Sweden

Exchange rate: US$1.00 equals 7.94 kronor.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1913.
Type of program: Universal and social insurance system (old system) and unified social insurance and individual notional and mandatory individual accounts system (new system).

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

Coverage

Earnings-related pension (old system): All employed and self-employed persons earning more than 40,500 kronor a year.

Earnings-related pension (new system): All employed and self-employed persons earning more than 16,800 kronor a year.

Premium pension (new system): All employed and self-employed persons earning more than 16,800 kronor a year.

Guarantee pension (old and new systems): All persons residing in Sweden.

Source of Funds

The old and new systems have the same sources of funds.

Insured person: 7% of assessable income (up to 359,115 kronor) for old-age insurance; no contribution for the survivor pension.

In addition, insured persons covered by the new system pay administrative fees for the premium pension equal to an annual average of 0.73% of assets (2003).

Employer: 10.21% of payroll for old-age insurance, plus 1.7% of payroll for the survivor pension.

Note: The combined total of contributions of the insured person and the employer (plus a small government appropriation for government employee pension rights for child care years, national service, and study periods) is 16% for the earnings-related component and 2.5% for the premium pension component.

Government: The total cost of the guarantee pension (new system) and permanent disability benefits. The government pays earnings-related contributions for central government civil servants.

Qualifying Conditions

Earnings-related old-age pension (old system): Age 65 with 3 years of coverage.

Early pension: A reduced pension may be paid between ages 61 and 64.

Deferred pension: The pension may be deferred until age 70.

Pensions are payable abroad.

Earnings-related old-age pension (new system): The retirement age is flexible beginning at age 61. The pension is based on lifetime earnings reported to the system. The insured must have years with annual earnings in excess of 16,800 kronor.

Pensions are payable abroad.

Premium pension (new system): The pension is based on lifetime earnings reported to the system from age 16.

Pensions are payable abroad.

Guarantee pension (old and new systems): Age 65, residing in Sweden for at least 3 years, and receiving low or zero income from earnings-related pensions.

Pensions are payable abroad only within the European Union and European Economic Area and in countries with bilateral agreements with Sweden.

Disability pension (sickness compensation): Work capacity must be reduced by at least 25%, and the person must be insured at the onset of disability. The pension comprises two elements: an earnings-related element that is independent of insurance periods but the insured must have a minimum of 1 year of income in Sweden within a given period; a residence-based guaranteed element that is payable on the basis of periods of residence and a minimum insurance period of 3 years.

The earnings-related element is payable abroad. The guaranteed element is payable abroad only within the European Union and European Economic Area.
Survivor pension: The pension comprises two elements: an earnings-related survivor element that is dependent on the deceased’s accrued old-age pension rights; a residence-based guaranteed element that is payable if the deceased resided in Sweden for at least 3 years.

The earnings-related element is payable abroad. The guaranteed element is payable abroad only within the European Union and European Economic Area.

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

Old-Age Benefits

Earnings-related old-age pension (old system): The pension is equal to 60% of average income above 40,500 kronor in the 15 best years of income. Income in years in which earnings were below 40,500 kronor is compensated at 96% for a single pensioner; 78.5% for a married pensioner.

The average income level for benefit calculation purposes varies from year to year.

The full pension requires at least 30 years of coverage. The pension is reduced proportionally for shorter periods of coverage.

Early pension: The pension is permanently reduced by 0.5% for each month the pension is taken before age 65.

Deferred pension: The pension is permanently increased by 0.7% for each month of deferral if the pension is deferred until age 70.

Old-age pensions are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the wage index.

Earnings-related old-age pension (new system): The pension provided by the notional account is calculated using an annual index, based on the development of average wages (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 the expected increase of average wages in future years. The pension payments are calculated by dividing total accrued pension assets by this factor. Life expectancy is based on the most recent 5-year average of unisex life expectancy statistics.

The norm for the increase in average wages is set at 1.6%.

Old-age pensions are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the wage index.

Permanent Disability Benefits

Guarantee sickness compensation (disability pension): 95,280 kronor a year is paid for an insured person with at least 40 years of residence and without an earnings-related benefit. The pension is reduced by 1/40 for each year of residence less than 40.

Partial disability: A reduced pension is paid at 3/4, 1/2, or 1/4 of the full pension according to the assessed degree of disability.

Constant-attendance supplement: Up to 27,117 kronor a year.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

Earnings-related sickness compensation (disability pension): The pension is equal to 64% of the insured’s assumed future annual income, up to a ceiling of 297,750 kronor.

Assumed future income is based on the average of the 3 best income years within a given period immediately before the year of the claim to benefit.

The maximum annual benefit is 190,560 kronor.

Permanent disability benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

Survivor Benefits

Guarantee survivor pension: A pension is payable to a widow(er) younger than age 65 who was married to, or who cohabited with (under certain conditions), the insured for at least 5 years.

The maximum annual pension is 84,561 kronor, provided the deceased had at least 40 years of residence in Sweden (including actual and assumed years of residence between the age at the time of death and age 65) and the surviving spouse does not receive an earnings-related pension.

The pension ceases on remarriage (or on cohabiting under certain conditions) or when the survivor reaches age 65.
Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

**Earnings-related survivor pension:** The pension is equal to 55% of the deceased’s accrued pension rights under the old-age pension system.

The pension is payable for 10 months to a widow(er) younger than age 65 who was married to, or cohabited with (under certain conditions), the deceased for at least 5 years or who at the time of the insured’s death was rearing a child younger than age 18. If the survivor has custody of a child younger than age 18, the pension is extended for 12 months. If the survivor has custody of a child or children younger than age 12, the pension continues until the youngest child reaches age 12.

The pension ceases on remarriage (or on cohabiting under certain conditions) or when the survivor reaches age 65.

Benefit adjustment: Benefits are adjusted annually according to changes in the wage index.

**Surviving child’s benefit:** 15,880 kronor a year is paid to a surviving child up to age 18 (age 20 if a student) who is not receiving an orphan’s pension.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

**Orphan’s pension (child pension):** Payable to a surviving child up to age 18 (age 20 if a student). The pension is equal to 35% (for a child younger than age 12) or 30% of the deceased’s accrued pension rights under the old-age pension system. The pension is increased by 25% or 20% per child if there is more than one orphan, and the total amount is split equally among the children.

The maximum orphan’s pension must not exceed 100% of the deceased’s pension. If an adult is receiving an earnings-related survivor pension or widow’s pension, the total sum of the orphan’s pension must not exceed 80% of the deceased’s pension.

Benefit adjustment: Benefits are adjusted annually according to changes in the wage index.

**Widow pension:** Transitional rules apply to widows born before 1945 who were married to the deceased before 1990.

Survivor benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the wage index.

**Administrative Organization**

Swedish Social Insurance Agency (http://www.forsakringskassan.se) provides central administration and supervision.

Regional and local social insurance bodies administer the program.

Premium Pension Authority (http://www.ppm.nu) administers mandatory individual accounts.

Self-employed persons’ contributions are paid with income tax. Employers’ contributions are collected by the tax authorities with employers’ income tax payments.

**Sickness and Maternity**

**Regulatory Framework**

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

Current laws: 1962 (national insurance) and 1991 (sick pay).

Type of program: Social insurance (cash benefits) and universal (medical benefits) system.

**Coverage**

Cash benefits: Gainfully occupied persons earning 9,600 kronor or more a year.

Medical benefits: All persons residing in Sweden.

**Source of Funds**

**Insured person**

Cash benefits: None.

Medical benefits: None.

**Self-employed person**

Cash benefits: 9.61% of earnings (contributions may vary), plus 2.2% for parents’ cash benefits (parental insurance).

Medical benefits: None.

**Employer**

Cash benefits: 8.64% of payroll, plus 2.2% for parents’ cash benefits (parental insurance).

Medical benefits: None.

**Government**

Cash benefits: None.

Medical benefits: The total cost is met by regional county councils.

**Qualifying Conditions**

Cash sickness benefits: The insured’s annual income from employment exceeds 9,600 kronor; or involuntarily unemployed and registered with the employment service.

Parents’ cash benefits (parental insurance): All residents are entitled to benefits at guaranteed and basic levels. Each parent is entitled to benefits above a guaranteed level if insured for cash sickness benefits above the guaranteed level for at least 240 days before childbirth.
**Pregnancy cash benefits (parental insurance):** Paid to a pregnant employee in a physically demanding job whose employer is not able to transfer her to less demanding work.

**Temporary parents’ cash benefit (parental insurance):**
Paid for the care of children younger than age 12 (age 16 if seriously ill, chronically ill, or disabled; in certain cases, age 21 or age 23) on occasions when the child or the child’s carer is sick.

**Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is equal to 80% of lost earnings, based on an annual income ceiling of 297,750 kronor. The benefit is payable from the 15th day of incapacity for the duration of the incapacity. The benefit is paid for every day of the week (7 days). Pensioners are limited to 180 days of benefit after retirement.

Employers pay sickness benefits for days 2 to 14 equal to 80% of lost earnings.

Self-employed persons and other qualifying nonemployed persons receive 80% of lost earnings from days 2 to 14 (the number of necessary qualifying days may vary).

The maximum daily benefit is 652 kronor.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

**Parents’ cash benefit for childbirth (parental insurance):**
The benefit is equal to 80% of income loss and is paid for 390 days (the guaranteed benefit is 180 kronor a day), plus an additional 90 days at a basic level of 60 kronor a day. The total benefit duration for both parents combined is 480 days per child and is payable from no earlier than 60 days before the expected date of childbirth up until the child is age 8.

The maximum daily benefit for the 390-day period is 652 kronor.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

**Pregnancy cash benefit (parental insurance):** The benefit is equal to 80% of income loss. The benefit is payable for 50 days, beginning no earlier than 60 days nor later than 11 days before the expected date of childbirth.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

**Temporary parents’ cash benefit (parental insurance):**
The benefit is equal to 80% of income loss, up to an annual income ceiling of 297,700 kronor. The total benefit duration for both parents combined is 60 days per child a year. An additional 60 days per child may be paid for a sick child (but not for a sick carer). The father is entitled to 10 extra days of benefit in connection with the birth of his child.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

**Workers’ Medical Benefits**

Benefits include a refund of part of travel costs, free medical and dental care for children up to age 20, subsidies for basic and preventive dental care, a high-cost limit for prosthetic treatment, and free insulin.

A fee of 60 kronor to 300 kronor is paid for each doctor’s consultation, up to a maximum of 900 kronor in a 12-month period. For inpatient treatment (including in a maternity ward) in a public hospital, the patient pays a maximum of 80 kronor a day (reduced for low-income earners).

Patients pay the full cost of other medicines up to 900 kronor in a 12-month period; thereafter, the partial cost met by patients for other medicines must not exceed 1,800 kronor a year.

**Dependents’ Medical Benefits**

Benefits include a refund of part of travel costs, free medical and dental care for children up to age 20, subsidies for basic and preventive dental care, a high-cost limit for prosthetic treatment, and free insulin.

A fee of 60 kronor to 300 kronor is paid for each doctor’s consultation, up to a maximum of 900 kronor in a 12-month period. For inpatient treatment (including in a maternity ward) in a public hospital, the patient pays a maximum of 80 kronor a day (reduced for low-income earners).

Patients pay the full cost of other medicines up to 900 kronor in a 12-month period; thereafter, the partial cost met by patients for other medicines must not exceed 1,800 kronor a year.

**Administrative Organization**

**Cash benefits:** Swedish Social Insurance Agency (http://www.forsakringskassan.se) provides central administration and supervision.

Regional and local social insurance offices administer the program.

Contributions of employed and self-employed persons are paid with income tax. Employers’ contributions are collected by the tax authorities with employers’ income tax payments.

**Medical benefits:** National Board of Health and Welfare provides central supervision.

Regional county councils administer and finance the program.
Work Injury

Regulatory Framework

First law: 1901.
Type of program: Social insurance system.

Coverage

All employed and self-employed persons.

Source of Funds

Insured person: None.
Self-employed person: 0.68% of declared earnings.
Employer: 0.68% of payroll.
Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The benefit is identical to the sickness benefit paid under Sickness and Maternity, above.
The benefit is equal to 80% of lost earnings, based on an annual income ceiling of 297,750 kronor. The benefit is payable from the 15th day of incapacity for the duration of the incapacity. The benefit is paid for every day of the week (7 days).
Employers pay temporary work injury benefits for days 2 to 14 equal to 80% of lost earnings.
Self-employed persons receive 80% of lost earnings from days 2 to 14 (the number of necessary qualifying days may vary).
The maximum daily benefit is 652 kronor.
Benefits are subject to taxation.
Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index.

Permanent Disability Benefits

If the assessed degree of loss of earning capacity is 100%, the benefit is 100% of income up to a maximum of 297,400 kronor a year.
Partial disability: If the assessed degree of loss of earning capacity is at least 1/15, the benefit paid is in proportion to the assessed degree of loss in earning capacity.

The payment of permanent disability benefits is coordinated with the payment of sickness compensation benefits (see Old Age, Disability, and Survivors, above).
Work injury benefits are subject to taxation.
Benefit adjustment: Benefits are adjusted annually according to changes in the combined wage and consumer price index.

Workers’ Medical Benefits

Benefits include a refund of part of travel costs and a high-cost limit for prosthetic treatment.
A fee of 60 kronor to 300 kronor is paid for each doctor’s consultation, up to a maximum of 900 kronor in a 12-month period. For inpatient treatment in a public hospital, the patient pays a maximum of 80 kronor a day (reduced for low-income earners).
Patients pay the full cost of other medicines up to 900 kronor in a 12-month period; thereafter, the partial cost met by patients for other medicines must not exceed 1,800 kronor a year.

Survivor Benefits

Survivor pension (adjustment annuity): The pension amount is equal to 45% of the permanent disability benefit paid or payable to the deceased; 20% if an orphan’s pension is paid for the deceased’s children.
The pension is payable for 10 months to a widow(er) younger than age 65 who was married to, or cohabited with (under certain conditions), the deceased for at least 5 years immediately before the insured’s death or who at the time of the insured’s death was rearing a child younger than age 18. If the survivor has custody of a child younger than age 18, the pension is extended for 12 months. If the survivor has custody of a child or children younger than age 12, the pension continues until the youngest child reaches age 12.
Orphan’s pension (child annuity): One orphan younger than age 18 (age 20 if a student) receives 40% of the permanent disability benefit paid or payable to the deceased. Each additional eligible orphan increases the benefit by 20%. The total pension amount depends on the number of eligible orphans. The pension is split equally among all eligible orphans.
The maximum survivor benefit must not exceed 100% of the pension that the deceased would have been entitled to on account of a total loss of working capacity at the time of death.
Survivor pensions are subject to taxation.
Funeral grant: 11,820 kronor is payable to the widow(er). Benefit adjustment: Benefits are adjusted annually according to changes in the wage index.
**Administrative Organization**

Swedish Social Insurance Agency (http://www.forsakringskassan.se) provides central administration and supervision.

Regional and local social insurance offices administer program.

**Unemployment**

**Regulatory Framework**

First law: 1934.


Type of program: A subsidized program consisting of basic insurance and a voluntary income-related insurance system.

**Coverage**

Voluntary program: Employed and self-employed persons younger than age 65.

Basic program: Employees and persons seeking employment if older than age 20 and younger than age 65 and ineligible for the income-related insurance (voluntary program).

Note: All former employees, and former students who have completed at least 1 year of full-time study, may receive benefits from the basic program. To receive income-related benefits, persons must be a member of an unemployment fund (voluntary program). All funds must be open to voluntary affiliation for any employee in the branch of work or field of activity concerned. There is cooperation between funds and unions. A round 90% of all employees are members of the voluntary program.

**Source of Funds**

Insured person: For the voluntary program, the insured pays a membership fee of approximately 80 kronor to 134 kronor a month, according to the fund (covers about 12% of the cost); for the basic program, there is no membership fee.

Self-employed person: For the voluntary program, a self-employed person pays a membership fee of approximately 80 kronor to 134 kronor a month, according to the fund (covers about 12% of the cost).

Employer: Unemployment insurance is financed by employers out of a labor market contribution calculated as a percentage of the payroll.

Government: None; covers any deficits, if necessary.

**Qualifying Conditions**

Unemployment benefits: Unemployed and registered as a jobseeker at the public employment service and able and willing to accept a suitable job for at least 3 hours per day and for an average of at least 17 hours per week.

The worker must have been 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 in the last 12 months before unemployment. A self-employed person must fulfill the same qualifying conditions.

Unemployment benefits are suspended for 10 to 60 benefit days for a period of unemployment that is the result of voluntary leaving or misconduct. Unemployment benefits are reduced by 25% or 50% for the refusal of a suitable job or training or misconduct that led to the withdrawal of a job offer.

Basic unemployment benefits are payable to former students who do not fulfill the minimum employment qualifying conditions (above) but who have completed at least 1 year of full-time study and who have been registered as jobseekers for at least 90 days in the 10-month period since ending studies.

**Unemployment Benefits**

Basic unemployment benefit: The flat-rate benefit is 320 kronor a day provided that the insured was working 40 hours a week before unemployment; otherwise, the benefit is reduced in proportion to the number of hours less than 40 worked per week. The benefit is payable for up to 300 days per benefit period. The benefit is paid for 5 days a week.

The basic benefit is paid after a 5-day waiting period.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted by government on an ad hoc basis. Adjustments are not linked directly to the consumer price or wage index.

Voluntary income-related benefit: The benefit is equal to 80% of the insured’s previous income. The maximum benefit is 730 kronor a day for the first 100 days of the benefit period; thereafter, 680 kronor a day. The benefit is payable for up to 300 days per benefit period. The benefit is paid for 5 days a week. The insured must have been a member of an unemployment fund for at least 12 months.

The voluntary benefit is paid after a 5-day waiting period.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted by government on an ad hoc basis. Adjustments are not linked directly to the consumer price or wage index.
Administrative Organization
Supervised by the Swedish Unemployment Insurance Board (http://www.iaf.se), there are 36 unemployment insurance funds in operation (May 2006).

Family Allowances

Regulatory Framework
First laws: 1947 (child allowance) and 1964 (maintenance advance).
Current laws: 1947 (child allowance), with amendments; 1993 (housing allowance); and 1996 (maintenance support).
Type of program: Universal system.

Coverage
Child allowance: All persons residing in Sweden with one or more eligible children.
Maintenance support: All eligible children living permanently with one parent.
For parental insurance benefits, see Sickness and Maternity, above.

Source of Funds
Insured person: None.
Self-employed person: None.
Employer: None.
Government: The total cost. (The cost of maintenance support is partly covered by repayments made by parents liable for maintenance.)

Qualifying Conditions
Child allowance: The child must be younger than age 16 (age 20 if a student; age 23 if attending a school for children with learning difficulties).
Maintenance support: The child must be younger than age 18 (age 20 if a student until June of the relevant year), live permanently with only one of the parents, and the parent does not provide the child with support corresponding to the level of the maintenance support. In case of the child’s alternating residence, make-up maintenance support is paid to the parent with legal custody of the child.

Family Allowance Benefits
Child allowance: 1,050 kronor per child each month.
Supplements are payable to families with two or more children (100 kronor for the 2nd child; 354 kronor for the 3rd child; 860 kronor for the 4th child; and 1,050 kronor for the 5th and subsequent children).
Maintenance support: Full maintenance support is 1,273 kronor per child each month. If the child has income above a threshold of 100,000 kronor a year, the maintenance support is reduced by half the surplus amount. Make-up maintenance support is paid in cases in which the parent liable for maintenance pays a certain amount directly to the child on time.
Benefit adjustment: Benefits are adjusted by government on an ad hoc basis. Adjustments are not linked directly to the consumer price or wage index.

Administrative Organization
Swedish Social Insurance Agency (http://www.forsakringskassan.se) provides central administration and supervision.
Regional and local social insurance offices administer the program.