

Tips on hiring your first employee



Things to consider when hiring the first employee

Hiring the first employee is a big step for a self-employed person. It is worth your while to invest time and effort in the recruitment, since a thorough selection process will pay off in the long run. Hiring a new employee will enable the entrepreneur to focus on new areas. Becoming an employer, however, brings along new responsibilities. For example, you are required to take pension insurance for the employee, thus ensuring the accrual of future pension.

In this brochure, you will find Elo's tips for hiring your first employee and insuring under TyEL.



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Costs of hiring an employee

Keep in mind that any new employee must bring in money to the business, at least to cover their own pay. Otherwise, it is not profitable to hire an employee.

- **Consider** all costs resulting from the new employee. On top of wages or salary, the employer must pay insurance contributions and other statutory fees. It is wise to prepare for a total cost of 1.5 times the actual pay.
- **Check** that your financial resources are sufficient for hiring an employee. As a rule of thumb, you should be able to cover 3 months of pay plus statutory fees.
- **Remember** that there will also be costs for new tools and equipment, such as a computer, desk and chair.

TyEL secures the employee's future

What is TyEL insurance and when must you take one?

- **TyEL insurance** provides the employee with pension security. It gives financial security in old age or in the case of disability and the death of a family provider.
- **As an employer**, you will pay TyEL contributions to a pension company on behalf of your employees.
- **As an employer**, you must take statutory pension insurance under TyEL for an employee
 - who is at least 17 years old
 - and earns a minimum of 71.72 euro per month (2026).
- **The upper age limit of the obligation** to insure depends on the employee's year of birth:
 - 69 years for those born in 1958–1961 and
 - 70 years for those born in 1962 or later.
- **Take TyEL insurance** for the new employee, at the latest, after the first salary payment and before reporting the earnings to the Incomes Register.

The employee's share of the TyEL contribution is 7,30 % in 2026. The employee's share is deducted from the pay.

The basic TyEL contribution is **24.85%** (2026). An expense loading fee is added to the TyEL basic contribution.

Report payroll information to the Incomes Register

- Employers must report their employees' earnings to the Incomes Register, which is a national database for payroll information. It contains comprehensive data on earnings, pensions and benefits for each individual. The reported information includes wages and salaries, fringe benefits, fees, remunerations and other earned income. Also reimbursements of expenses, both non-taxable and taxable, are reported.

vero.fi/incomesregister



Remember Elo's Online Service!

Elo's Online Service facilitates the rapid and smooth management of insurance matters. In the service you will find all you need to manage your TyEL and YEL insurances.

elo.fi/onlineservice

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Do you need to hire an employee?

- **Think first** what type of competence is lacking in your company and what competence is necessary for the continuation and growth of your business.
- **Consider then** if hiring a new employee will best support the goals and long-term planning of your business.
- **Identify** what type of work experience is needed. Are you looking for an experienced professional or a newly graduated person with potential to develop in the field?
- **Remember** that it is possible to outsource work to freelancers or light entrepreneurs.

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What is the new job description?

- **Define** carefully the new employee's job description as well as the required skills and capabilities.
- **Consider** if additional workforce is needed on a continual or temporary basis.

”Begin the planning for hiring well in advance.”

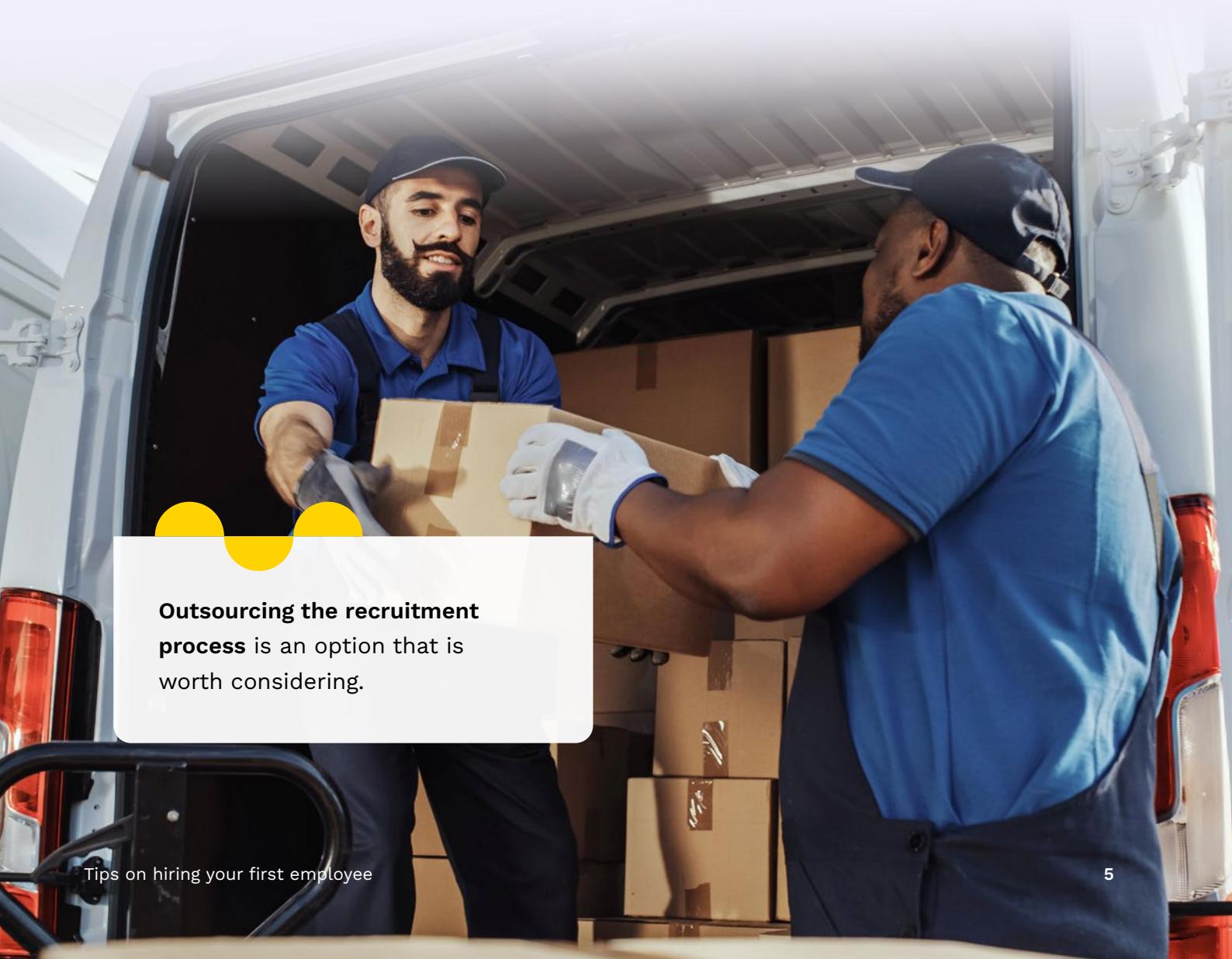


Reserve sufficient time for recruitment

Begin the planning for hiring an employee well in advance. The recruitment process may take some time, even months from the decision to hire to the day when the new employee starts working.

Reserve time for each phase of the recruitment process:

- Draw up and publish a job advertisement
- Define the application period
- Read through the applications
- Invite candidates to interviews
- Conduct job interviews
- Make the selection decision
- Inform both the selected person and other applicants about the decision
- Check the new employee's period of notice for a previous job.



Two delivery drivers, one with a beard and one with a mustache, are loading cardboard boxes into the back of a white van. The van's door is open, and the drivers are wearing blue uniforms and caps. A white callout box with yellow circles at the top left contains the text.

Outsourcing the recruitment process is an option that is worth considering.

Learn about the employment laws

- **Study** the employment legislation in advance to learn about hiring an employee in your field.
- **Remember** to draw up a work contract and arrange for insurances and occupational health care.
- It is as challenging to hire a new employee as to start in a new job. This is why there is a statutory **probationary period** during which each party may cancel the work contract. The maximum duration of this trial period is 6 months. During this time, it should become clear if the new employee fits in the company and if the job is suitable for the employee.
- In fixed-term contracts, the trial period may not be longer than one half of the contract period, or a maximum of 6 months.

"It is as challenging to hire an employee as to start in a new job."



Elo's wage calculator enables you to quickly estimate the overall cost of hiring one or more employees. With only a few clicks, the calculator will provide you with an estimate of the TyEL insurance contributions and other statutory indirect labour costs.



palkkalaskuri.elo.fi/en



Changes within the team and new tasks as a supervisor

- **Be prepared** for changes in everyone's tasks and internal team dynamics as a result of hiring a new employee.
- **Becoming an employer** will place you in a new position as a supervisor. The supervisor's task is to instruct and guide employees and to raise issues, both good and bad, for discussion. A good supervisor supports the employees in all situations. Supervisory work takes time, so remember to take it into account in scheduling your own work.
- **Remember** to ensure the employee's competence development after the hiring as well.



We make it easy and effortless for you to handle your insurance and pension matters so that you can concentrate on your business activities.

For more information:

elo.fi/tyel

”Recruiting results in changes in everyone's tasks and internal team dynamics.”



Good luck with hiring a new employee!

We can help you in earnings-related
pension matters online and by phone.

Visit us at **www.elo.fi**

Call us to discuss
TyEL and YEL insurance matters
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