

YEL insurance for entrepreneurs

Earnings-related pension insurance is a statutory insurance that is part of Finland's social security scheme. The purpose is to safeguard a reasonable livelihood in all life situations, such as when entrepreneurial activities diminish or end due to old age, disability or the death of a family provider.

Self-employed persons must take statutory insurance under the Self-employed Persons' Pensions Act (Yrittäjän eläkelaki 1272/2006, YEL) at the start of their entrepreneurial activities. YEL covers all entrepreneurial activities, even if the self-employed person works as an entrepreneur in more than one company. The YEL income confirmed for the YEL insurance will serve as the basis for determining the amount of the YEL contributions, pension benefits and other social security benefits.

For whom is YEL insurance mandatory?

- Self-employed individuals aged 18 or older
- Entrepreneurial activities that have lasted without interruption for at least four months
- Work input in the company amounts to a minimum of €8 261,71 per year (2022)
- The obligation to insure ends when the self-employed person reaches the age of 68, 69 or 70, depending on the year of birth.

YEL income

The YEL income is the monetary value of the work input as stated by the self-employed person. It is not the same as the actual salary/wages in euro that is received by the self-employed person. The income corresponds to the salary/wages that would be paid if an equally competent employee were hired in place of the self-employed person. The YEL income amount should be adjusted as the entrepreneurial activities are developing, since the amount cannot be changed retroactively.

In 2021, the YEL income should be a minimum of €8 261,71/year and maximum of €187 625,00/year.

The amount of the YEL income also affects the amount of one's sickness allowance and maternity, paternity and parental allowances, the possibility to be a member of an unemployment fund and the right to the unemployment allowance provided by Kela. Voluntary accident insurance of self-employed persons is also based on the YEL income.

Insurance contributions

- 24.1% of the YEL income for those aged 18–52
- 25.6% of the YEL income for those aged 53–62
- 24.1% of the YEL income for those aged 63–67

YEL insurance is personal insurance for entrepreneurs and the insurance contributions are the sole responsibility of the self-employed person. The contributions can, however, be paid by either the self-employed personally or by their company, and deducted in the taxation of the payer.

Self-employed persons who initiate new entrepreneurial activities for the first time under YEL insurance will receive a discount of 22% on their insurance contributions for four years.

Flexible insurance contributions when necessary

Entrepreneurs can opt to pay a higher insurance contribution during good years and less during poor years without the need to change their YEL income amount.

- Additional insurance contributions will increase the entrepreneur's future pension.
- Similarly, reduced contribution payments will decrease the pension amount.

The amount of an additional contribution may be 10–100% of the contribution based on the confirmed YEL income. It is also possible to pay a 10–20% lower YEL contribution. The flexibility option can only be used once during a single calendar year (regardless whether it is a higher or lower payment). The direction of the flexibility cannot be changed during the same calendar year. Self-employed persons who are receiving the discount for start-up entrepreneurial activities cannot utilise the flexibility option.

What are the benefits of YEL insurance?

The benefits inherent to the earnings-related pension scheme include:

- Vocational rehabilitation
- Disability pension
- Partial early old-age pension
- Old-age pension
- Survivors' pension
- Career pension

When should you take YEL insurance?

Self-employed persons must take YEL insurance within six months from the launch of entrepreneurial activities that are subject to the obligation to insure. Entrepreneurial activities that last less than four months do not generally need to be insured.

From where and how should pension insurance be acquired?

Self-employed persons can freely choose the pension institution that will provide their pension security. It's easy to take pension insurance through our website at www.veritas.fi/en/entrepreneurs/yel-insurance-application or ask for additional information by calling +358 (0)10 195 612.