

Employment Fund: Employment Fund's Financial Statement Release 2025

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As expected, the result for the year (change in net position) remained in deficit, which was due to lower unemployment insurance contributions and high unemployment.

The amount of unemployment insurance contributions collected by Employment Fund during 2025 remained well below the totals collected during the comparison period. This was because the unemployment insurance contributions for 2025 were lowered as proposed by Employment Fund.

The financing contributions paid by the Fund to benefit recipients were also substantially lower than in the previous year even though unemployment was higher than in the comparison period. The impacts of the measures set out in the Government Programme began to show during 2025.

Key figures

Figures are in EUR million	2025	2024
Unemployment insurance contributions and other income	1,907	2,347
Financial contributions paid and administrative expenses	-2,668	-3,163
Net financial income	32	67
Change in net position	-729	-749
Investment assets, cash and cash equivalents	857	1,513
Receivables, accruals and fixed assets	354	447
Short-term and long-term loans	599	599
Unemployment insurance contribution and other liabilities	69	89
Net position	543	1,272
Unemployment insurance contribution (total)*	1.21%	1.61%
Change in total payroll %**	2.1%	2.2%
Unemployment rate (average)	9.7%	8.4%
Return on investments	2.9%	4.2%

*Employer's average unemployment insurance contribution % and employee's unemployment insurance contribution %, total.

**Change in cumulative payroll during the reporting period compared to corresponding payroll in the same period in 2024. Calculated on the basis of the wages and salaries on which the unemployment insurance contribution is paid.

Managing Director Karo Nukarinen

The year 2025 was characterised by geopolitical uncertainty. At the same time, the Finnish economy grew more slowly than expected and unemployment increased. This was also reflected in Employment Fund's finances, which meant that the Fund posted a deficit. We are responsible for financing and implementing unemployment security and other areas of social

security and were able to manage this task successfully in 2025. We carried out development projects in accordance with our strategy by, for example, updating IT platform services and capabilities. Customer satisfaction remained high and satisfaction among our personnel improved.

There is still uncertainty in our operating environment

Geopolitics and the global economy were characterised by a great deal of uncertainty in 2025 such as the continuation of the war in Ukraine and instability in the Middle East. Tariff issues and the prospect of trade wars also caused uncertainty in the Finnish economy.

Finland's economic operating environment, especially in the field of unemployment, continued to deteriorate in 2025. At the same time, the European Central Bank lowered its key interest rates and inflation remained very low in Finland. The outlook for business confidence indicators improved during the year. Moreover, the economic forecast is generally slightly improving for 2026, although it is difficult to predict future developments.

High unemployment and lower unemployment insurance contributions were reflected in the Fund's result

The unemployment insurance contributions, which are now at historically low levels, and the high unemployment rate had a negative impact on Employment Fund's finances. The Fund posted a substantial deficit for 2025. The spending cuts set out in the Government Programme reduced unemployment security expenditure. As a result, Employment Fund's financing expenditure was lower than in previous years even though the unemployment rate was higher. The liquidity of Employment Fund remained good throughout the year.

As proposed by Employment Fund, unemployment insurance contributions will be increased by 0.6 percentage points to 1.8 per cent for 2026. The increase will consolidate the Fund's finances and the financing of benefit expenditure. Despite the increase, unemployment insurance contributions will remain substantially below long-term average.

Impacts of legislative projects on the Fund

A large number of projects to amend the legislation pertaining to Employment Fund have been under way during the year. They include the reform of the Act on the Financing of Unemployment Benefits, general social security benefit, combination insurance, shortening of the lay-off notice period and abolition of the training compensation. The universal earnings-related benefit model was also examined during the year. However, the Finnish Government decided that, for the time being, the review will not lead to any further preparations. We have taken part in the preparatory work coordinated by the Ministry of Social Affairs and Health, commented on draft legislative proposals and memoranda and submitted statements.

Finnish Parliament approved the abolition of the training compensation scheme in December 2025. The training compensation has involved a minor implementation task totalling about EUR 10 million and it has been fully financed by the government. Abolition of the compensation will not affect the balance between Employment Fund's income and expenses and it will not lead to personnel changes. Training compensation will still be paid for training provided in 2025 but compensations will no longer be paid for training taking place in 2026.

The legislative proposal for General social security benefit was approved by Parliament in December 2025. The general social security benefit will combine labour market subsidy and basic unemployment allowance into a single benefit. Most of the financing for the latter benefit has come from Employment Fund.

In quantitative terms, funding responsibilities will remain unchanged under the new system. The change will not have any impact on the earnings-related security channelled through unemployment funds or its financing (which is primarily the responsibility of Employment Fund).

Combination insurance and shortening of the lay-off notice period are under preparation. If both reforms are implemented, they could increase the expenditure under the Fund's responsibility from EUR 10 million to EUR 50 million. Combination insurance would be a new funding responsibility for Employment Fund. Overhaul of the Act on the Financing of Unemployment Benefits is also under preparation.

In its budget session in autumn 2025, the Finnish Government decided to launch a review of mechanisms reducing cyclical fluctuations in the Finnish economy and of such matters as the role of Employment Fund in cyclical policy. To carry out the task, a working group under the Ministry of Social Affairs and Health was appointed, and Employment Fund is one of the actors represented in its secretariat. The term of the working group will end in April 2026.

Using IT capabilities and artificial intelligence to meet strategic goals

Last year, we continued to implement Employment Fund's strategy by closely monitoring the indicators created in early 2025 to measure the progress of the strategy. Producing customer-oriented services for the digital age in a reliable and high-quality manner, and increasing productivity and efficiency are our strategic goals.

During the year, we successfully transferred our IT services to a new supplier and built new platform capabilities. The reform will help us in digital development as we build more customer-oriented and efficient services. An example of this is the

modernisation of our unemployment insurance contribution services.

The shutdown of the adult education allowance scheme has continued in accordance with the timetable specified in the law. The abolition transition period ended on 31 December 2025. The amount of the allowances paid decreased substantially compared to 2024. We will make the last allowance payments in early 2026, after which the material will be archived and the information systems will be gradually shut down. The change has also been reflected in our organisation: since the end of 2023, the number of Fund's employees has decreased by 29% and totalled 124 at the end of 2025. Customer satisfaction has remained at excellent levels throughout the shutdown process.

During 2025, we trained our personnel extensively on the responsible use of artificial intelligence. During the year, the Fund's personnel started testing a range of different AI tools, the aim of which is to support their work and make our operations more efficient. We will make more in-depth use of artificial intelligence in a goal-oriented manner as part of our work tasks during 2026.

Looking at the future

The year 2025 was marked by many changes and phases. At the end of the year, Janne Metsämäki, who has served as the Managing Director of the Fund and its predecessors since 2015, retired on a well-earned pension. Employment Fund's Board of Directors appointed Karo Nukarinen, the Fund's Chief Financial Officer, as the new Managing Director. He started in his new position on 1 January 2026.

We have achieved a great deal during the year. Competent and capable personnel are the key factor behind the success. Committed and high-quality work has been reflected in such matters as smooth-running operations and excellent customer service. Working together, we will set our sights for the future and continue to provide security for changes in working life in 2026.

I would like to extend warm thanks to all Employment Fund employees and our stakeholders for the year 2025.

Karo Nukarinen

Managing Director

Employment Fund's operating environment

In 2025, global economic growth was again slowed down by the war in Ukraine, geopolitical tensions, sanctions and tariffs.

Finland's economic growth was close to zero in 2025. Employment development weakened further during 2025: employment trend in the age group 20-64 decreased to 75.8% (76.2%) by the end of the year. Unemployment increased to 9.7% (8.4%) in 2025.

Outlook for the year 2026

In connection with the publication of our budget for 2025, which we submitted to the Ministry of Social Affairs and Health in August 2025, the change in Employment Fund's net position would be about EUR 744 million negative in 2025 and about EUR 5 million positive in 2026. In the same connection we estimated that the net position would be about EUR 528 million positive on 31 December 2025 and about EUR 533 million positive on 31 December 2026.

Change in Employment Fund's net position was EUR 729 million negative (EUR 749 million negative) in 2025. The Fund's net position totalled EUR 543 million on 31 December 2025 (EUR 1,272 million on 31 December 2024).

When preparing our financial statements for 2025, we estimated that the change in Employment Fund's net position would be negative to the amount of about EUR 100 million in 2026, which would mean a positive net position of about EUR 440 million at the end of 2026. The main factor behind the weakened estimate is the forecast of a higher unemployment rate for 2026: 9.7% (previously 8.9%).

Financial Statement Release 2025

This stock exchange release is a summary of Employment Fund's 2025 financial statement release. Financial Statement Release 2025 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 2025 is unaudited.

Financial Reporting in 2026

The Annual Report for the financial year 2025 will be published on the Fund's website at <https://www.employmentfund.fi/investors/> on 24 March 2026. The Annual Report includes the Report of the Board of Directors, Financial Statements as a whole, Corporate Governance Statement and Remuneration report.

The Employment Fund will publish one six-month half-year financial report for the financial year starting on 1 January 2026 in accordance with the situation on 30 June 2026. Half-year financial report for January-June 2026 will be published on 25 August 2026.

Helsinki, 24 February 2026
Employment Fund
Karo Nukarinen
Managing Director

Further information:

Karo Nukarinen, Managing Director, +358 50 564 0920

Distribution:

NASDAQ OMX Helsinki

Media

www.tyollisyysraha.fi

Attachments

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