



CHARACTERISTICS OF THE SOCIAL SECURITY SYSTEM IN FINLAND

■ MINISTRY OF SOCIAL AFFAIRS AND HEALTH
Brochure 8eng (2013)



Brochures of the Ministry of Social Affairs and Health 8eng

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■ MINISTRY OF SOCIAL AFFAIRS AND HEALTH
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Characteristics of the Social Security System in Finland

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I. The Current Development of the Finnish Social Security System

This brochure details the various components of the social security system and their administration, the policy setting that determines them, plus the costs of running the system and the various trends and developments that affect the course of Finnish social policy.

Entitlement to the services and benefits of the social security system in Finland is universal for all people resident in the country. The system, which is funded primarily from taxation and employment-related contributions, provides comprehensive health care and social welfare for everyone at all stages of life. It aims to promote people's involvement in and contribution to the development of a socially sustainable society. These characteristics locate the Finnish system within the Nordic welfare system.

The Ministry of Social Affairs and Health (MSAH) is responsible for developing legislation in the areas of social welfare and health. It also acts to oversee, maintain and assert the standards within the social security system. The Ministry's work is determined by the current strategic policy on social security contained in the Government Programme.

The long-range strategy for Finnish social policy is set out in the strategy document *Socially Sustainable Finland 2020*. This details the strategic vision and course for achieving a socially sustainable society that

- Treats all members of society fairly
- Reinforces participation and a sense of community
- Supports health and functional capacity
- Provides the security and services required by its members.

A distinctive feature of the social security system is the role of local authorities, or municipalities, which handle the practical work of service provision according to statutory requirements and monitoring as well as recommendations and guidelines.

The municipalities operate social welfare and health services funded by the municipal tax system and allocations from central government. Private service providers operate a range of services locally in coordination with municipal authorities, in addition to which users of private health services may be reimbursed for a portion of the costs they pay.



The reform of the municipal system seeks in part to provide better-coordinated health and social services.

The MSAH gives special attention in its strategic planning to the sustainability of the social security system. This comes against the backdrop of the increasing globalisation of the economy, the greater volatility of the world financial system and changing patterns in employment, cross border mobility, EU integration and demographic compositions.

The strategic aims of the MSAH are to make the social security system robust enough to be able to continue to provide universal coverage while at the same time enhancing people's functional capacity to ensure full access to employment.

Employment is key to maintaining a durable social security system, and a well functioning system is crucial to sustaining employment and long working careers, thereby promoting Finland's economic growth and competitiveness. This concern is especially important because the population in Finland is ageing faster than elsewhere, a development that will increase the demands on the social security system.

It is with this in mind that the MSAH strategic plan Socially Sustainable Finland 2020 triangulates its core strategies of providing a strong foundation for welfare, access to welfare for all, and a healthy and safe living environment into a single ensemble.

2. Financing and Expenditure

The social security system is financed partly by the state and partly by the insurance contributions made by employers and employees. The state is generally in charge of basic (minimum) benefits and allowances. It also contributes to funding pensions for specific groups.

Taxation is the main source of funding for public sector social and health care, provided by municipalities.

Insurance contributions by employers and employees and membership contributions to unemployment funds provide for

earnings-related unemployment benefits. The state contributes to these benefits. Employer and employee contributions also finance earnings-related pensions.

National pensions are funded by the state. Employees, self-employed people and employers finance health insurance in the form of sickness benefits, while medical expenses insurance is covered by insured persons and the state.

Social spending was € 55.0 billion in 2010. This is close to 31% of Gross Domestic Product (GDP). Adjusted to per capita

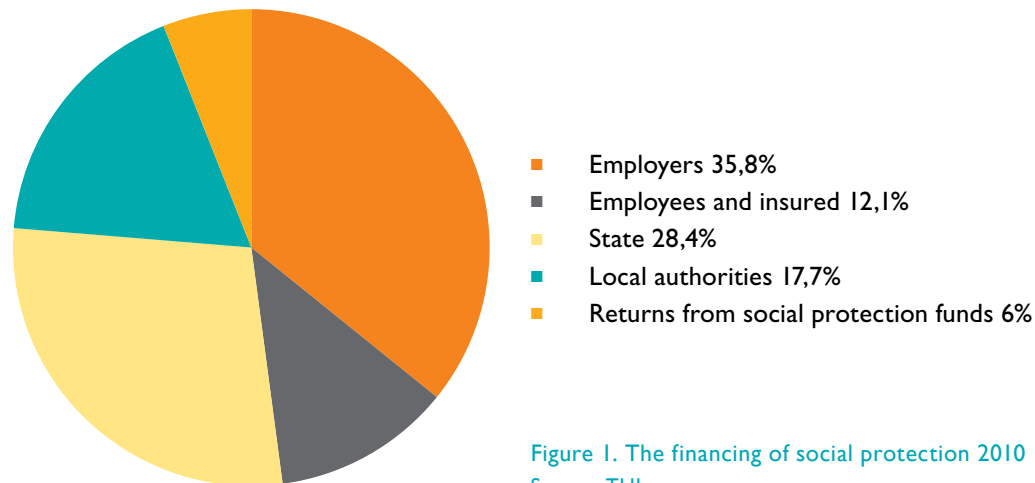


Figure 1. The financing of social protection 2010
Source: THL

purchasing power this puts Finland on the European Union average.

Municipal social and health expenditure was € 20 billion in 2010, some 53% of total municipal spending. Social expenditure mainly comprises pensions, sickness and unemployment insurance, and the costs of social and health services.

For the MSAH the development of the economic dependency ratio represents the most important national challenge for the financing of the social security system. This is particularly due to the increase in the

numbers of older people in the population as the larger age groups reach retirement and the average life span increases. The working population is expected to undergo a commensurate decrease, though this may be lessened if immigration remains at the level it has in recent years.

A positive trend in employment will help keep the economic dependency ratio at a manageable level. The pressures on financing the social security system are transmitted through earnings-related contributions to employers and people who are insured.

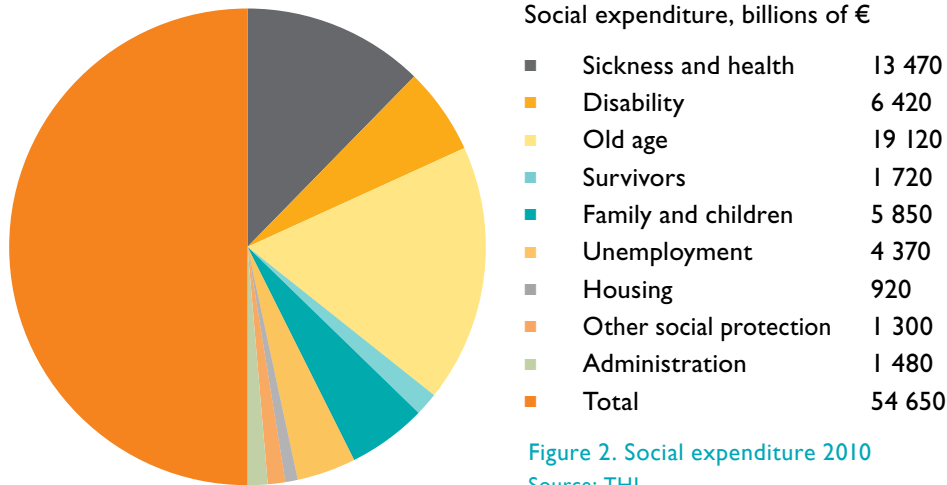


Figure 2. Social expenditure 2010

Source: THL



3. The Organisation of Social Protection

The MSAH is responsible for implementing government policy on social security. It does this by drafting legislation and developing the social security system. The MSAH focuses on key priorities in social policy. Its departments and special units manage and coordinate the practical work on implementing policy. Local authorities have a strong degree of autonomy in arranging social and health care services.

The Social Insurance Institution (Kela) administers the benefits system. Kela is an autonomous statutory body overseen by Parliament. It administers benefits and allowances related to unemployment, sickness, retirement and other pension benefits, conscripts, housing, disability and care for pensioners, and survivors.

A major part of the social security system comprises the various forms of insurance concerning pensions, workplace accidents and occupational disease. These areas involve a mix of public and private sector activity. For instance, the earnings-related pensions system involves pension insurance companies, pension funds and foundations for people working in the private sector. Pensions are administered by the Keva institution.

The Finnish Centre for Pensions coordinates pension scheme activity on earnings-related pensions. The Financial Supervisory Authority supervises insurance and pensions institutions.

MINISTRY OF SOCIAL AFFAIRS AND HEALTH

<p>Pensions</p> <ul style="list-style-type: none"> • Old Age • Disability • Survivors 	<p>Accidents at work</p> <p>Occupational diseases</p>	<p>Unemployment</p>	<p>Health care services and reimbursements</p>	<p>Sickness and maternity benefits</p>	<p>Family benefits</p> <p>Housing allowances</p>	<p>Social assistance and social services</p>
<p>For national pensions:</p> <ul style="list-style-type: none"> • Social Insurance Institution (Kela)* <p>For earnings-related pensions:</p> <ul style="list-style-type: none"> • Private sector employment pension insurance institutions and public sector statutory earnings-related pensions institutions. • Central body: The Finnish Centre for Pensions 	<p>Private insurance companies</p> <p>Central body: Federation of Accident Insurance Institutions</p>	<p>Unemployment insurance funds</p> <p>Social Insurance Institution (Kela) *</p> <p>The Unemployment Insurance Fund (TVR)</p>	<p>Local authorities</p> <p>Private sector services</p> <p>Social Insurance Institution (Kela)*</p>	<p>Social Insurance Institution (Kela)*</p>	<p>Social Insurance Institution (Kela)*</p>	<p>Local authorities</p> <p>Private sector services</p>

* An independent body under the Parliament responsible for the basic benefits.

Figure 3. Organisation of social protection in Finland

4. Branches of Social Security

PUBLIC HEALTH CARE SERVICES

Entitlement to health services is based on residence. Public health care services comprise primary and specialised services arranged by health centres and hospital districts, respectively. Local authorities are primarily responsible for arranging health services. New health care legislation that took effect from May 2011 provides greater flexibility in matters of patient choice of place of health care and in the collaboration between local authorities in arranging health care.

Local authority health services cover all aspects of primary health care. Such services include health advice and health examinations, medical treatment, mental health care, transportation of patients, dental care, child health clinics, family counselling and child guidance clinics, health care in schools, student health care, occupational health care, and screening and mass examinations. The municipal authorities are also in charge of providing rehabilitation so long as it does not fall under the responsibility of the Social Insurance Institution, the earnings-related pension scheme, motor liability insurance or another system.

Health centres generally charge a visit fee, determined by the local authority. A

daily fee may be charged for short-term institutional care in health centre bed units and hospitals. There is an upper limit of fees for the year beyond which the services are free. For long-term patients fees are mainly determined on the basis of income.

SICKNESS BENEFITS

Health insurance

All residents in Finland are covered by national health insurance. Statutory health insurance provisions comprise medical treatment insurance and daily allowance insurance.

The reimbursement for medical treatment and related expenses for people covered by the Finnish health insurance scheme comprises outpatient medicines, sickness-related travel costs and private sector treatment.

Reimbursements for prescription medicines in out-patient treatment are divided into high, basic and low reimbursement categories. The first entails a fixed sum that the client pays, whereas in the remaining two categories reimbursements are calculated as a percentage of the price of the medicine. There is an annual limit on the costs of medicines for clients (roughly 670 euros in 2013). When this limit is exceeded, the amount

over the patient co-payment of EUR 1.50 per medicine is refunded in full. Patients usually obtain reimbursements on the spot by presenting their Kela card at the pharmacy.

Reimbursements also cover a proportion of travel costs when receiving medical treatment, above a threshold payment that patients have to pay themselves. This personal liability covers single journeys and costs accrued over a calendar year (about 240 euros per year).

Health insurance reimburses a portion of private medical practitioner's fees and dentist's fees and the cost of the treatment. An official schedule of rates governs the reimbursement of fees, medical examination and treatment costs. About a third of the real costs incurred by the insured are reimbursed.

Daily sickness allowance

The Social Insurance Institution (Kela) pays sickness allowance for loss of earnings. In cases where employers pay employees' salaries during sick leave, the allowance is paid in the form of compensation to the employers. Sickness allowance entails a waiting period of nine working days from the onset of work incapacity. Recipients must be of working age (between 16 and 67), employed at some point during a three-month period before becoming ill, and must be declared unfit to work on medical grounds.

Sickness allowance is available for all people who are insured, including full-time

students. The allowance is generally determined as a certain percentage of the insured claimant's declared and assessed earned income or the applicant's earned income over a six-month period. If there is no earned income, the insured claimant is paid a fixed minimum daily allowance when he or she has been unfit for work for 55 days. The allowance is treated as taxable income.

Rehabilitation

The rehabilitation services and related income security provided by the Social Insurance Institution relates to medical rehabilitation for people with severe disabilities, vocational rehabilitation for people whose working capacity has deteriorated or is at risk, and discretionary rehabilitation.

Rehabilitation is provided in the form of therapies and institutional rehabilitation. The costs of rehabilitation are reimbursed in full, and travel expenses are refunded except for the rehabilitee's own share of the costs.

A rehabilitation allowance is paid for the rehabilitation period, if the purpose of the rehabilitation is to enable the person concerned to remain in active employment, to return to work or to enter the labour market. The amount of the rehabilitation allowance is generally determined in the same way as the allowance provided by the health insurance scheme.

Care and disability allowances

Disability allowance for people under 16 years of age

Child care allowance is paid for a child who, due to illness or handicap that has persisted for at least six months, needs care and rehabilitation that incurs a financial or other burden. There are three categories of childcare allowance.

Disability allowance

The purpose of disability allowance is to support people with disabilities over 16 years to manage everyday life, work and studies. This allowance is payable to people who do not receive a pension. Its amount is graded according to three categories.

Care Allowance for Pensioners

The care allowance for pensioners is designed to compensate people receiving pensions for additional care costs caused by illness or disability. Eligibility depends on whether claimants' ability to function has been reduced for at least a year. The care allowance is graded in three categories according to the need for care.

FAMILY BENEFITS

Finnish family policy aims to provide children with a safe environment in which to grow up, and to ensure that parents are

materially and mentally equipped for raising children. The state contributes to the expenses incurred by families in bringing up children in a variety of ways, including through financial support and arrangements for childcare. The system of family leave ensures that both parents have an equal chance to be involved in childcare. It also helps to combine work and family life, as do quality early childhood education services.

Parents may receive a number of benefits from the Social Insurance Institution. Benefits include maternity, paternity and parental allowances. The qualification threshold is that beneficiaries must have lived in Finland for at least 180 days before the due date of their baby. Insurance periods in other EU countries are taken into account in assessing eligibility.

Maternity allowance

Mothers are entitled to maternity allowance while on maternity leave. The allowance is paid for the first 105 days of entitlement. Mothers can go on maternity leave a maximum of 50 days before the due date, or a minimum of 30 days. If employers pay salaries to mothers who are on maternity leave, the allowance is paid to them.

Paternity allowance

Fathers are entitled to 54 days of paternity allowance while on paternity leave after the birth of their child. Adoptive fathers and people in



a registered partnership, regardless of gender, are also eligible for paternity allowance.

Parental allowance

Parental allowance is paid for 158 working days for parental leave, which follows maternity leave. Parental leave can be taken by either mothers or fathers. The calculation of maternity, paternity and parental allowances use the same criteria. Both parents cannot be on parental leave at the same time, except in the case of multiple births, in which case the payment period of parental allowance is extended by 60 working days for each child.

Maternity grant

A maternity grant can either be taken as a cash benefit or in the form of a maternity package. The maternity package contains clothes for the baby and other useful items.

Child benefit

The Social Insurance Institution pays a monthly tax-free child benefit for each child up until the age of 17. This is paid at a higher rate for single parents.

Child home care and private day care allowances

After parental allowance ceases, parents can take child care leave with full employment

security to look after a child under age of three, though both parents cannot be on full-time leave at the same time. Employers are not required to compensate employees who are on child care leave. After the period of leave, employees are entitled to return to their previous job or a comparable position.

Child home care and private day care allowances are paid in cases where children are not in municipal day care, the former until children reach the age of three, and the latter until they start school.

Child maintenance allowance

Local authorities pay maintenance to support children in a situation where a child under 18 does not obtain sufficient maintenance from both parents. The child is entitled to maintenance allowance if the child's father or mother does not pay his/her share of the child's maintenance. The right to maintenance also applies to children born outside of marriage where paternity has not been established. A child adopted by an adoptive parent alone is also entitled to maintenance allowance.

INDUSTRIAL ACCIDENTS, OCCUPATIONAL HEALTH AND SAFETY

The MSAH promotes occupational health and safety at work by developing and super-



vising applicable legislation. It also takes part in the international development of occupational health and safety standards.

The risk of permanent incapacity is reduced by promoting health and work ability, improving work conditions and enhancing occupational health. A particular concern has been to reduce workplace accidents and days lost to sick leave.

All employed people are covered by statutory occupational accident insurance. By law employers are also required to arrange occupational health services for their employees. Self-employed people can arrange access to occupational health care on a voluntary basis. Employers can purchase occupational health services from a local authority health centre or private service supplier.

Employers are entitled to be reimbursed for a portion of their occupational health expenses. The same applies to entrepreneurs and self-employed people.

Occupational Accident insurance

A key feature of social security in occupational safety is the role of statutory accident insurance. Accident insurance entitles employees to compensation for financial loss caused by a workplace accident or occupational disease.

Accident insurance covers all employees with work contracts. Self-employed people can join the statutory insurance scheme on a voluntary basis. Statutory insurance pro-

vides compensation for essential medical treatment and loss of earnings. It includes a daily allowance for short-term work incapacity linked to employees' salary levels.

Extended occupational disability may result in entitlement to an industrial injuries pension, assessed at 85% of the employee's salary and dropping to 70% after the age of 65. A partial allowance and partial pension may also be payable in case of partial incapacity. A disability allowance is paid for permanent incapacity caused by injury or illness. Medical and vocational rehabilitation are also covered by accident insurance.

Employees' group life insurance

Almost all employees are covered by group life insurance. Employer obligations concerning insurance are contained in employment contracts. Group life insurance reimbursements are made as a single payment to the deceased's spouse and children, including those between the ages of 18 and 21 who are students.

PENSIONS

Pensions ensure financial security in old age or in the event of disability and unemployment in later life, and as such they form another pillar of the social security system.

National and earnings-related pensions

There are two statutory and complementary pension systems in Finland: the national pension supplemented by a guarantee pension, and the earnings related pension. The former provide basic income for people entitled to only very small earnings-related pensions or none at all. The national pension is financed through taxes. The Social Insurance Institution administers the national pension.

The earnings-related pension, under the Employees Pensions Act (TyEL), is financed by employer and employee contributions. Contributions are determined annually by the MSAH. Private insurance companies, funds and foundations, which are authorised by the MSAH administer TyEL.

Earnings-related and national pension benefits include the old age pension, disability pension (unemployment pension) and survivors' pension. The part-time pension falls within the sphere of the earnings-related pension.

Pensions may be supplemented by housing allowance for pensioners, care allowance for pensioners and front-veterans' supplement.

Guarantee pension

The guarantee pension increases the minimum pension level to a yearly adjusted amount (€ 739 per month in 2013). The

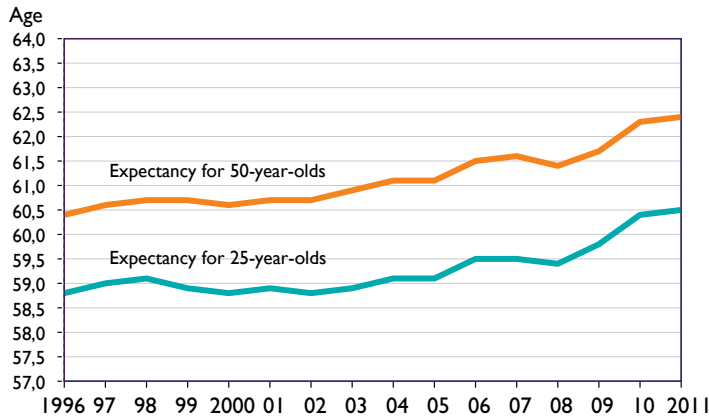


Figure 4. Expected effective retirement age

Source: The Finnish Centre for Pensions

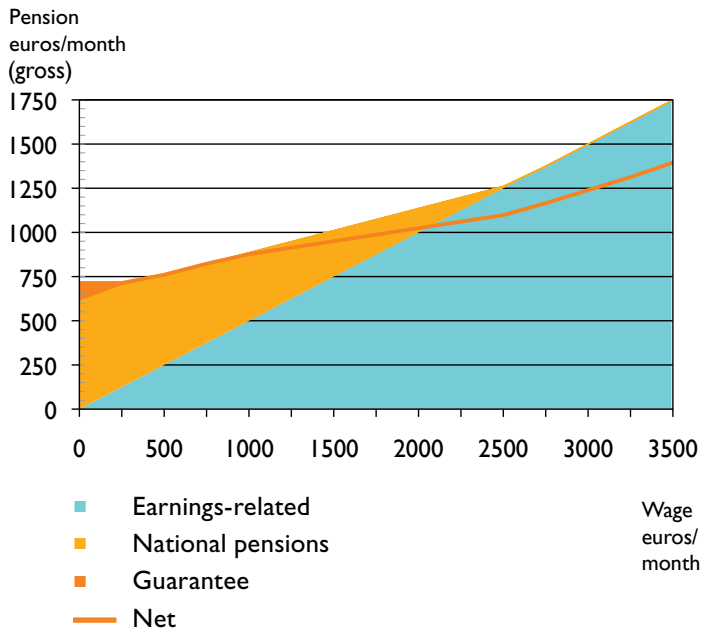


Figure 5. Total pension 2012

Source: The Finnish Centre for Pensions

amount of the guarantee pension is affected by any other pension income, but is not otherwise means-tested.

Pension benefits

Disability pension

Long-term loss of income due to work incapacity is covered by disability pensions. The basis for determining disability for work is a report on the claimant's state of health and assessment of remaining work capacity.

The disability pension may be granted either indefinitely or for a set period, in which case it becomes rehabilitation allowance. Under the earnings-related pension system disability pension or rehabilitation benefit can also be granted in the form of a partial pension.

In the earnings-related pension scheme a disability pension is paid to an employed or self-employed person under 63 whose capacity for work has been impaired because of illness, impairment or injury for at least one year. If a person's ability to work has been reduced by at least three fifths, the pension is granted in full. If work ability has been reduced by at least two fifths, a partial disability pension is granted.

A cash rehabilitation benefit is paid to a person who is unfit for work and whose injury or disease is thought likely to be cured through therapy or rehabilitation. For a benefit to be awarded the person must be unfit



for work continuously for at least one year. The benefit can be withdrawn if there is a change in work ability or if the recipient refuses rehabilitation without good reason.

A full disability pension and cash rehabilitation benefit can be converted into a partial disability pension or partial cash rehabilitation benefit as the person's work ability and earnings change. A person in receipt of a full disability pension may have a maximum of 40% and a person with partial disability pension a maximum of 60% of their earlier regular earnings.

Projected pensionable service – the time from the onset of work incapacity until one reaches the statutory retirement age – is taken into account on certain conditions in disability pensions. The earnings for projected pensionable service are determined, as a rule, based on the insured earnings for the five calendar years preceding the year of the onset of work incapacity.

In the national pension scheme, if one is aged between 16 and 64, residing in Finland, or in another EU or EEA Member State and unable to work one is eligible for a disability pension under the national pension scheme. One is eligible for a disability pension if, owing to illness, impairment or injury, one is unable to do one's usual work or comparable work.

The disability pension is paid in the form of a disability pension or fixed-term cash re-

habilitation benefit. In order to qualify for a disability pension under the national pension scheme one must have lived in Finland for a minimum of three years in all after the age of 16. Someone under 21 who has become disabled while living in Finland receives the pension without the qualifying period. The pension sum is proportional to the time of affiliation to the national pension scheme.

Old-Age Pension

Within the framework of the earnings-related pension scheme it is possible to retire on a pension flexibly at your choice between 63 and 68. A disability pension is converted into an old-age pension as the pensioner attains the age of 63.

On reaching the age of 65 people resident in Finland or another EU or EEA Member State are entitled to an old-age pension under the national pension scheme. It is possible to defer the application for national pension, in which case its amount is increased. Finnish nationals and nationals of other EU or EEA Member States must have been resident in Finland for a minimum of three years after reaching the age of 16.

Earnings-related pensions are calculated based on annual earnings, in regard to self-employed persons based on the annual insured earnings. Pension accrues by the following percentages according to age:

1.5%	18–52 years
1.9%	53–62 years
4.5%	63–67 years

If you work while in receipt of a pension, the pension accrues based on the employment up to 1.5% of the income from work. Your pension also accrues on earnings based on earnings-related social security benefits (i.e. sickness/parental allowance and unemployment allowance).

Since 2005 pension has also accrued for periods of studies leading to a degree or diploma and for periods of care of a child under the age of three. This pension is financed by the state.

An old-age pension under the national pension scheme is paid only if the person does not obtain any other pension or the pension is small.

The amount of national pension also depends on the length of the period the person has been resident in Finland between the ages 16 and 65. The requirement for entitlement to a full old-age pension is that the person has been resident in Finland for at least 40 years.

Survivors' pension

Under the earnings-related pension system, the survivors' pension compensates for a family's lost income caused by the death of the breadwinner. Under the national pension system, on the other hand, the survi-

vors' pension safeguards a minimum income for the surviving spouse and children. Survivors' pensions may be paid from both systems.

In both pension schemes surviving partners are entitled to a survivors' pension, provided that their marriages or registered relationships took place before the deceased partner reached the age of 65.

A surviving partner is always entitled to a pension if the couple has or has had a child. If they have not had a child the conditions for receiving the survivors' pension require that the surviving partner is at least 50 at the times of the bereavement. In the earnings-related pensions scheme the age limit does not affect a surviving partner who has been receiving a disability pension for at least three years. In addition, the marriage/registered relationship must have taken place before the surviving partner is 50 and must have lasted for at least five years. Remarriage or a new registered relationship before the survivor is 50 means the survivors' pension ceases.

A child's pension, under the national pension scheme, is paid to a partial or full orphan under 18 who is resident in Finland or another EU Member State. A student receives a child's pension until the age of 21. In the earnings-related pensions scheme children under 18 are paid a pension following the death of a parent or other legal guardian.

In the earnings-related pension scheme

a survivors' pension is based on the pension the deceased had or would have had if he/she had become unfit for work just prior to death. The pension is divided between the survivors. The surviving partner's own earnings-related pension and income determine the amount of the survivors' pension he/she receives.

In the national pension scheme the survivor's pension is paid in the form of an initial pension for six months and thereafter as a continuing means-tested pension. The continuing pension ceases when the surviving partner reaches the age of 65 or starts to receive her/his own pension.

Unemployment Pension

The unemployment pension was designed to provide income security for older people who become unemployed and are under retirement age. This is being phased out. The pension can be granted only under the national pension scheme to people born before 1950 and it is converted to an old-age pension at the age of 65. In the earnings-related pension scheme new unemployment pensions are no longer granted.

Early retirement pension benefits

In the earnings-related pension scheme people born in 1954 or thereafter may take part-time pension at the earliest at the age of 61.

Child Increase

National pensions may be augmented by an additional payment for children under 16. Claimants are eligible if they receive a national or earnings-related pension.

Pension payments are increased for each child of the claimant or spouse who lives in the same household. It is also available in the case of foster children. The child increase is a flat rate benefit, tax free and adjusted annually to changes in the National Pension Index.

UNEMPLOYMENT BENEFITS

Unemployment allowance

The Social Insurance Institution pays basic unemployment allowance in the form of a daily flat rate benefit. The basic unemployment allowance is paid to unemployed job seekers aged between 17 and 64 who were employed for at least 43 weeks during the 28 months preceding unemployment.

Earnings-related unemployment allowance is available to people who belong to an unemployment fund and can be paid for up to 500 days. Membership of an unemployment fund is voluntary. The earnings-related unemployment allowance is calculated on the basis of the claimants' regular monthly pay for the 10 months preceding unemployment.

To be eligible for unemployment benefits claimants must live in Finland, register with an unemployment office as an unemployed job seeker, be in search of full-time work, be fit to work and meet the condition concerning previous employment.

Self-employed people are eligible for the allowance as long as they have worked in a self-employed capacity for 24 months out of the previous 48 before becoming unemployed and their business activity has been sufficiently large scale. The earnings-related daily allowance is paid to self-employed claimants who have been a member of an unemployment fund for self-employed people.

A claimant's spouse's income does not affect the amount of the unemployment allowance. If claimants have lost their jobs due to business or production factors, they may receive a higher rate of basic unemployment allowance. This increase comprises an employment programme supplement and an increment.

Labour market subsidy

If claimants do not meet the requirements for the unemployment allowance, they may be entitled to labour market subsidy. The Social Insurance Institution also pays this. The labour market subsidy is a means-tested benefit equal to the basic unemployment allowance. The subsidy is paid for an unlimited period.

The labour market subsidy is designed to give financial assistance for unemployed job seekers who have joined the labour market for the first time or else do not have recent work experience.

It is also meant for people who are long-term unemployed who have come to the end of their 500-day entitlement to basic or earnings-related unemployment allowance. Unemployed people who are living with their parents and who do not meet the minimum employment requirement receive 50% of the means-tested labour market subsidy.

Extended unemployment allowance

The labour market subsidy is paid until statutory retirement age, while unemployment allowance carries a 500-day ceiling. For older people who are unemployed and who meet the conditions concerning previous employment there is an extended unemployment allowance.

If claimants who were born between 1950 and 1954 are paid unemployment allowance when they reach the age of 59, they are eligible for an extended allowance. This is payable up until the end of the month during which they reach the age of 65. After this they receive old-age pension. Claimants born in or after 1955 must reach 60 years of age to be eligible for an extended allowance, while for claimants born in or after 1957 the age limit is 61.

The requirements are that they receive unemployment allowance for employees, and they have to have been in work for at least five years out of the last 20 years. Extended unemployment allowance is not available for people who receive unemployment allowance for self-employed people.

HOUSING BENEFITS

General housing allowance

General housing allowance is provided for low-income households in rented or owner-occupied houses and apartments. The amount of the allowance is based on such things as income, cost of living and size of the flat and family.

Housing allowance for pensioners

This allowance is payable to people over 65 years old or to people aged from 16 to 64 who receive a pension and are resident in Finland. The amount of housing allowance depends on family relations, income and property. Housing allowance for pensioners is payable for reasonable housing costs that exceed the occupant's own share of 85%.

Housing supplement for students

Students can receive a housing supplement, if they have no children and live in rented or partial-ownership accommodation. If they are not eligible for the supplement – if they have children or are owner-occupiers – they can apply for the general housing allowance.

Housing assistance for conscripts

Conscripts performing military service may be entitled to housing assistance, which can also be paid to their families.

SOCIAL ASSISTANCE

Social assistance is a last resort form of income security. Local authorities pay means-tested social assistance when the income and resources of a household are insufficient to cover necessary daily expenses.

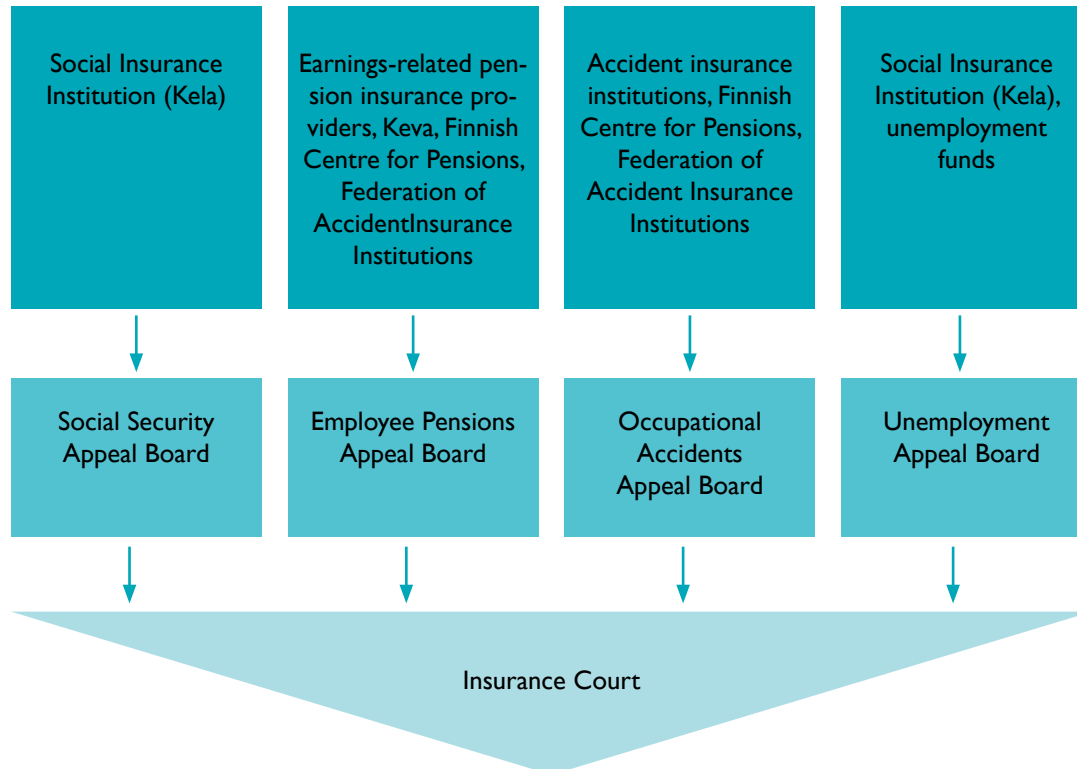
Social assistance is divided into three categories: basic, supplementary and preventive.

The aim of preventive social assistance is to help enable individuals and families to manage independently and to prevent social exclusion and long-term dependence on social assistance.

5. Rights of complaint and appeal

There are specific procedures clients and patients may use to appeal various decisions and practices that concern them in the administration of various aspects of the social security system.

A person obtains decisions relating to statutory social security benefits in writing, and if the person is dissatisfied with a decision, he or she may appeal against it. Appeal procedure is two-staged and the first instance of an appeal is an appeal board.



For more information on benefits and payments, please see

www.stm.fi/benefits

Authorities and institutions

Ministry of Social Affairs and Health	www.stm.fi
Social Insurance Institution	www.kela.fi
Finnish Centre for Pensions	www.etk.fi
Finnish Institute of Occupational Health	www.occuphealth.fi
Association of Local and Regional Authorities	www.localfinland.fi
Federation of Accident Insurance Institutions	www.tvl.fi
National Institute for Health and Welfare	www.thl.fi
The Finnish Pension Alliance TELA	www.tela.fi
Keva (public sector pensions)	www.keva.fi

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