

ILMARINEN



**LARGE EMPLOYER'S  
TYEL CONTRIBUTION  
2019**

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# TYEL CONTRIBUTION AND WORK CAPACITY GO HAND IN HAND

As a large employer you can impact the size of your TyEL contribution, i.e. earnings-related pension contribution.

Because the work capacity of your employees affects the size of the contribution. And, to be more precise, how much disability and partial disability pension they have been granted.

The TyEL basic contribution is just over one quarter of your payroll. The TyEL contribution for 2019 is, on average, 24.4 per cent of the payroll.

## IMPACT OF PAYROLL AND REDUCTIONS

Your TyEL contribution depends on, not just your disability pensions, but also the size of your company. In other words, your payroll. And on how large a reduction you receive on your contribution.

This brochure illustrates what the TyEL contribution consists of. And how large a portion of it is made up of the disability pension contribution. It also explains how you can pay as little as possible.

The brochure also describes how a large employer can make use of vocational rehabilitation and manage work capacity. This allows you to take care of the well-being of your employees and to make well-being management part of your strategy.

## WHEN ARE YOU A LARGE EMPLOYER?

In pension matters size is measured through one thing, the actual payroll – the payroll from two years ago. You are a large employer in 2019 when your payroll for 2017 was at least EUR 2,083,500.

If your payroll was smaller than this, you are a small employer. If that is the case, take a look at the brochure “Taking care of your employees’ pension cover in 2019 – in brief”.

## FOR A BETTER LIFE.

The logo for ILMARINEN, consisting of the word "ILMARINEN" in white, uppercase, sans-serif font, centered within a dark blue rectangular background.

## AT YOUR SERVICE!

When you wish to talk about your TyEL insurance, vocational rehabilitation or work capacity management, call your contact person. We are also happy to discuss things face to face or online, whichever you prefer.

# COMPONENTS OF YOUR TYEL CONTRIBUTION

As the representative of your employer you take care of your employees' pension cover by paying the TyEL contribution. The employee's pension insurance contribution.

The TyEL contribution is a percentage of your employees' salaries and wages. To be precise, of the salaries and wages that you pay over the course of one calendar year – i.e. of the actual payroll amount. The Ministry of Social Affairs and Health confirms the TyEL contribution percentage annually.

In 2019, the TyEL basic contribution is 25.2 per cent. As a large employer, you receive various reductions on this percentage. The TyEL basic contribution is also called the unreduced TyEL contribution. The average TyEL contribution is 24.4 per cent.

The greatest impact on your contribution comes from your employees' work capacity and your payroll. Work capacity puts you in a specific contribution category. The contribution category depends on how much disability pension has been granted to your employees.

Read on to see what your TyEL contribution consists of. And how work capacity and payroll impact it.

> **Discounts reduce the contribution:** p. 11

## COMPONENTS OF THE UNREDUCED TYEL BASIC CONTRIBUTION

Various pensions are funded through the TyEL contribution. The majority of the contributions are used to pay current pensions. Around one fifth of the contributions are put aside in funds for future pensions.

Component	What does the component fund?	What affects the size of the component?	What aged employees does the component apply to?	Size of component, % of payroll	
				2019	2018
Old-age pension	Old-age pensions (funded component)	Age and gender of employee	17–67 yrs	3.5	3.5
Disability pension	Disability pensions and maintaining work capacity	Age of employee and own disability pensions (= size of employer)	17–62 yrs	0.9	1.0
Pooled component	Old-age pensions (unfunded component), years-of-service pensions, partial old-age pensions, part-time pensions, survivors' pensions, rehabilitation increments, index increments on pensions etc.	Age and gender of employee	17–67 yrs	19.8	19.8
Other components	Premium losses and expense loading and other statutory payments, i.e. expenses of the Finnish Centre for Pensions, judicial administration charges, supervision charges of the Financial Supervisory Authority	Size of employer	17–67 yrs	1.0	1.0
<b>Total</b>				<b>25.2</b>	<b>25.3</b>

## EMPLOYEES ALSO CONTRIBUTE

As an employer you are responsible for the majority of the TyEL contribution. The rest is paid by the employee. You need to collect your employee's share of the contribution from his or her pay and then pay us the full amount.

## TYEL CONTRIBUTION AND ITS ALLOCATION BETWEEN THE EMPLOYER AND EMPLOYEE, % OF PAYROLL

	2019	2018
Average TyEL contribution	24.40	24.40
Average employee contribution	-7.05	-6.65
Average employer contribution	17.35	17.75

## AS A LARGE EMPLOYER YOU BELONG TO A CONTRIBUTION CATEGORY

As a large employer you always belong to a contribution category. The more disability pensions or partial disability pensions have been granted to your employees, the higher the contribution category.

There are 11 contribution categories. Contribution category 4 is the base category in which the disability risk corresponds with the average level. If you belong to a lower contribution category you pay lower disability contributions and if you belong to a higher category, you pay higher contributions.

The contribution category impacts the size of the disability contribution. The average disability contribution in the base category 4 is 0.9 per cent of the payroll. Your company's disability contribution may vary significantly from this.

## YOUR EMPLOYEES' WORK CAPACITY IMPACTS THE CONTRIBUTION CATEGORY

How much you end up paying in disability contributions is dependent on the work capacity of your employees.

This is how the contribution is determined:

1. First we calculate your pension expenditure, i.e. how much disability pension has been granted to your employees.
2. Then we determine the disability risk. It is based on your employees' disability pensions.
3. Finally we define your contribution category. The contribution category is based on the company's disability risk.

### First the pension expenditure calculation

Calculating your disability contribution starts with the calculation of your pension expenditure, i.e. how much disability pension and partial disability pension has been granted to your employees.

It is always based on two calendar years. Those pensions that your employees have received decisions on in 2016 and 2017 are decisive in determining your 2019 disability contribution. This is why the contribution category can vary year-to-year.

When calculating the pension expenditure only the new, permanent disability and partial disability pensions are taken into account. And only those on which a final decision has been made, not temporary decisions. The calculation also does not take into account fixed-term disability pensions, i.e. cash rehabilitation benefits and partial cash rehabilitation benefits.

## BETTER WORK CAPACITY, LOWER TYEL CONTRIBUTION

Enable your employees to feel good. The results will show in your TyEL contribution. The bigger your payroll, the larger the impact. If your payroll is EUR 5 million and you belong to the highest contribution category, your disability contribution is almost double that of the disability contribution of a company in the lowest category. And if your payroll is EUR 60 million, your disability contribution will be more than fifty times higher.

When defining the pension expenditure, temporarily granted disability pension is also not taken into account if the pension contingency is on 1 January 2017 or later and if

1. the disability is the result of an accident and the employer has taken out voluntary personal accident insurance including disability pension cover or other similar insurance taken out by the employer. The accident must have taken place no more than two years before the disability pension's pension contingency date and the weakening of the work capacity under the disability pension must be at least 80 per cent for the full disability pension and 50 per cent for the partial disability pension.
2. the disability pension is granted as a result of a rail traffic accident or
3. the disability pension is granted to a person who was entered in the Employment and Economic Development Administration's register at the start of the employment contract as having an illness, defect or disability that reduces work capacity. At the time of the disability pension contingency, no more than 5 years may have passed since the beginning of the employment contract.

In connection with applying for disability pension, the employer must report any disability pension granted to

the applicant in accordance with item 1. If the disability pension applicant has partial work capacity, the employer must show that the applicant was entered in the register as specified in item 3.

The years-of-service pension does not impact the contribution category.

Pension expenditure applies to the year in which the pension is granted, i.e. the year during which the employee received the pension decision.

The pension expenditure is the pension liability calculated to the final day of the granting year, which provides for the payment of the pension until the old-age retirement age. This is why the pension expenditure of a single pension is primarily impacted by the age of the retiree and the amount of pension they receive. Your size as an employer does not affect the pension expenditure.

## PENSION EXPENDITURE IMPACTS THE CONTRIBUTION CATEGORY WITH A DELAY

The year when the pension is granted determines which year's contribution category the pension affects.

Disability pension granted	Influences contribution category for					
	2017	2018	2019	2020	2021	2022
2014	X					
2015	X	X				
2016		X	X			
2017			X	X		
2018				X	X	
2019					X	X

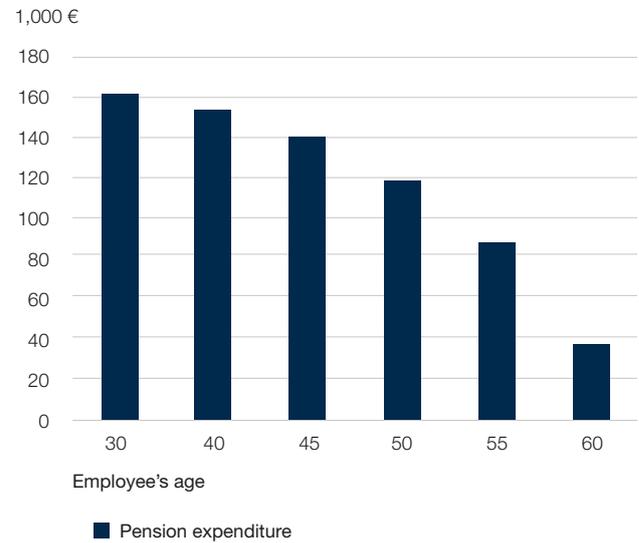
### ESTIMATE OF THE IMPACT OF A NEW DISABILITY PENSION ON THE PENSION EXPENDITURE

Pension expenditure is calculated by multiplying the employee's annual pension with a coefficient. The disability pension is approximately half of the annual salary. The coefficient depends on the person's age and birth month. The table below presumes that the person was born in June.

Employee's age	Coefficient	Employee's age	Coefficient
18	12.22	42	12.46
19	12.39	43	12.23
20	12.55	44	11.98
21	12.70	45	11.71
22	12.84	46	11.38
23	12.96	47	11.05
24	13.08	48	10.69
25	13.19	49	10.30
26	13.27	50	9.88
27	13.35	51	9.39
28	13.41	52	8.90
29	13.46	53	8.38
30	13.49	54	7.77
31	13.51	55	7.22
32	13.51	56	6.63
33	13.49	57	5.85
34	13.45	58	5.00
35	13.40	59	4.10
17	12.04	41	12.66
36	13.33	60	3.13
37	13.23	61	2.09
38	13.10	62	0.97
39	12.99	63	-
40	12.83		

### PENSION EXPENDITURE RESULTING FROM A SINGLE PENSION

In the example a person retires on disability pension, which is 1,000 EUR/month.



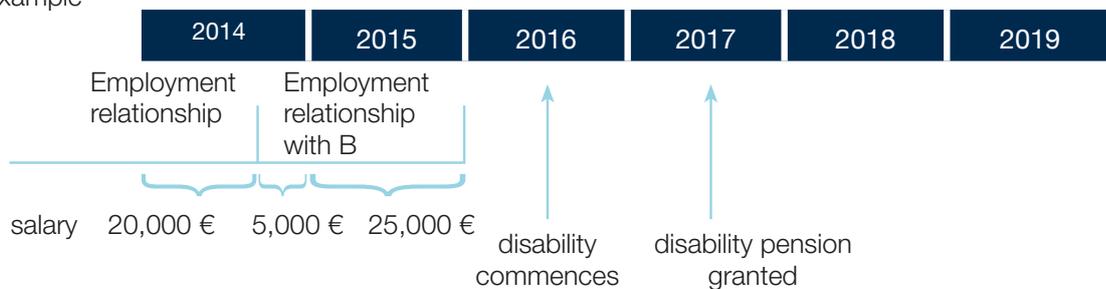
Sometimes the responsibility for the employee's disability pension may apply to parties other than the employer. In that case, we calculate the pension expenditure so that part of it applies to you and part of it to other employers.

This applies if your employee received salary or wages from another employer during the two calendar years that preceded the start of his/her disability. Or if he/she received social benefits during this period.

Disability begins from the moment that the employee falls ill. That is why disability can sometimes begin several years before the disability pension.

### ALLOCATION OF DISABILITY PENSION LIABILITY BETWEEN DIFFERENT EMPLOYERS

Example



Pension: EUR 1,000 per month

Pension expenditure EUR 100,000: pension expenditure for A EUR 20,000/50,000 x 100,000 = EUR 40,000  
 pension expenditure for B EUR 30,000/50,000 x 100,000 = EUR 60,000

> Pension expenditure affects the contribution categories in 2019 and 2020.

### Then comes the disability risk assessment

Next we define your disability risk. We do this by calculating your risk ratio. The risk ratio is the company's pension expenditure in relation to the average pension expenditure.

When the risk ratio has been calculated, we will calculate a category coefficient. It is the average of the risk ratios for two consecutive years.

The category coefficient determines your contribution category. When your category coefficient is 0.80–1.19, you are in the base category 4. A smaller coefficient puts you in a category lower than the base category and a larger one puts you in a higher category.

### FACTORS IMPACTING RISK RATIO

Certain issues related to the disability pension impact the risk ratio.

Factor	Affects the risk ratio		Except
	Yes	No	
Disability pension	x		If the person dies in the year the pension is granted
Partial disability pension	x		If the person dies in the year the pension is granted
Partial disability pension changes into disability pension or vice versa		x	If the change happens during the year it is granted
Cash rehabilitation benefit		x	
Partial cash rehabilitation benefit		x	
The pension is granted on previous grounds, i.e. the person returns to full time work from a disability pension but is forced to retire again on a disability pension on previous grounds		x	
The pension is left dormant, i.e. the person returns from retirement to full-time work for at most 2 years; after this the right to the pension ends		x	
Pension ends		x	

### Finally, the contribution category

Your contribution category is determined based on your disability risk.

The coefficients describing the contribution levels of the different contribution categories are called contribution category coefficients. In contribution categories 5–11 the disability contribution is higher and in contribution categories 1–3 lower than in base category 4.

In the highest category 11, the contribution can be up to 5.5 times that of the base category while in the lowest category 1 the contribution can be as low as one tenth of the base category's.

## IMPACT OF CATEGORY COEFFICIENT AND CONTRIBUTION CATEGORY ON DISABILITY CONTRIBUTION

This table illustrates how the category coefficient impacts the contribution category. And how the contribution category impacts the amount of disability contribution.

Contribution category	Category coefficient (two-year risk ratio average)	Contribution category coefficient	Disability contribution in 2019 average % of payroll
11	min. 5	5.5	4.95
10	4.00–4.99	4.5	4.05
9	3.00–3.99	3.5	3.15
8	2.50–2.99	2.75	2.48
7	2.00–2.49	2.25	2.03
6	1.50–1.99	1.75	1.58
5	1.20–1.49	1.35	1.22
Base category 4	0.80–1.19	1.00	0.90
3	0.50–0.79	0.65	0.59
2	0.20–0.49	0.35	0.32
1	less than 0.2	0.1	0.09

The contribution category is company-specific. This is why the same contribution category is applied to all of your insurance policies with us.

### YOUR SIZE IMPACTS THE WEIGHTING OF YOUR CONTRIBUTION CATEGORY

Your disability contribution is not entirely dependent on your disability pensions, i.e. on what your contribution category is.

The contribution is also impacted by how large an employer you are. This means the size of your payroll two years ago, in 2017. The larger your payroll was, the more your contribution category affects your disability contribution.

If your payroll in 2017 was at least EUR 33,336,000, your disability contribution will be determined entirely based on your contribution category. If, however, your payroll was less than this only part of your contribution will be based on your contribution category. The remainder will be determined according to the base category 4.

The payroll impacts the contribution according to a graduated scale.

## THE CONTRIBUTION CATEGORY CHANGES

Your contribution category can change because the number of people retiring from your employment on disability pension varies year-to-year.

Your company may have insurance policies with different pension companies. In this case, each pension company will calculate the pension expenditure only from the disability pensions that are the responsibility of the pension company in question.

If your contribution category varies, you will pay different amounts of disability contribution each year. Which means that the TyEL contribution will also vary.

## IMPACT OF PAYROLL AND CONTRIBUTION CATEGORY ON DISABILITY CONTRIBUTION AND CONTRIBUTION CATEGORY ON DISABILITY CONTRIBUTION

The impacts of the payroll can be seen in the following table. It illustrates how large your contribution category is when your payroll is 5, 15, 30 or 60 million euros.

Payroll	EUR 5 mill.		EUR 15 mill.		EUR 30 mill.		EUR 60 mill.	
Contribution category	Contribution EUR/year	Contribution % of payroll						
11	64,000	1.3	386,000	2.6	1,355,000	4.5	2,970,000	5.0
10	60,000	1.2	330,000	2.2	1,114,000	3.7	2,430,000	4.1
9	55,000	1.1	274,000	1.8	873,000	2.9	1,890,000	3.2
8	52,000	1.0	233,000	1.6	692,000	2.3	1,485,000	2.5
7	50,000	1.0	205,000	1.4	571,000	1.9	1,215,000	2.0
6	48,000	1.0	177,000	1.2	451,000	1.5	945,000	1.6
5	46,000	0.9	155,000	1.0	354,000	1.2	729,000	1.2
Base category 4	45,000	0.9	135,000	0.9	270,000	0.9	540,000	0.9
3	44,000	0.9	115,000	0.8	186,000	0.6	351,000	0.6
2	42,000	0.8	99,000	0.7	113,000	0.4	189,000	0.3
1	41,000	0.8	85,000	0.6	53,000	0.2	54,000	0.1

### MONTHLY TYEL CONTRIBUTIONS

The Incomes Register is a centralised register where all paid income data will be reported as of 2019.

The Incomes Register replaces the earnings notifications under TyEL made throughout the year and the annual notification made by the end of January.

You should thus submit a separate notification for each payment of wages or salaries during the Incomes Register period, at the latest within five days of payment.

In future, your invoices will fall due on the last day of the month following the payment of the wages or salaries. Or on the last day of the following month.

#### Impact of the term of payment

There are two payment options available. As a general rule, the TyEL insurance contribution falls due on the last day of the month following the payment of the wages or salaries. This is the automatic and least expensive option.

If, however, you require additional time to pay, the due date of your invoice can be moved forward by a maximum of one month. In this case, insurance contribution interest is added.

### INTEREST RATE USED TO CALCULATE THE CONTRIBUTION, %

		2019	2018
Insurance contribution interest rate	1 Jan.–30 Jun.	2.0	2.0
	1 Jul.–31 Dec.		2.0

> **Paying TyEL contributions:** [ilmarinen.fi](http://ilmarinen.fi)

## TAKE A LOOK AT THE PAYMENT OPTIONS

Log in to Ilmarinen's online service at [ilmarinen.fi](http://ilmarinen.fi) and take a look at the different payment options. You can also move forward the next month's invoice to fall due one month later.

# DISCOUNTS REDUCE THE CONTRIBUTION

As a large employer, your contributions can be reduced by three discounts: the client bonus, discount for large payrolls and the premium loss discount.

## BENEFIT FROM ILMARINEN'S CLIENT BONUS

The client bonus is a discount that is based on Ilmarinen's solvency, efficiency and investment operations.

The client bonus bases have changed. The maximum amount of client bonuses will still be determined based on the joint pension company technical bases, but the client bonus distribution rule will be specific to each pension company. The distribution bases are confirmed by the Ministry of Social Affairs and Health.

The client bonus reduces TyEL contributions for 2019 by an average of 0.6 per cent.

## Impact of contributions and duration of client relationship

At Ilmarinen, the amount of client bonus is affected by three things: your company's (Group's) size, the payroll for the previous year and the cumulative payroll for the 20 years preceding that.

In Ilmarinen's bonus model, the duration of the insurance rewards the client when the investment surplus is distributed, for which we use the client's insured payroll with Ilmarinen for the past 20 years. At Ilmarinen, the surplus resulting from effective operations depends on the size of your company and is distributed to clients based on the previous year's payroll.

If your insurance with Ilmarinen is new, you will receive your first client bonus in your second insurance year.

## PREMIUM LOSS DISCOUNT BASED ON SIZE

As a large employer you always receive a premium loss discount on your contribution percentage.

The size of the employer affects both the premium loss component and the reduction on it. The larger you are as an employer, the smaller the premium loss component. And the bigger the discount.

## PREMIUM LOSS DISCOUNT FOR 2019

Company's payroll in 2017, EUR	Premium loss discount, % of payroll
2,083,500–33,336,000	0.187
33,336,000	0.217

## DISCOUNT FOR LARGE PAYROLLS

The largest employers additionally receive a discount for large payrolls. Which is what you receive when your payroll amount is at least EUR 5 million in 2018. The larger your payroll has been, the greater the discount.

The discount for large payrolls reduces the component of the TyEL contribution that applies to expense loading. Expense loading is included in the other components of the TyEL contribution.

The discount for large payrolls for 2019 is based on the payroll for 2018. The discount is taken into account automatically in your TyEL invoicing.

## Impact of group payroll

If a company is part of a group of companies, the discount for large payrolls is larger than usual. The reduction is, in that case, not determined based on the company's payroll but instead on the group payroll. The amount of the reduction is calculated by adding together the payrolls of all the group companies that are insured with Ilmarinen.

## DISCOUNT FOR LARGE PAYROLLS ACCORDING TO PAYROLL IN 2019

This table illustrates how the discount for large payrolls reduces your TyEL contribution.

Payroll EUR mill./2018	Discount for large payrolls % of payroll (incl. in previous item)	Payroll EUR mill./2018	Discount for large payrolls % of payroll (incl. in previous item)
< 5.0	0	93.0	0.1762
5.0–	0.0115	101.0–	0.1832
5.5–	0.0230	109.0–	0.1912
6.0–	0.0347	118.0–	0.1982
6.5–	0.0461	126.0–	0.2064
7.0–	0.0576	135.0–	0.2114
7.5–	0.0692	151.0–	0.2172
8.0–	0.0806	168.0–	0.2228
8.5–	0.0923	185.0–	0.2284
37.0–	0.1000	202.0–	0.2341
40.0–	0.1103	219.0–	0.2394
45.0–	0.1185	235.0–	0.2508
50.0–	0.1286	269.0–	0.2619
56.0–	0.1368	303.0–	0.2665
61.0–	0.1451	330.0–	0.2714
66.0–	0.1496	360.0–	0.2769
71.0–	0.1539	392.0–	0.2825
76.0–	0.1610	427.0–	0.2888
84.0–	0.1691	465.0–	0.2959

## IMPACT YOUR TYEL CONTRIBUTION – REDUCE YOUR DISABILITY RISK

You can impact the size of your TyEL contribution.

The most effective way to impact the contribution is to take care of your employees' work capacity. The fewer disability and partial disability pensions granted to your employees, the smaller your contribution.

### Follow these steps:

Secure work capacity. Make sure that early intervention is part of your supervisors' daily routine and a natural part of their supervisory work. Confirm that the occupational health care services direct employees with weakened or weakening work capacity to rehabilitation. 75 per cent of rehabilitees return to working life.

Manage work capacity. Identify the current situation and build a path towards a better working life. Make a plan and involve supervisors in its implementation. This

will allow work capacity management to be part of each day – and to support your strategy.

We provide advice and training in both vocational rehabilitation and the management of well-being at work and work capacity.

### RETURNING TO WORKING LIFE THROUGH VOCATIONAL REHABILITATION

The work capacity of your employees may decline for various reasons. The cause may be an illness or injury, whether work-related or not.

Help supervisors recognise the risks.

Make sure that occupational health care services are aware of the available vocational rehabilitation options.

And confirm that occupational health care services guide employees with weakened or weakening work capacity to rehabilitation.

The most effective way to help is to direct employees to vocational rehabilitation. Vocational rehabilitation offers your employees five alternatives for returning to working life. We provide financial support for each option, usually in the form of rehabilitation allowance or rehabilitation increment. We will help you get started and guide you along the way. Our rehabilitation specialists and nationwide partner network will help you plan rehabilitation measures, if needed.

### Five options

Always discuss the returning-to-work options with the employee and the occupational health care services first. Consider whether it might be possible for the employee to return to their job with a lightened workload or whether the job could be adjusted to better suit the employee.

The best option is usually the one that is closest to the employee. A job that they have prior experience in, or studies that link closely to their work or earlier studies.

Which of the vocational rehabilitation options suits the employee best depends on the employee and their situation. The employee may find that a work trial, job coaching, apprenticeship training or vocational retraining is the best option. The employee may also wish to establish a business.

### Everyone wins

When your employee is rehabilitated, you, they and the workplace are all winners. And so is the whole of Finnish society. Rehabilitation is worthwhile because:

1. It quickly pays itself back.
2. It reduces your contribution category or prevents it from rising.
3. It reduces disability pensions.
4. It improves the quality of employees' lives.
5. It has a positive impact on the workplace atmosphere and customers.

> **Vocational rehabilitation:** [ilmarinen.fi](http://ilmarinen.fi)

### TOWARDS A BETTER WORKING LIFE

When you and your employees feel good, work also goes smoothly. This results in increased productivity. When managing work capacity is part of your strategy, it creates a competitive advantage for your company.

Start by charting the current situation. Proceed systematically and with a goal in mind. Strengthen the work capacity of you and your employees, make an impact and monitor the results.

We provide expert help and tools for the management of work capacity and work capacity risk. Our website contains information, tools, ideas and examples. We offer tools throughout the year – stay tuned! More information on our work capacity supporting services is available on our website.

## THE EMPLOYER AND VOCATIONAL REHABILITATION

Employer, take care of your employees. If their work capacity weakens, discuss with them what options are available to enable them to continue at work. Encourage your employees to apply for rehabilitation.

Your employees will receive financial support from us for the duration of the rehabilitation period. You can also agree with your employees to pay them salary or wages during rehabilitation. In that case you, the employer, will receive the employees' rehabilitation benefits. However, not more than what their salary or wages would be.

Call your contact person when you wish to discuss vocational rehabilitation possibilities for your employees.

## TOWARDS BETTER WORK CAPACITY

Read more about work capacity management and take a closer look at our Better Working Life services: [ilmarinen.fi/parempaatyolamaa](http://ilmarinen.fi/parempaatyolamaa).

## WHAT IF?

You are a large employer when your payroll exceeds EUR 2 million – the actual payroll from two years back. The limit is confirmed separately each year. In 2019, it is EUR 2,083,500.

When your payroll changes, your TyEL contribution changes. The contribution also changes when your contribution category changes. Corporate restructurings can also affect your contribution category. Read on to see how.

### YOUR PAYROLL GROWS TO EUR 2 MILLION

If your payroll exceeds EUR 2,083,500, you will begin to pay disability contributions based on your disability pension incidences, which is the contribution based on the contribution category.

The contribution category remains the base category 4 for the first years regardless of the work capacity of your employees.

After this, your employees' work capacity impacts the contribution category by fifty per cent over the course of one year. Finally, the work capacity of your employees, i.e. your disability and partial disability pensions, is the only deciding factor.

> **Your employees' work capacity impacts the contribution category:** p. 5

### YOUR PAYROLL HAS GROWN TO EUR 5 MILLION

If your payroll is at least EUR 5 million in 2018, you will receive a discount for large payrolls in addition to other reductions.

As a group company you can receive the discount for large payrolls based on the group's payroll. This is why a small company belonging to a large group of companies may receive a relatively large discount.

You will also receive the discount for large payrolls if your TyEL insurance ends because the insured employment contracts transfer to another insurance policy within the same group of companies. This applies when your company merges or demerges or if you transfer your business within the group.

> **Discount for large payrolls:** p. 11

### YOUR OTHER PENSION INSURANCE TRANSFORMS INTO TYEL INSURANCE

You may have earlier insured your employees under another pension insurance act. Due to a merger, the company transfers from another pensions act to TyEL. In this case, the contribution is determined the same way as a new company's contribution.

### YOU MERGE WITH ANOTHER COMPANY

If your company merges with another large company, we will add up the information impacting the companies' contribution category calculations and determine a contribution category based on the combined information.

If you merge midway through the year, the merger will not impact your contribution category until the next year. If you merge at the beginning of the year, however, the merger will affect your contribution category for that year.

Two small companies may merge so that the receiving company's total payroll exceeds the limit for large companies, i.e. EUR 2,083,500. In that case, the contribution category of the company created in the merger will be the base category 4. Its risk ratio will be impacted only by those pensions that have been granted after the merger.

### YOU DEMERGE OR TRANSFER YOUR BUSINESS

Demergers impact the contribution category of the company created. Also transfers of business affect the contribution category of the resulting company.

The contribution category of the new company is affected by the contribution category of the demerged or transferring company. Information impacting the calculation of the contribution category will gradually be replaced by the new company's own information.

If the payroll of the persons transferring due to a transfer of business is less than EUR 2,083,500, the corporate transaction will not impact the contribution category of the new company. If the disability history of the demerged or transferring company is transferred to the new company, the contribution category of the new company is determined, from the very start, based on the disability history of the demerged or transferring company.

The transfer of business also impacts the size of the company. If the payroll of the transferring employees is at least EUR 1,417,000, the payroll for both the transferor company and transferee company will be the payroll estimated for 2019.

### YOU TRANSFER YOUR TYEL INSURANCE TO ILMARINEN

Your company can transfer its TyEL insurance to Ilmarinen entirely or partially. In this case, the contribution category of your previous pension company and the information affecting it transfer according to your insurance.

They will not necessarily enter into force at Ilmarinen unaltered because different pension companies have their own contribution categories.

When your TyEL insurance transfers to us, we first find out whether you have any other insurance policies with us. If you do, we combine the policies' information affecting the calculation of your contribution category and assign you a new contribution category based on them. But only if the insurance transferring to us exceeds the

limit for large employers. The contribution category calculated in this manner will come into effect at the beginning of the following calendar year or already at the moment of transfer if the transfer takes place at the turn of the year.

If you do not have any other insurance policies with us and the transfer takes place partway through the year, we will apply the contribution category used by your previous pension company for the remainder of the year. We will determine the contribution category for the next year based on the contribution category information provided by the transferring company and on the transferring payroll.

