



Working  
today for  
a brighter  
tomorrow

The background is a solid teal color with a subtle pattern of concentric, overlapping circular ripples that create a sense of depth and movement, similar to water or a vinyl record.

Kevala – a reliable  
pension institution

We serve the Finnish public sector in pension matters. We take care of the pensions of the personnel of the municipalities, the State and the Evangelical Lutheran Church of Finland, and are responsible for the financing of local government sector pensions and investing the pension funds.

We develop the local government pension cover and working life and contribute to the Finnish social security system by taking care of the pensions that we have been entrusted with. We handle pension matters in a customer-oriented and efficient manner and take care of the investments reliably and productively.

Our operating environment is going through many changes. The aging of the population is causing pension expenditure to rise, municipal and service structures are undergoing a transformation and working life is also experiencing changes.

Societal changes require us to have the ability to forecast future needs and to respond to these swiftly. We strive to offer our customers strong expertise and to develop our services and our way of operating to match their needs.

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We consistently offer the Finnish local government sector the best and most economical option for arranging and financing their employees' pension cover. We also provide the public sector with the best services in the earnings-related pension insurance sector. Due to the continuous increase in life expectancy in Finland people's careers must also be extended. This is why we at Keva strive to support, in numerous ways, the local government sector in its efforts to improve working life.”

**Merja Ailus**  
CEO





Keva  
in brief

**K**eva is an independent public corporation that takes care of the financing of municipal pensions and handles the pension affairs of the public sector. We provide services to our 900 member organisations, including all cities, municipalities and joint municipal boards as well as a number of municipal companies, associations and foundations. The number of insured employees and pension recipients totals approximately 1.3 million. Keva employs 540 experts.

## Our vision

Keva consistently offers the Finnish local government sector the best and most economical option for arranging and financing their employees' pension cover. We also provide the public sector with the best services in the earnings-related pension insurance sector.

## Our mission

Keva's mission is to comprehensively take care of public-sector pension implementation.

## Our values

- Social responsibility
- Customer orientation
- Fairness and reliability
- Transparent co-operation
- Readiness to adapt

The background is a solid teal color with a subtle gradient and a dark teal curved shape at the bottom. The text is white and centered.

Expert in public  
sector pensions

Our services are built on our solid expertise in the Finnish pension scheme and the related legislation. Our customers receive knowledgeable advice and flexible service in all pension matters. We conduct our operations efficiently and economically. Our aim is to guarantee uninterrupted income for those who retire and, therefore, we process pension applications in the shortest time possible.

Our extensive website contains information and services for both employers, employees and pension recipients, and the number of users who log in exceeds 100,000 annually. Over 70 per cent of municipal pension applications are submitted electronically, and the municipal pension calculator, for example, is used 65,000 times per year.

We offer high-quality and extensive pension services to municipal, state and church employees and pension recipients. We give advice in pension affairs, process pension applications and make pension decisions; we pay pensions and rehabilitation allowances and provide services in vocational rehabilitation.

Our offering also includes a range of advisory and other services for municipal employ-

ers, from improving occupational well-being to the calculation of pension liabilities. Keva's website includes extranet services to help municipal employers take care of matters relating to pensions and pension payments. The extranet also provides comprehensive information on pension payment forecasts and pension statistics.

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Full disability pension is not necessarily the best or only option for someone with reduced work capacity. In this kind of situation we try to present other options, and we have, in fact, together with the customer often found a solution that is better for both the employee and the employer.”

**Maija Kinni-Eloranta**  
Pension Decision Manager



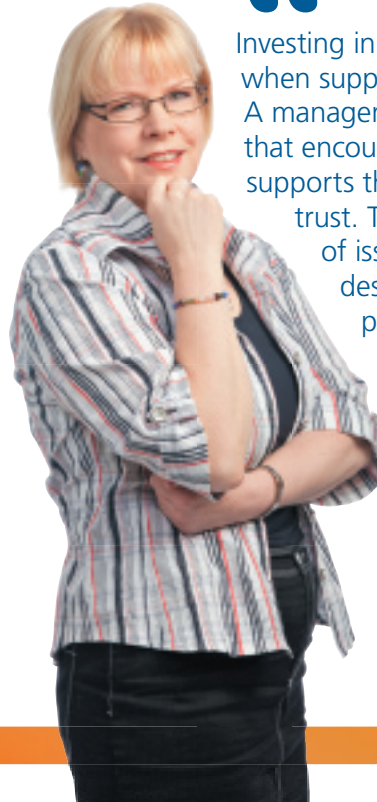


Support for  
continuing at work

**D**eveloping working life is an important aspect of managing the changes within the local government sector. We act as a partner in improving well-being at work and prolonging careers, with the aim of ensuring that the local government sector has all the available means at its disposal to support continuing at work.

We support continuing at work through vocational rehabilitation, co-operation in the field of occupational health, pension solutions that make use of the remaining working capacity, and through studying and developing working life and well-being at work. The objective is to have as many employees as possible work until their personal retirement age or beyond it, or be able to continue working despite a weakened capacity, and to have as few disability pensions as possible.

We offer comprehensive services to strengthen the co-operation skills of the work community and to improve the management of well-being at work, including consultation, coaching, advice and training in well-being at work.



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Investing in preventive action is essential when supporting continuing at work. A management and behavioural culture that encourages open discussion at all levels supports the creation of an atmosphere of trust. This also facilitates the handling of issues that interfere with the desired behaviour. Over time, problems tend to escalate unless they are dealt with.”

**Taina Tuomi**

Well-Being at Work Manager



# Securing the financing of municipal pensions

Pensions are funded through contributions from employees and employers. Pension contributions are an essential part of the economy of the Finnish municipalities and are

based primarily on the sector's payroll. We are responsible for ensuring the sufficient financing of municipal pensions.

Pension contributions are based on paid wages and salaries and pension expenditure. The level of the contributions is decided by Keva's Council. The pension contributions depend on the length of careers and how extensively the pension cover of personnel providing municipal services is arranged at Keva.

The contributions collected from employers and employees are mostly used directly to pay out current pensions. The assets that are not used for that purpose are transferred to a pension liability fund to cover future pension expenditure. Funding helps to prepare for the increase in pension liabilities in the future. Our status differs from private earnings-related pension companies in that the municipalities together guarantee the pension liabilities. The current value of benefits accrued in the municipal pension scheme totals approximately EUR 90 billion, of which Keva has funded nearly EUR 30 billion.

Keva is in charge of financing the municipal pension system and investing municipal pension assets. State pensions are financed from the state budget and the State Pension Fund (VER) is responsible for investing state pension assets. The Central Church Fund is responsible for financing the Church's pensions.

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Keva also strives to promote longer careers through pension payment structures: fees normally collected from early retirement pension are not collected from partial disability pension. If a person on early retirement is able to return to work through vocational rehabilitation or work arrangements, contributions based on early-retirement pension expenditure are substantially reduced.”

**Allan Paldanius**

Director, Actuarial Affairs



A reliable investor  
of pension assets

We are responsible for investing the pension assets of the Finnish local government sector. Keva is a long-term investor. Our investment activities are regulated by the Local Government Pensions Act and our own investment plans and strategies.

Current investment returns are funded for the payment of future pensions. According to our estimates, we will start using the investment returns to pay municipal pensions at the end of this decade.

Our goal is to allocate the investments such that they balance out, as successfully as possible, the forecasted increase in pension expenditure. Investment decisions are based on the security and return rate of the investments, on how readily they can be liquidated, and on diversification. In addition to securing future pensions, our investment operations support

Finnish entrepreneurship through private equity investments and the production of rental flats through real estate investments. Keva's principles of social responsibility also guide our investment operations.

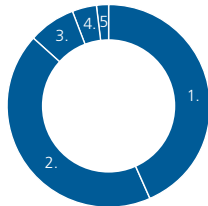
We diversify our investments in the equity, fixed-income, commodity, and real estate markets, as well as in funds and private equity markets globally. Diversification minimises the inevitable risks involved in investment operations. At the end of 2010 the market value of the investment assets managed by us was approximately EUR 28.8 billion.

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Alternative investments, such as private equity and commodity investments and hedge funds, have become more popular for pension investments. They help us to further diversify our investments. The return expectations and often the risks are higher than for traditional investments. Therefore the allocation of the investments is an elaborate and time-consuming process.”

## Amount and breakdown of investments

Breakdown of investments on 31 December 2010 at market value:



1. Quoted equities 43.5%
2. Fixed-income investments (bonds, money market investments and loans) 43.2%
3. Real estate investments 7.6%
4. Private equity investments 4.0%
5. Hedge-fund investments 1.7%

The market value totals approximately EUR 28.8 billion.



**Markus Frosterus**  
Senior Portfolio Manager

# Extensive supervision

**K**eva's operations are closely regulated and supervised. The Ministry of Finance is responsible for the general supervision of our operations. Long-term financing and investment operations are supervised by the Financial Supervisory Authority. The National Audit Office of Finland and external auditors also supervise our operations.

Keva's Board of Directors is responsible for arranging appropriate internal control. In practice, internal control is taken care of by means of daily monitoring, risk management and internal audits. The aim of internal control is to secure Keva's efficient, economical and reliable operation in the management of public sector pensions. Internal control is part of our daily management and operating culture.

The highest decision-making authority in Keva is the Council, the members of which are appointed by the Ministry of Finance for the municipal electoral period. The 30 members of the Council represent the local government sector and local government labour unions. The Council appoints Keva's Board of Directors.

Keva's Board has nine members and a two-year term. The Board's function is generally to steer and monitor the operations of Keva and to decide on the pension fund investment plan.

Our administration also includes two essential bodies: the Investment Advisory Committee and the Working Life Development Working Group. The members for both bodies are appointed by the Board. The Investment Advisory Committee comprises representatives of employee organisations, the Ministry of Finance and the Ministry of Employment and the Economy.



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The world is constantly changing, and our operating environment is more unpredictable than ever. Risk management as a key area of internal control is a natural part of our daily activities. It aims to forecast change and to analyse and control its impacts. Risks may relate to any area of business, so every Keva employee contributes to risk management.”

**Virve Haapolahti**

Risk Management Assistant

# Keva

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