

Employees Pensions Act
(395/2006; amendments up to 1097/2008 included)

Provided according to a decision of Parliament:

Part I – General Provisions

Chapter 1 - Purpose of the Act

Section 1

Purpose of the Act

This Act provides for the private-sector employee's right to an old-age pension, part-time pension, rehabilitation and disability pension as well as the employee beneficiary's right to a survivors' pension.

The employer is obligated to arrange and pay for pension provision for its employees in accordance with this Act for work carried out in Finland, unless otherwise provided herein. The employee is obligated to participate in his or her own pension provision by paying the employee's pension contribution.

The employer may arrange pension provision as provided in this Act with pension insurance companies as referred to in the Pension Insurance Companies Act ([354/1997](#)), an industry-wide pension fund as referred to in the Insurance Fund Act ([1164/1992](#)), or in a company pension fund as referred to in the Pension Fund Act ([1774/1995](#)). The Finnish Centre for Pensions operates as a liaison body for all pension providers. The functions and administration of the Finnish Centre for Pensions are laid down in the Act on the Finnish Centre for Pensions ([397/2006](#)).

Section 2

Key definitions

For the purposes of this Act:

- 1) *pension provider* means a pension insurance company, industry-wide pension fund or company pension fund as provided in section 1(3);
- 2) *employment relationship* means an employment relationship based on section 1 of the Employment Contracts Act (55/2001);
- 3) *earnings-related pension* means a pension according to the acts referred to in section 3;
- 4) *unpaid period* means a period during which the employee has been paid maternity, special maternity, paternity or parental allowance or sickness allowance, partial sickness allowance or special care allowance, according to the Health Insurance Act ([1224/2004](#)), alternation allowance according to the Act on Job Alternation Leave ([1305/2002](#)), income-based daily allowance or study allowance according to the

Unemployment Security Act ([1290/2002](#)), earnings support according to the Act on the Public Service Employment ([1295/2002](#)), adult training allowance according to the Act on Adult Training Allowance ([1276/2000](#)), rehabilitation allowance according to the earnings-related pension acts or the Act on the Social Insurance Institution of Finland's Rehabilitation Benefits and Rehabilitation Allowance Benefits ([566/2005](#)), compensation for loss of earnings according to the Act on Rehabilitation Compensated Based on the Accident Insurance Act ([625/1991](#)) or the Act on Rehabilitation Compensated According to the Motor Liability Insurance Act ([626/1991](#)) or daily allowance according to the Accident Insurance Act ([608/1948](#)), the Motor Liability Insurance Act ([279/1959](#)) or the Compensation for Military Injuries Act; ([1211/1990](#)) ([1274/2006](#))

5) *accrued pension* means pension that has accrued from earnings, unpaid periods as referred to in section 4 and compensation accrued from state funds according to the Act on the Compensation from State Finances of Pension Accrual for Periods of Caring for a Child Aged under Three and for Periods of Study ([644/2003](#));

6) *primary benefit* means a benefit as referred to in sections 92 and 93, paid in full regardless of the amount of earnings-related pension and deducted from the benefits based on this Act;

7) *social security regulation of the European Union* means Council Regulation (EC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community.

8) *EU and EEA countries* mean countries in which the EU Regulation on social security is applied;

9) *social security agreement* means an international agreement on social security which is binding on Finland;

10) *theoretical pension* means a notional pension, for which work under the earnings-related pension acts and working time spent in EU and EEA countries is calculated as working time according to this Act.

For the purposes of this Act, pension contingency refers to:

- 1) meeting all the requirements for an old-age pension;
- 2) meeting all the requirements for a part-time pension according to section 16;
- 3) the beginning of disability according to section 35(1); or
- 4) the death of the person through whom the benefit is derived.

Section 3 ([1274/2006](#))

Earnings-related pension acts

Earnings-related pension acts include the earnings-related pension acts for the private and public sectors. In addition to this Act, private sector earnings-related pension acts include:

- 1) The Seamen's Pensions Act ([1290/2006](#))
- 2) The Self-Employed Persons' Pensions Act ([1272/2006](#)); and
- 3) The Farmers' Pensions Act ([1280/2006](#)).

Public sector employees' pension acts include:

- 1) the Local Government Pensions Act ([549/2003](#)) and the implementing act of the Local Government Pensions Act ([550/2003](#));
- 2) the State Employees' Pensions Act ([1295/2006](#)) and the implementing act of the State Employees' Pensions Act ([1296/2006](#));
- 3) the Evangelical Lutheran Church Pensions Act ([261/2008](#)) and the Evangelical Lutheran Church Survivors' Pensions Act ([258/1970](#));
- 4) the Act on the Orthodox Church ([985/2006](#)); ([1164/2007](#))
- 5) Pension provisions based on section 13 of the Act on the Social Insurance Institution of Finland ([731/2001](#));
- 6) the provision on pensions laid down in section 11(2)(6) of the Act on the Bank of Finland ([214/1998](#)); and
- 7) the Provincial Administration Act (ÅFS 54/2007) given in the province of Åland for the purpose of applying certain current state rules to state pensions.

The Evangelical Lutheran Church Pensions Act [261/2008](#) repeals the previous pension act of the Evangelical Lutheran Church and the Evangelical Lutheran Church Survivors' Pensions Act.

Chapter 2

Scope of application

[Section 4](#)

Employment relationship

The employee is entitled to pension provision as provided in this Act on the basis of his or her employment relationship.

This Act does not apply to employment relationships:

- 1) before the calendar month following the month during which the employee turns 18 years of age;
- 2) after the calendar month during which the employee turns 68 years of age;
- 3) based on which the employee is entitled to a pension in accordance with another earnings-related pensions act as referred to in section 3; or
- 4) where the employee is working as a crew member on a Finnish ship listed in the catalogue of merchant vessels according to the Act on Improving the Competitive Ability of Sea-trafficking Ships ([1277/2007](#)) ([1281/2007](#))

This Act does not apply to:

- 1) an employee to whom the employer pays less than a total of EUR 41.89 per calendar month in earnings from work as defined in this Act; or

2) an employee who is not subject to Finnish legislation, based on the provisions of the EU's social security regulation or the social security convention governing the legislation to be applied, or;

3) an employee whose foreign employer has posted him or her to work in Finland, and whose work in Finland in the service of said employer lasts a maximum of two years.

If Finnish legislation is applied to the employee referred to in section 3(3) based on the provisions regarding the applicable legislation of the EU's social security regulation or of a social security agreement, or if the employee is covered by Finnish social security legislation immediately prior to the start of the work in Finland, this Act will, however, be applied.

Section 5

Working abroad

This Act applies to an employee working abroad who is subject to Finnish legislation on the basis of provisions governing the applicable legislation of the EU's social security Regulation or a social security agreement, provided that the other preconditions for the scope of application for this Act are otherwise met.

This Act also applies to other employees sent by a Finnish employer to a country where the EU's social security Regulation or a social security agreement are not applied, provided that:

- 1) the employee works either in the service of the posting Finnish employer or in the service of a foreign company that belongs to the same financial entity as the Finnish employer;
- 2) the employee's employment relationship with the posting Finnish company continues for the duration of the posting abroad; and
- 3) the employee is covered by Finnish social security legislation when going abroad to work.

In addition to what has been provided above in subsections 1 and 2, this Act also applies to other employees working abroad that the Finnish employer insures on the basis of section 150(2-3 and 5) of this Act.

The Finnish Centre for Pensions may, on application, exempt the employer from the insurance obligation laid down in this Act for situations referred to in subsection 2, as provided in section 150(1).

Section 6

Exempting a foreign employer from the insurance obligation

The Finnish Centre for Pensions may, on application, exempt a foreign employer from the insurance obligation as provided in section 149 of this Act.

Section 7

Person in a senior position

The employee referred to in section 4 above is equated with a clerical employee in a senior position in a limited company or a person in a senior position in another type of organization, even if he/she is not in an employment relationship with the limited company or organization, except if:

- 1) the clerical employee in a senior position in a limited company owns, alone or together with family members, more than half of the company's share capital;
- 2) the number of votes owned by the persons referred to in paragraph 1 is more than half of the total number of votes from all the shares; or
- 3) a person in a senior position in another organization can be seen to possess corresponding authority in the association as referred to in paragraph 1 or 2.

A partner in an unlimited partnership or a partner in another organization or group/consortium who is personally responsible for the obligations and commitments of the organization or group is not considered equal to an employee as referred to in section 4.

Section 8

Person in position of trust

This Act applies to persons in a position of trust, if the company governed by private law or organization paying his or her fees also insures him or her for this position in accordance with this Act.

A position of trust is considered to be:

- 1) a position to which a person has been elected for a set period of time, or until further notice, with the purpose of representing a certain community, group of people or expertise; and
- 2) in which he or she does not have an employment relationship or a public-service employment relationship, or operates as a self-employed person as referred to in the pension acts. ([1274/2006](#))

Everything provided in this Act regarding employees also applies to persons in positions of trust. The provisions of this Act on employment relationships also apply to positions of trust. Fees received for holding a position of trust correspond to earnings received from an employment relationship. A pension based on a position of trust corresponds to a pension based on an employment relationship.

Section 9

Insurance for athletes

This Act is not applied to sporting activities. Pension provision for athletes is provided in the Act on Accident and Pension Provision for Athletes ([575/2000](#)).

Section 10

Decision regarding the scope of application of this Act

The Finnish Centre for Pensions decides whether this Act can be applied to work on the basis of an application of the party ordering the work, the employee, the person carrying out the work or the pension provider.

PART II

PROVISIONS ON PENSIONS AND REHABILITATION AND THEIR IMPLEMENTATION

Chapter 3

Pension and rehabilitation benefits

Old-age pension

[Section 11](#)

Right to an old-age pension

Employees are entitled to retire on an old-age pension between the ages of 63 and the beginning of the month following the 68th birthday, on an old-age pension taken early at the age of 62, or a postponed old-age pension at the beginning of the month following the 68th birthday. The prerequisite for granting an old-age pension and an old-age pension taken early is that the employee is no longer in the employment relationship from which he or she is retiring.

If the employee retires on an old-age pension or on an old-age pension taken early before the age of 62 pursuant to the Seamen's Pensions Act, he or she has the right to retire on an old-age pension according to this Act at the retirement age provided in the Seamen's Pensions Act. In this case, the amount of pension provided in this Act is converted actuarially to correspond to the effective retirement age of the employee. More detailed provisions on converting the pension amount and coefficient tables used in the conversion process are provided in the decree of the Ministry of Social Affairs and Health.

[Section 12](#)

Amount of old-age pension

If the old-age pension commences at the beginning of the calendar month following a birthday between the ages of 63 and 68, the amount of old-age pension constitutes the amount of pension accrued by the time the retirement commences.

When old-age pension is taken early, the pension is permanently reduced by 0.6 per cent for each month taken early before the month following the 63rd birthday (*early retirement reduction*.) The early retirement reduction is calculated on pension accrued by the time the pension starts.

The early retirement reduction is not implemented if an employee receiving unemployment allowance on the basis of the right to continued unemployment allowance in Chapter 6 section 9(2) of the Unemployment Security Act retires on an old-age pension at the age of 62.

If an old-age pension is deferred, the pension is increased by 0.4 per cent for each deferred month until the beginning of the month following the 68th birthday (*increment for deferred retirement*). The increment for deferred retirement is calculated on pension accrued by the end of the month during which the person in question turns 68 years of age.

[Section 13](#)

Start of the old-age pension

The old-age pension and early old-age pension start from the calendar month following the month during which the employee has reached the age giving entitlement to an old-age pension or an early old-age pension and has finished the work on the basis of which he or she is applying for the old-age pension. However, an old-age pension or early old-age pension is not granted retroactively for more than three months preceding the pension application month, unless a valid reason exists.

If the employee continues working past his or her 68th birthday, the old-age pension is granted from the beginning of the calendar month following the month the pension is applied for.

Pension accrued on earnings from an employment relationship that started during old-age retirement is granted on application, at the earliest from the beginning of the calendar month following the employee's 68th birthday.

A disability pension becomes an old-age pension from the beginning of the calendar month following the employee's 63rd birthday.

[Section 14](#)

Discontinuing the old-age pension

The employee may apply for a discontinuation of an old-age pension if he or she has been granted a cash rehabilitation benefit based on a temporary disability which, when the cash rehabilitation benefit was granted, is expected to continue past the employee's 63rd birthday. The discontinuation of the old-age pension shall be applied for within one month of the end of the estimated disability period, and the old-age pension is discontinued at the end of the disability period.

Part-time pension

[Section 15](#)

Concepts relating to the part-time pension

When determining the right to a part-time pension under this Act, the following are referred to:

- 1) gainful employment: work insured on the basis of earnings-related pension acts;
- 2) full-time work: gainful employment as referred to in paragraph 1, where the employee's working hours are equal to the maximum working hours normally applied to a full-time employee in the relevant field; if the employee is simultaneously gainfully employed in several places, his or her work is considered full-time if the combined working hours amount to at least 35 per week.

Part-time work, as referred to later in sections 16, 17, 20, 21 and 24, means work insured on the basis of earnings-related pension acts that the employee carries out while being partially retired. Such part-time work is comparable to part-time work carried out in an EU or EEA country.

Section 16(4)(1) and section 17 below refer to stabilised earnings, which means projected earnings, as referred to below in section 76, on the basis of which the employee's disability pension would be calculated if the employee had become disabled at the start of the part-time retirement.

Section 16

Right to a part-time pension

Employees between the ages of 58 and 67 who have transferred to part-time work are entitled to receive a part-time pension provided that:

- 1) the employee has been in full-time gainful employment for at least 12 of the preceding 18 months immediately prior to the start of the part-time retirement;
- 2) the employee has earnings under the earnings-related pension acts or corresponding acts for 15 calendar years immediately preceding the part-time retirement at an amount corresponding to the number 60. This figure is arrived at by dividing the earnings from each calendar year by EUR 41.89 times 25, rounding down the quotient received to the closest whole number, which can be a maximum of 12, and by adding together the quotients of the different years;
- 3) the employee does not receive other pension based on work or a corresponding benefit from a foreign or international organization or an institution of the European Community; and
- 4) the employee is not entitled to receive a part-time pension under the public-sector pension acts on the basis of full-time service covered by the aforesaid pension acts, following the end of an employment relationship pursuant to this Act.

Work in EU or EEA countries is comparable to work referred to previously in subsection 1, paragraphs 1 and 2.

If the employee has received daily allowance under the Health Insurance Act, salary during sick leave, loss of earnings compensation based on the Motor Liability Insurance Act, or an allowance based on the provisions of the Workers' Compensation Insurance Act during the 18-month period referred to in section 1(1), this 18-month period is correspondingly prolonged; however, for a maximum of six months.

The part-time work requirement of a part-time pension is met, if:

- 1) the employee's earnings have decreased to the extent that the earnings from his/her part-time work constitute 35–70 per cent of the employee's stabilised earnings and a corresponding change has also taken place in the working hours;
- 2) the employee is not away from work for a consecutive period longer than six weeks; this period of absence does not include annual leave or time for which the employee has been paid an allowance based on the Health Insurance Act, salary during sick leave, loss of earnings compensation based on the Motor Liability Insurance Act, or an allowance based on the provisions of the Workers' Compensation Insurance Act, only insofar as the employee has received the aforementioned allowances for a period of a maximum of 12 months.

If the decrease in the employee's earnings deviates from the shortening of the working hours due to the fact that earnings from full-time gainful employment has included salary-related overtime compensation, compensation for work carried out on Sundays, nights or in shifts, or other such special additions or

compensation which are not included in earnings received from part-time work, such additions or compensations are not taken into account when evaluating whether the preconditions provided in section 4(1) have been met.

[Section 17](#)

Amount of the part-time pension

The amount of part-time pension is 50 per cent of the difference between stabilised earnings from full-time work under the earnings-related pension acts and earnings from part-time work under the earnings-related pension acts (*reduction in earnings.*)

If, prior to the part-time work, the employee has simultaneously been in gainful employment under two or more earnings-related pension acts, the amount of part-time pension is 50 per cent of the difference between the stabilised earnings of these employments and the earnings from part-time work. Of such a part-time pension, the share of part-time pension based on this Act equals the share of earnings from work insured according to this Act is, in earnings based on these Acts, and which have been taken into account in the stabilised earnings and based on which the part-time pension is granted.

The maximum amount of part-time pension is still 75 per cent of the pension accrued by the employee by the start of the part-time pension according to the earnings-related pension acts and pensions according to the Act on Pension Compensation for Caring for a Child under Three or for Studies paid for by government funds. If the primary benefit is to be deducted from the pension in the manner prescribed in sections 92 or 93, the maximum amount of the part-time pension is then calculated from the reduced pension. The maximum amount of part-time pension is reviewed if the recipient of the part-time pension is granted a primary benefit as referred to in sections 92 or 93, or if the amount of such a benefit changes.

The pension mentioned above in section 3 is considered equal to pension accrued for the employee in EU or EEA countries or in a country with which Finland has a social security agreement.

If the employee has the right to receive a part-time pension also pursuant to another pension act, and the maximum amount of 75 per cent mentioned in subsection 3 decreases the amount of part-time pension, the deduction will be divided between these acts in proportion to the earnings taken into account in the stabilised earnings.

[Section 18](#)

Start of the part-time pension

The part-time pension will begin at the beginning of the month following the month during which the employee meets the preconditions laid down in section 16; however, no earlier than the beginning of the month following the application. Part-time pension cannot, however, be granted retroactively.

[Section 19](#)

Part-time pensioner's obligation to report

The recipient of a part-time pension is obligated to report the following to the pension provider:

- 1) changes in working hour arrangements;
- 2) wage adjustments outside of collective agreements;

- 3) the ending of an employment relationship or entrepreneurship, or the beginning of a new one;
- 4) changes in entrepreneurship;
- 5) the start of a new earnings-related pension or corresponding benefit from an EU or EEA country;
- 6) absences longer than six weeks, provided that the absence is not due to annual holidays or an illness on the basis of which the recipient of a part-time pension receives an allowance based on the Health Insurance Act, salary during sick leave, an allowance based on the provisions of the Accident Insurance Act, or indemnity for loss of income granted on the basis of the Motor Liability Insurance Act; and
- 7) the beginning of or change in a primary benefit.

Section 20

Adjusting a part-time pension

The amount of part-time pension is adjusted if:

- 1) a permanent change has occurred in earnings during part-time work for the recipient of a part-time pension, which significantly differs from the general salary development; or
- 2) the recipient of the part-time pension is entitled to a part-time pension according to an earnings-related pension act on the basis of which he or she was not previously entitled to a part-time pension.

The adjustment is carried out from the beginning of the calendar month following the change, or, if the change takes place on the first day of the calendar month, from this day.

When the amount of part-time pension is adjusted, the earnings that are considered to be stabilised earnings are the earnings on the basis of which the part-time pension was first determined.

Section 21

Suspending a part-time pension

If earnings from the employee's part-time work or absence from work changes temporarily in a manner that prevents the preconditions for part-time work provided in section 16(4) from being met, payment of the part-time pension will be suspended through notification by the pension recipient or at the initiative of the pension provider. Payment will be suspended from the next possible payment period, provided that the reason for suspending the pension remains in force. The part-time pension that has been paid out will be recovered, in the manner provided in section 126, for the period during which the preconditions for receiving the part-time pension have not been met.

The suspended part-time pension will be paid out again once the preconditions for receiving part-time pension have again been met, and on the notification of the pension recipient. If there has been no request to restart payment of the suspended part-time pension within six months of the suspension of the part-time pension, the pension is suspended from the date it was discontinued.

[Section 22](#)

Discontinuing and restarting a part-time pension

The part-time pension is discontinued from the beginning of the month following the month during which the employee no longer meets the preconditions for receiving the pension according to section 16(4), unless otherwise provided in section 21. If this day turns out to be the first day of the calendar month, the part-time pension will, however, be discontinued from that day onwards. A part-time pension can also be discontinued retroactively.

If the employee's part-time pension has been discontinued, the employee is entitled to receive the part-time pension again when he or she meets the preconditions for receiving it. If the part-time pension has been discontinued for a maximum of six months, the new part-time pension following the discontinued part-time pension will be determined on the basis of the stabilised earnings from stabilised full-time employment on which the previous part-time pension was also based.

[Section 23 \(1164/2007\)](#)

Disability pension and old-age pension following a part-time pension

If the employee receiving a part-time pension is granted a disability pension or an old-age pension for a period during which a part-time pension has already been paid, the part-time pension will be taken into account as a partial payment of the disability pension or old-age pension.

[Section 24](#)

Converting a part-time pension into an old-age pension

If the employee continues in part-time work until turning 68, the part-time pension is converted at the age of 68 into an old-age pension of the same size as the part-time pension. Once the employee stops part-time work, the old-age pension is recalculated on application.

Rehabilitation within the earnings-related pension scheme

[Section 25](#)

Right to rehabilitation within the earnings-related pension scheme

An employee under the age of 63 is entitled to receive appropriate vocational rehabilitation for preventing disability or improving working or earning capacity, if:

- 1) an appropriately diagnosed illness, handicap or injury is likely to lead to the threat of disability in the manner referred to in section 35(1);
- 2) the employee has insured earnings from working to a minimum amount of EUR 25,133.40 during the reference period referred to in section 76, and [\(1164/2007\)](#)
- 3) the employee is not entitled to rehabilitation according to rules on rehabilitation pursuant to accident insurance or motor liability insurance.

When evaluating the appropriateness of rehabilitation, the employee's age, profession, previous activity, training and establishment in working life are taken into account, as well as whether the vocational rehabilitation will likely lead to a return to work or to a type of work suitable to the employee's state of health. Additionally, when evaluating the appropriateness of rehabilitation, another issue taken into account is whether vocational rehabilitation would serve to postpone the retirement of the employee.

Threat of disability means a situation where it is likely that the employee would be granted a full or part-time disability pension in a few years' time without vocational rehabilitation, despite taking into account the possibilities of implementing treatment and medical rehabilitation.

The reference period for projected pensionable service referred to above in paragraph 2 of subsection 1 is determined so as to assume that the employee has become unable to work as the rehabilitation application becomes pending. ([1164/2007](#))

What is provided in subsection 1 is also applied to the rehabilitation of an employee who is unable to work as defined in section 35(1). In that case, the earnings referred to in paragraph 2 of subsection 1 are determined in the same manner as the earnings for the projected pensionable service in the person's disability pension. ([1164/2007](#))

[Section 26](#)

Content of vocational rehabilitation and the rehabilitation plan

Vocational rehabilitation means a work trial, preparation for work, training leading to work or a profession, and support for starting or continuing a business activity. The employee may be compensated for necessary and unavoidable costs resulting from professional rehabilitation.

Prior to the start of vocational rehabilitation, the employee shall have a vocational rehabilitation plan (*rehabilitation plan*), the preparation of which may be supported by the pension provider.

[Section 27](#)

Preliminary ruling on the right to earnings-related pension rehabilitation

The employee is entitled to receive a preliminary ruling on whether the requirements for receiving earnings-related pension rehabilitation are satisfied. The preliminary ruling is binding for the pension provider if the employee submits a rehabilitation plan to the pension provider within nine months of the preliminary ruling becoming legally valid.

[Section 28](#)

Rehabilitation allowance

The employee is entitled to receive rehabilitation allowance for the calendar months during which he or she has been fully or partly prevented from carrying out gainful employment due to vocational rehabilitation.

The amount of rehabilitation allowance is as great as the total amount of earnings-related pensions increased by 33 per cent, to which the employee would be entitled had he or she been declared incapable of work and thus entitled to a full disability pension when the rehabilitation application becomes pending.

If the employee has gone on sick leave while in an employment relationship, and the need for rehabilitation existed at the start of the sick leave, the rehabilitation allowance still amounts to the total

amount of earnings-related pensions increased by 33 per cent, to which the employee would be entitled if he or she had become incapable of work in a manner giving entitlement to a full disability pension at the start of the sick leave.

Section 29

Partial rehabilitation allowance

If the employee earns more than half of the stabilised earnings during professional rehabilitation, the amount of rehabilitation allowance will be half of the rehabilitation allowance referred to in section 28.

Section 30

Rehabilitation increment for disability pension recipients

If the employee receives a disability pension in accordance with section 35, he or she is not entitled to rehabilitation allowance as defined in section 28. Recipients of a disability pension are paid a rehabilitation increment in addition to the disability pension for the duration of the vocational rehabilitation. The rehabilitation increment constitutes 33 per cent of the amount of the disability pension.

Partial disability pension can be paid as a full pension for the duration of the vocational rehabilitation, thus increased as provided in subsection 1.

Section 31

Rehabilitation assistance

Rehabilitation allowance may be granted to the employee in the form of a discretionary rehabilitation assistance the size of the disability pension for the period between the rehabilitation decision being issued and the rehabilitation starting, as well as for the period between periods of rehabilitation. Discretionary rehabilitation assistance may be also granted for the purpose of preparing a rehabilitation plan as referred to in section 26(2).

The rehabilitation assistance is paid for a maximum of three months per calendar year, calculated separately for the period between the rehabilitation decision being issued and the start of rehabilitation, and for the time period between rehabilitation periods. Rehabilitation assistance can also be paid for a longer period of time, if this is considered justifiable in order to secure the rehabilitation.

Section 32

Discontinuing the rehabilitation allowance and rehabilitation increment of a person receiving a disability pension

The rehabilitation allowance or rehabilitation increment paid to a person receiving a disability pension may be discontinued if the recipient refuses vocational rehabilitation or stops the vocational rehabilitation without due cause.

The employee is not entitled, without due cause, to a disability pension before his or her right to rehabilitation allowance pursuant to the employment pension acts or the the Act on the Social Insurance Institution of Finland's Rehabilitation Benefits and Rehabilitation Allowance Benefits has ended.

[Section 33](#)

Pension provider's obligation to report

The pension provider shall report all its decisions regarding vocational rehabilitation and rehabilitation allowance and increases to the Social Insurance Institution of Finland.

[Section 34](#)

Other provisions concerning rehabilitation

The provisions of this Act on applying for a disability pension, determining the pension on previous grounds, the lump sum increase, the consideration of changes in salary and price levels, the deduction of primary benefits, payment, reviewing the disability pension and changing its amount, the increase for delay, recovery, the provision and receipt of information, appealing, and the notification obligation of the disability pension recipient apply to the rehabilitation allowance, rehabilitation increment and their recipient, unless otherwise provided in this Act. Compensation for the costs of vocational rehabilitation paid without grounds may be recovered in accordance with the provisions in this Act regarding the recovery of pension paid without grounds. ([1164/2007](#))

The rehabilitation allowance and increment may also be paid for a period shorter than one month. The period of sickness allowance taking precedence over the disability pension pursuant to the Health Insurance Act does not affect the beginning of the rehabilitation allowance. Pension is not accrued during the period of rehabilitation allowance pursuant to section 68, and rehabilitation benefits are not used as basis for the survivors' pension. New pension accrues from work carried out during the rehabilitation period in accordance with the provisions of section 64.

Disability pension

[Section 35](#)

The right to a disability pension

An employee is entitled to a disability pension if his or her working capacity is estimated to have decreased by at least two-fifths as a result of an illness, handicap or injury, during an uninterrupted period of at least one year. The disability pension is granted as a full pension if the working capacity of the employee has been weakened by at least three-fifths. In other cases, the disability pension is granted as a partial disability pension.

When evaluating the decrease in working capacity, the employee's remaining ability to acquire earnings by means of available work that the employee can reasonably be expected to do is taken into account. Other factors considered include the employee's formal training, previous activities, age, residence and other comparable issues. If the working capacity varies, the employee's annual earnings are taken into account.

In addition to the provisions of subsection 2, the vocational nature of the disability is taken into account when evaluating the entitlement to a disability pension of an employee who has turned 60 years of age.

Section 36

Investigating rehabilitation possibilities

Before the pension provider makes a decision on a disability pension, it shall ensure that the employee's possibilities of rehabilitation have been investigated.

Section 37

Disability pension on the basis of pension granted pursuant to public sector earnings-related pension acts

The employee is entitled to receive a disability pension if he or she has been granted a disability pension based on a later employment relationship or public-sector employment relationship following the end of the work covered by this Act pursuant to:

- 1) Section 35(1)(2) of the State Employees' Pensions Act; ([1274/2006](#))
- 2) section 24(1)(2) of the Local Government Pensions Act;
- 3) the provisions of section 1 of the Evangelical Lutheran Church Pensions Act that correspond to the provisions referred to above in paragraph 1; or
- 4) the provisions of section 13 of the Act on the Social Insurance Institution of Finland that correspond to the provisions referred to above in paragraph 1.

The employee is also entitled to a disability pension when the amount of pension per month based on private-sector earnings-related pension acts is not more than EUR 688.02 and he or she, after the end of work covered by this Act, has been granted a disability pension on the basis of a later public-service employment relationship or employment relationship on the grounds of disability that started during the employment relationship pursuant to:

- 1) section 35(1)(1) of the State Employees' Pensions Act; ([1274/2006](#))
- 2) section 24(1)(1) of the Local Government Pensions Act;
- 3) the provisions of section 1 of the Evangelical Lutheran Church Pensions Act that correspond to the provisions referred to above in paragraph 1, or
- 4) the provisions of section 13 of the Act on the Social Insurance Institution of Finland that correspond to the provisions referred to above in paragraph 1.

Section 38

The amount of disability pension

The amount of a full disability pension is the total amount of the pension accrued by the end of the year preceding the pension contingency and the projected pension according to section 66. A partial disability pension amounts to half of the full disability pension.

Section 39

Preliminary ruling on the right to a partial disability pension

The employee is entitled to receive a preliminary ruling on whether he or she meets the preconditions for receiving a partial disability pension as referred to in section 35(1). The preliminary ruling is given by the pension provider competent to decide on the pension application should the employee apply for a pension rather than a preliminary ruling.

The preliminary ruling is binding on the pension provider if the pension application on which it is based is made within nine months of the preliminary ruling becoming valid, or within a longer period of time as agreed between the employee and his or her employer.

Section 40

Pension provider's medical expert

One or several certified medical doctors shall take part in the preparation of cases that include disability and rehabilitation issues as well as other medical issues. The pension provider's medical expert can record his or her opinions in the documents without adhering to the formalities regarding medicolegal certificates and statements as provided in section 23 of the Act on Healthcare Professionals (559/1994).

Section 41

Commencement of a full disability pension

A full disability pension may start at the earliest at the beginning of the month following the end of the period of sickness allowance preceding payment of the disability pension as referred to in Chapter 12, section 3 of the Health Insurance Act.

However, a full disability pension begins at the start of the month following the onset of the disability, if:

- 1) the pension application has been made before the Social Insurance Institution of Finland has confirmed the primary period of sickness allowance and an allowance paid for an uninterrupted period of at least one month for the period following the onset of disability has not been granted by the end of the second calendar month following the submission of the application; or
- 2) the allowance application for the period following the onset of the disability has been rejected, and the employee has not been granted an allowance to be paid for an uninterrupted period of at least one month for the period following the rejection of the application.

If the employee is entitled to receive a benefit paid from abroad that corresponds to the allowance pursuant to the Health Insurance Act, it will be taken into account when establishing the starting date of the disability pension, in the same way as when establishing the allowance pursuant to the Health Insurance Act; however, for no longer than up to end of the maximum payment time under the Health Insurance Act.

[Section 42](#)

The start of a partial disability pension

A partial disability pension starts at the beginning of the month following the pension contingency.

[Section 43](#)

Retroactive payment of a disability pension

A disability pension is not paid out retroactively for a period longer than six months prior to the pension application month without good cause.

If a disability pension is granted retroactively, it will not be paid for the period during which the employee has received a rehabilitation allowance under the earnings-related pension acts or the Act on the Social Insurance Institution of Finland's Rehabilitation Benefits and Rehabilitation Allowance Benefits, or compensation for loss of earnings under the Act on Rehabilitation Replacing Compensation of Earnings Losses on the Basis of the Accident Insurance Act, or on the basis of the Act on Compensatory Rehabilitation on the Basis of the Traffic Insurance Act.

If disability pension is granted retroactively as a partial disability pension or a full disability pension pursuant to section 41(2), and an allowance or partial sickness allowance pursuant to the Health Insurance Act has been paid for the same period, disability pension to an amount that exceeds the allowance amount is paid out for this period. ([1274/2006](#))

[Section 44](#)

Duration of the disability pension

The disability pension is granted until further notice or for a set time as a cash rehabilitation benefit.

If the working capacity of the employee has decreased over a period of time comprising at least one year, he or she is entitled to receive a cash rehabilitation benefit in order to restore working capacity for as long a period of time as he or she is estimated to remain disabled as specified in this Act.

When granting the cash rehabilitation benefit, the pension provider shall ensure that a treatment or rehabilitation plan has been drawn up for the employee. A cash rehabilitation benefit may also be granted to a disabled employee while the preparation of a treatment or rehabilitation plan is underway.

[Section 45](#)

Obligation to inform of the recipient of the disability pension

The recipient of a disability pension is obligated to inform the pension provider of the return of his or her working capacity, the return to gainful employment and the discontinuation of the rehabilitation.

[Section 46](#)

Clarification of continued disability

If the pension provider has good reason to assume that the pension recipient's working capacity has returned, the pension recipient is obligated, on instruction from the pension provider, to submit to a medical examination by a certified medical expert named by the pension provider or by a rehabilitation or research facility named by the pension provider, in order to clarify whether the disability is continuing. The pension provider is obligated to compensate any reasonable costs possibly arising from the examination and any related travel costs.

[Section 47](#)

Reviewing the right to a disability pension

If the working capacity of the recipient of the disability pension changes, his or her right to receive the disability pension is reviewed on his or her own application or at the initiative of the pension provider.

When evaluating changes in, or the return of working capacity of a disability pension recipient, the changes that have occurred in the employee's earnings are taken into account. The employee is not entitled to a full disability pension during a period when his or her earnings exceed the established average earnings of the period preceding the disability by more than 40 per cent, or during partial disability pension periods when his or her earnings exceed 60 per cent of the aforementioned average earnings.

[Section 48](#)

Changing the amount of disability pension

If the working capacity of an employee receiving a full disability pension changes so that he or she is entitled to a partial disability pension, and the change is expected to last for at least a year, the full disability pension is changed into a partial disability pension from the beginning of the following month.

If the working capacity of an employee receiving a partial disability pension changes so that he or she is entitled to a full disability pension, and the change is expected to last for at least a year, the partial disability pension is changed into a full disability pension. The full disability pension starts pursuant to the provisions of section 41. The partial disability pension is paid until the full disability pension starts.

[Section 49](#)

Discontinuing a disability pension

If the working capacity of the disability pension recipient returns to such an extent that he or she no longer meets the preconditions for receiving the pension, the disability pension is discontinued from the beginning of the next calendar month following the return of his or her working capacity.

If the disability pension is discontinued or the cash rehabilitation benefit ends, the pension may be continued for a period of time even shorter than one year in the form of a cash rehabilitation benefit the size of a partial disability pension for the purpose of supporting a return to work.

Section 50

Suspending payment of a disability pension

The payment of disability pension may be suspended if the pension recipient:

- 1) is in gainful employment and the earnings received from this temporarily exceed 60 per cent of the stabilised average earnings of the period preceding the disability;
- 2) does not agree to submit to an examination ordered by the pension provider in accordance with section 46, not, however, if there is an acceptable reason;
- 3) does not submit the results of the examination referred to in section 46 to the pension provider within a reasonable time frame; or
- 4) refuses the rehabilitation or training arranged by the pension provider without good cause.

Section 51

Retroactive adjustment of a disability pension

The pension may be discontinued or adjusted, or the payment may be suspended retroactively for a maximum of one year. This period of one year is calculated from the beginning of the calendar month following the pension recipient's application for an adjustment or the adjustment measures taken by the pension provider. If payment of the disability pension has been suspended, the pension is still adjusted or discontinued from the date it was suspended.

Section 52

Converting a disability pension into an old-age pension

A full disability pension is converted into an old-age pension, and a partial disability pension into an old-age pension corresponding to a full disability pension from the beginning of the month following the month during which the pension recipient turns 63 years of age.

The employee is entitled to receive a pension accrued on the basis of work carried out during the period of the disability pension on application, however, no earlier than from the start of the month following the individual's 63rd birthday. The precondition is that the employee is no longer in the employment relationship that he or she is going to retire from.

Instead of a disability pension, the pension is calculated and granted as an old-age pension from the beginning of the month following the 63rd birthday, if:

- 1) the employee has turned 63 prior to the end of the primary period as referred to in section 3 of Chapter 12 of the Health Insurance Act; or
- 2) the primary period is not confirmed for the employee according to section 3(2) of Chapter 12 of the Health Insurance Act, since the employee has turned 63 years of age.

[Section 53](#)

Guidance on rehabilitation

If the application for a disability pension or rehabilitation within the earnings-related pension scheme is rejected, the pension provider shall ensure that the employee is informed of other rehabilitation possibilities and that he or she is guided towards other rehabilitation that meets his or her needs, or to other services, in co-operation with the parties arranging them. The pension provider shall also comply with the provisions in the Act on Cooperation on Client Services within Rehabilitation. (497/2003).

Survivors' pension

[Section 54](#)

Survivors' pension and recipients of a survivors' pension

The person through whom the benefit is derived is an employee whose pension has accrued pursuant to this Act and after whose death survivors' pension will be paid to the beneficiaries as provided below.

The beneficiary is a person entitled to receive a survivors' pension following the death of the person through whom the benefit is derived. Based on the preconditions listed below, the benefactors include the surviving spouse, the children of the deceased and the surviving spouse, as well as the former spouse of the deceased.

Survivors' pension is paid in the form of a pension for the surviving spouse and as an orphan's pension.

A person who has intentionally caused the death of the deceased by means of a criminal act is not entitled to a survivors' pension.

[Section 55](#)

Pension right of the surviving spouse

The surviving spouse is entitled to a surviving spouse's pension if he or she has married the deceased before the deceased person's 65th birthday and has had, or has, a child with the deceased .

A surviving spouse for whom marriage was entered into prior to the 50th birthday of the surviving spouse and the 65th birthday of the deceased and had continued for at least five years is also entitled to a surviving spouse's pension, if:

- 1) the surviving spouse has turned 50 at the time of death of the deceased; or
- 2) at the death of the deceased, the surviving spouse was receiving a disability pension pursuant to an earnings-related pension act or the National Pension Act ([568/2007](#)), which had continued for at least three years. ([1164/2007](#))

The surviving spouse is not entitled to a surviving spouse's pension pursuant to subsection 1 if the child has been given up for adoption by someone outside the family prior to the death of the deceased, and not as a child of the deceased whom the surviving spouse has adopted following the death of the deceased.

If, on the basis of a previous marriage, the surviving spouse has the right to receive a survivors' pension under the earnings-related pension acts, he or she is not entitled to a new survivors' pension.

[Section 56](#)

Child's pension right

If the person through whom the benefit is derived has died before the child has turned 18, the following are entitled to an orphan's pension:

- 1) the child of the deceased; and
- 2) the child of the surviving spouse who lived in the same household as the deceased and the surviving spouse at the time of death.

The orphan's pension is primarily granted after the death of the child's own parent. The right to an orphan's pension cannot be had simultaneously after the death of more than two persons through whom the benefit is derived. If a child receiving an orphan's pension after the death of two persons through whom benefit is derived later receives an orphan's pension after the death of his or her own parent, the orphan's pension first granted after the death of some other person through whom the benefit is derived is discontinued at the time when the orphan's pension after the death of the child's own parent begins.

[Section 57](#)

Pension right of the former spouse

The former spouse of the person through whom the benefit is derived is entitled to a surviving spouse's pension if the deceased, at the time of death, was obligated by a decision or verdict of a court of law, or a decision confirmed by the social welfare board, to pay the former spouse regular alimony. The rights of the former spouse to a surviving spouse's pension are governed by the provisions on surviving spouses and spousal rights.

[Section 58](#)

Start of a survivors' pension and retroactive pension payment

The survivor's pension is paid from the beginning of the month following the death of the person through whom the benefit is derived. For a child born after the death of the person through whom the benefit is derived, the survivors' pension is paid from the beginning of the month following the child's birth.

The survivors' pension is not paid out retroactively for a period longer than six months prior to the pension application month without good cause.

[Section 59](#)

Obligation to notify

The recipient of a surviving spouse's pension is obligated to notify the pension provider if he or she enters into a new marriage.

If a child receiving an orphan's pension is adopted by someone other than the surviving spouse of the deceased or his or her spouse, the adoptive parents are obligated to notify the pension provider about the adoption of the child.

[Section 60](#)

Discontinuing a survivors' pension

The surviving spouse's pension is discontinued if the surviving spouse enters into a new marriage prior to turning 50 years of age.

The orphan's pension is discontinued once the child turns 18 or is adopted by a person other than the surviving spouse of the deceased or his or her new spouse.

[Section 61](#)

The granting of a survivors' pension for a set time

If information on the death of the person through whom benefit is derived cannot be presented, but it is probable that the pension recipient has died by cause of drowning, some other accident or some other similar reason, a survivors' pension may be granted for a set period of time.

When a survivors' pension is granted for a set period of time pursuant to subsection 1, the earnings-related pension of the deceased is discontinued from the date on which the survivors' pension starts.

[Section 62](#)

Paying a surviving spouse's pension as a lump sum payment

When the surviving spouse's pension is discontinued in accordance with section 60, the surviving spouse is paid a lump sum payment which is equal to the amount of surviving spouse's pension that he or she would have received for a period of three years.

The basis for a lump sum payment is the monthly pension paid last, or, if the pension provider functions as the last pension provider under section 107, the total amount of pensions it pays per month.

Chapter 4

Determining the pension

Accrual of pension

[Section 63](#)

The basis of pension accrual

Pension is accrued:

- 1) From earnings as specified in sections 70 and 72, which the employee has earned from the beginning of the calendar month following his or her 18th birthday until the end of the month of his or her 68th birthday;
- 2) from unpaid periods referred to in section 74; and
- 3) from periods on a disability pension and a part-time pension as provided under this Act.

Earnings from the year during which the disability began do not accrue pension if, when determining the pension, the projected pensionable service has been included as giving entitlement to a pension on the basis of the provisions of section 66.

[Section 64](#)

Pension accrual from earnings from work

Pension accrues from earnings on which the annual pension is based (*annual earnings*), as referred to in sections 70 and 72:

- 1) at 1.5 per cent until the end of the calendar month during which the employee has turned 53 years of age;
- 2) at 1.9 per cent from the beginning of the calendar month following the 53rd birthday of the employee until the end of the calendar month during which the employee turns 63;
- 3) at 4.5 per cent from the beginning of the calendar month following the 63rd birthday of the employee until the end of the calendar month during which the employee turns 68.

When the accrual percentage changes during the calendar year, as mentioned in subsection 1, pension accrual is determined on the basis of an average accrual percentage for earnings earned from other periods than after the start of the old-age pension. The average accrual percentage is calculated by taking into account the accrual percentages of subsection 1 in relation to the number of calendar months of a calendar year to which the accrual percentages relate.

If the employee is working in another EU or EEA country than Finland after having turned 53, a separate supplement calculated on the basis of the difference between the accrual percentage referred to in subsection 1, paragraphs 2 and 3 and the accrual percentage referred to in subsection 1, paragraph 1 is added to the theoretical pension. The separate supplement is calculated on the basis of earnings from work in Finland.

[Section 65](#)

Pension accrual during unpaid periods

Pension accrues at a rate of 1.5 per cent on income that forms the basis of the benefit received for the employee's unpaid periods during each calendar year, as referred to in section 74.

[Section 66](#)

Determining the pension for projected pensionable service

When determining a disability pension, the period giving entitlement to a pension is calculated from the beginning of the calendar year during which the employee has become disabled until the end of the calendar month during which the employee turns 63 years of age (*projected pensionable service*). The precondition for receiving a pension component for projected pensionable service is that the employee has earnings from work under the earnings-related pension acts to a total sum of at least EUR 12,566.70 from the ten calendar years preceding the year during which the disability began.

Projected pension accrues on the earnings forming the basis of the projected pension as referred to in section 76:

1) at 1.5 per cent per year insofar as the projected pensionable service is included in the pension until the month during which the age of 50 has been reached;

2) at 1.3 per cent for each year insofar as the projected pensionable service is taken into account from the beginning of the calendar month following the 50th birthday until the end of the month of the 63rd birthday.

Section 67

Pension accrual from work carried out while receiving a pension

Pension accrues at 1.5 per cent of the annual earnings on which the pension is based, and which the pension recipient earns during periods on a disability pension, old-age pension or corresponding pension paid from abroad, pursuant to the earnings-related pension acts.

Section 68

Pension accrual from a period when a disability pension has been terminated

If an employee who has received a disability pension is later granted an old-age or disability pension on new grounds, the period giving entitlement to a pension will also include the time during which the employee received disability pension. When calculating pension from this period, the projected pensionable earnings of the disability pension that has been terminated are used as the basis.

On the basis of the aforementioned subsection 1, pension accrues from earnings that form the basis of the pension component for the projected pensionable service of the disability pension from the start of the year of the onset of the disability until the last month of the disability pension:

1) at 1.5 per cent per year insofar as the period until the end of the month during which the age of 50 has been reached is included in the pension;

2) at 1.3 per cent per year insofar as the period is counted from the beginning of the calendar month following the 50th birthday until the end of the month of the 63rd birthday.

If the employee received a disability pension pursuant to another earnings-related pension act in addition to the disability pension under this Act, the earnings for the projected pensionable service under this Act of the disability pension that has been terminated have the same relative share of the earnings for projected pensionable service of the disability pensions received by the employee as the share of the earnings under this Act of the total amount of earnings under the acts on the earnings-related pension during the reference period referred to in sections 76 and 78.

If the employee has received a disability pension without due cause, this pension period will not be included as giving entitlement to pension when calculating the new pension.

Section 69

Pension accrual from part-time work and part-time pension

Pension accrues from the earnings that form the basis of the benefits referred to in section 74 from earnings from part-time work carried out alongside part-time retirement as well as from unpaid periods during part-time work, in accordance with sections 64 and 65.

Old-age pension accrues from periods of part-time pension at 0.75% per year from the reduction in earnings referred to in section 17(1), on the basis of which the employee's part-time pension was calculated for the first time.

When disability pension is calculated on the basis of a disability that started during a period of part-time pension, pension from the period of part-time pension accrues at 1.5 per cent of the reduction in earnings. If, when determining disability pension, pension accrued from part-time work carried out alongside a part-time pension is calculated to also include the projected pension, the projected pension is calculated from the reduction in earnings according to accrual percentages provided in section 66.

Earnings from work and benefits giving entitlement to pension

[Section 70](#)

Pensionable earnings

When determining the pensionable earnings, the salary, performance-based bonus or other remuneration that has been paid or has been agreed to be paid as compensation for work are taken into account. Such remuneration is considered as earnings from work that accrues pension also when the employee receives the payment not from the employer but from an estate in bankruptcy, an authority ensuring wage security as referred to in the Wage Security Act (866/1998) or another payer (*substitute payer*).

Pensionable earnings also include remuneration to be paid for work that has been agreed to be either wholly or partly compensated:

- 1) from service charges or donation funds available from the public, which are taken into account at the same amount as in the last completed tax assessment, if no other reliable clarification of the amounts is presented;
- 2) from the allowance paid by the contributory sickness fund, as referred to in the Insurance Funds Act, which the employee receives in place of salary as provided by law or agreed upon in the collective agreement or another agreement; or
- 3) from support for private care pursuant to the Act on Support for Home Care for Children and Private Care (1128/1996), or from other similar support paid by the State or the municipality.

Remuneration for work referred to above in subsection 1 does not include the following:

- 1) a personnel benefit received from the employer;
- 2) interest benefit from a loan received on the basis of an employment relationship;
- 3) benefit from the right to subscribe to company shares at a lower price than the current price on the basis of an employment relationship, if the said benefit is available to the majority of the personnel;
- 4) benefit arising from using an employment option as referred to in section 66 of the Income Tax Act (1535/1992) or a payment based on an employment relationship that is determined on the basis of the change in share value of the company;
- 5) a bonus given in the form of shares of the employer company or a company in the same Group or some other similar financial consortium that are quoted on a stock exchange subject to supervision by the authorities, or as investment deposits or in another corresponding form; or instead of shares either partly or wholly in cash, provided that the value of such a bonus is dependent on the development of the value

of the shares in question during a subsequent period of at least one year after which the bonus has been promised;

6) an allowance received for a business trip or other cost reimbursement;

7) waiting period salary as referred to in Chapter 2, section 14(1) of the Employment Contracts Act;

8) compensation paid as the result of the employment contract ending or other damages;

9) profit bonus items, as referred to in the Act on Personnel Funds (814/1989), transferred to the employee fund or taken out in cash or in fund units from the employee fund;

10) items paid to the employee as profit distribution or in cash as profit bonus based on a decision by the General Meeting, provided that the profit bonus in cash is paid to the entire personnel and is not used as an attempt to replace the payroll system required under the collective agreement or the employment contract, and that the basis for determining the profit bonus in cash adhere to section 2(2) of the Act on Personnel Funds and that the company's amount of spare capital is larger than the total amount of profit bonus in cash and dividends paid to the shareholders as decided by the General Meeting; and not

11) a profit share or dividend collected by a shareholder in the company.

In the situation referred to above in subsection 3, paragraph 10, it is also a requirement that no agreement obligating the employer to pay a profit bonus has been made, that the owners reach a binding decision at the General Meeting at the end of the financial year to pay a profit bonus in the form of cash, and that the profit bonuses are paid thereafter. A further requirement is that the issue is processed according to the Act on Co-operation within Undertakings (725/1978) or in another similar manner.

The employee receiving service charges from the general public shall report the taxable amount of service charge to the employer.

The Act on Co-operation within Undertakings (334/2007) repeals the previous Act on Co-operation within Undertakings.

[Section 71](#)

Allocation of earnings

Pensionable earnings are considered earnings for the calendar year during which they were paid (*the payment principle*). If the consideration of earnings as earnings from the year of payment distorts the pension amount, the earnings can be considered as earnings from the year during which they were earned.

[Section 72](#)

Pensionable earnings from work abroad (salary for insurance purposes)

If an employee is sent from Finland to work abroad or he or she is employed abroad within the scope of application of this Act, the pensionable earnings shall be considered as the salary that would have been paid for the corresponding work in Finland, in derogation to what is provided in section 70. If there is no corresponding work in Finland, the earnings are considered to be the salary that would otherwise be considered to correspond to the said work.

Section 73

Deducting an employee's pension contribution from annual earnings

When determining the pensionable earnings from the earnings of each year, a sum corresponding to the confirmed employee's pension contribution for the said year, as referred to in section 153, is deducted.

Section 74

Unpaid periods giving entitlement to pension

Unpaid periods give entitlement to a pension if the employee has had insured earnings of at least EUR 12,566.70 under the earnings-related pension acts prior to the start of the pension contingency year.

Pension entitlement is calculated from the income **constituting a benefit** from an unpaid period, calculated from the beginning of the calendar month following the employee's 18th birthday until the end of the year immediately prior to the pension contingency. When calculating the old-age pension, however, the income forming the basis of the employee's benefit is taken into account until the end of the old-age pension's contingency month.

Income forming the basis of benefits during an unpaid period is considered earnings from the year for which the benefit period is paid. Income forming the basis of benefits giving entitlement to pension are as follows:

- 1) 117 per cent of the earnings pursuant to the Health Insurance Act that form the basis of maternity, special maternity, paternity or parental allowance for the period during which the benefit has been paid to the employee, and 17 per cent for the period during which the benefit has been paid to the employer;
- 2) 75 per cent of the earnings forming the basis of compensation for job alternation leave pursuant to the Act on Job Alternation Leave;
- 3) 75 per cent of the earnings forming the basis of earnings-related allowance relative to earnings pursuant to the Unemployment Security Act, insofar as the allowance has been received by the end of the month during which the 63rd birthday occurred;
- 4) 65 per cent of the earnings forming the basis of earnings-related allowance pursuant to the Act on the Public Employment Service;
- 5) 65 per cent of the earnings forming the basis of the training allowance referred to in Chapter 10 of the Unemployment Security Act;
- 6) 65 per cent of the earnings forming the basis of adult training allowance pursuant to the Act on Adult Training Allowance;
- 7) 65 per cent of the earnings forming the basis of rehabilitation allowance under the earnings-related pension acts or the Act on the Social Insurance Institution's Rehabilitation Benefits and Rehabilitation Allowance Benefits, or compensation for loss of income granted on the basis of the provisions on rehabilitation under workers' compensation insurance or motor liability insurance, for the time period during which the benefit has been paid to the employee, however not if the rehabilitation allowance has been paid in addition to the pension;

8) 65 per cent of the the earnings, as referred to in the Health Insurance Act, that form the basis of sickness allowance, partial sickness allowance and and special care allowance for the period during which the benefit has been paid to the employee, however such that the income forming the basis of the partial sickness allowance is half of the earnings on which sickness allowance is based; (1274/2006)

9) 65 per cent of the earnings forming the basis of loss of earnings compensation pursuant to the rules governing accident, traffic or military injury insurance for the period during which the allowance has been paid to the employee, however not insofar as pension accrues for the same reason as provided in section 8.

If the benefit referred to in subsection 3, paragraph 1 has been paid as a minimum allowance due to a lack of or small amount of earnings, the income forming the basis of the benefit is considered to be EUR 532.61 per month. If the benefit is the amount of the minimum allowance as a result of a return to work, the income forming the basis of the benefit is considered to be the amount of the minimum allowance paid to the employee.

Pension does not accrue on the income forming the basis of the benefit for periods during which the employee has received pension in accordance with the earnings-related pension acts, a comparable benefit from abroad or benefit on the basis of service in an international organization or an institution of the European Community. However, pension also accrues from periods of part-time and survivors' pension on the basis of the income forming the basis of the benefit. ([1164/2007](#))

[Section 75](#)

The employee's pension record, issuing the record and checking the record

Every employee between the ages of 18 and 67 who resides in Finland will receive a pension record every year detailing his or her pension-insured earnings. The pension record may be sent in writing or electronically. The pension record lists the following information for the five years immediately preceding the year during which the record is sent:

- 1) pensionable earnings pursuant to the private-sector earnings-related pension acts, per employer;
- 2) pensionable income on the basis of benefits paid during unpaid periods, per type of benefit;
- 3) the grounds and period for which pension accrues from state funds pursuant to the act governing pension compensation for the care of a child under the age of three or for the duration of studies; and
- 4) the amount of pension accrued by the end of the year previous to the year of issuing the pension record.

[Section 75 a](#)

Issuing the pension record

A written pension record is sent to the employee by the pension provider with whom the employee's employment relationship has been insured at the end of the calendar year preceding the year during which the pension record was sent, or by the pension provider he or she was last insured with prior to this period.

The employee may receive an electronic pension record from the electronic customer service of the pension provider with whom the employee's employment relationship was insured at the time when the electronic pension record is issued, or the pension provider he or she was last insured with prior to this period.

The pension record may be issued in electronic format if the employee has selected this option with the electronic customer service of the pension provider. In order to select and check the electronic pension record, the employee must log in to the electronic customer service of the pension provider. Data secure and evidential identification technology is required for logging in.

The pension provider monitors that the employee who has opted for an electronic pension record uses the electronic customer service containing the electronic pension record. If the employee does not sign in to the service containing the electronic pension record within four calendar years, the pension provider with whom the employee's employment relationship was insured at the end of the four calendar years referred to, or the pension provider he or she was last insured with prior to this period, shall send the employee a written pension record during the following calendar year.

Section 75 b

Checking the pension record

If the employee finds deficiencies or errors in the information referred to in paragraphs 1–3 of section 75, the pension provider issuing the pension record is obligated to clarify the correctness of the data at the request of the employee. If necessary, the employee shall present a clarification of the grounds for the request, such as can be reasonably expected. The pension provider is not obligated to clarify such information retroactively for a period longer than five calendar years preceding the year during which the pension record has been issued.

If the employee can indisputably demonstrate that he or she, prior to the aforementioned five years, had pensionable earnings or benefits as referred to in paragraphs 1–3 of section 75 that have not been correctly taken into account as giving entitlement to pension, the pension provider will take these earnings or benefits into account retroactively. Indisputably demonstrated earnings are taken into account as earnings of the payment year, and earnings forming the basis of benefits paid during unpaid periods as well as during a period of caring for a child under the age of three and periods of study are taken into account as earnings for those years during which the benefit period, childcare period or study period occurred.

If the employee does not have insured earnings under the private-sector earnings-related pension acts, the Finnish Centre for Pensions will send the the employee a pension record containing information on the benefits referred to in paragraphs 2 and 3 of section 75 of this Act.

The employee may select and check the electronic pension record through the joint electronic customer service of the earnings-related pension scheme by logging in to the service as provided in section 75(2). The Finnish Centre for Pensions monitors that the employee selecting the electronic pension record uses the electronic customer service that provides access to the pension record, and sends a written pension record as provided in section 75 a(3). If necessary, the Finnish Centre for Pensions also reviews the correctness of the data referred to in section 75, paragraphs 2 and 3, in the manner prescribed in subsections 1 and 2.

The employee is entitled to receive a decision on the information affecting his or her pension right as referred to in subsections 1 and 2. The decision is given by the pension provider issuing the pension record, or, in situations referred to in subsection 3, by the Finnish Centre for Pensions. If the information under subsections 1 and 2 is connected to an issue covered pursuant to section 10, which is under consideration at the Finnish Centre for Pensions, the decision on this information is also given by the Finnish Centre for Pensions.

Projected pensionable service

[Section 76](#)

Earnings forming the basis of projected pensionable service

Earnings forming the basis of projected pensionable service (*projected earnings*) are determined on the basis of earnings pursuant to the earnings-related pension acts and the income forming the basis of benefits during unpaid periods, as provided under section 74, which the employee has received for the last five calendar years preceding the year when disability began (*reference period*). Projected earnings also include the projected earnings of the disability pension paid during the reference period and the earnings reduction of a part-time pension. Projected earnings per month are the earnings that form the basis of benefits during unpaid periods, the projected earnings of a disability pension, the earnings reduction of a part-time pension received during the reference period and the sum of income referred to in subsection 4 divided by sixty. ([1164/2007](#))

When determining projected earnings, the following is taken into account:

- 1) income forming the basis of maternity, special maternity, paternity and parental allowance to the amount referred to in section 74(3), and
- 2) 100 per cent of other income forming the basis of benefits received during unpaid periods as referred to in section 74.

If the benefit referred to in subsection 1 has been paid to the amount of the minimum allowance due to a lack of earnings or small earnings, the sum taken into account when determining the projected earnings is EUR 523.61 per month. If the benefit has been paid to the amount of a minimum allowance as a result of a return to work, the minimum allowance paid to the employee will be taken into account when determining the projected earnings.

When determining projected earnings, the income taken into account is EUR 1,047.22 for each full month during which the employee has received payment during the reference period as:

- 1) basic allowance under the Unemployment Security Act, labour market support or training allowance to the amount of the basic allowance, or
- 2) training allowance in the form of a basic allowance pursuant to the Act on the Public Employment Service.

An allowance pursuant to the Health Insurance Act will be taken into account in the manner referred to in subsection 4, if it has been granted to the amount of the basic allowance under the Unemployment Security Act.

If the employee does not have pensionable earnings during the reference period, the pension component for the projected pensionable service is not included in the pension and likewise income forming the basis of benefits received during unpaid periods as referred to in section 74 or on the basis of income referred to in subsection 4.

[Section 77](#)

Impact of a period of child care on the projected pension

If the employee's earnings are less than his or her established level of earnings during the reference period referred to in section 76(1) due to caring for a child under the age of three, and if this circumstance has an impact of at least 20 per cent on the amount of pension under the earnings-related pension acts, the earnings which have not decreased due to a period of caring for a child may, on application by the employee, be considered earnings as referred to in section 76(1). In this case, however, the earnings from a maximum of the last ten years will be taken into account.

[Section 78](#)

Determining projected pension based on earnings of less than five years

If the employee has pensionable earnings, earnings forming the basis of benefits received during unpaid periods, or projected earnings as referred to in section 76 only for the year during which the disability began or the year previous to that year, the earnings of the year during which disability began until the end of the month during which the employee has become disabled will be taken into account when determining the projected earnings.

If the employee has become disabled prior to the end of the calendar year during which he or she turned 23 years of age, the reference period will run from the beginning of the month following the 18th birthday until the end of the month during which disability began. In this case, the projected earnings per month is the sum of the projected earnings as referred to in section 76 that have been received during this reference period divided by the number of months during that period, however by a maximum of 60.

[Section 79](#)

The share of earnings for projected pensionable service pursuant to this Act

If the projected pensionable service is taken into account in the employee's pension on the basis of several different earnings-related pension acts, the projected earnings under this Act are as large a share of the total projected earnings as the share of earnings under this Act is of the total amount of earnings based on the earnings-related pension acts during the reference period referred to in sections 76 and 78.

Other issues affecting the amount of disability pension

[Section 80](#)

Pension on previous grounds

If an employee receiving rehabilitation allowance pursuant to this Act is granted a disability pension on the basis of a disability that has started before two years have elapsed since the end of the rehabilitation

allowance period, the pension will be determined as it would have been had the disability started at the beginning of the rehabilitation allowance period.

If an employee who has received a disability pension is later granted a disability pension on the basis of a new disability that has started before two years have elapsed since the disability pension initially granted has ended, the new disability pension is determined on the same grounds as the disability pension that was granted initially. The same procedure is followed later if a new disability pension is granted to an employee who previously received a disability pension for the same illness, handicap or injury.

If an employee receiving a disability pension is granted an old-age pension which begins before two years have elapsed since the end of the disability pension, the old-age pension is determined on the same grounds as the aforementioned disability pension.

Section 81

Lump sum increase for a disability pension

A lump sum increase is added to the employee's disability pension from the start of the calendar year after five calendar years have elapsed since the start of the pension. The increase is not added if the employee has turned 55 at the start of the year during which the increase is given. The lump sum increase is not added to the rehabilitation increment.

The lump sum increase is calculated on the basis of the joint amount of pensions under the private-sector earnings-related pension acts that have been granted to the employee. The increase is determined according to the employee's age at the start of the year of the increase. The increase percentage is 21 if the employee is aged between 24 and 26 at the start of the year of the increase. The increase percentage decreases by 0.7 percentage points per year of age.

Life expectancy coefficient

Section 82

Adjusting pension provision to general changes in life expectancy

Pension provision is adjusted to changes in life expectancy so that the pension is converted by a confirmed life expectancy coefficient for the year when the employee turns 62, to be implemented at the start of the old-age pension.

When a disability pension is converted into an old-age pension at the age of 63, the pension is adjusted using the confirmed life expectancy coefficient for the year in which the employee turned 62.

Section 83

Determining the life expectancy coefficient

The life expectancy coefficient referred to in section 82 is confirmed annually by a decree issued by the Ministry of Social Affairs and Health, no later than one month before the start of the calendar year to which it is applied. The life expectancy coefficient is determined so that the capital value of the converted pension is the same when calculated on the basis of the mortality statistics of Statistics Finland, which are always available for the last respective five years, as when calculating the capital value of the unconverted pension in 2009 on the basis of the mortality statistics for the time period 2003–2007. An interest rate of two per cent is used when calculating the capital value.

Determining the survivors' pension

Section 84

Grounds for the survivors' pension

A survivors' pension is granted on the death of the person through whom the benefit is derived on the basis of an old-age pension or full disability pension pursuant to this Act. If the basis for a survivors' pension is the old-age pension, it will be taken into account without being converted by the life expectancy coefficient referred to in section 82. The pension which the deceased accrued while in retirement is added to the pension of the deceased serving as the basis for the survivors' pension.

If the deceased did not receive any pension as referred to in subsection 1 at the time of death, the pension which the deceased would have received had he or she become disabled to the point of being entitled to a full disability pension on the day of death is used as the basis for the survivors' pension.

If the deceased was receiving a disability pension at the time of death, which did not include the lump sum increase referred to in section 81, a lump sum increase will be added to the disability pension of the deceased forming the basis for the survivors' pension from the beginning of the year by which the disability pension of the deceased and the survivors' pension, on the basis of which it is granted, have together been running for five calendar years. If the deceased was not receiving a pension at the time of death, the lump sum increase will be added to the disability pension serving as the basis for the survivors' pension from the beginning of the calendar year by which the survivors' pension has been ongoing for five calendar years. The lump sum percentage is determined in the manner referred to in section 81(2) according to the age that the deceased would have been at the time of the increase.

Section 85

Amount of pension of the surviving spouse and former spouse

The amount of a surviving spouse's pension is based on the survivors' pension, unless otherwise provided in subsection 2 or sections 88–93, and will be:

- 1) $\frac{6}{12}$, if the benefactor is the surviving spouse or the surviving spouse and one child;
- 2) $\frac{5}{12}$, if the benefactor is the surviving spouse and two children;
- 3) $\frac{3}{12}$, if the benefactor is the surviving spouse and three children; and
- 4) $\frac{2}{12}$, if the benefactor is the surviving spouse and four or more children.

The size of the surviving spouse's pension of the former spouse of the deceased is determined so that its share of the amount of surviving spouse's pension calculated according to subsection 1 is the same as what 60 per cent of the alimony paid by the deceased to the former spouse is of the pension of the deceased as referred to in section 84. If the benefactors also include a surviving spouse, the combined

amount of survivors' pension of the former spouses will be a maximum of half of the survivors' pension. The total amount is deducted from the survivors' pension and divided between the former spouses in relation to the amounts of alimony.

Section 86

Amount of orphan's pension

The amount of orphan's pension is based on the survivors' pension, unless otherwise provided in sections 92 or 93, and will be:

- 1) $\frac{4}{12}$, if there is one child;
- 2) $\frac{7}{12}$, if there are two children;
- 3) $\frac{9}{12}$, if there are three children; and
- 4) $\frac{10}{12}$, if there are four or more children.

The total amount of orphan's pension is divided evenly between the children who are the benefactors.

Section 87

Adjusting the survivors' pension

The amount of survivors' pension and its distribution between the benefactors is adjusted whenever there is a change in the number of benefactors. The adjustment is carried out from the beginning of the calendar month following the change.

The amount of survivors' pension is also reviewed when a lump sum increase is added to the disability pension forming the basis of the survivors' pension pursuant to section 83(3). The survivors' pension is then adjusted at the same time as the lump sum increase is added./////

Section 88

Reducing the surviving spouse's pension

The pensions received by the surviving spouse in accordance with the earnings-related pension acts and similar acts reduce the surviving spouse's pension. When reducing the surviving spouse's pension, the pensions received by the surviving spouse are taken into account without decreasing the primary benefits referred to in sections 92 and 93, and the partial disability pension of the surviving spouse is taken into account as a full disability pension. Furthermore, a benefit corresponding to the aforementioned pension, which is paid or would have to be paid to the surviving spouse from abroad or on the basis of service for an institution of the European Community or an international organization, is taken into account when reducing the surviving spouse's pension.

If the surviving spouse does not receive any pension as referred to in subsection 1, the surviving spouse's earnings-related pension is still considered to be the notional pension that the surviving spouse would have been granted had he or she become disabled in a manner giving entitlement to a full disability pension on the day of death of the deceased (*surviving spouse's notional pension*). If the surviving spouse has worked abroad or in the service of an institution of the European Community or an international organization, the surviving spouse's earnings-related pension is considered to be the notional pension that the surviving spouse would have been granted had the work that is included in the period of insurance based on his or her service abroad or in an institution of the European Community or an international organization been covered by this Act.

If the pension provider gives the amount of notional pension of the surviving spouse to a pension provider which handles the implementation of the earnings-related pension acts of the public sector for the purpose of determining the survivors' pension pursuant to the earnings-related pension acts in the public sector, the surviving spouse has the right to request a decision on the amount of notional pension from the pension provider.

Section 89

Point in time for reducing the surviving spouse's pension

The surviving spouse's pension is reduced from the beginning of the seventh calendar month following the death of the deceased. However, if the surviving spouse had turned 65 years of age at the death of the deceased, or is receiving a pension as referred to in section 88(1), the survivors' pension is reduced from the beginning of the calendar month following the death of the deceased.

If, at the time of death of the deceased, a child or children were living in the same household as the deceased and the surviving spouse who are entitled to receive an orphan's pension on the death of the deceased, the surviving spouse's pension is not reduced until the youngest child has turned 18. The notional pension of the surviving spouse is then considered to be the disability pension that he or she would have been granted if he or she were to have become disabled to the extent giving entitlement to a full disability pension following the 18th birthday of the youngest child.

Section 90

Basis and amount of reduction in the surviving spouse's pension

The surviving spouse's pension is reduced if the earnings-related pensions of the surviving spouse as referred to in section 88 exceed the grounds for a reduction in the pension. The reduction in the pension is 50 per cent of the difference between the earnings-related pensions referred to in section 88 and the basis for the pension reduction. The basis for reducing the pension is:

- 1) EUR 649.69 per month, if the pension of the deceased calculated on the basis of section 84 together with other earnings-related pensions exceed the stated cash amount;
- 2) the size of the total amount of the pension of the deceased calculated on the basis of section 84 and the other earnings-related pensions, if the total amount of these earnings-related pensions exceeds EUR 324.77 and is a maximum of EUR 649.69;
- 3) EUR 324.77 if the earnings-related pensions listed in paragraph 1 amount to a maximum of EUR 324.77.

When determining the basis for reducing the pension, benefits corresponding to earnings-related pensions referred to in paragraphs 1 and 2 of subsection 1 and granted on the basis of service to the European Community or an international organization are taken into account as provided in section 88(1) and 88(2).

If the surviving spouse has the right to receive a surviving spouse's pension on the basis of another earnings-related pension act in addition to this Act, an amount that is as large a share of the abovementioned reduction as the surviving spouse's pension pursuant to this Act is of all the surviving spouse's pensions based on the earnings-related pension acts will be deducted from the surviving spouse's pension based on this Act .

When reducing the surviving spouse's pension, the surviving spouse's pension is converted using the life expectancy coefficient determined in section 82, confirmed for the year in question when the surviving spouse's pension is reduced.

[Section 91](#)

Reducing the surviving spouse's pension in special circumstances

When reducing the surviving spouse's pension, the average earnings of the surviving spouse and benefits based on these as well as the partial disability pension or part-time pension are taken into account instead of the earnings-related pensions at the request of the surviving spouse, if:

- 1) the surviving spouse does not receive an earnings-related pension based on his or her own work, or if the surviving spouse receives a partial disability pension or part-time pension;
- 2) the surviving spouse has filed an application regarding the matter within five years of the death of the deceased, or at the time when the surviving spouse's pension is first reduced; and
- 3) the earnings referred to and the benefits based on these as well as the partial disability pension or part-time pension, if 60 per cent of the earnings are taken into account, amount to at least 25 per cent less than the pension for a surviving spouse determined according to section 88. ([1164/2007](#))

The average earnings referred to in subsection 1 are calculated from the earnings of the surviving spouse for a six-month period prior to filing the application, and the reduction in the pension as per subsection 1 will be made from the beginning of this retroactive period at the earliest.

The surviving spouse's pension is reviewed when such a change occurs that the preconditions referred to in subsection 1 are no longer met. The surviving spouse's pension is also adjusted when the surviving spouse is granted a pension pursuant to the earnings-related pension acts of another type than the part-time pension.

The same basis for reducing the pension is used when adjusting the surviving spouse's pension as was used when reducing it the first time.

Chapter 5

Deducting primary benefits from the pension

[Section 92](#)

Benefits that reduce the pension

The primary benefit received by the employee is deducted from a pension based on this Act, and a survivor's pension or compensation that correspond to a primary benefit is deducted from a survivor's pension. Primary benefits include:

- 1) a daily allowance or accident pension based on the provisions of the Employment Accidents Insurance Act;
- 2) loss of earnings compensation or a pension based on a personal injury in accordance with the Traffic Insurance Act;
- 3) loss of earnings compensation granted pursuant to the Act on Rehabilitation Compensated on the Basis of the Employment Accidents Insurance Act;
- 4) loss of earnings compensation granted according to the Act on Rehabilitation Compensated on the Basis of the Motor Liability Insurance Act;
- 5) annuity granted on the basis of the Military Injuries Act ([404/1948](#)) and;
- 6) an allowance or accident pension granted under the Compensation for Military Injuries Act.

If the employee is entitled to the benefit referred to in subsection 1, the pension payable as pension in accordance with this Act is a share of the difference between the total amount of all earnings-related pensions and the benefit referred to in subsection 1 equal to the share of the pension under this Act of all the earnings-related pensions.

[Section 93](#)

Reduction in a benefit received from abroad

The benefit paid by another State that corresponds to the benefit referred to in section 92(1) is also considered to be a primary benefit.

If, when determining the employee's pension, the projected pensionable service is taken into account pursuant to the pension legislation of two or more EU or EEA countries, or countries that have a social security agreement, overlapping projected pensionable service is prevented so that the projected pensionable service is granted on the basis of the Act such that the insurance period pursuant to the employee's earnings-related pension acts is in proportion to the to the insurance periods of all countries granting projected pensionable service.

[Section 94](#)

The impact of a change in the primary benefit on the amount of pension

If the pension recipient is granted a primary benefit or if the amount of the primary benefit or pension pursuant to this Act changes for other reasons than an index adjustment, the amount of pension is adjusted. The amount of pension is also adjusted if a primary benefit has been deducted from a pension pursuant to this Act, and the pension recipient has been granted another earnings-related pension. However, an allowance or loss of earnings compensation on the basis of the Employment Accidents Insurance Act, the Traffic Insurance Act or the Compensation for Military Injuries Act is not deducted from the partial disability pension if it is granted on the basis of an accident or traffic injury occurring during a period of partial disability pension.

The amount of survivors' pension is adjusted if the pension recipient is granted a survivors' pension corresponding to a primary benefit or a survivors' pension pursuant to the earnings-related pension acts, and a primary benefit has been deducted from this lawful survivors' pension.

The pension is adjusted from the time that the benefit referred to in subsection 1 is granted or from which the amount of the benefit or the pension pursuant to this Act changes. If the pension recipient is granted a benefit from abroad in accordance with section 93(1), or the amount of the benefit changes, the pension amount is adjusted from the beginning of the following calendar month during which the pension provider is informed about the granting or changing of this kind of benefit.

The amount of pension is not adjusted if the primary benefit is granted or its amount changes for a maximum period of four months calculated from the start of the benefit or the changes made to it.

[Section 95](#)

Right of recourse

Pension pursuant to this Act can be paid at an unreduced level until the amount of the primary benefit has been finally clarified. The right of the pension recipient to a primary benefit is transferred to the pension provider insofar as the benefit would have reduced the pension.

Chapter 6

Consideration of changes in salary and price levels

[Section 96](#)

Adjusting earnings limits, money amounts and annual earnings by the wage coefficient

The earnings limits, money amounts and lower and upper limits are adjusted annually from the beginning of January by a coefficient (*wage coefficient*) where the weighting coefficient of changes in the wage level is 0.8 and the weighting coefficient of changes in the price level is 0.2.

When calculating the pension, annual earnings are adjusted by the wage coefficient to the level of the year when the pension starts.

The earnings limits, money amounts and upper and lower limits of this Act correspond to the value of the wage coefficient, as referred to in subsection 1, of one (1.000) in 2004.

[Section 97](#)

Determining the wage coefficient

The basis for the wage coefficient is the annual changes in the earnings level and consumer price index calculated by Statistics Finland in the third quarter of the previous calendar year. When determining the wage coefficient, a sum corresponding to the change in the employee's earnings-related pension contribution at the beginning of the previous calendar year, as referred to in the first sentence of section 153, is deducted from the change in the wage level.

[Section 98](#)

Pension index adjustment

The pension being received is adjusted annually at the beginning of January using an index (*the earnings-related pension index*), in the calculation of which the weighting coefficient for changes in the wage level is 0.2 and the coefficient of changes in the price level is 0.8.

[Section 99](#)

Determining the earnings-related pension index

The basis for the earnings-related pension index is the annual changes in the earnings level and consumer price index calculated by Statistics Finland in the third quarter of the previous calendar year. When determining the index, a sum corresponding to the change in the employee's earnings-related pension contribution at the beginning of the previous calendar year, as referred to in the first sentence of section 153, is deducted from the change in wage level.

[Section 100](#)

Issuing the wage coefficient and earnings-related pension index

The Ministry of Social Affairs and Health issues the wage coefficient and earnings-related pension index for each calendar year by decree at least two months before the start of the calendar year to which they are applied.

Chapter 7

Applying for a pension and pension decisions

[Section 101](#)

Pension application

The pension shall be applied for from the pension provider using the form that has been confirmed by the Finnish Centre for Pensions. All the necessary clarifications shall be appended to the application for the purpose of deciding the pension matter.

More detailed provisions on the forms and certificates needed in order to apply for a pension are provided by Government decree.

[Section 102](#)

Report on the health of the applicant for a disability pension

The applicant for a disability pension shall supply the pension provider with a doctor's certificate on his or her health, containing a treatment or rehabilitation plan. The pension provider may, however, approve another type of doctor's certificate or corresponding report. The pension provider may, at its own expense, also obtain a doctor's certificate if the applicant is being treated at a hospital or there is another special reason thereto.

The applicant for a disability pension is obligated, at the request of the pension provider, to undergo a medical examination by a certified doctor appointed by the pension provider or to go to a rehabilitation or research facility appointed by the pension provider, in order that the deterioration in working capacity can be investigated. If the applicant refuses the examination without an acceptable reason, the pension application may be decided on the basis of the information already available to the pension provider.

The pension provider is obligated to reimburse the applicant for a disability pension of any costs arising from the examination referred to in subsection 2, as well as reasonable costs arising from any travel.

[Section 103](#)

Pension application on behalf of the employee

If the employee is unable to apply for a pension or otherwise process pension-related issues due to the person's age, an injury, illness or another reason, and he or she does not have a trustee, a close relative of the employee or person caring for the employee that has been approved by the pension provider may apply for the pension on behalf of the employee as well as otherwise use the right of action on the employee's behalf in issues concerning a pension pursuant to this Act.

[Section 104](#)

Beginning of lis pendens of the pension application

The pension application is considered to have been filed on the day on which it has arrived at the pension provider referred to in the acts mentioned in section 3 or to the Finnish Centre for Pensions or an agent authorized for that purpose by the pension provider or the Finnish Centre for Pensions.

[Section 105](#)

The decision and its service

The right to a pension pursuant to this Act and the amount of pension are decided by a decision issued by the pension provider. The competent pension provider shall decide on the pension application without delay, once it has received the necessary clarifications.

The pension provider and the Finnish Centre for Pensions serve their decision by sending a letter to the pension recipient at the address he or she has provided.

More detailed provisions on the electronic signature of the pension provider's and the Finnish Centre for Pensions' decision are issued by Government decree.

[Section 106](#)

Work carried out only in fields covered by private-sector earnings-related pension acts

The employee's pension application is processed and decided by the pension provider with whom the employee's pension provision was arranged at the time of the pension contingency, or just before the pension contingency. This pension provider (*private-sector pension provider*) pays pension pursuant to the pension acts of other private sectors, and manages the other tasks of a pension provider relating to pensions. Additionally, this pension provider decides on pension accrued on the basis of unpaid periods as mentioned in section 74 as well as on the accrued benefit of pension compensation from state funds in accordance with the act on compensating pension for the duration of time spent caring for a child under the age of three or for periods of study.

If projected pensionable service is taken into account when determining the pension, the tasks referred to in subsection 1 are handled by the pension provider with whom the employee's pension provision was arranged at the end of the calendar year prior to the pension contingency year, or the pension provider he or she was last insured with prior to this period.

[Section 107](#)

Work in fields covered by both private and public-sector earnings-related pension acts

If the employee has been covered by pension provision based on the earnings-related pension acts of the private sector as well as pension provision referred to in section 3(2)(1–3 and 5), and if he or she had pension provision arranged with a private-sector pension provider at the time of the pension contingency or the last time before, the pension contingency, this pension provider (*last pension provider*):

- 1) gives a summary of its own decision based on section 106 and of the decisions of the pension providers managing the pension provision and corresponding survivors' pension provision pursuant to the aforementioned public-sector earnings-related pension acts (*public-sector pension provider*), and
- 2) pays the pension according to the summary of the decisions and manages the other tasks relating to pensions.

If the pension provision of the employee at the time of the pension contingency or the last time before the pension contingency was arranged with a public-sector pension provider, this provider will, as the last pension provider, manage the tasks referred to in section 1 also regarding pension provision pursuant to the private-sector pension acts.

If the projected pensionable service is taken into account when determining the pension, the tasks referred to in subsection 1 are managed by the private or public-sector pension provider with whom the employee's pension provision was arranged at the end of the calendar year prior to the pension contingency year, or the pension provider he or she was last insured with prior to this period.

The provisions of subsections 1, 2 and 3 on the last pension provider are not applied to disability pensions if the employee's pension provision has been arranged with a public-sector pension provider at the end of the calendar year preceding the pension contingency year, or the last time before this, and if the employee has earnings pursuant to this Act and the Seamen's Pensions Act totalling at least EUR 12,566.70 during the two years preceding the pension contingency year. The provisions of subsections 1, 2 and 3 on the last pension provider are also not applied to disability pensions if the employee is in ongoing public-sector employment that began during the pension contingency year and his or her pension provision had been arranged with a private-sector pension provider at the end of the calendar year prior to the pension contingency year or the last time before this. ([1274/2006](#))

If a part-time pension is granted simultaneously in accordance with both the private and the public-sector pension acts, the pension is granted separately by the private-sector pension provider and the public-sector pension provider.

[Section 108](#)

Obligation to negotiate

Prior to its decision, the public-sector pension provider functioning as the last pension provider must request an evaluation of the employee's working capacity from the private-sector pension provider if the pension from the private-sector pension provider exceeds EUR 688.02 per month, and the public-sector pension provider, as the last pension provider, determines the employee's entitlement to disability pension pursuant to:

- 1) section 35(1)(1) of the State Employees' Pensions Act; ([1274/2006](#))
- 2) section 24(1)(1) of the Local Government Pensions Act;

3) the provisions of the Evangelical Lutheran Church Pension Act that correspond to the provisions of paragraph 1 above, or

4) the provisions of section 13 of the Act on the Social Insurance Institution of Finland that correspond to provisions of paragraph 1 above.

If the private-sector pension provider and the last pension provider disagree on the evaluation of the employee's working capacity, they will settle the pension matter separately.

[Section 109](#)

The pension provider paying the pension as the last pension provider

The public or private-sector pension provider paying an old-age, disability or part-time pension to the pension recipient is considered the last pension provider also when the pension recipient is granted an old-age pension. The pension provider paying a disability pension is considered the last pension provider also when the pension recipient is granted a new disability pension, unless otherwise provided in section 107(4). The same pension provider that insured the part-time work handles the issues relating to a disability pension to be granted after a part-time pension, as provided in greater detail in sections 106 and 107. ([1274/2006](#))

If the part-time work of an employee receiving a part-time pension from a private-sector pension provider has been insured with another private-sector pension provider than the one that pays, the disability pension matter is handled by the pension provider with whom the part-time work is insured.

[Section 110](#)

Possibility for agreement

The pension providers may agree that the arrangements of the last pension provider are complied with also in the situations referred to in section 107(4) and 107(5) or in other instances where it would not need to be followed pursuant to the provisions of the law. In such cases, the pension applicant shall be informed of the pension provider handling his or her pension matter.

[Section 111](#)

The power of decision of the Finnish Centre for Pensions and detailed provisions

If it is unclear which pension provider is authorized to handle the pension application, the Finnish Centre for Pensions will settle the matter at the request of the pension provider. The decision of the Finnish Centre for Pensions in this matter cannot be appealed.

If the employee has not had any work under the earnings-related pension acts, the pension application will be decided by the Finnish Centre for Pensions.

More detailed provisions on determining the competent pension provider are issued by Government decree.

Chapter 8

Pension payment, increase for delay and recovery

Section 112

Payment of the pension

The pension is paid to the pension recipient, unless otherwise provided in this Chapter or in other acts.

The pension is paid monthly such that it may be withdrawn from the account in a financial institution operating in Finland that was notified by the pension recipient on the due date stated in the pension decision. The pension may also be paid to the pension recipient's account abroad.

Section 113

Start, termination, suspension and discontinuation of the payment

The payment of the pension starts from the beginning of the calendar month following the commencement of pension entitlement, unless otherwise provided in the provisions of Chapter 3. The pension is paid to the end of the calendar month during which the entitlement to the pension ceases.

If the pension provider has reason to suspect that the pension recipient no longer meets the entitlement criteria for the pension, the pension provider may suspend the payment of the pension. The precondition is that the pension provider has requested clarification from the pension recipient of the factors relating to the amount of pension or pension entitlement, but the pension recipient has not presented clarification within a reasonable time limit, as notified by the pension provider.

If information on the pension recipient's death cannot be presented but it is probable that the pension recipient has died by drowning, through some other accident or for some other similar reason, the pension provider may discontinue the pension as of the date when the pension recipient goes missing.

Section 114

The pension as a lump sum

If the old-age pension, survivors' pension or full disability pension before the deduction of primary benefits referred to in sections 92–94 amounts to less than EUR 20 per month, the pension provider may pay the pension as a lump sum.

If the pension referred to in subsection 1 amounts to at least EUR 20 per month but a maximum of EUR 50, the pension provider may pay the pension as a lump sum if the pension recipient has been informed of the payment of the pension as a lump sum and the pension recipient has not objected to this within a reasonable time period, as informed by the pension provider.

The payment as a lump sum of a disability pension awarded until further notice also includes the old-age pension awarded after a disability pension.

If the disability pension is paid as a lump sum, no retroactive pension payments are made to the Sickness Insurance Fund.

When the pension is paid according to the principle of the last pension provider on the basis of the summary of decisions referred to in section 107, the amount of pension referred to in subsections 1 and 2 means the total amount of the pensions included in the summary of the decisions.

The Ministry of Social Affairs and Health issues the coefficients for lump sum payments by decree, and these coefficients shall be determined on actuarial grounds.

Section 115

Increase for delay

If the payment of a pension awarded under this Act is delayed, the pension provider shall pay the delayed pension increased with an increase for the period of delay. The increase to the pension, calculated per year, is pursuant to the interest rate referred to in section 4(1) of the Interest Rate Act ([633/1982](#)). The obligation to pay the pension with an increase also covers pensions which the pension provider pays as the last pension provider under section 107.

The obligation to pay the pension with an increase pursuant to subsection 1 does not cover the part of the pension which is paid to another insurance or pension provider engaged in statutory insurance or to the Social Insurance Institution of Finland or to an unemployment fund due to the claim for recourse of the institution in question.

An increase for delay is not paid if its amount is less than EUR 5.39.

Section 116

Period for which the increase for delay is calculated

The increase to the pension shall be calculated for each day of the period of delay, however not before three months have elapsed from the end of the calendar month during which the employee presented his claim to the pension provider, together with clarification for the grounds of the pension which can reasonably be required of the employee, also taking into account the pension provider's possibilities of obtaining clarification. The increase for delay shall be calculated from the due date for a pension payment payable at a later date on the basis of the same decision.

If the payment of the pension is delayed for a reason dependent on the pension recipient, the pension provider is not obligated to pay the pension with an increase for a longer period than from the date when the pension provider became aware of the cessation of the obstacle.

If the payment of the pension is delayed due to a provision of law or an interruption in the payment traffic or some other similar general obstacle, the pension provider is not obligated to pay the pension with an increase for the period of delay caused by such an obstacle.

Section 117

Payment of the pension and rehabilitation benefit to the employer or the contributory sickness fund

If the pension provider has retroactively awarded the employee a disability pension and if the employer has paid the employee sick pay for the same period, the pension is paid, on application, to the employer for this period for a maximum amount of the wage paid for the same period. The supplementary daily allowance paid by a contributory sickness fund as referred to in the Insurance Funds Act corresponds to the wage paid by the employer, and the pension is, on application, paid to the contributory sickness fund in the same manner as to the employer.

If the employee has been awarded an old-age pension instead of a disability pension in the manner referred to in section 52(3), retroactively from the beginning of the month following the person's 63rd birthday and if the employer has paid the employee sick pay for the same period, the pension is paid, on application, to the employer for the period of disability to a maximum of the same amount as the wage paid for the same period.

If the pension provider has retroactively awarded the employee a disability pension, or in a situation referred to in subsection 2 an old-age pension, and if the employer has paid the employee notice period pay instead of sick pay for the same period, the pension is paid for this period, on application, to the employer to a maximum amount of the wage paid for the same period.

If the employer pays the employee wages for the same period for which the employee receives a rehabilitation allowance or a disability pension and a rehabilitation increment related to this, the rehabilitation allowance or the disability pension with the rehabilitation increment are paid for this period, on application, to the employer to a maximum amount of the wage paid for the same period.

The pension, rehabilitation allowance or rehabilitation increment is not paid to the employer or the contributory sickness fund, insofar as it shall be paid to the Sickness Insurance Fund pursuant to section 118, and also when the employer or the contributory sickness fund has received compensation for the paid wage in accordance with some other act.

[Section 118 \(1274/2006\)](#)

Payment of the pension and the rehabilitation benefit to the Sickness Insurance Fund

If the employee has been paid a daily allowance or partial sickness allowance under the Health Insurance Act for the same period for which the employee is granted an old-age pension, the old-age pension is paid to the Sickness Insurance Fund, insofar as the pension amount corresponds to the sickness allowance or partial sickness allowance paid for the same period.

If the full disability pension is awarded retroactively after the period of sickness allowance preceding the disability pension as referred to in section 41(1), and if daily allowance or partial sickness allowance under the Health Insurance Act has been paid for the same period, the disability pension is paid to the Sickness Insurance Fund insofar as the pension amount corresponds to the daily allowance or partial sickness allowance under the Health Insurance Act paid for the same period.

If a rehabilitation allowance or rehabilitation increment is awarded retroactively for the same period for which the employee has been paid a daily allowance or partial sickness allowance under the Health Insurance Act, the rehabilitation allowance and rehabilitation increment are paid to the Sickness Insurance Fund insofar as the amount corresponds to the daily allowance or partial sickness allowance under the Health Insurance Act paid for the same period.

[Section 119](#)

Payment of the pension to a municipality or an institution under the Social Welfare Act

If the employee has received income support as referred to in section 23 of the Income Support Act ([1412/1997](#)) as an advance payment, the pension provider shall pay the pension granted retroactively for the same period, or part of it, in order to compensate for the income support already paid to the institution referred to in section 6(1) of the Social Welfare Act on the request of the institution.

If a municipality or federation of municipalities has arranged institutional care or family care for the person entitled to a pension, the pension provider shall, on the request of the municipality or federation of municipalities, pay the pension for the period of institutional care or family care to the municipality or federation of municipalities to use in the manner referred to in section 14 of the Act on Client Charges in Social and Health Care ([734/1992](#)).

[Section 120](#)

Payment of the pension to the Social Insurance Institution of Finland or an unemployment fund

If the employee has temporarily received a pension paid by the Social Insurance Institution under section 72 of the National Pensions Act or the aforementioned pension and housing allowance under section 8 of the Act on Housing Allowance for Pensioners ([571/2007](#)) for the same period for which the employee is retroactively granted a pension under this Act on the basis of an appeal, the pension provider shall, on the Social Insurance Institution's request, pay the retroactive pension amount to the Social Insurance Institution insofar as the amount corresponds to the amount of the excess benefit paid by the Social Insurance Institution for the same period. ([1164/2007](#))

The pension provider may pay the pension it granted retroactively to the Social Insurance Institution of Finland in the manner provided in subsection 1 also when the pension provider:

- 1) continues the payment of the cash rehabilitation benefit awarded pursuant to an appeal;
- 2) grants the beneficiary a survivors' pension under this Act;
- 3) corrects its previous decision in accordance with section 139;
- 4) otherwise adjusts the amount of the awarded pension, or
- 5) after a corrected decision grants a continuation of the cash rehabilitation benefit.

However, the pension is not paid to the Social Insurance Institution of Finland as compensation for housing allowance that the Social Insurance Institution has paid in excess, unless a retroactive pension payment is made at the same time as compensation for the pension that the Social Insurance Institution has paid in excess.

If the employee has received unemployment allowance, labour market support or a daily training allowance under the Unemployment Security Act or training allowance under the Act on the Public Employment Service for the period for which he or she is awarded a pension retroactively, the pension provider shall, on the request of the unemployment fund or the Social Insurance Institution of Finland, pay the pension to be paid retroactively to the unemployment fund or the Social Insurance Institution insofar as the pension amount corresponds to the unemployment allowance, labour market support, training allowance or the daily training allowance paid for the same period.

If the employee has received a study grant, adult education subsidy or housing supplement under the Act on Student Financial Aid ([65/1994](#)) for the same period for which he or she is retroactively granted some other pension than a partial disability pension, the pension provider shall, on the request of the Social Insurance Institution, pay the pension paid retroactively to the Social Insurance Institution insofar as the amount corresponds to the student financial aid paid for the same period.

[Section 121](#)

Time limit for the presentation of payment claims

In cases referred to in sections 117–120, the pension is paid to the Sickness Insurance Fund, the employer, the contributory sickness fund, the municipality, the federation of municipalities, the social welfare institution, the Social Insurance Institution of Finland or the unemployment fund only provided that the claim for payment of the pension has been presented to the pension provider at least two weeks before the date of payment.

[Section 122](#)

Payment of the pension to an institution under the Social Welfare Act by consent

The pension provider may, with the consent of the pension recipient, decide that the pension under this Act is paid to the institution referred to in section 6(1) of the Social Welfare Act in the pension recipient's municipality of residence so that the pension is used for the welfare of the pension recipient and any such person which the pension recipient is obligated to provide for under section 2 of the Income Support Act. The precondition is that the payment of the pension to the pension recipient himself/herself cannot be considered appropriate due to the person's way of life, illness or other special reasons and that the pension recipient has not been assigned a person to represent his interests.

The proposal to pay the pension to the institution referred to in the Social Welfare Act may be made by the pension recipient, the spouse of the pension recipient, other relatives or the person who mainly cares for the pension recipient, or the relevant municipal institution.

The pension shall not be used for purposes other than for the provision of welfare during the month for which the pension has been paid, without the consent of the pension recipient.

Section 123

Order of payment of the pension

If the pension is to be paid to some party other than the pension recipient himself/herself under this Act or some other act, and two or more authorities, municipalities, institutions or organs or other parties have a claim on the pension, the pension is paid in the following order of precedence:

- 1) to the Sickness Insurance Fund under section 118; ([1274/2006](#))
- 2) to the pension provider under section 120(1) of the Self-Employed Persons' Pensions Act or to the Farmers' Social Insurance Institution under section 28 of the Farmers' Pensions Act as unpaid contributions; ([1274/2006](#))
- 3) to the pension provider as recovery of a pension which has been paid without due cause, pursuant to section 126; ([1274/2006](#))
- 4) to the employer or the contributory sickness fund under section 117; ([1274/2006](#))
- 5) to the unemployment fund or the Social Insurance Institution under section 120(4) ; ([1274/2006](#))
- 6) to the Social Insurance Institution under section 120(1) and 120(2); ([1274/2006](#))
- 7) to the institution as referred to in the Social Welfare Act under section 119(1); ([1274/2006](#))
- 8) to the municipality or federation of municipalities under section 119(2); ([1274/2006](#))
- 9) to the Social Insurance Institution under section 120(5); ([1274/2006](#))
- 10) to the Finnish Patient Insurance Centre under section 9 of the Treatment Injuries Act ([585/1986](#));
- 11) to the provider of the EU or EEA country and Switzerland, the unwarranted payment of pension under Article 111(1) of Council Regulation (EEC) No 574/72 on the implementation of the EC Regulation on social security;

12) to the enforcement authority under Chapter 4, section 2 of the Enforcement Code (705/2007); (1097/2008)

13) to the provider of the EU or EEA country and Switzerland, the unwarranted payment of a benefit other than pension under Article 111(2) and 111(3) of Council Regulation (EEC) No 574/72 on the implementation of the EC Regulation on social security;

14) to the institution of the countries party to a social security agreement pursuant to the agreements, the unwarranted payment of pension or other benefit in accordance with the provisions of the social security agreement; and

15) to the institution referred to in the Social Welfare Act under section 122;

The Enforcement Act has been repealed through the Enforcement Code [705/2007](#), see Chapter 4, section 2 of the Enforcement Code [705/2007](#).

[Section 124](#)

Transfer or pledging of the pension

The pension shall not be transferred to another person. Any agreement that refers to pledging the pension is void.

Reimbursements of costs under this Act are not destrainable.

[Section 125](#)

Statute-barring of the pension

The pension entitlement becomes statute-barred in five years from the date when the pension should have been paid, unless the limitation period has been interrupted before that. A new limitation period of five years starts from the interruption of the limitation period. The statute-barring is interrupted as provided in section 10 or 11 of the Act on Limitations for Debts ([728/2003](#)). The limitation period may be extended as provided in section 11(3) of the Act on Limitations for Debts.

[Section 126](#)

Recovery of unduly paid pension

If the pension has been paid to a greater amount than that to which the recipient is entitled, the pension provider shall recover the unduly paid pension.

The pension provider may waive the recovery of the unduly paid pension, either fully or in part, if this is considered reasonable and if the payment of the pension has not been due to the deceitful behaviour of the pension recipient or his or her representative. The pension provider may also waive the recovery of the unduly paid pension if the amount to be recovered is small.

The provisions of subsections 1 and 2 shall also apply when the pension provider has, when acting as the private-sector pension provider or as the last pension provider as referred to in section 107, paid the pension under the private-sector pension acts without due cause. If the last pension provider has paid the pension under the public-sector pension acts without due cause, recovery is decided on by the relevant public-sector pension provider as provided in the relevant act. The last pension provider issues a summary of the decisions regarding the pensions to be recovered and recovers the amount to be recovered.

The decision on the recovery of the unduly paid pension shall be made within five years of the date of payment of the pension. The receivables confirmed through the decision on the recovery fall under the statute of limitations within five years of issuing the decision, unless the limitation period has been interrupted before that. The limitation period of the receivables confirmed through the recovery decision is interrupted as provided in section 10 or 11 of the Act on Limitations for Debts. A new limitation period of five years starts from the interruption of the limitation period. The limitation period may be extended as provided under section 11(3) of the Act on Limitations for Debts.

Section 127

Set-off of unduly paid pension

The pension provider may also recover the pension it has paid without due cause by setting it off against future pension payments. A maximum of one-sixth of the share of the pension payment which remains after tax withholding pursuant to the Act on the Prepayment of Tax ([1118/1996](#)) has been applied to the pension payment may be deducted from the pension payment payable without the pension recipient's consent. ([1274/2006](#))

If the last pension provider referred to in section 107 recovers the amount to be recovered through a set-off, the pension payment referred to in subsection 1 is considered to be the total amount of the pension payments payable by the last pension provider.

Chapter 9

Appeal

Section 128

Appealing

Appeals can be made through the Pension Appeal Court and the Insurance Court. Provisions on the Pension Appeal Court and its members are given in the Act on the Pension Appeal Court ([677/2005](#)) and provisions on the Insurance Court in the Act on the Insurance Court ([132/2003](#)). The Government appoints the members to the Pension Appeal Court for a maximum period of five years at a time on a proposal of the Ministry of Social Affairs and Health. The members are familiar with the employment and labour market conditions, and at least four of whom shall be nominated on the proposal of the most representative central organisations of the employer organisations and at least four on the proposal of the most representative central organisations of the blue-collar and white-collar workers' trade unions.

The party involved may appeal against a decision given under this Act by a pension provider or the Finnish Centre for Pensions to the Pension Appeal Court as provided in this Act and in the Administrative Judicial Procedure Act ([586/1996](#)).

The party involved may appeal against the decision given in an appeal by the Pension Appeal Court to the Insurance Court as provided in this Act and in the Administrative Judicial Procedure Act.

The decision of the Finnish Centre for Pensions concerning the pension provider competent to process the pension claim as referred to in section 111(1) cannot be appealed.

Section 129

Appealing against the summary of decisions of the last pension provider and the summarised statement on EU decisions

The summary of decisions issued by the pension provider acting as the last pension provider as referred to in section 107 is governed by the provisions on decisions in this Chapter. If the pension provider's decision is included in a summary of decisions issued by a public-sector pension provider acting as the last pension provider, as referred to in section 107(2), the decision may be appealed and the appeal is heard as provided in the public-sector pension acts.

A party who has been insured in two or more EU countries and who is dissatisfied with the decision issued by the pension provider pursuant to this Act may appeal the decision after having received the summarised statement containing the decisions of all the EU countries as referred to in Article 48 of Council Regulation (EEC) No 574/72 on the implementation of the EC Regulation on social security. However, the pension provider's decision on the entitlement criteria for the disability pension is appealed as provided in this Act.

Section 130

Period for appeal

The period for appeal is 30 days from the date when the party involved was served the decision of the pension provider, the Finnish Centre for Pensions or the Pension Appeal Court. The party involved is considered to have been served the decision on the seventh day after the date when the decision was mailed to the address stated by the party involved, unless proven otherwise in connection with the appeal.

Section 131

Material appeal concerning debiting

The party involved may lodge a material appeal concerning the debiting if the party finds that the debiting imposed under this Act by the pension provider or the Finnish Centre for Pensions, or the employer's withholding of the employee's pension contribution under section 152 or section 154, has been contrary to law or to the agreement. The material appeal shall be made in writing and it shall be filed with the Pension Appeal Court at the latest within two years from the beginning of the year following the year during which the receivables were imposed or debited.

If a material appeal is lodged as a result of distraint, the provisions on the material appeal in the Act on the Implementation of Taxes and Charges ([706/2007](#)) shall also be applied. ([1164/2007](#))

Section 132

Submitting the petition of appeal

The party involved shall submit the petition of appeal within the period for appeal to the pension provider that made the decision subject to appeal. If a decision of the Finnish Centre for Pensions is being appealed, the petition of appeal shall be submitted to the Finnish Centre for Pensions. The petition of appeal concerning a decision made by the Pension Appeal Court shall be submitted to the pension provider that made the decision in the matter or to the Finnish Centre for Pensions.

Section 133

Correction of the decision in connection with appeals

The pension provider that issued the decision subject to appeal or the Finnish Centre for Pensions investigates whether it can itself correct the decision. If the pension provider or the Finnish Centre for

Pensions accepts the claims stated in the petition of appeal in every respect, it shall give a corrected decision in the matter. The corrected decision may be appealed as provided in this Chapter.

The pension provider that has given the summary of decisions as the last pension provider shall ask the public-sector pension provider for a statement before the matter is processed, insofar as the appeal concerns pension provision handled by the public-sector pension provider. No statement is requested, however, if the appeal solely concerns the assessment of work ability.

If all the pension providers whose decisions the appeal concerns accept the appellant's claims, the last pension provider gives a new, corrected summary of decisions. The last pension provider gives a new, corrected summary of decisions also when the appeal regarding the summary of decisions only concerns the assessment of work ability and the private-sector pension provider as the last pension provider accepts the claims stated in the appeal submitted to it. A summary of decisions corrected in this manner may be appealed as provided in this Chapter.

If the pension provider, the last pension provider or the Finnish Centre for Pensions corrects its previous decision only in part, it shall give an interim decision on the matter. The interim decision cannot be appealed.

Section 134

Transfer of appeals to the appellate body

If the pension provider or the Finnish Centre for Pensions does not accept the appellant's claims in every respect, it shall forward the petition of appeal as well as its statement on the appeal within 30 days of the end of the period for appeal to the Pension Appeal Court. If the appeal concerns a decision of the Pension Appeal Court, the pension provider or the Finnish Centre for Pensions shall submit the petition of appeal and its statement to the Insurance Court within the time period mentioned.

If the pension provider or the Finnish Centre for Pensions accepts the claims stated in the appeal, either fully or in part, after the petition of appeal has been submitted to the appellate body, the pension provider or the Finnish Centre for Pensions may give an interim decision on the matter. The appellate body shall be informed about the interim decision without delay. The interim decision cannot be appealed.

The pension provider or the Finnish Centre for Pensions may deviate from the time limit stated in subsection 1 if obtaining further clarification necessary for processing the appeal so requires. In this case, the appellant shall be informed about the obtaining of further clarification without delay. However, the petition of appeal and the statement shall be submitted to the relevant appellate body at the latest within 60 days of the end of the period for appeal.

If the pension provider that, as the last pension provider, has requested the statement referred to in section 133(2), from a public-sector pension provider and it does not correct its decision in line with the claims of the appellant, the pension provider shall submit the petition of appeal and the statements concerning the petition to the appellate body referred to in subsection 1 within 60 days of the end of the period for appeal.

Section 135

Appeals which arrive after the period for appeal

If the appeal to the Pension Appeal Court or the Insurance Court arrives at the relevant pension provider or the Finnish Centre for Pensions or the Pension Appeal Court or the Insurance Court after the time limit

referred to in section 130 and section 131, the appeal may nevertheless be taken up for consideration, if there is a weighty reason for the delay.

Section 136

Enforcement of the decision

The decision of the pension provider or of the Finnish Centre for Pensions shall be complied with irrespective of the appeal, until the matter has been settled through a legally valid decision.

The legally valid decision of the pension provider, the Finnish Centre for Pensions and the Pension Appeal Court may be enforced in a similar manner to a legally valid judgement in a civil case.

Section 137

Correction of a clerical error or a calculation error

The pension provider and the Finnish Centre for Pensions shall correct obvious clerical or calculation errors, or other comparable obvious errors in the decision it has given. However, the error shall not be corrected if the correction leads to an unreasonable result for the party involved.

Section 138

Correction of factual errors

The pension provider or the Finnish Centre for Pensions may nullify its incorrect decision and decide on the matter again, if the decision of the pension provider or the Finnish Centre for Pensions is clearly based on faulty or deficient information, clearly incorrect implementation of the law, or a procedural error has occurred when making the decision.

The pension provider or the Finnish Centre for Pensions shall not change its decision or nullify its decision to the detriment of the party involved, unless the party involved has consented to this.

Section 139

Correction of a legally valid decision on the basis of new information

If new information is obtained in the matter, the pension provider shall re-investigate the matter decided through a legally valid decision. In this instance, notwithstanding the previous legally valid decision, the pension provider may grant a pension which had been denied or adjust a pension that has been granted already to a greater amount. The Pension Appeal Court and the Insurance Court may also follow the same procedure when considering an appeal. This kind of decision can be appealed as provided in sections 128–130.

Section 140

Nullifying a legally valid decision

If a legally valid decision given pursuant to this Act by the pension provider is based on inaccurate or deficient information or is clearly contrary to the law, the Pension Appeal Court may, on the request of the party involved or the pension provider, nullify the decision and refer the matter to be re-examined. The same applies, on the request of the party involved or the Finnish Centre for Pensions, to a legally valid decision given pursuant to this Act by the Finnish Centre for Pensions. The Pension Appeal Court shall

reserve an opportunity for the parties involved to be heard before deciding on the matter. Such a decision may be appealed as provided in sections 128–130. ([1314/2006](#))

If a legally valid decision given pursuant to this Act by the Pension Appeal Court or by the Insurance Court is based on inaccurate or deficient information or is clearly contrary to the law, the Insurance Court may, on the request of the party involved or the pension provider, nullify the decision and refer the matter to be re-examined. The Insurance Court shall reserve an opportunity for the parties involved to be heard before deciding on the matter. ([1314/2006](#))

If the pension provider makes a prayer to nullify the decision, it may interrupt the payment of the pension or pay the pension according to its prayer until the matter has been settled again.

The nullification of the decision shall be applied for within five years of the date when the decision became legally valid. The decision may also be nullified on an application made after the time limit for especially weighty reasons. ([1314/2006](#))

PART III

PROVISIONS ON INSURANCE AND THE DIVISION OF COSTS

Chapter 10

Arranging pension provision and the pension contribution

Arranging pension provision

[Section 141](#)

The employer's obligation to arrange pension provision for the employee

The employer shall arrange pension provision for the employees referred to in sections 4, 5 and 7 during the month following the payment of the wage if the employer has paid the employee the earnings referred to in section 70 or section 72 to an amount of at least EUR 41.89 per month.

The employer shall arrange pension provision for the employees:

- 1) with a pension insurance company;
- 2) with an industry-wide pension fund by establishing an industry-wide pension fund in the manner referred to in the Insurance Funds Act, or by joining an industry-wide pension fund as partner within the sector where the employer operates; or
- 3) with a company pension fund by establishing a company pension fund in the manner referred to in the Company Pension Funds Act or by joining a joint company pension fund which the employer may join under the Company Pension Funds Act.

The employer may arrange pension provision for its employees with two or more pension providers, provided that the employee groups included in each pension arrangement are defined sufficiently clearly.

[Section 142](#)

Arranging pension provision by taking out insurance with a pension insurance company

When the employer arranges pension provision for its employees by taking out insurance with a pension insurance company, the employer shall submit an application for insurance to the chosen pension insurance company during the month following the payment of the wages. On the acceptance of the application for insurance, an insurance contract is established between the pension insurance company and the employer. More detailed provisions on the arranging of pension insurance are issued in the insurance terms and conditions confirmed by the Ministry of Social Affairs and Health.

Section 143

Provision and termination of insurance

The pension insurance company shall grant and maintain in force the insurance policy applied for from the insurance company. However, the pension insurance company may terminate the insurance policy without following any specific notice procedure if the employer has not reported by the end of January that it has paid the wages covered by this Act during the preceding calendar year. In this case, the pension insurance company shall ensure that the employer is no longer obligated to take out pension insurance.

The employer terminates the insurance policy by giving notice in writing at least three months before the date of termination of the insurance policy in the manner determined in more detail in the insurance terms and conditions. The insurance policy shall not, however, end as a consequence of the notice of termination until a period of at least one year has elapsed from the start of the insurance policy. The notice of termination of the insurance policy does not release the employer from the obligation to take out pension insurance under this Act. ([1274/2006](#))

Section 144

Notifications to be made for handling insurance

The employer that has concluded an insurance contract shall report to the pension insurance company, within the time limit set out in the insurance contract, the employer's identification data, the names, personal identity codes and salary information of the employees working under an employment contract covered by this Act as provided in more detail through Government decree.

The obligation to notify also concerns employers who have arranged pension provision for employees with an industry-wide pension fund or a company pension fund.

Section 145

Correcting data on the date of commencement and termination of the employment contract

The provisions of the Personal Data Act ([523/1999](#)) are applied with respect to the controller's obligation to correct inaccurate data.

Section 146

Requirement of the employer to make monthly notifications and contribution payments

If the employer has neglected its obligations pursuant to this Act, a Government decree or the insurance contract to make notifications and contribution payments, the pension insurance company may order the employer that has concluded the insurance contract to report the information referred to in section 144 and to pay the pension contribution based on the reported data monthly. The same rule applies when the employer has arranged pension provision for its employees with an industry-wide pension fund or a company pension fund.

[Section 147](#)

Temporary employer

An employer who:

- 1) does not employ any employees on a continuous basis; and
- 2) whose wages paid to employees with fixed-term employment contracts over a six-month period do not exceed EUR 6,000 in total, may arrange pension provision for the employees with a pension insurance company without filing an insurance application, in which case the employer shall report the employer's identification data, the employee's name, personal identity code and salary information to the pension insurance company chosen by the employer and pay the pension contribution based on the reported wage by the 20th of the month following the month of the payment of the wages (*temporary employer*).

More detailed provisions on the temporary employer's obligation to notify and payment of the pension contribution referred to in subsection 1 are issued through Government decree.

[Section 148](#)

Provision of information on the pension provider

The employer shall inform the employee about the pension provider with whom the employer has arranged pension provision pursuant to this Act for its employees.

[Section 149](#) (1097/2008)

Requirements for exempting a foreign employer from the obligation to take out insurance

The Finnish Centre for Pensions may, on application, exempt a foreign employer from the obligation to arrange pension provision pursuant to this Act for the employees referred to in section 4(3)(3) which this employer sends to work in Finland for a period longer than two years or whose work in Finland as a posted worker continues for unexpected reasons for more than two years. A prerequisite for exemption is that the employer has arranged pension provision for the posted employee for the period of work in Finland. The employer shall present clarification that pension provision has been arranged. An exemption is granted for a maximum of five years from the start of the employment in Finland.

[Section 150](#)

Insurance for an employee working abroad

The Finnish employer shall arrange insurance pursuant to this Act for the employee referred to in section 5(1) and 5(2). However, if the employer proves that pension provision has been arranged in some other way for the groups of employees referred to in section 5(2) such that the pension provision as a whole may be considered as corresponding to pension provision pursuant to this Act, the Finnish Centre for Pensions may, on application, exempt the employer from the obligation to take out insurance for the employees belonging to such a group for the period of the employment abroad that has continued for more than two years. The exemption is granted at the earliest from the beginning of the calendar year during which it has been applied for.

The employer may arrange pension provision under this Act for an employee who is sent from Finland (posted employee) to work:

- 1) in a Group company which is part of the same economic entity as the Finnish company, even if the employment relationship with the Finnish employer is not maintained;
- 2) in some other company where the Finnish company exercises power of decision, even if the employment relationship with the Finnish employer is not maintained; or
- 3) in a country where the EU Regulation on social security or a social security agreement is applied also in situations where the employee's employment relationship with the Finnish sending employer is maintained and the employee's pension provision is, as a consequence of the provisions of the Regulation or the social security agreement, arranged in the country of employment.

In addition, the Finnish employer may arrange pension provision pursuant to this Act for an employee hired abroad (locally hired employee), if the employee is employed by:

- 1) the Finnish employer;
- 2) a Group company which is part of the same economic entity as the Finnish company; or
- 3) a company where the Finnish company exercises power of decision.

The employee shall be covered by Finnish social security legislation when the employment referred to in subsection 2 or subsection 3 starts.

The employer may arrange pension provision under subsections 2 and 3 for the employee even if mandatory pension provision is arranged for the employee in a country where the EU Regulation on social security or a social security agreement is applied.

If the employer arranges pension provision under subsection 1 after two years or pension provision under subsection 2, 3 or 5, the pensionable earnings may be set at a lower amount than would otherwise be the case under this Act, provided that other pension provision has been arranged for the employee for the same work.

Section 151

Employer's right to obtain a decision on the earnings on which the insurance is based

At the request of the employer, the pension provider shall give a decision on whether the wage or other remuneration payable to the employee constitutes earnings on the basis of which the employer has to arrange pension provision pursuant to this Act. The decision is given by the pension provider with whom the employer has arranged or is about to arrange pension provision pursuant to this Act for the employees.

Pension contribution

Section 152

Pension contribution

The pension contribution levied in order to finance pension provision pursuant to this Act consists of the employer's contribution and the employee's contribution.

The employer withholds the employee's pension contribution from the wage paid to the employee (earnings from work) in connection with the payment of the wages and pays the pension contribution in its entirety to the pension provider with whom the employer has arranged pension provision pursuant to

this Act for its employees. The employer's obligations towards the pension provider also include the employee's share of the pension contribution. More detailed provisions on the withholding of the employee's pension contribution are given by Government decree.

The employee's pension contribution is also withheld from the supplementary daily allowance awarded by a contributory sickness fund, as referred to in the Insurance Funds Act, and from the wage paid by some other substitute payer.

The earnings that the pension contribution is based on are determined in accordance with sections 70 and 72.

When earnings-related pension insurance has been taken out:

- 1) with a pension insurance company, the pension contribution is determined according to the calculation criteria set out in section 166;
- 2) with an industry-wide pension fund, the pension contribution is determined according to the calculation criteria set out in section 166 and the rules of the industry-wide pension fund; or
- 3) with a company pension fund, the pension contribution, i.e. the contribution to the pension fund, is determined according to the Company Pension Funds Act and the rules of the company pension fund.

Section 153

Amount of the employee's pension contribution

The employee's pension contribution amounts to three per cent, increased by half of the percentage by which the average pension contribution for insurance pursuant to this Act, as a percentage of the wage, exceeds the figure 18.2. The average pension contribution is calculated taking into account the reductions in the contribution referred to in section 169(3) but without the increase to the contribution for persons who have reached the age of 53. The employee's pension contribution from the start of the month after the employee reaches the age of 53 amounts to the employee's pension contribution referred to above, increased by the factor 19/15.

The Ministry of Social Affairs and Health issues the employee's pension contribution percentages to be applied by decree the following year.

Section 154

Retroactive withholding of the employee's pension contribution

If, due to an obvious error, the employee's pension contribution has not been withheld in connection with the payment of the wages, the employer may withhold the contribution that was not withheld in connection with the previous wage payment at most in connection with the following two wage payments.

If, in connection with the wage payment, the employee has not been paid wages that are sufficient for withholding the employee's pension contribution and the employee still accrues pension rights, the employer may withhold the employee's pension contribution within one year in connection with the following wage payments.

Section 155

Exemption from retroactive payment of the pension contribution

If the employer, due to changes in legal praxis or some other comparable reason, is liable to arrange insurance pursuant to this Act for a retroactive period for an employee whose employment contract has not previously been considered to be covered by this Act, the Finnish Centre for Pensions may, on application by the employer, exempt the employer fully or in part from the obligation to pay pension contributions for the period before such a reason occurred.

[Section 156](#)

Co-owner's or partner's responsibility for pension contributions

If the employer is an organization or corporation, the obligations of which the co-owner or partner is responsible for as they would be for his or her own debt, the co-owner or partner is also responsible for the organization's or corporation's pension contributions.

[Section 157](#)

Responsibility of a bankrupt's estate for pension contributions

If an employer who has taken out insurance pursuant to this Act is declared bankrupt, the employer's rights and obligations based on this insurance are transferred from the start of the bankruptcy to the bankruptcy estate. The pension contributions for the period of bankruptcy are paid by the bankruptcy estate .

[Section 158](#)

Statute-barring of pension contributions

The pension provider shall debit the pension contribution based on this Act within five years of the due date of the pension contribution under the insurance terms and conditions or the regulations or, in the case of a temporary employer who has arranged pension provision in the manner referred to in section 147, from the beginning of the year following the year of the wage payment.

If pensionable earnings more than five years old are retroactively added to the employee's earnings on the basis of the employee's clarification in the manner referred to in section 75 b(2) or on some other grounds, the pension provider shall debit the pension contribution on the basis of these earnings within ten years of the date when the pension contribution for the employment contract in question would have fallen due according to the insurance terms and conditions. However, the pension contribution for a temporary employer shall be debited within ten years of the beginning of the year following the year of the wage payment. (1097/2008)

[Section 159 \(1164/2007\)](#)

Distrainability of the pension contribution

The pension contribution imposed by the pension provider pursuant to this Act and the increased pension contribution referred to in section 163 as well as in section 186(5) may be distrained, including penalty interest, without a judgment or decision as provided in the Act on the Enforcement of Taxes and Charges.

[Section 160](#)

Restitution of unduly paid pension contribution

If the employer has reported monthly earnings of less than EUR 41.89 to the pension provider, these earnings accrue pension rights, notwithstanding the provisions in section 4(3)(1).

On the application of the employer, the pension contribution paid for monthly earnings of less than EUR 41.89 is restituted to the employer, but not, however, for a longer period than the current and the immediately preceding calendar year. In this case, the employer shall retribute the employee's share of the contribution to the employee. The earnings on which the restituted pension contributions were based do not accrue pension rights.

Section 161

Restitution of employee's pension contributions withheld unduly

The employer shall, on the employee's request, retribute to the employee the employee's pension contributions which the employer has withheld without due cause or the share of the contribution which exceeds the employee's pension contribution under the Act.

The employee's pension contributions which have been withheld from monthly earnings of less than EUR 41.89 are not restituted to the employee if the employee accrues pension rights on the basis of these monthly earnings in the manner referred to in section 160.

Section 162

Statute-barring of the restitution of unduly paid pension contributions and the employee's pension contributions

The restitution of unduly paid pension contributions and the employee's pension contributions becomes statute-barred within five years of the payment date of the pension contribution or the date of withholding the employee's contribution, unless the statute-barring has been interrupted before that. The limitation period is interrupted as provided in section 10 or 11 of the Act on Limitations for Debts. A new limitation period of five years starts from the interruption of the limitation period. The five-year limitation period may be extended as provided in section 11(3) of the Act on Limitations for Debts.

Section 163

Increase for neglect

The pension provider may impose on the employer, on the basis of an estimate, a pension contribution which has been increased to a maximum of twofold and which may be considered reasonable, if the employer fails to:

- 1) arrange pension provision pursuant to this Act within the time limit referred to in section 141(1);
- 2) report the data referred to in section 144(1) or in section 146 within the time limit referred to in the relevant section of law; or
- 3) report the data referred to in section 147 within the time limit referred to in the said section of law.

When imposing the increased contribution for the period of the failure as referred to in subsection 1, paragraphs 1–3, the factors taken into account are the length of the period of failure, the recurrence of the failure and other comparable factors relating to the assessment of the blameworthiness of the failure. At the request of the employer, the pension provider shall give the employer an appealable decision on the increased contribution.

Section 164

Penalty interest on the pension contribution

If the employer has failed to pay the pension contribution within the time limit specified under this Act, the insurance terms and conditions or the regulations of the industry-wide pension fund or company pension fund, the employer shall pay penalty interest to the pension provider according to the interest rate referred to in section 4(1) of the Interest Rate Act ([section 4 of the Interest Rate Act](#)) for the period of delay to the payment.

Chapter 11

Pension insurance terms and conditions and calculation criteria

Section 165

Terms and conditions of pension insurance

The pension insurance company shall apply for confirmation of the insurance terms and conditions for pension insurance referred to in section 142 from the Ministry of Social Affairs and Health.

The rules of a company pension fund and an industry-wide pension fund shall contain the necessary provisions for the implementation of pension provision.

Section 166

Calculation criteria for the contributions, technical provisions and pension liability

A pension insurance company and an industry-wide pension fund shall apply for the confirmation of the calculation criteria for the contributions and the technical provisions from the Ministry of Social Affairs and Health.

The Ministry of Social Affairs and Health issues the calculation criteria for the pension liability of company pension funds by decree.

Section 167

Uniformity of the terms and conditions and the calculation criteria

The Ministry of Social Affairs and Health shall not, without special reason, confirm differences in the terms and conditions of pension insurance or in the calculation criteria which hamper the implementation of this Act or the handling of matters common to the pension providers.

Section 168

Drawing up the calculation criteria

The calculation criteria for the contributions, the technical provisions and the pension liability shall be drawn up taking primarily into account the safeguarding of the employees' and pension recipients' benefits insured under this Act, and the provisions in sections 174–182 as well as under section 5 of the Act on the Finnish Centre for Pensions regarding the division of the liability and other costs arising from the pensions. In addition, in order to cover the costs referred to in sections 178–181 as well as in section 5

of the Act on the Finnish Centre for Pensions, which are financed jointly, a method of advance funding may be used. ([1112/2007](#))

The calculation criteria for the technical provisions and the pension liability shall include the grounds for the equity linked buffer fund. The calculation criteria shall be drawn up so that the equity linked buffer fund may reduce the pension provider's technical provisions or pension liability by a maximum amount corresponding to 10 per cent of the technical provisions referred to in section 10(2) of the Act on the Calculation of the Pension Provider's Solvency Border and the Covering of the Technical Provisions ([1114/2006](#)), from which the equalisation amount referred to in section 14 of the Pension Insurance Companies Act and the provision for bonuses and losses appropriated to the policyholders, the equalisation amount referred to in section 79 of the Insurance Funds Act, the technical provisions arising from supplementary pension provision referred to in section 32(5) of the Implementing Act of the Employees Pensions Act ([396/2006](#)) and the technical provisions under section 138 of the Self-Employed Persons' Pensions Act ([1272/2006](#)) and section 29 of the Implementing Act of the Self-Employed Persons' Pensions Act ([1273/2006](#)) have, however, been deducted. The equity linked buffer fund shall be of the same size in relation to the aforesaid technical provisions for each pension provider. The basis for the annual change to the equity linked buffer fund is the proportion of the average annual rate of return on equities of one-tenth of the aforesaid technical provisions. The adjustment for the annual change is made before the possible deduction following from the application of sections 170 and 171. The calculation criteria shall include an annual clearing between the pension providers of the proportional share of the equity linked buffer fund as part of the division of the costs under section 179. If the equity linked buffer fund after the clearing does not reach the aforementioned lower limit of 10 per cent, the deficit is covered by reducing each pension provider's unallocated insurance reserve or provision for future bonuses and losses. ([1363/2007](#))

The average annual rate of return on equities means the average annual rate of return on the investments of the pension providers pursuing activities under this Act and the Seamen's Pension Fund which are classified in investment category IV, subcategory 1, referred to in section 6 of the Act on the Calculation of the Pension Provider's Solvency Border and the Covering of the Technical Provisions, reduced by one percentage point. When calculating the average annual rate of return, an individual pension provider's share of the investments referred to above may amount to a maximum of 15 per cent. The average annual rate of return is calculated by the Finnish Centre for Pensions on the basis of the data reported by the pension providers. ([1121/2006](#))

Section 169

Calculation criteria of the contributions payable to the pension insurance companies

The calculation criteria of the contributions payable to the pension insurance company shall state how the contributions are calculated and how the contribution is divided into components levied for different types of costs. The calculation criteria may be drawn up so that the employer's realised expenditure for disability pensions and rehabilitation allowances is taken into account when determining the contribution.

When determining the size of the contribution of the pension insurance companies, the pension insurance company's share of the costs stated in sections 178–181 and in section 5 of the Act on the Finnish Centre for Pensions, which are to be financed jointly, is taken into account annually. ([1112/2007](#))

When earnings-related pension insurance has been taken out with a pension insurance company, the employer is entitled to a share of the surplus possibly generated by the insurance business. The calculation criteria for contribution reductions or other benefits following from this surplus shall be drawn up so that the total amount of the surplus and the way the surplus was generated are taken into account to a reasonable extent. The reductions to the contributions and other comparable benefits shall not put at risk

the meeting of the solvency requirements laid down in chapter 7 of the Pension Insurance Companies Acts.

The provisions of subsection 3 shall not apply to temporary employers who have arranged pension provision for the employees in the manner referred to in section 147.

Section 170

Changing the calculation criteria for the technical provisions

If the calculation criteria for the technical provisions or for the pension liability are changed due to the requirements of section 168, so that the amount of liability arising from pensions and accrued pension rights increases, the costs arising from this increase are included in the costs that are referred to in section 179 and which are financed jointly by the pension providers. If, however, the change concerns the calculation criteria for the technical provisions or pension liability to be calculated for old-age pensions, the costs arising from the change are primarily covered by reducing the amount of the equity linked buffer fund referred to in section 168(2), or assets which otherwise would have to be used to increase the funding referred to in section 171. [\(1121/2006\)](#)

If the calculation criteria for the technical provisions or the pension liability are changed so that the amount of liability arising from pensions and accrued pension rights decreases, the available assets are used to cover costs referred to in section 179.

Section 171

Supplementing old-age pension liability [\(1121/2006\)](#)

The funded components of the old-age pensions are supplemented annually in order to increase the funding by an amount which is calculated using the pension liability supplementary coefficient, which is to be included in the calculation criteria under section 166. The supplementary coefficient shall be determined taking into account the requirements resulting from the need to safeguard the pensions as well as the solvency of the pension providers.

If the total amount of the pension providers' equity linked buffer funds is larger than five per cent of the total amount of their technical provisions or pension liabilities referred to in section 10(2) of the Act on the Calculation of the Pension Provider's Solvency Border and the Covering of Technical Provisions, the share in excess shall be used to supplement the funded components referred to in subsection 1 of this section. [\(1121/2006\)](#)

The supplementation referred to in this section may be allocated differently to the funded components of the future and commenced old-age pensions of different age groups, so that in the long term the development in the contribution level is even. [\(1121/2006\)](#)

The assets intended for the supplementation pursuant to subsections 2 and 3 above may be used to cover the costs referred to in section 170 arising from changes to the calculation criteria for the technical provisions or the pension liability calculated for the old-age pensions. [\(1121/2006\)](#)

Section 172

Cooperation between the pension providers when preparing the insurance terms and conditions and the calculation criteria

The pension providers shall cooperate in the preparation of insurance terms and conditions, model rules, and calculation criteria in order to achieve the objective laid down in section 167.

Chapter 12

Division of costs between the pension providers

[Section 173](#)

Pension providers' mutual liability for pensions and the costs for rehabilitation

Each pension provider is responsible for the part of the pension and rehabilitation allowance pursuant to this Act which has been funded with the said pension provider in accordance with sections 174–177. In other respects, the pension providers assume joint liability for the costs arising from the pensions.

[Section 174](#)

Pension provider's liability for the old-age pension

Each pension provider assumes liability for:

- 1) the part of the employee's and pension recipient's old-age pension which is based on the employee's work before the year when the employee reaches the age of 55 and which corresponds to an annual accrual rate of 0.5 per cent, using 65 years as the retirement age and calculated according to the calculation criteria confirmed or issued by the Ministry of Social Affairs and Health. The pension provider's liability does not, however, include increases arising from the adjustment of annual earnings in line with the wage coefficient under section 96 or an index adjustment under section 98 carried out after the start of the pension, together with changes arising from the application of the life expectancy coefficient;
- 2) the amount that has been transferred to the component which the pension provider is responsible for pursuant to section 171 and the calculation criteria confirmed or issued by the Ministry of Social Affairs and Health; and
- 3) the amount which has separately been transferred to the old-age pension component which the pension provider is responsible for in order to increase the funded component.

[Section 175](#)

Pension provider's liability for the disability pension

The costs for a disability pension, whereby the total amount of the insured person's earnings pursuant to this Act and the Seamen's Pensions Act for the last two years of the reference period under section 76 is at least EUR 12,566.70, are the liability of each pension provider with whom the insured person has been covered during the aforementioned calendar years to the same proportion as the share of the earnings pursuant to this Act insured with the pension provider in question of the total amount of the corresponding earnings under the pension acts stated in section 3 and the earnings referred to in section 74 and section 76(2) for the said calendar years.

The pension provider is not liable for the disability pension insofar as the earnings covered by this Act that are insured with the pension provider, with respect to a temporary employer as referred to under section 147 of this Act, or the same insurance policy of other employers, do not exceed the limit of EUR 2,094.45 during the said two calendar years.

The pension referred to above in subsection 1 also includes the pension component referred to in sections 153(2) and 153(3) of the Seamen's Pensions Act which is granted on the basis of that Act. ([1292/2006](#))

The pension provider's liability does not, however, include:

- 1) the rehabilitation increment under section 30;
- 2) the pension component accrued for unpaid periods referred to in section 74;
- 3) the increase arising from an index adjustment under section 98 carried out after the start of the pension; and also
- 4) a lump sum increase in the disability pension under section 81.

[Section 176](#)

Pension provider's liability for rehabilitation allowance and other rehabilitation costs

The pension provider's liability for the rehabilitation allowance is equal to the pension provider's liability determined in the manner referred to in section 175 for the disability pension to which the insured person would be entitled if the person had become incapable of work to an extent giving entitlement to a disability pension at the point in time referred to in section 28.

The pension provider that provides the rehabilitation is solely liable for the costs relating to rehabilitation other than those arising from the cash rehabilitation benefit and rehabilitation allowance.

[Section 177](#)

Pension provider's liability for registered supplementary benefit

The pension provider is liable for supplementary benefits, as referred to in section 32(5) of the Implementing Act of the Employees Pensions Act ([396/2006](#)) and registered under the Employees' Pensions Act ([395/1961](#)), insofar as the benefit corresponds to the contributions payable to the pension provider or the pension liability calculated for the pension provider in accordance with the calculation criteria issued or confirmed by the Ministry of Social Affairs and Health.

[Section 178](#)

Pension provider's liability for the pension component accrued for unpaid periods

The pension component accrued for unpaid periods referred to in section 74 is the joint liability of the pension providers handling pension provision under the pension acts stated in section 3(1) and 3(2) in proportion to the earnings insured with the pension provider in question. The criteria for the pension providers' possible preliminary contribution and final contribution, which are applied for by the Finnish Centre for Pensions, as well as the due dates for these contributions are included in the criteria for the division of liability as referred to in section 183(2).

[Section 179](#)

Pension provider's liability for jointly financed benefits

The pension providers, including the Seamen's Pension Fund, are jointly liable for the following costs, insofar as they are not covered from other sources:

- 1) other old-age and disability pensions than those referred to in sections 174 and 175, with the exception of the amount payable under sections 154 and 156 of the Seamen's Pensions Act; ([1292/2006](#))
- 2) the components of the pensions and rehabilitation allowances exceeding the amounts under sections 174–177; in this instance the cost for the rehabilitation allowance is considered to be entirely determined pursuant to the pension act on the basis of which the rehabilitation allowance has been granted;
- 3) survivors' pension;
- 4) part-time pension;
- 5) the rehabilitation increment;
- 6) the costs referred to in section 170 arising from changes to the calculation criteria for the technical provisions and the pension liability;
- 7) the costs arising from the transfers referred to in section 174(1)(2 and 3);
- 8) the deficit arising from the fact that the employer has been exempted from paying contributions in accordance with section 155; and
- 9) the cost components referred to in section 159(1)(1–7) of the Seamen's Pensions Act that arise from arranging pension provision under the said Act. ([1292/2006](#))

The costs listed above in subsection 1 other than those for the rehabilitation allowance do not include the pension components referred to in section 178.

The pension provider's share of the costs for the old-age pension under subsection 1, paragraph 1, with the exception of the costs for the old-age pensions paid as a lump sum in connection with a disability pension and the costs under paragraph 8, are determined in proportion to the assets intended for the financing of the costs that are to be financed jointly. The pension providers' share of the disability pension costs under subsection 1, paragraph 1, the costs for old-age pensions paid as a lump sum in connection with a disability pension, as well as the costs under subsection 1, paragraphs 2–5 are determined in proportion to the earnings insured with the pension provider in question. The pension providers' share of the costs under subsection 1, paragraphs 6 and 7 is determined as provided in more detail in the calculation criteria under subsection 4. The pension provider's share of the corresponding costs under subsection 1, paragraph 9 is determined in the same manner as the jointly financed costs under subsection 1. When determining the pension provider's share of the said costs, a factor which is also taken into account is the transfer payment, which has been defined in the Act on Transfer Payment When State Offices, Institutions or State-owned Companies are Converted into Limited Liability Companies ([1341/1992](#)). ([1292/2006](#))

More detailed provisions on the division of the costs in subsection 1 between the pension providers are issued by a decree of the Ministry of Social Affairs and Health. The amounts needed for the division of the jointly financed costs are determined:

- 1) in the pension insurance company's calculation criteria referred to in section 166;
- 2) in the calculation criteria which the Ministry of Social Affairs and Health has issued by decree for the industry-wide pension fund; and
- 3) in the company pension fund's calculation criteria referred to in section 166.

Section 180 ([1112/2007](#))

Pension providers' liability for the costs of the Finnish Centre for Pensions

The costs of the Finnish Centre for Pensions is the liability of the pension providers that handle pension provision under the private and public-sector pension acts referred to in section 3 of the Employees Pensions Act, as provided in section 5 of the Act on the Finnish Centre for Pensions.

Section 181 ([1292/2006](#))

Liability in case of a pension provider's bankruptcy

If, due to the bankruptcy of a pension provider or the Seamen's Pension Fund, a pension, a rehabilitation benefit, an increase resulting from an index adjustment under section 98, or a registered supplementary benefit as referred to in section 32(5) of the Implementing Act to this Act remains fully or partially unsecured, the pension providers, including the Seamen's Pension Fund, are jointly liable for these benefits in proportion to the earnings insured with the relevant pension provider or the Seamen's Pension Fund. In this case, pension under the Seamen's Pensions Act means the component of the pension under the Seamen's Pensions Act, determined in section 153(2) of the Seamen's Pensions Act, which corresponds to the pension under the Employees Pensions Act. More detailed provisions on the pension providers' and the Seamen's Pension Fund's liability are issued through a decree of the Ministry of Social Affairs and Health.

In this case, the pension providers, including the Seamen's Pension Fund, are also jointly liable for the equalisation amount referred to in section 14(3) of the Pension Insurance Companies Act or under section 79(3) of the Insurance Funds Act up to the minimum amount under the calculation criteria confirmed by the Ministry of Social Affairs and Health.

[Section 182](#)

Contribution of the Unemployment Insurance Fund

The Unemployment Insurance Fund, as referred to in the Act on the Financing of Unemployment Benefits ([555/1998](#)), pays a contribution to the Finnish Centre for Pensions that is used to cover the liability and costs arising when periods of unemployment and training are taken into account as regards:

- 1) the pension providers referred to in this Act that handle pension insurance for employees;
- 2) the Seamen's Pension Fund referred to in the Seamen's Pensions Act;
- 3) the local government pension provider referred to in the Local Government Pensions Act;
- 4) the Central Church Fund, which handles pension provision under the Evangelical Lutheran Church Pensions Act and the Survivors' Pensions Act for the Evangelical Lutheran Church;
- 5) the Social Insurance Institution insofar as it handles pension provision referred to in section 13 of the Act on the Social Insurance Institution;
- 6) the pension provider handling pension provision under the pension regulations issued pursuant to section 11(2)(6) of the Act on the Bank of Finland; and
- 7) the Central Fund of the Orthodox Church, which handles pension provision under the pension regulations issued pursuant to the Act on the Orthodox Church.

The contribution of the Unemployment Insurance Fund is determined so that it is estimated to correspond to the amount which would be obtained if a contribution corresponding to the average contribution under this Act were paid for the earnings of the wage earners insured with the pension providers referred to in subsection 1 on which the benefits referred to in section 74(3)(2–6) are based. In this case, the increased contribution rate for employees who have reached the age of 53 is not taken into account in the average contribution. ([1274/2006](#))

The Unemployment Insurance Fund shall pay the contribution to the Finnish Centre for Pensions annually within the time limit determined in the criteria for the division of liability. The Finnish Centre for Pensions reimburses the assets received as a contribution to the pension providers mentioned in subsection 1 in proportion to the earnings insured with the pension provider, so that the cost component of the Finnish Centre for Pensions, which is the liability of the pension providers stated in subsection 1, is deducted from the distributed assets before the reimbursement. More detailed provisions on the reimbursement of the contribution are included in the criteria for the division of liability referred to in section 183(2). ([1112/2007](#))

The contribution of the Unemployment Insurance Fund referred to in subsection 2 is confirmed through a decision of the Ministry of Social Affairs and Health on a proposal of the Finnish Centre for Pensions. The Ministry of Social Affairs and Health may also confirm a preliminary contribution for the Unemployment Insurance Fund on a joint proposal of the Finnish Centre for Pensions and the Unemployment Insurance Fund.

Section 183

Clearing of costs

The Finnish Centre for Pensions establishes each calendar year how the mutual liability for the costs referred to in sections 174–181 and the contribution of the Unemployment Fund referred to in section 182 of the pension providers implementing the acts under section 3 is divided for the previous calendar year, taking into account what the private and public-sector pension providers, when acting as the last pension provider as referred to in sections 107 and 109, have paid in pension or other benefits that are the liability of another pension provider.

On the basis of the clearing, the Finnish Centre for Pensions determines the pension provider's compensation for the costs which are the liability of some other pension provider or the pension providers jointly, or for the contribution referred to in section 182, and determines the pension provider's payment for the costs for which the pension provider assumes liability. The compensation and the payment, with interest, and possible advance payments for their coverage are determined according to the criteria for the division of liability confirmed by the Ministry of Social Affairs and Health on the proposal of the Finnish Centre for Pensions, with the exception of the cost clearing between the private and public-sector pension providers, with respect to which the agreement between the Finnish Centre for Pensions and the public-sector pension providers on the clearing of costs is applied. The grounds for the division of liability also determine how the possible surplus or deficit of the Finnish Centre for Pensions arising in connection with the division of liability is taken into account.

The pension provider shall report to the Finnish Centre for Pensions the information needed for the clearing referred to in subsection 1 in the form and within time limit determined by the Finnish Centre for Pensions in the manner specified in the criteria or agreement. If the pension provider neglects its obligation to report the information, the Finnish Centre for Pensions provides an estimate of the pension provider's share of the costs. The Finnish Centre for Pensions adjusts the share of the costs in connection with the following clearing.

If the private-sector pension providers disagree over the division of costs, the Finnish Centre for Pensions will settle the matter.

[Section 184](#)

Decision on the division of costs

The Finnish Centre for Pensions issues a decision to the private-sector pension providers on the division of the costs referred to in section 183. The decision may be appealed as provided in Chapter 9.

[Section 185](#)

Pension provider's right to conclude a contract

The pension providers may in individual cases, or in order to simplify the implementation, agree on the division of costs in a manner that differs from that provided in this Chapter. In this instance, the principles in this Chapter shall be complied with.

Chapter 13

Supervision of insurance

[Section 186](#)

General supervision of insurance and enforced insurance

The Finnish Centre for Pensions oversees that the employer fulfils the insurance obligation pursuant to this Act.

If the employer neglects the obligation laid down in section 141 or section 142 to arrange pension provision for its employees, the Finnish Centre for Pensions shall remind the employer to rectify this failure. If the employer does not rectify the failure within the time limit set by the Finnish Centre for Pensions, the Finnish Centre for Pensions takes out pension insurance at the employer's expense with the pension provider of its choice (*enforced insurance*).

If an employer who has arranged pension provision for its employees with two or more pension providers has failed to arrange pension provision for some of the employees and does not, despite reminders, rectify the failure within the time limit set by the Finnish Centre for Pensions, the Finnish Centre for Pensions may stipulate by which pension arrangement the employees who are without insurance are to be covered.

If a temporary employer neglects the obligations laid down for it in section 141 or section 147, the Finnish Centre for Pensions chooses a pension provider for the employer, and the pension provider debits and levies the contribution from the employer.

If the Finnish Centre for Pensions has taken out insurance with a pension provider, as referred to in subsections 2–4, this pension provider is entitled to levy a contribution from the employer, increased to a maximum of twice the amount for the period of the failure. When determining the increased contribution, the factors taken into account are the length of the period of the failure, the recurrence of the failure and other comparable factors relating to the assessment of the blameworthiness of the failure. At the request of the employer, the pension provider shall give the employer an appealable decision on the increased contribution.

[Section 187](#)

Pension provider's obligation to supervise

The pension provider oversees that the employer who has arranged pension provision with the said pension provider fulfils its reporting and insurance obligations under this Act.

The pension provider and the Finnish Centre for Pensions may agree on more detailed implementation of the supervision pursuant to subsection 1 and section 186(1).

[Section 188](#)

Right of inspection of the pension provider and the Finnish Centre for Pensions

The pension provider and the Finnish Centre for Pensions have the right to inspect the employer's premises and the right to take other inspection measures in order to determine whether the employer has fulfilled the obligations under this Act. The employer subject to the inspection shall, during the course of the inspection, present the wage bookkeeping, working time records and, irrespective of the mode of presentation or storage, all the other documentation which may affect the insurance obligation pursuant to this Act of the employer that is being inspected.

In order to carry out the inspection, the Finnish Centre for Pensions and the pension provider are entitled to receive executive assistance from the police and other authorities.

An inspection may be carried out in the employer's home only if there are well-founded grounds to suspect that the employer has neglected the insurance obligation under this Act and if the inspection is necessary in order to settle the matter. An inspection in the employer's home may only be carried out by the police or the tax authorities.

[Section 189](#)

Evasion and misuse of the obligation to arrange pension provision

If:

- 1) in order to evade the obligation to arrange pension provision;
- 2) in order to avoid pension contributions;
- 3) in order to arrange unwarranted pension provision; or
- 4) for some other comparable reason, a meaning which does not correspond to the real nature or purpose of the matter has been conferred on a legal act when deciding this obligation to arrange pension provision, or when determining the pension contribution, or when processing a pension matter, the case shall be proceeded in accordance with the real nature and purpose of the matter.

If the obvious purpose of an arrangement in a company has been to evade the provisions on the employer's liability for disability pensions, the pension provider may determine the contribution according to the situation which prevailed before the said arrangement.

[Section 190](#)

Pension contribution fraud

Chapter 29, sections 4 a and 4 b of the Penal Code ([39/1889](#)) lay down provisions on the penalties for pension contribution fraud and aggravated pension contribution fraud.

PART IV

MISCELLANEOUS PROVISIONS

Chapter 14

Granting and gaining access to information and secrecy of information

[Section 191](#)

Applicable rules

The Act on the Openness of Government Activities (621/1999, *Openness Act*) is applied to the openness of the documents and activities of the pension providers and the Finnish Centre for Pensions insofar as the pension providers and the Finnish Centre for Pensions exercise public authority as referred to in section 4(2) of the Openness Act, unless provided otherwise by this Act or some other Act.

Also, in instances when the issue is not one of exercising public authority as referred to in section 4(2) of the Openness Act, the pension provider and the Finnish Centre for Pensions apply the provisions of the Openness Act in matters relating to the implementation of this Act with respect to:

- 1) document secrecy;
- 2) non-disclosure;
- 3) prohibition of use;
- 4) sections 22–24 regarding secret documents; and
- 5) section 35, which includes penal provisions.

The provisions in Chapter 7 of the Openness Act on derogations from secrecy and declassification apply when applying subsection 2 on the granting of access to information.

The provisions on the obligation to observe secrecy and the granting of access to information in Chapter 18, sections 6, 6 b and 6 c of the Insurance Companies Act ([1062/1979](#)), sections 132, 132 a and 132 c of the Company Pension Funds Act, and sections 165, 165 a and 165 c of the Insurance Funds Act do not apply when implementing this Act.

[Section 192](#)

Information on the employer's financial position

Documents and information based on the implementation of this Act concerning the employer's financial position shall also be subject to secrecy in addition to the provisions of section 24(1)(20) of the Openness Act concerning the secrecy of information regarding a private business.

Notwithstanding the secrecy provisions and other restrictions on the access to information, the pension provider and the Finnish Centre for Pensions are entitled to grant access to information on the employer's default on receivables arising from insurance pursuant to this Act to other pension providers which handle

tasks under the private-sector pension acts and to the Finnish Centre for Pensions for the supervision and implementation of insurance under this Act.

Section 193

Employee's and pension applicant's right of access to information

The pension provider and the Finnish Centre for Pensions shall, at the request of the employee, give the employee the information it has on the employee's pension entitlement. In other respects, the acts which lay down provisions on the party's right of access to information, right to gain access to information on a document which concerns the person in question and right to check the data stored in registers on the person in question are the Act on the Openness of Government Activities and the Personal Data Act.

The pension provider shall provide the pension claimant in advance, either on the pension claims form or in some other comparable manner, with information on where the information on the claimant may be obtained and who may be granted access to the information in accordance with the law.

Section 194

Employer's right of access to information

Notwithstanding the secrecy provisions and other restrictions on the access to information, the employer is entitled to obtain from the pension provider the information on pensions granted under this Act which are necessary for the employer's bookkeeping, wage administration and for verifying the company's pension contribution together with other data necessary for the aforementioned purposes.

Section 195

Employer's obligation to grant access to information

If it is necessary to obtain information on the employee's employment and working conditions or other comparable factors in order to settle an insurance, pension or rehabilitation matter being processed or otherwise to implement the tasks in accordance with this Act or the Act on the Finnish Centre for Pensions, the employer is obligated to grant access to the information to the pension provider, the Finnish Centre for Pensions and an appellate body pursuant to this Act.

When requesting the information necessary for processing the employee's pension or rehabilitation matter from the employer, the employer may, without the consent of the employee, only be granted access to the confidential information concerning the employee that is necessary in order to identify the information requested from the employer.

Section 196

Clarification from the pension recipient on factors relating to the pension amount and the pension entitlement

The pension provider may, irrespective of the pension recipient's obligation to notify, request clarifications from the pension recipient of factors affecting the amount of pension and the pension entitlement if there is reason to suspect that changes have occurred in these factors.

Section 197

Information on the earnings forming the basis of pensionable benefits for unpaid periods

The payer of a pensionable benefit referred to in section 74 paid for unpaid periods is obligated to report the information on the recipient of the benefit it has paid, the date when the benefit was paid and the earnings which the paid benefit are based on to the Finnish Centre for Pensions at the latest by the end of February of the year following the year of payment of the benefit or by some other date notified by the Finnish Centre for Pensions.

Section 198

Right to gain access to information for settling a matter or the implementation of statutory tasks

Notwithstanding the secrecy provisions and other restrictions on the access to information, the pension provider, the Finnish Centre for Pensions and an appellate body under this Act are entitled to obtain:

- 1) from an employer, an insurance or a pension provider implementing statutory insurance, the authorities and other parties to which the Openness Act is applied, the information necessary for settling an insurance, pension or benefit matter being processed or which is otherwise necessary for the implementation of tasks laid down pursuant to this Act or the Act on the Finnish Centre for Pensions, the EU Regulation on social security or its Implementing Regulation or a social security agreement;
- 2) from a doctor or other health care professional as referred to in the Act on Health Care Professionals, a health care unit as referred to in section 2, paragraph 4 of the Act on the Status and Rights of Patients ([785/1992](#)), and a party providing rehabilitation, or other health care unit, producer of social services or care institution, a statement on request drawn up by the said person or institution and other information on the pension applicant's patient documents, rehabilitation, health, care and work ability necessary for implementing the tasks referred to above in paragraph 1, if the applicant does not him or herself provide the aforementioned information.

The information referred to in this section may be retrieved through a technical interface without the consent of the person whose interests are protected by the secrecy provision. ([1274/2006](#))

Section 199

Right of the Finnish Centre for Pensions to gain access to information for supervision

Notwithstanding the secrecy provisions and other restrictions on the access to information, the Finnish Centre for Pensions is entitled to obtain from the employer, the insurance and pension provider implementing statutory insurance, the authorities and other parties to which the Openness Act is applied the information necessary in order to fulfil the supervisory obligation laid down in section 186(1). In addition, the Finnish Centre for Pensions is entitled to obtain, for the aforementioned purpose, the names, business IDs or employer's personal identity codes, contact data and annual notifications or data corresponding to the annual notification, and the fields of industry of employers who have paid wages or other remuneration to employees, as well as information on the remunerations that these employers have paid for the work and related employer payments from the tax authorities as mass data.

The Finnish Centre for Pensions is entitled to gain access to the data referred to in subsection 1 even if it has not in its request for the data identified the employers to be subject to supervision through the processing of mass data or even if the supervisory process is not yet pending. In addition, the Finnish Centre for Pensions is entitled to gain access to the aforementioned mass data even if the taxation has not yet been confirmed. For the implementation of the supervisory task, the Finnish Centre for Pensions is entitled to combine and process the personal data referred to in subsection 1. The combined data may be stored for five years, but, however, not beyond the end of the supervisory process. Combined data shall not be transferred.

The data referred to in this section may be retrieved through a technical interface without the consent of the person whose interests are protected by the secrecy provision.

[Section 200](#)

Right of the pension provider to gain access to information for supervision

Notwithstanding the secrecy provisions and other restrictions on the access to information, the pension provider is entitled to gain access to the data necessary for supervision referred to in sections 187–189 from other pension providers handling tasks under the earnings-related pension acts and from the Finnish Centre for Pensions.

[Section 201 \(1121/2006\)](#)

Information for supplementing old-age pension liabilities

Notwithstanding the secrecy provisions and other restrictions on the access to information, the Finnish Centre for Pensions has the right to obtain from the pension provider, within the time limit and in the manner determined by the Finnish Centre for Pensions, the information on the pension provider's technical provisions or pension liability and solvency margin necessary for calculating the pension liability supplementary coefficient under section 171(1), as well as the information on the amounts and rates of return of investments classified in investment category IV, subcategory 1 referred to in section 6 of the Act on the Calculation of the Pension Provider's Solvency Border and the Covering of Technical Provisions necessary for calculating the average annual rate of return under section 168(3).

[Section 202 \(1112/2007\)](#)

Gratuitousness of the information

The pension provider, the Finnish Centre for Pensions and an appellate body under this Act are entitled to gain access to the information to which they are entitled pursuant to this Act free of charge. If the information is needed in a certain format and if this causes significant extra costs for the party granting access to the information, the costs shall be reimbursed, however. The right of the Finnish Centre for Pensions to levy operation-specific service charges for its services is laid down in section 5(1) of the Act on the Finnish Centre for Pensions.

[Section 203](#)

Granting access to information within an insurance company Group

Notwithstanding the secrecy provisions and other restrictions on the access to information, the pension insurance company and its representative may grant another company which is part of the same insurance company Group as referred to in Chapter 14 b of the Insurance Companies Act or the same consortium as referred to in Chapter 18, section 6 b(2) of the Insurance Companies Act access to information coming within the scope of the obligation to observe secrecy which is necessary to undertake the tasks pursuant to this Act.

Notwithstanding the secrecy provisions and other restrictions on the access to information, the pension insurance company may grant a company as referred to in subsection 1 access to information necessary for customer service, taking care of customer relations and other customer management. Such information includes data on the employer's or self-employed person's name, personal identity code, business ID as well as client ID, contact information, data on the company's ownership and insurance arrangements, wage bill and other comparable data relating to customer management.

The provisions on the obligation to observe secrecy and the breaching of this obligation also apply to those who have gained access to information who are subject to secrecy pursuant to this section.

Section 204

Granting access to information for voluntary supplementary group pension provision

In addition to the provisions of the Openness Act, the pension provider and the Finnish Centre for Pensions, notwithstanding the secrecy provisions and other restrictions on the access to information, are entitled to give the employees' names and addresses, personal identity codes, data on the pension amounts and factors which affect the pension amount as well as other information necessary for the purposes below to a life insurance company, an industry-wide pension fund or a company pension fund:

- 1) for the continuous handling of free-form voluntary supplementary group pension provision relating to pension provision governed by this Act;
- 2) for agreeing the terms and conditions for new supplementary group pension provision, when previous supplementary pension provision is terminated on the employer's initiative and replaced by the corresponding new supplementary pension provision; the provider of the new supplementary pension insurance shall in that case provide the Finnish Centre for Pensions with information indicating that new supplementary pension provision means replacing the previous supplementary pension provision with new provision;
- 3) for determining the final contents of new supplementary pension provision; the prerequisite is, however, that the life insurance company, industry-wide pension fund or company pension fund has taken care that the employees covered by the supplementary pension arrangement have, after the insurance contract or pension arrangement has been accepted, duly been informed about the life insurance company's, industry-wide pension fund's or company pension fund's possibility to gain access to the necessary data and that the employee has not expressly declined the supplementary pension arrangement or refused the granting of access to his or her personal data.

When seeking a party that will arrange new supplementary pension provision, the pension provider and the Finnish Centre for Pensions are, in addition to what is provided in the Openness Act and notwithstanding the secrecy provisions and other restrictions on the access to information, entitled to grant the life insurance company, industry-wide pension fund or company pension fund access to information on the employees' employment contracts, pension rights, age and gender distribution and factors which affect the pension amount for determining the supplementary pension provision and its costs.

Section 205

Granting access to information in order to solve offences or irregularities

In order to solve offences and irregularities, the pension provider and the Finnish Centre for Pensions have the right, notwithstanding the secrecy provisions and other restrictions on the access to information, to grant access to data based on the implementation of this Act to the Ministry, the tax authorities and to institutions or associations which administrate the statutory social security system and whose social security benefit the pension under this Act affects.

The information to be granted access to concerning the person who receives or has received a pension under this Act includes:

- 1) the personal identity code and other identifying data;

2) data on the pensions that have been paid;

3) data on the employer; and

4) other comparable data which are necessary for combining personal data in order to solve offences and irregularities relating to social security and for other one-off supervisory measures.

The pension provider and the Finnish Centre for Pensions have the right referred to in subsection 1 to grant access to data referred to in subsection 2 also to the police and prosecuting authorities, insofar as the data are necessary for the solving and prosecution of offences.

However, in situations referred to in this section access shall not be granted to data on the employee's health or data which are intended to describe the grounds for the employee's need for social welfare.

Section 206

Granting access to information to the authorities and a controller in credit data operations

Notwithstanding the secrecy provisions and other restrictions on the access to information, the pension provider and the Finnish Centre for Pensions are entitled, in addition to what is provided in the Openness Act, to grant access to information based on the implementation of this Act as follows:

1) to the relevant authority or institution, the data necessary for the implementation of the tasks under the EU Regulation on social security or a social security agreement;

2) to the tax administration, the data necessary for fulfilling the supervisory obligation of the tax administration laid down in the Prepayment of Tax Act in cases where there is reason to suspect that the employer has not fulfilled the employer's tax withholding obligation;

3) to a controller in credit data operations, information on the employer's distrainable pension contribution receivables based on this Act, which the controller of the credit data register is entitled by law to store in the credit data register.

Section 207

Granting access to information for employees' group life insurance

Notwithstanding the secrecy provisions and other restrictions on the access to information, the Employees' Group Life Insurance Pool and the Farmers' Social Insurance Institution, which, under the authorisation of the life insurance companies and accident insurers, manage the claims handling regarding employees' group life insurance, are entitled to obtain from the Finnish Centre for Pensions the names, personal identity codes and dates of death of deceased employees who have worked under employment contracts covered by this Act, and the names and personal identity codes of their beneficiaries as well as other comparable data which are necessary when determining whether the criteria for granting an insurance amount from the group life insurance have been met.

The State Treasury and the local government pension provider are also entitled to obtain from the Finnish Centre for Pensions, notwithstanding the secrecy provisions and other restrictions on the access to information, the data referred to in subsection 1 for processing financial aid that corresponds to group life insurance.

Section 208

Transferring information

In addition to the provisions of the Openness Act, the pension provider and the Finnish Centre for Pensions are entitled, notwithstanding the secrecy provisions and other restrictions on the access to information, to grant access to information on pensions, pension rights or insurance obtained from a pension provider which handles the implementation of the public-sector pension acts to the Social Insurance Institution or some other recipient of information who is entitled to gain access to this information by law.

The Finnish Centre for Pensions has the right mentioned in subsection 1 to give data obtained from the employer by virtue of section 195 and data obtained from the employer, an insurance or pension provider implementing statutory insurance, the tax and other authorities, as well as other parties covered by the scope of the Openness Act by virtue of section 198 to a pension provider which handles the implementation of the public-sector pension acts and which is entitled by law to gain access to these data from the providers of information referred to or the Finnish Centre for Pensions.

Before granting access to the data referred to in subsections 1 and 2, the pension provider and the Finnish Centre for Pensions shall agree with the pension providers which handle the implementation of the public-sector pension acts on which data referred to above may be transferred and to whom they may be transferred.

[Section 209](#)

Responsibility of the party transferring information

Before the pension provider or the Finnish Centre for Pensions transfers the information, it shall ensure that the party gaining access to the data is entitled by law to obtain the transferred data from the party which originally disclosed the information.

The pension provider, or the Finnish Centre for Pensions, which transfers the information on the grounds laid down in this Chapter, is responsible for ensuring that the contents of the transferred data correspond to the information obtained from the party that disclosed the information.

[Section 210](#)

Granting of access to information through a technical interface

The Finnish Centre for Pensions and, under its consent, the pension provider are entitled to open a technical interface, in addition to the provisions on granting access to information through a technical interface under section 29(3) of the Openness Act, with:

- 1) an organisation or institution which implements statutory social insurance for data in its personal data file which the organisation or institution by the virtue of this Act or some other act is entitled to gain access to for the implementation of its tasks;
- 2) the authorities that handle the implementation of tasks under the EU Regulation on social security or under a social security agreement for data which the authority is entitled to gain access to by virtue of section 206(1)(1);
- 3) the Social Insurance Institution as well as other recipients of information who are entitled to gain access to data on pensions, pension rights and insurance from a pension provider which handles the implementation of the public-sector pension acts for data referred to in section 208(1); and

4) a life insurance company, an industry-wide pension fund or a company pension fund for the data necessary for handling or arranging supplementary group pension provision as referred to in section 204.

In addition to what is provided in subsection 1, the Finnish Centre for Pensions is entitled to open a technical interface with the Employees' Group Life Insurance Pool, the Farmers' Social Insurance Institution, the State Treasury and the local government pension provider for the data referred to in section 207 and with the pension providers which handle the implementation of the public-sector pension acts for the data referred to in section 208(2).

However, a technical interface may be opened for granting access to data obtained from the pension providers which handle the implementation of the public-sector pension acts in the manner referred to in subsection 1, paragraph 3, or for granting access to data to the pension providers which handle the implementation of the public-sector pension acts in the manner referred to in subsection 2 only if this has been agreed upon pursuant to section 208(3).

Confidential information may also be retrieved without the consent of the person whose interests are protected by the secrecy provision through a technical interface opened by virtue of this section.

Before opening the technical interface, the party requesting the information shall provide the party opening the interface with information indicating that data protection has been taken care of appropriately.

Chapter 15

Other provisions

[Section 211](#)

Advising employees and employers

The responsibility to provide advice in matters coming within the scope of application of this Act rests primarily with the pension provider with whom the employer has arranged pension provision for the employees.

[Section 212](#)

Cooperation of the pension providers

The pension providers shall cooperate in compiling statistics and in other matters related to the implementation and development of the acts on the earnings-related pension.

[Section 213](#)

Compensation for certain services

The pension provider may levy a charge from the employer for certain services which it has provided at the request of the employer.

[Section 214](#)

Decision on the amount of the theoretical pension

If the employee has worked in two or more EU or EEA countries and he or she is applying for a residence-based national pension, the employee is entitled, on request, to receive a decision on the amount of the theoretical pension which the pension provider reports to the Social Insurance Institution for the calculation of the employee's residence-based national pension.

Section 215

Transfer of pension rights to the European Communities

The employee has the right to transfer the pension rights under this Act to the European Communities as provided in the Act on the Transfer of Pension Rights between the Finnish Earnings-Related Pension Scheme and the Pension Scheme of the European Communities ([165/1999](#)).

The pension rights transferred to and restored from the European Communities are governed by the provisions of the Act on the Transfer of Pension Rights between the Finnish Earnings-Related Pension Scheme and the Pension Scheme of the European Communities, insofar as the said Act contains provisions which differ from the provisions of this Act. ([1274/2006](#))

Section 216

Executive assistance

The pension provider and the Finnish Centre for Pensions have the right to have examined witnesses in a District Court on their own initiative or on the request of the party involved in order to clarify a case which is being processed.

Section 217

Disqualification

Notwithstanding the provisions of section 28(1)(4) and 28(1)(5) of the Administrative Procedure Act ([434/2003](#)), an official or a member of the Board of the pension provider or the Finnish Centre for Pensions may handle a matter relating to the implementation of this Act and which concerns an employer who has arranged pension provision with the said pension provider or an employee working for such an employer, or a self-employed person.

Section 218 (1097/2008)

Document storage

The pension provider and the Finnish Centre for Pensions shall store documents related to the arrangement of pension provision pursuant to this Act or a pension matter as provided in the Archives Act ([831/1994](#)). If the National Archives Service has not decreed that the said documents shall be stored permanently, the pension provider or the Finnish Centre for Pensions shall store:

- 1) the insurance application, insurance policy and insurance contract as well as other necessary documents relating to the taking out of insurance, the handling of the insurance and the determining of the contribution for the period of validity of the insurance policy and the ten subsequent calendar years;
- 2) the application, medical statement, rehabilitation plan relating to a pension or rehabilitation matter and other documents relating to rehabilitation or the pension applicant's state of health, work and functional ability or rehabilitation prospects, other documents necessary for awarding, processing or paying the

pension or rehabilitation benefits, as well as the decision and calculation relating to a pension or rehabilitation matter for the insured person's lifetime and the five subsequent calendar years;

3) the documents necessary for awarding, processing or paying survivors' pension, as well as the decision and calculation relating to the survivors' pension for the period of payment of the survivors' pension and the five subsequent calendar years;

4) the documents necessary for the debiting of contributions up to the end of the debiting and the five subsequent calendar years; and

5) appeal documents for 50 years, unless the documents are to be stored for a longer period by virtue of paragraphs 1–4; the period of storage for documents relating to an appeal starts when the documents have been returned to the pension provider or the Finnish Centre for Pensions from the appellate body.

[Section 219](#)

Entry into force

Separate provisions shall be issued regarding the entry into force of this Act.

[HE 45/2005](#), StVM 5/2006, EV 20/2006

Entry into force and application of the amended provisions:

1121/2006:

This Act enters into force on 1 January 2007. Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.

When this Act enters into force, the equity linked buffer fund referred to in section 168(2) takes the value zero. When calculating the annual change to the equity linked buffer fund, the values used, instead of one-tenth, are the value 0.02 in 2007, the value 0.04 in 2008, the value 0.06 in 2009 and in 2010 the value 0.08.

[HE 77/2006](#), StVM 31/2006, EV 152/2006

1274/2006:

This Act enters into force on 1 January 2007.

[HE 197/2006](#), StVM 38/2006, EV 176/2006

1292/2006:

This Act enters into force on 1 January 2007.

[HE 251/2006](#), StVM 49/2006, EV 237/2006

1314/2006:

This Act enters into force on 1 January 2007.

[HE 167/2006](#), StVM 34/2006, EV 168/2006

1112/2006:

This Act enters into force on 1 January 2008.

Measures necessary for the implementation of the Act may be undertaken before the Act's entry into force.

[HE 53/2007](#), StVM 13/2007, EV 69/2007

1164/2006:

This Act enters into force on 1 January 2008.

[HE 95/2007](#), StVM 9/2007, EV 55/2007

1281/2007:

This Act will enter into force on a date to be defined by decree. (Act 1281/2007 entered into force 1 March 2008 in accordance with Decree 127/2008)

Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.

[HE 115/2007](#), LiVM 13/2007, EV 111/2007

1363/2007:

This Act enters into force on 31 December 2007.

The calculation criteria under section 168(2) of this Act for the equity linked buffer fund are applied from 1 January 2007, however.

[HE 138/2007](#), StVM 19/2007, EV 94/2007