

VARMA

Varma in

2024

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## Varma in brief

Varma provides pension insurance for work carried out in Finland and is a solvent investor of pension funds. Varma provides earnings-related pension cover for more than 900,000 employees, entrepreneurs and pensioners. We invest the assets collected as pension contributions profitably and securely for current and future pensions. Varma is a mutual company, owned by its client companies, self-employed customers and insured employees.



## PRESIDENT &amp; CEO'S REVIEW

# The year 2024 was one of the best in terms of returns in the past decade

For pension investors, 2024 was a good year. Varma's investments yielded a return of 10.2 per cent, making 2024 the third best year in terms of returns in the past decade. Our pension assets increased by EUR 6 billion, and the value of our investments grew to over EUR 60 billion for the first time.

The good returns can be attributed to the performance of the US economy. The European economy, including Finland, was heading towards industrial recession. Unfortunately, there was no significant recovery in our export-driven economy last year, even though inflation returned to its target level and interest rates fell.

Varma has long been the most solvent earnings-related pension insurance company in Finland. Strong solvency has enabled us to take a long view in our investment activities. The past decade has been favourable in terms of pension asset development.

Last year, we were especially successful in client acquisition. Varma's sales result in terms of euro-denominated premium income was at an

all-time high. Successful client acquisition also boosted the growth in the TyEL payroll, on which pension contributions are based. The 2.9-per-cent increase in the payroll was higher than average for TyEL insurance providers.

In accordance with our strategy, which was renewed last year, we want to be the strongest pension insurance partner by offering the most cost-effective and smoothest services to our customers. We work every day to achieve this goal. We renewed our digital services by improving the usability of our website and increasing the number of digital channels for interaction. We received an excellent rating for our customer service, which we are particularly pleased about.

## Pension reform strengthens the financing of pensions

One of the key themes this year is preparing for the implementation of the pension reform. The central labour market organisations reached an agreement on pension reform in January. The next phase of the reform is the drafting of



**“We are happy with our successful client acquisition last year.”**

legislation based on the proposed measures, under the lead of the Ministry of Social Affairs and Health.

The agreement also corresponds well with our assessments of how the system can be strengthened in practice. The greatest need for savings will be met by increasing the equity weighting in the investment portfolio. Varma is well-placed to implement the reform.

We also welcome the fact that the Finnish government commissioned an assessment of entrepreneurs' pension cover. YEL, the pension insurance for the self-employed, is clearly in need of reform. Some entrepreneurs also do not consider the income review obligation imposed on earnings-related pension insurance companies as fair. The assessment will be important in terms of guaranteeing adequate pension and social security cover for the self-employed.

Varma's goal is to lengthen careers, for instance, by developing work ability management services and providing effective

rehabilitation. Last year, we renewed Varma Academy, the digital learning environment for work ability management for our client companies. Our new tool for knowledge-based management helps our customers switch to predictive work ability management through target setting and systematic planning.

As regards our work culture, we were ranked first in Oikotie's Responsible Employer survey in the large companies category. We can be pleased that our entire organisation has worked together to create our unique work culture.

We want to express our gratitude to our customers for their trust in us. It has been great to do meaningful work together for the benefit of the Finnish pension system, the insured and pensioners. We will continue to work every day to earn that trust.

**Risto Murto,  
President and CEO**

# Highlights of the year



## We renewed our strategy: the strongest pension insurance partner

We renewed our strategy, which will guide our work until 2030. Around 40 Varma employees were closely involved in the renewal process, and all employees were invited to give their input through a digital tool. The strategy was announced at a joint event and then discussed in the teams' workshops, focusing especially on competence. Pictured are Varma employees at the strategy launch event in October.



## Our commitment to a unique work culture earned us the Most Responsible Employer award

Varma ranked first in Oikotie's Responsible Employer survey among the 12 organisations in the large companies category. Varma did well especially in topics related to non-discrimination, meaningful work, professional development, the job application experience and induction.



## Katajanokan Laituri – unique commercial premises

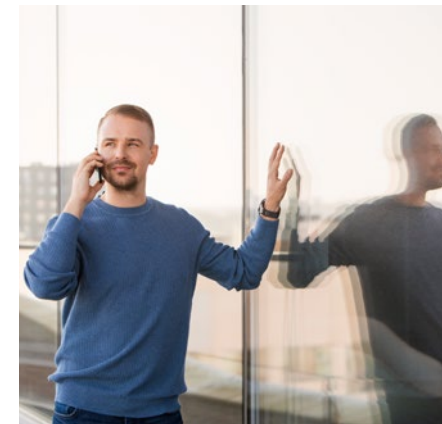
Katajanokan Laituri, which is owned by Varma, is a masterpiece of wood construction. The building is made primarily from wood, and it was completed last summer in Katajanokka, Helsinki. The goal of the project was to build a unique and modern commercial building with a small lifecycle carbon footprint. Pictured is the finished Katajanokan Laituri in the summer.

## New climate fund investments

Varma invested a total of EUR 5.3 billion in ETFs that take climate impacts into consideration. The funds, tailored to Varma, invest in global companies with a track record of reducing greenhouse gases and carbon dioxide emissions.

## Augmented intelligence introduced AI to Varma employees' daily work

In spring 2024, Varma employees adopted the Microsoft 365 Copilot AI assistant. The introduction of the tool, which is under development, required meticulous IT-related preparation, project organisation with agile leadership, open communication and good co-operation with management. In the spring training events, a basic understanding of the possibilities of augmented intelligence and its information-secure use with the help of prompts was achieved. The number of users steadily increased during the year – augmented AI benefits Varma employees in their daily work, and the journey continues.



# The year in figures

Return on investments

**10.2%**

Value of investments

€ **64.4** bn

Solvency ratio

**134.6%**

Solvency capital

€ **16.8** bn

Efficiency

(operating expenses for TyEL  
and YEL activities)

**0.31%**

Number of insured  
employees and  
entrepreneurs

**620,600**

Premiums written

€ **6.7** bn

Number of pensioners

**351,200**

Pensions paid

€ **7.5** bn





# Diversified portfolio yields strong returns

Varma's investments yielded EUR 6 billion in 2024, for a return on investments of 10.2 per cent. The US equity markets performed in a strong upward trend for almost the entire year.

The high returns can be attributed to broad diversification in terms of geographical areas and asset classes. Investment returns varied significantly by geographical areas. In Europe and especially in Finland, economic growth and return on equities was weak, as in the previous year.

Of Varma's investments, listed equities returned 16.5 (10.3) per cent. The return on all equity investments was 14.9 (8.6) per cent. Private equity investments yielded 12.0 (5.5), fixed income investments 4.7 (5.6) and hedge funds 10.5 (6.1) per cent. The return on real estate investments was -2.8 (-4.3) per cent.

Varma's solvency remained at a good level, and Varma has long been the most solvent earnings-related pension company in Finland. Strong solvency supports long-term investments. Pension investments have a profitable decade behind them.

Varma further improved its operational efficiency during the year. The operating expenses related to TyEL and YEL business decreased

by nearly 6 per cent, or EUR 5 million, from the previous year.

Since the start of 2025, the administrative cost contributions of Varma's customers decreased even further.

## Return on investments

# 10.2%

## Value of investments

# € 64.4 bn

## Solvency capital

# € 16.8 bn

**The high returns can be attributed to the strong performance of the equity markets.**

Take a look at our latest financial information

# Customers are at the core of our new strategy

Varma's core task is to secure pensions. We are responsible for making sure that the pension funds our customers entrust us with are secure.

Customers are at the core of our strategy, which was renewed in 2024. Our goal is to provide the most affordable and smooth services to our customers and be a caring leader in sustainable working life and responsibility.

We create a seamless customer experience for our customers by providing smooth and effective service regardless of channel. We want to be the right choice for all companies. Profitable and secure investing of pension assets and wise use of resources make us the most affordable earnings-related pension insurance provider. By focusing on meaningful sustainability actions, we influence what the world looks like tomorrow. We develop our operations, competence and unique work culture in tune with the times.

Our objective is to secure responsible pension provision for our customers, foster strong solvency, operate efficiently and guarantee the positive development of premium income. In 2024, around 90 per cent of new pension recipients had their pension paid during the first month of their pension entitlement. Varma has long been the most solvent earnings-related pension company in Finland, and Varma's solvency

capital remained strong throughout 2024. We improved the efficiency of our operations. TyEL and YEL operating expenses decreased 5.9 per cent. Our operating expenses were 0.31 per cent of the TyEL payroll and YEL income. We did very well in client acquisition. Varma's sales result in terms of euro-denominated premium income was at an all-time high.

[Read more about Varma](#)

**We are guided in our work by our values:**  
courage, reliability and sustainability – with joy and passion.

**Vision:**  
We support you in a world that's going through incredible change.

## Goals

The most cost-effective partner offering the smoothest services

Leading the way in sustainable working life and responsibility

- Smoothness and impact for the **customer**
- The right choice **for all** companies
- The **most efficient** earnings-related pension insurance company
- Meaningful** sustainability actions
- Cutting-edge** competence **Distinctive** work culture



# Earnings-related pension cover for employees and entrepreneurs

TyEL insurance is statutory insurance that an employer takes out for their employees. The TyEL insurance contribution and the accrued earnings-related pensions of the insured employees are determined on the basis of earnings data submitted to the Incomes Register by employers. In 2024, Varma had 36,600 employer customers, who had a total of 575,000 insured employees. The TyEL payroll grew 2.9 per cent during the year. Varma's successful client acquisition contributed to the increased payroll. During the year, a total of 4,600 new TyEL insurance policies came into force at Varma.

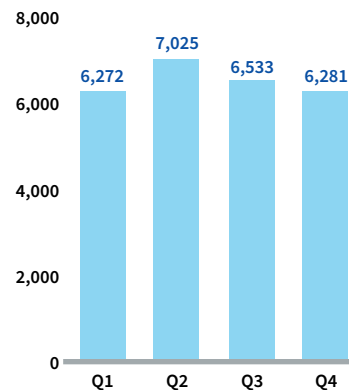
Entrepreneurs must take out YEL insurance when they work as an entrepreneur and the value of their annual work input exceeds the minimum limit for YEL income (EUR 9,010.28 in 2024). The entrepreneur's pension accrual and other social security and insurance contributions are based on their YEL income.

Under the Self-Employed Persons' Pensions Act, earnings-related pension companies are obligated to review entrepreneurs' YEL income every three years. In 2024, we reviewed the income of self-employed customers whose

## Number of insured employees and entrepreneurs

# 620,600

## Development of the TyEL payroll in 2024 (EUR million)





annual income was under EUR 25,000. For Varma, that meant 7,000 entrepreneurs. The review resulted in an average increase of EUR 3,836 in YEL income.

Varma provides insurance for approximately 45,800 entrepreneurs. In 2024, a total of 6,800 new YEL insurance policies came into force.

Earnings-related pension provides income security if livelihood changes due to age, disability or the death of a family provider. Pension accrues primarily on earned income but to some extent also on certain unpaid periods.

Applying for a pension is a significant moment in life, and it is important for our customers that we process their pension applications swiftly and with no interruptions to their income. In 2024, Varma made old-age pension decisions in three days on average. The average processing time for all pension benefits was 13 days. The smooth processing of pensions is based on our specialists' competence, a fine-tuned process, well-functioning IT systems and the use of automation and software robotics.

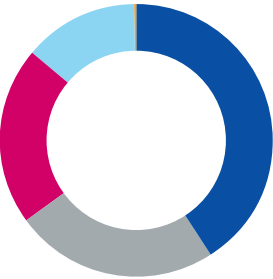
We paid out pensions in the amount of EUR 7.5 billion to 351,200 people in 2024. New pension decisions amounted to around 26,000, representing an increase of 10 per cent from the previous year. The biggest growth was in partial old-age pension.

**Customers receive old-age pension decision in**

**3**

**days**

**Number of new pension decisions**



- Old-age pension 10,661
- Partial early old-age pension 6,298
- Disability pension 5,513
- Survivors' pension 3,513
- Years-of-service pension 64



**“The contribution category reform encourages the hiring of employees aged over 55 and those with partial work ability.”**

**Tiia Reho**  
Specialist Physician

**The contribution category model for disability pensions was renewed**

The reformed contribution category model, which is used to finance disability pensions, took effect at the start of 2024. One goal is to lower the threshold for hiring employees aged over 55 and those with work ability challenges. An employee hired at the age of over 55 and new employees who start their employment as part of vocational rehabilitation will have no effect on the contribution category in the future.

In the contribution category model, costs for disability pensions are allocated to large employers based on the amount of disability pensions granted to their employees. The contribution category model covers employers with a payroll of at least EUR 2 million per year, and as the payroll increases, the impact of the contribution category increases.

# High customer satisfaction

Our customers can take care of all their earnings-related pension matters digitally. Our private, self-employed and corporate customers have a wide range of digital services for different needs at their disposal.

In 2024, we improved the usability of the varma.fi site by renewing, among other things, the site's structure and navigation. In the Varma Online Service, which requires logging in, our customers can take care of their insurance and pension matters securely. We also offer more specific advice by phone and chat.

We comprehensively measure customer satisfaction. We collect feedback on our customer service in various channels, and on customer meetings and the processing of pension and rehabilitation applications. We also conduct extensive customer relationship surveys among corporate customers. Customer feedback strongly guides the development of our services.

Customer satisfaction was high in 2024. For example, corporate customers gave Varma's phone service a score of 3.7 and pension and rehabilitation customers a score of 3.8 on a scale of 1–4. In their feedback, customers praise the Varma employees' dedicated and empathetic service attitude, their ability to interact with customers in different situations and to provide understandable advice, and the expertise and speed of the service.

We organised 48 webinars and events, in which approximately 28,000 people interested in the topics enrolled. At the events, we discussed, among other things, the reform of the disability pension contribution category model, the promotion of mental health in the workplace and the transition to old-age pension. Our most popular webinar on earnings-related pension gathered 1,800 listeners.

**“What a wonderful customer service representative. I have always received good service from Varma and I wasn't let down this time either.”**

Private customer

**“The customer service experience has been excellent. Every person who has served us has shown that at Varma, the focus is on the customer.”**

Corporate customer



# We promote sustainable working life

We promote work ability by providing our client companies with guidance in identifying risks and choosing the correct measures. Our services consist of expert services in work ability management and vocational rehabilitation, and digital services.

We also conduct our own research on disability risk factors and ways to influence their management. We publish our research findings, for instance as scientific articles and in our 'Information about work ability' publication series. In 2024, we published two scientific articles that examine decisions to reject rehabilitation and disability pension applications. In the series of reports on work ability, we published reports on work ability in the construction industry, practices that strengthen mental health in workplaces, IPS vocational rehabilitation, young people's work ability and future work ability management.

In the work ability section of the Varma Online Service, employers can assess their organisation's disability risks, gain an overall picture of the current situation of work ability and plan development measures. In 2024, we introduced a new tool for knowledge-based work ability assessment. In addition, we developed a tool which helps our customers take into account the

profession in work ability management. We also revamped Varma Academy, our online learning environment on work ability management.

Vocational rehabilitation gives people the opportunity to continue in working life, for example, through a work trial or vocational rehabilitation if illness makes it difficult to continue working as an employee or entrepreneur. Varma received 7.6 per cent fewer rehabilitation applications compared to the previous year. Rehabilitation was granted to around 1,500 customers. The average age of new rehabilitants was 48. Among our rehabilitation customers, the greatest disability threat was caused by musculoskeletal diseases. Our rehabilitation produces results: in 2024, 82 per cent of our customers who started a rehabilitation programme returned to the labour market.

The number of disability pension applications continued to increase in 2024. The number of new disability pension applications increased 6.5 per cent compared to the previous year. The number of granted disability pensions was highest among the 55+ age groups. Mental health disorders were the most common reason for granting disability pensions.

**“Work ability management must be renewed so that employees can maintain their work ability in the future as well.”**

Auli Airila  
Research Manager

## **Future work ability management is strategic, proactive and inclusive**

In our research, we examined the impacts of changes in working life on work ability and work ability management, as well as areas to focus development work on in order to ensure effective work ability management in the future.

Many changes in work, such as increasing demands and the related psychosocial and cognitive load, challenge work ability. The building blocks of good work ability management are, however, quite easy to put together. The key solutions include strategic thinking, knowledge-based management and forecasting, strengthening competence, managing work ability in everyday work and effective measures.

**Read more about promoting work ability**





# Advancing a unique work culture

In 2024, we continued to build our unique work culture, where everyone is at their best as themselves. Throughout the year, there were numerous different events and development measures, some of which we will present here.

The way we interact with each other in daily work is important to us. We have been practicing good interaction in 2024 through lectures and coaching sessions on the topic “Speak up”.

For us, equality and non-discrimination work is continuous and concrete, and it also includes increasing the knowledge of Varma employees. We focussed on increasing our understanding of neurodiversity in 2024. Varma organised the ‘For an equal working life’ panel in which the company management shared their views on the meaning of equality and diversity. At the

end of the year, we conducted an equality and non-discrimination survey, based on which we will plan development measures for the coming years.

We supported the well-being of Varma employees also in 2024 by offering diverse occupational health care services and a host of personnel benefits supporting work ability. During the year, we offered our employees exercise courses, lectures on concentration and stress management, events during common office days and challenge campaigns. At the end of the year, we received great news, as Varma was ranked among the final top three organisations in the Most Active Workplace in Finland competition.

**Personnel  
at year-end**

# 575

**Years of service on  
average at Varma**

# 13

**Employee Net Promoter Score  
(eNPS):**

# 57

**“In the ‘Together at Varma’ model, we focus on interaction both in person and remotely, and we meet at the office weekly.”**

**Mikaela Öberg,  
Senior Vice President, People and  
Development**

**The ‘Together at Varma’ model  
provides guidelines for everyday  
work and maintaining a sense of  
community**

In 2024, it was time to review the work practices of Varma employees. We started by collecting employees’ thoughts and wishes on how to improve the workday. Based on this, we created the ‘Together at Varma’ model, which includes practices for workplace communication, the work culture and the workday. The goal is to improve interaction and a sense of community, and ensure that every Varma employee can do their job in the best possible way, both in the office and remotely.

In the ‘Together at Varma’ hybrid work model, we choose to meet at the office more often and meet regularly on a weekly basis. The concept also includes tools that help us stay up to date on important topics and events at Varma.



# Sustainability is incorporated into all our operations

EcoVadis, an international corporate sustainability assessment specialist, awarded Varma the Platinum Medal in 2024 for the fourth time in a row. Varma's sustainability practices ranked in the top 1 per cent of the 150,000 companies analysed. EcoVadis assesses companies' sustainability performance from the perspectives of the environment, labour & human rights, ethics and sustainable procurement.

We updated and expanded the scope of our environmental policy in 2024. The significance of environmental impacts has been recognised throughout the value chain in the policies that guide our operations. Consideration of biodiversity and climate mitigation are given equal weight.

Varma is the only Finnish earnings-related pension insurance company to have set emission reduction targets in line with the Science Based Targets initiative (SBTi). In accordance with our targets, we increased the share of companies committed to ambitious emission reduction targets in our investment portfolio. This is how

**Climate allocation of the portfolio:**

## 39.3%

**or €25.3 billion**

## 47.5%

**of the companies have set SBTi emission reduction targets (includes equity and fixed income investments, and real estate funds)**



[Read more about sustainability](#)

**“We can engage our  
investee companies  
through joint initiatives  
with other investors.”**

Hanna Kaskela, Senior Vice President,  
Sustainability & Communications

**Collaborative initiatives give  
investors power in numbers**

Last year, we joined two new joint investor initiatives: they were related to preventing the adverse effects of social media and smart devices, and Antimicrobial Resistance (AMR).

Through joint initiatives, we can promote the realisation of goals that are important to us in unison with other investors. We are committed to international initiatives such as Climate Action 100+ and Nature Action 100, which focus on addressing climate change and biodiversity.

we, as an investor, are involved in combating climate change in line with the Paris Agreement.

In addition to the environmental policy, Varma's operations are guided by a sustainability programme for 2022–2025. For us, sustainable business means first and foremost taking care of pension assets and pensions payments, investing responsibly and promoting sustainable working life.

Equal opportunities in the workplace and respect for human rights are key themes for us in investment activities and in the procurement value chain. Last year, Varma conducted a survey covering the company's suppliers and partners on the implementation of human rights.

One key part of our sustainability work last year was preparing for the sustainability statement. We report in accordance with the CSRD for the first time in the Report of the Board of Directors for 2024. The statement's main topics include climate change mitigation and adaptation, the realisation of clients' rights, income security and looking after the working conditions and equality of Varma employees.

For us, it is important to act openly and transparently in all our operations. In 2024, we ranked fourth as the best Finnish earnings-related pension insurance company in the international Global Pension Transparency Benchmark comparison, which assessed the transparency of responsible investing.



**VARMA**