

Employment Fund has submitted the Ministry of Social Affairs and Health an estimate of unemployment insurance contributions for 2022

30.4.2021 10:00:00 EEST | Työllisyysrahasto | Other information disclosed according to the rules of the Exchange

Employment Fund Stock Exchange Release April 30, 2021 at 10.00

The Employment Fund has submitted an estimate to the Ministry of Social Affairs and Health, that the total amount of employer's and employee's unemployment insurance contributions (UIC's) should be increased by up to 0.50 percentage points for 2022.

The total amount unemployment insurance contributions was increased by 0.3 percentage points for the year 2021 and it currently stands at 2.80%.

The Employment Fund has a legal obligation to submit an estimate of the following year's earnings-related benefit expenses, the government's contribution and percentages of unemployment insurance contributions to the Ministry of Social Affairs and Health each year. The Employment Fund submitted the estimation approved by the Fund's Board of Directors to the Ministry of Social Affairs and Health on 29 April 2021.

The estimate of the next year's unemployment insurance contributions is preliminary at this stage. The final proposal of UIC's for 2022 will be made in August, when more information on the development of the Employment Fund's income and expenditure, as well as of the economic cycle overall will be available for decision-making. The Employment Fund's Supervisory Board will approve the final proposal of the 2022 contribution amounts in its meeting on 26 August 2021.

In its basic forecast, the Employment Fund estimates that in 2021 the Finnish economy will grow moderately and unemployment will be close to the previous year's level. The number of temporary layoffs is still quite high at the beginning of the year, but their number will decrease steadily as the Coronavirus restrictions are lifted and economic activity normalizes.

Assessing economic development in the next few years is very challenging for the purpose of submitting the estimate of the UIC's for 2022, as it is almost impossible to estimate the direction of the economy in more detail during the Coronavirus crisis. In this case, the Employment Fund has ended up making calculations based on scenarios. The scenarios prepared show that the Fund's financial result will be significantly in deficit in 2021 and that a deficit is very likely to occur in 2022 without any increase in unemployment insurance contributions. It is therefore necessary to increase the contributions in order to stabilize the Fund's finances, ensure liquidity and a smooth development of UIC's. Possible changes in the Finnish Coronavirus situation or global pandemic may affect the estimate of future economic development.

The Employment Fund's net position (business cycle buffer) was positive by EUR 1 045 million at the end of 2020. During 2021, Fund's net position will according to the latest estimate decrease significantly by approximately EUR 600 million in 2021.

Helsinki, 30 April 2021

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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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