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Access to social protection for young people

Finland

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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Access to social protection for
young people**

Finland

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high quality and timely independent information, advice, analysis, and expertise on social policy issues in the European Union and neighbouring countries.

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CONTENTS

SUMMARY.....	4
1 KEY FIGURES ON THE SOCIO-ECONOMIC SITUATION OF YOUNG PEOPLE	5
1.1 Distribution of young people (aged 15–29) by main activity status	5
1.2 Young people (aged 15–29) at risk of poverty or social exclusion	7
1.3 Young people (aged 15–29) materially and socially deprived.....	8
1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)	8
1.5 Early leavers (aged 18–24) from education and training.....	9
1.6 Young people (aged 16–29) living with their parents.....	9
2 ACCESS TO UNEMPLOYMENT BENEFITS	10
2.1 Contributory unemployment benefits	11
2.1.1 Eligibility conditions and benefit entitlements	11
2.1.2 Main gaps and obstacles in access for young people.....	12
2.2 Non-contributory unemployment benefits	13
2.2.1 Basic unemployment allowance	14
2.2.2 Labour market subsidy	14
2.3 Overall gaps/obstacles in access for young people	16
3 ACCESS TO SICKNESS AND HEALTHCARE BENEFITS	16
3.1 Sickness benefits.....	16
3.1.1 Eligibility conditions and benefit entitlements	16
3.1.2 Gaps/obstacles in access for young people.....	17
3.2 Healthcare benefits.....	17
3.2.1 Eligibility conditions and benefit entitlements	18
3.3 Gaps in and obstacles to access for young people.....	18
4 ACCESS TO MATERNITY, PATERNITY, AND PARENTAL CASH BENEFITS	19
4.1 Eligibility conditions and benefit entitlements	19
4.2 Gaps in and obstacles to access for young people.....	20
5 GUARANTEED MINIMUM INCOME SCHEMES	20
5.1 Eligibility conditions and benefit entitlements	21
5.2 Gaps in and obstacles to access for young people.....	23
6 HOUSING BENEFITS	23
6.1 Eligibility conditions and benefit entitlements	24
6.2 Gaps in and obstacles to access for young people.....	25
7 REFORMS, NATIONAL DEBATES, AND RECOMMENDATIONS.....	25
7.1 Reforms implemented since 2015.....	25
7.2 National debates	26
7.3 Good practice and recommendations	26
REFERENCES	27
APPENDIX	30

SUMMARY

Due to the universal nature of social protection schemes in Finland, young people's access to social protection is generally good. Most schemes apply to all residents, regardless of their age or citizenship. In principle, Finnish social security comprises three parts. The first component guarantees minimum-income security for all residents. It includes "basic level" social benefits that are paid either on a flat-rate basis or after income-/means-testing. The second component consists of income-related social insurance for those in employment. In most income-transfer schemes, age is not a criterion; rather, criteria are based on the need for care or the need for income support. The third component of the system includes municipal social and healthcare services that universally cover all residents, from cradle to grave.

Obstacles and problems in access to benefits may arise in very specific life situations among young people. Being under 18 means that one's parents are obliged to provide for one's livelihood. Therefore, many benefits do not provide for younger minors.

Up to the age of 16 (since 1 August 2021 up to 18), youngsters participate in compulsory education; hence, those aged 16-25 are mainly involved in education. Their employment periods are therefore sporadic, which means that their opportunities to fulfil the contributory history required for unemployment benefits are limited. Furthermore, in order to get income-related unemployment benefits, claimants must be members of an unemployment fund. Fund membership is voluntary. Young people have a lower membership rate than older ones. In principle, it is possible to join the fund at the age of 17. However, due to ignorance and sporadic employment spells, young people have problems becoming members and fulfilling the employment criteria (26 weeks of work, minimum of 18 hours per week, in the previous 28 months) for benefit reciprocity. There are also incentives to encourage young people to participate in education. Social assistance can be reduced if a claimant who is under 25 has no occupational training or is not participating in employment-promoting services.

The Finnish minimum-benefits system guarantees income transfers to those who are not employed and do not have income from employment. The minimum sickness allowance (payable to everyone aged 16-67) is a good example. For instance, students, stay-at-home parents, and other groups who have no income will get income support in the event of sickness. There are no age-based exclusions.

In contributory schemes, eligibility for benefits (or pension accumulation) begins at the age of 17. Universal child allowance is payable up to that age.

The obligatory school age extends to 18, which means that the labour market participation of people younger than that remains low. The universal study grant, which is free, compensates for their low income from employment.

The social security system's universality and comprehensiveness reflect good practice. Furthermore, municipalities are obliged to form a co-ordination network offering counselling and planning services to the young. The network must include representatives of the local education, social and healthcare, youth work, and employment and policy authorities.

Unemployment and working under precarious conditions make young people vulnerable to health problems, especially mental health problems. The novel coronavirus (COVID-19) pandemic has accentuated problems in healthcare in general, and in mental healthcare and therapeutic rehabilitation in particular. Lengthy waiting lists and queues jeopardise access to essential services. Investing in effective services, implementing early intervention, and fostering preventive environments are all necessary to keep vulnerable young people in educational institutions and help them adapt to working life.

1 KEY FIGURES ON THE SOCIO-ECONOMIC SITUATION OF YOUNG PEOPLE¹

1.1 Distribution of young people (aged 15–29) by main activity status

Table 1a: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Finland, % 15-29 and 30-64)

	FINLAND											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	51.7	52.8	53.8	55.5	56.5	53.9	75.1	75.4	76.2	78.5	79.3	79.0
<i>Paid employment**</i>	94.0	93.7	94.6	94.7	94.3	93.5	85.2	85.5	86.3	86.4	86.2	86.6
<i>Self-employment**</i>	4.2	4.6	3.9	4.0	4.4	4.9	13.6	13.3	12.6	12.7	13.0	12.5
<i>Contributing family work**</i>	1.7	1.7	1.5	1.3	1.2	1.6	1.2	1.2	1.1	1.0	0.9	0.9
UNEMPLOYMENT***	17.3	15.6	15.1	12.9	12.3	15.1	7.3	7.0	7.0	5.9	5.2	5.9
INACTIVITY****	37.5	37.4	36.6	36.3	35.5	36.4	19.0	18.9	18.1	16.6	16.4	16.1
	EU-27											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	45.0	45.9	46.9	47.7	48.2	46.1	71.4	72.4	73.5	74.5	75.3	74.9
<i>Paid employment**</i>	91.8	92.2	92.4	92.6	92.8	92.5	83.0	83.3	83.7	84.0	84.1	84.2
<i>Self-employment**</i>	5.3	5.2	5.2	5.2	5.1	5.4	14.6	14.5	14.3	14.2	14.2	14.1
<i>Contributing family work **</i>	2.9	2.6	2.4	2.2	2.1	2.1	2.4	2.2	2.0	1.8	1.7	1.7
UNEMPLOYMENT***	17.3	15.8	14.2	12.8	11.9	13.3	8.5	7.7	6.9	6.1	5.6	5.8
INACTIVITY****	45.6	45.4	45.3	45.3	45.3	46.8	22.0	21.6	21.0	20.6	20.2	20.5

Notes: (*) The employment rate is expressed as a share (%) of the total population in the age group. The 3 categories of employment (paid employment [i.e. employees], self-employment and contributing family work) are expressed as a share (%) of the population in employment in the age group. Contributing family work is a form of labour (generally unpaid, although compensation may come indirectly in the form of family income) that supports another member of the family to run an agricultural holding or another business. (**) The unemployment rate is expressed as a share (%) of the active population, i.e. the population that is either in employment or unemployed (not the total population), in the age group. (***) The inactivity rate is expressed as a share (%) of the total population in the age group.

Reading note: In 2020, in Finland, 53.9% of people aged between 15 and 29 were in employment, compared to 79.0% of those aged 30-64. In the EU-27 as a whole, these figures were 46.1% and 74.9%, respectively. The share of people unemployed in the active population in Finland was 15.1% of the 15-29 age group and 5.9% of the 30-64 age group (EU-27 average: 13.3% and 5.8%). The shares of people economically inactive in Finland in the 15-29 and 30-64 age groups were 36.4% and 16.1%, respectively (EU-27 average: 46.8% and 20.5%).

Source: Eurostat, ESPN Network Core Team calculations based on LFS indicators [*Ifsa_eegais*], [*Ifsa_egaps*], [*Ifsa_pganws*] and [*Ifsa_igan*]. Data downloaded on 24 May 2021.

¹ Except where otherwise specified, the indicators presented in Section 1 of this report were computed by the ESPN Network Core Team on the basis of data coming from two data sources coordinated at the European level by the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>): European Union Labour Force Survey (EU-LFS) and European Union Statistics on Income and Living Conditions (EU-SILC). These indicators were computed for all the 35 ESPN countries for which the data needed were available. All these ESPN countries' estimates are presented in Annex B of the following Synthesis Report: Dalila Ghailani, Stéphanie Coster, Ramón Peña-Casas and Pietro Regazzoni (2021), "Access to social protection for young people. An analysis of policies in 35 countries", European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This Synthesis Report can be downloaded [here](#).

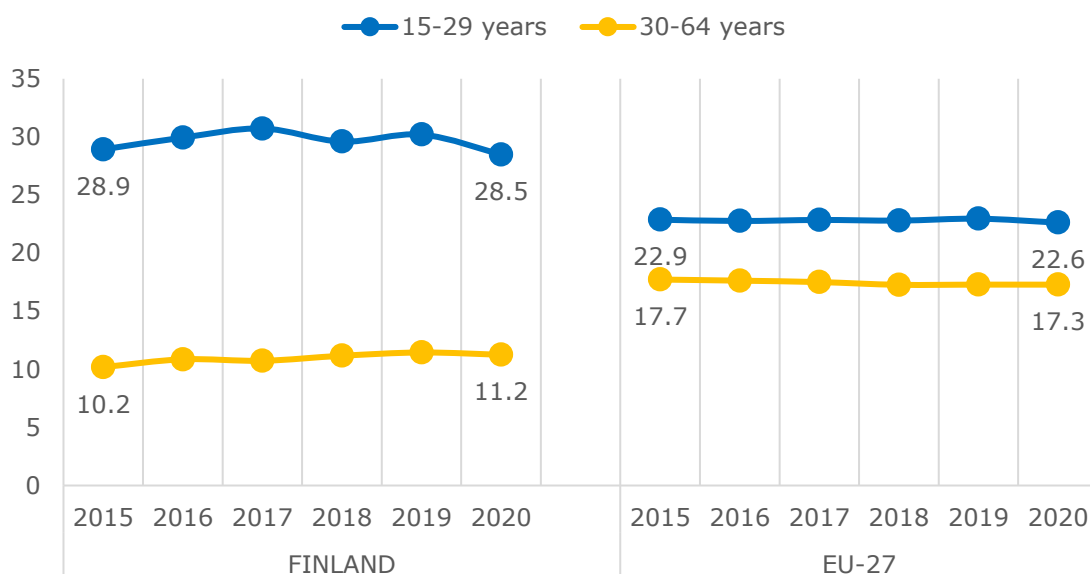
Table 1b: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Finland, ratios 15-29/30-64)

	FINLAND						EU-27					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	0.69	0.70	0.71	0.71	0.71	0.68	0.63	0.63	0.64	0.64	0.64	0.62
Paid employment**	1.10	1.10	1.10	1.10	1.09	1.08	1.11	1.11	1.10	1.10	1.10	1.10
Self-employment**	0.31	0.35	0.31	0.32	0.34	0.39	0.36	0.36	0.36	0.36	0.36	0.38
Contributing family work**	1.39	1.38	1.40	1.33	1.42	1.77	1.21	1.20	1.21	1.24	1.24	1.20
UNEMPLOYMENT***	2.38	2.23	2.17	2.19	2.38	2.59	2.04	2.06	2.06	2.09	2.10	2.29
INACTIVITY****	1.97	1.98	2.02	2.19	2.17	2.27	2.07	2.11	2.16	2.20	2.24	2.29

Notes: To obtain the ratio of 15-29 to 30-64, the 15-29 percentage is divided by the 30-64 percentage: a value below (above) 1 in a given activity status therefore means that 15-29-year-olds are proportionally less (more) numerous in that activity status than 30-64-year-olds. See also Notes to Table 1a above.

Reading note: In 2020, in Finland, 53.9% of people aged between 15 and 29 were in employment compared to 79.0% of those aged 30-64 (see Table 1a) – i.e. a 15-29:30-64 ratio of 0.68. In the EU-27 as a whole (see table 1a), these figures were 46.1 and 74.9% respectively (ratio 0.62).

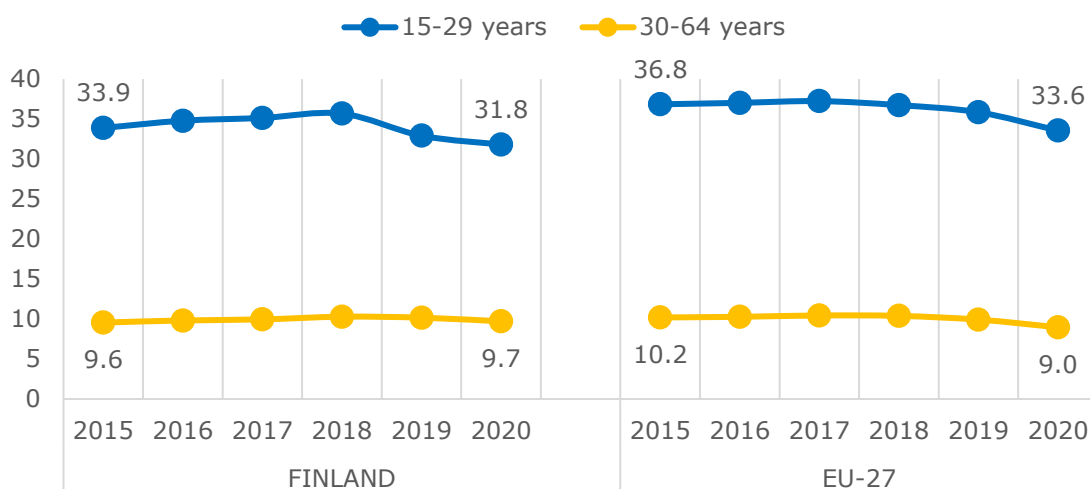
Source: See Table 1a.

Figure 1: Part-time employment as a share of the population in employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Finland, %)

Reading note: In 2020, in Finland, the share of part-time employment in total employment was 28.5% for the 15-29 age group and 11.2% for the 30-64 age group. For the EU-27 as a whole, these shares were 22.6% and 17.3%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicator [lfsa_epgn62]. Data downloaded on 24 May 2021.

Figure 2: Temporary employment as a share of population in paid employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Finland, %)

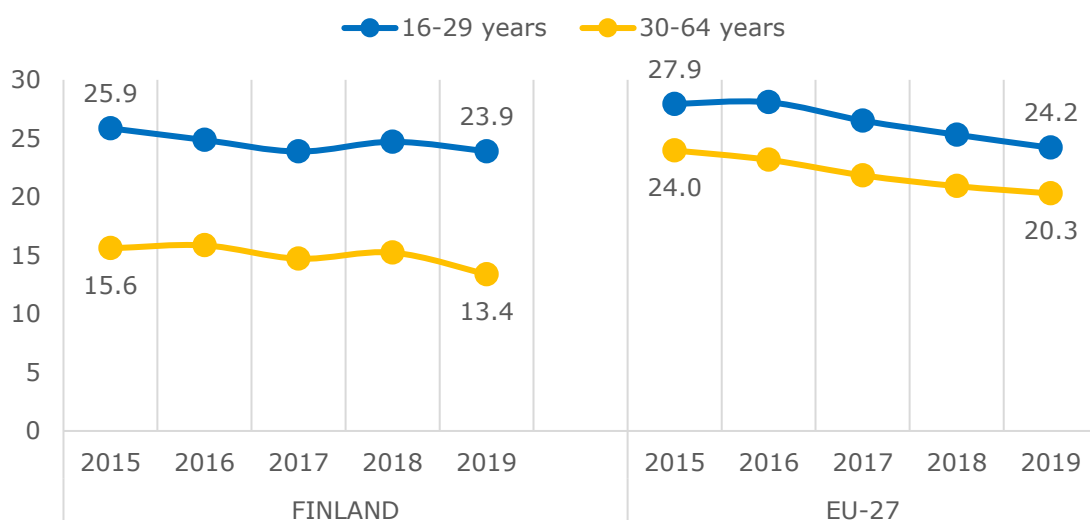


Reading note: In 2020, in Finland, the share of temporary workers among employees was 31.8% for the 15-29 age group and 9.7% for the 30-64 age group. For the EU-27 as a whole, these shares were 33.6% and 9.0%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicators [lfsa_epgn62] and [lfsa_egaps]. Data downloaded on 24 May 2021.

1.2 Young people (aged 15–29) at risk of poverty or social exclusion

Figure 3: People at risk of poverty or social exclusion - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Finland, %)

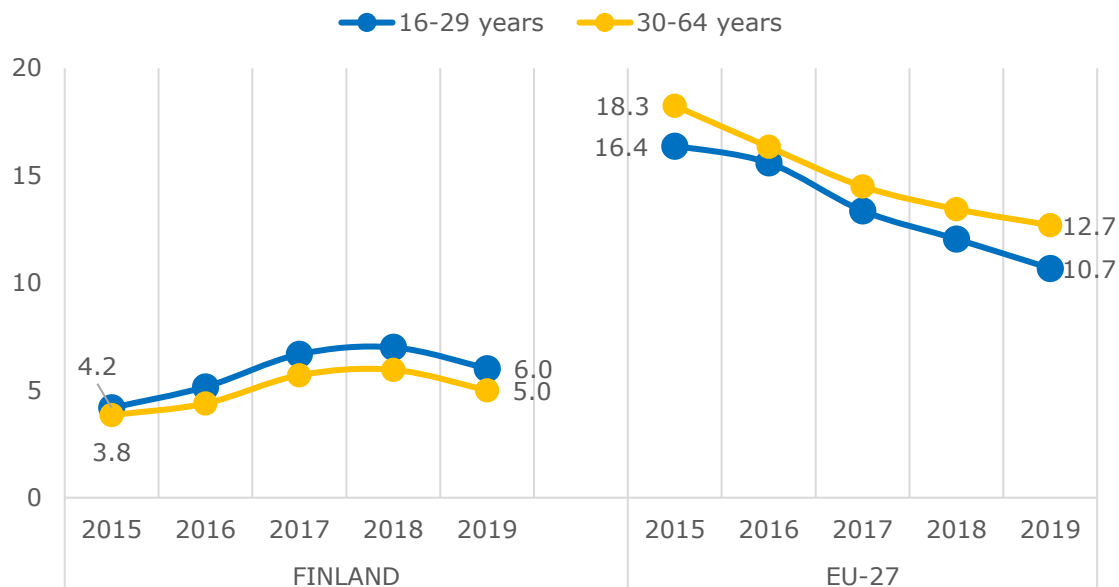


Reading note: In 2019, in Finland, 23.9% of the 16-29 age group were at risk of poverty or social exclusion (i.e. they were living in a household that was at risk of poverty and/or severely materially and socially deprived and/or (quasi-)jobless according to the EU definition of these indicators) compared to 13.4% of the 30-64 age group. For the EU-27 as a whole, these figures were 24.2% and 20.3%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc_peps02]. Data downloaded on 24 May 2021.

1.3 Young people (aged 15–29) materially and socially deprived

Figure 4: People materially and socially deprived - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Finland, %)

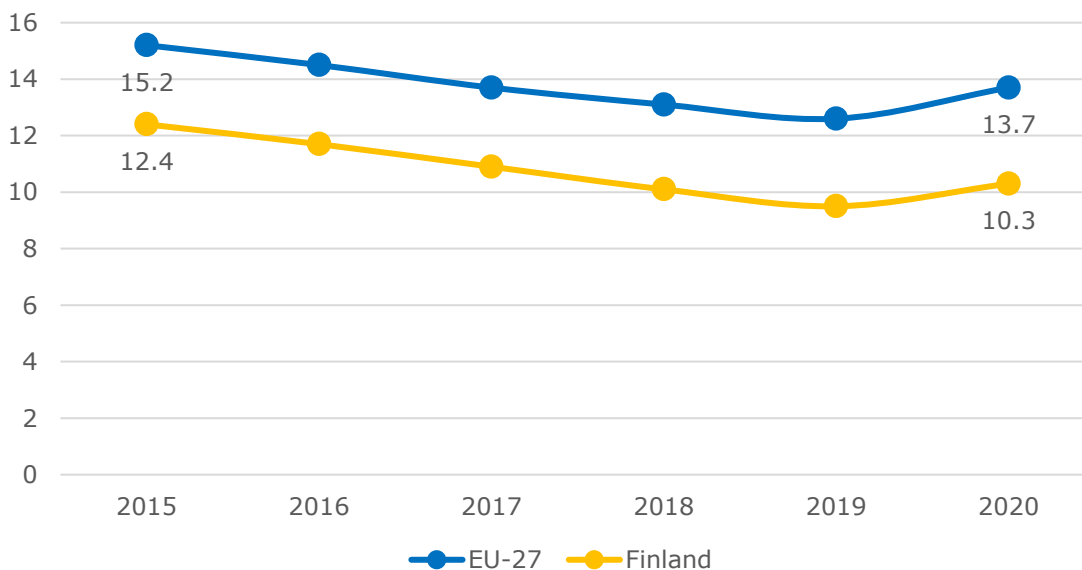


Reading note: In 2019, in Finland, 6.0% of the 16-29 age group were materially and socially deprived (according to the EU definition of this indicator) compared to 5.0% of the 30-64 age group. For the EU-27 as a whole, these figures were 10.7% and 12.7%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc_mdsc]. Data downloaded on 24 May 2021.

1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)

Figure 5: People aged 15-29 neither in employment nor in education or training (NEETs) (2015-2020, EU-27 and Finland, %)

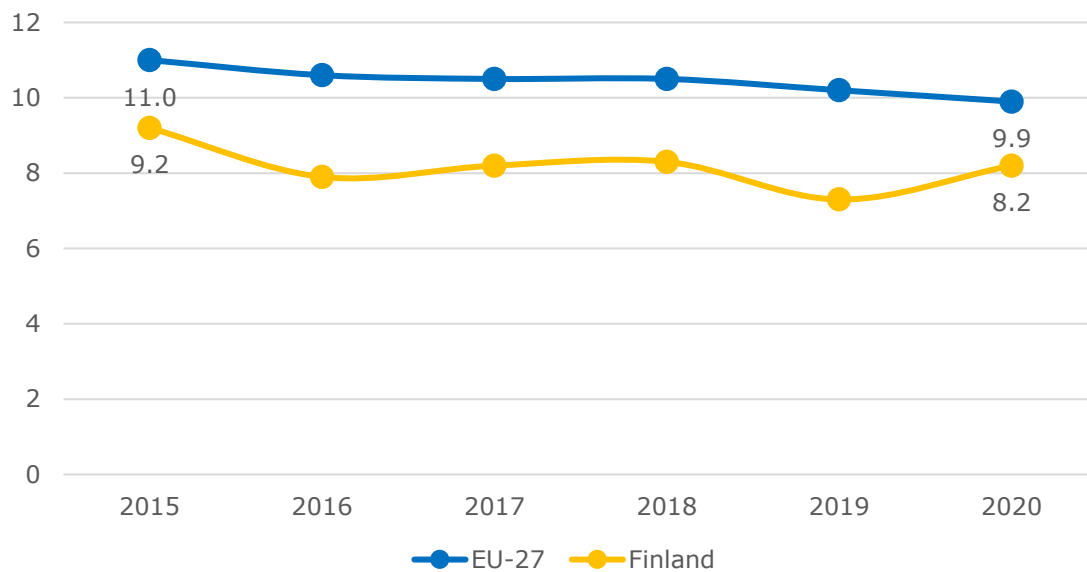


Reading note: In 2020, in Finland, 10.3% of the 15-29 age group were neither in employment nor in education or training (NEET) compared to 13.7 for the EU-27 as a whole.

Source: Eurostat, LFS - indicator [lfse_20]. Data downloaded on 24 May 2021.

1.5 Early leavers (aged 18–24) from education and training

Figure 6: Early leavers from education and training for the 18-24 age group (2015-2020, EU-27 and Finland, %)

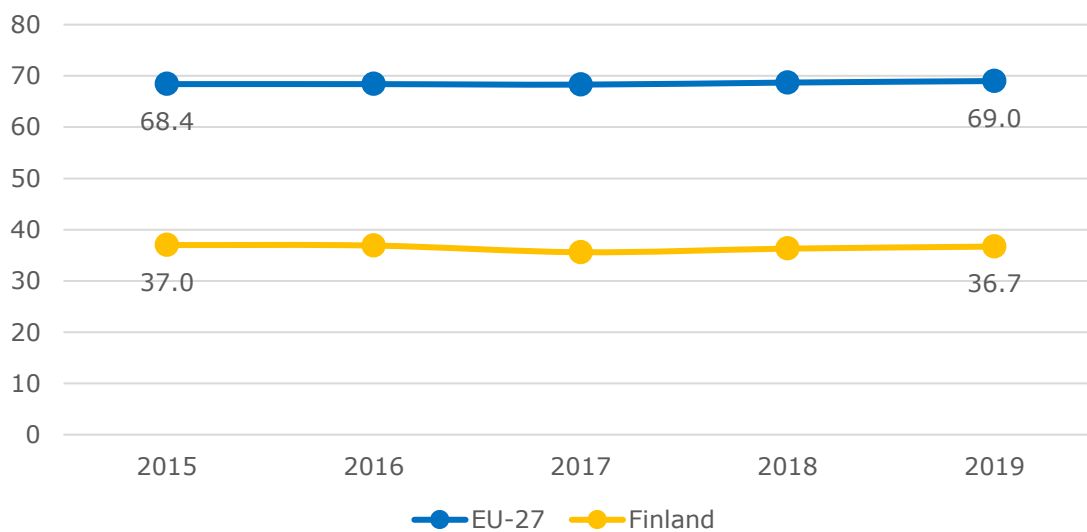


Reading note: In 2020, in Finland, 8.2% of the 18-24 age group were early leavers from education and training – i.e. they had completed, at most, lower secondary education and were not in further education or training. For the EU-27 as a whole, this figure was 9.9%.

Source: Eurostat, LFS - indicator [edat_lfse_14]. Data downloaded on 24 May 2021.

1.6 Young people (aged 16–29) living with their parents

Figure 7: Young people aged 16-29 living with their parents (2015-2019, EU-27 and Finland, %)



Reading note: In 2019, in Finland, 36.7% of the 16-29 age group were living with their parents, compared to 69.0% for the EU-27 as a whole.

Source: EU-SILC - indicator [ilc_lvps08]. Data downloaded on 24 May 2021.

2 ACCESS TO UNEMPLOYMENT BENEFITS

There are two basic principles in the Finnish income-maintenance system. First, the minimum benefits are intended to guarantee basic security and a decent livelihood for every Finnish resident regardless of their employment history, labour market status or age. These flat-rate or income-tested benefits are mainly paid by the Social Insurance Institution of Finland (Kela), which also pays out basic social assistance benefits. Second, earnings-related benefits protects consumption levels if a claimant's income from employment ceases because of social risks such as illness, unemployment, disability, and old age. These two principles are relevant for the social security schemes discussed in this thematic report.

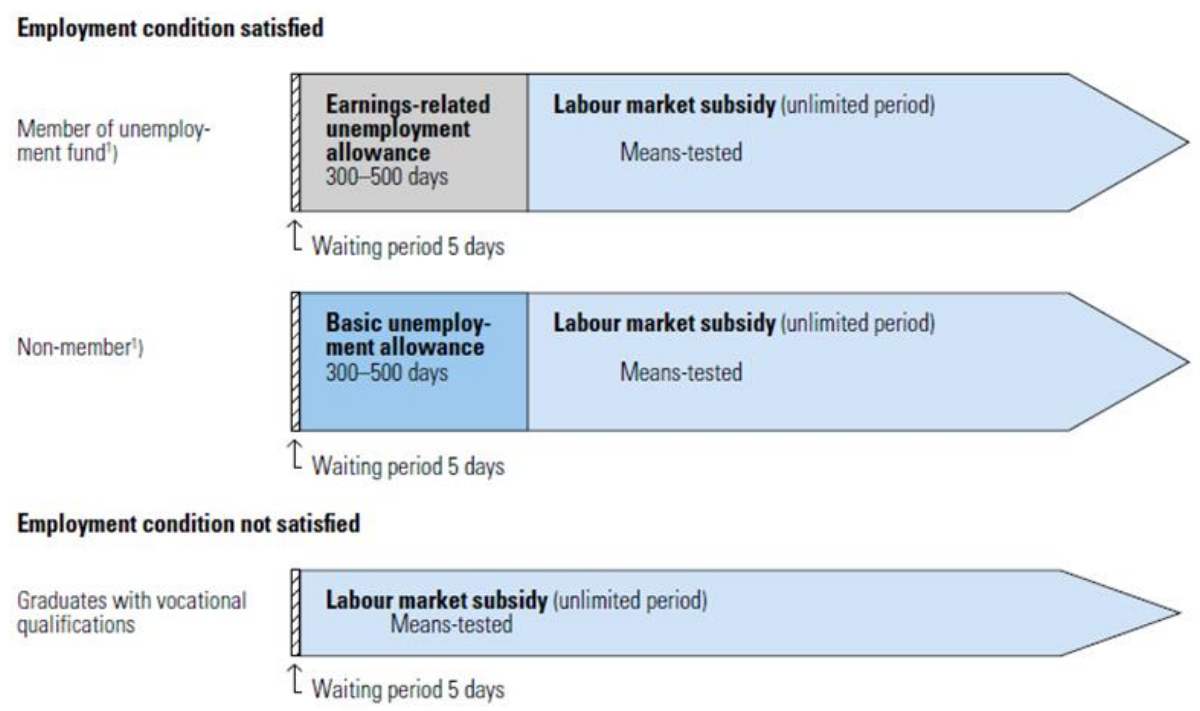
As a rule, benefits are not age-specific. However, due to their precarious and sporadic employment histories, young people may have problems in qualifying for income-related benefits. Thus, age may indirectly be a determinant of access to benefits. For example, unemployment in Finland is age-specific (but not gender-specific). The unemployment rate among people aged 15-24 was 21.4% in 2020 and 8.6% among those aged 25-29, whereas it was much lower (5.9%) in the 30-64 age group (see Annex B of Synthesis Report [*op. cit.*]; see also Statistics Finland, 2021).

In 2020, 41.1% of those aged 15-24, and 75.3% of those aged 25-29, were employed. The employment rate was higher (74.9%) in the 30-64 age group. The Finnish employment rates in each age group are somewhat higher than the EU-27 averages (31.4%, 72.9% and 74.9%, respectively) (see Annex B of Synthesis Report [*op. cit.*]). Also, inactivity rates among the 15-29 age group (33.8% for males and 39.2% for females) are significantly higher than among the 30-64 age groups (14.6% for males and 17.6% for females) (see Section 1). These labour market situations have ramifications for access to benefits.

In accordance with the aforementioned principles, the Finnish unemployment protection system is two-layered. It is divided into contributory income-related benefits and basic security benefits, the latter of which, in turn, are divided into the basic unemployment allowance and the labour market subsidy. A schematic presentation of the Finnish unemployment system is given in Figure 1. Earnings-related unemployment allowance is provided by voluntary unemployment funds [*työttömyyskassa*] (see Section 2.1). For individuals who have not joined any unemployment fund, two "basic" unemployment benefits are available: the basic unemployment allowance [*peruspäiväraha*] (see Section 2.2.1) and the labour market subsidy [*työmarkkinatuki*] (see Section 2.2.2). Kela provides these basic benefits. The three benefits cannot be combined. Appendix Figure A1 depicts the number of recipients of the three unemployment benefit schemes according to age (data for 2020).

In all three forms of unemployment protection, there is an adjustment system for income from part-time or incidental work. For "adjusted unemployment benefits" [*soviteltu päiväraha*], work income up to €300 per month (the "exempt amount") does not reduce benefits, but income greater than the exempt amount reduces the benefit by certain tapering percentages, usually 50% (for a comprehensive presentation, see Kyyrä et al., 2017).

In Finland, there is no unemployment scheme specifically targeting young people (for example, European Youth Forum, 2016: 27).

Figure 1. The structure of the Finnish unemployment benefit system

Source: Kela 2019:385.

2.1 Contributory unemployment benefits

In order to get contributory income-related unemployment benefits, unemployed people must belong to a voluntary unemployment fund. Wage earners can join a wage earners' fund [*palkansaajakassa*] and self-employed people an entrepreneurs' fund [*yrittäjäkassa*]. In 2018, 71% of the labour force had fund membership (FIN-SA, 2019).

2.1.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the contributory, earnings-related unemployment scheme in Finland as far as young people are concerned are the following.

a) Age

There is no minimum age for joining the funds. However, unemployment benefits can only be paid to those over 17. In addition, only work done after the age of 17 contributes to weeks in employment. Thus, fund membership is virtually useless to people under 17. Otherwise, age is not a criterion for this scheme.

b) Activity status requirement

A young person can join a fund during summer or part-time work, paid university internships, or self-employment; thus, trainees and apprentices are considered to be in employment, and they have access to benefits, if they are members of an unemployment fund. There are no specific rules for non-standard workers.

In order to receive the benefits, claimants must register at the Employment and Business Service Office (TEO) and be able and available to work. Young people aged 17-24 must apply for vocational training unless already obtained (OECD, 2020).

c) Contributory history

In order to be entitled to income-related benefits, unemployed people must have been insured by a voluntary unemployment fund for 26 weeks before becoming unemployed.

There must be at least 18 working hours per week. Weeks in employment can be accrued during the 28 months before unemployment. The rules are the same for all age groups.

d) Waiting period

There is a five-day unpaid waiting period for all.

e) Replacement rate / benefit level

The replacement rate varies according to people's income. Although there are no formal ceilings, there is an income threshold, after which the replacement percentage is reduced. At the average income level (about €3,300 per month), the replacement rate is about 60% of net income.

The benefits paid are the same for all the wage earners' funds. The benefits paid by the entrepreneurs' fund depend on the type of coverage that the insured have chosen for their income to form the basis for benefit purposes.

The benefit calculation is the same for all age groups.

f) Duration

As a rule, the benefit is payable for up to 400 days (five days per week for about two years). If the employment history is shorter than three years, the maximum payment period for unemployment allowance is 300 days (about 1.5 years). For older fund members with a long work history, the benefit period can be extended to 500 days (about 2.5 years)². If the claimant is still unemployed when the basic unemployment allowance terminates, then they can apply for a labour market subsidy.

2.1.2 Main gaps and obstacles in access for young people

a) Main gaps in access

Due to the general nature of the unemployment protection schemes in Finland, in principle there are no major gaps specific to young people. Benefits are paid to everyone over 17 providing that they satisfy the qualifying conditions (see Section 2.1.1.c).

b) Main obstacles in access

As Appendix Figure 1A shows, recipients of income-related benefits tend to be older than 30. In younger age groups, there are fewer people getting income-related benefits.

Various obstacles to, and problems with, access to benefits may indirectly arise because of young people's specific labour market situation. Up to age 16 (18 from 1 August 2021), they are covered by compulsory education. Thus, fund members in the 17-25 age group are mainly involved in education and only have sporadic employment periods. Due to lower employment rates (see Section 4 above), opportunities for younger people to fulfil the contributory history requirement for benefits are more limited than among older age groups.

Furthermore, since unemployment fund membership is voluntary, many young people, in general, and many in low-paid and temporary jobs, in particular, do not join a fund at all. 10% of those aged 17-19 have unemployment fund membership. The corresponding shares are 31% for the 20-24 age group, 53% for the 25-29 age group, and 65% for those older than 30. The main reasons for not joining a fund are related to education and not yet having a job. 19% of students reported membership of an unemployment fund. (Grimm-Vikman, 2019).

² a) If unemployed people have been employed for less than three years, the maximum duration of the benefits period is 300 days (about 14 months); b) if they have been employed for more than three years, the maximum duration is 400 days (about 18 months). In both cases, there are no age-specific conditions. c) If an unemployed person is 58 and has five years of work history in the previous 20, the maximum benefits duration is 500 days (about 23 months).

As Table 2 shows, fund membership correlates with age and labour market status. Young, low-paid, fixed-term, and male more often than female employees, tend to opt out of the contributory insurance scheme (see also Spasova et al., 2017: 53). Other studies have confirmed these findings. Young low-income workers, workers with temporary contracts, employees in the private sector, and men are less likely to be members of unemployment funds (Böckerman and Uusitalo, 2006; Maczulskij, 2016; Aalto, 2016; Kotamäki, 2018).

In order to be insured, people must actively join a fund. However, due to ignorance about how the system works, the youth participation rate is low. When asked to give their reasons for non-membership of unemployment funds, most respondents said that they did not know about them, while self-employed people said that they had no use for membership (Grimm-Vikman, 2019).

In sum, it appears that those in the most vulnerable positions and those with a low income do not insure their income. However, this may be a totally rational choice. If one's income is low, then basic benefits, combined with housing allowance and possibly social assistance, produce the same replacement level as the income-related benefit would.

Table 2: Membership in unemployment fund according to age and labour market status in Finland 2015

Labour market status	Age group	
	17-29	30 and over
Full-time permanent job	71%	88%
Full-time fixed-term job	46%	81%
Part-time permanent job	27%	81%
Part-time fixed-term job	23%	78%
Zero-hours contract	38%	55%
Self-employed	0%	16%
All	36%	65%

Source: Taloustutkimus, 2015³; Grimm-Vikman, 2019

2.2 Non-contributory unemployment benefits

The non-contributory basic unemployment protection system is divided into the **basic unemployment allowance** and the **labour market subsidy**. They deliver the same gross monthly benefit, but their eligibility conditions and target groups differ. The basic unemployment allowance is paid to people who are not unemployment fund members but who meet the work requirement for employees or self-employed people when they become unemployed. These conditions are the same as in unemployment funds (see Section 2.1.1.c).

The labour market subsidy targets those unemployed people who enter the labour market for the first time or who have not worked long enough (i.e. those who do not meet the

³ A telephone survey of opinions on unemployment fund membership. The survey was carried out by Taloustutkimus survey company at the end of 2015. The data are for a representative random sample of the total population in mainland Finland (Åland Islands excluded) and they contain responses from 2,052 people aged 17-65.

work requirement, or whose earnings-related unemployment allowance has expired because the maximum number of days have been used up). These benefits are sequential (see Figure 1) and cannot be combined.

2.2.1 Basic unemployment allowance

Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the basic unemployment allowance in Finland as far as young people are concerned are the following (Kela, 2021a).

a) Age

Basic unemployment allowance is payable to unemployed people aged 17-64 who are residing in Finland. There are no other age-related criteria.

b) Activity status requirement

Registration as an unemployed job-seeker with the TEO. (For other criteria, see c.)

c) Contributory history

The basic unemployment allowance is paid to people who meet the work requirement for employees or self-employed people when they become unemployed. There is a work requirement of 26 weeks before becoming unemployed. There must be at least 18 working hours per week. Weeks in employment can be accrued during the 28 months before unemployment. These conditions are the same as in unemployment funds (see Section 2.1.1.c).

d) Waiting period

There is a five-day unpaid waiting period for all.

e) Replacement rate / benefit level

The basic unemployment allowance is a flat-rate benefit of €726 per month (in 2021). The amount is the same for all age groups.

f) Duration

The benefit is payable for up to 400 days (about two years). If the employment history is shorter than three years, the maximum payment period for unemployment allowance is 300 days (about 1.5 years). For older fund members (58 or over) with a work history of five or more years during the last 20, the benefit period can be extended to 500 days (about 2.5 years). If the claimant is still unemployed when the basic unemployment allowance terminates, they can then apply for the labour market subsidy. Benefits cannot be combined; they are sequential.

Main gaps in and obstacles to access for young people

a) Main gaps in access

The main gap in young people's access to basic unemployment allowance is that they often do not fulfil the employment criteria, which are the same as in the contributory scheme (see Section 2.2.1.c).

b) Main obstacles to access

There are no major obstacles if the employment condition is satisfied. Appendix Table A1 indicates that receiving basic unemployment allowance is most common in the 20-29 age bracket.

2.2.2 Labour market subsidy

2.2.2.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the labour market subsidy in Finland as far as young people are concerned are the following (Kela, 2021b).

a) Age

The labour market subsidy is payable to unemployed people aged 17-64 residing in Finland. There are special activity and age-specific requirements to get the benefit.

b) Activity status requirement

Claimants must register as an unemployed job-seeker with the TEO. Special requirements apply to younger applicants. If an unemployed person is 17 and does not have vocational qualifications, they can receive the labour market subsidy only for periods of participation in employment-promoting measures.

If a claimant is 18-24 and does not have vocational qualifications, they are obliged to apply for a study place. If they do not apply, or do not accept the study place offered, they may lose their entitlement to unemployment benefits. In such cases, the entitlement can be restored when the conditions on vocational qualifications are met or the work requirement is fulfilled, or if claimants participate in employment-promoting services, undertake full-time studies, or reach age 25.

c) Contributory history

There are no contributory requirements for labour market subsidy.

d) Waiting period

In principle, there is a five-day unpaid waiting period. However, no waiting period is required if the labour market subsidy is paid immediately after the unemployment allowance (basic or earnings-related) has been paid for the maximum period of time.

For applicants younger than 25, special regulations apply. If a claimant has not completed vocational training, the waiting period is five months. During that time, they are entitled to social assistance, and there are activity requirements as described above (see b).

e) Replacement rate / benefit level

The labour market subsidy is a means-tested benefit. The maximum is €726 per month (in 2021). The amount is reduced by the applicant's own income and, in the case of a young applicant living with their parents, parents' income also reduces the subsidy amount.

Calculation of the benefit is not age-specific.

f) Duration

There are no upper limits on duration.

2.2.2.2 Main gaps in and obstacles to access for young people

a) Main gaps in access

Young unemployed people are entitled to a means-tested labour market subsidy and the benefit is most common among those aged 20-34 (Appendix Figure 1A).

There is a waiting period of five months, during which claimants are entitled to social assistance. The problem is that means-tested programmes tend to create severe work disincentives. For example, the tapering rate in social assistance is 100%. The most severe disincentive problems are in cases where the income basket consists of multiple income-tested transfers (such as social assistance and housing allowance). Then, effective participation tax rates will be high, creating disincentives for the unemployed, be they old or young, to accept job offers.

b) Main obstacles to access

The majority of young people receiving basic income support are unemployed, but most do not receive unemployment benefits. This is caused, on the one hand, by the very long

waiting period in the labour market subsidy scheme for those without vocational education, and, on the other hand, by the fact that their access to unemployment benefits may be declined because they refuse to work, participate in activation or they have interrupted their studies (Raittila et al., 2018).

2.3 Overall gaps/obstacles in access for young people

The Finnish unemployment protection system consists of three different and separate elements that cannot be combined (i.e. paid on top of one another). Rather, they are sequential: unemployed people whose rights to earnings-related benefits or basic unemployment benefit have expired (due to their long-term unemployment) will get labour market subsidy that is income-tested but not time-limited.

a) Main gaps in access

As regards the contributory scheme, younger age groups, self-employed people and those in precarious labour market positions have significantly lower membership rates than those in secure employment positions. As regards the basic unemployment allowance, due to their sporadic employment spells young people do not fulfil the eligibility conditions. Therefore, as a rule, young people are entitled to labour market subsidy. The problem is that there is a very long waiting period, during which claimants will get social assistance.

b) Main obstacles

As indicated in Section 2.1.2.b, the main obstacle to joining a voluntary unemployment fund is ignorance: people do not know that in order to get income-related benefit they have to register themselves in a fund (Taloustutkimus, 2015; Grimm-Vikman, 2019). As regards the two basic unemployment benefits, the main obstacles to access are related to the eligibility conditions and the long waiting period.

3 ACCESS TO SICKNESS AND HEALTHCARE BENEFITS

In Finland, sickness and healthcare benefits are universal. From birth, all residents, regardless of their citizenship, are insured against illness. Sickness insurance is administered by Kela.

3.1 Sickness benefits

A daily allowance is universally available to all residents aged 16-67. There is a minimum daily allowance for those who have low or no income (e.g. stay-at-home parents, unpaid family workers, and students). In addition, there is income-related insurance for those who have income from employment (Kela, 2021c). Furthermore, employers are legally obliged to provide sick pay for their employees.

3.1.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the sickness insurance scheme (daily allowance) in Finland as far as young people are concerned are the following.

a) Age

All residents aged 16-67 are insured. Otherwise, age is not a criterion for this scheme.

b) Activity status requirement

In order to be entitled to income-related benefits, claimants must have income from employment, whereas the minimum daily allowance is available for those who have low or no income. As regards the situation of trainees, apprentices, and self-employed people, all other specific categories of non-standard workers are included.

Age is irrelevant.

c) Contributory history required to access the scheme

No contribution history is needed for the Kela-based universal scheme. However, employer-based sick pay schemes vary according to labour market agreements / labour contracts (see d and e). Age is irrelevant.

d) Waiting period

Benefits are payable after a nine-day waiting period. For employees, mandatory sick pay covers loss of earnings, at least during the waiting period. Labour market agreements differ in terms of the duration of employment that entitles employees to employer-provided sick pay. The self-employed who opt in to voluntary insurance are entitled to sickness benefits from the first day of sickness (Spasova et al., 2017: 34).

e) Replacement rate / benefit level

The replacement level in the Kela-based scheme is about 70% of the recipient's income. The minimum daily allowance paid by Kela is €726.25 per month (in 2021) is payable to those whose annual income is €0 to €13,800. In the sick pay schemes the replacement rate is usually 100%. The self-employed who opt in to voluntary insurance are entitled to sickness benefits from the first day of sickness (Spasova et al., 2017: 34).

f) Duration

The benefit period in the Kela-based scheme is one year. In the employer-provided sick pay schemes the period is usually one to two months.

3.1.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Finland are the following.

a) Main gaps in access for young people

Due to the universal characteristics of the sickness insurance scheme, which provides a daily allowance for all, there are no major gaps in access to benefits. A daily allowance in the event of sickness is universally available for everyone aged 16-67. The amount of the allowance depends on the claimant's income. Those with a very low income or no income will receive the minimum benefit on a flat-rate basis. Thus, in principle, age is not a criterion. However, those young people who are not entitled to employer-provided sick pay suffer from the unpaid waiting period of nine days.

b) Main obstacles in access for young people

Due to the universality of the scheme, there are no other major obstacles except the long waiting period for those who are not entitled to sick pay.

3.2 Healthcare benefits

Finnish healthcare insurance has three different elements. 1) Municipalities are responsible for universal healthcare, which covers all residents. Municipal healthcare is financed by taxes and user fees. 2) Occupational healthcare provides benefits to the employed. Every employee is entitled to occupational healthcare, regardless of the nature and duration of the employment relationship. Occupational healthcare is a service provided and paid for by the employer. Many big and medium-sized employers even provide basic out-patient treatment of common diseases. Students have their own "occupational health" scheme under the Finnish Students Health Service (FSHS, 2021)⁴. 3) The national health insurance system (run by Kela) reimburses part of the costs of prescription medicines, as well as

⁴ As a rule, the services of the FSHS cover all students completing a Finnish degree at university. However, healthcare for exchange students who come to Finland from abroad falls under municipal healthcare, not the FSHS.

medical treatment by a private provider if a patient chooses to use a private provider instead of the public provisions. The programme is universal (i.e. it covers all residents, regardless of their age). In addition, non-resident employed or self-employed people working in Finland are covered (MISSOC, 2020).

3.2.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to healthcare benefits in Finland as far as young people are concerned are the following.

a) Age

Regarding municipal healthcare and Kela-provided reimbursement for medicines and care in the private sector, all residents are insured. In principle, age is not a criterion for these schemes. (However, see e.)

Occupational healthcare is available for all employees, regardless of their age (i.e. age is not a criterion for the scheme).

b) Activity status requirement

There are no activity status requirements for access to healthcare.

Age is not a criterion.

c) Contributory history required to access the scheme

No contribution history is needed.

d) Waiting period

There are no waiting periods.

e) Replacement rate / benefit level

The fee for a visit to a municipal healthcare centre depends on the municipality. The legal maximum fee is €22.50 (in 2021). The municipality may also decide not to charge a fee. Patients under 18 are exempt from municipal healthcare centre fees.

The ceiling on the costs of public healthcare (including different forms of care and services) is €683 per year and after that services are free of charge (Ministry for Social and Health Affairs, 2021).

Visits to child and maternity clinics are free of charge for all mothers regardless of their age (i.e. age is not a criterion).

The maximum fee for in-patient care in hospital is €48.90 a day (MISSOC, 2020).

Dental care is free of charge for all residents under 18.

Kela reimburses the costs of prescribed medicines. The reimbursement varies from 40% to 100% depending on the medicine in question. There is an annual initial deductible (€50). Children and adolescents are exempt from the initial deductible. The annual ceiling for medicine costs is €579.78; thereafter claimants pay €2.50 for each medicine they buy (Kela, 2021d). Age is not a criterion.

f) Duration

Duration depends on the health issue. Age is not a criterion.

3.3 Gaps in and obstacles to access for young people

The main gaps in, and obstacles to, access for young people identified for this scheme in Finland are the following.

a) Main gaps in access for young people

Regarding health services, age is not a criterion, and there should not be gaps in access. The scheme universally covers all residents and all age groups. The main gap is due to the long waiting lists to access “non-urgent” care. The problem is acute in mental healthcare in general. However, for most employed people, rapid and free access to primary healthcare is often guaranteed through occupational healthcare provided by their employer. The system creates inequalities in health between those who are entitled to occupation healthcare and those who are not.

b) Main obstacles to access for young people

There are some obstacles for young people. Unemployment and working under precarious conditions make young people vulnerable to health problems. Mental disorders are the leading cause of work disability among young adults, not only in Finland but across Europe (Holappa, 2018). In the 2010s, the number of new work disability pensions due to mental problems among people under 35 increased by 30% in Finland (Holappa, 2018). The problems are that there are not enough services, there are long queues, and the COVID-19 pandemic has made the situation worse. Furthermore, since mental health is a multifaceted phenomenon, the claimant may fall between the sickness daily allowance system and the unemployment system, and end up on social assistance. Mental disorders and other health problems are significantly more common among young people (18-34) who are receiving social assistance than among others in their age group (Vaalavuo et al., 2020).

Despite the universal coverage of healthcare, young people (about 4% of them) in Finland face limited access to medical services because of waiting lists (European Youth Forum, 2016: 32).

4 ACCESS TO MATERNITY, PATERNITY, AND PARENTAL CASH BENEFITS

In Finland, access to family-related cash benefits is universal and covers all residents equally. In this scheme, age is not a criterion (Kela, 2021e).

4.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Finland as far as young people are concerned are the following.

a) Age

Age is not a criterion. All residents are covered.

b) Activity status requirement

There are no activity requirements (i.e. unemployed people, inactive people, trainees and apprentices have access to the scheme). However, the amount of the income-related cash benefits received depends on income, not activity status or age.

c) Contributory history required to access the scheme

No contributions are required. However, the amount of the parental allowance is determined on the basis of annual income. The annual income is calculated for a reference period of 12 calendar months prior to the start of the allowance period (Kela, 2021e). Age is not a criterion.

d) Waiting period

There is no waiting period.

e) Replacement rate / benefit level

Benefits are the same for all age categories (i.e. they are not age-specific⁵). Benefits levels are the same in maternity, paternity, and parental cash benefits, but the duration of the benefit period is different.

f) Duration

At present, parents receive maternity leave (105 days; six days per week) and a special maternity allowance, a paternity allowance (54 days, for 18 of which the father and mother can both stay at home), and a parental allowance (158 working days). Thus, the present system guarantees leave for approximately 13 months (Kela, 2021e). Duration does not depend on the age of the claimant.

4.2 Gaps in and obstacles to access for young people

The main gaps in, and obstacles to, access for young people identified for this scheme in Finland are the following.

a) Main gaps in access for young people

The scheme is rather comprehensive, and there are no major problems in access to the benefit.

b) Main obstacles to access for young people

The system works smoothly, and benefits are more or less automatically provided to all. Maternity clinics offer special tutoring and advice for all, especially young parents.

5 GUARANTEED MINIMUM INCOME SCHEMES

The minimum-income protection (i.e. social assistance – Act 1412/1997) is the last-resort benefit in the Finnish system. It is available to individuals and families whose income and assets do not cover their essential daily expenses. Social assistance consists of three parts, which each follow different criteria. 1) The basic component is automatically paid to all claimants who fulfil the formal criteria. It is administered by Kela. 2) The additional part is paid to cover certain additional costs. 3) Preventive aid is paid after careful means- and needs-testing. The additional and preventive components of social assistance are administered by the municipalities. The degree of oversight and regulation vary depending on who is responsible for administering the payments. The levels of Kela benefits are strictly based on national legislation, with relatively little space for discretion, whereas the individual municipalities have a large degree of freedom in administering additional, and especially preventive, social assistance.

The basic amount is supposed to cover all necessary expenses (i.e. food, hygiene, clothing, healthcare, public transportation, media, telephone service, and hobbies). The monthly amount depends on income, family circumstances, housing, and other costs. Additional social assistance covers additional expenses for childcare, additional housing costs, costs for specific needs, and support for individual coping. Preventive assistance is also paid by the municipalities. This is a case-sensitive form of support, and is entirely at the municipalities' discretion (Kela, 2021f).

⁵ The replacement rate of income-related benefits is about 70% at the average income level. The minimum daily allowance paid by Kela is €726.25 per month (in 2021), payable for those whose annual income is €0 to €13,800.

In Finland, there is only a general social assistance scheme (or general schemes) (i.e. there is no special scheme for young people) (European Youth Forum, 2016: 27).

Most social insurance forms consist of “minimum benefits” that are part of the guaranteed minimum income package (e.g. as explained above in the context of unemployment, sickness, maternity, paternity and parental benefits). The housing allowance, child home care allowance⁶, minimum pensions (national pension and guarantee pension), child allowance, and the universal free study allowance also belong to the minimum-income guarantee, as will be explained later. Benefits can be combined: for example, a claimant can get basic unemployment allowance, social assistance, child allowance and housing allowance at the same time. In particular, social assistance and housing allowance increase the income of the recipients of basic unemployment benefits.

In 2019, there were 235,000 people living on various minimum-income schemes. 22% of them were younger than 17, and 16% of them were aged 18-24. In the older age groups (25-34, 35-49 and 50-64) the shares were about 20%, whereas those 65 or older comprised only 5% of those whose income came from basic security schemes (Statistics Finland, 2020).

Although the level of some individual minimum benefits (e.g. labour market subsidy or minimum sickness daily allowance) is lower than 60% of the national median income, the combination of benefits (e.g. housing allowance, child benefits, social assistance) paid on top of labour market subsidy often lifts low-income people above the poverty line (Honkanen, 2020). This is reflected in the relatively low at-risk-of-poverty-or-social-exclusion (AROPE) rates in Finland. In 2020, the AROPE rates in the 16-29 age group were 23.1% for males and 24.7% for females. The AROPE rates for those aged 30-64 were much lower (14.5% and 12.2%, respectively). The Finnish AROPE rates for the younger age group were close to the EU-27 averages (23.3% for males and 25.1% for females), whereas in the older age bracket the EU-27 rates were higher (19.5% for males and 21.2% for females) than the corresponding Finnish numbers (see Section 1).

The subsequent section only addresses social assistance.

5.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Finland as far as young people are concerned are the following (Kela, 2021g).

a) Age

As a rule, age is not a criterion for receiving social assistance. However, since parents are obliged to maintain their children aged 15-18, children under 18 cannot apply for social assistance on their own. However, children who do not live with their parents are entitled to social assistance.

b) Activity status requirement

Activity status is not relevant as such, because social assistance is means-tested. As the level of Kela-related basic security benefits is relatively low, it is customary that even people receiving other basic security benefits (e.g. the basic unemployment allowance or the minimum sickness allowance) are entitled to social assistance.

However, there is an activity criterion: those who are fit for work must register with the TEO. Social assistance can be cut by 20-40% if the claimant refuses to participate in activation measures or job-seeking activities suggested by the TEO.

Trainees and apprentices are included and have access to the scheme.

⁶ Child home care allowance can be granted when a child under 3 does not participate in municipal early childhood education.

In order to qualify for social assistance, claimants are also required to apply for all other social benefits.

There is a special requirement for young people. The basic social assistance paid to a claimant under 25 who is not participating in employment or education can be reduced. This reduction can be by as much as 40%, and the decision is valid for two months. When such a reduction is enacted, the social worker must prepare a plan for how to strengthen the claimant's independence.

c) Other eligibility conditions

There is a strong legislative basis for all basic and minimum-income benefits. The Finnish constitution (Section 19) states that *"those who cannot obtain the means necessary for a life of dignity have the right to receive indispensable subsistence and care. Everyone shall be guaranteed by an Act the right to basic subsistence in the event of unemployment, illness, and disability and during old age as well as at the birth of a child or the loss of a provider"* (Act 731/1999, The Constitution of Finland).

Thus, there is a strong case for rights-based benefits. However, as indicated above, the strength of claim rights varies. Whereas people have strong claim rights for Kela-related basic security benefits and basic social assistance, their access to additional social assistance and the preventive component of social assistance is discretionary.

When calculating the benefits levels for social assistance, all other household income is taken into consideration. Adult children (over 18) form a household of their own, even when they share a home with their parents. Their income is therefore not counted in with their parents' income, nor is the parents' income relevant when their offspring's income is evaluated.

Disability benefits, care benefits, maternity grants, reimbursement of expenses, and activity supplements to unemployment benefits do not diminish the assistance, nor does work income up to €150.

Nationality is not a criterion.

Benefits are net (i.e. they are not taxable income). They are paid on a monthly basis after monthly needs-testing.

Social assistance is not time-limited. It is available for as long as the eligibility conditions are met. The same is true for the labour market subsidy, housing allowance, and basic pensions. However, the basic unemployment allowance, sickness benefits, and study allowances are time-limited.

d) Benefit level

Social assistance for young people under 25 who are not participating in employment or education can be reduced. For all other age categories, the benefits calculation is the same.

Marital status is relevant, as spouses – as well as cohabiting partners – must provide maintenance for each other. When determining the amount of basic social assistance, the available income and assets as well as the expenses of all family members are taken into account. "Family" means parents living in the same household, minor children including adopted children, spouses or co-habiting partners, and persons living in a registered partnership. Children older than 18 form their own household.

e) Distinctions between different groups of young people

In the Finnish social assistance scheme, there are some distinctions between different groups of young people. Those younger than 25 must participate in education or employment-promoting services. If they fail to do so, the benefit can be cut, and the social worker, together with the youngster, must prepare a road map as to how to handle the situation. When calculating benefits, children under 18 are classified as family members, whereas those over 18 are classified as belonging to their own household.

5.2 Gaps in and obstacles to access for young people

The main gaps in, and obstacles to, access for young people identified for this scheme in Finland are the following.

a) Main gaps in access for young people

One specific problem with the Finnish minimum-income guarantee is that social assistance complements other minimum benefits (e.g. the labour market subsidy, the basic unemployment allowance, and the minimum sickness allowance) that are so low that the benefit levels given by social assistance exceed the levels of the other minimum benefits. Thus, in many cases, social assistance is paid on top of other minimum benefits. Furthermore, the five-month waiting period that applies to the labour market subsidy automatically transfers youngsters to social assistance and creates strong disincentives to try to find employment.

b) Main obstacles to access for young people

Young people, especially those aged 18-24, are over-represented among social assistance recipients (Kela, 2021f). This demonstrates, on the one hand, that young people have precarious employment and income situations; and, on the other hand, that they have relatively good access to social assistance (see also Appendix Table A2). In 2017, almost one fifth of all Finnish young people aged 18-24 had received social assistance for at least one month. The reasons for this over-representation are that young people do not have savings, under-25s without education face stricter eligibility rules than other age groups, and the COVID-19 restrictions and related furloughs have affected young workers in particular.

The biggest take-up has been during the summer (Heinonen et al., 2019; Kela, 2021f). This is because students do not receive student benefits during the summer break and those who have just graduated have not yet found employment. On the other hand, young people tend to receive social assistance for shorter periods than older people (Kela, 2021f). As social assistance is a last-resort benefit, receiving it for a long period may indicate broader problems. Research shows that young people who are chronically ill – especially those with mental illnesses – tend to need social assistance for long periods (Vaalavuo et al., 2020). Additionally, single parents, young immigrants, people who live alone, and those receiving basic benefits tend to receive social assistance for longer periods (Heinonen et al., 2019; Raittila et al., 2018). Long-term receipt of social assistance among young people is often due to the fact that they are not receiving basic benefits, especially unemployment benefits.

Use of services, prescription medicine purchases, and mental health problems were found to be linked to longer durations of receiving support. Of the background variables examined, qualifications after basic education and employment were rarer among those in receipt of support, especially over the long term, while unemployment and inactivity were more common. A psychiatric diagnosis at the start of a new period of social assistance was associated with the receipt of long-term assistance, especially among those aged 18-24, but this did not hold in the 30-34 age group. Being a social assistance claimant as a young adult was more common among those who already had mental health problems at 16 or 17 (Vaalavuo et al., 2020).

6 HOUSING BENEFITS

In Finland, as in the other Nordic countries, young people leave their childhood home relatively early. In the 16-24 age bracket, 56.2% live with their parents, while the share is only 6.7% in the 25-29 age group (see Section 1). These numbers are the second-lowest in the EU, and only Denmark has lower figures (46.8% and 5.1%). Living with parents is much more common in the other Member States (85.8% and 42.3%, respectively) (Section 1).

In Finland, housing allowance facilitates independent living for young people. Kela pays a general housing allowance to low-income households to help them meet their housing expenses. This allowance is available for owner-occupied, rented, right-of-occupancy, and part-ownership homes. The housing allowance amount depends on the number of adults and children in the household, the municipality in which their home is located, and the household's monthly income. The benefit is granted for one year at a time. Small changes in income do not affect the benefit (Kela, 2021h).

The state also supports young people in purchasing their first owner-occupied apartment via an *Asuntosäästöpalkkio* (ASP) – an interest subsidy loan (Act 1634/1992). Young people aged 15-39 can open an ASP account at the bank, providing they have never owned an apartment before. After having saved at least 10% of the apartment's purchase price, a bank may grant an ASP loan, which includes tax-exempt interest and additional interest on savings, a lower interest rate on the loan compared with similar first home loans, a government interest subsidy for 10 years, and a government guarantee free of charge (State Treasury, 2021).

In principle, the Finnish housing support system works well overall, and Finland is the only EU Member State that has managed to significantly reduce homelessness during the last two decades. This has produced significant improvements in young people's housing situation (Kangas and Kallioma-Puha, 2019).

6.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Finland as far as young people are concerned are the following.

a) Age

Kela pays a housing allowance to the household as a whole. Typically, everyone sharing a home is part of the same household. The housing allowance amount depends on all household members' income, with the exception of people under 18, whose income is only relevant to the housing allowance if they are claiming the allowance by themselves or with a spouse or partner.

A minor child living separately from their parents' home is usually considered to be part of their parents' household and is therefore ineligible for their own housing allowance. However, if a minor living independently has been granted a study allowance, for example, they may also be granted the general housing allowance.

As the housing benefit for conscripts is tied to military service, it is also tied to the relevant age limits: Finnish male citizens aged 18-60 are obliged to take part in the military defence of Finland, while women aged 18-29 may apply for the voluntary military service. Military training should take place before the age of 30.

The ASP system is open to people aged 15-39. It is therefore open to minors. However, the saving requirement means that the individual is required to have earned the deposited money themselves.

b) Activity status requirement

Irrelevant. For example, students can get the general housing allowance under the same conditions as all other people.

c) Other eligibility conditions

Students living with their parents are part of their parental household. Nationality is not a criterion, but people must be covered by the Finnish social security system. The ASP system is also open to non-nationals. However, the applicant needs to have a Finnish social security number (Kela, 2021i).

d) Benefit level

The main principle is that the general housing allowance is based on income, and age is irrelevant. In some cases, age plays a role (see Section 6.1.a). The housing benefit for conscripts can be paid to the person who is serving in the military or to their spouse/partner or child. Kela can pay housing assistance for the costs of maintaining a home outside Finland. The assistance is paid towards the housing costs of a foreign resident performing conscript or other service in Finland, or that of their family member(s) (Kela, 2021j).

e) Distinctions between different groups of young people

See 6.1.a.

6.2 Gaps in and obstacles to access for young people

The main gaps in, and obstacles to, access for young people identified for this scheme in Finland are the following.

a) Main gaps in access for young people

Most general housing benefit recipients are young. Half were under 35 in 2013-2016, and among those the portion under 25 has grown remarkably since 2017, when students started receiving the general housing benefit instead of a separate housing benefit system tailored to students. More than half of the recipients lived alone in 2013-2016, and by 2017 two thirds lived alone. In most cases, young housing benefit recipients enjoyed the benefit for a shorter period than older recipients, which demonstrates the former's income growth by virtue of graduating and gaining employment. However, there is a group of young people who are under 24, without an income and unemployed, who persistently need the housing benefit (Jauhiainen et al., 2019).

Even though the criteria for the general housing benefit are the same for all households, its outcomes are different. It narrows income gaps for couples and families with children much more effectively than it does for those living alone (Jauhiainen et al., 2019).

b) Main obstacles to access for young people

In principle, there are no major obstacles for younger people in the general housing allowance system. The administration is transparent, applying for the allowance is easy, and the benefits are comparatively generous. Although the ASP loan system is equally open to all, it may segregate young people according to their income, education, and knowledge.

7 REFORMS, NATIONAL DEBATES, AND RECOMMENDATIONS**7.1 Reforms implemented since 2015**

The housing benefit system was renewed in 2017, when the separate housing allowance scheme for students was abolished, and students were transferred into the general housing allowance scheme. The aim was to simplify the system and ease the transfer process in certain situations (e.g. when graduating). The reform has affected students' situation both positively and negatively. On the one hand, one single unified system provides stability and more generous benefits. The general housing benefit is also available during study breaks, all year round. On the other hand, the general housing benefit is paid to the whole household and not individually, as in the former student housing allowance system. Therefore, the reform improved the situation of those living alone but worsened that of couples or room-mates. The new system encourages students to live alone and try to seek apartments in general rental markets instead of staying in houses planned for students (Jauhiainen et al., 2019).

In 2017, the Finnish earnings-related pension system was reformed, and the age when a young person begins to accrue their pension rights was lowered from 23 to 17. Thus, all employment after age 17 will contribute to future pension rights.

In order to combat social exclusion caused by low educational attainment, the centre-left government decided to extend the upper age limit for compulsory education from 16 to 18. The aim is to have everyone complete at least secondary education. The law will be effective from 1 August 2021 (Act 1214/2020).

The COVID-19 pandemic has caused only a very few social policy reforms. The existing system has buffered the negative effects of the pandemic rather well. Needless to say, the pandemic has had multiple negative effects on young people. School closures and distance learning will widen gaps in learning, unemployment has hit youngsters entering the labour market, and healthcare efforts to combat the pandemic have taken resources from other healthcare services (e.g. mental healthcare), which affects the vulnerable, in general, and vulnerable youngsters in particular.

7.2 National debates

Due to the universality of the Finnish welfare state, there are few debates on young people's access to social protection. As a rule, schemes apply to all residents, regardless of their age. For example, in political debates on the coming social and healthcare reforms, the specific problems young people face have not been extensively discussed.

It also seems that, in general, young people are rather satisfied with the services the welfare state provides. According to one study, as many as 95% felt that they had received adequate healthcare, including school and student healthcare services, while the availability of employment and mental health services was rated almost as highly (80%) (Berg and Myllyniemi, 2020). However, data for the study were collected in 2020 before the pandemic hit the country. Thus, experiences may have changed, as well as actual access to services in general, and mental health and therapy services in particular.

There have been debates about the high number of school drop-outs and the overly high share of NEET youngsters. The issue was debated when the government introduced the bill on the extension of the compulsory school age from 16 to 18.

7.3 Good practice and recommendations

The main examples of good practice in the Finnish social security system are its comprehensiveness and universalism. In principle, the Finnish social security comprises three parts. The first component guarantees minimum-income security for all Finnish residents. It includes "basic level" social benefits paid either at a flat rate or after means-testing based on personal or household income. The second component consists of income-related social insurance for those in employment. In most income-transfer schemes, age is not a criterion; rather, criteria are based on the need for care or the need for income support. The third component of the system includes municipal social and healthcare services that universally cover all residents, from cradle to grave. As mentioned above, most young people express their satisfaction with the system.

- The Finnish minimum-benefits system guarantees income transfers to those that are not employed and do not have a market income. The minimum sickness allowance (payable to all aged 16-67) is a good example. For instance, students, stay-at-home parents, and other groups who have no income will receive income support in the event of sickness. There are no age-based exclusions.
- The same applies to most income-maintenance programmes (contributory schemes). As a rule, eligibility for benefits (or pension accumulation) begins at the age of 17. The universal child allowance is payable up to that age.

- The obligatory school age extends to 18, which means that labour market participation remains low among under-18s. The free universal study grant compensates for a low income from employment.
- The municipal obligation to form a co-ordination network to offer counselling and planning services for youth is a good practice. The network must include representatives of the local education, social and healthcare, youth work, and employment and policy authorities.

Recommendations

Although the Finnish welfare state seems to work rather well, there are problems to solve. It is questionable whether the five-month waiting period applicable to the labour market subsidy is a good practice, as during that period young people are on social assistance. Since social assistance is totally means-tested, temporary low-paid employment does not pay enough. The disincentive problem is more severe if the claimant receives several income-tested benefits. Then, the effective marginal tax rate will be close to 100%, or in some cases even higher. An important task in the ongoing social security reform is to streamline income-transfer systems to abolish the worst work disincentives. The pandemic has accentuated problems in healthcare in general, and in mental healthcare and therapeutic rehabilitation in particular. Lengthy waiting lists and queues jeopardise access to essential services. Investing in effective services, implementing early intervention, and fostering preventive environments are all necessary to keep vulnerable young people in educational institutions and help them adapt to working life.

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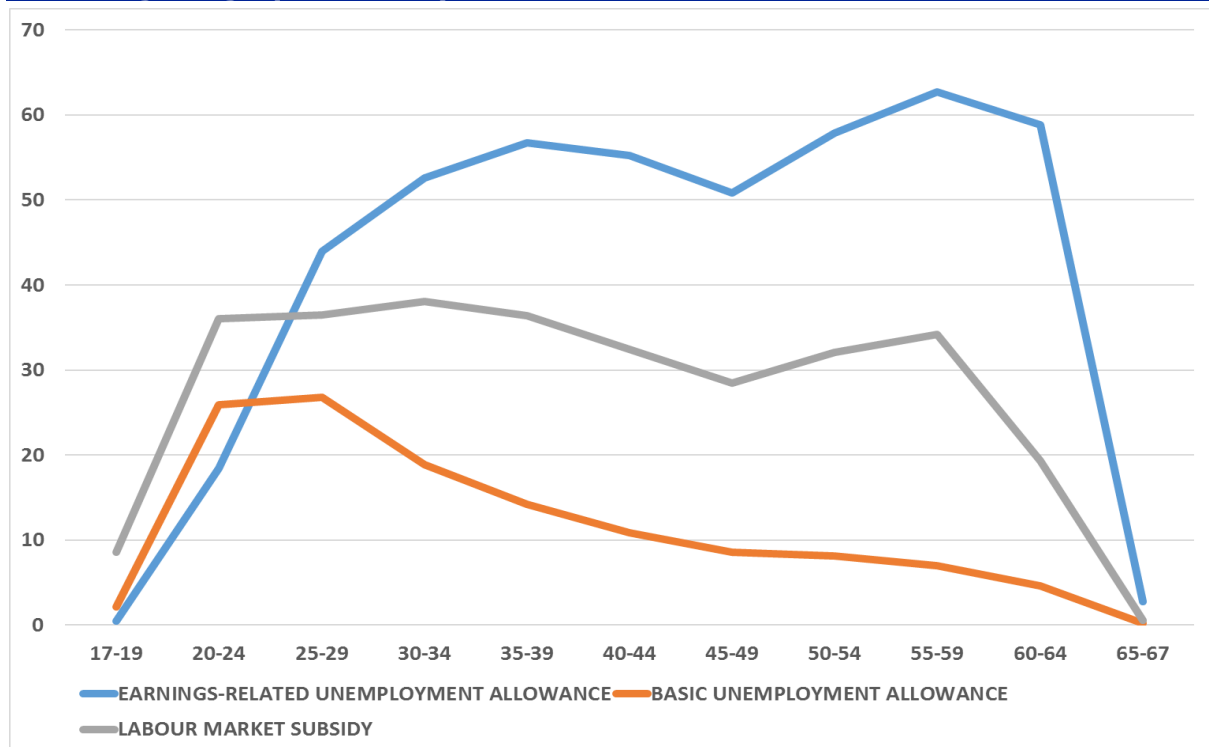
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APPENDIX

Appendix Figure A1. Recipients of earnings-related unemployment allowance, basic unemployment allowance and labour market subsidy in Finland 2020 according to age (thousands).



Source: Authors' own calculations on Kelasto (2021) database.

Appendix Table A2. Share of recipients of social assistance (%) and duration of benefits spells (in months) in 2018 according to age.

Age group	Share of recipients	Duration of spells in months		
		1-3	4-9	10-12
-17	24.3	38.6	32.7	28.6
18-24	17.0	46.7	34.6	18.6
25-64	53.7	36.9	31.8	31.3
65+	4.9	69.2	23.9	6.9
all	100.0	40.6	32.1	27.3

Source: THL, 2021.

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