

## Finland

Exchange rate: US\$1.00 equals 0.84 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1937.

**Current laws:** 1956 (universal pensions), implemented in 1957, with 1978, 1982, 1995, and 1996 amendments; 1961 (earnings-related pensions); 1969 (survivor pensions), with 1990 (widowers) amendment; and 1986 (partial pension and early pension), with 1996, 1998, 2000, 2002, and 2003 amendments.

**Type of program:** Universal and social insurance system.

#### Coverage

**Universal pension (income-tested):** All Finnish citizens residing in Finland after age 16 for a total of at least 3 years as well as citizens of other countries residing in Finland for 5 years or more immediately before reaching the pensionable age or before the pension starts.

**Earnings-related pension:** All regular employees aged 14 or older, persons caring for a child younger than age 3, and students who received a degree for study periods up to a maximum of 5 years.

Special systems for seasonal and part-time workers, maritime workers, public-sector employees, farmers, and self-employed persons.

#### Source of Funds

##### Insured person

*Universal pension:* None.

*Earnings-related pension:* 4.6% of monthly earnings for employees younger than age 53; 5.8% of monthly earnings for employees aged 53 or older.

The minimum annual earnings for contribution purposes for employees are €235.76.

There are no maximum earnings for contribution purposes for employees.

##### Self-employed person

*Universal pension:* None.

*Earnings-related pension:* 21.4% of declared monthly earnings if younger than age 53; 22.6% of declared monthly earnings if aged 53 or older.

The average contribution for farmers is 10.5% of declared monthly earnings. Contributions increase with income.

A self-employed person of any age setting up in business for the first time is allowed a discount of 25% on contributions for the first 48 months. If the business closes down before the end of the 48th month, the remaining discount period can be used for a second period of self-employment. There is no limit on the interval between these periods.

The minimum annual earnings for contribution purposes for self-employed persons are €5,658.27.

The minimum annual earnings for contribution purposes for self-employed farmers are €2,829.14.

The maximum annual earnings for contribution purposes for self-employed persons are €94,391.37.

#### Employer

*Universal pension:* From 0.898% to 3.998% of monthly payroll (private employers, depending on the capital of the employer); 1.948% of monthly payroll (local and central government).

*Earnings-related pension:* The average monthly contribution is 21.6% for employers with fewer than 50 employees. For employers with more than 50 employees, the monthly contribution varies from 19.75% to 23.3%, according to the age of the employee.

The minimum annual earnings for contribution purposes are €235.76.

There are no maximum earnings for contribution purposes.

#### Government

*Universal pension:* About 40% of the cost of universal pensions and the total cost of the housing allowance, child care subsidies, disability allowance, survivor pension, and war veterans' benefits.

*Earnings-related pension:* The total cost of the earnings-related pension for self-employed persons and for farmers not covered by their own contributions. The total cost of covered study periods for students and unpaid periods of child care for persons caring for a child younger than age 3.

#### Qualifying Conditions

##### Old-age pension

*Universal old-age pension (income-tested):* Age 65. Retirement is not necessary.

The pension is not payable abroad after a year unless the person was a resident of Finland for at least 10 years before receiving the pension or is abroad for medical reasons.

*Early pension (universal):* Aged 62 to 64. The pension is reduced.

*Deferred pension (universal):* A deferred pension is possible from age 65.

*Unemployment pension (universal):* Payable between ages 60 and 64 after exhausting entitlement for the unemployment basic benefit (after at least 500 days of benefit or

reaching age 60) and having worked at least 5 of the previous 15 years. The pension is payable only to persons born before 1950.

*Special assistance for immigrants:* Immigrants aged 65 or older are eligible for special assistance. Assistance is payable if the person is permanently residing in Finland, has been residing in Finland for at least 5 years before the benefit payment starts, but does not satisfy the residence conditions for a universal pension.

*Earnings-related old-age pension:* The full benefit is payable between ages 63 and 68. Retirement from covered employment is necessary.

Early pension (earnings-related): A reduced earnings-related pension is payable from age 62. The early pension for persons receiving unemployment benefits is not reduced.

Part-time old-age pension (earnings-related): Aged 58 to 64 with a reduced work schedule (16 to 28 hours a week and earning between 35% and 70% of full-time earnings), employed full time for 12 of the last 18 months, and covered during at least 5 of the last 15 years.

Deferred pension (earnings-related): A deferred pension is possible after age 68.

Unemployment pension (earnings-related): Payable at age 60 after exhausting entitlement to unemployment benefits (after a maximum duration of 500 days) and covered by the scheme for at least 5 of the last 15 years. The pension is payable only to persons born before 1950.

### Disability pension

*Universal disability pension (income-tested):* Assessed with a permanent incapacity for suitable work and aged 16 to 64. There is no partial pension. The universal pension can be awarded for a limited or an indefinite period.

*Individual early retirement pension:* A special type of disability pension may be granted on less stringent medical criteria than the regular disability pension to persons aged 60 to 64. (Payable only to persons born in 1943 or earlier.)

*Disability allowance:* Payable to disabled nonpensioners aged 16 to 64.

Social Insurance Institution (SII) doctors may request a review of the insured's assessed degree of incapacity at any time. Persons receiving the disability pension must inform the SII of any changes in circumstances that may affect their entitlement. The review is made by SII doctors on the basis of medical reports by the insured's doctor. The insured's annual earnings are also subject to review, based on information on the insured's taxable income provided by the tax administration.

*Child care allowance:* Payable for children younger than age 16 with a disability or a long-term illness.

*Rehabilitation benefit:* Payable to an insured person undergoing rehabilitation for an assessed disability. The rehabilitation period must last more than 30 days.

*Special assistance for immigrants:* Disabled immigrants aged 16 to 64 are eligible for special assistance. Assistance is payable if the person is permanently residing in Finland, has been residing in Finland for at least 5 years before the benefit payment starts, but does not satisfy the residence conditions for a universal pension.

*Earnings-related disability pension:* The full earnings-related disability pension is payable to persons aged 18 to 63 with an assessed loss of working capacity of at least 60%. The pension is payable after a maximum period of cash sickness allowance (300 days excluding Sundays) has been paid. The pension is replaced by the old-age pension at age 63.

Partial disability: Payable with an assessed loss of working capacity of 40% to 59%.

*Rehabilitation benefit:* Payable to a disabled employee or a self-employed person who has a temporary loss of working capacity of at least 60% (40% to 59% loss for partial disability) and is undergoing treatment or rehabilitation.

The insured must provide a plan for treatment or rehabilitation as part of the doctor's statement. The objective of the plan is to promote the return to work. The average rehabilitation period lasts 2 years. The pension provider assesses the insured's capacity for work.

### Survivor pension

*Universal survivor pension (income-tested):* The insured was a Finnish citizen who had lived in Finland after age 16 for at least 3 years (if not a Finnish citizen, 5 years before the date of death). The widow(er), if a Finnish citizen, must have lived in Finland at the date of the insured's death or have moved to Finland within a year of the death of the spouse and lived in Finland after age 16 for at least 3 years (a noncitizen must have lived in Finland for 5 years before the date of death). The initial pension, paid for a 6-month period, includes a flat-rate basic amount and an additional amount. The basic amount ceases unless the recipient has a dependent child younger than age 18. The additional amount of the pension continues to be paid but is income tested if the recipient has no dependent children younger than age 18.

A widow(er) must be younger than age 65, have been married to the deceased before age 65, be caring for a child younger than age 18, or, if childless, be at least age 50 at the time of the spouse's death; in addition, the widow(er) must have been married to the deceased for at least 5 years.

*Universal orphan's pension:* Younger than age 18 (age 20 if a full-time student) and a resident of Finland or moved to Finland within a year of the insured's death.

Orphan's supplement (income-tested): Younger than age 18 (students aged 18 to 20 are excluded).

*Earnings-related survivor pension:* The deceased was insured or a pensioner at the time of death. The widow(er) is eligible if he or she had a child with the deceased and the couple were married before the deceased spouse's 65th birthday. If childless, the couple must have been married for at least 5 years and the survivor must have been younger than age 50 at the date of marriage and have been aged 50 or older or a disability pensioner for at least 3 years when widowed. The pension is paid to a former spouse if he or she received alimony from the deceased.

*Earnings-related orphan's pension:* Payable to a child younger than age 18.

## Old-Age Benefits

### Old-age pension

*Universal old-age pension (income-tested):* The pension varies from €11.38 to €510.80 a month, according to municipality, marital status, and the value of other pension income received.

*Income test:* The benefit is reduced to 50% of the difference between other pension income and €47.25 a month; the pension is not payable if other pension income is between €889.33 and €1,046.08 a month, according to marital status and municipality. The amount is also adjusted for the length of residence in Finland, with the full amount payable after 40 years of residence; a reduced pension is paid for residence of less than 40 years.

*Early pension:* Payable from age 62; the pension is reduced by 0.4% for each month the claim is made before age 65.

*Deferred pension:* The pension is increased by 0.6% for each month the pension is deferred after age 65.

*Unemployment pension:* The pension is income tested and varies from €11.38 to €510.80 a month, according to municipality, marital status, and the value of other pension income received.

*Child's supplement:* A flat rate of €18.68 a month is paid for a child younger than age 16.

*Housing allowance:* The allowance is proportional to income and housing expenses up to a maximum of €506.61 a month, according to municipality, marital status, and the number of family members.

*Pensioner care allowance:* The allowance is €52.55, €130.83, or €261.64 a month, according to the extent of care needed.

*Special assistance for immigrants (income-tested):* The benefit varies from €11.21 to €496.38 a month, according to municipality, marital status, the value of other pension income received, and the disposable income of the applicant and his or her spouse.

*Benefit adjustment:* The universal pension and allowance supplements are adjusted automatically each year for changes in the cost-of-living index.

*Earnings-related old-age pension:* The pension accrues from age 18 up to age 68. Between ages 18 and 52, the pension accrues at the rate of 1.5% of annual earnings; between ages 53 and 62, by 1.9%; from age 63, by 4.5%. Pensionable earnings are calculated on the basis of average lifetime earnings (including periods of study that resulted in the award of a degree or qualification and periods receiving parent's allowance).

There is no maximum earnings-related pension.

*Early pension:* The pension is reduced by 0.7% for each month the pension is taken before age 63, up to a maximum of 8.4%. The old-age pension is payable at age 63 without reduction.

*Part-time old-age pension:* 50% of the difference between the former full-time income and the current part-time income is paid.

Persons born in 1946 or earlier can receive a part-time pension calculated on the basis of current accrual conditions: the accrual rate on earnings from part-time work is 1.9% a year between ages 58 and 62 and 4.5% a year from age 63. For persons born in 1947 or later, pension rights accrue from part-time earnings at a rate of 0.75% a year.

*Deferred pension:* The pension is increased by 0.4% for each month the pension is deferred after age 68.

*Unemployment pension:* Pension rights are accrued during years of employment. If the insured has the right to a projected service (time between the onset of unemployment and retirement age) component, this will later be added to the old-age pension or survivor pension.

*Benefit adjustment:* Earnings-related benefits are adjusted according to a weighted index for changes in the consumer price index and wages (80:20).

## Permanent Disability Benefits

### Disability pension

*Universal disability pension (income-tested):* The pension varies from €11.38 to €510.80 a month, according to municipality, marital status, and the value of other pension income received.

The pension ceases if the insured begins new employment.

*Individual early retirement pension:* The pension varies from €11.21 to €496.38 a month, according to municipality, marital status, and the value of other pension income received.

*Disability allowance:* The lower rate is €78.46 a month, the higher rate is €183.09 a month, and the special rate is €340.03 a month.

*Child care allowance:* The lower rate is €78.46 a month, the higher rate is €183.09 a month, and the special rate is €340.03 a month.

**Child's supplement:** A flat rate of €18.68 a month is paid for a child younger than age 16.

**Housing allowance:** The allowance is proportional to income and housing expenses up to €506.61 a month, according to municipality, marital status, and the number of family members.

**Pensioner care allowance:** The allowance is €52.55, €130.83, or €261.64 a month, according to the extent of care needed.

**Rehabilitation benefit:** The allowance is equal to 10% of the universal disability pension.

**Special assistance for immigrants (income-tested):** The benefit varies from €11.21 to €496.38 a month, according to municipality, marital status, the value of other pension income received, and the disposable income of the applicant and his or her spouse.

**Benefit adjustment:** The universal pension and allowances are adjusted automatically each year for changes in the cost-of-living index.

**Earnings-related disability pension:** Pensionable earnings accrue at the rate of 1.5% a year between ages 18 and 52, 1.9% between ages 53 and 62, and 4.5% from ages 63 to 68. All disability pensioners have the right to projected service from the onset of disability until age 63. The accrual rate for projected service is 1.5% of salary a year until age 50 and 1.3% a year thereafter.

There is no maximum earnings-related disability pension. The insured can receive earnings from employment equal to up to 40% of the pension.

**Partial disability pension:** 50% of the full pension is payable if the assessed loss of working capacity is between 40% and 59%. The insured can receive earnings from employment equal to up to 60% of the pension.

**Rehabilitation benefit:** The benefit (the same as for the full or partial disability pension) is based on the assessed degree of disability, plus a 33% increment for periods of active vocational rehabilitation arranged for the insured by the pension insurance company.

**Benefit adjustment:** Earnings-related benefits are adjusted according to a weighted index for changes in the consumer price index and wages (80:20).

### Survivor Benefits

#### Survivor pension

**Universal survivor pension (income-tested):** Payable to a widow(er) for the first 6 months following the spouse's death. The maximum basic pension is €355.47 a month, plus a means-tested supplement up to €241.84 a month and a housing allowance according to the geographic area. From the 7th month, the pension is income tested, except if the surviving spouse is caring for a dependent child. The value of the pension varies according to the deceased's length of residence in Finland.

**Orphan's universal pension:** Up to €50.82 a month for a child younger than age 18 (age 20 if a full-time student); up to €118.71 a month for a full orphan.

**Orphan's pension supplement (income-tested):** The pension for a half or full orphan may be increased up to a maximum of €67.89 a month; the increase is not payable to a student aged 18 to 20.

**Income test:** The pensions for a widow(er) and orphans are reduced to 50% of the difference between other pension income and €47.25 a month; the income-tested widow(er)'s pension is not payable if other monthly pension or other income is between €462.33 and €530.92 (during the first 6 months) or €716.33 and €896.75 (after the first 6 months), according to marital status and municipality. The orphan's pension supplement is not payable if other pension income exceeds €83 a month. The value of the widow(er)'s pension varies according to the deceased's length of residence in Finland, with the full amount payable after 40 years of residence or if the deceased was older than age 65 at the time of death. If the deceased was younger than age 65, the full pension is paid if he or she had lived in Finland at least 80% of the time between the 16th birthday and the beginning of the pension.

**Benefit adjustment:** The universal pension and allowances are adjusted automatically each year for changes in the cost-of-living index.

**Earnings-related survivor pension:** The widow(er) receives up to 50% of the deceased's pension.

The widow(er)'s pension is split if there is also a divorced spouse receiving alimony, depending on the amount of the alimony.

There is no means test for the first 6 months if the surviving spouse is younger than age 65 and is not receiving a pension in his or her own right. If the survivor has dependent children, there is no income test before the youngest child reaches age 18.

**Income test:** The old-age pension or disability pension personally accrued by the surviving spouse (even if not in payment) reduces the amount of the earnings-related survivor pension.

**Orphan's earnings-related pension:** 1/3 of the deceased's pension is paid for one orphan; up to 5/6 of the deceased's pension is paid for four orphans or more; the pension is increased by another 1/6 for a full orphan.

The maximum earnings-related survivor pension is 100% of the deceased's pension.

**Benefit adjustment:** Earnings-related benefits are adjusted according to a weighted index for changes in the consumer price index and wages (80:20).

## Administrative Organization

Ministry of Social Affairs and Health (<http://www.stm.fi>) provides general supervision of the private-sector statutory pensions.

Social Insurance Institution (<http://www.kela.fi>) administers universal and disability pensions through district offices.

A governing body appointed by parliament manages the Social Insurance Institution.

Local boards determine claims for old-age and survivor pensions. Disability pension claims are determined by the central administration.

Municipalities collect the universal pension contributions with communal (municipal) taxes.

Operating as a tripartite board, the Finnish Centre for Pensions (<http://www.etk.fi>) is the statutory central body of the private-sector earnings-related pension system.

Carriers for earnings-related pension plans are approved private insurance companies, pension funds, and foundations.

Insurance Supervision Authority supervises the carriers.

Local Government Pensions Institute (<http://www.keva.fi>), under the general supervision of the Ministry of the Interior, administers the pension programs in the public sector.

State Treasury Office, under the general supervision of the Ministry of Finance, administers pension programs for state employees.

## Sickness and Maternity

### Regulatory Framework

**First and current laws:** 2004 (sickness), implemented in 2005; and 1983 (maternity), implemented in 1984.

**Type of program:** Social insurance system.

Note: Health care is provided by both a private-sector sickness insurance program and a public-sector (municipal) health services program financed primarily by local and national taxes.

### Coverage

**Cash benefits (earned income insurance):** All employees, self-employed persons, and students aged 16 to 64.

**Medical benefits:** All persons residing in Finland.

### Source of Funds

#### Insured person

**Cash benefits (earned income insurance):** 0.77% of monthly earnings.

**Medical benefits:** 1.33% of monthly earnings; 1.5% of monthly earnings for pensioners and other beneficiaries.

There are no minimum or maximum earnings for contribution purposes.

#### Self-employed person

**Cash benefits (earned income insurance):** 1.02% of monthly earnings or 0.77% of monthly earnings.

**Medical benefits:** 1.33% of net monthly earnings (earnings minus deductions).

There are no minimum or maximum earnings for contribution purposes.

#### Employer

**Cash benefits (earned income insurance):** 2.06% of monthly payroll.

**Medical benefits:** None.

#### Government

**Cash benefits (earned income insurance):** Necessary subsidies; 100% of the cost of minimum daily allowances; contributes between 1.614% and 2.864% of payroll as an employer.

**Medical benefits:** 50% of the cost of medical benefits.

### Qualifying Conditions

**Cash sickness benefits:** Employed during the last 3 months, unless involuntarily unemployed. Incapacity for work must be certified by a doctor from the 9th day.

**Cash sickness allowances (means-tested):** The allowance is payable after 55 days of incapacity provided that annual earnings are less than €1,090. Cash sickness allowances are not payable with cash sickness benefits.

**Rehabilitation benefits:** The insured must be receiving medical treatment, vocational training, or both under a social security rehabilitation program.

**Special sickness benefits:** The allowance is payable to parents helping to care for a sick child younger than age 16 in hospital or at home.

**Cash maternity benefits:** Residing in Finland; immigrants must complete a 180-day waiting period.

**Medical benefits:** Residing in Finland.

### Sickness and Maternity Benefits

**Sickness benefit:** The benefit is equal to 70% of daily earnings for annual earnings up to €28,403, plus 40% of daily earnings for annual earnings between €28,404 and €43,698 and 25% of daily earnings for annual earnings of €43,699 or more.

The minimum benefit is €2.40 a day. The benefit is payable after a 10-day waiting period for up to 300 days (excluding

Sundays). (The employer pays 100% of earnings for the first 9 days for employees who have worked for at least a month; otherwise, 50%.) Insured persons who have been unemployed for at least 4 months receive at least 86% of the unemployment benefit.

**Sickness allowance (means-tested):** The allowance is payable after 55 days of incapacity provided that annual earnings are less than €1,090. The daily benefit is €15.20.

**Rehabilitation benefit:** The benefit is equal to 70% of daily earnings for annual earnings up to €28,403, plus 40% of daily earnings for annual earnings between €28,404 and €43,698 and 25% of daily earnings for annual earnings of €43,699 or more.

**Special sickness benefit:** The allowance is payable for 60 days a year (90 days if the child is seriously ill). The benefit is equal to 70% of daily earnings for annual earnings up to €28,403, plus 40% of daily earnings for annual earnings between €28,404 and €43,698 and 25% of daily earnings for annual earnings of €43,699 or more. The minimum daily benefit is €2.40.

**Maternity benefit:** The benefit is equal to 70% of daily earnings for annual earnings up to €28,403, plus 40% of daily earnings for annual earnings between €28,404 and €43,698 and 25% of daily earnings for annual earnings of €43,699 or more. The minimum daily benefit is €15.20.

The benefit is payable to a mother from 50 to 30 days before the expected date of childbirth for up to a maximum of 105 work days.

Special maternity allowance is payable throughout the pregnancy if the mother is exposed to risk factors that cannot be eliminated.

Paternity allowance: Payable for a maximum of 18 days; may be extended by an additional 1 to 12 days.

Parent's allowance: After entitlement to maternity benefit ceases, the parent's allowance is payable to either parent for 158 days (excluding Sundays). The allowance is payable for 60 extra days for multiple births and from 100 days to 234 days for the adoption of a child.

### **Workers' Medical Benefits**

Cash refunds are provided for certain medical expenses according to the schedule in law. The cash refunds include 60% of private doctors' fees and 60% of private dental fees; 75% of the cost of prescribed examinations and prescribed treatment over €13.46 is deductible; 42% of the cost of medicines is deductible (72% to 100% refund for drugs used to treat grave and prolonged illnesses; 100% if the annual cost of prescription drugs exceeds €616.72); and 100% of transportation expenses in excess of €9.25 (a full refund is provided if annual deductible expenses exceed €157).

Sickness insurance also covers 50% of the occupational health care costs incurred by the employer.

Under municipal health services, a €22 fee is charged for the first annual visit; subsequent visits are free.

Hospital care is free, except for a €22 fee per outpatient visit, a €26 fee per inpatient day, and a €72 fee for day surgery.

Prenatal and postnatal maternity health care at medical centers is free.

### **Dependents' Medical Benefits**

Cash refunds are provided for certain medical expenses according to the schedule in law. The cash refunds include 60% of private doctors' fees and 60% of private dental fees; 75% of the cost of prescribed examinations and prescribed treatment over €13.46 is deductible; 50% of the cost of medicines over €10 is deductible (75% to 100% refund for drugs used to treat grave and prolonged illness priced over €5 is deductible; a full refund if the annual cost of prescription drugs exceeds €604.72); and 100% of transportation expenses in excess of €9.25 (a full refund is provided if annual deductible expenses exceed €157).

Under municipal health services, a €22 fee is charged for the first annual visit; subsequent visits are free.

Hospital care is free, except for a €22 fee per outpatient visit, a €26 fee per inpatient day, and a €72 fee for day surgery.

Prenatal and postnatal maternity and child health care at medical centers is free.

### **Administrative Organization**

Ministry of Social Affairs and Health (<http://www.stm.fi>) provides general supervision, including the supervision of private-sector statutory pensions.

**Sickness insurance:** Social Insurance Institution (<http://www.kela.fi>) administers the program nationally, reimburses employees' sickness funds, and reimburses employers providing medical benefits directly to their employees.

**Public health and hospital services:** Provided by municipalities or the federation of municipalities.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1895.

**Current laws:** 1948 (employment accidents), with 1971 amendment; and 1988 (occupational diseases), with 1992 amendment.

**Type of program:** Employer-liability and mandatory insurance with a private carrier system.

## Coverage

All employed persons.

Voluntary coverage for self-employed persons.

Special systems for farmers and public-sector employees.

## Source of Funds

**Insured person:** None.

**Self-employed person:** The insurance premium paid annually varies according to the reported accident rate for the profession. The self-employed person pays the total cost of the premium.

**Employer:** 0.4% to 7.5% of payroll, according to the assessed degree of risk (the average rate is 1%). The contribution is paid annually.

**Government:** None.

## Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.

## Temporary Disability Benefits

The benefit is equal to 70% of daily earnings for annual earnings up to €26,720, plus 40% of daily earnings for annual earnings between €26,721 and €41,110 and 25% of daily earnings for annual earnings of €41,110 or more. The benefit is payable from the day after the accident occurred (unless the duration of incapacity is less than 3 days) for the first 4 weeks; thereafter, the daily benefit is equal to 1/360 of annual earnings.

**Partial disability:** The benefit is proportionally reduced for a partial disability of 10% or more.

The degree of disability is assessed by the Social Insurance Institution on the basis of a statement issued by the insured's doctor.

**Benefit adjustment:** Benefits are adjusted annually according to a weighted index for changes in the consumer price index and wages (80:20).

## Permanent Disability Benefits

**Permanent disability pension:** If the insured is totally disabled, the basic pension is equal to 85% of annual earnings up to age 65; thereafter, 70% of earnings.

Annual earnings are the earnings the insured would have earned if it were not for the onset of disability but must not be less than €9,750.

**Partial disability:** The pension is proportionally reduced for a partial disability of 10% or more.

The degree of disability is assessed by the Social Insurance Institution on the basis of a statement issued by the insured's doctor.

**Supplementary handicap benefit:** Payable for a total and permanent disability. The maximum daily benefit is €24.02.

**Inconvenience allowance:** The allowance is payable for a permanent general disability, according to 20 categories of disability. The value of the allowance varies according to age and gender. The maximum allowance is equal to 60% of the minimum annual earnings used to calculate the permanent disability pension (€9,750).

**Benefit adjustment:** Benefits are adjusted annually according to a weighted index for changes in the consumer price index and wages (80:20).

## Workers' Medical Benefits

Free medical care and the cost of rehabilitation.

Sickness insurance covers 50% of the occupational health care costs incurred by the employer.

## Survivor Benefits

**Survivor pension:** A widow(er) without dependents receives 40% of the deceased's annual earnings.

**Orphan's pension:** One child younger than age 18 (age 24 if a student or disabled) receives 25% of the deceased's annual earnings; two children share 40%; three children share 50%; and four or more children share 55%.

The maximum total survivor pension is equal to 70% of the deceased's earnings.

**Funeral grant:** A lump sum of €3,950 is normally paid to the deceased's estate.

**Benefit adjustment:** Benefits are adjusted annually according to a weighted index for changes in the consumer price index and wages (80:20).

## Administrative Organization

Ministry of Social Affairs and Health (<http://www.stm.fi>) provides general supervision, including the supervision of private-sector statutory pensions.

Federation of Accident Insurance Institutions (<http://www.vakes.fi>) is the legal coordinating body for the application of statutory accident insurance legislation among member companies and for collecting statistics from member companies.

Insurance is administered by licensed private companies.

## Unemployment

### Regulatory Framework

**First laws:** 1917 (unemployment insurance) and 1960 (unemployment assistance).

**Current laws:** 2002 (unemployment) and 2002 (assistance).

**Type of program:** Voluntary subsidized insurance (unemployment fund) and social assistance system.

### Coverage

**Basic unemployment and earnings-related unemployment benefits:** All gainfully employed workers aged 17 to 68; and self-employed persons and entrepreneurs aged 17 to 64.

Membership in an earnings-related unemployment fund is voluntary.

**Unemployment assistance (means-tested):** Jobseekers who have never worked and insured persons who have exhausted entitlement to basic and earnings-related benefits.

### Source of Funds

#### Insured person

*Basic unemployment benefit:* None.

*Earnings-related unemployment benefit:* Voluntary contributions of 0.25% of salary.

*Unemployment assistance:* None.

#### Self-employed person

*Basic unemployment benefit:* None.

*Earnings-related unemployment benefit:* 3% of chosen income.

*Unemployment assistance:* None.

#### Employer

*Basic unemployment benefit:* None.

*Earnings-related unemployment benefit:* Mandatory contributions of 0.75% of payroll when the total amount of all salaries is €840,940 or less; or 2.5% of payroll when the total amount of all salaries is greater than €840,940.

*Unemployment assistance:* None.

#### Government

*Basic unemployment benefit:* Total cost.

*Earnings-related unemployment benefit:* A percentage of the total cost (38.9% in 2002).

*Unemployment assistance:* Total cost.

### Qualifying Conditions

#### Basic and earnings-related unemployment benefits:

Must reside in Finland and have worked at least 43 weeks in the 24 months before unemployment. Entrepreneurs must have worked as an entrepreneur for at least 24 of the last 48 months.

Unemployment is not due to voluntary leaving, work stoppage, or the refusal of a suitable job offer.

For entitlement to the earnings-related benefit, the insured must have been a member of an unemployment fund for at least 10 months.

**Unemployment assistance (means-tested):** Must reside in Finland. Jobseekers younger than age 24 must have completed vocational training and must not have refused a suitable job offer.

### Unemployment Benefits

**Unemployment benefit (basic benefit):** €23.50 a day.

**Child's supplement:** A daily supplement of €4.45 is paid for one dependent child, €6.54 for two, or €8.43 for three or more dependent children.

**Earnings-related benefit (unemployment fund):** If monthly earnings are less than €2,228.65, the basic daily benefit is €23.50 plus 45% of the daily wage; if monthly earnings are €2,228.65 or more, the daily benefit is €57.19 plus 20% of daily earnings in excess of €103.66.

**Increased earnings-related benefit (unemployment fund):** The benefit is payable to those who have worked for at least 20 years and have been a member of an unemployment fund for at least 5 years. The increased benefit is 55% of the difference between daily wages and the basic daily benefit. If the monthly wage exceeds €2,228.65, the earnings-related benefit declines to 32.5% of the difference between daily wages and the basic daily benefit for the part in excess.

**Reemployment program supplement (unemployment fund):** The benefit is payable to those who have worked for at least 3 years before their employment contract was terminated for production-related or economic reasons, he or she was a member of an unemployment fund for at least 10 months, and the Employment Office has entered him or her into the reemployment program. The earnings-related benefit with the reemployment program supplement is 65% of the difference between daily wages and the basic daily benefit. If the monthly salary exceeds €2,228.65, the earnings-related benefit declines to 37.5% of the difference between daily wages and the basic daily benefit for the part in excess.

**Child's supplement:** A daily supplement of €4.45 is paid for one dependent child, €6.54 for two, or €8.43 for three or more dependent children.

The maximum benefit, including the dependent child's supplement, is 90% of the insured's daily wage.

All unemployment benefits are payable after a 7-day waiting period. The benefit is payable 5 days a week for up to 500 days (if the recipient was born before 1950 and reaches age 57 before the benefit has been paid for 500 days, the benefit is payable until the end of the calendar month in which the recipient reaches age 60).

**Unemployment assistance (means-tested):** The flat-rate benefit varies according to family size and circumstances. The maximum daily benefit is €23.16 if monthly earnings are less than €253 for a single person; €848 for a family. There is no limit to duration.

**Child's supplement:** A daily supplement of €4.45 is paid for one dependent child, €6.54 for two, or €8.43 for three or more dependent children.

### **Administrative Organization**

Ministry of Social Affairs and Health (<http://www.stm.fi>) supervises unemployment insurance.

Social Insurance Institution (<http://www.kela.fi>), through its local offices, administers the basic benefit program.

The voluntary program is administered by approved unemployment funds.

At least 8,000 members are required for an unemployment fund to receive full government support.

Unemployment Insurance Fund (<http://www.tvr.fi>) collects contributions and pays benefits.

### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1948.

**Current laws:** 1992 (child allowances), implemented in 1993; and 1996 (child home care allowance), implemented in 1997.

**Type of program:** Universal system.

#### **Coverage**

All persons residing in Finland (parents or guardians) with one or more children.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** Total cost. Municipal authorities meet the total cost of the child home care allowance.

### **Qualifying Conditions**

**Family allowances:** The child must be younger than age 17 and reside in Finland.

**Birth grant:** Paid to a pregnant woman who has undergone necessary medical examinations and whose pregnancy lasts for at least 154 days. The grant is also paid for the adoption of a child younger than age 18. The grant is increased for multiple births or adoptions.

**Adoption grant:** Payable to cover the expenses of adopting a child from abroad.

**Child home care allowance:** The child must be younger than age 3. One of the parents must care for the child at home.

### **Family Allowance Benefits**

**Family allowances:** €1,200 a year is paid for one child, €2,526 for two, €4,098 for three, €5,916 for four, and €2,064 a year for each additional child.

Single-parent supplement (or legally separated or unmarried parent): €439.20 a year is paid for each qualifying child.

**Birth grant:** The mother can choose to receive clothing and other necessities (layette) for the newborn or a cash benefit of €140.

**Adoption grant:** A lump sum of between €1,900 and €4,500.

**Child home care allowance:** A basic amount of €3,027 a year is paid for one child younger age 3 who is cared for at home; a supplement of €600 a year is paid for each additional child younger than age 7.

Means-tested supplement: Up to a maximum of €135 a month.

Partial home care allowance: €70 a month is payable to a parent who has reduced his or her working hours to a maximum of 30 hours a week.

### **Administrative Organization**

Ministry of Social Affairs and Health (<http://www.stm.fi>) provides general supervision.

Social Insurance Institution (<http://www.kela.fi>) administers the program nationally.