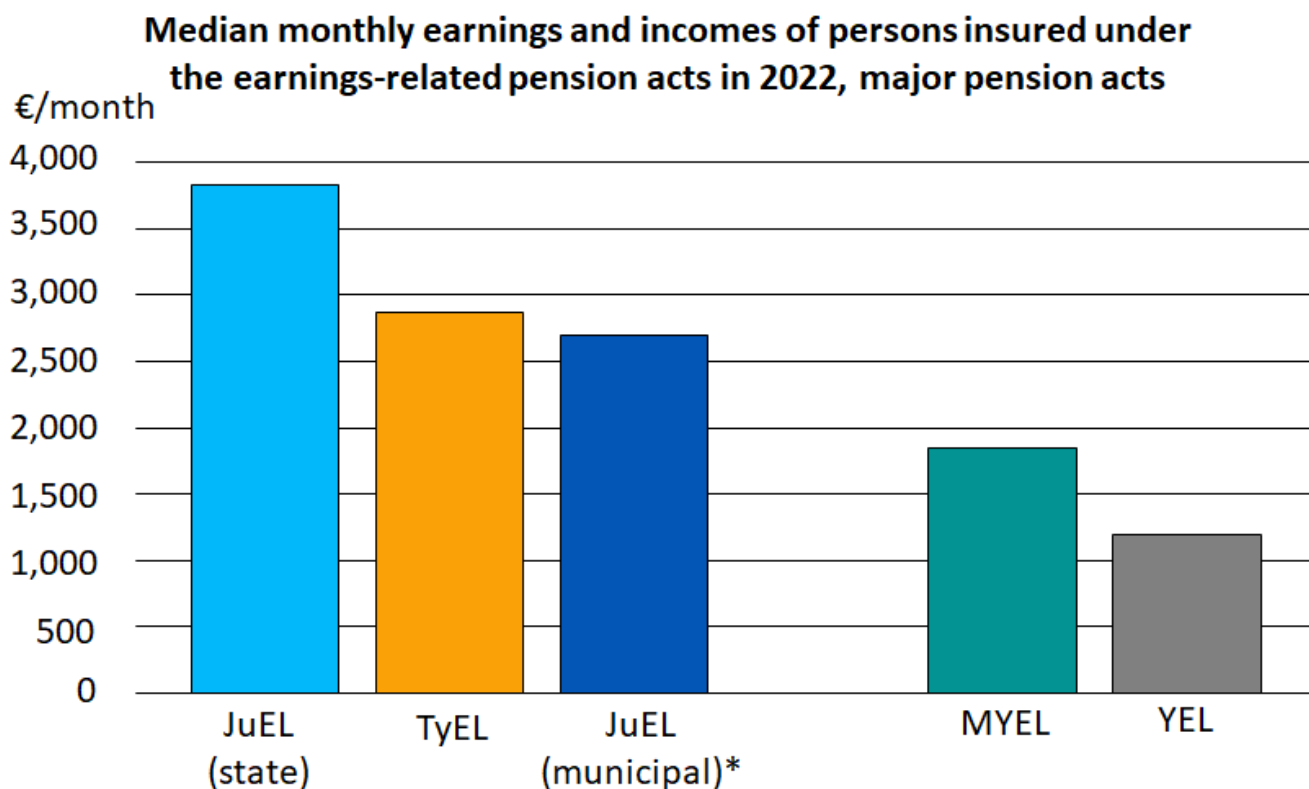


# Persons Insured for an Earnings-related Pension in Finland 2022 (OSF)

## 2.9 million employees and self-employed persons accrued earnings-related pensions in 2022



The average monthly earnings have been calculated by dividing the annual earnings for which pension accrues by the number of months working. The average income of a self-employed person insured under YEL or MYEL has been calculated based on the number of months that the insurance has been valid.

\*those in an employment or service relationship

Source: Finnish Centre for Pensions

In 2022, nearly 2.9 million persons accrued earnings-related pensions based on earnings from work and incomes from self-employment. Of them, 2.7 million worked as employees and 290,000 worked as self-employed persons insured under the Self-employed Persons' Pensions Act or the Farmers' Pensions Act, including those receiving a science and arts grant.

The median monthly gross earnings of employees were 2,984 euros. A comparison of the major earnings-related pension acts shows that average earnings are highest in the state sector and lowest in the female-dominated municipal sector. One of the reasons behind the differences in earnings levels is the segregated labour market. Age and gender distributions differ between employees under different earnings-related pension acts. Furthermore, women work part-time more often than men.

In 2022, the real median income for the self-employed insured under the Self-employed Persons' Pensions Act was 1,194 euros. Their income centred around the lower limit of the confirmed income and the lower employment requirement for the income security for the unemployed. For those insured under the Farmers' Pensions Act, the median monthly income in 2022 was 1,843 euros.

Earnings insured for earnings-related pension includes all work insured for a pension, including irregular work that may be for a short period or part-time. One person can be covered by several earnings-related pension acts during a year.

(Updated 14 December 2023)

## **Concepts and definitions**

### **Concepts relating to working**

#### **Covered by the earnings-related pension scheme**

Persons covered by the earnings-related pension scheme refer to those who have been employed or self-employed during the statistical year or earlier. In other words, the earnings-related pension scheme covers those persons who are entitled to an earnings-related pension at the time of the pension contingency or who already receive a pension based on their employment history.

#### **Earnings-related pension act**

Persons are classified as covered by all earnings-related pension acts under which they have been insured during their employment history.

#### **Earnings-related pension sector**

Persons are classified into pension sectors based on the earnings-related pension acts applicable during their employment history. If they have been employed in both the private and public sector, they will be included in the figures for both sectors.

#### **Employed at the end of the statistical year**

A person employed at the end of the year is someone who has been employed in December (employment relationships based on a monthly notification) or whose employment relationship has ended or been in force at the end of the year (employment relationships based on an annual notification). Pension recipients who are in employment or self-employment while drawing a pension are classified as being employed.

#### **Employed or self-employed**

An employed person is someone who during the statistical period has been in employment that accrues earnings-related pension, or who has been insured for earnings-related pension under the Self-Employed Persons' Pensions Act or the Farmers' Pensions Act.

## **Employee**

An employee is a person who has engaged in work that is covered by earnings-related pension acts, excluding the Self-Employed Persons' Pensions Act (YEL) or the Farmers' Pensions Act (MYEL). In practice, this means all employees excluding self-employed persons, farmers and recipients of science and arts grants. In these statistics, employees also include special groups covered by JuEL (municipal), such as persons elected to a position of trust and family carers. Private caretakers who have signed a commission agreement although they are not in an employment relationship with a municipality or a municipal federation as referred to in the Contracts of Employment Act are also considered employees.

### **First-time coverage under earnings-related pension acts**

Persons gain first-time coverage under earnings-related pension acts when they enter their first period of employment or self-employment subject to earnings-related pension acts.

### **First-time coverage under a specific earnings-related pension act**

Persons gain first-time coverage under a specific earnings-related pension act when their first period of employment or self-employment under that pension act is recorded as having started.

### **Not employed during the statistical year**

A person who is not employed during the statistical year is someone who has not engaged in employment that accrues earnings-related pension or who has not been insured for an earnings-related pension based on the Self-Employed Persons' Pensions Act or the Farmers' Pensions Act. In addition, it is required that this person has been insured for an earnings-related pension before the statistical year or that this person receives a pension based on their employment history.

### **Pension recipient**

A pension recipient is a person who receives an earnings-related pension based on their employment history. A pension recipient may receive an old-age, disability or part-time pension or a farmer's special pension. Some pension recipients additionally receive pension benefits paid out by Kela; these benefits are not considered in these statistics.

### **Persons insured for earnings-related pension benefits**

Persons insured for earnings-related pension benefits are those who during the statistical year or earlier have been employed or self-employed and who at the time of the pension contingency are entitled to an earnings-related pension. Typically, a person insured for earnings-related pension benefits has not yet retired, but even a retiree may be insured if they have been working while in retirement under age 68.

### **Self-employed person**

A self-employed person is a person who is covered by the Self-employed Persons' Pensions Act and has or has had valid insurance under the Self-employed Persons' Pensions Act or the Farmers'

Pensions Act in the statistical year or earlier. Farmers and recipients of science and arts grants are covered by the Farmers' Pensions Act.

### **Working during the statistical year**

Persons are considered to have worked during the statistical year if, during that time, they have engaged in employment that accrues earnings-related pension or if they have been insured for an earnings-related pension under the Self-Employed Persons' Pensions Act or the Farmer's Pensions Act.

### **Concepts relating to earnings**

#### **Annual and monthly earnings**

In these statistics, the earnings for employees are the earnings insured for an earnings-related pension, and for self-employed persons, their insured incomes. For employees, the annual earnings are calculated by adding up the monthly insured earnings received during a calendar year. For the self-employed, the annual earnings are the actual insured incomes relative to the period of validity of the insurance while the monthly earnings are calculated by the number of months during which the insurance is valid.

- **Example.** An employee was in employment from 20 August to 10 September, with insured earnings of 2,000 euros. In this case the monthly earnings entered in the statistics were  $2,000 \text{ euros} / 2 = 1,000 \text{ euros/month}$ , because the employment spell stretched across two different months. If the employment spell had taken place during one month (e.g. from 2 to 22 September), then the monthly earnings would have been 2,000 euros. If this was the employee's only spell of employment during the calendar year, the annual earnings entered in the statistics would in both cases have been the same, i.e. 2,000 euros.

#### **Benefits accrued from unpaid periods and under VEKL**

Unpaid periods are periods during which a person receives a social benefit that may, under certain conditions, affect pension accrual. Unpaid periods include periods on a parental, sickness or unemployment allowance. The grounds on which various unpaid periods impact on the final amount of earnings-related pension are set out in earnings-related pension acts.

Benefits accrued on the basis of child home care allowance and the completion of degrees and qualifications are funded by the State. These benefits are based on the Act on Compensation for Pension Accrual from State Funds for Periods of Childcare and Periods of Study (VEKL).

The benefits received for unpaid periods and based on VEKL are recorded in the earnings-related pension scheme's earnings register. Benefits for unpaid periods are also recorded for persons who have no employment history and who therefore are not covered by the earnings-related pension scheme.

It is noteworthy that it is possible during unpaid periods to undertake work that is insured for an earnings-related pension and that counts towards the person's pension accrual.

## **Employees' insured earnings**

For employees, insured income (or shorter, insured earnings or earnings) consists of items of income for which earnings-related pension accrues. The main part of earnings is the wage, performance bonus or other compensation paid for work done. The most significant other compensation includes various fringe benefits and holiday remunerations, including compensation paid when the employment relationship ends (e.g., compensation for untaken saved holidays). As a rule, no pension accrues for daily allowances and share option arrangements, and these compensations are not included in the insured incomes. In these statistics, insured incomes also include the pension contributions paid by employees even when no pension accrued for these payments before 2017.

## **Self-employed person's insured incomes**

In these statistics, the self-employed persons incomes refer to the self-employed persons actual insured incomes from work, that is, their total incomes from self-employment. The total insured incomes from self-employment include the incomes that forms the basis of pension accrual which take into consideration the temporarily paid higher or lower earnings-related pension contributions (only under the Self-employed Persons' Pensions Act) and the unpaid earnings-related pension contributions (under the Self-employed Persons' Pensions Act and the Farmers' Pensions Act). The total insured incomes from self-employment are calculated separately for each calendar year.

## **Upper and lower limit of incomes**

The confirmed monthly income of a self-employed person must be at least 8,261.71 euros (under the Self-employed Persons' Pensions Act) or 4,130.68 euros (under the Farmers' Pensions Act) at 2022 level. The upper limit of the confirmed annual income for a self-employed person under the Self-employed Persons' Pensions Act is 187,625.00 euros at 2022 level. The limits change annually in line with the change in the wage coefficient.

## **Other concepts**

### **Age**

Person's age at the end of the statistical year.

### **Decile**

Deciles are used to divide employees into ten equally large earnings groups. Decile boundaries indicate the level of earnings beneath which lie 10%, 20%, ... , 90% of all cases.

### **Median**

When all employees are rank-ordered according to earnings, median earnings are the mid-point of the earnings distribution. There are exactly the same number of employees above the median as below the median. The median is less sensitive to outliers than the average. Especially in skewed

distributions such as those of earnings, the median gives a better representation of central tendency than average.

## **Earnings-related pension acts**

### **Private sector**

- **TyEL** Employees Pensions Act
- **MEL** Seafarer's Pensions Act
- **YEL** Self-employed Persons' Pensions Act
- **MYEL** Farmers' Pensions Act

### **Public sector**

- **JuEL** The Public Sector Pensions Act came into force at the beginning of 2017. It combined the previously valid public sector pension acts such as the Local Government Pensions Act, the State Employee's Pensions Act, the Evangelical-Lutheran Church Pensions Act and the special act for Kela employees. Pensions for the employees of the Bank of Finland have been regulated under the Public Sector Pensions Act since the beginning of 2021.
- Pension regulation for the regional government of **Åland**

## **Quality description: Persons insured for an earnings-related pension in Finland 2022 (OSF)**

The statistics Persons insured for an earnings-related pension in Finland is released by the Finnish Centre for Pensions.

The Act on the Finnish Centre for Pensions states that the responsibilities of the institution include the compiling of statistics in its field of operation. The production of the statistics at the Finnish Centre for Pensions is handled by the Planning Department.

The Finnish Centre for Pensions pays the costs of the statistics Persons insured for an earnings-related pension in Finland.

### **Relevance of statistical information**

In Finland, statutory pensions consist mainly of earnings-related and national pensions. Earnings-related pensions are based on earnings from work while national pensions are residence-based. The statistics on persons insured for an earnings-related pension offer an overall view of persons aged 17–68 years who are covered by the Finnish earnings-related pension system.

In the private sector, earnings-related pension provision is administered by earnings-related pension insurance companies, industry-wide pension funds and company pension funds. Keva handles most of the public sector pensions. The Finnish Centre for Pensions is the central body of the earnings-related pension system. One of its tasks is to collect the information required for the administration of earnings-related pension matters for the purpose of handling the assignments prescribed to it.

The statistics Persons insured for an earnings-related pension cover the entire statutory earnings-related pension provision. They contain key numerical data on all persons aged 17–68 years insured under the Finnish earnings-related pension scheme and on employees' insured earnings and also self-employed person's insured incomes.

Persons covered by the earnings-related pension system have been divided into those insured for an earnings-related pension and those retired. The number of persons insured for earnings-related pension insurance is divided into two groups: those working and those who were neither working nor retired at the time of compiling the statistics. Other classifiers used in the statistics are earnings-related pension sector, earnings-related pension act and the person's age and gender.

The statistics also provide data on other periods for which pension accrues, including registered unpaid periods and periods of VEKL benefits under the Act on Compensation for Pension Accrual from State Funds for Periods of Caring for a Child Aged under Three and Periods of Study. This data is presented by benefit type.

Average and median data on employees' insured earnings and self-employed person's insured incomes are presented by earnings-related pension sector, earnings-related pension act, and employees' age and gender. Earnings deciles are presented separately by gender and by age.

The terms and definitions used in the statistics are presented on the homepage of the statistics at [www.etk.fi/statistics](http://www.etk.fi/statistics).

## **Correctness and accuracy of data**

The statistics are based on a total data.

Data on persons insured for and retired on an earnings-related pension are based on pension scheme registers. They include information on persons aged 17–68 who during the statistical year were covered by that scheme. Persons covered by the earnings-related pension scheme have worked under an employment contract or in self-employment subject to earnings-related pension acts. At the end of the statistical year they have been retired or they would have been entitled to an earnings-related pension at the time of the pension contingency. Furthermore, the data include information on so-called unpaid periods that affect the accrual of earnings-related pension. These data are reported to the earnings and accrual register, among others, by the Social Insurance Institution of Finland and the unemployment funds.

As from the beginning of 2019, the Finnish Tax Administration has compiled data on all employee earnings and income in a centralised national Incomes Register. From 2019 data on employee earnings entered in the earnings-related pension scheme register are drawn from this same source.

Flaws detected in the statistics are immediately corrected on the website. A separate bulletin is issued in the event of major errors.

## **Timeliness and promptness of published data**

The statistics are released once a year towards the end of the year following the statistical year. The release dates are presented on the Finnish Centre for Pensions website at [www.etk.fi/statistics](http://www.etk.fi/statistics) under ‘Release Calendar’. The data in the statistics are final.

## **Coherence and comparability of data**

The data presented in these statistics are essentially compatible across different years. Minor variations may occur due to corrections and adjustments made to statistical software.

The definitions of JuEL (Public Sector Pensions Act) municipal sector employees other than those in an employment or service relationship (including family carers, private caretakers and persons elected to a position of trust) have been changed as of the data for 2022. The statistics now exclude persons without registered income from these activities.

As of the data for 2022, the employees in the statistics on the insured persons’ income include all persons covered by JuEL (municipal) insurance. Before 2022, the statistics on the income of the insured included only those insured under JuEL who were in an employment or service relationship.

Some of the data on benefits for unsalaried periods have been updated retrospectively, and therefore the statistical time series up to 2019 has been revised based on the register situation in August 2020.

In some of the tables describing year-end situations, the introduction of the national Incomes Register has caused minor shifts from the group of “employed” to the group “not employed or retired”, particularly in the private sector. This may complicate comparisons with statistics from years before 2019.



The national Incomes Register provides a more accurate figure for the number of months of wage payment during the year. Previously, data were reported for the employee's amount of insured earnings and duration of employment during the statistical year. Persons who were in an employment relationship all year recorded 12 months of employment, regardless of the number of months for which they received pay. Employment relationships may have continued without pay during periods of absence for study or sickness, for instance. Nonetheless annual earnings were divided by 12, and therefore monthly earnings were understated. Since the national Incomes Register only lists those months for which wages are paid, the calculation of monthly earnings can be more accurately based on months of wage payment.

This change in the data base increased monthly earnings for the public and particularly the municipal sector, and therefore the figures reported for the change in monthly earnings from years before 2019 are overstated. In the comparisons for all employees and private sector employees, by contrast, the change has only a minor effect. Likewise, comparisons of annual earnings are unaffected.

The statistics have been compiled since 2005 and their data are comparable from 2007 onwards. Time series for the private sector go back to 1977. The statistics on incomes for the self-employed have been produced for the statistics on Persons Insured for an Earnings-related Pension in Finland as of the beginning of 2022.

The statistics were previously released under the name Pensioners and Insured in Finland. Since the statistical year 2013 the data have been released in two different statistics: Earnings-related pensioners in Finland and Persons insured for an earnings-related pension in Finland.

### **Availability and clarity of data**

The statistical data are released annually on the Finnish Centre for Pensions website. Some of the data are also released in the Finnish Centre for Pensions statistical database at <http://tilastot.etk.fi/?lang=1>.

A description of the statistics is presented on the homepage of the statistics at [www.etk.fi/statistics](http://www.etk.fi/statistics).

For additional information contact the Finnish Centre for Pensions statistical service at [tilastot\(at\)etk.fi](mailto:tilastot(at)etk.fi).