

Employment Fund: Employment Fund's Financial Statement Release 2023

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Employment Fund Financial Statement Release February 27, 2024 at 11.30

The employment situation in Finland remained good and as a result, the Fund posted a clear surplus for the year.

Key figures for 2023. Data for 2022 is given in parentheses.

- Unemployment insurance contributions and other income EUR 3,627 (3,491) million
- Unemployment benefits, adult education benefits, and administrative expenses paid EUR 2,934 (2,832) million
- Change in net position (for the financial year) EUR 763 (625) million
- Net position EUR 2,021 (1,258) million
- Total investments and assets EUR 2,728 (2,703) million
- Loans and other liabilities EUR 707 (1,445) million
- Average unemployment rate 7.2% (6.8%)
- Return on investments 4.1% (-2.9%)

Managing Director Janne Metsämäki:

Employment Fund experienced successes and achieved many of its objectives during 2023. However, the Fund also experienced surprises that changed our plans for the second half of the year.

At the start of the year, we successfully deployed our new information system for collecting and processing transition security contributions. We increased the degree of automation in the processing of applications for adult education allowances and extended the automated decision-making to applications for continued eligibility for the allowance.

Employment Fund's Board of Directors approved the new strategic objectives for the Fund in May. In line with the updated objectives, we produce digital services reliably and with high quality and we increase productivity and efficiency, we create an excellent customer and personnel experience.

In our role as an executor of social security, we put great emphasis on social responsibility in our operations. In 2023, we continued preparing a sustainability concept for the Fund.

In June, the Programme of Prime Minister Petteri Orpo's Government was published, and it was stated in an appendix of the document that the adult education allowance would be abolished. This was followed by an announcement that the scholarship scheme for qualified employees would also end. Discontinuation of the adult education benefits is a major change for Employment Fund even though our other statutory tasks will not be affected. Termination of the allowance scheme will also have substantial impacts on our personnel. In fact, the focus in the second half of 2023 was on change management and preparation for the change. The Government proposal for the act abolishing the adult education benefits was submitted to Parliament in February 2024.

For Employment Fund, the year 2023 was characterised by good economic performance. The employment situation remained good and as a result, the Fund posted a clear surplus for the year and our business cycle buffer was approaching its maximum amount. Moreover, the economic and employment outlook as well as the fact that the measures set out in the Government Programme are estimated to decrease expenditure prompted us to propose a substantial reduction in unemployment insurance contributions for 2024.

In autumn 2023, a working group was appointed to examine how the savings accumulated by social insurance funds could be channelled to benefit central government finances. As part its work, the working group is also examining the channelling of the savings accumulated by Employment Fund.

Key figures

EURm	2023	2022	Change %
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Unemployment insurance contributions and other income income*	3,627	3,491	3.9%
Total financing contributions and administrative expenses paid	2,934	2,832	3.6%
Unemployment funds (Employment Fund's contribution)	1,098	1,039	5.7%
Unemployment funds (Government's contribution)	700	714	-1.9%
Finnish Centre for Pensions (unemployment pension security)	600	596	0.6%
Adult education benefits	201	189	6.2%
Social Insurance Institution of Finland (Kela)	263	243	8.3%
Ministry of Economic Affairs and Employment (pay security, transition security training)	30	20	52.4%
State Pensions Fund	8	8	-6.2%
Change in net position	763	625	22.1%
Net position (business cycle buffer)	2,021	1,258	60.7%
Investment return %	4.1%	-2.9%	
Total investments and assets	2,728	2,703	0.9%
Loans and other liabilities	707	1,445	-51.0%
Unemployment rate (avg.)	7.2%	6.8%	
Payment %(unemployment insurance contributions)			
Employee contribution	1.50%	1.50%	
Employer, base	0.52%	0.50%	
Employer, large firms	2.06%	2.05%	

Employment Fund's operating environment

The financial statements show a surplus of EUR 763 million for 2023. Employment Fund's net position was EUR 2,021 (1,258) million on 31 December 2023.

The Finnish economy contracted slightly but the employment situation remained relatively stable in 2023.

In 2023, the unemployment insurance contribution income collected from employers totalled EUR 1,413 (1,327) million and the liability components and transition security contributions paid by employers amounted to EUR 20 (22) million. The unemployment insurance contributions paid by employees totalled EUR 1,490 (1,424) million.

The popularity of adult education allowance continued to increase in 2023. We paid a total of EUR 189.3 (177.9) million in adult education allowances to 32,518 (30,124) persons. The amount paid was about 6.4% higher than in 2022. Of the recipients, 1,079 received entrepreneurs' adult education allowance and 31,439 received employees' adult education allowance. Popularity of the scholarship for qualified employees increased slightly. We granted scholarships for qualified employees to 28,485 (27,755) persons in 2023. We paid a total of EUR 11.8 (11.5) million in scholarships.

We actively invested our assets in money market instruments, bonds, equities and alternative investments. Depending on the asset class, the Fund made direct investments or invested its assets through funds. We increased the weight of bonds in the 2023 investment plan. In June 2023, we reduced the weight of money market investments to facilitate repayment of a bond of EUR 600 million that we had taken out in 2020. At the end of the financial period, EUR 820 (1,098) million of the Fund's assets were invested in money market instruments, EUR 958 (669) million in bonds, EUR 39 (36) million in equities, and EUR 83 (75) million in alternative investments.

In 2023, the return on our investments was 4.1 (-2.9) %. The return exceeded the expectation entered in our investment plan (2.8%) and was at the level of the reference return on our investment activities.

Outlook for the year 2024

According to the budget for 2024, which we submitted to the Ministry of Social Affairs and Health in August 2023, the change in Employment Fund's net position in 2024 would be negative to the amount of EUR 338 million and its net position would be positive to the amount of EUR 1,701 million on 31 December 2024. When preparing our financial statements for 2023, we estimated that the change in Employment Fund's net position would be negative to the amount of about EUR 570 million in 2024, which would mean a positive net position of about EUR 1,450 million at the end of 2024.

Financial Statement Release 2023

This stock exchange release is a summary of Employment Fund's 2023 financial statement release. Financial Statement Release 2023 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 2023 is unaudited.

Financial Releases in 2024

The Annual Report for the financial year 2023 will be published on the Fund's website at <https://talous.tyollisyysrahasto.fi/en/> on 19 March 2024. 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 2024 will be published on 27 August 2024.

Helsinki, 27 February 2024

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 2023.pdf](#)