

Financial statement release

# 2024

25 February 2025



Työllisyysrahasto  
Sysselsättningsfonden | Employment Fund

## Employment Fund's key figures for 2024

As expected, the amount of unemployment insurance contributions collected by Employment Fund during 2024 remained well below the totals collected during the comparison period. This was because the unemployment insurance contributions for 2024 were substantially lowered as proposed by Employment Fund.

At the same time, there was a substantial increase in the financial benefits paid by the Fund, compared to the previous year. The economic and employment situation was weaker than in the comparison period, which led to an increase in unemployment security expenditure during 2024.

As expected, lower insurance contributions pushed the result for the year (change in net position) into deficit though the deficit was further deepened by higher unemployment expenditure.

	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Unemployment insurance contributions and other income	2,347	3,627
Financial benefits paid and administrative expenses	-3,163	-2,934
Net financial income	67	69
<b>Change in net position</b>	<b>-749</b>	<b>763</b>
Investment assets, cash and cash equivalents	1,513	1,869
Receivables, accruals and fixed assets	447	859
Short-term and long-term loans	599	599
Unemployment insurance contribution and other liabilities	89	109
<b>Net position</b>	<b>1,272</b>	<b>2,021</b>
Unemployment insurance contribution (average)	1.61%	3.04%
Change in total payroll*	2.2%	4.6%
Unemployment rate (average)	8.4%	7.2%
Return on investments	4.2%	4.1%

\*Change in cumulative payroll during the reporting period compared to corresponding payroll in the same period in 2023. Calculated on the basis of the wages and salaries on which the unemployment insurance contribution is paid.

## Managing Director's review

In 2024, there were significant changes in the operations of Employment Fund and at the same time, we set our sights to the future. Parliament approved the abolition of adult education benefits and as a result, we started the gradual phasing out of the benefits. Parliament also approved a number of changes reducing unemployment security expenditure. Amid the changes, we focused on carrying out of our statutory duties and set our sights to the future by updating the Fund's strategy.

From now on, our vision is to be a respected and effective executor of social security. Our strategic goals are we produce customer-oriented digital age services reliably and with high quality, and we increase productivity and efficiency. Our mission will remain unchanged as the Fund will continue to provide security for changes in working life.

The aim of our strategic development projects is to enhance our digital services, boost efficiency and productivity and to make our systems more capable and reliable. During the first half of 2024, we carried out a public IT purchase as a competitive dialogue, and started project implementation in the autumn of the year. The aim of the project, in which the focus is on developing IT platform services, is to ensure that we can continue to provide our customers, stakeholders and personnel with up-to-date, user-friendly, reliable and secure digital solutions and services.



### **DECISION TO ABOLISH THE ADULT EDUCATION BENEFITS PUSHED THE NUMBER OF APPLICATIONS TO RECORD LEVELS**

As Parliament was discussing the Government's proposal to abolish the adult education allowance, individuals eligible for the benefit made extensive use of their right to apply for it. During the first half of 2024, the number of applicants was about 1.5 times higher than during the same period in 2023. However, the decision that no adult education allowance would be granted to studies starting on or after 1 August 2024 led to a dramatic drop in the number of applicants in the autumn. Increase in the number of applicants and huge interest in the allowance as well as the uncertainty accompanying the abolition were not reflected in customer satisfaction with the adult education allowance services. It remained at extremely high level.

Abolition of the adult education allowance also means dismissals. Change negotia-

tions took place at Employment Fund and the personnel reductions will be carried out in tandem with the abolition process. At most, Employment Fund will terminate 73 tasks. This means that the abolition of the benefits will lead to major changes in staff numbers in the Fund even though the allowance scheme only accounts for about 10% of our total expenditure.

The abolition of the adult education benefits was extensively discussed in the public and in Parliament throughout the legislative amendment process. We produced a large amount of information on the use and content of the benefits to support the debate and decision-making. A model replacing the scheme was one of the topics discussed. Two schemes are being implemented: a model based on student loans and a subsidy scheme managed by the Service Centre for Continuous Learning and Employment. However, the latter scheme would be available to employers instead of persons participating in education.

### **EMPLOYMENT FUND'S RESULT WAS IN DEFICIT BUT THE REDUCTIONS IN UNEMPLOYMENT INSURANCE CONTRIBUTIONS WILL CONTINUE**

As expected, lower unemployment insurance contributions pushed the Fund's result for 2024 into deficit though the deficit was further deepened by higher unemployment expenditure. The spending cuts based on the Government Programme had only slight impact on unemployment security expenditure. There were few changes in the collection of the unemployment insurance contributions and the funding of unemployment security and other social security managed by the Fund during 2024.

The Finnish Government decided to channel the savings in unemployment security and other social security in the state budget, and the channelling will be carried out through health insurance and health care insurance. From Employment Fund's perspective, the

solution adopted by the Government is workable because the level of unemployment insurance contributions will be allowed to vary in a normal manner. The Government also decided that the channeling based on changes in unemployment security will be abolished as from 1 January 2025. The scheme has been in effect since 2014.

We proposed a further reduction for the unemployment insurance contributions for 2025. In the proposal, we took into account the economic and employment forecasts for 2025, an estimate of the impact of the cuts in unemployment security on the expenditure of Employment Fund and the high level of the business cycle buffer. With

the second consecutive year of lower contributions, unemployment insurance contributions will be less than half of the 2023 levels in 2025. Despite the reductions, the liquidity of Employment Fund is secured.

### **SETTING OUR SIGHTS TO THE FUTURE AS A SUSTAINABLE ACTOR**

In our sustainability work, we highlight themes of social responsibility as our key goals, which is in line with our core tasks. We promote the sustainable development goals set out in the UN 2030 Agenda, in particular by ensuring sustainable funding of unemployment security, by effective implementation of adult education benefits, and by observing and developing the principles of good governance in the Fund. In 2024, we

focused on defining the indicators for sustainable reporting and planning measures so that we can build a solid foundation for systematic sustainability work and reporting.

The activities of Employment Fund are based on the work input of skilled and competent personnel capable of change. Working together is our key resource. Despite the change, we were able to provide our customers with an excellent customer experience, perform all our statutory tasks impeccably and set our sights to the future.

**JANNE METSÄMÄKI**  
Managing Director

## Employment Fund's operating environment

In 2024, global economic growth was again slowed down by the war in Ukraine, geopolitical tensions and sanctions.

The financial statements show a deficit of EUR 749 million for 2024 (surplus of EUR 763 million). The Fund's net position totalled EUR 1,272 million on 31 December 2024 (EUR 2,021 million on 31 December 2023).

Finland's economic growth was slightly negative in 2024. The employment situation weakened and average unemployment rate rose to 8.4% (7.2%) in 2024.

The unemployment insurance contributions paid by employers totalled EUR 766 (1,412) million in 2024. The liability components and transition security contributions paid by employers, and the deductions specified in the Employment Contracts Act totalled EUR 24 (21) million. The unemployment insurance contributions paid by employees totalled EUR 806 (1,490) million.

In 2024, the employer's and employee's unemployment insurance contributions averaged 0.82% (1.54%) and 0.79% (1.50%), respectively. In 2025, the employer's and employee's unemployment insurance contributions will average 0.61%

and 0.59%, respectively. The proposal for lowering the contributions was made possible by the estimated impact of the measures set out in the Government Programme, decisions made by the Government in its spending limits discussions, improving outlook for the economy and employment, and the high level and decreasing maximum amount of the business cycle buffer in 2025.

We paid a total of EUR 202.7 (189.3) million in adult education allowance to 31,796 (32,518) persons. The amount paid was about 7% higher than in 2023 even though there was a slight reduction in the number of recipients. Of the recipients, 1,104 (1,079) received entrepreneurs' adult education allowance and 30,694 (31,439) received employees' adult education allowance.

We granted scholarships for qualified employees to 23,009 (29,124) persons in 2024. We paid a total of EUR 9.6 (11.8) million in scholarships, which was the lowest amount in the last five years.

## Employment Fund's finances

### The business cycle buffer's funds were reduced in 2024.

Under section 3 of the Act on the Financing of Unemployment Benefits, Employment Fund maintains a business cycle buffer to ensure liquidity and balance out changes in unemployment insurance contributions due to foreseeable economic fluctuations in the national economy.

The business cycle buffer accrues on the basis of the difference between Employment Fund's assets and liabilities. When the unemployment insurance contribu-

tions are set, the forecast for the maximum amount of assets or liabilities in the buffer may not exceed expenses corresponding to an unemployment rate of six percentage points. When the decision on the level of unemployment insurance contributions is made, the forecast for the business cycle buffer may by law exceed the maximum amount of assets over two years during a three-year review period to ensure a steady payment trend. In that case, however, unemployment insurance contributions may not be set higher than in the previous year. The maximum amount of the buffer is calculated on the basis of the annual financial statements by dividing the annual expenses for which Employment Fund is liable (EUR 2,416 million in 2024) by the average unemployment rate for the year (8.4%), and multiplying the result by six. The maximum amount of the business cycle buffer allowed by law was EUR 1,726 (1,861) million in 2024.

In connection with the publication of our budget for 2025, which we submitted to the Ministry of Social Affairs and Health in August 2024, we estimated that the change in Employment Fund's net position would be about EUR 700 million negative in 2024 and about EUR 350 million negative in 2025. In the same connection we estimated that the net position would be about EUR 1,320 million positive on 31 December 2024 and about EUR 960 million positive on 31 December 2025.

Change in the Fund's net position was EUR 749 million negative (EUR 763 million positive) in 2024. The Fund's net position totalled EUR 1,272 million on 31 December 2024 (EUR 2,021 million on 31 December 2023). When preparing our financial statements for 2024, we estimated that the change in Employment Fund's net position would be about EUR 600 million negative in 2025, which would mean a positive net position of about EUR 670 million at the end of 2025.

## Liquidity and debt financing

The liquidity and credit rating of Employment Fund remained at an excellent level.

Under the investment and debt financing principles approved by Employment Fund's Supervisory Board, in fixed-income investments with less than one year's maturity, the Fund must keep an amount that covers at least one month's expenses (about EUR 264 million in 2024). On average, the liquidity buffer described above was 3.1 times the minimum amount in 2024.

For liquidity purposes, the Fund also has a EUR 300 million commercial paper programme (31 Dec 2023: EUR 300 million). The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2023 and at the end of 2024.

At the end of 2024, Employment Fund had a bond of EUR 600 million, which is due on 16 June 2027.

The credit rating agency S&P Global Ratings has given Employment Fund a credit rating of AA+ (stable outlook)/A-1+. S&P Global Ratings has given the same rating to the State of Finland.



## Investment activities

Employment Fund carries out investment activities to the extent necessary to manage the timing differences in the cash flows generated by its income and expenses, and for liquidity management purposes.

One of the main goals of Employment Fund's investment activities is to support the performance of the Fund's statutory duties and to ensure sufficient liquidity to finance the expenses for which Employment Fund is responsible. The Fund's Board of Directors determines the goal for our investments in the annually approved investment plan, and decides on the allocation of investment funds across different asset classes. The Supervisory Board approved the updated investment and debt financing principles in April 2024.

Employment Fund's investment and financial assets totalled EUR 1,513 (1,869) million at the end of 2024.

### FINANCIAL OPERATING ENVIRONMENT

In 2024, global economic growth was again slowed down by the war in Ukraine, geopolitical tensions and sanctions. Finland's economic growth will be slightly negative

in 2024. The employment situation weakened and unemployment rate rose to 8.4% (7.2%).

The period of rapid inflation, which started in 2022, and the ensuing cycle of interest rate hikes by central banks came to an end in 2024. Between June and December 2024, the European Central Bank lowered its key interest rate four times by 0.25%, from 4% to 3%.

Similarly, the US central bank FED and several other central banks lowered their key interest rates in 2024 as inflation slowed down substantially during the year.

### INVESTMENT MARKET

For the most part, stock markets grew rapidly during 2024: when measured in domestic currencies, the stock indices in the main markets in North America rose by about 25% and in Europe by about 8%. The perfor-

mance of the domestic stock exchange was modest and the index yield was -0.1%.

The fixed-income investments in the Fund's main investment categories in European bonds generated high returns. The positive trend in fixed-income investments was the result of stable pricing of credit risks and, in particular, the lowering of bond interest rates in the second half of the year. This was mainly due to interest rate decisions by central banks and reports on a substantial slowdown of inflation in the United States and Europe.

Market trends of alternative investments during the year depended to a great extent on the investment category concerned. Investments in the domestic real estate sector in residential, commercial and publicly

owned properties generated low returns in 2024, with the exception of investments in forest properties which yielded strong returns. Investments in non-listed shares and non-listed corporate loans yielded good returns. Investments in renewable energy generated low returns.

#### **ALLOCATION OF INVESTMENTS**

We actively invested our assets in money market instruments, bonds, equities and alternative investments. Depending on the asset class, the Fund made direct investments or invested its assets through funds. In our investment plan for 2024, we slightly increased the weight of alternative investments and bonds and reduced the weight of money market investments. At the end of the financial period, EUR 590 (820) million of the Fund's assets were invested in

money market instruments, EUR 775 (958) million in bonds, EUR 44 (39) million in equities, and EUR 103 (83) million in alternative investments.

In 2024, the return on our investments was 4.2% (4.1%). The return exceeded the expectation of 3.6% (2.8%) entered in our investment plan and the reference return on our investment activities, which was at 3.9% (4.1%).

We take sustainability into consideration when we make investment decisions. Sustainability in the Fund's investment activities is described in more detail in the section on sustainability on the next page.

# Sustainability

We promote sustainable development and sustainability in the areas where we can maximise our influence through our core activities.

In our role as a provider of funding for social security, we put great emphasis on social responsibility themes. The sustainable development goals set out in the UN 2030 Agenda serve as the framework for the Fund's sustainability work, and we have identified three key goals in the Agenda. In addition to these goals, sustainability is also reflected in our investment activities and the acquisition of debt financing.

## **OUR BASIC TASKS AND IDENTIFIED 2030 AGENDA GOALS**

Based on a materiality analysis, we have identified the following sustainable development goals of the UN on which we can exert maximum positive influence with our own core activities. We have identified the following key goals of the 2030 Agenda as such objectives:

- Decent work and economic growth
- Quality education
- Peace, justice and strong institutions

These key goals are directly linked to the Fund's core tasks, such as the financing of unemployment security and adult education benefits. We continued to work on concrete responsibility measures and indicators during 2024. Our aim is to build a solid foundation for systematic sustainability work so that we can report on our sustainability activities more extensively in the coming years. With the abolition of the adult education benefits, we must review our 2030 Agenda goals in the next few years as the opportunities to promote the quality education goal as part of our basic tasks will be significantly reduced after 2025.

### **SUSTAINABLE FUNDING OF UNEMPLOYMENT SECURITY PROVIDES SECURITY FOR CHANGES IN WORKING LIFE**

We collect the unemployment insurance contributions to finance unemployment security, transition security, pay security, pension security and adult education benefits. Part of the return on unemployment insurance contributions is transferred to Employment Fund's business cycle buffer, the purpose of which is to ensure the steady development of unemployment insurance contributions. The business cycle buffer grows when the Finnish economy is doing well and employment rates are high. The funds accumulated in the buffer are used during economic downturns, which curbs the pressure to increase the unemployment insurance contributions of employers and employees. By carrying out our basic task effectively, we support the UN sustainable development goal of decent work and economic growth.

### **ADULT EDUCATION BENEFITS HAVE PROMOTED CONTINUOUS LEARNING AND UPDATING OF COMPETENCE**

Adult education benefits have been used to support the professional development and competence renewal of adults in working life. This support will continue in the transition period during the abolition process. Our goal has been to implement the adult education allowance scheme in an effective manner and increase awareness of the benefits. These goals promote the achievement of the quality education goal set out in the 2030 Agenda.

### **WE ARE CONTINUOUSLY ENHANCING THE TRANSPARENCY AND EFFICIENCY OF OUR ACTIVITIES**

Compliance with and development of the principles of good governance help us to be a more efficient, transparent and responsible actor. We also combat the grey economy in Finland in cooperation with other public organisations and the authorities. Through these measures, we promote the achievement of the objective of peace, justice and strong institutions set out in the UN 2030 Agenda.

### **FRAMEWORK FOR SOCIAL FUNDING**

The Fund has a framework for social funding. The framework was prepared in accordance with the social bond principles of the International Capital Market Association (ICMA) updated in 2021 and the social loan principles of the European Loan Market Association (LMA) updated in 2023. Within the framework, the Fund is able to use a variety of different funding instruments to promote social improvements with debt financing.

It also enables us to establish a close link between our debt financing and positive social impacts. Using the framework, we can also promote 'Quality education' and 'Decent work and economic growth', two of the UN sustainable development goals selected by the Fund for its sustainability work. The financing taken out in this manner will be used to cover the expenses that meet the eligibility criteria (provide security for changes in working life). They include the funding of unemployment benefits and the adult education allowance scheme, which supports the maintenance and development of vocational competence. At the end

of 2024, Employment Fund did not have any debt financing to which the social funding framework would have been applied.

### **SUSTAINABLE INVESTMENT**

Sustainable investment means that when we make investment decisions, we take environmental, social and governance (ESG) factors into consideration in addition to financial indicators. With the exception of index investments, we integrate ESG factors into all our investments insofar as is possible. An external party reviews our investments twice a year and reports any deviations.

We exclude companies whose operating methods are considered irresponsible with regard to factors such as corruption, child labour, employees' rights and human rights from our list of potential investments. We invest in companies that comply with the UN Global Compact wherever possible.

Numerical methods of assessment are used to monitor and analyse the sustainability of Employment Fund's investments. The goal is to provide a picture of the Fund's sustainability profile and map its development as comprehensively and diversely as possible. Similar metrics have been used for monitoring since 2019. The sustainability anal-

ysis includes a review of operational sustainability metrics for the investment items and the companies behind them, such as commitment to equality, good governance, and the development of variables used to measure environmental impact. The assessment is based on SFDR and MiFID II regulation and EU taxonomy. According to the latest sustainability assessment, our investments meet most of the ESG criteria.

## Risk management

Risk management is part of Employment Fund's internal control. Its aim is to ensure risk awareness in decision-making and to support the Fund in the achievement of its objectives. Risk management produces high-quality information on the risks and threats facing the Fund and provides recommendations for measures to prevent them.

### **WE USE EXTENSIVE RISK MANAGEMENT TO ENSURE THE CONTINUITY OF OUR ACTIVITIES**

We monitor and manage such risks as strategic and operational risks, regulatory, economic and financial risks as well as risks arising from our operating environment. Comprehensive risk management is an important part of our activities.

Identifying strategic-level risks and managing them on a systemic basis help the Fund to achieve its goals within the framework of a specific risk appetite level. In 2024, we took further measures to improve the effectiveness of our strategic risk management. Strategic risks were integrated more closely into the principles of internal

control and risk management in cooperation with the Management Group. Measures were also taken to strengthen the management of cyber risks.

The purpose of operational risk management is to safeguard the continuity of our key functions and statutory activities and to ensure that the Fund can also operate during emergencies. Employment Fund has continued to promote digitalisation to improve its services and operational efficiency, and these measures have also helped to reduce operational risks. Continuity management was a key development priority in 2024 and this work has also had a positive impact on the overall picture of risk management.

By managing regulatory risks, we can ensure that Employment Fund acts in compliance with the law and other requirements and in an ethical and responsible manner. Active monitoring of legislative changes is an key part of this process. Employment Fund's compliance function focuses on these matters. We also actively monitor developments in information security legislation. We also developed our data protection processes.

To manage financial risks arising from changes in the operating environment, we rely on such means as diverse forecasting methods and timely adjustments of

unemployment insurance contributions. To safeguard our liquidity, we make low-risk investments and strive to secure good borrowing possibilities. Employment Fund also has a statutory business cycle buffer to reduce the need for changes in the level of unemployment insurance contributions due to cyclical fluctuations. Financial risk management at Employment Fund has relied on the same principles as before.

Personnel play a key role in risk management. Staff members participate actively in the process by identifying risks in their own work. Risk management training is obligatory for all employees and it is updat-

ed each year. This enhances competence and strengthens risk awareness throughout the organisation. The Head of Risk Management supports the entire organisation in the identification of risks and reports on the risk situational picture to the Fund's Management Group, Audit Committee and Board of Directors.

We updated the Fund's risk management principles in autumn 2024 and combined them with the principles of internal control.

**MARKET RISK**

The main market risk factor for the Fund's investments and liabilities is the interest rate risk. The Fund's investment portfolio is dominated by fixed-income investments (bonds and money market investments).

The Fund may make investments directly or indirectly through investment funds. At the end of the review period, 22% (17%) of all investments were indirect investments.

**On 31 December 2024 and 31 December 2023,  
the market risks for the investments were as follows:**

Investment item, 31 Dec 2024	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	116,567	583
Money market	1.00%	473,183	4,735
State and municipal bonds	4.00%	244,324	9,773
Bank bonds	4.50%	279,942	12,597
Corporate bonds	5.00%	250,436	12,522
Equities	25.00%	43,663	10,916
Alternative investments	10.00%	103,356	10,336
<b>Total risk</b>	<b>4.07%</b>	<b>1,511,471</b>	<b>61,461</b>

Investment item, 31 Dec 2023	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	247,468	1,237
Money market	1.00%	572,186	5,722
State and municipal bonds	4.00%	419,124	16,765
Bank bonds	4.50%	289,759	13,039
Corporate bonds	5.00%	249,064	12,453
Equities	25.00%	38,997	9,749
Alternative investments	10.00%	83,333	8,333
<b>Total risk</b>	<b>3.54%</b>	<b>1,899,931</b>	<b>67,298</b>



The total risk was 4.07% (3.54%) of the Fund's assets and 2.6% (1.9%) of the Fund's income in 2024. The risk posed by the investment portfolio is moderate due to its conservative structure and moderately low risk level of the securities in the portfolio.

All money market investments carry variable interest rates (31 Dec 2023: 100%). Altogether 8% (7%) of the bonds were at variable rates. Variable-rate investments expose the Fund to a cash flow interest rate risk, while investments at fixed rates expose the Fund to a fair value interest rate risk.

If, on 31 December 2024, the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points higher while all other variables remained constant, the change in net position would have been EUR 9.1 million (31 Dec 2023: EUR -9.8 million) smaller. Respectively, if on 31 December 2024 the Euribor rates and interest rate

curve (swap rates) had been 0.5 percentage points lower, the total change in net position would have been EUR 9.1 million (31 Dec 2023: EUR 9.8 million) higher.

### CREDIT RISK

The credit risk of the investments is managed by issuer credit limits. Limits for each issuer are determined by taking account of the absolute size, economic position, and future outlook of the issuer. The Fund continuously monitors the credit standing and future outlook of the issuers, and when changes occur, the limits are either increased or decreased. The Fund mainly invests in banks in the Nordic countries that have high credit ratings, states with strong credit ratings (Finland, Germany, the Netherlands, Belgium, France, Austria and Sweden), companies mainly in Finland and some in Sweden, and municipalities. Cash and cash equivalents are only held at banks with high credit ratings.

The spread duration of the credit risk included in the investments at the end of the review period was 1.54 years (31 Dec 2023: 1.63 years).

The average credit rating of the investment portfolio is evaluated on Standard & Poor's rating scale, which is based on historical probabilities of credit losses. The investment portfolio credit rating is estimated to be about BBB+ on 31 December 2024 (31 Dec 2023: BBB+).

The Fund's investments mainly consist of state, bank and corporate bonds as well as money market investments. Their creditworthiness has been determined using the S&P credit rating. Most of the banks that the Fund has invested in have good credit ratings. However, not every regional bank and company has an official credit rating, so the credit quality of these entities is determined using credit ratings received from a third party.

The following table describes Employment Fund's fixed-income investments and creditworthiness by group.

Investments distributed by the issuer's rating	31 Dec 2024, EUR thousand	31 Dec 2024, per cent	31 Dec 2023, EUR thousand	31 Dec 2023, per cent
AAA	190,409	14.0%	272,696	15.3%
AA+	119,129	8.7%	250,698	14.1%
AA	35,981	2.6%	13,148	0.7%
AA-	244,046	17.9%	404,829	22.8%
A+	198,707	14.6%	174,641	9.8%
A	81,482	6.0%	77,990	4.4%
A-	81,888	6.0%	91,922	5.2%
BBB+	85,041	6.2%	106,350	6.0%
BBB	177,127	13.0%	213,420	12.0%
BBB-	70,027	5.1%	82,110	4.6%
BB+	4,765	0.3%	29,363	1.7%
BB	22,716	1.7%	9,196	0.5%
BB-	21,264	1.6%	4,959	0.3%
B+	0	0.0%	0	0.0%
B	0	0.0%	215	0.0%
B-	0	0.0%	0	0.0%
CCC+	0	0.0%	0	0.0%
CCC	0	0.0%	0	0.0%
NR	31,847	2.3%	46,061	2.6%
<b>Total</b>	<b>1,364,429</b>	<b>100.0%</b>	<b>1,777,598</b>	<b>100.0%</b>

The employers' unemployment insurance contributions collected by Employment Fund, liability component receivables, and interest receivables are included in the credit risk. The most important factor in the realisation of this credit risk is related to cases in which customers become insolvent (due to bankruptcy, corporate restructuring or debt restructuring). In 2024, the number of bankruptcy and restructuring cases investigated by Employment Fund increased by about 16 per cent compared to 2023. The realised credit losses related to unemployment insurance contribution receivables totalled EUR 2.7 (4.6) million in 2024. In general, Employment Fund's collection process is very effective.

### LIQUIDITY RISK

Employment Fund manages liquidity risk as follows:

1. Liquid realisable investments
2. Short-term loans
3. Maintaining unemployment insurance contributions at a reasonable level and increasing them as necessary

To secure its liquidity, in fixed-income investments with less than one year's maturity, the Fund keeps an amount that covers at least one month's expenses. When the liquidity buffer decreases below this limit, the Fund uses short-term borrowing to cover the temporary liquidity deficit. For this purpose, the Fund has a EUR 300 million commercial paper programme (31 Dec 2023: EUR 300 million), which remains unused. The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2023 and at the end of 2024.

The figures in the tables are in EUR million.

Unused committed revolving credit facilities	31 Dec 2024	31 Dec 2023
RCF due in more than one year	600	600
<b>Total</b>	<b>600</b>	<b>600</b>

Unused uncommitted revolving credit facilities	31 Dec 2024	31 Dec 2023
Commercial paper programme	300	300
<b>Total</b>	<b>300</b>	<b>300</b>

Employment Fund has also taken measures to safeguard its debt financing capacity by means of credit ratings.

The Fund has the following issuer credit ratings as confirmed by Standard & Poors (15 July 2024):

- Long-term credit rating AA+, stable outlook
- Short-term credit rating A-1+, stable outlook

Employment Fund used debt financing in 2024. At the end of the review period, EUR 600 million in bonds (31 Dec 2023: EUR 600 million).

#### FIXED INTEREST RATE PERIODS FOR LOANS

The fixed interest rate periods for loans in the statement of net position were as presented in the table.

Loans, 31 Dec 2024	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	2.46	0.01%	16 June 2027	AA+
<b>Total</b>	<b>600</b>	<b>2.46</b>			

Loans, 31 Dec 2023	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	3.46	0.01%	16 June 2027	AA+
<b>Total</b>	<b>600</b>	<b>3.46</b>			

**MATURITY OF FINANCIAL LIABILITIES**

The following tables show Employment Fund's financial liabilities by group based on the maturities of outstanding contracts. The figures are in EUR thousand.

<b>Financial liabilities, 31 Dec 2024</b>	<b>Less than 6 months</b>	<b>6–12 months</b>	<b>1–3 years</b>	<b>4–7 years</b>	<b>Total cash flow based on contracts</b>	<b>Book value assets (-) / liabilities</b>
Accounts payable	2,261	0	0	0	2,261	2,261
Loans	60	0	600,120	0	600,180	599,411
Liabilities associated with right-of-use assets	368	283	1,095	523	2,268	2,930
<b>Total</b>	<b>2,689</b>	<b>283</b>	<b>601,215</b>	<b>523</b>	<b>604,709</b>	<b>604,601</b>

<b>Financial liabilities, 31 Dec 2023</b>	<b>Less than 6 months</b>	<b>6–12 months</b>	<b>1–3 years</b>	<b>4–7 years</b>	<b>Total cash flow based on contracts</b>	<b>Book value assets (-) / liabilities</b>
Accounts payable	2,319	0	0	0	2,319	2,319
Loans	60	0	120	600,060	600,240	598,638
Liabilities associated with right-of-use assets	377	375	1,482	1,446	3,680	3,419
<b>Total</b>	<b>2,756</b>	<b>375</b>	<b>1,602</b>	<b>601,506</b>	<b>606,239</b>	<b>604,376</b>

## Personnel

At the end of 2024, the Fund had 140 (175) employees. In person-years, the number of personnel was 135 (159).

The Fund paid EUR 10,921,130 in salaries and EUR 70,949 in fringe benefits during 2024. Our pay system is based on the complexity of work, and we also use a bonus system supporting the achievement of our strategic objectives.

Men accounted for 54 (56) and women for 86 (119) of the personnel. The average employee age was 44.2 (41.5) years, and the average duration of employment at Employment Fund was 7.0 (6.3) years.

The entry into force of the act abolishing the adult education allowance scheme on 1 June 2024 was the most significant change of the year from the perspective of person-

nel management. Already during the transition period, the legislative amendment has impacted the structure, operations and human resources of the service areas providing benefit services and support functions. As a result of the abolition of the adult education benefits, 58% of the employment relationships of the persons working in benefit services ended and 13% of the employees moved to other duties within the organisation during 2024. The actual personnel impacts will become clear once the transition period has ended.

Although one of our tasks is ending, the Fund will continue to manage its other statutory tasks. In 2024, we updated the

organisational structure of our Technology and Development service area and also used recruitment to strengthen our IT services. The pace of technological development is accelerating and requires a change capability which can only be maintained with a strong IT organisation that is able to respond to the current and future needs arising from our operations.

During the year, we invested in the development of personnel competence, especially by supporting working life and digital skills. We provided our staff members with comprehensive internal training and external coaching, both in-house and on line. The average number of training hours was 16.4 (13.9) per person.

Good personnel experience is crucial to us and at the core of our strategy. We conduct surveys to monitor personnel experience trends. At the end of the year, we conducted a pulse survey that provided valuable monitoring data on the impacts of the development measures identified in 2023.

Employment Fund's Managing Director is Janne Metsämäki, LL.M.

## Events after the financial period

No significant changes occurred in Employment Fund's financial position after the end of the review period.

**Helsinki 25 February 2025**

**Employment Fund**

**Board of Directors**





## Condensed financial statements and notes

Employment Fund's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS and IFRS standards as well as the SIC and IFRIC interpretations applicable as per 31 December 2024. IFRS refers to the standards and interpretations applicable to corporations and set out in the Finnish Accounting Act and the provisions issued under it in accordance with the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the financial statements also comply with Finnish accounting and corporate legislation supplementing IFRS standards.

The financial statements have not been audited.

**STATEMENT OF CHANGES IN NET POSITION**

The figures are in EUR thousand.

<b>Change in net position</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
<b>Contributions collected</b>		
Unemployment insurance contributions and other income	2,347,151	3,627,462
<b>Unemployment insurance contributions and other income</b>	<b>2,347,151</b>	<b>3,627,462</b>
<b>Financing contributions paid</b>		
Financing contributions paid	-3,128,553	-2,900,224
Administrative expenses	-34,161	-33,528
<b>Financing contributions paid and administrative expenses</b>	<b>-3,162,714</b>	<b>-2,933,752</b>
Net fair value gains on investments	68,308	70,642
Financing costs	-1,445	-1,293
<b>Change in net position</b>	<b>-748,701</b>	<b>763,059</b>

**STATEMENT OF NET POSITION**

The figures are in EUR thousand.

<b>Assets</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,752	3,210
Intangible assets	363	872
<b>Total non-current assets</b>	<b>3,114</b>	<b>4,083</b>
<b>Current assets</b>		
Receivables from unemployment insurance contributions	14,032	16,158
Accruals of unemployment insurance contributions	401,914	730,652
Other receivables	27,895	108,567
Investment assets	1,394,904	1,652,468
Cash and cash equivalents	118,538	216,479
<b>Total current assets</b>	<b>1,957,284</b>	<b>2,724,324</b>
<b>Total assets</b>	<b>1,960,398</b>	<b>2,728,407</b>

<b>Net position and liabilities</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
<b>Net position</b>		
For previous periods	2,021,036	1,257,977
For the period	-748,701	763,059
<b>Total net position</b>	<b>1,272,334</b>	<b>2,021,036</b>
<b>Non-current liabilities</b>		
Bonds	599,106	598,638
<b>Total non-current liabilities</b>	<b>599,106</b>	<b>598,638</b>
<b>Current liabilities</b>		
Unemployment insurance contribution liabilities	307	1,444
Other liabilities	88,651	107,289
<b>Total current liabilities</b>	<b>88,958</b>	<b>108,733</b>
<b>Total liabilities</b>	<b>688,064</b>	<b>707,371</b>
<b>Total net position and liabilities</b>	<b>1,960,398</b>	<b>2,728,407</b>

**CASH FLOW STATEMENT**

The figures are in EUR thousand.

<b>Cash flows</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Unemployment insurance contributions collected	2,692,067	3,518,746
Benefits paid	-3,148,470	-2,858,611
Interests paid	-370	-5,531
<b>Net cash flow from ordinary operations</b>	<b>-456,773</b>	<b>654,603</b>
<b>Cash flows from investments</b>		
Purchases of intangible assets	0	-212
Investments in financial instruments	-2,626,143	-3,794,334
Sales of investment instruments and realised income	2,984,975	3,831,681
<b>Net cash flow from investments</b>	<b>358,832</b>	<b>37,136</b>
Loans withdrawn and repaid	0	-699,971
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>-699,971</b>
Net increase/decrease in cash and cash equivalents	-97,941	-8,232
Cash and cash equivalents at the beginning of the financial period	216,479	224,711
<b>Cash and cash equivalents at the end of the financial period</b>	<b>118,538</b>	<b>216,479</b>

### BUSINESS CYCLE BUFFER

Under section 3 of the Act on the Financing of Unemployment Benefits, Employment Fund maintains a business cycle buffer to ensure liquidity and balance out changes in unemployment insurance contributions due to foreseeable economic fluctuations in the national economy. The business cycle buffer accrues on the basis of the difference between Employment Fund's assets and liabilities. When the unemployment insurance contributions are set, the forecast for the maximum amount of assets or liabilities in the buffer may not exceed expenses corresponding to an unemployment rate of six percentage points. When the decision on the level of unemployment insurance contributions is made, the forecast for the business cycle buffer may by law exceed the maximum amount of assets over two years during a three-year review period to ensure a steady payment trend. In that case, however, unemployment insurance contributions may not be set higher than in the previous year. The maximum amount of the business cycle buffer is calculated on the basis of the figures in the annual financial statements.

The investment of the assets accrued in the buffer is regulated by the Fund's investment and debt financing principles and the investment plan approved each year. The use of debt financing is regulated in the same principles as well as in the debt management plan.

The maximum amount of the buffer (net position) is calculated by dividing Employment Fund's annual expenditure by the average unemployment rate for the year in question and multiplying the result by six. The following table presents the amount of the business cycle buffer and the minimum and maximum amounts of the buffer as specified in the law.

The figures are in EUR million.

Business cycle buffer	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Amount	1,272	2,021
Maximum amount	1,726	1,861
Minimum amount	-1,726	-1,861

## UNEMPLOYMENT INSURANCE CONTRIBUTIONS

The figures are in EUR thousand.

Unemployment insurance contributions by contribution type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Employer's unemployment insurance contributions</b>		
Employer's insurance contributions	763,976	1,409,566
Training compensation reimbursements	-11,513	-10,244
Training compensation settlements paid by the Ministry of Finance	11,513	10,244
Employer's insurance contributions, co-owners	1,018	2,012
<b>Total</b>	<b>764,994</b>	<b>1,411,578</b>
<b>Employee's unemployment insurance contributions</b>		
Employee's insurance contributions	803,672	1,486,405
Employee's insurance contributions, co-owners	1,630	2,876
<b>Total</b>	<b>805,302</b>	<b>1,489,281</b>
<b>Collection fee income and credit losses</b>		
Interest on overdue employer contributions	366	513
Interest on overdue employee contributions	2	502
Collection fee income	530	439
<b>Total</b>	<b>898</b>	<b>1,455</b>

Unemployment insurance contributions by contribution type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Employer's liability components and transition security contributions</b>		
Liability components	7,484	15,637
Transition security contributions	16,405	5,970
Accruals	-207	-1,188
<b>Total</b>	<b>23,682</b>	<b>20,419</b>
<b>Deductions under the Employment Contracts Act (ECA)</b>		
Deductions and lay-off income under ECA	855	915
Settlement to the Ministry of Social Affairs and Health	-297	-538
<b>Total</b>	<b>559</b>	<b>377</b>
<b>Contributions from the Ministry of Social Affairs and Health</b>		
Earnings-related unemployment allowance	727,940	690,817
Job alternation compensation	20,063	10,507
Equalisation payment for the previous year	-1,059	-1,056
Adult education benefits	4,772	4,084
<b>Total</b>	<b>751,716</b>	<b>704,352</b>
<b>Total unemployment insurance contributions</b>	<b>2,347,151</b>	<b>3,627,462</b>

**FINANCING CONTRIBUTIONS PAID**

The figures are in EUR thousand.

Financing contributions	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Employment Fund contributions paid to unemployment funds</b>		
Other earnings-related unemployment allowance	-696,049	-653,539
Additional days of allowance	-126,484	-147,060
Transition security allowance	-12,237	-5,037
Lay-off allowance	-368,640	-270,200
Job alternation compensation	-26,836	-13,358
Compensation for administrative expenses	-9,400	-10,873
Equalisation payment for the previous year	1,557	1,615
<b>Total</b>	<b>-1,238,089</b>	<b>-1,098,453</b>
<b>Government contributions paid to unemployment funds</b>		
Other earnings-related unemployment allowance	-714,104	-676,196
Job alternation compensation	-20,063	-10,507
Unemployment allowance/entrepreneurs	-6,470	-6,261
Compensation for administrative expenses	-7,366	-8,360
Equalisation payment for the previous year	1,057	1,056
<b>Total</b>	<b>-746,946</b>	<b>-700,268</b>
<b>Finnish Centre for Pensions</b>		
Equalisation payment for the previous year	-8,627	31,310
Payment for the current financial period	-713,566	-631,000
<b>Total</b>	<b>-722,193</b>	<b>-599,690</b>

Financing contributions	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>State Pension Fund</b>		
Equalisation payment for the previous year	-266	378
Payment for the current financial period	-9,427	-7,942
<b>Total</b>	<b>-9,693</b>	<b>-7,564</b>
<b>Social Insurance Institution of Finland</b>		
Equalisation payment for the previous year	0	29
Basic allowance, additional component, employment programme additional benefit	-167,300	-262,910
Social Insurance Institution of Finland, transition security	-200	-65
<b>Total</b>	<b>-167,500</b>	<b>-262,947</b>
<b>Adult education benefits</b>		
Scholarships for qualified employees	-9,555	-11,827
Adult education allowances	-202,655	-189,303
Collection expenses for benefits	-4	-5
<b>Total</b>	<b>-212,214</b>	<b>-201,135</b>
<b>Ministry of Economic Affairs and Employment</b>		
Equalisation payment for the previous year	0	0
Payment for the current financial period	-26,674	-29,779
Transition security from the Development and Administration Centre for ELY Centres and TE Offices	-5,134	-381
<b>Total</b>	<b>-31,808</b>	<b>-30,159</b>
<b>Member State invoicing for unemployment allowances</b>		
Invoiced by Member States	-164	-52
Invoiced by the Fund	54	43
<b>Total</b>	<b>-109</b>	<b>-9</b>
<b>Total financing contributions paid</b>	<b>-3,128,553</b>	<b>-2,900,224</b>

**ADMINISTRATIVE EXPENSES**

The figures are in EUR thousand.

Administrative expenses by expense type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Personnel expenses</b>		
Wages, bonuses, and benefits	-11,074	-10,073
Pension expenses – defined contribution plans	-1,921	-1,730
Social security expenses	-267	-395
<b>Total</b>	<b>-13,262</b>	<b>-12,198</b>
<b>Other administrative expenses</b>		
IT expenses	-7,522	-7,798
Other personnel expenses	-731	-763
Expenses for office premises	-100	-109
Office expenses	-1,576	-1,751
Other expenses	-9,669	-8,450
Amortisation	-1,208	-2,361
<b>Total</b>	<b>-20,806</b>	<b>-21,231</b>
<b>Auditor's fees</b>		
Statutory audit	-93	-98
<b>Total</b>	<b>-93</b>	<b>-98</b>
<b>Total administrative expenses</b>	<b>-34,161</b>	<b>-33,528</b>

Number of personnel	31 Dec 2024	31 Dec 2023
Permanent employees	137	168
Fixed-term employees	3	7
<b>Total</b>	<b>140</b>	<b>175</b>



**NET FAIR VALUE GAINS ON INVESTMENTS**

The figures are in EUR thousand.

<b>Types of income and expenses</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Dividend income	2,161	2,438
Gains on disposals	14,090	6,528
Other income	3,519	4,381
Net interest income	35,807	29,859
Net change in value	17,773	36,768
Losses on disposals	-4,614	-9,034
Other expenses	-429	-298
<b>Total net gains on investments</b>	<b>68,308</b>	<b>70,642</b>

## INVESTMENT ASSETS

Investments in financial assets have been designated as financial assets at fair value through profit and loss, and are measured at fair value. Measurement of these assets is primarily based on either quoted prices or valuations based on available market data. Financial instruments carried at fair value have been divided into three hierarchy levels based on whether they are traded in active markets, and to what extent the inputs are based on observable market data, as follows:

**Level 1** The valuation is based on quoted prices in active markets for identical financial assets and liabilities.

**Level 2** The inputs used in valuations are also based, directly or indirectly, using valuation techniques on observable inputs other than those on Level 1.

**Level 3** The valuation is based on information other than observable market data.

**INVESTMENTS BY FINANCIAL INSTRUMENT CLASS DIVIDED INTO FAIR VALUE HIERARCHY LEVELS**

No reclassifications have been made between the hierarchy levels during the financial period. The figures are in EUR thousand.

<b>Financial instrument classes, 31 Dec 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
State and municipal bonds	244,324	19,687	0	264,011
Bank bonds	269,667	0	0	269,667
Corporate bonds	220,259	0	0	220,259
Investments in funds and equities	200,762	0	0	200,762
Mezzanine funds	0	0	199	199
Deposits	0	94,447	0	94,447
Certificates of deposit	0	99,589	0	99,589
Municipal papers	0	1,995	0	1,995
Commercial papers	0	140,818	0	140,818
Alternative investments	0	0	103,157	103,157
<b>Total</b>	<b>935,012</b>	<b>356,536</b>	<b>103,356</b>	<b>1,394,904</b>

<b>Financial instrument classes, 31 Dec 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
State and municipal bonds	419,124	29,828	0	448,952
Bank bonds	279,951	0	0	279,951
Corporate bonds	234,375	0	0	234,375
Investments in funds and equities	177,513	13,810	0	191,323
Mezzanine funds	0	0	829	829
Deposits	0	62,180	0	62,180
Certificates of deposit	0	154,908	0	154,908
Municipal papers	0	19,452	0	19,452
Commercial papers	0	177,994	0	177,994
Alternative investments	0	0	82,504	82,504
<b>Total</b>	<b>1,110,963</b>	<b>458,172</b>	<b>83,333</b>	<b>1,652,468</b>

Changes in Level 3 financial assets measured at fair value. The figures are in EUR thousand.

Financial instrument classes	1 Jan 2024	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	31 Dec 2024
Mezzanine funds	829	1,470	-1,704	0	-396	199
Alternative investments	82,504	-994	323	21,532	-208	103,157
<b>Total</b>	<b>83,333</b>	<b>476</b>	<b>-1,381</b>	<b>21,532</b>	<b>-604</b>	<b>103,356</b>

Financial instrument classes	1 Jan 2023	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	31 Dec 2023
Mezzanine funds	1,030	218	0	2	-421	829
Alternative investments	73,928	-4,061	51	12,637	-51	82,504
<b>Total</b>	<b>74,958</b>	<b>-3,843</b>	<b>51</b>	<b>12,639</b>	<b>-472</b>	<b>83,333</b>

Deposits, certificates of deposit, commercial papers and municipal papers at **Level 2** have been valued using the discounted cash flow method based on the Euribor or swap curve of the reporting dates and on the forward rate, insofar as elements of foreign currencies are involved. Based on the management's judgement, the discount factor has been adjusted for the effect of changes in the credit risk of the investment. However, the adjustment has not had any material impact.

Investments classified at **Level 3** are mezzanine funds that are valued based on valuations prepared by the issuer. Investment funds have been measured at the net asset value of the fund as reported by the fund manager as of the reporting date, and they have been classified as Level 1, 2 or 3 assets by their market activity and marketability. Equity investments are quoted on the Helsinki Stock Exchange, and they have been classified at Level 1. The amount of equity investments is minor.

**LOANS**

The figures are in EUR thousand.

<b>Long-term loans</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
Employment Fund bonds	599,106	598,638
<b>Total long-term loans</b>	<b>599,106</b>	<b>598,638</b>

### LIABILITIES AND RECEIVABLES NOT RECOGNISED IN THE STATEMENT OF NET POSITION

The figures are in EUR thousand.

Investment commitments	31 Dec 2024	31 Dec 2023
Committed capital	2,250	5,250
Realised	-2,169	-5,058
<b>Total investment commitments</b>	<b>81</b>	<b>192</b>

Investment funds acquire call investments based on the financing needs of the investment fund. The commitments have no maturity date.

### LEASES

The Fund has rented its office and warehouse premises and three cars on non-cancellable lease contracts. The remaining lease periods for the cars are 2 years and 10 months, 1 year and 8 months, and 1 year and 11 months. On the balance sheet date, there are 1 year and 3 months remaining on the lease of the office and warehouse premises, after which the contract becomes cancellable and subject to a notice period of 9 months. Some of the office's premises can be released by cancelling the respective part of the contract during 2025 at three months' notice.

Helsinki 25 February 2025

Employment Fund  
Karo Nukarinen  
Chief Financial Officer

**Inquiries**

Janne Metsämäki, Managing Director, +358 40 522 3614  
Karo Nukarinen, Chief Financial Officer, +358 40 539 4651

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