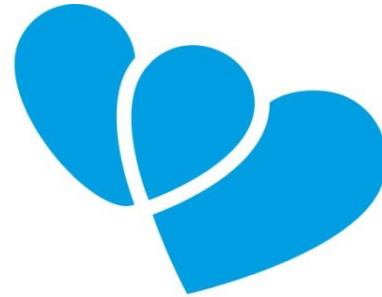


# Omais- hoitajat ja läheiset -liitto ry



The Central  
Association of  
Carers in Finland

The Finnish social security system  
October 2014

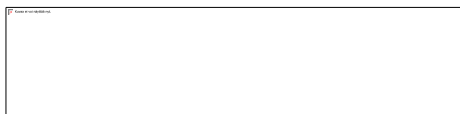
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*Lähellä ja tukena*

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# Social security in Finland

- one of the world's most advanced and comprehensive welfare systems
- designed to guarantee dignity and decent living conditions for all Finns.
- Core to the system are
  - social insurance (pensions, sickness & unemployment benefits, workers' compensation),
  - welfare (family aid, child-care services, services for the disabled), and
  - a comprehensive health care system.

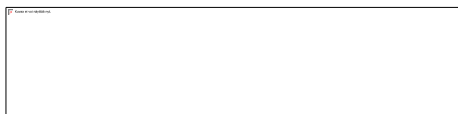


# Strategy for Finnish social policy

The strategic vision and course for achieving a socially sustainable society that

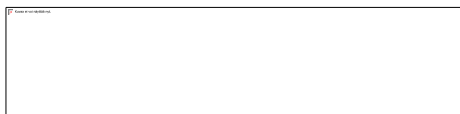
- Treats all members of society fairly
- Reinforces participation and a sense of community
- Supports health and functional capacity
- Provides the security and services required by its members

(Socially Sustainable Finland 2020, Ministry for Social Affairs and Health)



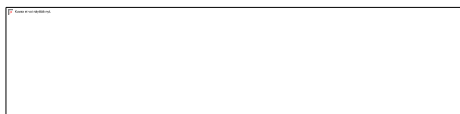
# Social and health care in Finland

- Basic rights in the constitution: the government must provide every person with sufficient social and health care services
- The main features of the Finnish social protection system are:
  - the principle of universality
  - a strong public sector
  - funding of services mainly by taxation
- Framework legislation; no detail instructions on the extend and content of service provision
- Comprehensive pension system (basic and earning-related pension schemes)



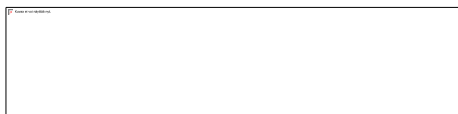
# Social and health care in Finland

- Local authorities/municipalities are responsible for the provision of social and health services
- For the elderly, municipal services include home help services, housing services, institutional care, support for informal care
- The municipalities finance their social and health services out of state subsidies (31 %), client fees (9 %) and municipal tax revenues (60 %). In institutional care the share of clients is higher.



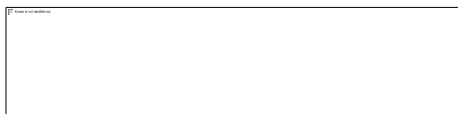
# Some features and trends of the Finnish system

- Universality
- Competent and well-educated staff
- Clients mainly satisfied
- Relatively cost-efficient
- Relatively high share of institutional care
- Increasing public – private –partnership
- Health promotion and preventive services are increasing



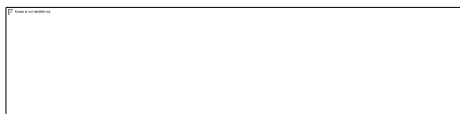
# Finland as an aging society

- The aging population concerns all sectors of society
- Access and rights to service and support
- The quality of services
- The amount and competence of staff
- The financial base of services
- Effectiveness and methods of producing services
- Keeping client fees feasible
- Home based services
- The status of informal carers



# Strategic choices

1. A strong foundation for welfare
  2. Access to welfare for all
  3. A healthy and safe living environment
- Putting policies into practice
    - Cooperation secures welfare
    - Active influence in international cooperation
    - Knowledge-based decision-making
    - Effective communication



# Strategic lines

## 1. A strong foundation for welfare

- Health and welfare in all policies
- Longer working careers through wellbeing at work
- Balancing the various areas of life
- Sustainable social protection financing

## 2. Access to welfare for all

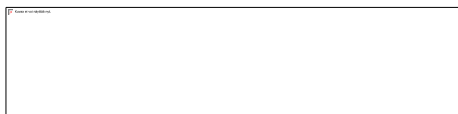
- Reduce differentials in welfare and health
- Customer-oriented services
- New service structures and operating practices
- Strong sense of social inclusion



# Strategic lines

## 3. A healthy and safe living environment

- Strengthen the viability of the environment
- Ensure that society can continue to function under exceptional circumstances



# The Pension Scheme

## Main principles

- individual rights
- to protect the whole population for basic coverage
- to protect the population on similar premises
- to ensure an adequate standard of living after a full working life
- Benefits: old age, disability and survivors' pensions (unemployment pension), some early retirement schemes



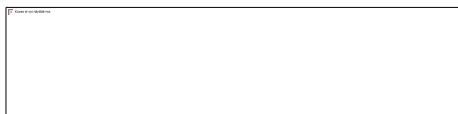
# The National Pension Scheme

- entitlement based on residence
- covers all residents between 16-64
- benefits are
  - old age pension from age 65
  - disability pension
  - survivors' pension
- **Guarantee pension amount** (from 1.3.2011)
  - Guarantees a total minimum pension amount to persons resident in Finland; means-tested



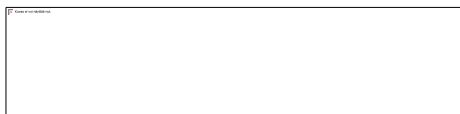
# The National Pension Scheme

- Administration: The Social Insurance Institute (Kela)
- Financing: tax-financed; pay-as-you -go



# The Employment Pensions' Scheme

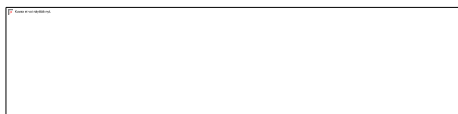
- based on earnings and accrual
- insurance-scheme
- covers all gainfully active
- benefits are (*i.a*)
  - old age pension from age 63 – 68
  - early old age pension from age 62 with reduced benefit
  - disability pension
  - survivors' pension
  - (unemployment pension ; abolished 2005)



# The earnings-related Pension Scheme

- An earnings-related pension is based on gainful employment or self-employment.

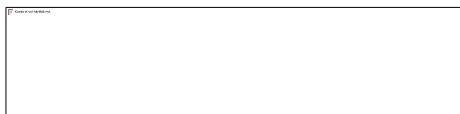
**Benefits:** old-age pension, disability pension, partial disability pension, vocational rehabilitation, survivors' pension, unemployment pension and part-time pension



# The earnings-related Pension Scheme

## Key principles since 2005:

- Pension accrues from all employment after the age of 18 years.
- A pension is influenced by earnings all through the career.
- The flexible pensionable age is between 63 and 68 years.
- The pensions payable and the earnings during worklife computed for the starting pension are indexed and the index is affected by changes in consumer prices and wages.
- From the beginning of 2007 pension benefits in the private and public sector have been of the same content.



# The earnings-related Pension Scheme (2)

## Execution:

- Authorised pension insurance companies, pension funds, pension foundations, the State Treasury, and the Local Government Pensions Institution
- The Finnish Centre for Pensions is the cooperation body

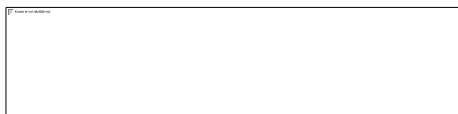
## Funding:

- The scheme is benefit-based, and the target level of pensions in relation to earnings during work life is determined in legislation.
- The costs are covered by contributions collected from employers, employees and self-employed persons. The state contributes to funding the pension provision for self-employed persons.
- A part of the contributions is used for payment of current pensions and a part is funded for future old-age pensions.
- The level of contributions varies between the private and public sector.



# Administration

- administered by private pension institutions
- the Central Pension Security Institute (ETK) is the coordinating body of the private sector institutions
- regulated and limited competition
- pension institutions are non-profit organisations



# Residence-based Social Security

Entitled to benefits such as:

- family allowance
- student financial aid
- maternity allowance
- sickness allowance
- cash benefits for parents
- reimbursement of medical expenses
- unemployment benefit / allowance (non-earnings related)
- labour market subsidy
- child care subsidies
- old-age retirement pension

