

## Sweden

Exchange rate: U.S.\$1.00 equals 10.44 kronor.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1913.

**Current laws:** 1962, 1976 (partial pension based on part-time work), and 1998 (implemented in 1999).

**Type of program:** Dual universal and social insurance systems (old system) and unified social insurance plus mandatory private accounts (new system).

Note: In 1999, a new social insurance system plus mandatory private “premium pension” accounts was established. There will be a gradual transition from the old system to the new for persons born between 1938 and 1953. Persons born in 1954 and later are completely within the new system; those born in 1937 or earlier will remain entirely within the old system.

#### Coverage

**Universal old-age pension (old system):** All residents.

**Earnings-related pension (old system):** All employees and self-employed persons earning over increased base amount. As of January 1999, the entire base amount is used in the computation. The base amount and the increased base amount are established each year by the government on the basis of the consumer price index. As of January 2002, the base amount is 37,900 kronor and the increased base amount is 38,700 kronor.

**Earnings-related pension (new system):** All employed and self-employed residents.

**Premium pension (new system):** All employed and self-employed residents.

**Guarantee pension:** All residents.

#### Source of Funds

Since 1999, the old and the new system have had the same source of funds.

**Insured person:** 7% of assessable income (up to 7.5 times the increased base amount).

**Self-employed person:** 10.21% of assessable earnings.

**Employer:** 10.21% of payroll.

Note: The combined total of the insured person and employer contributions is 16% to the earnings-related component and 2.5% to the premium account.

**Government:** The total cost of the guarantee pension in the new system, the universal pension for those who have no earnings-related pension in the old system, and the partial pension.

#### Qualifying Conditions

**Universal old-age pension (old system):** Age 65 (aged 60 to 64 with reductions, deferral until age 70 with increments). Residence in Sweden, or credited with pension points, for at least 3 years. A full basic pension requires 40 years’ residency during ages 16 to 64 inclusive, or 30 years with pension points. The pension is reduced by 1/40 or 1/30, respectively, for each year that residency or pension points fall short.

Payable abroad to Swedish citizens entitled to earnings-related benefits.

**Earnings-related pension (old system):** Age 65 (aged 60 to 64 with reductions, deferral until age 70 with increments). Three years’ coverage.

Partial pension: Pension based on part-time work (aged 61 to 64), reduced work schedule, fulfilled certain conditions before entitlement, and 10 years’ earnings-related coverage after age 45.

**Earnings-related pension (new system):** Flexible retirement age from age 61. Based on all lifetime earnings reported to the scheme from age 16. Must have years with earnings in excess of 24% of the base amount (earnings above 7.5 times the increased base amount are excluded).

**Premium pension (new system):** Based on all lifetime earnings reported to the scheme from age 16.

**Guarantee pension:** Three years of residence.

**Disability pension:** The universal disability pension and the earnings-related disability pension are granted in relation to the assessed degree of disability at 3/4, 1/2, or 1/4 of a full pension.

**Survivor pension:** For the universal pension, the insured was resident in Sweden, or credited with pension points, for at least 3 years. For the earnings-related pension, the deceased was pensioner or had 3 years’ coverage.

Note: Transitional rules introduced on January 1, 1990, apply to the survivor pension program.

#### Old-Age Benefits

**Universal old-age pension (old system):** 96% of current base amount, multiplied by the accrued number of fortieths or thirtieths, to a single pensioner; or 78.5% to a married pensioner.

**Earnings-related pension (old system):** 60% of the current base amount multiplied by insured’s average annual number of pension points in the 15 years with most points. Number of pension points in a year equals the difference between worker’s covered earnings and the year’s base amount divided by the base amount. Limit is 7.5 base amounts (full pension is 30 years’ coverage; for shorter coverage, pension is reduced accordingly).

For both universal and earnings-related pensions, aged 61 to 64 with permanent 0.5% reduction per month, deferral until age 70 with permanent increment of 0.7% per month.

**Earnings-related pension (new system):** System of notional accounts. Pension formula consists of annual index based on the development of average wages reported to the pension system (disability pension payments are counted as earnings for this purpose) plus an annuity factor depending on average life expectancy at the time of retirement for the appropriate age cohort and on a “norm” for expected increase of average wages in future years. Pension payments will be calculated by dividing total accrued pension assets by this factor. Life expectancy is based on the most recent average unisex life expectancy statistics over a 5-year period.

The “norm” for increase in average wages is set at 1.6% and is used for annual adjustment of pensions in current payment as well as for calculating the first-year pension amounts.

**Premium pension (new system):** Insured contribution plus net returns converted into an annuity; can be individual, joint, fixed, or variable.

### **Permanent Disability Benefits**

**Universal disability pension:** 90% of reduced current base amount, multiplied by the accrued number of fortieths or thirtieths, to a single pensioner (72.5% to a married pensioner).

Supplements: 112.9% of reduced base amount with accruals, if ineligible for earnings-related pension.

Constant-attendance supplement: Up to 65% of base amount; wife, aged 60 (see old-age pension, above).

Partial disability: 3/4, 1/2, or 1/4 of a full pension.

**Earnings-related disability pension:** Computed same as old-age pension except credit is given for years up to age 65 if certain prior coverage requirements are met. Partial disability is 3/4, 1/2, or 1/4 of a full pension.

Benefit adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

### **Survivor Benefits**

**Universal survivor pension (widow and widower):**

Adjustment pension is payable for 6 months if at least 5 years’ marriage or cohabitation (under certain conditions); or payable for as long as living with a child under age 12. The maximum pension is 90% of the reduced base amount. A special survivor pension is paid if illness or unemployment prevents self-support.

**Orphan’s pension:** 25% of the reduced base amount, 50% if a full orphan. Paid to age 18 (age 20 if a student).

Benefit adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

**Earnings-related survivor pension (widow and widower):**

Adjustment pension is payable for 6 months, up to 40% of pension of deceased.

**Orphan’s pension:** 30% of pension of the deceased (increased by 20 percent per child if more than one).

Total survivor pension not to exceed 100% of pension of deceased.

Transition rules apply to women born before 1945. Universal pension is 90% of current base amount if widow has child under age 16, or is age 50 and married 5 years at husband’s death. If aged 36 to 49, no children, and married 5 years of more, full pension is reduced by 1/15 for each year under age 50. For earnings-related pension, widow receives 40% of projected or actual pension of deceased, or 35% if she has children. Women born in 1945 or later may also be covered by transition rules.

### **Administrative Organization**

Under central administration and supervision of National Social Insurance Board.

Regional and local social insurance bodies administer program.

Premium Pension Agency administers funded portion of new system.

Contributions of self-employed are paid with income tax; those of employers are collected by tax authorities at the source in conjunction with employers’ income tax payments.

Earnings-related pension fund is managed by six tripartite boards from different kinds of employment and with different investment policies.

A seventh board administers assets in the funded part of the new scheme.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First laws:** 1891 (cash benefits) and 1931 (medical benefits).

**Current laws:** 1962 and 1991 (sick pay act).

**Type of program:** Dual social insurance (cash benefits) and universal (medical care) system.

#### **Coverage**

**Cash benefits:** Gainfully occupied persons earning 6,000 kronor a year or more.

**Medical benefits:** All residents.

#### **Source of Funds**

##### **Insured person**

**Cash benefits:** Employee, no contribution; self-employed persons, 8.23% of earnings.

**Medical care:** No contribution.

##### **Employer**

**Cash benefits:** 7.5% of payroll.

**Medical care:** No contribution.

##### **Government**

**Cash benefits:** None, at present;

**Medical care:** Total cost met by regional councils.

## Qualifying Conditions

**Cash sickness benefit:** Income from employment unless involuntarily unemployed.

**Cash maternity benefits (parents' cash benefits):** Each parent is eligible for benefits above guaranteed level (120 kronor a day) if insured for at least 240 days before childbirth.

**Pregnancy cash benefit:** For pregnant employee in physically demanding job whose employer is not able to transfer her to less demanding work.

## Sickness and Maternity Benefits

**Sickness benefit:** 80% of income loss from day 15 based on income up to 7.5 times base amount. Payable from 15th day of incapacity for duration of illness, 7 days a week. Pensioners with income from work are limited to 180 days. (Employer pays days 2 to 14 at 80% of income loss.)

Self-employed and other qualifying nonemployees receive 80% of income loss from day 2.

The maximum daily benefit is 623 kronor.

Benefits are subject to taxation.

**Parents' cash benefit (for childbirth):** Replaces 80% of income loss for 390 days (guaranteed level is 120 kronor a day), and an additional 90 days at 60 kronor a day. Benefits payable up to 480 days (per child) until child is age 8 (both parents combined). Benefits are subject to taxation.

**Pregnancy cash benefit:** Same as sickness benefit, payable for 50 days, beginning not earlier than 60 days nor later than 11 days before expected date of birth.

**Temporary benefit:** Care of children under age 12 (age 16 if chronically ill or disabled). Similar to sickness benefit above. Payable for 60 days per child per year (both parents combined) on occasions when the child or the child's carer is sick. Additional 60 days per child for the sickness of a child or the child's carer. Additional 60 days per child (not for sick carer).

Benefit adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

## Workers' Medical Benefits

**Medical benefits:** For doctor's consultation, patient pays 100 kronor to 260 kronor per visit (an additional 30 kronor to 80 kronor for home visit). For hospitalization in ward (including maternity ward) of public hospital, patients pay maximum of 80 kronor a day (reduced for low-income earners). Other benefits include refund of part of travel costs; free dental care for children up to age 18; fixed subsidies for preventive dental care, high-cost limit for prosthetic treatment, and free insulin. Patient pays full cost of other medicines up to 900 kronor in a 12-month period, partial cost thereafter not to exceed 1,800 kronor per year. The maximum is 900 kronor per year for other kinds of medical services.

Pensioners pay maximum of 80 kronor per day for hospital care (limited to 1/3 the amount of pension received).

## Dependents' Medical Benefits

**Medical benefits for dependents:** Same as for family head.

## Administrative Organization

**Cash benefits:** Under central administration and supervision of National Social Insurance Board.

Regional and local social insurance offices administer program.

Contributions of employed and self-employed are paid with income tax; those of employers are collected by tax authorities from employers in conjunction with employers' income tax payments.

**Medical care:** Under central supervision of National Board of Health and Welfare.

Regional councils administer and finance program.

## Work Injury

### Regulatory Framework

**First law:** 1901.

**Current laws:** 1962 (social insurance), 1976, and 1991 (sick pay).

**Type of program:** Social insurance system.

### Coverage

All employed and self-employed persons.

### Source of Funds

**Insured person:** Employee, none; self-employed, 1.38%.

**Employer:** 1.38% of payroll.

**Government:** None.

Maximum earnings for purposes of contribution and for benefit payments under temporary disability are 7.5 times base amount.

### Qualifying Conditions

**Work injury benefits:** No minimum qualifying period.

### Temporary Disability Benefits

Temporary disability benefits are identical to those provided under sickness benefit (see above).

### Permanent Disability Benefits

**Permanent disability pension:** If loss of income capacity is 100%, benefit is 100% of income up to maximum of 7.5 times base amount.

Partial disability: If loss of income capacity is 1/15 or more, benefit is proportionate to degree of lost income capacity.

Benefit adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

### **Workers' Medical Benefits**

**Medical benefits:** Same benefits as provided under sickness benefit, see above.

### **Survivor Benefits**

**Survivor pension:** Adjustment pension is payable for 6 months if at least 5 years' marriage or cohabitation (under certain conditions); or payable for as long as living with a child under age 12.

**Survivor benefit:** 45% of income of the deceased, 20% if children under age 12. A special survivor pension is paid if illness or unemployment prevent self-support.

**Orphan's pension:** 20% to 40% of disability pension of the deceased for orphan under age 18 (under age 20 if invalid).

**Funeral grant:** 30% of the base amount at time of death.

Benefit adjustment: Annual automatic adjustment of benefits as the base amount is adjusted.

### **Administrative Organization**

Under central administration and supervision of National Social Insurance Board.

Regional and local social insurance offices administer program.

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## **Unemployment**

### **Regulatory Framework**

**First law:** 1934.

**Current law:** 1998.

**Type of program:** Single subsidized program consisting of basic insurance and a voluntary intercorrelated insurance system.

### **Coverage**

**Voluntary component:** Employed and self-employed persons under age 65.

**Basic component:** Employees and persons seeking employment if over the age of 20 and under the age of 65 and ineligible for the intercorrelated insurance. Membership in unemployment insurance funds is usually compulsory for union members, but all funds must be open to voluntary affiliation for any employee in the branch of work or field of activity concerned.

The complementary fund is open to affiliation by all employees and self-employed regardless of field of activity. About 80% of all employees belong to unemployment insurance funds.

### **Source of Funds**

**Insured person:** For the voluntary program, the insured pays 69 kronor to 238 kronor a month, according to the fund (covers about 7% of cost); for the basic program, no contribution.

**Employer:** None.

**Government:** Contributes approximately 93% of cost through appropriation.

### **Qualifying Conditions**

**Unemployment benefits:** Unemployed and registered as a jobseeker at the public employment service. Both able and willing to accept a suitable job for at least 3 hours per day and at an average of 17 hours per week. Unemployment not due to voluntary leaving, misconduct, or refusal of suitable job or training (suspension for 20 benefit days to 60 benefit days).

Employed for a minimum of 6 months (at least 70 hours per month) or for at least 450 hours during a continuous 6-month period, both during the last 12 months prior to unemployment.

Membership in intercorrelated fund for 12 months.

Basic unemployment benefit is available to a student who does not fulfill principal qualifying conditions (above), has finished at least 1 year of full-time studies, and has been registered as a jobseeker for at least 90 days within 10 months of the studies having ended.

### **Unemployment Benefits**

Basic unemployment benefit is 270 kronor a day. Benefits are subject to taxation. Payable up to 300 days per unemployment spell, 5 days per week.

### **Administrative Organization**

Under the central administration and supervision of the National Labor Market Board.

There are 38 unemployment insurance funds in operation, including the complementary fund.

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## **Family Allowances**

### **Regulatory Framework**

**First and current law:** 1947.

**Type of program:** Universal system.

### **Coverage**

All residents with one or more children.

### **Source of Funds**

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

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### ***Qualifying Conditions***

**Family allowances:** Child must be under age 16 (under age 20 if student, age 23 if attending school for children with learning difficulties).

### ***Family Allowance Benefits***

**Family allowances:** 950 kronor a month per child. A supplement is payable to families with three or more children.

### ***Administrative Organization***

Under the central administration and supervision of National Social Insurance Board.

Regional and local social insurance offices administer the program.