

YEL INSURANCE FOR THE SELF-EMPLOYED IN 2019 – 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 also determines the extent of your social security cover.

FOR WHOM?

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 7,799.37 in 2019.
- I work in my company.

Take out YEL insurance regardless of whether your self-employed work is full-time or part-time. Or whether you are a citizen of Finland or whether you have taken out voluntary pension insurance for yourself.

WHEN?

Take out the insurance at the 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. The easiest way to take out insurance is online at ilmarinen.fi.

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.

ILMARINEN RECOMMENDS THAT YOU

Set your YEL earned income at a level that suits you. 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 12,816. This will accrue your security in case of unemployment.
3. **When the value of your work input changes**, change the amount of your earned income under YEL. The fastest and easiest way to report changes is on our online service at ilmarinen.fi. You can log in to the service using your online banking codes.

AN AGILE PARTNER FOR YOU

More than 70,000 self-employed persons have entrusted their insurance matters into our hands. We have 616,000 insured and we pay out pensions to more than 470,000 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. TyEL and YEL, support for your well-being and that of your employees, rehabilitation, pension, and without pension jargon or unnecessary formalities. Coherently, simply and positively.

Take out YEL and TyEL insurance easily on our website 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.

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

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.

ACCURATELY ESTIMATE YOUR EARNED INCOME

Estimate your earned income in euros. Accurate 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.

THIS TABLE ILLUSTRATES HOW YOUR EARNED INCOME AFFECTS YOUR LIFE.

Situation	Benefit to be applied for	The impact of your earned income under YEL	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	Employment pension insurance company
You lose your ability to work or 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 12,816 in 2019	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 basic daily allowance, your earned income must be at least EUR 12,816 in 2019	The Unemployment Fund for Entrepreneurs and the Self-Employed AYT or the Finnish Unemployment Fund for Entrepreneurs SYT
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 earned income	Employment pension insurance company
You die	Survivors' pension	The pension is based on your earned income	Employment pension insurance company

Also note that there are lower and upper limits for earned income. This means that for 2019, your earned income can be no less than EUR 7,799.37 and no more than EUR 177,125.00.

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 percentage is the same in all earnings-related pension companies. The contribution is 24.1 per cent for persons under 53 and at least 63 years of age and 25.6 per cent for persons aged 53–62 years in 2019.

During the 2017–2025 transitional period, the contribution is larger from the start of the year in which you turn 53 until the end of the year in which you turn 63. The pension accrual is also larger.

The YEL contribution 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, which 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% 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.

WHAT DOES THE INCOMES REGISTER MEAN FOR SELF-EMPLOYED PERSONS?

The Incomes Register is a national electronic database introduced on 1 January 2019. Self-employed persons do not report their YEL earned income that is subject to pension insurance.

Instead, you should report your employees' payroll data to the Incomes Register even if they are only temporary employees. Whether you also need to report any salary you pay to yourself to the Incomes Register depends on the type of company you have.

If you are an owner in a limited liability company and you are paid a salary, basic daily allowance or other remuneration or if you receive fringe benefits, make a payroll notification to the Incomes Register. Company income is reported to the Incomes Register as compensation subject to withholding tax paid to you or your company as non-wage compensation for work when you are not included in the Prepayment Register taxation-wise.

The private withdrawals of a self-employed person with a registered business name are processed in accounting and reported using a tax return form, i.e. they are not reported to the Incomes Register.

EASY ONLINE SERVICES

Simplify your life and start using our free online services. Log in to the online services using your online banking codes at ilmarinen.fi. 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 apply for an extended term of payment, if necessary.