

TAKING CARE OF YOUR EMPLOYEES' PENSION COVER IN 2020 – in brief

The pension cover of your employees is your responsibility, whether you are a corporate or household employer. The responsibility is yours, also when you employ people temporarily. Luckily, arranging pension cover is easy.

WHEN?

Arrange pension cover for your employee when

1. The employee is between 17 and 67 years of age.
2. You pay your employee at least EUR 60.57 per month.
3. You employ one or more people in your company, at your home, cottage, in your yard or forest.

If you pay at least EUR 8,676 in salary or wages within a six-month period, arrange pension cover by taking out employees' earnings-related pension insurance, i.e. TyEL insurance.

Preferably take out the insurance immediately when you know the employee's name, social security code and salary. Then it's done! In any case, you should take out the insurance at the latest before the payroll is calculated as reporting the payroll data to the Incomes Register is not possible without the TyEL insurance number. This also helps to avoid penalty fees for late payment.

WHO IS IT FOR?

Take care of your employee's pension cover also when your employee is temporary, a pensioner or a non-Finn. An exception to the obligation to insure is in the case of posted workers, or if the person you have hired is self-employed.

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

	2020	2019
TyEL contribution	25,30	25,20
Average employee contribution	-7,45	-7,05
Average employer contribution	16,95	17,35

EMPLOYEE'S TYEL CONTRIBUTION, % OF PAYROLL

Age, yrs	2020	2019
Employee 17–52 years	7,15	6,75
Employee 53–62 years	8,65	8,25
Employee 63–67 years	7,15	6,75

The larger contribution percentage is applied from the beginning of the month after the month in which the employee turns 53 until the end of the month in which she or he turns 63.

COMPONENTS OF YOUR TYEL CONTRIBUTION

The TyEL contribution is a percentage of your employees' salaries and wages. The TyEL contribution will be calculated based on the salaries and wages reported to the Incomes Register. The contribution will fall due usually on the last day of the month following the date on which the salaries or wages were paid. You have the option of changing the due date of the invoice so that it falls due during the second month following the payment of salaries and wages. Please note that insurance contribution interest is added to the TyEL contribution for the second payment month. You can make the change on our online service at ilmarinen.fi.

You can calculate the impact of the insurance contribution interest on the TyEL contribution at the address www.ilmarinen.fi/en/employer/monthly-notifications.

The size of the contribution depends on how large an employer you are and on how much discount you are given on contributions. The employer's and temporary employer's TyEL contribution percentage is 25.3 when the employer's payroll is less than EUR 2,086,500 (in 2018). The TyEL contribution is paid on the employee's gross salary. You can read more at www.ilmarinen.fi/en/employer/determining-the-tyel-contribution.

Your employee always pays a share of the contribution. The size of the employee's share is impacted by the employee's age.

As an employer, you need to collect your employee's share of the contribution from his or her pay and then pay us the entire amount.

WHICH SALARY AND WAGES ARE THE TYEL CONTRIBUTIONS PAID FROM?

The TyEL payroll is the compensation paid for work performed. It is often the same as an employee's gross earnings subject to tax withholding. The TyEL payroll includes wages and salaries, as well as fringe benefits. The employee's share of the pension contribution is also deducted from the TyEL earnings.

As of 1 January 2021, dividends based on the work input will be included in the earnings on which the pension is based. In addition regulations have been adjusted in terms of employee stock options and share rewards. Check on the ilmarinen.fi website to see if a certain type of employee compensation is considered part of the TyEL payroll (ilmarinen.fi/en/employer/tyel-payroll-and-tyel-insurance).

FOLLOW THESE STEPS

When you have taken out TyEL insurance, all you need to do is report your payroll to the Incomes Register and pay the TyEL contribution.

Report wages and salaries to the Incomes Register at the latest within five (5) days of payment. On the same day, Ilmarinen will receive the payroll data from the Incomes Register and you can view the resulting contribution by logging in to our online service at ilmarinen.fi.

We will send you a TyEL invoice at the start of the next month. However, we will not send an invoice for payroll notifications made in the palkka.fi service. Instead, the payment information can be found on the palkka.fi service.

We only receive from the Incomes Register the TyEL payroll required by pension companies. TyEL payroll usually means the same as the salaries and wages subject to withholding tax.

TEMPORARY EMPLOYERS

Sometimes you may temporarily employ someone for your company, home, yard or forest. You are a temporary employer when you pay at least EUR 60.57 in monthly salaries and wages and less than a total of EUR 8,676 within a six-month period and you do not have any permanent employees.

In that case, you do not need TyEL insurance. It is enough for you to calculate salaries and wages on online service's Pikapalkka® service or, for instance, on the palkka.fi or Suora-Tyo.fi services. Payroll notifications are sent to the Incomes Register from the services and the TyEL contribution is formed in the services. If you do your own payroll accounting, remember to send your earnings payment report to the Incomes Register well in advance.

YOUR CONTRIBUTIONS ARE TAX DEDUCTIBLE

The TyEL contribution paid by your company is a cost resulting from the employer's expenses incurred to generate income, i.e. a corollary deduction. That is why you can deduct the TyEL contribution in taxation.

Please note that the rules for corporate and personal tax are different.

EASY ONLINE SERVICES

You can take care of all of your TyEL matters online when it best suits you.

On our free online service, you can view upcoming TyEL contributions and employees' payroll data based on which the TyEL contribution has been paid. You can print out a summary of the payroll data of your choice and insurance contribution certificates for tenders. In addition you can view the client bonuses, which are calculated in the spring and included in the following TyEL calculations. On our online service you can also change your contact details.

Switch to electronic invoices to make typing in account and reference numbers a thing of the past, simplify your archiving system and benefit the environment.

You can access the online service once you get your online service codes. To receive your codes, call our customer service number +358 10 195 083. Switch to electronic invoicing by concluding an agreement with your bank or other online invoice operator.

You can read more about TyEL on our website at the address ilmarinen.fi.

PAYROLL DATA WILL BE REPORTED TO THE INCOMES REGISTER

The Incomes Register is a centralised register where all paid income data and fringe benefits will be reported. Also adjustments to salaries are reported to the Incomes Register when the adjustment applies to payroll data for 2019. If the adjustment applies to salaries and wages paid in 2018, report the adjustment to the pension company.

The Incomes Register opened for business on 1 January 2019. As an employer you will report the salaries and wages of your employees to the Incomes Register each time they are paid and pay TyEL contributions on these to Ilmarinen. You can read more about the Incomes Register at www.incomesregister.fi.

INSURANCE ONLINE, BY PHONE OR THROUGH OUR CO-OPERATION PARTNERS

For easy TYEL insurance, visit our website at ilmarinen.fi or call insurance sales at the number +358 10 195 083. You can also take out insurance through our partners. Ilmarinen's Finland-wide partner network has offices across the country. You can find their up-to-date contact information on our online service at ilmarinen.fi.

The same also applies when you wish to transfer from your current pension company to Ilmarinen. You can switch companies when you have been insured elsewhere for at least a year. All you need to do is fill in the transfer form online or contact us or our partners – we will take care of the rest. Welcome!