

FINLAND - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The National Pension provides minimum means-tested pensions which are reduced by any benefits under the Employees' Pension Act (TyEL). TyEL provides a pension on retirement between age 63 and 68, based on career average earnings, with no earnings cap. The TyEL pension is 1.5% of final earnings for each year up to age 52, 1.9% from 53 to 62, and 4.5% from age 63 to 68. Early retirement is possible from age 62. TyEL also provides survivors' and disability pensions. In addition, employers are required to provide a lump sum death benefit of around EUR 15,600 for employees under age 50, reducing to EUR 4,320 at age 60. Sickness insurance administered by the Social Insurance Institute reimburses up to 75% of tariff costs of medical care, which is about 10% to 30% of the actual costs. Employers are required to set up occupational health contracts with medical centres, to provide preventive care and medical care, the cost of which is partly reimbursed by the national health service. From 2011, stricter regulation has applied to refunds for preventive care.
Typical New Pension Plan	All employers are required to have an earnings-related pension plan, usually funded by contributions to pension insurance companies although larger employers may set up separate pension funds. Some employers pay additional contributions to voluntary pension plans to provide defined contribution or defined benefit pensions. In January 2010 a new long-term savings option was introduced, which allows individual contributions to be invested in tax exempt personal accounts with fund managers; benefits are paid over a minimum 10 year period from age 63. Employers may also provide additional lump sum death benefits and private medical insurance.
Typical Costs	For TyEL pensions, employers pay from 22.5% to 23.0% of earnings, depending on the size of payroll and including employee contributions. Employees pay 4.7% of earnings up to age 52 and 5.6% from age 53. Employers and employees also pay contributions for mandatory lump sum death benefits, unemployment insurance and workmen's compensation. Contributions to voluntary pension plans are typically between 5% and 20% of earnings and can be shared between employers and employees.
Tax Implications	Employee and employee contributions are tax deductible, except that employee contributions for voluntary pensions are subject to a limit of 5% of earnings up to a maximum of EUR 5,000. Company sponsored pensions are taxed as income. Lump sum death benefits are subject to inheritance tax. Half of the lump sum is tax free for a spouse and EUR 35,000 of the balance is tax free for beneficiaries.
Labour Law Issues	All employers are required to set up an earnings-related pension plan under the Employees' Pension Act (TyEL) and to provide workmen's compensation insurance and occupational health contracts.
Pooling Potential	Insured voluntary benefits can be included in multinational pooling arrangements. This mainly applies to group life and disability benefits.
International Financial Reporting	EU/EEA rules apply. For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in consolidated and separate statements.
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