

2019



Your Guide to Earnings-related Pensions

Supplement 2019



Finnish Centre for Pensions
ELÄKETURVAKESKUS

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Booklets published in English by the Finnish Centre for Pensions

- Your Guide to Earnings-related Pensions 2019 (also in Finnish and Swedish)
- Your Guide to Earnings-related Pensions: Supplement 2019
- How to Claim Your Pension from Abroad (also in Estonian, Finnish, Russian and Swedish)
- Worker's Guide: Worker from Abroad (also in Estonian and Russian)
- Employer's Guide: How to Insure Workers from Abroad (also in Estonian, Finnish and Russian)

Some of the booklets are available only online.

Printed booklets are free, and they are available from:

- [the Finnish Centre for Pensions](#)
- [the Social Insurance Institution of Finland \(Kela\)](#),
- [TE Services](#) and
- [the Centre for Economic Development, Transport and the Environment](#)

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INDEX FIGURES

Earnings-related pensions are adjusted with two different indexes. The **wage coefficient** concerns all persons who work. In this coefficient, changes in wages weigh 80% and changes in prices 20%. The coefficient is used to revalue your earnings that form the basis when your final pension is calculated. It is also used when calculating the euro limits referred to in the earnings-related pension acts. The **earnings-related pension index** is used to revalue your pensions in payment, regardless of your age. In this index, changes in wages weigh 20% and changes in prices 80%.

Year	Wage coefficient	Earnings-related pension index
2019	1.417 (+1.86%*)	2585 (+1.45%*)

* increase compared to the value in 2018

LIFE EXPECTANCY COEFFICIENT

The life expectancy coefficient is determined for each age group at age 62. When you are about to retire and your final pension is calculated, the pension amount you have earned will be multiplied by the life expectancy coefficient.

Year you were born	Life expectancy coefficient
1947	1.00000
1948	0.99170
1949	0.98689
1950	0.98351
1951	0.97914
1952	0.97552
1953	0.97200
1954	0.96800
1955	0.96344
1956	0.96344
1957	0.95722

EURO LIMITS IN EARNINGS-RELATED PENSION ACTS

The **Employees Pensions Act**: Employees must insure all income from their employment that amounts to at least **59.36 euros** per month.

The **Self-employed Persons' Pensions Act**, lower limit: the confirmed income for self-employment must be set at **7,799.37 euros** per year at the minimum.

The **Self-employed Persons' Pensions Act**, upper limit: the confirmed income for self-employment can be **177,125.00 euros** per year at the maximum.

The **Farmers' Pensions Act**, lower limit: Farmers and grant recipients must insure all income from farming and grants that amount to at least **3,899.68 euros** per year.

EMPLOYEES' AND EMPLOYERS' CONTRIBUTION RATES

If you are an **employee**, your and your employer's average pension insurance contribution rates are determined in the **Employees Pensions Act**. In 2019, it is 24.40% of the gross monthly wage.

Employees' and employer's contribution rates in 2019	
Your age	Contribution rate, % of your gross monthly wages
under 53 or over 62	6.75
between 53 and 62	8.25
Your employer's average contribution rate	17.35
Average contribution for occasional employer	25.20

Your employer's contribution is calculated by deducting your share of the total contribution.

If you are a **sailor**, your pension contribution is determined in the **Seafarer’s Pensions Act**.

Sailor’s contribution rates in 2019	
Your age	Contribution rate, % of your gross monthly wages
under 53 or over 62	6.75
between 53 and 62	8.25
Your employer’s average contribution rate	12.80

SELF-EMPLOYED PERSONS’ CONTRIBUTION RATES

As a self-employed person, you pay your pension contributions yourself to the insurance company of your choice (and as stated in the Self-employed Persons’ Pensions Act or the Farmers’ Pensions Act). The amount of your contribution depends on the amount of your confirmed income. Your confirmed income is the amount that you expect to be earning from your self-employment in one year.

Self-employed person’s contribution rates in 2019	
Your age	Contribution rate, % of your confirmed income
under 53 or over 62	24.10
between 53 and 62	25.60

If you are newly self-employed, you get a discount of 22% on your insurance contribution (for the first 48 months of self-employment).

If you are a **farmer or a grant recipient**, your contribution rate is determined in the Farmers' Pensions Act. The rate depends on your confirmed income and age.

Year	Wage coefficient	Earnings-related pension index
Your confirmed income, €/year	Your age	Your contribution rate, % of your confirmed income
less than 26,821.60	under 53 and over 63	13.0140
	between 53 and 63	13.8240
26,821.60–42,148.29		rises gradually
over 42,148.29	under 53 and over 63	24.10
	between 53 and 63	25.60
Average contribution for farmers		13.8
Average contribution for grant recipients		13.4

UNEMPLOYMENT SECURITY FOR THE SELF-EMPLOYED

You have a right to unemployment security only if your confirmed income from self-employment is at least 12,816.00 euros per year.

EMPLOYER'S SOCIAL INSURANCE CONTRIBUTION

As an employer, the only social security contribution you pay is the health insurance contribution. In 2019, it is 0.77% of your worker's wage. It is the same for all types of employers.

WORKERS' COMPENSATION INSURANCE

The contribution rate that you pay as an **employer** varies depending on your company's accident risk. The contribution is estimated to range between 0.10% and 7.00% of the company's wage sum. The average contribution is about 0.75% of the wage sum.

If you are a **farmer**, you pay a basic contribution of 16.00 euros in addition to 0.75% of your confirmed income. Your contributions can be reduced if you have accident-free years and if you participate in occupational health care.

If you are a **grant recipient**, you pay a basic contribution that is one tenth of the farmers' contribution: $0.1 \times (\text{€}16.00 + 0.75\% \text{ of your confirmed income})$.

UNEMPLOYMENT INSURANCE

Employers pay an unemployment contribution that is 0.5% of the worker's wage if the company's total wage bill is no more than 2,083,500 euros. For the part exceeding that amount, the unemployment insurance contribution is 2.05% of the wage.

GROUP LIFE INSURANCE FOR EMPLOYEES

The labour market organisations have agreed on group life insurance.

Employers pay the insurance premium in connection with the workers' compensation insurance. On average, the premium is 0.062% of the company's total payroll.

If you are a **farmer**, you pay a group life insurance contribution of 12 euros per year. If you are a **grant recipient**, you do not have to pay a group life contribution in 2019.

EMPLOYEES' SOCIAL SECURITY CONTRIBUTION

Employees' social security contribution rates in 2019			
Type of insurance		Age	Contribution rate, % of confirmed income
Health insurance	medical care daily allowance		0.00
			1.54
Unemployment insurance			1.50
Earnings-related pension contribution		under 53 and over 62	6.75
		between 53 and 62	8.25

PROTECTED AMOUNT IN RECOVERY PROCEEDINGS

The amount of income that is protected in recovery proceedings is the same in 2019 as in 2018. This is based on the act on index adjustments made to the national pension and certain other benefits. The adjustments have been frozen at the 2017 level.

As a result, the protected part of a debtor going through recovery proceedings is 22.41 euros per day in 2019. In addition, the debtor must be left with 8.04 euros per day for each family member that they are providing for (for example, a child).

How the earnings-related pension affects the national pension

If your earnings-related pension is small, it is topped up with a national pension or the guarantee pension.

How your earnings-related pension affects the national pension

You get no national pension if your earnings-related pension in 2019 amounts to (€/month)

Single pensioner	1,299.88
Married or cohabiting pensioner	1,157.71
Full national pension	
Single pensioner	
Married or cohabiting pensioner	
Guarantee pension	8.25

PENSION FOR SOCIAL SECURITY BENEFITS

Your pension grows also for the social security benefits you get, providing you have earned a total of at least 17,807.01 euros from work during your working life. Apart for parental allowances, your pension grows only for the periods during which you yourself have received social security benefits.

Parental benefits	Awarded by	Benefit based on	Benefit level that the earned pension is based on, %
Maternity allowance, special maternity allowance, paternity allowance, parental allowance, partial parental allowance. Sickness Insurance Act (1224/2004)	Kela	Earnings forming the basis of the benefit, always at least 741.96 euros/month . The minimum allowance amount for periods when the mother works.	117
–	–	For period paid to the employer	17
Child home care allowance VEKL* (644/2003)	Kela	741.96 euros/month for each month of the child home care allowance	100

* VEKL: Act on Compensation for Pension Accrual from State Funds for Periods of Childcare (of child under the age of 3) and Periods of Study

Sickness and rehabilitation benefits	Awarded by	Benefit based on	Benefit level that the earned pension is based on, %
Rehabilitation allowance based on earnings-related pension acts	Earnings-related pension providers	Earnings for period of projected pension component	65
Rehabilitation allowance based on the rehabilitation act of Kela (566/2005)	Kela	Earnings that the rehabilitation allowance is based on	65
Daily allowance granted based on rules relating to accidents at work and occupational diseases	Accident insurers	Earnings (= benefits) that form the basis of the compensation, but not if the compensation for loss of income has been paid as an additional pension	65
Compensation for loss of income granted based on rules that govern motor liability insurance	Motor liability insurers	See workers' compensation insurance	65

Daily allowance according to the rules that govern military accident insurance	The State Treasury	See workers' compensation insurance	65
Sickness allowance, partial sickness allowance, sickness allowance on account of an infectious disease	Kela	Earnings that for the basis for the sickness allowance as referred to in the Sickness Insurance Act; half of this sum in the case of a partial sickness allowance	65
Sickness Insurance Act (1224/2004)	Kela	1,483.91 euros/month	0

Unemployment benefits	Awarded by	Benefit based on	Benefit level that the earned pension is based on, %
Compensation for job alternation leave (Act on Alternation Leave 1305/2002)	Unemployment funds	Earnings that form the basis of the compensation for alternation leave	55
Earnings-related allowance according to the Unemployment Security Act (1290/2002)	Unemployment funds	Earnings that form the basis for the earnings-related unemployment allowance	75
Basic allowance and labour market support under the Unemployment Security Act	Kela	1,483.91 euros /month	0

Training benefits	Awarded by	Benefit based on	Benefit level that the earned pension is based on, %
Adult training allowance according to the Act on Adult Training Allowance (1276/2000)	The Education Fund	Earnings forming the basis of the adult training allowance, for the self-employed 741.96 euros/month	65

Degree	Awarded by	Benefit based on	Benefit level that the earned pension is based on, %
Basic vocational qualification VEKL (644/2003)	Kela	741.96 euros/month for a period determined based on the degree level	100

REDUCED SURVIVING SPOUSE'S PENSION IN 2019

Surviving Spouse's Own Pension	Deceased Person's Pension																			
	200	400	600	800	1000	1200	1400	1600	1800	2000	2200	2400	2600	2800	3000	3200	3400	3600	3800	4000
0	100	200	300	400	500	600	710	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
200	100	200	300	400	500	600	710	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
400	100	200	300	400	500	600	710	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
600	100	200	300	400	500	600	710	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
800	54	154	254	354	454	554	664	754	854	954	1054	1154	1254	1354	1454	1554	1654	1754	1854	1954
1000	0	54	154	254	354	454	564	654	754	854	954	1054	1154	1254	1354	1454	1554	1654	1754	1854
1200	0	0	54	154	254	354	464	554	654	754	854	954	1054	1154	1254	1354	1454	1554	1654	1754
1400	0	0	0	54	154	254	364	454	554	654	754	854	954	1054	1154	1254	1354	1454	1554	1654
1600	0	0	0	0	54	154	264	354	454	554	654	754	854	954	1054	1154	1254	1354	1454	1554
1800	0	0	0	0	0	54	164	254	354	454	554	654	754	854	954	1054	1154	1254	1354	1454
2000	0	0	0	0	0	0	64	154	254	354	454	554	654	754	854	954	1054	1154	1254	1354
2200	0	0	0	0	0	0	0	54	154	254	354	454	554	654	754	854	954	1054	1154	1254
2400	0	0	0	0	0	0	0	0	54	154	254	354	454	554	654	754	854	954	1054	1154
2600	0	0	0	0	0	0	0	0	0	54	154	254	354	454	554	654	754	854	954	1054
2800	0	0	0	0	0	0	0	0	0	0	54	154	254	354	454	554	654	754	854	954
3000	0	0	0	0	0	0	0	0	0	0	0	54	154	254	354	454	554	654	754	854
3200	0	0	0	0	0	0	0	0	0	0	0	0	54	154	254	354	454	554	654	754
3400	0	0	0	0	0	0	0	0	0	0	0	0	0	54	154	254	354	454	554	654
3600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	54	154	254	354	454	554
3800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	54	154	254	354	454
4000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	54	154	254	354

PENSIONS AND TAXATION

You have to pay tax on all income from your pensions: earnings-related, national and guarantee pensions. The table below shows you the deduction you will get in your municipal and state taxation based on your pension income. The deduction becomes smaller when your income is higher than the amount that entitles you to a full pension income deduction. In addition, if your income is low, you get a basic deduction in your municipal taxation. In 2019, that deduction is 3,305 euros at the most. You do not have to pay any tax if you get only a national and a guarantee pension.

Pension income deduction and income limits in 2019, €/year

	Full deduction	Pension amount as of which you have to pay tax	Pension amount as of which you get no deduction
Municipal taxation	9,050	11,238	26,795
State taxation	11,590	24,344	42,090

Municipal tax rate and pensioner's health insurance premium in 2019, % of gross monthly income

Average municipal income tax rate	19.88
Pensioner's health insurance premium	1.61
Total	21.49

In the tables below, the national and the guarantee pensions have been calculated as if the earnings-related pensions were to reduce the national pension in full. In reality, some earnings-related pension components do not reduce the national pension. Such components are the increment for late retirement and the 4.5% pension accrual earned before 2017. The earnings-related pension in the table has been adjusted with the life expectancy coefficient.

The national retirement age is 65. If you retire early (anytime after you have turned 63 but before you turn 65), the national pension and the guarantee pension will be reduced by 0.4% for each month from when you start drawing your pension to the month after you turn 65. The total pension is the combined earnings-related, national and guarantee pension per month.

The tax has been calculated as if your monthly income was the same throughout the year. The municipal tax rate and the health insurance premium are the same as in the table above. The Church tax has not been taken into account in the tables below. The public broadcasting tax is 2.5% but no more than 163 euros per year. The tax has been calculated as if you do not have any other income apart from these pensions.

Total pension in 2019

Single pensioner, €/month

Earnings-related pension	National pension*	Guarantee pension	Total pension	Taxes and fees	Taxes and fees, % of your gross pension	Net pension
0	629	156	785	0	0	785
100	607	78	785	0	0	785
200	557	28	785	0	0	785
300	507	0	807	0	0	807
400	457	0	857	0	0	857
500	407	0	907	0	0	907
600	357	0	957	8	1	949
700	307	0	1007	27	3	980
800	257	0	1057	46	4	1011
900	207	0	1107	65	6	1042
1000	157	0	1157	84	7	1072
1100	107	0	1207	104	9	1102
1200	57	0	1257	125	10	1132
1300	0	0	1300	142	11	1158
1400	0	0	1400	183	13	1217
1500	0	0	1500	224	15	1276
1800	0	0	1800	344	19	1456
2100	0	0	2100	457	22	1643
2400	0	0	2400	561	23	1839
3000	0	0	3000	808	27	2192
4000	0	0	4000	1248	31	2752

* The national pension is residence-based. You can get it if you have lived in Finland for at least 3 years since you turned 16, providing you have a small or no earnings-related pension.

Total pension in 2019

Married or cohabiting pensions, €/month

Earnings-related pension	National pension*	Guarantee pension	Total pension	Taxes and fees	Taxes and fees, % of your gross pension	Net pension
0	558	227	785	0	0	785
100	536	149	785	0	0	785
200	486	99	785	0	0	785
300	436	49	785	0	0	785
400	386	0	786	0	0	786
500	336	0	836	0	0	836
600	286	0	886	0	1	886
700	236	0	936	0	3	936
800	186	0	986	19	4	967
900	136	0	1036	38	6	998
1000	86	0	1086	57	7	1029
1100	36	0	1136	76	9	1059
1200	0	0	1200	101	10	1099
1300	0	0	1300	139	11	1161
1400	0	0	1400	177	13	1223
1500	0	0	1500	216	15	1284
1800	0	0	1800	331	18	1469
2100	0	0	2100	443	21	1657
2400	0	0	2400	547	23	1853
3000	0	0	3000	794	26	2206
4000	0	0	4000	1235	31	2765

* The national pension is residence-based. You can get it if you have lived in Finland for at least 3 years since you turned 16, providing you have a small or no earnings-related pension.

Where can I get advice and more information?

Useful contact information	
Private sector earnings-related pensions	
<p>Finnish Centre for Pensions www.etk.fi Phone: +358 29 411 20</p> <p>Elo Mutual Pension Insurance Company www.elo.fi Phone: +358 20 703 50</p> <p>Ilmarinen Mutual Pension Insurance Company www.ilmarinen.fi Phone: +358 10 284 11</p> <p>Varma Mutual Pension Insurance Company www.varma.fi Phone: +358 10 2440</p> <p>Veritas Pension Insurance Company Ltd www.veritas.fi Phone: +358 10 55 010</p> <p>Apteekkien Eläkekassa www.aekassa.fi Phone: +358 9 612 6270</p>	<p>Eläkekassa Verso www.elakeverso.fi Phone: +358 20 198 5980</p> <p>OP Bank Group Pension Fund www.op.fi Phone: +358 10 252 010</p> <p>Valion Eläkekassa www.valionelakekassa.fi Phone: +358 10 381 171</p> <p>Finnish Workers' Compensation Centre www.tvk.fi Phone: +358 404 504 240</p> <p>Employment Fund www.tvr.fi Phone: +358 75 757 0500</p> <p>The Federation of Unemployment Funds in Finland www.tyj.fi Phone: +358 9 774 4000</p>
<p>Public sector earnings-related pensions</p> <p>Keva www.keva.fi Phone: +358 20 614 2837</p>	<p>Pensions for farmers and people who get grants in the arts and sciences</p> <p>Mela www.mela.fi Phone: +358 29 435 11</p>
<p>Pensions for sailors</p> <p>Seafarers' Pension Fund www.seafarerspensionfund.fi Phone: + 358 10 633 990</p>	<p>National pension Guarantee pension Other benefits when you retire</p> <p>Kela www.kela.fi Phone: + 358 20 692 202</p>



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