Flexibility in YEL contributions

As a self-employed person, you can adjust your YEL contributions to flexibly adapt to your financial situation. When times are good, you can improve your pension cover by making additional contributions. You can also temporarily lower your contributions.

You can pay 10–100 percent higher contributions or 10–20 percent lower insurance contributions. If you pay additional contributions or lower your contributions, however, the combined total of your insurance contributions cannot exceed the contribution calculated for the upper limit of YEL income nor can they be lower than the contribution calculated for the lower limit of YEL income.

You can reduce your contributions for a maximum of three years within seven consecutive calendar years. You can make additional contributions, however, every year.

Additional contributions are tax deductible, just like other YEL contributions.

The flexibility option always applies to one calendar year at a time, and you may adjust your contributions only once within a calendar year.

The flex option affects pension

YEL contributions are based on your confirmed YEL income, which means that using the flexibility option will affect the amount of your total YEL income for that year. By lowering your contributions, your total YEL income will also be lower and, correspondingly, additional contributions will raise your total YEL income. Your total YEL income is used as the basis for calculating your pension accrual for that year.

If disability pension applies to you, you should note that neither additional contributions paid the year before retiring on disability pension nor a reduction in insurance contributions will, in general, be taken into account when calculating the projected pension component for disability pension.

How do I use the flex option?

Send us a written notice indicating that you would like to use the flexibility option. You can, for example, send an email to insuranceservices@varma.fi. Be sure to submit the notice in good time, as the application must be processed and the additional contributions must be paid during the year of flexibility. Your notice must indicate which flexibility option you are requesting, and the amount either as a percentage or a euro amount.
You can flexibly adjust your YEL contributions if

- your insurance is valid for the full year of flexibility
- your insurance is valid for the full calendar year with the same pension insurance company
- you do not have overdue, unpaid YEL contributions
- you do not receive the contribution discount for new entrepreneurs
- you do not yet receive earnings-related pension from Finland (including part-time pension and partial old-age pension)

If you are eligible for the flexibility option, it will be taken into account in your insurance contributions. We will send you a separate invoice for the higher contribution, and it must be paid during the year when the flexibility option is used. Opting for smaller contributions will lower your YEL contributions during the year when the flexibility option is used.

The flexibility option will be cancelled if it is later discovered that the self-employed person was not, in fact, eligible for it due to changes made to the insurance policy. The flexibility option will be cancelled, for example, if your YEL income is changed or if the insurance ends during the year of opting for flexibility.

If the flexibility option is cancelled, the insurance contributions will be re-calculated according to your confirmed YEL income.

Flexibility doesn’t replace normal change made to YEL income

YEL income must reflect the self-employed person’s work input and operating conditions. If essential changes take place in a self-employed person’s business operations and the changes affect the person’s YEL income, it is more advisable to change the YEL income than to make use of the flexibility option.

In terms of the self-employed person’s other social security benefits, it is important to keep YEL income at the right level, as flexibility only affects pension and not, for example, daily allowances or unemployment cover paid according to the Health Insurance Act.

Do you need more information?

Information about YEL insurance is available

- on our website at www.varma.fi
- by sending an email to insuranceservices@varma.fi
- or by calling +358 10 192 102

You will find a lot of information about pension insurance on our website at www.varma.fi. You can take care of your insurance matters quickly and easily by logging in to our eServices, which is free of charge.