

Taking care of your employees' pension cover in 2023

TyEL is short for the Employees Pensions Act. For the most part, all employees under contract with an employer are insured in accordance with TyEL.

The pension cover of your employees is your responsibility, whether you are a corporate or household employer. It is also your responsibility if you employ people temporarily.

You need to take care of your employee's pension cover even if they are a pensioner or a foreign citizen.

When to insure

You must arrange pension cover for your employee if

1. your employee is between 17 and 67 years of age,
2. you pay your employee at least EUR 65.26 per month (in 2023),
3. you employ one or more people in your company, at your home or cottage, or in your yard or forest.

When not to insure

Posted workers and self-employed persons are an exception to the obligation to insure.

Read more [about insuring work abroad](#).

Temporary or contract employer?

You are a temporary employer if you pay a maximum of EUR 9,348 (in 2023) in salaries or wages over a six-month period and do not employ anyone permanently. Temporary employers do not have a valid pension insurance policy with an employment pension insurance company.

[See TyEL contribution percentages and earnings limits in different years.](#)

If you pay at least EUR 9,348 (in 2023) in salary or wages in total over a six-month period, you must arrange pension cover by taking out employees' earnings-related pension insurance, i.e. TyEL insurance. Preferably take out the insurance immediately when you hire an employee. In any case, you should take out the insurance at the latest before the payroll is calculated, as reporting the earnings data to the Incomes Register is not possible without the TyEL insurance number. This also helps you to avoid penalty fees for late payment. Read more on our website: [contract employer or temporary employer](#).

Next year, the TyEL contribution of temporary employers will be 26.20 per cent of the payroll. A temporary employer's contribution is the same size in all pension companies.

TyEL contribution and its allocation between the employer and employee, % of payroll

TyEL contribution and its allocation	2022	2023
Average TyEL contribution*	24.85	24.84
Average employee contribution	7.45	7.45
Average employer contribution	17.40	17.39

*2023 The contribution loss discount, the average client bonus and pension-company-specific administrative cost component have been taken into account in the TyEL contribution percentage.

Employee's TyEL contribution, % of payroll

Age	2022	2023
Employee 17–52 years	7.15	7.15
Employee 53–62 years	8.65	8.65
Employee 63–67 years	7.15	7.15

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 they turn 63. [See TyEL contribution percentages and earnings limits in different years.](#)

Insuring work abroad

As an employer, it is your duty to always take care of your employees' pension cover, regardless of whether they work in Finland or abroad and whatever their nationality. Usually, you are responsible for arranging their other social security as well. The country in which you should arrange your employee's pension cover and other social insurance depends on the country of employment and the duration of the work.

If you post your employee from Finland to a foreign country, arrange their pension and social security well ahead of time, regardless of whether the move is temporary or permanent. Also take care of your employee's pension cover if you hire them from abroad to work in Finland.

The following circumstances will determine whether you should arrange your employee's pension cover in Finland or in the country of employment:

- Is your employee working in an EU or EEA country or in another social security agreement country?
- Is your employee working in a country with which Finland has no social security agreement?
- Is your employee working abroad temporarily as a so-called posted worker?
- Is your employee transferring to work for a foreign company or for a Finnish company or its parent or sister company or subsidiary?

The practice is governed by the EU's social security regulation and the bilateral social security agreements concluded by Finland.

You can read more about [insuring work abroad on our website](#).

Components of your TyEL contribution

The TyEL contribution is a percentage of your employees' salaries and wages. It is calculated based on the earnings 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.

The contribution percentage of a contract employer is affected by Ilmarinen's efficiency and the employer's size. By logging in to the online service for employers, you can see the TyEL contribution percentage, an estimate of the full year's contribution and the client bonus.

Starting next year, the expense loading included in earnings-related pension contributions will be determined on a [company-specific basis](#). Expense loading is the part of the pension contribution that is used to cover the pension company's operations; in other words, the costs arising from managing insurance policies and pensions. Ilmarinen's excellent efficiency shows to our customers as lower earnings-related pension insurance contributions.

In 2022, the expense loading paid by contract employers has been a maximum of around 0.5 per cent of the payroll. At Ilmarinen, the expense loading for contract employers in 2023 will be a maximum of around 0.25 per cent of the payroll.

The average contribution for employer's pension insurance (TyEL) is 24.84 per cent of the payroll in 2023. It takes into account the average estimated client bonus and expense loading of employment pension insurance companies, as well as the contribution loss discount of major employers.

For small contract employers, the earnings-related pension insurance contribution at Ilmarinen will be a maximum of roughly 25.55 per cent of the payroll, when the expense loading is taken into account. The client bonus is not taken into account here. Read more at [ilmarinen.fi/tyel](https://www.ilmarinen.fi/tyel).

The TyEL contribution percentage applied to a temporary employer is 26.20 (in 2023). A temporary employer's contribution is the same in all employment pension insurance companies.

Ilmarinen's efficiency lowers the TyEL contribution

Starting next year, the expense loading included in earnings-related pension contributions will be specific to each employment pension insurance company. The expense loading is used to cover the pension company's operations; in other words, the costs arising from managing insurance policies and pensions. Starting next year, employment pension insurance companies will independently calculate the portion of the TyEL contribution that is based on its operating expenses, i.e. the so-called expense loading, and take it into account in the correct amount in all TyEL contributions. The pension company's efficiency affects the amount of the expense loading.

Ilmarinen's excellent efficiency shows to you as our customer as lower earnings-related pension insurance contributions. As our customer, you also benefit from our excellent client bonuses, which lower the price of earnings-related pension insurance.

If you are a contract employer, you can log in to the employer's online service to see an estimate of your TyEL contribution for 2023.

A large employer is a contract employer whose payroll was over EUR 2,197,500 in 2021. Read more about a large employer's contributions at [ilmarinen.fi/](https://www.ilmarinen.fi/).

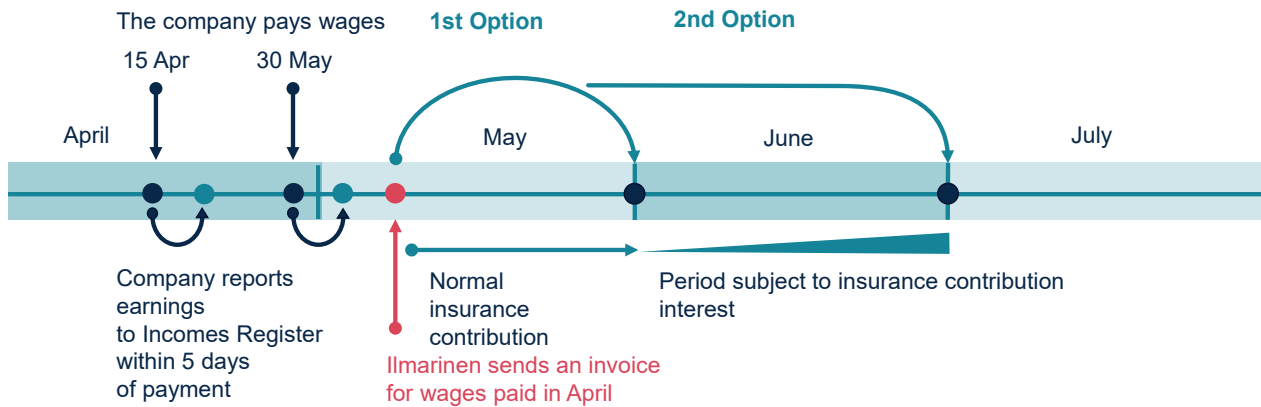
Employee's and employer's share

The TyEL contribution is paid on the employee's gross earnings. Read more at <https://www.ilmarinen.fi/en/employer/tyel-contributions/>.

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

As an employer, you collect your employee's share of the contribution from their pay when you pay them their salary or wages, and then you pay the entire amount to us.

Example of monthly payments



As a contract employer, you change the due date of your TyEL invoice in the online service for employers. You can defer the due date by a maximum of one month. The change must be made during the wage payment month. If the due date is deferred by one month, in this case to the end of June, insurance contribution interest will be charged on the contribution.

The Palkka.fi service

The TyEL contribution of corporate clients can be generated in the Palkka.fi service, or an invoice can be ordered from Ilmarinen. As a contract employer, you can see the contributions generated in the service by logging in to Ilmarinen's online service for employers, but you cannot change the due date of future invoices. In the online service for employers you can, however, apply for an extended term of payment for invoices falling due.-

Make the change in the Palkka.fi service.

As Ilmarinen's customer, you can choose the method of delivery of your TyEL invoice (invoice from the employment pension insurance company or payment information in Palkka.fi) under *Työnantajatiedot > Vakuumuksiin liittyvät tiedot*.

For private customers, the payment information is automatically generated in the service based on the earnings payment reports.

Which salaries and wages are subject to the TyEL contribution?

TyEL earnings is a term that refers to the compensation paid for the work performed.

It includes monetary wages and fringe benefits. They are often the same as an employee's gross earnings subject to tax withholding, but not always. For instance, an employer-subsidised commuter ticket is TyEL earnings when it is part of the salary or wages. The employee's share of the pension contribution is also deducted from the TyEL earnings.

Dividends based on work input are included in the earnings on which the pension is based as of 1 January 2021. In addition, regulations have been adjusted in terms of employee stock options and share rewards.

Find out if a certain income type is included in TyEL earnings on our website at ilmarinen.fi.

Read more about the types of income considered to be TyEL earnings in the Finnish Centre for Pensions' [Earnings-related pensions act service](#) (in Finnish and Swedish only).

Report earnings to the Incomes Register

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

Contract employers report the pension policy number, or TyEL insurance number, to the Incomes Register. The pension policy number is 11 characters long and begins with the number 46. To check the TyEL insurance number, log in to our online service or check your invoice or insurance policy.

Temporary employers do not have a pension policy number. Temporary employers report to the Incomes Register using Ilmarinen's insurance company code 46. If you report a temporary employer's earnings directly from payroll accounting software or on a paper form, you must report the generic code, which is 46-3000000V.

Report earnings to the Incomes Register at the latest within five days of payment. We will receive the earnings payment data from the Incomes Register on the same day, and the contract employer can view the resulting contribution by logging in to our online service at ilmarinen.fi.

We will only receive the TyEL earnings data required by pension companies from the Incomes Register, nothing else. Usually, this is the same information as the salaries and wages subject to withholding tax. Read more about [reporting earnings data to the Incomes Register](#).

What is the Incomes Register?

The Incomes Register is a centralised register where data on the payment of all earnings and fringe benefits is reported. Corrections to earnings are also reported to the Incomes Register when the correction concerns earnings paid in 2019 or thereafter.

If the correction concerns earnings paid in 2018, report the correction to the pension company to which you reported the earnings at that time.

The Incomes Register was launched on 1 January 2019. As an employer, you report your employees' earnings to the Incomes Register after each payment of salaries and wages and pay TyEL contributions on them to Ilmarinen. You can read more about the Incomes Register at www.tulorekisteri.fi.

TyEL invoice

Employers receive a TyEL invoice based on the earnings they report to the Incomes Register. Contract employers get the invoice at the beginning of the month following the reporting. Temporary employers get it a few working days after reporting.

Extend the invoice's term of payment

As a contract employer, you can defer the due date by a maximum of one month. Please note that insurance contribution interest is added to the contribution for the second payment month. You can make the change by logging into our online service at ilmarinen.fi.

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

Easy online services

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

In our free online service for employers, you can view upcoming TyEL contributions and employees' earnings data based on which the TyEL contribution has been paid. You can print out a summary of the earnings 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 invoices. In our online service for employers, you can also change your contact details.

Want to make typing in account and reference numbers a thing of the past? Switch to electronic invoices and simplify your archiving system in the process.

You will have access to the online service once you have the required credentials. As a new customer, you will receive them automatically once you have taken out insurance with us. As a contract employer, you can also get the credentials later at the address ilmarinen.fi/en/employer/online-service-for-employer/.

Switch to electronic invoicing by concluding an agreement with your bank or other

online invoice operator. You can read more about electronic invoicing at ilmarinen.fi/en.

Your contributions are tax deductible

Your company's TyEL contribution is a corollary deduction, which means a deduction for the expenses the company incurs to produce income. Therefore, you can deduct the TyEL contribution in taxation. Please note that the rules for corporate and personal taxation are different.

When your employee retires

Your employee can retire on old-age pension at the earliest after having reached their lower old-age pension age. An employee born in 1959 can retire in 2023 at the earliest. An employee's lower old-age pension age depends on the year and month in which they were born. For example, an employee born in November 1959 can retire on 1 March 2024 at the earliest.

If an employee continues working for the same employer while drawing a pension at the same time, the end date of employment must be reported in the Incomes Register under the reason code "Retirement". From an earnings-related pension insurance perspective, an employee can continue working right up until their upper old-age retirement age. Earnings-related pension contributions will continue to be deducted from the employee's pay until they reach their upper old-age retirement age.

Your employee may continue working even after that, if that is what you agree on,

but then you can no longer collect pension contributions. Submit an earnings payment report to the Incomes Register indicating the type of exception to insurance as "No obligation to provide insurance (earnings-related pension insurance)".

The website [Työeläke.fi](https://tyoelake.fi) offers calculators to help you estimate various pension-related figures. The figures generated by the calculators are indicative.

Read more about employees' [retirement on our website](#) or in the Incomes Register, [How to report retirement to the Incomes Register?](#)

Team up with us to build tomorrow's work ability!

We challenge you to team up with us to build tomorrow's work ability. Work AbilityHub will give you new ideas, researched information and daily tools.

Read more and take a look: <https://www.ilmarinen.fi/en/work-ability/>.

Why choose Ilmarinen?

Ilmarinen's efficiency is reflected as lower insurance contributions. We pay excellent client bonuses – for our TyEL customers, this means smaller pension insurance contributions.

We are the market leader in the earnings-related pension insurance sector. We have strong solvency and the sector's best investment returns in the long run. As our customer, you are our owner – and part of our result belongs to you! Read more on our website: [Why choose Ilmarinen?](#)

Insurance online, by phone or through our partners

To easily take out TyEL insurance, visit our website at ilmarinen.fi or call our insurance sales at the number +358 010 284 2385 (8.4 cents/min). You can also take out insurance through our partners. Our Finland-wide partner network has offices across the country. You can find their up-to-date contact information at ilmarinen.fi.

The same also applies when you wish to transfer from your current pension company to us. 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!