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Factsheet for case FI-2020-18/558

Temporary deductions to employers' pension contribution in the private sector

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Country	Finland, applies nationwide
Time period	Temporary, 01 May 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	13 April 2020 (updated 20 April 2020)

Background Information

In accordance with Employees' Pensions Act (Työtekijän eläkelaki) (395/2006), both employer and employee contribute to employees' pension.

The basic percentage of employers contribution in 2020 is 25,3% of employees salary. Company size and other factors may however increase or decrease this percentage.

In order to ease the pressure the outbreak of COVID-19 puts on employers and financial stability, amendment to the Employees Pensions Act and other relevant acts that temporarily decrease the employers contribution by 2,6%, have been passed.

Content of measure

This measure applies to all private sector employers.

The Government estimates that temporary deductions to employers' pension contribution will amount to €1,05 billion euro.

In order to cover for deductions made in 2020 and increase the buffer of the workpension system that is used for financing these temporary deductions, employers' pension contribution will be increased by 0,4 between 2022 and 2025. The monetary support provided with the help of this measure is thus temporary.

There is no estimate regarding how much this temporary deduction will affect the contribution of an individual employer to its employees pensions.

Employees' contribution to pension will not be affected by this measure.

Use of measure

No information up to this date.

Actors, target groups and funding

Actors	Target groups	Funding
National government Social partners jointly	All companies	Other

Social partners

Role of social partners	Consulted
Form of involvement	Unknown

In March 2020, the social partners jointly proposed a set of actions for the Finnish Government. These proposed measures seek to amend labour law and facilitate adaptation of businesses to the new circumstances. Temporary deductions to employers' pension contribution were part of the set of measures proposed by the social partners.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 20 March 2020: Social partners' proposals to help businesses in the corona crisis (akava.fi)
- 02 April 2020: Hallituksen esitys eduskunnalle laiksi työntekijän eläkelain mukaisen vakuutusmaksun tilapäisestä alentamisesta vuonna 2020 (www.finlex.fi)

- 07 April 2020: Työnantajan työeläkemaksuja alennetaan väliaikaisesti koronaepidemian aiheuttaman vaikean taloustilanteen vuoksi (stm.fi)