1. What means of improving the economic security of the unemployed are used in your country? Give an overview.

In Finland there are different ways to improve the economic security of the unemployed: The means are:

- the unemployment insurance system where contributions are paid to enable compensatory income. The benefits for unemployed job seekers comprise the basic daily allowance and labour market subsidy. The former is paid as a flat rate daily allowance or an earnings related daily allowance. The labour market subsidy is paid to unemployed job seekers who do not meet the employment condition or who have received the basic allowance for the maximum period. People born before 1950 who are long-term unemployed are entitled to unemployment pensions, paid on the basis of the earnings related pension and national pension.

- assistance for unemployed provided by public welfare, specially social assistance which is a last resort form of income security. Municipalities pay means-tested social assistance when the income and resources of an individual or family are insufficient to cover daily expenses. Municipalities also grant social loans to enable applicants to put their financial affairs in order. Housing allowance may be acquired, too.

- labour market policy where the state provides combination of training, training course or jobs coupled with income transfers. During participation in labour market training, unemployed persons can be paid training subsidy which is either Labour Market Subsidy or Unemployment Allowance in combination with a maintenance allowance. Employees may apply for job alternation to be replaced with an unemployed person.

- employment and wage transfers to firms hiring the unemployed.

2. Have you got a social security system regarding unemployment?

Yes, in Finland we have got.

The Social Insurance Institution of Finland (Kela) operates under the supervision of Parliament. Kela provides basic security for persons resident in Finland.

3. Is this social security system mandatory?

The social security system is mandatory for employers, they must have it for employees.
For private entrepreneurs it is not mandatory but they can arrange it privately. However, the private entrepreneurs in case of unemployment are entitled to general unemployment benefits after giving up entrepreneurship.

4. Who pays contributions to this social security system?

Taxation, employers and employees pay the social security system.

In principle minimum security is financed from taxation, working-related security by statutory social insurance and earnings-related security by private system.

Employers in practice pay a great deal of it.

Employees may also make payments to private unemployment benefit funds in order to be entitled to private unemployment benefits.

5. How high are these contributions?

Unemployment insurance payments as a part of social insurance contributions in 2011:

- Employer's unemployment insurance payment is 0.80 % or 3.20 % of the labor costs. If salary is less than 1,879,500 euro, 0.80 % of salary and for part of salary exceeding 1,879,500 euro, 3.20 % of salary.
- Employees' unemployment insurance payment is 0.20 or 0.80 % of the income.

Employees at the age of 17-64 years pay this payment.

Private unemployment benefit fund contributions vary. E.g. the union dues payable to an organization of employees working in expert positions in the private service sector are 1.35% of employees' gross earnings subject to withholding tax (2011). However, the maximum dues are 38 euro per month (2011). Minimum union dues in 2011 are 8.50 euro per month. The payment also includes the membership fee of the unemployment fund. Union dues are tax-deductible.

An other private unemployment fund collects 108 euro / year in 2011 or 9 euro / month.

6. What are the conditions for entitlement to unemployment benefits (time of paying contributions; availability to work; leaving the last job only with good cause)?

When becoming unemployed or finishing school and not having a job, one must contact the employment office to register as an unemployed job seeker. Once registered job seeker is eligible for Unemployment Allowance (basic or earnings-related allowance) or Labour Market Subsidy.

After a job seeker has been issued unemployment benefits, he/she must renew the status as an unemployed job seeker by reporting regularly.

Earnings-related Unemployment Allowance is claimed from unemployment fund. It is available to members of an unemployment fund only. Usually one must have been employed and been member of the unemployment benefit society for at least 10 months. The Unemployment Allowance can be paid for a maximum of 500 days (working days).

To qualify for the Basic Unemployment Allowance one must meet a specific condition regarding own employment history, i.e. one must have been employed for at least 8 months during the two years preceding the unemployment. Basic Unemployment Allowance is paid for a maximum of 500 days (working days). The allowance is claimed
from the Social Insurance Institution of Finland (Kela).

If a job seeker does not meet the conditions mentioned above, he/she may be eligible for Labour Market Subsidy. It is payable to unemployed job seekers who enter the labour market for the first time or otherwise have no recent work experience. It can also be paid to long-term unemployed persons who have exhausted their 500 day eligibility for the basic or earnings-related Unemployment Allowance. The subsidy is claimed from Kela. Labour Market Subsidy is paid 5 days (working days) after contacting the employment office. Labour Market Subsidy can be paid for an indefinite period.

Unemployed immigrants are paid Labour Market Subsidy in the form of Integration Assistance for the first 3 years of their residence in Finland. The amount of Integration Assistance is determined by the same criteria that apply to the ordinary Subsidy.

To qualify for the unemployment benefits, a person must be between 17 and 64 years of age. A full time student may not get unemployment benefits. Leaving the last job not with good cause leads to 3 months waiting period for unemployment benefits. Leaving the training course and not taking a suitable work leads to 2 months waiting period. The waiting periods are 30 days, 60 days or 90 days.

Unemployed persons aged 17 who have not completed vocational training are entitled to the Labour Market Subsidy only when participating in labour market training or job training. Unemployed persons between 18 and 24 can be paid Labour Market Subsidy also between labour market measures as long as they have not turned down work or training offered by the employment office and have not neglected to apply to vocational training suitable for them. If a person has not completed vocational training, he/she must complete a 5-month qualifying period to get Labour Market Subsidy.

Employees working full-time can agree with their employer on a job alternation leave that lasts an uninterrupted period of 90 to 359 calendar days. The employer agrees to hire a replacement who is registered with the employment office as unemployed job seeker. Persons taking a job alternation leave are entitled to a compensation equal to 70 % or 80% of the unemployment allowance to which they would be entitled were they unemployed.

7. How high are unemployment benefits (percentage of last income)?

Labour Market Subsidy is 25,74 euro per day and it is paid for 5 days (working days) per week, about 553 euro per month. It is increased for children under 18 who live in the same household as the recipient. The increase is 4,88 euro per day for one child, 7,16 euro per day for two children and 9,23 euro per day for three children or more.

Without child increase the amount of the Labour Market Subsidy is on the average 553 euro per month (21,5 x 25,74). Labour Market Subsidy is taxable income subject to a 20 percent withholding rate.

The Labour Market Subsidy is a means-tested benefit. This means that any other income a job seeker, his/her spouse or - if a person lives in the same household - parents may have decrease the amount of the subsidy.

Basic Unemployment Allowance is 25,74 euro per day and it is paid for 5 days per week, about 553 euro per month. It is increased for children like mentioned above.

If a person has incidental or part-time earnings while unemployed, they are adjusted with Basic Unemployment Allowance. Spouse’s income does not affect the amount of the allowance. This allowance is taxable income.
Earnings-related Unemployment Allowance is calculated on the basis of wage before unemployment. On the average the allowance has been about 1 200 euro per month. The Allowance comprises the basic component 25,74 euro and the earnings-related component and the child increases. The earnings-related component is 45 % of the difference between the daily wage and the basic component. If the salary exceeds 2 702 euro, component is 20 % for the exceeding sum. Spouse’s income does not affect the amount of the allowance. This allowance is taxable income.