

YEL insurance for the self-employed in 2021 – in brief

YEL insurance is the basis for your pension and social security. That is why the insurance is statutory, in other words mandatory. Each YEL insurance contribution you pay increases your pension. At the same time, you improve your other social security benefits. You cannot replace YEL insurance with voluntary pension insurance.

For whom?

Take out YEL insurance when the following five conditions are met:

1. You are aged between 18–67
2. You work as a self-employed person for at least four consecutive months.
3. Your YEL income is at least EUR 8,063.57 per year (in 2021).
4. You work in your company.
5. You live in Finland.

When?

Take out YEL insurance when your entrepreneurial activity meets the above conditions. It is worth taking care of it immediately, but in any case within six months of when your self-employment that meets the YEL conditions started. The easiest way to take out insurance is online at ilmarinen.fi.

If you take out the insurance retroactively, it should take effect from the date when the insured work began. You pay insurance contributions for the entire period when the insurance is in force.

The legal form of your company and your ownership share in the company can have an impact on whether you need to have YEL insurance. Read more at ilmarinen.fi.

Why take out YEL insurance?

By taking out YEL insurance for yourself, you take care not only of your pension but also your social security. That is why taking out the insurance is statutory, which means it is obligatory.

In addition to your future pension, the benefits paid by Kela, such as sickness allowance and parental allowance, for example, are determined based on the YEL income. YEL income also determines the level of your unemployment security.

The YEL income must correspond to the value of your work

The YEL income should correspond to the monetary value of your work input. When you take out YEL insurance, we will confirm your annual YEL income that corresponds to your work input. When confirming the YEL income, we will take into account the information you have provided on your entrepreneurial activities and your estimate of your YEL income.

YEL income is always determined on an annual basis, regardless of when your YEL insurance begins. For example, if your insurance begins on 1 March 2021, your YEL income is estimated for the period 1 March 2021–28 February 2022.

When estimating your YEL income, consider how much you would pay an employee with the same professional skills on a yearly basis.

When estimating your YEL income, take into account the number of your working hours, your company's turnover and the possible seasonality of your business. The YEL income includes all the work you do as an entrepreneur. So you only need one YEL insurance even if you have several companies. Read more at ilmarinen.fi.

If you need help in estimating your YEL income, try the YEL calculator available on Ilmarinen's website. Also take a look at the Finnish Centre for Pensions' YEL income guide (tyoelakelakipalvelu.fi).

When will YEL income be changed?

Your YEL income can be changed as required if your work as an entrepreneur changes. Your YEL income will be increased, for example, when your entrepreneurial activity expands or your part-time entrepreneurial activities turn into full-time self-employment. Similarly, the YEL income can be reduced if your work input decreases.

You cannot change your YEL income retroactively, so it is advisable to react to changes in your entrepreneurial activities right away. You can apply for a change in your YEL income in our online service, after which we will confirm for you a YEL income corresponding to your annual work input. Changes other than those concerning your entrepreneurial activities and working, such as receiving larger social benefits, are not grounds for changing your YEL income.

This table illustrates how your YEL income affects your life.

Situation	Benefit to be applied for	Impact of YEL income	Who pays
You fall ill	Sickness allowance	The allowance is based on your YEL income	Kela
You have a baby	Parental allowance	The allowance is based on your YEL income	Kela
You lose your work ability due to an illness	Vocational rehabilitation and/or disability pension	The benefit is based on your YEL income	Employment pension insurance company
You lose your work ability or die due to an accident	Benefit from accident insurance: daily allowance, rehabilitation, survivors' pension etc.	The compensation is based on a sum equal to your YEL income	Non-life insurance company
You lose your job	Basic allowance	In order to be eligible for the allowance, your YEL income must be at least EUR 13,247 in 2021	Kela
You lose your job	Labour market subsidy	Support based on a discretionary decision if you are not receiving the basic allowance	Kela
You lose your job	Earnings-related allowance	In order to be eligible for the allowance, your YEL income must be at least EUR 13,247 in 2021	Self-employed person's unemployment fund
You want to work less or want part of your pension	Partial early old-age pension	The pension is 25 or 50 per cent until the end of the year preceding the start of the pension	Employment pension insurance company
You age	Old-age pension or years-of-service pension (under certain conditions)	The pension is based on your YEL income	Employment pension insurance company
You die	Survivors' pension	The pension is based on your YEL income	Employment pension insurance company

Also note that there are lower and upper limits for YEL income. This means that for 2021, your YEL income can be no less than EUR 8,063.57 and no more than EUR 183,125.00.

Size of the YEL insurance contribution

YEL insurance is statutory, which is why the YEL insurance contribution is the same in all employment pension insurance companies.

The size of your YEL insurance contribution is affected by four things:

- 1. Your YEL income.** The contribution is a percentage of your YEL income. The Ministry of Social Affairs and Health confirms the YEL contribution percentage annually.
- 2. Your age.** At the age of under 53 or at least 63, you pay less than between the ages of 53–62.
- 3. Being a first-timer.** When you become self-employed for the first time, you receive the reduction for new entrepreneurs.
- 4. Number of instalments and payment dates.** Those who pay their YEL contributions in one instalment in January pay the least.

Age	Pension accrual, % of YEL income in 2020	YEL contribution, % of YEL income in 2020	YEL contribution for new entrepreneurs, % of YEL income in 2020
Under 53	1,5	24,1	18,798
53–62	1,7	25,6	19,968
Min. 63	1,5	24,1	18,798

Reduction for new entrepreneurs

When you become self-employed for the first time, you will get a 22% reduction on your YEL contributions. You will get the discount during the first 48 months – or four years – of your self-employment. If your self-employment ends earlier, you can use the remaining discount period for another period of entrepreneurship.

In one or more instalments

You can pay your annual contributions in as many instalments as you like: 1, 2, 3, 4, 6 or 12 instalments. However, at least half of the contributions must fall due before August. The due date of the contribution is the 20th of the month or the first weekday following the 20th.

Your contributions are tax deductible

You can deduct all of your YEL contributions in your personal or your company's taxation. If you pay your YEL contributions yourself, you should deduct them in your or your spouse's personal taxation. It is advisable to deduct the contributions in the taxation of the spouse who has the bigger earnings subject to salary income taxation and other progressive taxation. If your company pays your YEL contributions, deduct the contributions in your company's taxation.

Self-employed person's online service at your fingertips

As Ilmarinen's customer, you automatically gain access to the self-employed person's online service. Log in to the service in the top right-hand corner of the ilmarinen.fi page using your personal online banking credentials. In the online service you can, for example, view your YEL contribution information and check the amount of your YEL income and how much pension you have accrued. You can also request an extended term of payment and report changes in your contact details online.

Self-employed person, become our customer

Close to 80,000 self-employed persons have entrusted their most important insurance matters into our hands. We would like you to join them.

Our task is to make sure that you and our other customers receive the pension that you earned from work.

With Ilmarinen, handling your pension insurance matters is fast and easy.

- You have comprehensive online services at your fingertips 24/7.
- You can reach our specialists by phone +358 10 195 083 (Inc/mpc) and via chat.
- As a new entrepreneur, you get a 22 per cent discount on your YEL contribution. On our website, you can also order a guide for new entrepreneurs that will help you take your first steps as an entrepreneur.
- If your work ability weakens, vocational rehabilitation helps you return to working life.