

## YEL INSURANCE FOR THE SELF-EMPLOYED IN 2018 – in brief

As a self-employed person, you insure yourself under the Self-Employed Persons' Pension Act (YEL). Insure yourself properly and you will thank yourself many times over, even long before you retire. YEL insurance determines also the extent of your social security cover.

### WHO IS IT FOR?

Take out pension insurance for the self-employed, i.e. YEL insurance, if all of the following claims apply to you:

- I am aged between 18–67.
- I have been self-employed for at least 4 months.
- I live in Finland.
- My work input is valued at least at EUR 7,656.26 in 2018.
- I work in my company.

Take out YEL insurance regardless of whether your self-employed work is full-time or part-time. And even if you are not a Finnish citizen. Or if you have taken out voluntary pension insurance for yourself.

### WHEN?

Take out the insurance latest within six months from when you started working as a self-employed person. Or, immediately when your self-employment begins. Then you will no longer have to worry about it.

Whenever you take out the insurance, the contributions are calculated from the start of your self-employed work. From that moment on, YEL insurance will begin to secure your life.

### WHY TAKE OUT YEL INSURANCE?

With YEL insurance, you build not only your pension security, but also all of your other social security benefits. That is why YEL insurance is statutory – which means it is obligatory.

The amount of your social security benefits depends on the value of your work input. In other words, on the level at which you have set your YEL income.

## ILMARINEN RECOMMENDS THAT YOU

Set your YEL earned income at a level that suits your situation. Follow these steps:

- 1. If you are self-employed full-time**, set your earned income at a minimum of EUR 20,000–30,000.  
This will give you a reasonable pension and social security.
- 2. If you are self-employed part-time**, set your earned income at a minimum of EUR 12,576.  
This will ensure that you are eligible to accrue unemployed allowance.
- 3. When the value of your work input changes**, change the amount of your earned income under YEL.  
That is easy to do: just let us know.

## THIS TABLE ILLUSTRATES HOW YOUR EARNED INCOME AFFECTS YOUR LIFE.

Situation	Benefit to be applied for	Impact of your YEL earned income	Who pays
You fall ill	Daily sickness allowance	The allowance is based on your earned income	Kela
You have a baby	Parental allowance	The allowance is based on your earned income	Kela
You lose your ability to work due to an accident or illness	Vocational rehabilitation and/or disability pension	The compensation is based on your earned income	Earnings-related pension insurance company
You lose your ability to work or you die due to an accident	Compensation from accident insurance: daily allowance, rehabilitation, survivors' pension etc.	The compensation is based on a sum equal to your earned income	Non-life insurance company
You lose your job	Basic daily allowance	In order to be eligible for the basic daily allowance, your earned income must be at least EUR 12,576 in 2018	Kela
You lose your job	Labour market subsidy	Support based on a discretionary decision if you are not receiving the basic daily allowance	Kela
You lose your job	Earnings-related daily allowance	In order to be eligible for the daily allowance, your earned income must be at least EUR 12,576 in 2018	The Unemployment Fund for Entrepreneurs and the Self-Employed AYT or the Finnish Unemployment Fund for Entrepreneurs SYT
You want to work less or draw out part of your pension	Partial early old-age pension	The amount is either 25 or 50 percent calculated from the pension that you have accrued by the end of the year preceding your retirement	Earnings-related pension insurance company
You age	Old-age pension or years-of-service pension (under certain conditions)	The pension is based on your earned income	Earnings-related pension insurance company
You die	Survivors' pension	The pension is based on your earned income	Earnings-related pension insurance company

### ESTIMATE YOUR EARNED INCOME

Estimate your earned income in euros. Earned income means an amount that corresponds to the actual value of your work. Earned income, thus, does not mean the amount of salary that you pay yourself.

Begin estimating the amount of your earned income by thinking about the following:

1. the salary you would pay someone else to do your work
2. the highest salary in your field based on a collective agreement
3. the highest salary you would pay an employee.

If you have more than one company, estimate the amount of your work input in those companies in total.

You only need one YEL insurance policy – and one YEL earned income.

Also note that there are lower and upper limits for earned income. This means that for 2018, your earned income can be no less than EUR 7,656.26 and no more than EUR 173,875.00.

If estimating the amount of your earned income seems complicated, don't worry. We are here to help you.

### YOUR EARNED INCOME AFFECTS YOUR INSURANCE CONTRIBUTIONS

Your earned income under YEL determines the amount of your YEL insurance contribution. The contribution is a certain percentage of your earned income. The percent-

age is the same in all earnings-related pension companies. The contribution is 24.1 percent for entrepreneurs at the age of 18–52 and over 62, and 25.6 percent at the age of 53–62 in year 2018.

During transition period from year 2017 until 2025 the contribution is higher for 53-62 year-olds. The percentage is higher from the beginning of the following year when you turn 53 years until the end of the year when you turn 63 years. You also accrue more pension during that time.

But the YEL contribution still varies somewhat. It is affected by two things:

- 1. Being a first-timer.** When you become self-employed for the first time, you receive the reduction for new entrepreneurs.
- 2. Taxation.** You can deduct all of your YEL contributions in taxation. This lightens your taxation.

## REDUCTION FOR NEW ENTREPRENEURS

If you are becoming an entrepreneur for the first time between the ages of 18 and 67, you will get a 22 percent reduction on your YEL contributions. The reduction is effective for four years.

## YOUR CONTRIBUTIONS ARE TAX DEDUCTIBLE

The YEL contributions are paid by you or by your company. You can deduct all of your YEL contributions from your personal or your company's taxation. The higher your YEL earned income, the greater the tax deduction on your YEL contribution.

## 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. The due date of the contribution is the 20th of the month or the first weekday following the 20th.

## AN AGILE PARTNER FOR YOU

Pension insurance company Etera merged into Ilmarinen on 1 January 2018. Following the merger, we will create a cost-effective and attractive earnings-related pension company, offering an even more diverse service package and the most competitive client benefits in the sector. The merger will not require any measures from our customers or partners. Read more: [www.ilmarinen.fi/merger](http://www.ilmarinen.fi/merger).

More than 70,000 self-employed persons have entrusted their insurance matters to us. We have 676,000 insured and we pay out pensions to 464,000 people. In total, we are responsible for the pension cover of more than 1.1 million people.

We offer everything you could want from a pension company: pension insurance for the self-employed and for employees (i.e. YEL and TyEL), support for your well-being and that of your employees, vocational rehabilitation and pension – and without pension jargon or unnecessary formalities. Coherently, simply and positively.

Take out YEL and TyEL insurance easily on our website [ilmarinen.fi](http://ilmarinen.fi). Or call our insurance sales service at +358 10 284 2385. You can also take out insurance through our partners. Ilmarinen's Finland-wide partner network has offices across the country. You can find the contact information of our partners on our web service at [ilmarinen.fi](http://ilmarinen.fi).

Ilmarinen's policyholders and the persons insured with the company are also Ilmarinen's owners. Join us!

## EASY ONLINE SERVICES

Simplify your life and start using our free online services. You can take care of everything online: change your YEL earned income or your instalment months, lower or raise your YEL contributions and print up any certificates you need. Or extend a term of payment, if necessary. All you need to use the online service are your online banking codes.

