

Unemployment security 2009

Unemployment benefits are payable to secure the livelihood of an unemployed jobseeker during the time he or she seeks new employment or participates in employment-promoting measures. Unemployment benefits include earnings-related daily allowance, basic daily allowance, labour market support and training allowance.

Rights and obligations of an unemployed jobseeker

A person who is registered as an unemployed jobseeker is entitled to

- employment services provided by the Employment and Economic Development Office (TE Office) and unemployment security, on conditions laid down by law
- draw up a job-seeking plan jointly with the Employment and Economic Development Office (TE Office)
- draw up an employment programme jointly with the Employment and Economic Development Office (TE Office), if he/she meets the conditions for drawing up an employment programme

A jobseeker receiving or applying for unemployment benefits is obliged to

- seek full-time employment and be available for the labour market
- accept a job or training offered
- participate in employment measures offered
- come to job-seeking interviews on the invitation of the TE Office
- participate in drawing up a job-seeking plan
- participate in checking the job-seeking plan or employment programme
- participate in implementing the job-seeking plan or employment programme
- be reachable by the TE Office and keep the job search in force

A person receiving unemployment benefits can, however,

- conduct part-time studies
- participate in voluntary work or neighbourly work
- take a short-term and temporary trip abroad
- be engaged in a part-time entrepreneurship or have part-time employment

Detailed information on the above and other issues related to unemployment benefits can be found in this brochure. If required, further information is also available from your local TE Office or online at www.mol.fi.

Various forms of unemployment security

The TE Office or Employment Commission examines the labour policy preconditions for unemployment security and gives the payer of unemployment benefits a labour policy statement. The payer – the Social Insurance Institute or an unemployment fund – examines the other preconditions for unemployment benefits.

Unemployment benefits include earnings-related daily allowance, basic daily allowance, labour market support and training allowance.

Earnings-related daily allowance

A precondition for receiving earnings-related daily allowance is that the employee or entrepreneur meets the time at work condition and is a member of an unemployment fund. The benefit is granted and paid by the unemployment fund whose member the applicant is. The earnings-related daily allowance consists of a basic amount and an earnings-related amount. In 2009, the basic amount is EUR 25.63 per day. The earnings-related amount is determined based on the applicant's established daily pay.

Basic daily allowance

The basic daily allowance is paid to a person who meets the time at work condition for employees or entrepreneurs but is not a member of any unemployment fund. The benefit is granted and paid by the Social Insurance Institute. The basic daily allowance amount in 2009 is EUR 25.63 per day.

Labour market support

The granting of labour market support does not require earlier work attendance or membership of an unemployment fund. Labour market support is paid to unemployed jobseekers who do not meet the time at work condition and, therefore, are not entitled to a daily allowance, as well as persons whose right to daily unemployment allowance has terminated after the maximum period of payment has expired. The benefit is granted and paid by the Social Insurance Institute. The labour market support amount in 2009 is EUR 25.63 per day. Labour market support is subject to means testing, which means that the applicant's own income and that of a spouse or a cohabitant will reduce the support amount.

Unemployment security is paid to 17–64-year-old unemployed jobseekers. Persons who have turned 65 may also be entitled to unemployment benefits in certain situations. Benefits are payable for five days a week.

Further information on, for example, the time at work condition for daily allowance, earnings-related daily allowance amounts and other factors that affect the benefit, maximum daily allowance period and right to additional days is available from the unemployment funds and the Social Insurance Institute.

www.tyj.fi

www.kela.fi

Validity of job search

- ❑ A precondition for receiving daily unemployment allowance and labour market support is that the person concerned is registered as a full-time jobseeker with the TE Office.
- ❑ The job search must be kept in force throughout the period of unemployment.
- ❑ The TE Office decides upon a deadline for the renewal of a jobseeker's job application and whether he/she is required to visit the TE Office in person.
- ❑ A jobseeker receiving partial disability pension is entitled to unemployment security, even if he/she does not apply for full-time employment.
- ❑ An adjusted unemployment benefit can be paid to a jobseeker who has accepted a full-time or part-time job for a period of no more than two weeks, and whose working hours amount to no more than 75 per cent of the maximum working hours applicable in the industry for a full-time employee.
- ❑ A person who has been laid off must also report to a TE Office as a jobseeker in order to be eligible for unemployment security. The jobseeker can report to the unemployment office either individually or, in some cases, a whole group of laid-off workers can be reported by the employer.

Unemployment security is remunerative

In order to receive unemployment security the applicant must be actively seeking employment or training. Furthermore, he/she must apply for and take part in services and measures promoting re-employment.

If, without a valid reason, the applicant

- ❑ refuses to accept a job assigned by the TE Office or offered by an employer,
- ❑ resigns/is dismissed from a job,
- ❑ refuses to participate in labour policy training,
- ❑ resigns/is dismissed from labour policy training or
- ❑ through his/her own actions, is the cause of no employment contract being made or he/she not being selected for training,

the consequence may be a 30-, 60- or 90-day waiting period without benefits or a temporary discontinuation of the unemployment benefits (obligation to work).

In such a case, the right to unemployment benefits is reinstated when the obligation to work is met. Depending on the obligation to work, this requires a period of three or five months of employment or participation in labour policy training. In certain cases, participation in labour policy measures also means that the obligation to work is met.

If the applicant sets limits that prevent the reception of offered work or training, or lead to notice from work or training, he/she is not available for the labour market. In such a case, the employment benefit is discontinued on a temporary basis. The right to unemployment benefits is reinstated only when the limit has been demonstrably removed.

Labour market support as travel subsidy

A person entitled to labour market support, who accepts a job outside his/her commuting area, can receive labour market support in the form of a travel subsidy. The support is paid subject to the discretion of the TE Office.

A precondition for granting such assistance is that the job involves at least two months of full-time work. The travel subsidy can be paid for no more than four months during the employment period.

The travel subsidy is intended for unemployed persons that would not otherwise be able to accept a job outside their area of work for financial reasons.

Job-seeking plans are binding

In the job-seeking plan, the TE Office and jobseeker jointly agree on the applicant's employment goals, as well as on services and measures to support the jobseeker's active job search and promote re-employment or training.

The jobseeker is obliged to participate in drawing up the job-seeking plan upon the invitation of the TE Office.

If, without a valid reason, the jobseeker refuses to draw up a job-seeking plan, the consequence is generally a 60-day waiting period without benefits. For example, not turning up for meetings arranged for drawing up or checking the job-seeking plan, direct refusals and not signing the plan are considered refusals.

The applicant is always required to give prior notice if he/she is prevented from taking part in an agreed meeting for drawing up or checking the job-seeking plan!

Measures promoting employment

The job-seeking plan includes, for example, plans for traineeships, preparatory training for working life, work trials and other measures promoting re-employment.

If, without a valid reason, the applicant

- refuses to accept a measure offered by the TE Office, which has been agreed upon in the job-seeking plan or
- resigns/is dismissed from the measure,

the consequence may be a 60-day waiting period without benefits or a temporary discontinuation of the unemployment benefit.

An unemployed jobseeker is obliged to implement the job-seeking plan and report to the TE Office in the agreed manner. The consequence of neglecting this obligation may be a 60-day waiting period without benefits or a temporary discontinuation of the unemployment benefit.

Labour market support reform

As part of the labour market support reform that came into force at the beginning of 2006, the remunerativeness of the unemployment benefits has increased. More efficient re-employment efforts and labour policy measures are focused on persons who have received labour market support for an extended period of time.

A person who has received labour market support based on unemployment for a minimum of 500 days or, when his/her daily unemployment allowance maximum period of payment has expired, labour market support based on unemployment for a minimum of 180 days, may lose his/her right to labour market support during unemployment, if he/she refuses to accept, resigns or is dismissed from a job or a labour policy measure. The person's right to labour market support during unemployment is reinstated when the obligation to work is met.

The discontinuation of the person's right to labour market support does not affect his/her right to receive labour market support during activation measures.

Labour market support limitations

An unskilled young person under 25 years of age applying for labour market support

An unskilled young person under 25 years of age receiving labour market support must apply for vocational training at three different educational establishments on each common admission date (spring and autumn).

Neglecting to apply for training without a valid reason may lead to a temporary discontinuation of the labour market support during unemployment. Refusal to accept vocational training, dropping out without valid reason or self-caused dismissal from training may lead to a temporary discontinuation of the labour market support during unemployment.

The person's right to labour market support during unemployment can be reinstated, for example when the obligation to work is met. If a person takes part in labour policy measures, such as a traineeship, he/she receives labour market support for this period.

Labour market support waiting period

During the labour market support waiting period (5 months), a person is not entitled to labour market support during unemployment. The waiting period applies to unskilled jobseekers irrespective of age, if they have not completed a vocational degree or do not meet the time at work condition set for the daily unemployment benefit. For example, previous employment or registration as a jobseeker may reduce the waiting period.

If a person takes part in labour policy measures, such as a traineeship, he/she will receive labour market support for this period.

Unemployment security for entrepreneurs

The TE Office examines whether a person can be regarded as an entrepreneur within the unemployment security system. This decision does not necessarily coincide with corresponding decisions by, for example, the Tax Administration. The evaluation takes account of any YEL (Self-Employed Persons' Pension Act) or MYEL (Farmers' Pension Act) pension insurance held by the entrepreneur, employment in a company, the entrepreneur's own and a family member's shareholdings, as well as the his/her position in the company.

An entrepreneur is not entitled to unemployment benefits if he/she has full-time employment in an enterprise. A person whose entrepreneurship is on a part-time basis may be entitled to unemployment benefits, but the unemployment fund or the Social Insurance Institute takes into account any income received from the enterprise. The TE Office decides if a person is a full-time entrepreneur.

A person who has been employed as a full-time entrepreneur is considered a full-time entrepreneur until

- ❑ the entrepreneurship has been demonstrably terminated or
- ❑ the entrepreneurship has been interrupted for a consecutive period of four months or
- ❑ the entrepreneurship can be considered to be on a part-time basis, if the person has been in full-time employment unrelated to the business for a minimum of 10 months.

Termination of the entrepreneurship or a four-month interruption is not required if

- ❑ the applicant is the owner's family member and the employment has been temporary (maximum duration six months),
- ❑ the applicant is the owner's family member and the employment has ceased as a result of closing down the line of production, or a similar reason,
- ❑ the entrepreneurship can be considered seasonal or
- ❑ the person involved in entrepreneurship must be considered an entrepreneur equal to a wage or salary earner.

The same principles apply to a person who is self-employed. Self-employment includes employment such as work as a family carer.

The TE Office must be informed of any form of entrepreneurship!

Unemployment security for students

A full-time student is not entitled to unemployment benefits. The TE Office examines whether a person can be regarded as a full-time student.

Full-time studies include

- ❑ studies with the goal of receiving a basic diploma or higher education degree or a university of applied sciences degree,
- ❑ upper secondary studies for youths,
- ❑ studies comprising on average at least three study weeks or five study credits per month of study, or 25 periods per week and
- ❑ studies that, based on total discretion, prevent the student from accepting a full-time job.

The full-time studies continue until they have been demonstrably terminated (the applicant must produce a diploma or leaving certificate) or they have turned into a part-time occupation based on the sufficient employment of the applicant.

A university student who has discontinued his/her studies for at least a year is not regarded as a full-time student during that time. The applicant must produce a certificate proving that the studies have been discontinued.

The TE Office must be informed of any studies!

Training allowance

(The terms and conditions below apply to training that commences on 1 July 2009, or thereafter).

A training allowance equal to the unemployment security amount can be paid for self-tuition that has been initiated during a period of unemployment if

- the studies are full-time studies comprising at least 20 study weeks,
- the person has been employed for at least ten years and
- the training is included in a job-seeking plan or employment programme.

In all cases, the person must be unemployed for at least one day before the training starts.

Effect on unemployment security of work incapacity or illness

A person who is incapacitated for work can be a jobseeker at the TE Office. The TE Office does not examine work incapacity as a requirement for receiving unemployment benefits. However, the person must apply for and be prepared to accept work or training that corresponds to his/her work capacity.

A person who is a full-time employee can receive unemployment benefits if

- he/she has received sickness benefits for a maximum period of time,
- his/her work incapacity continues,
- his/her disability pension application is being processed or has been rejected and
- his/her employer cannot offer work tasks that correspond to his/her work capacity.

If a person receives daily sickness allowance or other compensation paid based on full work incapacity, he/she is not generally eligible for unemployment benefits. The payee of the benefits, i.e. the Social Insurance Institute or an unemployment fund, must always be informed, even of partial benefits paid based on work incapacity.

The TE Office must be informed of any sick leave or hospital care.

Travelling abroad during a period of unemployment

An unemployed jobseeker can travel abroad for a maximum of six days when benefits are payable, within any period of approximately one year, without losing his/her unemployment security. The maximum number of travel days can also accumulate from several short journeys abroad.

The TE Office must be informed in advance of any trip, the travel dates and contact information. Required contact information is usually a postal address.

Job search within the EU/EEA

A person receiving earnings-related and basic daily allowance can seek employment for three months in another EU/EEA country without losing his/her Finnish daily allowance. Prior to this, the person must be an unemployed jobseeker for at least four weeks. The TE Office and the unemployment fund or the Social Insurance Institute (KELA) must be informed of the departure, since the person is obliged to sign certain documents before leaving Finland in order to receive unemployment benefits. In the destination country, the person must report to the local employment office as a jobseeker.

Change security

Change security refers to an operating model used to re-employ, as quickly as possible, an employee who has been given notice or is under threat of becoming unemployed. An essential part of change security is the employment programme that replaces the job-seeking plan.

A precondition for the employment programme is that

- the jobseeker has been given notice for economic or production-related reasons
- the jobseeker is laid off for at least 180 days or until further notice
- the jobseeker has been laid off for a continuous period of at least 180 days or
- the jobseeker has resigned after being laid off for a continuous period of at least 200 days

Moreover, prior to the end of the term of notice, receiving a notice of lay off, or being laid off for 180 days, the jobseeker has a total of at least three years' service, or

- as the jobseeker's fixed-term employment period ends, he/she has been employed by the same employer on fixed-term employment contracts without interruption for a minimum period of three years or a total of at least 36 months in the previous 42 months, or
- the jobseeker's employment contract has ended on a fixed-term basis, and he/she has at least a total of five years' service during the past seven years.

A separate request to draw up an employment programme must be submitted to the TE Office within 30 days after the employment has been terminated, notice of lay off received, or the requirement of being laid off for a minimum period of 180 days is met. From the applicant's point of view, it is practical if the employment programme is drawn up during the period of notice.

While the employment programme is in force, an employment programme supplement can be added to the earnings-related and basic daily allowance for

- independent job search (maximum of 20 days),
- job search training,
- labour market training and
- work trials, as agreed upon in the programme.

Appeal in issues related to unemployment security

The labour policy statement issued by the TE Office or the Employment Commission is not subject to appeal. However, decisions issued by the Social Insurance Institution or an unemployment fund, based on the labour policy statement, can be appealed against. A decision will be issued after the jobseeker has applied for unemployment benefits.

More detailed appeal instructions are appended to the decision. For example, the instructions include information on the deadline for making an appeal and an address for sending the appeal.

An appeal against a decision of the Social Insurance Institution or unemployment fund can be made to the Unemployment Appeal Board, and a further appeal against the Board's decision can be made to the Insurance Court. Both the Unemployment Appeal Board and the Insurance Court are appeal bodies that are independent of TE Offices, the Social Insurance Institution and the unemployment funds.

During the appeal process, the Employment Commission in connection with the TE Office can give its own statement to the TE Office due to appeals by applicants, if the appeal concerns refusal to accept a job, resigning or dismissal from a job. The Commission's statement is a recommendation by nature.

Unemployment security agent

Each Employment and Economic Development Centre (T&E Centre) has an unemployment security agent appointed by the Ministry of Employment and the Economy. It is his/her duty to supervise the legality and conformity of labour policy statements within his/her geographical area. The unemployment security agent can be contacted regarding matters related to labour policy statements.

www.te-keskus.fi