en/>. The Financial Statement Release 2022 is unaudited.

## Financial Releases in 2023

The Annual Report for the financial year 2022 will be published on the Fund's website at <https://talous.tyollisyysrahasto.fi/en/> on 21 March 2023. The Annual Report includes the Report of the Board of Directors, Financial Statements as a whole, Corporate Governance Statement and Remuneration report. The Interim report for the period 1 Jan - 30 Jun 2023 will be published in August in week 35.

Helsinki, 28 February 2023

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

- [Download announcement as PDF.pdf](#)
- [Employment Fund Financial Statement Release 2022.pdf](#)