



Residence-based social security in international situations

A legislative project on appropriate allocation of Finnish residence-based social security in cross-border situations



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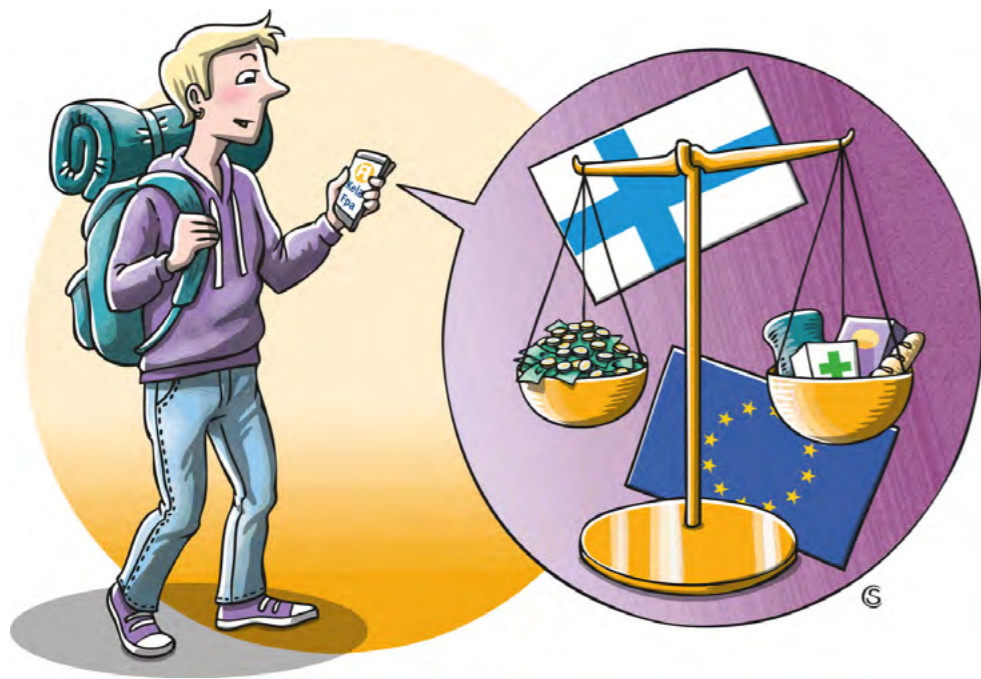
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Residence-based social security in international situations





Ensuring the future of the Finnish residence-based social security

On what grounds do people leaving Finland remain covered by residence-based social security? How can people coming to Finland become entitled to residence-based social security? These questions were studied at the Ministry of Social Affairs and Health as part of a key project of Prime Minister Juha Sipilä's Government. The key project was called 'Services to be based on customer needs'.

The goal was to update and clarify the legislation so it would be up-to-date when mobility between Finland and other countries increases. The reform also balanced people's rights and obligations. New electronic services and the opportunities brought about through digitalisation were also taken into account.



New way of working - better final result?

The act was prepared in a new manner. The working group was not given a bill already written in the form of a government proposal. Instead, the parties constructed the legislative package together at workshops. The workshops included themes such as:

- The Finnish welfare state now and in the future
- Finland and the EU - Is the EU a problem?
- Social security of an employee crossing borders
- Staying and residing in Finland
- Immigration and social security
- For the government or for the people?
- Central government finances
- Strengthening data exchange

New act as result

A new act on residence-based social security in cross-border situations will replace the Act on the Application of Residence-Based Social Security Legislation that entered into force in 1994.

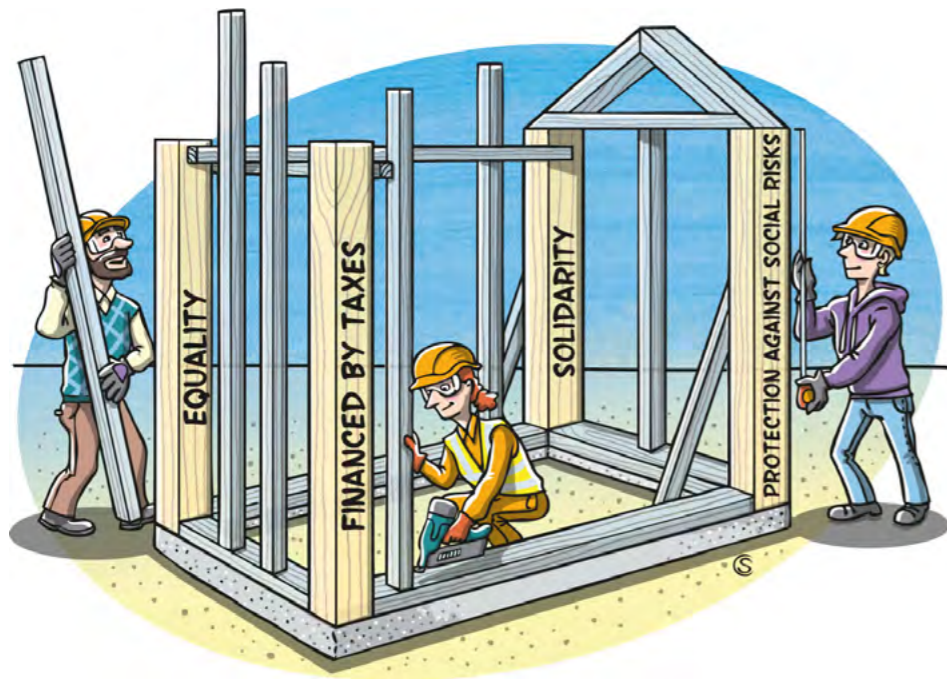
The new act will affect everyone moving abroad or coming from abroad.

The act will provide when a person coming from abroad to Finland is entitled to Finnish residence-based social security.

The Social Insurance Institution of Finland, Kela, will apply the act when making decisions on granting residence-based benefits.

The act will be applied together with legislation on benefits and often with EU legislation.





Structures of the Finnish welfare state

Constitution Act	Guarantees everyone the right to social security.
Equality	Social security equally applies to everyone residing and working in Finland.
Financed by taxes	Everyone participates in covering the costs according to their personal abilities.
Solidarity	We all are responsible for our society.
Protection against social risks	Social security helps people in various life situations.

What does Finnish social security include?

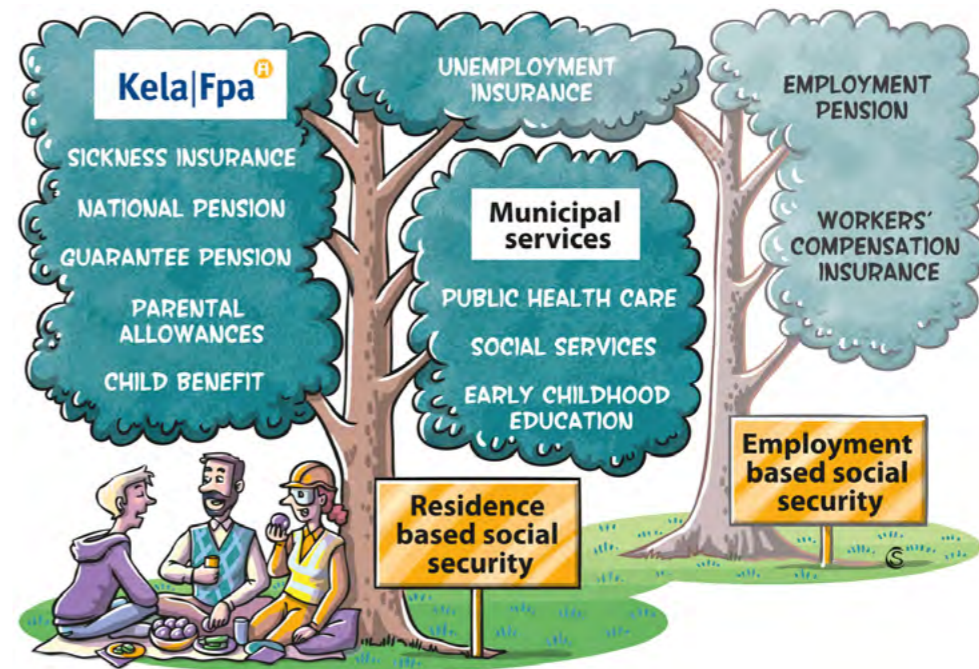
The Finnish social security is divided into residence-based and employment-based social security.

Residence-based social security (benefits paid by Kela): *health insurance, national pension, guarantee pension, child allowances, parental allowances, unemployment benefits*

Other residence-based security (municipalities' services): *public healthcare, early childhood education and care, social welfare services*

Employment-based social security (paid for example by pension insurance and accident insurance companies and unemployment funds): *employee pensions, benefits related to occupational accidents or diseases, earnings-related unemployment security*

The reform focused on residence-based social security.



Social security for people coming from abroad

People coming from abroad to work in Finland are entitled to residence-based benefits.

- Right to benefits for as long as the work continues.

If a person comes to Finland for some other reason than for work, his or her right to benefits will be determined based on residence.

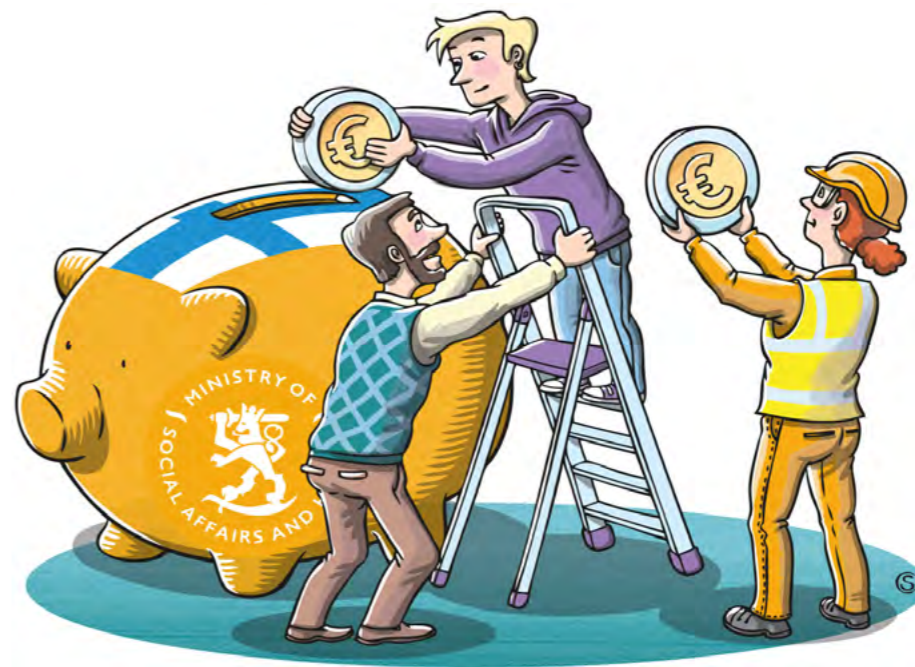
- The residence situation shall be assessed on the basis of EU legislation if the person comes from an EU or EEA country. In other cases, the assessment shall be based on the conditions mentioned in Municipality of Residence Act.



Maintaining welfare state structures – financing social security

Residence-based social security is financed by taxes and social security contributions. These are paid by employees, employers, entrepreneurs, pensioners and other insured persons.

Residence-based social security is meant to be equally available to all residing in Finland. People living in Finland and paying taxes here are together participating in maintaining the system. Benefits are provided for domestic needs and they are part of the Finnish system.



How does the EU affect the Finnish social security?

Finland decides what kind of a social security system and which benefits we have. When people move from one country to another, EU countries' different social security systems are coordinated based on EU legislation. In cross-border situations, EU regulations on social security shall be prioritised over Finnish legislation. EU legislation requires that all people crossing borders are treated equally.

People living in Finland generally are entitled to residence-based social security. The right to social security may also apply to persons who work in Finland but live elsewhere. In such cases, even the family members of the employee may be entitled to benefits from Finland. Similarly, people living in Finland may receive benefits from other EU member countries.





Social security rights are coordinated within the EU

When persons move within the EU, the social security systems of the different countries are coordinated. The rules are based on five principles:

- People are covered by the legislation of one country at a time.
- People are treated equally.
- All work periods carried out by the same person in different countries are taken into account.
- People may receive benefits from other member countries.
- Good cross-border administrative cooperation.

The coordination is based on the EU's social security regulations that have been in force since the 1950's.

Current regulations:

- 883/2004
- 987/2009

Finnish social security helps abroad

Persons moving abroad may still receive Finnish benefits in certain situations. Social security does not depend on nationality.

- People may receive benefits for six months at the most when staying abroad. However, this does not apply to persons who move to another EU or EEA country for work.

The right to residence-based social security usually ends if the person travels abroad for a period longer than six months. The right to benefits may continue even longer depending on the reason for moving from Finland and the new country of residence.

- There are also specific provisions applying to posted workers, researchers, grant recipients and students.

When these persons return to Finland, they regain their right to Finnish social security benefits.





Checklist for people moving abroad




- Check your own data at Kela.
- Remember to notify that you are moving abroad or returning to Finland.
- Note that the Finnish services do not follow you when you move abroad.
- Check the terms of your travel insurance.

Checklist for people returning or moving to Finland

- People returning to Finland: notify Kela that you have returned. Then it is easier for you to use the services of pharmacies, for example.
- People moving to Finland: If you are moving to Finland for work or to reside here permanently, please make yourself familiar with Kela's benefits. You can apply for benefits for various life situations from Kela and receive a Kela card and/or a European Health Insurance Card.





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