

## The Board of Directors of the Employment Fund proposes an increase in unemployment insurance contributions

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At its meeting on 25 August 2020, the Employment Fund's Board of Directors decided to propose to the Supervisory Board that the unemployment insurance contributions for 2021 be increased.

The total unemployment insurance contribution would be increased by 0.32 percentage points.

The proposal is to increase the average contribution for employers by 0.17 percentage points and the employee contribution by 0.15 percentage points. This would take the average unemployment insurance contribution for employers to 1.42 per cent and the employee contribution to 1.40 per cent of payroll in 2021.

According to the proposal, the employer's lower contribution would be 0.50 per cent of the wage sum (up to a maximum of EUR 2.1 million per year) and the higher contribution would be 1.90 per cent (for the part that exceeds EUR 2.1 million). This year, the above percentages are 0.45 and 1.70.

The proposal is based on the assumption that the State will contribute to the funding of lay-off support in 2021. This year, the State contributes a sum equal to the basic unemployment allowance, but no decisions have been made for 2021 yet.

The proposed increase in unemployment insurance contributions is based on the Employment Fund's forecast, which is also used to draw up the Fund's budget for 2021. The forecast considers many factors, including the sum of benefits that must be financed and the Fund's other expenditure in the coming year.

"The sudden and steep increase in unemployment expenses caused by the coronavirus has had a significant impact on the Employment Fund's finances. In the spring, we secured our solvency and implementation capabilities by measures such as taking out loan and issuing bonds. Our budget for 2021 is based on an employment rate of 8.5 per cent", says **Janne Metsämäki**, the Employment Fund's Managing Director.

The median salary of Finnish employees is EUR 3350 per month. After the proposed increase, an employee earning the median salary would pay EUR 562,80 per year in unemployment insurance contributions, which is EUR 60,30 more than in 2020.

The Employment Fund's Supervisory Board will decide on the proposal at its meeting on Thursday 27 August. After this, the Employment Fund will make a proposal to the Ministry of Social Affairs and Health, and Parliament will confirm the contributions in the autumn. The unemployment insurance contributions are specified in law every year.

Helsinki, 25 August 2020  
Employment Fund  
Tapio Oksanen  
Chief Financial Officer

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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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