

Unemployment insurance contributions are proposed to be increased by 0.20 percentage points

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On 26th of August 2021, the Supervisory Board of the Employment Fund approved the Fund's budget for 2022 and decided to propose changes in the unemployment insurance contributions to the Ministry of Social Affairs and Health as follows.

The total unemployment insurance contributions would be increased by 0.20 percentage points.

The proposal is to increase the average contribution for employers by 0.10 percentage points and the employee contribution by 0.10 percentage points. This would take the average unemployment insurance contribution for employers to 1.51 per cent and the employee contribution to 1.50 per cent of payroll in 2022.

According to the proposal, the employer's lower contribution would be 0.50 per cent of the wage sum (up to a maximum of appr. EUR 2.2 million per year) and the higher contribution would be 2.05 per cent (for the part that exceeds EUR 2.2 million) in 2022. This year, the aforementioned percentages are 0.50 and 1.90.

"Decreasing unemployment and higher unemployment insurance contributions makes it possible to stop the contraction of Employment Fund's net position in 2022" says **Tapio Oksanen**, Unemployment Fund's Chief Financial Officer.

The median salary of Finnish employees is EUR 3,435 per month. After the proposed increase, an employee earning the median salary would pay EUR 618.30 per year (51.53 per month) in unemployment insurance contributions, which is EUR 41.22 (3.44 per month) more than in 2021.

The unemployment insurance contributions are provided by law on a yearly basis.

According to the Employment Fund's budget, the unemployment rate will be approximately 7.6 per cent in 2021 and 7.1 per cent in 2022.

The impact of the coronavirus pandemic was the main factor contributing to the increase in unemployment allowance expenses also in the first half of this year. The Employment Fund's net position, or business cycle buffer, will decrease by EUR 550 million in 2021. The Proposal to increase the unemployment insurance contributions means that the Fund will achieve approximately balanced budget in 2022 according to Fund's basic forecast. The Employment Fund is not ruling out the possibility to raise more debt financing in 2022.

"The economic and employment outlook is currently positive. However, corona pandemic still has an impact on the Employment Fund's finances. Our mission is to bring security amid labour market changes and to ensure that funding is sufficient for the expenditures for which the Employment Fund is responsible." says **Janne Metsämäki**, the Employment Fund's Managing Director.

Amounts %	2021E	Budget 2022	Change
Unemployment rate %	7,6	7,1	-0,5
Change in the total wage sum %	4,0	3,4	-0,6
Unemployment insurance contribution % employers, average	1,41 %	1,51 %	0,10 %
Unemployment insurance contribution %, employees	1,40 %	1,50 %	0,10 %
Key financial figures, EUR million *			

Unemployment insurance contributions	2 443	2 701	258
Other income **	892	830	-62
Unemployment benefits and allowances paid	-3 885	-3 560	-325
Change in net position	-550	-29	
Net position	496	467	
Maximum amount of buffer	2 363	2307	

* 2021 figures are unaudited estimates

** Contributions from the Ministry of Social Affairs and Health

Source: Employment Fund and Statistics Finland

Helsinki, 26 August 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

- [Download announcement as PDF.pdf](#)
- [EmploymentFundsBudget2022.jpg](#)