

Article 22 of the Constitution of the ILO

Report for the period 1 June 2017 to 31 May 2022, made by the **Government of Finland**

on the

INVALIDITY, OLD-AGE AND SURVIROS' BENEFITS CONVENTION, 1967 (No. 128)

(ratification registered on 13 January 1976)

I LEGISLATION AND REGULATIONS**Suspending a disability pension**

The Act Promoting Return to Work from a Disability Pension will remain in force until the end of 2022.

The purpose of the Act is to encourage recipients of a disability pension to return to work.

A disability pension granted pursuant to the National Pension Act (568/2007) is suspended when the recipient's wage earnings exceed EUR 855,48 per month.

A disability pension granted pursuant to employment pension legislation is suspended and payment stopped if the recipient is in paid employment and the earnings from that employment exceed

- EUR 855,48 per month (at the 2022 level) or
- 40% of the established average monthly earnings in the period before the full disability pension (60 % on partial disability pension)

While a disability pension is suspended, the recipient may earn unlimited wage income.

Please also see part III of this report.

II

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III APPLICATION OF THE ARTICLES IN FINLAND**1. Increases in the smallest pensions**

Tax-funded pensions of people receiving a small pension was subjected to a general increase and an index increase as of 1 January 2020. The full amount of the national pension raised by about EUR 34 and the full amount of the guarantee pension by EUR 50 per month. Approximately 609,000 pensioners with a total pension of less than EUR 1,200–1,300 per month received at least a small increase in their pension.

The limits of the supplementary deductible for the pension recipient's housing allowance was also amended so that the increase in pensions did not affect the amount of the pension recipient's housing allowance and thus reduce the increase in the income available to the pensioner.

The aim of the increase in pensions was to safeguard the livelihood of pensioners and reduce poverty and non-participation. By raising the national pension and the guarantee pension, the improvement in income can be targeted at those receiving the smallest pensions.

This year (2022) the full national pension of a person living alone is EUR 679.50 per month and of a married or cohabiting person EUR 606,65 per month. The full amount of the guarantee pension is EUR 855,48.

2. Survivors' pensions

The family pension reform took effect at the beginning of 2022. The aim was to reform the survivors' pension scheme in the light of structural changes in society. The primary aim of reforming the survivors' pension scheme has been to safeguard livelihood during the adjustment stage following the death of a primary beneficiary, and to allocate survivors' pension benefits to children and families with children.

The ending age of the orphan's pension under earnings-related pension legislation was increased by two years until the child reaches the age of 20 years. The surviving spouse's pension was changed to a fixed-term pension. Future survivors' pension schemes will safeguard livelihood during the adjustment stage following the death of a primary beneficiary. The duration of the surviving spouse's pension was limited to a period of 10 years, or until the youngest child reaches the age of 18 years.

The amendments limiting the duration of a surviving spouse's pension will apply to surviving spouses born in 1975 or later if the primary beneficiary dies after the proposed laws have entered into force. This means that the amendments limiting the duration of the surviving spouse's pension will not apply to surviving spouse's pensions that are already in payment, or to surviving spouses born before 1975.

The right to a surviving spouse's pension was also extended to a cohabiting partner who shared a household with the primary beneficiary and has a mutual minor child with the primary beneficiary. The surviving spouse's pension is paid until the mutual child reaches the age of 18 years. Residence in a shared household must have been established, meaning that the shared household must have continued for at least five years before the death of the primary beneficiary.

3. Development of the employee pension security of self-employed persons, Working group report 2019 and government's proposal

A working group of the Ministry of Social Affairs and Health looked into the development needs of employee pension security for self-employed persons. The working group was tasked with exploring alternative solutions for problems and development needs associated with underinsurance and determination of earned income, and with investigating ways of simplifying the payment of self-employed persons' pension for those who are engaged in small-scale or irregular business activities. The objective was to ensure that the self-employed person's earned income level would remain reasonable during retirement, and to ensure the appropriate organisation of self-employed persons' employee pension security.

In its report, the working group reviewed the key content of the statutory self-employed persons' pension insurance scheme, pension insurance schemes of self-employed persons in some other countries, the practical aspects of self-employment and self-employed persons' pension insurance, and the related development needs.

The report provided proposals concerning the determination and more detailed level assessments for earned income registered in the insurance policy under the Self-Employed Persons' Pensions Act, follow-up of the income level when business activity continues, the duty of disclosure related to insurances under the Self-Employed Persons' Pensions Act, development of communication and an employee pension statement related to such insurances, insurance needs of self-employed persons not covered by the duty to insure under the Self-Employed Persons' Pensions Act, and further investigation into the amendment needs regarding the medical expenses.

The work of the working group has been continued with a view to submitting a Government proposal during 2022 to amend the Self-Employed Persons' Pensions Act. The proposal seeks to improve the pension security of the self-employed and to support implementation of the Act in order to ensure that earned income of a self-employed person better corresponds to the value of self-employed work done both when self-employment begins and as operations continue. The aim is for a statutory amendment to take effect on 1 January 2023.

IV

A copy of this report has been sent to the following labour market organisations:

1. The Confederation of Finnish Industries (EK)
2. The Central Organization of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Professionals (STTK)
4. The Confederation of Unions for Academic Professionals in Finland (Akava)
5. The Commission for Local Authority Employers (KT)
6. The State Employer's Office (VTML)
7. The Federation of Finnish enterprises

Statements of the labour market organisations

The Central Organization of Finnish Trade Unions (SAK)

The Finnish pension system is financed through insurance contributions collected from employers and employees. This system has managed to ensure the required funding of employment pensions for decades. A worrying trend is nevertheless now emerging for the financial basis of the pension system and other social insurance, as employers have begun securing labour on the basis of various assignment and partnership relationships instead of employment, even though the individuals concerned work in a relationship that is analogous to employment, with a subordinate and dependent status and subject to the *de facto* right of an employer to direct and supervise their work. The problem arises especially in work provided over a virtual platform, with such arrangements continually expanding into new sectors. One key feature of these approaches to securing labour is that they do not require employers to pay pension insurance contributions. The growth of this phenomenon will have repercussions not only for the sustainability of the pension system, but also in terms of an increase in future pensioner poverty when these employees fail to accrue any earnings-related pension.

The Confederation of Unions for Professional and Managerial Staff in Finland (Akava) and The Finnish Confederation of Professionals (STTK)

Akava and STTK agree with the SAK's statement.