

Employment Fund: Employment Fund's Financial Statement Release 2024

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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.

The amount of unemployment insurance contributions collected by Employment Fund during 2024 remained well below the totals collected during the comparison period as expected. 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.

Key figures

Figures are in EUR million	2024	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
Change in net position	-749	763
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
Net position	1,272	2,021
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 Janne Metsämäki

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 negotiations 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 channelling 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 keygoals, 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.

Employment Fund's operating environment

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).

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

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 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%).

Outlook for the year 2025

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.

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.

Financial Statement Release 2024

This stock exchange release is a summary of Employment Fund's 2024 financial statement release. Financial Statement Release 2024 is published in full as a pdf file attached to this Release and is also available on Employment Fund's website at <https://www.tyollisyysrahasto.fi/en/>. The Financial Statement Release 2024 is unaudited.

Financial Reporting in 2025

The Annual Report for the financial year 2024 will be published on the Fund's website at <https://www.employmentfund.fi/investors/annual-report-2024/> on 25 March 2025. The Annual Report includes the Report of the Board of Directors, Financial Statements as a whole, Corporate Governance Statement and Remuneration report.

The Employment Fund will publish one six-month half-year financial report for the financial year starting on 1 January 2025 in accordance with the situation on 30 June 2025. Half-year financial report for January-June 2025 will be published on 26 August 2025.

Helsinki, 25 February 2025
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About Työllisyysrahasto

Employment Fund provides security for changes in working life. We collect unemployment insurance contributions which are used e.g. to fund unemployment security and transition security for those over 55. We grant adult education allowance until the end of 2025. Employment Fund is an important part of the Finnish social security system.

Attachments

- [Download announcement as PDF.pdf](#)
- [Employment Fund Financial Statement Release 2024.pdf](#)