Employment Fund's Supervisory Board Proposes a Reduction in Unemployment Insurance Contributions

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Employment Fund’s Supervisory Board has approved the Fund's budget for 2027 and decided to propose to the Ministry of Social Affairs and Health a decrease in the total aggregate amount of unemployment insurance contributions by 0.3 percentage points for 2027 at its meeting on Thursday, August 27, 2026. The decision is in accordance with the proposal of the Employment Fund’s Board of Directors.

Currently, the total amount of unemployment insurance contributions is approximately 1.8%. Following the proposed reduction, the total amount would be approximately 1.5% in 2027.

“*The economy is forecast to improve in 2027, although the level of unemployment is expected to remain high. The structural change in unemployment that has been visible in the statistics since 2025 has continued: the number of recipients of earnings-related unemployment allowance has decreased, while the number of recipients of the general social security benefit (previously labour market support and basic unemployment allowance) has increased. At the same time, the amount of earnings-related unemployment allowance has decreased due to the introduction of the staggering of earnings-related unemployment allowance. Together, these developments are reflected in a decrease in Employment Fund’s financing expenditure. Forecasts of economic improvement, combined with the change in the structure of unemployment, make it possible to reduce unemployment insurance contributions for 2027,*” says **Karo Nukarinen**, Employment Fund’s Managing Director.

The employer's average unemployment insurance contribution would be 0.78 percent of salary, which is 0.15 percentage points less than in 2026. The employer's average contribution includes a separate 0.02 percentage point common contribution that is used to finance the transition security. The employee’s contribution would be 0.74 percent of salary, which is 0.15 percentage points less than in 2026.

According to the proposal, the employer’s lower contribution would be 0.26 percent of the wage sum (up to a maximum of appr. EUR 2.6 million per year) and the higher contribution would be 1.04 percent of the wage sum (for the part that exceeds EUR 2.6 million).

The employer's part-owner contribution would be 0.26 percent of the salary, which is 0.05 percentage points less than in 2026. The employee's part-owner contribution would be 0.35 percent of the salary, which is 0.04 percentage points less than in 2026.

In addition, the Supervisory Board proposes that for the year 2027 the full transition security multiplier, that is used for determining the amount of transition security contribution, would be set to be 1.8. In 2026 the multiplier has been 2.2.

An employee whose earnings level would be 4,000 euros per month would pay unemployment insurance contributions of 355 euros per year (appr. 30 euros per month) in 2027, which is 72 euros less than in 2026.

The structural change of unemployment makes it possible to reduce unemployment insurance contributions

The proposition on unemployment insurance contributions is based on forecasts and calculations used by Employment Fund, which have also been used to draw up the Fund’s budget for 2027. These have taken into account different alternatives for the development of the economy and employment, as well as the effects of the implemented legislative changes.

According to the forecasts used by Employment Fund, Finland’s economy is gradually moving towards stronger growth in 2026 and 2027, although the outlook remains highly uncertain. Labour market conditions are expected to improve gradually, and the unemployment rate is forecast to decline from 10.3% in 2026 to 9.8% in 2027.

The structural change in unemployment reflected in the statistics since 2025 has continued: the number of recipients of earnings-related unemployment allowance has decreased, while the number of recipients of general social security benefit (previously labour market subsidy and basic unemployment allowance) has increased compared with the previous year. The number of days of earnings-related unemployment allowance is correspondingly forecast to decrease by 14% to 22.4 million days in 2026 (26.1 million days in 2025), with a further decline expected in 2027 to 21.5 million days.

In 2026, the amount of daily earnings-related unemployment allowance is forecast to decrease by 7%, to EUR 65 per day (EUR 70 per day in 2025), due to the staggering of the earnings-related unemployment allowance. As a result of the reform, the allowance received by people who have been unemployed for a longer period has decreased. In 2027, the amount of earnings-related unemployment allowance is expected to increase slightly as earnings rise, reaching EUR 66 per day.

As a result of these changes, the expenditure for which Employment Fund is responsible has been lower than in previous years, despite a higher unemployment rate. Taken together, these factors support a reduction in unemployment insurance contributions.

According to the base forecast prepared by Employment Fund, the change in the Fund's net assets will be approximately EUR 330 million positive in 2026 and would be approximately EUR 110 million positive in 2027 at the proposed payment level.

Employment Fund has a EUR 600 million bond maturing in June 2027, which has been taken into account when preparing the estimate.

"*Although Finland's economy is forecast to move in a more positive direction, it is difficult to assess how quickly this will be reflected in unemployment and its structure. The number of earnings-related unemployment allowance days is forecast to decline in 2026, and the decrease is expected to continue at a slower pace in 2027. The daily amount of earnings-related unemployment allowance is forecast to decrease in 2026 as a result of the staggering of the benefit, but to return to modest growth in 2027 as earnings levels increase. We have also taken into account the bond maturing in 2027. Overall, the outlook indicates that unemployment insurance contributions could be reduced by 0.3 percentage points for 2027,*" says **Henri Pohjanen**, Employment Fund's Chief Financial Officer.

Employment Fund's business cycle buffer had net assets of EUR 636 million on 30 June 2026 (543 million on 31 December 2025). We estimate that the amount of net assets at the end of 2026 will be approximately EUR 880 million positive and approximately EUR 990 million at the end of 2027 with the proposed payment level.

The Finnish Parliament will confirm the final unemployment insurance contributions in autumn. The unemployment insurance contributions are specified by law every year.

Employment Fund's Budget for 2027

Employment Fund's Supervisory Board has approved the Fund's budget for the year 2027.

Figures are in millions of euros.

Key Figures	**2026e***	**Budget 2027**	**Change (EUR millions)**
Unemployment insurance contributions (employees)	952	823	-130
Unemployment insurance contributions and other income (employers)	952	828	-125
State and municipal contributions for unemployment funds	569	533	-36
Employment Fund contributions paid to unemployment funds	-851	-825	26
Government and municipal contributions paid to unemployment funds	-569	-533	36
Other financing contributions paid, administrative expenses and net financial income	-573	-592	-18
Share of employees' unemployment insurance contributions paid to Kela	-146	-124	22
Change in net position	334	109	-225
Net position	877	986	109
The maximum amount of the business cycle buffer	925	957	32
			Change (percentage points)
Unemployment insurance contributions % (total)	1.82	1.52	-0.3
Unemployment insurance contribution % (employers, average)	0.93	0.78	-0.15
Unemployment insurance contribution % (employees)	0.89	0.74	-0.15
Change in the total wage sum %	2.9	3.9	1.0

Unemployment rate %	10.3	9.8	-0.5
Earnings-related unemployment allowance days, million days	22.4	21.5	-0.9
Average amount of daily earnings-related unemployment allowance, EUR/day**	65.2	66.0	0.8

** 2026 figures are unaudited estimates*
*** Monthly expenditure on earnings-related unemployment allowance divided by the number of paid earnings-related unemployment days*
Source: Employment Fund and Statistics Finland (unemployment rate), Earnings-related unemployment days and earnings-related allowance expenses (Financial Supervisory Authority)

Employment Fund's financial position under different scenarios

Employment Fund has also assessed changes in its net position, net position, and the maximum amount of the business cycle buffer through various scenarios for 2027. The scenarios take into account different developments in the economy and unemployment. In the scenario based on the forecasts published by the Ministry of Finance on 16 June 2026, the unemployment rate would be slightly higher than in Employment Fund's base forecast. In Employment Fund's risk scenario, the Fund's financial development is assessed in a situation where economic growth would be weaker than in the base forecast and the unemployment rate would rise significantly higher.

Figures are in millions of euros.

Year 2027	Employment Fund's base forecast and budget	Scenario prepared on the basis of the Ministry of Finance's forecasts	Employment Fund's risk scenario
Change in net position	109	62	-422
Net position	986	955	369
The maximum amount of the business cycle buffer	957	967	1,007
Unemployment rate (%)	9.8	10.0	11.9

Helsinki, 27 August 2026
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About Työllisyysrahasto

Employment Fund collects unemployment insurance contributions from both employers and employees. These contributions finance unemployment security paid during temporary lay-offs and periods of unemployment, as well as earnings-related pension coverage accrued during periods when earnings-related unemployment allowance is received. In addition, we finance pay security and transition security for people aged over 55, and we act as experts in the coordination of compensation paid in employment termination disputes and unemployment allowances received by employees.

Attachments

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