KEVA

2012 ANNUAL REPORT

Annual report 2012

Content

Review of 2012, CEO and Managing Director Merja Ailus

A year of good returns

Early in 2012 it seemed that the global economic situation was going to cause us challenges in terms of investment returns. However, the investment markets swam against the tide of gloomy economic news, and the return on our investments turned out to be excellent at 12.9 per cent, which increased the local government pension liability fund by EUR 3.9 billion.

This is good news as the pension expenditure is soon expected to exceed contribution income. According to most recent estimates, this will happen in around five years. This means that we will start using the fund returns for paying pensions.

The local government payroll also increased. The number of employees insured under the local government pension system slightly increased, and now totals approximately 520,000. It is worth remembering that current and future pensions are paid on the basis of local government salaries as contributions by the employers and employees.

Meanwhile, an increasing number of employees insured under the local government pension system work in organisations other than a municipality or a joint municipal board. Five per cent of the insured employees work in municipal limited liability companies. Their proportion is expected to grow substantially with the coming competition neutrality legislation.

Keva's Council decided, as planned, to raise pension contributions in order to secure the stability of the local government pension system. The increase was applied, contrary to estimates, to employer contributions. This was due to decisions concerning the private earnings-related pension system. The municipal pension contribution was raised by 0.3 percentage units, and the need for another 0.3 percentage unit increase still remains.

The local government sector is in turmoil, which is evident in many ways. We want to work together with the local government sector employers in maintaining personnel's working capacity, improving well-being at work and supporting longer careers. Change situations require skilful personnel management, and here change management is the key.

We support remaining in working life through our Kaari services. In 2012, we offered our customers limited disability cost calculation services for the purpose of managing disability risks. We also upheld public debate on working capacity through, for example, a study focussing on vocational rehabilitation.

We serve the entire public sector in pension matters

2012 was the first year that we provided statutory pension services for the employees of the entire public sector. The year was also characterised by the introduction of the new pension processing system.

In order to secure quality services for our customers and to provide the most efficient and fastest pension decisions within the earnings-related pensions sector also in the future, our pension processing systems needed to be updated. The introduction of the new pension processing system was more challenging than anticipated, which unfortunately caused our pension processing times to prolong and the service level to drop temporarily. In 2013, we will be focussing on restoring our services and pension processing times to the usual level.

Our first year in charge of all the public sector earnings-related pensions was both busy and challenging. In addition to the pension processing system, we updated our online services for the insured employees and sent out pension records to public sector employees. In the autumn we launched an online service where customers can check their pension data. It aroused immediate interest and at peak periods up to two thousand customers checked out their pension data.

In future, we will be expanding our online services for employees, pensioners and employers. The employer services concerning state pensions were transferred to us from the beginning of 2013, and we want to provide our expanded customer base with easy online services.

New strategy prepares us for changes in the operating environment

We have entered 2013 under the guidance of our new Council and Board of Directors. At the time of writing this review, our strategy work is ongoing. The new strategy helps us prepare for changes in the operating environment, which by no means seem to be getting fewer. We want to handle the pension matters of the entire public sector and secure the financing of the local government pension system in a productive way also in the future.

I would like to thank our Board and Council for their support and for providing a framework for our operations. I would also like to commend Keva's personnel for their hard work and for going the extra mile during last year's ordeals. Our customers and stakeholders also deserve a thank you for their feedback, which helps us develop our operations.

In Helsinki, March 2013

Merja Ailus
CEO and Managing Director

Report of the Board of Directors 2012

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Operating environment

The public debate concerning the local government structural reform and the social and health care reform was active both before and after the municipal elections. Debate on the service provision methods was also lively. On-going legislative initiatives are targeting the incorporation of municipal companies, among other things. Keva monitors the progress of the reforms and strives to anticipate their effects in so far as the changes influence the financing of the local government pension system and the pension benefits of people working in the local government sector.

The value of the services purchased by municipalities continued to rise at an annual rate of nearly 10 per cent, equalling more than 50% of the total municipal payroll. In view of the financing of local government pensions, the current trend is not alarming, as the municipalities' payroll kept increasing at a reasonable rate.

The investment year 2012 was characterised by the financial aid to Greece and by the plummeting of the Spanish economy due to massive unemployment rates. Finland also fell into recession but maintained its triple-A credit rating. Economic forecasts have gradually become gloomier. The importance of extra-European emerging countries for the global economy has continued to increase. In spite of all this, the capital markets yielded a surprisingly good return, with the return on Keva's investments at 12.9 per cent.

With respect to pension policies, the Finnish labour market organisations agreed on a working career contract in spring 2012. The age limit for part-time pensions was raised, and the early old-age pension was abolished. The labour market organisations agreed on further negotiations on pension issues, in view of the pension reform due to take effect at the beginning of 2017. Simultaneously, the labour market organisations agreed to extend the annual increase in pension contributions until 2016.

In their negotiations, the labour market organisations agreed to adjust the private sector pension contributions for 2013, as a result of which both the employee and employer contributions remain at the 2012 level on average. This entailed that the increase in the municipal pension contribution for 2013 was applied, contrary to estimates, to employer contributions. However, the municipal pension contribution was raised by 0.3 percentage units, although the required increase was 0.6 percentage units.

Numerous working groups looked into the reform needs and efficiency of the different areas of the pension system, such as ensuring the financing of local government pensions and the need for reform in the index security for earnings-related pensions. The sufficiency, sustainability, structure and cost level of the Finnish pension scheme was estimated by a team of independent international experts.

The main events on the international pension scene were the recommendations issued by the European Commission on the development of the European pension systems and the preparations for the introduction of the financial market tax. The European Commission recommended to Finland that it should especially improve the employment rate of the elderly and tie the retirement age to life expectancy. The earnings-related pensions sector greeted with relief the decision that Finland would not adopt the financial market tax. The tax would have equalled the implementation costs of the entire earnings-related pension system.

Keva's operations were affected as it took on the statutory responsibility for the pension security of the Evangelical Lutheran Church's and the Social Insurance Institution of Finland's employees. Preparations were made for the second phase of the state pensions' transfer. From the beginning of 2013, Keva will take care of the state employment register, collection and checking of pension contributions, and actuarial and statistics services.

The gradual introduction of the new pension processing system caused challenges in customer service and pensions decisions. Pension Services was also kept busy by the pension records covering entire working careers that were sent out to public sector employees.

Changes in regulations

As of the beginning of 2013, the final tasks related to state pension still remaining were transferred to Keva. Thus the State Treasury no longer handles any tasks related to state pension cover.

The Local Government Pensions Act and the State Pension Act were amended. The early old-age pension was abolished. The change applies to employees born in 1952 or later. Public sector employees, for whom a personal retirement age has been calculated, still have the right to retire three years earlier on an early old-age pension. Legislation was amended so that the right of a long-term unemployed person, receiving continued unemployment allowance, to retire at the age of 62 was abolished. The change applies to employees born in 1958 or later.

The age limit for retiring on a part-time pension was raised from 60 to 61. The change applies to employees born in 1954 or later.

The Local Government Pensions Act's provision on providing information to employers was amended. Now it is possible to give the employer information on, for example, a pension granted to a person for the purpose of personnel arrangements, such as hiring a substitute.

The Police Administration Act was amended so that after a transitional period the general compulsory retirement age of 68 is applied to policemen. However, policemen born before 1960 can, if they wish, retire on old-age pension according to the previous compulsory retirement age.

Customer relations

Keva's work on customer relations aims to create productive partnerships which benefit municipal employers as well as other public sector employers. Customer relations work focussed on maintaining the handling of municipal limited liability companies' earnings-related pension matters within the local government pension system. Another focal point was services related to promoting longer careers.

The Evangelical Lutheran Church and Social Insurance Institution statutorily became Keva's customers as of the beginning of 2012. We also prepared for the handling of state employer customer relations that were set to begin in 2013. Keva defined, together with the Church employers, services for promoting longer careers.

Customer satisfaction among local government employers slightly declined from the previous survey. In order to improve customer satisfaction, the management and control processes for customer relations were developed, the customer orientation of services was enhanced and contacts with employer customers were increased.

For those insured who are approaching the public sector retirement age Keva organised a pension information tour at different locations around Finland. During 2012, Keva organised hundreds of training events and events for employer customers and the insured. Participants numbered over 21,000.

Contribution income

At the end of 2012, there were about 520,000 employees insured under the Local Government Pensions Act (KuEL), i.e. around 1% more than at the end of the previous year. The total payroll for employees insured under the Act was EUR 16,121 million which was EUR 746 million (4.9%) more than in 2011.

In 2012, local government contribution income totalled EUR 4,696 million (EUR 4,406 million), i.e. 29.12% (28.65%) of the payroll. Contribution income increased by EUR 290 million (6.6%) over the previous year. The local government contribution income is made up of four parts i.e. the employer's and employee's pay-based contributions as well as employer's contributions based on pension expenditure and early retirement pension expenditure.

EUR 3,534 million of pay-based contributions were collected, which is 8.4% more than in 2011. The emplo-

Local government contribution rates 2003–2012

Year	Employer's contribution rate					Employee's pay-based contribution rate	Average total
	Pay-based contribution	Pension-expenditure-based contribution	Early-retirement-pension-based contribution	Additional employer contributions	Total		
2012	16.35	6.21	0.99		23.55	5.57 [1]	29.12
2011	16.10	6.45	1.00		23.55	5.10 [2]	28.65
2010	15.60	6.66	1.29		23.55	4.87 [3]	28.42
2009	15.90	6.60	1.10		23.60	4.62 [4]	28.22
2008	16.00	6.62	1.08		23.70	4.42 [5]	28.12
2007	16.50	6.54	0.79		23.83	4.61 [5]	28.44
2006	17.10	6.11	0.50		23.71	4.60 [6]	28.31
2005	17.10	5.55		0.56	23.21	4.90 [7]	28.11
2004	17.45	4.98		0.64	23.07	4.60	27.67
2003	17.45	4.59		0.69	22.73	4.60	27.33

[1] 5.15% for people under 53 and 6.5% for people aged 53 or over
[2] 4.7% for people under 53 and 6.0% for people aged 53 or over
[3] 4.5% for people under 53 and 5.7% for people aged 53 or over
[4] 4.3% for people under 53 and 5.4% for people aged 53 or over
[5] 4.1% for people under 53 and 5.2% for people aged 53 or over
[6] 4.3% for people under 53 and 5.4% for people aged 53 or over
[7] 4.6% for people under 53 and 5.8% for people aged 53 or over

yees' share of the contribution was EUR 898 million and the employers' share EUR 2,636 million. The pay-based contribution in 2012 was on average 21.92% of salaries, i.e. 0.72 percentage units more than in 2011. The contribution was divided so that 5.15% was paid by employees under the age of 53, 6.5% by employees 53 and over and 16.35% by employers.

In accordance with the decision of Keva's Council, EUR 1,001 million in pension-expenditure-based contributions were charged from member organisations, which was equivalent to 6.21% of the payroll, an increase of EUR 9 million or 0.9% over the previous year.

In accordance with the decision of the Council, EUR 160 million in early-retirement pension-expenditure-based contributions were charged, which was 0.99% of the payroll.

Financial support is a benefit equivalent to group life insurance paid to the beneficiaries of a deceased local government officeholder or employee. At the end of 2012, 593 member organisations had arranged for financial support through Keva. About EUR 5 million in financial support contributions were collected in 2012, i.e. just under EUR 1 million more than in the previous year.

The Unemployment Insurance Fund contribution was EUR 125 million, which was EUR 10 million less than in 2011.

In 2012, Keva also prepared itself for calculating and collecting State and Evangelical Lutheran Church contributions, which became Keva's responsibility as of the beginning of 2013.

Pensions

2012 was particularly challenging for the Pension Decisions function due to the gradual introduction of the new processing system as of March. The first six versions of the system were deployed in 2012, and the seventh version, the last one included in the delivery, was deployed in March 2013.

No pension decisions could be made for two weeks prior to the introduction of the new system as the old systems' data had to be converted into the new system. During the introduction phase, certain pension benefits and some applications were processed using the old systems and, in part, manually. During the spring and summer, application processing became congested to an extent that the processing times of old-age and disability pensions in particular were extended. The processing times for these pension benefits were around one week longer than in the private sector.

We strived to ensure uninterrupted income for our customers by prioritising first-time pension applications and extension applications for cash rehabilitation benefit. Keva focussed on open communication, and phone service resources were strengthened to maintain our customer services at a good level. Applications for delayed pensions were expedited, and they were processed and pensions paid normally within a few days.

In 2012, pension decisions were made using several systems and the conversion of decisions made using the old systems continues in 2013. Statistics do not yet reliably show all the information concerning decisions made using the new system. The reporting systems are also not ready, due to the prioritisation of decision-making activities and customer service in the development work surrounding IT systems. Therefore, the comparison figures for 2012 in the Report of the Board of Directors are not as comprehensive as usual.

Insured person covered by Local Government Pensions Act

At the end of 2011, the Local Government Pensions Act covered just over 515,000 insured people, some 77% of whom were women. The average age of insured persons covered by the Act was relatively high at 45.4 years. At the end of 2012, the number of insured persons covered by the Act is estimated to have been approximately 520,000.

Insured local government employees by age and gender on 31 Dec. 2011

Age	Men	Women	Total
–19	946	2,628	3,574
20–24	5,085	15,767	20,852
25–29	9,393	31,755	41,148
30–34	11,638	39,935	51,573
35–39	12,753	44,569	57,322
40–44	13,537	47,515	61,052
45–49	15,689	55,414	71,103
50–54	16,760	61,708	78,468
55–59	17,286	59,141	76,427
60–64	12,004	35,189	47,193
65–	2,250	4,285	6,535
Total	**117,341**	**397,906**	**515,247**

The data in the table dates from 2011, because data for 2012 will not be available until in summer 2013

Self-correction of pension decisions

Pension decisions made by Keva may be appealed to the Pension Appeal Board, and decisions made by the Pension Appeal Board may be appealed to the Insurance Court. The petitions of appeal are submitted to Keva, which can either rectify the decisions itself or forward them to the appeal bodies.

In 2012, Keva processed 996 appeals against its local government pension decisions (1,106 in 2011), of which 825 (920) were related to the assessment of working capacity. Keva upheld 8.3% (10.3%) of all appeals and 5.7% (8.5%) of appeals concerning the assessment of working capacity.

Keva processed 265 (290) appeals against its state pension decisions, of which 155 (172) were related to the assessment of working capacity. Keva upheld 14.0% (10.3%) of all appeals and 7.8% (6.4%) of appeals concerning the assessment of working capacity.

In 2012, Keva processed 225 (279 in 2011) of the appeals lodged with the Insurance Court concerning local government pension decisions of the Pension Appeal Board. Of the appeals, 209 (245) concerned assessments of working capacity and Keva rectified 2.2% (4.1%) of the assessments.

Electronic services

In October 2012, Keva launched a new online service providing pension information for all its employee customers. Between 19 October and 31 December 2012, up to 56,000 users logged in to the new service.

Initially the service did not include all the calculation services, which is why the former calculation services were kept at the disposal of municipal, church and Kela employees. Approximately 65,500 visitors logged in to the old calculation service for municipal employees, and around 2,000 visitors logged in to the Church's and Kela's calculation services.

More than half of local government old-age pension applications and 80% of part-time pension applications were sent through the electronic pension application service available to the municipal ombudsmen.

Pension expenditure

Pension expenditure under the Local Government Pensions Act in 2012 was EUR 3,826 million, which was EUR 285 million (8.1%) more than in the previous year. The number of pension recipients totalled some 354,000 at the end of the year, i.e. just over 1% more than in 2011.

In 2012, Keva paid a total of EUR 3,834 million in state pensions which was EUR 178 million or nearly 5% more than in the previous year. The number of state pension recipients was around 272,000 at year end, which is approximately 1% less than in 2011.

Evangelical Lutheran Church pensions paid out amounted to EUR 170 million, and pensions for the Social Insurance Institution's salaried employees amounted to around EUR 82 million.

The State, Evangelical Lutheran Church and Kela funded their own pensions so that they paid Keva a monthly advance in the amount specified by the Ministry of Finance, which sum was adjusted at the end of the year with the actual pension expenditure. For 2012, Keva will return to the State a sum of EUR 29.9 million, to the Church EUR 4.2 million and Kela EUR 1.6 million. These sums were entered in the financial statements as an adjustment to the advance payments.

Local government pension expenditure by pension benefit 2008–2012

EUR million	2012	2011	2010	2009	2008
Old-age pension	3,009	2,725	2,503	2,322	2,079
Early old-age pension	124	118	113	109	94
Disability pension	399	395	398	395	373
Individual early retirement pension	0	0	1	3	5
Unemployment pension	8	18	30	40	42
Survivors' pension	176	171	169	168	159
Part-time pension	67	68	63	61	59
Cash rehabilitation benefit	42	43	41	40	40
	3,825	**3,538**	**3,318**	**3,138**	**2,851**
Contributions payable to the State	1	3	3	3	2
Total	**3,826**	**3,541**	**3,321**	**3,141**	**2,853**

State, Evangelical Lutheran Church and Social Insurance Institution pensions			
	State pensions	Evangelical Lutheran Church pensions	Social Insurance Institution pensions
EUR million	2012	2012	2012
Expenditure by pension benefit			
Old-age pension	3,187	137	66
Early old-age pension	117	8	5
Disability pension	163	11	6
Individual early retirement pension	0	0	0
Extra pension	0	0	0
Part-time pension	25	2	2
Unemployment pension	4	0	0
Survivors' pension	327	10	3
Rehabilitation allowance	2	0	0
Rehabilitation increment	0	0	0
Cash rehabilitation benefit	9	2	0
Compensation for rehabilitation and expenses	0	0	0
Compensation for transfer of EU pensions	0	0	0
Total expenditure	**3,834**	**170**	**82**
Income			
Advance payments received	-3,864	-174	-84
Excessive advance payments returned	30	4	2
Total income	**-3,834**	**-170**	**-82**
Impact on Keva's result	**0**	**0**	**0**

Includes pensions under each pension act and pensions paid on behalf of other institutions.

Support for continuing at work

Support for continuing at work is one of the central objectives defined in Keva's strategy. The objective is to have as many employees as possible work until their personal retirement age or beyond it, to decrease the number of commencing disability pensions and to enable as many people as possible to continue working despite a weakened capacity.

The numbers of vocational rehabilitation applications and decisions increased in 2012, especially in the local government and state sectors. Decisions concerning the right to vocational rehabilitation increased 12.5% from 2011. A year earlier, the growth in the municipal sector equalled 16%. The growth that has continued for several years already can be contributed to increased awareness of the vocational rehabilitation practices. The timeliness and pertinence of applications has improved as the rejection rates declined compared to previous years.

Changes in the public sector were reflected in vocational rehabilitation, and the processes for returning to work for partially disabled persons are more challenging than before. Nevertheless, the results have remained at a good level with four out of five people participating in vocational rehabilitation returning to working life.

During the year, studies were carried out surrounding the occupational well-being, vocational rehabilitation and occupational health related co-operation of municipal employees. The results show that the reform of municipal structures has had little effect on the well-being of employees. The study on occupational health services also covered the Evangelical Lutheran Church.

Keva's Kaari services promote occupational well-being and continuing in working life within the public sector. The Kaari services for employers are meant for the municipal sector and the Evangelical Lutheran Church, where applicable. The State Treasury is responsible for the occupational well-being services for the State.

Operations involved apprising various parties of costs related to disability. Keva's Kaari calculation service, developed for estimating disability-related costs, was made available to the largest member organisations.

Keva also supported its member organisations' well-being at work activities by assisting them in implementing the active support model, and providing strategic well-being at work coaching and a municipality-specific well-being at work service. Various workshops and seminars involving the theme of continuing at work were also organised.

Keva took a more active interest in national projects related to developing working life and lengthening careers. The objective is to actively impact key projects by promoting Keva's operational models and expertise as well as features particular to the public sector.

Investment operations

Thematically there was little change in 2012 compared to other years since the onset of the financial crisis. Greece's distress deepened in the midst of public sector cuts. At times, Spain's and Italy's situation became more complicated in the capital markets with difficulties in obtaining funding and high funding costs. Especially the problems in Spain's real economy raise concerns. Smaller European countries, such as Ireland and Portugal, obtained more time to solve their problems while the focus remained on the problems of the bigger countries. In addition to the aid arrangements in the eurozone, the European Central Bank announced it will do whatever it takes to preserve the euro. News concerning the eurozone real economy in particular was disappointing throughout the year.

In spite of all this, 2012 turned out to be very good for investors. The returns on the main asset classes were exceptionally high. Capital markets and especially high-risk investments were bolstered by the ECB's and other central banks' measures and statements of their willingness to support the markets. 2013 presents new challenges in the form of seeking investments with good returns.

Keva's investment year 2012 was very good. At the beginning of 2012, the market value of Keva's investments totalled EUR 29,044 million. At the end of the year, the market value of investments was EUR 33,528 million, i.e. 15.4% more than at the end of 2011.

Investments are divided into fixed income, equity, real estate, private equity and commodity investments and hedge fund investments. Fixed income investments consist of loans, bonds and money market investments. The investments are managed in part by Keva and in part by external asset managers (e.g. by equity and fixed-income funds). Targeted returns are hedged using derivative instruments, the effects of which on allocation by asset class are taken into consideration in the figures that illustrate the risk-adjusted distribution of investment assets.

Of the different asset classes, the best result was generated by equities (listed equities 17.2%, fixed-income investments (11.5%) and hedge funds (10.4%). Other asset classes, i.e. private equity investments (10.0%), commodities (5.2%) and real estate investments (4.7%) also yielded positive results.

Keva's total investment return at market value after expenses was 12.9% in 2012. The capital-weighted cumulative real return on investments since inception (1988) until the end of 2012 was 3.7%. The non-capital-weighted average real return for the same period was 5.3%.

In addition to the assets mentioned above, the invested capital at market value includes EUR 830.9 million in accrued income including accrued interest as well as other items used in calculating the return. Taking these items into account, the market value of invested capital totals EUR 34,359 million.

Fixed-income investments

At the beginning of 2012, the fixed-income markets were hopeful in terms of global economic recovery, and the long-term refinancing operation announced by the ECB towards the end of 2011 created hope in the eurozone's ability to overcome its problems. In the course of the spring, the optimism weakened and by the summer the markets were back in crisis. Central banks showed, once again, their determination, and during the autumn the situation was stabilised. Both the US and European central banks communicated to the markets that, if required, they are willing to maintain low interest rate levels for a long time and to expand central banks' balance sheets.

During the euro crisis the interest rates of both German and Finnish government bonds fell to a historically low level, and at times interest rates were even negative on shorter maturities as investors looked for safe havens at any cost. With the decreasing interest rates and smaller risk premiums towards the year end, government bonds yielded surprisingly well in 2012.

The situation in the corporate bonds market was similar to that of government bonds, with risk premiums first rising towards the summer, only to fall sharply in the autumn. In 2012, corporate bonds generated the best returns within fixed-income investments, and emerging market bonds also yielded well.

The total market value of Keva's investments in bonds and fixed-income funds stood at EUR 13,648 million at the end of 2012. This was an increase of EUR 2,303 million on the previous year. A total of EUR 5,507 million i.e. 40.4% of the bond portfolio was allocated to external asset managers (including funds). The market-value return on bonds was 13.4%.

Loans (excluding those granted to Keva companies) totalled EUR 709 million at the end of 2012. This loan portfolio decreased by EUR 123 million during the year. These promissory note loans yielded an income of EUR 17 million in interest.

Money market investments totalled EUR 653 million at year-end.

A total of EUR 277 million in fixed-income returns was recorded for the fixed-income portfolios. The market-value return on fixed income investments was 11.5%.

Equity investments

The mood in the equity markets was also positive at the beginning of 2012; valuations were historically low and hopes that the euro crisis would ease rose owing to the determined measures by the ECB. In the background lay concerns over global economic growth and the recurrence of similar volatility as in autumn 2011, but the general atmosphere was cautiously hopeful.

The mood in the market varied during the year with the optimism in the first quarter withering away during the late winter and early spring. During the second quarter, all markets returned, for all practical purposes, to their initial levels. The reasons for this were the escalation of the euro crisis, and concerns over global economic growth and the conflicting economic data concerning the United States and China.

In early summer, the conditions in equity markets did stabilise, mainly due to the determined measures by central banks. The rest of the year was very positive, and annual returns turned out to be very good in many equity markets.

The MSCI index (EUR), which illustrates the average trend of the world's equities, ended the year at 13.6%, compared to -2.5% in 2011. Measured by the Stoxx 600 index, European equities rose 18.2% (-8.6%). The return on Asian equities (MSCI Asia-Pacific) was 14.5% (-12.3%).

At the end of 2012, the total market value of Keva's listed equity investments was EUR 12,899 million. A total of EUR 10,038 million, i.e. 78% of the entire equity portfolio, was allocated to external asset managers (including funds).

Dividend income from equity investments totalled EUR 171 million. The market value return on listed equity investments was 17.2% (-10.0%).

Real estate investments

Keva's real estate portfolio primarily comprises direct investments in domestic real estate and real estate shares. The portfolio also includes investments in real estate funds in Finland and abroad.

The domestic real estate markets were burdened by weak demand for office premises and the rapid increase in real estate management costs. In terms of direct real estate investments, the year under review was nevertheless satisfactory. Positive results were also achieved in real estate funds.

The market value of real estate investments was EUR 2,509 million at the end of the year, EUR 689 million of which was accounted for by real estate funds. Furthermore, EUR 243 million was tied up in real estate companies in the form of traditional loans. The amount of investment commitments made in Finnish and foreign real estate funds totalled EUR 1,044 million, EUR 202 million of which were undrawn commitments.

At year-end, the rentable floor space of the 126 real estate companies owned by Keva totalled approximately 750,000 m^2, and the number of leases was 3,708. The net rental income was EUR 86 million, and the market-value return on direct real estate investments stood at 4.9%. The return on direct real estate investments calculated on the basis of the Finnish Institute for Real Estate Economics' KTI Index was 5.6%.

The market value return on all real estate investments was 4.7%.

Private equity, hedge fund and commodity investments

The private equity operating environment remained rather good in 2012, in spite of the uncertain market conditions. Nevertheless, there was a clear geographical polarisation in the private equity markets. In the United States the private equity market was highly active, while in Europe the market remained in a state of subdued activity. The main reason for this lies in how the financial institutions and channels functioned. Additionally, there was general uncertainty in Europe related to the sovereign debt problems, among others, in the periphery countries. The return on private equity investments, however, was good.

The operating environment for hedge funds was, akin to other assets classes, somewhat more favourable in 2012 than in 2011. The capital flow back to hedge funds, which had started in 2010, continued to be strong last year.

Consistent with the rest of the markets, the commodities markets also fluctuated strongly during 2012. The commodities markets correlated strongly with the equity markets and did not offer investors the expected diversification benefits.

At the end of the year, the market value of Keva's private equity investments totalled EUR 1,645 million, and it had two direct investments in unlisted companies. The market value of hedge fund investments totalled EUR 774 million at year-end. The risk-adjusted allocation of commodity investments stood at EUR 216.1 million (market value of EUR 203.6 million). The amount of investment commitments made to private equity investments totalled EUR 3,624 million, EUR 1,313 million of which were undrawn commitments.

The market-value return on private equity investments was 10.0%, on hedge fund investments 10.4%, and on commodity investments 5.2%.

Investments at market value 31 Dec. 2012

	EUR million	%
Fixed-income investments	15,171	45
Equity investments	12,981	39
Real estate investments	2,752	8
Private equity investments	1,646	5
Hedge funds	774	2
Investments in commodities	204	1
Total	**33,528**	**100**

Invested capital by currency at market value 31 Dec. 2012

	EUR million	%
EUR	20,931	63
USD	10,495	31
GBP	815	2
JPY	455	1
CHF	267	1
SEK	178	1
Others	388	1
Total	**33,528**	**100**

Geographical distribution of investments at market value 31 Dec. 2012

	EUR million	%
Finland	6,088	18
Europe (excluding Finland)	12,348	37
North America	7,627	23
Emerging markets	4,533	14
Asia (excluding Japan)	1,702	5
Japan	802	2
Others	428	1
Total	**33,528**	**100**

Investment strategy

Keva's funding strategy determines the central principles for funding the local government pension system, and from these are derived the strategic objectives set for the investment operations.

The Board of Directors manages Keva's long-term investment activities through the investment strategy. In the shorter term, the investment activities for a given year are managed through an approved investment plan which also includes investment authorisations.

The investment strategy sets out the principles and procedures that will help to achieve the targets set for the investment operations in the financial strategy. Most importantly, the investment strategy determines the principles to be followed in the steering of the investment activities.

The Board of Directors of Keva approved the current investment strategy on 22 September 2010.

Social responsibility

Keva's Board of Directors has decided on the most important principles of social responsibility to be observed in its investment operations. It has also outlined the operating methods and procedures that will be used to guarantee social responsibility as part of the investment process.

In accordance with the rules, the Board receives regular reports on how social responsibility has been fulfilled in investment operations. Keva uses information produced by an external service provider that focuses on assessing corporate social responsibility to supplement its own activities relating to investment processes. The report to the Board also describes the measures taken as a result of the observations.

Subsidiary and associated companies

At the end of 2012, Keva owned, fully or partly, 126 Finnish real estate companies, which represents an increase of three compared with the previous year. New ownerships were acquired by buying or establishing 5 companies and 2 companies were sold. Keva owned 104 real estate companies in full and had a majority shareholding in 10 companies. The number of associated companies (holding of 20–50%) was five. In seven real estate companies the holding was smaller than this.

Keva also owned all the shares in Kuntasijoitus KE Oy, 30.66% of Municipality Finance Plc and 25% of Exilion Capital Oy, which manages the Exilion Capital Real Estate fund.

Pension liability fund

The difference between the annual income and Keva's annual expenditure is added to or deducted from the pension liability fund. At year-end 2012, the fund stood at EUR 34,747 million, which was EUR 4,821 million (16%) more than a year earlier.

Present value of the benefits accrued under the local government pension system

The value of benefits accrued in the local government pension system under the pension regulations, but which have not yet been paid out, clearly exceeds the value of the pension liability fund. The present value of these accrued benefits was estimated to be EUR 95 billion at the end of 2011. A year earlier this present value was estimated to be EUR 96 billion, i.e. the estimate has been adjusted slightly down. The value increased by EUR 3 billion to EUR 98 billion in 2012.

As the value of the pension liability fund in 2012 increased clearly more than the present value of benefits, the present value of unfunded benefits decreased by approximately EUR 2 billion during the year.

The present value of accrued benefits is estimated based on the best available information on mortality and other trends. However, this is just a rough estimate of the current situation of the pension system. Changes in the calculation premises may significantly alter it.

Operating costs and depreciation

Keva's operations expanded in 2011 to the execution of the state pension cover, and further in 2012 to the execution of the pension cover of the Evangelical Lutheran Church and Social Insurance Institution personnel. The operating costs and depreciation before payments received (gross operating costs) totalled EUR 95.3 million in 2012, which was EUR 9.8 million (around 11%) more than in 2011. IT-related expenses and depreciation accounted for EUR 6.8 million or two thirds of the growth. The payments received mainly from the Evangelical Lutheran Church and the Social Insurance Institution increased, so net operating costs, including payments received, equalled EUR 69,3 million, which is EUR 7.3 million (some 12%) more than in the previous year. Keva received reimbursement for the operating costs and depreciation in the sum of EUR 26 million (EUR 23.5 million in 2011) of which some EUR 21 million were paid by the State, just over EUR 3.3 million by the Evangelical Lutheran Church and just under EUR 1.1 million by the Social Insurance Institution.

The single largest gross operating cost item was personnel costs, at EUR 37.3 million. Personnel costs increased by EUR 1.9 million (5%) over the previous year. IT investments totalled EUR 31.2 million, which was EUR 4.4 million (17%) more than in the previous year. IT investments were increased especially by the introduction of the pension processing system and the pension record mailed to public sector employees. Outsourced services totalled EUR 15.8 million, which was EUR 1.1 million or around 8% more than in 2011. The main items under outsourced services were asset management, custodianship and accounting fees related to investments. Other operating costs stood at EUR 5.5 million, slightly less than the previous year.

When examined by function, the gross costs for pension operations stood at EUR 56.2 million, which was 15% more than in 2011. When the received payments are taken into account, the costs for pension operations increased also by 15%. The growth in IT expenses and depreciation was allocated to Pension Decisions due to the introduction of the new pension processing system. The costs for investment operations stood at EUR 21.6 million, 5% more than in 2011. No payments received were allocated to investment operations. The gross operating costs for administration stood at EUR 17.4 million, which was 8% more than in 2011. When the received payments are taken into account, the operating costs increased 14%.

Investments in machinery, equipment, and computer software totalled EUR 12.7 million, which was EUR 2.4 million less than in the previous year. Keva sold its pension processing system to other pension institutions and received a payment of a few million euros, which lowers the planned depreciation compared to the situation in which the system had not been sold.

Planned depreciation for 2012 amounted to EUR 5.5 million, which was EUR 2.4 million, or 77% more than in 2011. The growth resulted from the implementation of the new pension processing system.

Statutory payments refer to Keva's share of the costs of the Finnish Centre for Pensions, the Pension Appeal Board and the Financial Supervisory Authority. The costs totalled EUR 5.7 million, of which the State, Evangelical Lutheran Church and Kela paid around EUR 0.6 million.

Administration

Keva's highest decision-making authority is the Council, the members of which are appointed by the Ministry of Finance for the municipal electoral period. The year under review was the last year for the Council of the 2009–2012 term.

The Council was chaired by Olavi Ruotsalainen, Mayor of Suonenjoki, and Jorma Turunen, municipal manager of Kesälahti was Deputy Chairman.

The Council convened twice during the financial year.

The Board was chaired by Member of Parliament, lawyer Sampsa Kataja, and Tapani Hellstén, Mayor of the City of Hämeenlinna, served as Vice Chairman. Other members were Mauri Gardin, Mayor of the City of Rovaniemi; Risto Kangas, Director of Negotiations at the Negotiation Organisation for Public Sector Professionals; Paula Kokkonen, Master of Laws; Varpu-Leena Malmgren, special education teacher; Pirjo Mäkinen, Vice President, the Trade Union for the Public and Welfare Sectors JHL; Sallamaari Repo, Adviser to the Minister for International Development; and Harri Virta, Managing Director of Seure Henkilöstöpalvelut. Of the Board members, Kangas and Mäkinen are members proposed by the main employee organisations in the local government sector, as required by law.

Vice Chairman Hellstén withdrew from the Board's activities after he had applied for the position of Keva's Deputy CEO on 11 September 2012. Hellstén was substituted in the Board until the end of the year by his deputy member Sisko Seppä, Funding Activities Director, RAY.

The Board convened 12 times during the period under review.

In addition to the Board and Council, Keva's statutory bodies include the Investment Advisory Committee, the members of which are appointed by the Board for its term of office. The Committee comprises ten members and includes representatives of the contracting organisations in the local government sector, the Ministry of Finance and the Ministry of Employment and the Economy. Seppo Juntti, Financial Director, City of Salo, acted as Chairman of the Investment Advisory Committee, and Terttu Savolainen, Director of the Regional Administrative Agency of Northern Finland, acted as Vice Chairman.

The Working Life Development Working Group is a body defined in the Standing Orders. Its members are invited to join the group by the Board for its term of office. Of the 12 working group members, six are chosen based on proposals by the contracting organisations in the local government sector. Pekka Palola, LLM, was the Chairman of the Working Life Development Working Group.

Merja Ailus served as Keva's CEO and Managing Director. The Deputy CEOs were Eija Lehto-Kannisto, until 30 September 2012, and Pekka Alanen. Lehto-Kannisto was in charge of Pension Decisions and Alanen of the execution of the customer strategy. When the Deputy CEO's office, attended to by Lehto-Kannisto, became vacant, the Board of Directors decided to alter the area of responsibility to the execution of the work capacity and continuation strategy. In its meeting on 23 November 2012, the Board elected Mayor Tapani Hellstén as the Deputy CEO. He took office 21 January 2013.

Personnel

The new pension processing system, which was introduced in spring 2012, affected the work of most Keva employees. Additional labour was required during the deployment phase, which can be seen as an exceptionally large number of fixed-term employees. The number of fixed-term employees was also increased by employees hired as substitutes for persons who were on leave of absence. Keva employed 547 people at year-end (543 in 2011), of which 28 (19) were fixed-term employees.

Keva is women-dominated, which is typical of the earnings-related pensions sector. Women accounted for about 74% of our personnel. The personnel's age structure is focussed on experienced workers. At the end of 2012, the number of permanent employees aged 55 or over totalled 176, and employees aged 60 or over numbered 78. Transferring their experience and competence to younger employees will be one of Keva's major initiatives in the coming years. Keva has age management practices in use.

IT Management

Keva's new pension processing system (Kasper) was introduced on 5 March 2012. Kasper is the single most important operative IT system for Keva. The development work for the new system was initiated in 2006.

The new system replaces three old pension processing systems used in the public sector, the oldest of which has been in use for some twenty years. In its entirety, the pension processing system's reform project consisted of three sub-projects, covering the calculation, message and indexing service (Lapa); the handling system providing an interface for pension processors (Elmo); and the conversion and interface creation project (Rako).

Lapa was carried out together with Varma Mutual Pension Insurance Company, Mutual Insurance Company Pension Fennia, Veritas Pension Insurance and Ilmarinen Mutual Pension Insurance Company. The Lapa system is used to calculate the amount of pension for pension applications and estimates. The system also handles information requests between company-specific processing systems and the IT systems shared by the pension sector. The calculation service determines whether the person is legally entitled to the pension benefit they have applied for, and provides the pension processing system with the correctly calculated pension information. The production and maintenance of the Lapa system was decided to transfer to Arek Oy as of the beginning of 2013 to allow more flexible use of the system by other pension institutions and their participation in its development costs.

The Elmo project was carried out by Keva alone. It involved revamping all of Keva's key IT systems related to pension processing and customer service, as well as the supporting architecture and technology. The solutions related to online services, reporting on pension matters and statistics for the insured were also renewed. In spring 2012, Keva signed a multi-million-euro agreement concerning the selling of the usage rights of the Elmo system's specifications and source code to Varma, Eläke-Fennia and Veritas, who will develop their own systems based on Elmo. The usage rights transaction will lower the public sector's share of the development costs of the Elmo system.

The personal data and personal pension information of the insured contained in the old pension processing systems of Keva, the State Treasury, the Evangelical Lutheran Church and Kela were conveyed to the new processing system under the scope of the Rako project. The old processing systems will be decommissioned as soon as possible. However, the necessary parallel use of the old systems will continue to a certain extent for several years. Within the scope of the Rako project, interfaces between Elmo and Keva's current systems (such as the payment system Elma), which will remain in production use after 2012, were also implemented.

The operating costs of IT management in 2012 were EUR 31.2 million, and purchases totalling EUR 12.7 million were recorded in the balance sheet as investments.

Internal control

Internal control means all the procedures, systems and methods through which Keva's management aims to ensure efficient, economical and reliable operations. Risk management and internal auditing are key fundamentals of internal control.

General development of risk management

Risk management in 2012 focussed on the controlled and gradual introduction of the new pension processing and calculation system.

In order to further enhance data security, data security principles and processes were developed. The data security level of the IT systems was also regularly tested through data security audits.

Improvement areas in the Investment Operation function's risk management included risk reporting, limit monitoring, investment processes and the related documentation.

Main risks

The most significant strategic risk in 2012 was defined to be the falling of the long-term return on investments below the target level set in the investments strategy, which is determined based on the prevailing financing situation in the pension insurance system. The market environment continued to be challenging in terms of investments. The capital-weighted long-term real return on investments between 1988 and 2012 was 3.7%.

Another major long-term risk relates to a decrease in the number of employees under the Local Government Pensions Act and the decline of the contribution income as a result. Contribution income may weaken if the number of people insured under the Local Government Pensions Act declines for example as the result of a discrepancy between workforce availability and demand or the outsourcing of municipal services. This may cause pressure to increase pension contributions.

The most significant IT system project over the past few years has been the renewal of the new pension processing and calculation system. The system was commissioned in 2012, and its gradual introduction and development will continue in 2013. The project involves extensive co-operation between pension institutions and with suppliers. Since the reforms will be extensive and highly important, the risks involved are considered strategic.

The main operational risks are related to personnel and IT systems.

Market and liquidity risks

The fluctuation of market values is a short-term investment risk. This risk can be illustrated with the Value at Risk figure (VaR). The VaR figure for Keva's investments calculated on the basis of monthly returns during a two-year period was EUR 1,042 million at the end of 2012, which means that with a 97.5% probability, this is the biggest possible loss on the entire investment portfolio within the time span of one month. The VaR figure at the end of the previous year was EUR 903 million. The figure has grown somewhat, since as the market value of the investment portfolio increases, the euro-denominated VaR figure also increases. Percentually, the VaR figure decreased when compared to the previous year.

Since Keva's contribution income exceeded the pension expenditure, the liquidity risk was low.

Contingency plans

In order to ensure that Keva's operations continue without interruption, the Board has prepared a general contingency plan for the entire institution as well as supplementary contingency plans for each function, which have been approved by the management.

Insider guidelines

The Board has confirmed insider guidelines for Keva.

Internal auditing

The internal auditing function's activities are based on the operating plan for internal auditing, confirmed each year by the Board of Directors. In accordance with the audit charter, the function reported regularly to the CEO and Board on the audits carried out and conclusions made based on them during the year.

Outlook

Over the coming years the local government pension scheme, along with other pension systems, will face several major global challenges concerning the sufficiency and sustainability of the pension cover. Longer life expectancy, changes in working life and governments' growing debts will force the different parties to critically review the dimensioning and incentiveness of the pension system. If careers are not lengthened considerably, we will face an inevitable decrease in the pension level and related problems.

Pension cover and its financing will be even more closely linked to the management of public finances and the trend in industrialised countries' debt levels. The EU has acknowledged this, and the White Paper published in 2012 included concrete action proposals for the member countries to adopt in order to secure future pensions. It was suggested that Finland link life expectancy with the retirement age and implement measures to ensure that people remain longer in working life.

The main labour market organisations established a survey working group to assess, among other things, the impacts of the 2005 pension reform and necessity of further measures to ensure the financial and social sustainability of the pension system as life expectancy increases. This survey is due to be finished by the end of 2013. Based on this survey, the Pension Negotiation Group is expected to decide on a pension reform, which is due to take effect from the beginning of 2017 at the latest. The reform is expected to be based on the 2005 pension reform but to take into account the EU's proposals.

From the point of view of a pension investor, the outlook for the next few years is once again challenging. Especially the public finances of many industrialised countries continue to be burdened by debt problems, and their economic growth will be sluggish. This is expected to keep the monetary policies of industrialised countries easy and the interest rates at an exceptionally low level. The situation for investors will be slightly alleviated by the emerging markets, which are likely to provide reasonable returns especially on equities, provided that they are able to avoid overheating, which always looms in times of rapid economic growth.

The local government sector will experience changes as a result of the structural reform and the reform of the social and health care sector in the coming years. The number of municipalities is likely to reduce, and the remaining municipalities will be larger in terms of both the population and number of employees. We will see various solutions applied to service provision, and debate over which solution is the best will remain lively. The private sector will undoubtedly continue to expand strongly into the extensive municipal services market. In addition to the voluntary outsourcing of service provision, incorporation is influenced by the legislative initiative on competition neutrality and the funding reform concerning the universities of applied sciences, as a result of which municipalities have to incorporate their functions currently run as municipal companies or joint municipal boards.

The new Council and Board of Directors took office in 2013. At the beginning of the term, Keva's strategy will be revised, and its vision, mission and values will also be reviewed. Operationally, Keva will continue the deployment of the new pension processing system and adoption of new ways of working in 2013. Along with these vitally important internal matters, our focus will remain on prolonging careers within the local government sector. We will also take a proactive role in the development of the pension system and in the preparations for the pension reform.

Administration 2012

Council in 2009–2012

Regular members	Personal deputies	Regular members	Personal deputies
Chairman, Mr Olavi Ruotsalainen Suonenjoki	Mr Jouko Sillanpää Helsinki	Mr Petri Lindroos Negotiation Organisation for Public Sector Professionals	Mr Simo Kekki Negotiation Organisation for Public Sector Professionals
Deputy Chairman, Mr Jorma Turunen Kesälahti	Mr Hannu Laitinen Jyväskylä	Ms Marja Lounasmaa Union for the Municipal Sector	Ms Päivi Ahonen Union for the Municipal Sector
Ms Miia Antin Hattula	Mr Timo Rajala Toijala	Mr Jani Moliis Helsinki	Mr Markus Rimón Hämeenlinna
Ms Diana Bergroth-Lampinen Pori	Ms Jaana Hörkkö Paimio	Ms Heidi Nieminen Jyväskylä	Mr Eero Mattila Kouvola
Mr Risto Heikkilä Kouvola	Mr Tommi Lepojärvi Keminmaa	Mr Juhani Nummentalo Salo	Mr Martti Turunen Kuusamo
Ms Hannamari Heinonen Siilinjärvi	Mr Juhani Juuruspolvi Rovaniemi	Mr Lauri Nykänen Tornio	Ms Virpi Takalo-Eskola Oulainen
Mr Keijo Houhala Technics and Health KTN ry	Ms Leila Lehtomäki Technics and Health KTN ry	Ms Tuula Partanen Lappeenranta	Ms Kirsi Torikka Savonlinna
Ms Maarit Immonen Kajaani	Ms Pirkko Vuolle Ylöjärvi	Ms Tiina Rajala Kempele	Ms Maija Kyttä Turku
Ms Anita Ismark Korsnäs	Mr Tom Simola Kimitoöns kommun	Mr Aki Räisänen Kajaani	Ms Merja Leskinen Rääkkylä
Ms Riitta Jakara Orivesi	Mr Arto Seppälä Mikkeli	Mr Jorma Räsänen Kaavi	Ms Paula Sihto Ilmajoki
Mr Harri Jokiranta Seinäjoki	Ms Sinikka Hälli Joensuu	Ms Piia Soininen Äänekoski from 1.3.2012	Mr Asmo Maanselkä Jyväskylä
Ms Camilla Juntunen Laihia	Ms Hanna Laine Helsinki	Ms Pia Sääski Askola	Mr Jorma Liukkonen Kouvola
Mr Markku Koski Sievi	Mr Jorma Pohjus Köyliö	Mr Hannu Tuittu Kotka	Mr Ismo Pöllänen Imatra
Ms Eija Kotkavirta Kerava	Ms Mia Fagerlund Pori	Ms Henna Tuomikoski Negotiating Organization for Salaried Employees TNJ	Ms Anne Sainila-Vaarno Negotiating Organization for Salaried Employees TNJ
Mr Anssi Kujala Espoo	Ms Hilkka Ruusuvirta Nurmijärvi	Mr Raimo Vistbacka Alajärvi	Ms Pirkko Ruohonen-Lerner Porvoo

Board in 2011–2012

Regular members	Personal deputies	Regular members	Personal deputies
Chairman, Mr Sampsa Kataja	Ms Kaarina Wilskman	Ms Varpu-Leena Malmgren	Mr Jorma Räsänen
Deputy Chairman Mr Tapani Hellstén withdrew from the Board's acti-vities from September 11, 2012	Ms Sisko Seppä	Ms Sallamaari Muhonen	Mr Hannu Kokko
Mr Mauri Gardin	Ms Maija-Liisa Lindqvist	Ms Pirjo Mäkinen	Mr Keijo Tarnanen until April 13, 2012
Mr Risto Kangas	Mr Jukka Kauppala		Mr Jarkko Eloranta from April 13, 2012
Ms Paula Kokkonen	Mr Juha-Veikko Kurki	Mr Harri Virta	Ms Oili Heino

In the back row from the left Risto Kangas, Sampsa Kataja, Tapani Hellstén and Harri Virta.
In the front row from the left Pirjo Mäkinen, Paula Kokkonen, Varpu-Leena Malmgren and Sallamaari Muhonen.

Investment Advisory Committee in 2011–2012

Members	Personal deputies
Chairman, Mr Seppo Juntti	Ms Jonna Sillman-Sola
Deputy Chairman, Ms Terttu Savolainen	Ms Sinikka Malin
Ms Tuulia Hakola-Uusitalo	Mr Tuomo Mäki
Mr Juha Majanen	Mr Jouko Narikka
Ms Minna Martikainen	Mr Matti Keloharju
Mr Risto Paaermaa	Mr Kari Parkkonen
Mr Mika Periaho	Mr Jarkko Eloranta
Ms Anne Sainila-Vaarno	Mr Rauno Segersvärd
Mr Erik Strömberg	Mr Rainer Alanen
Mr Veli Vanhanen	Ms Sisko Seppä

Workplace Development Committee in 2011–2012

Members

Chairman,
Mr Pekka Palola

Mr Risto Kangas

Mr Jukka Kauppala

Ms Eija Lehto-Kannisto
until September 30, 2012

Ms Marja Lounasmaa

Mr Pertti Männistö

Ms Leila Pekkanen

Mr Pekka Poikolainen

Mr Tapio Ropponen

Ms Anne Sainila-Vaarno

Mr Jari Vettenranta

Secretary
Mr Pauli Forma

Organisation 31 December 2012

CEO, Managing Director
Ms Merja Ailus

Internal Audit and Risk Management
Director, Risk Management
Ms Päivi Alanko

Financial Planning
Director, Financial Planning
Mr Allan Paldanius

Development of Pension Security
Director
Mr Pertti Männistö

Work Capacity and Continuation Strategy

Deputy CEO

Disability Pensions
Pensions director
Ms Helena Reinikainen

Insurance Medicine and Rehabilitation
Director of Medical Affairs
Mr Tapio Ropponen

Research and Working Life Development
Director, Research and Development
Mr Pauli Forma

Customer Strategy

Deputy CEO
Mr Pekka Alanen

Employer Services
Customership Director
Mr Jorma Rautakoski

Communications
Communications Director
Mr Tero Manninen

Pension Services

Director
Mr Pertti Männistö

Pensions
Pensions Director
Ms Eija Korhonen

Customer Service
Director of Customer Service
Ms Jaana Kekäläinen

Legal Affairs
Director of Legal Affairs
Ms Anne Perälehto-Virkkala

Financial Administration

CFO
Mr Tom Kåla

Pension Payments Unit
Payments Director
Ms Anneli Kajas-Pätäri

Register and Contributions Unit
Register and Contributions Director
Mr Jarmo Helminen

Investments

CIO
Mr Ari Huotari

IT Management

Information Technology Director
Mr Anssi Raitanen

Administrative Services

Administrative Director
Mr Tapani Salmi

Personnel Administration

Director of Personnel Administration
Mr Juha Poikajärvi

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