

## Sweden

Exchange rate: US\$1.00 equals 7.12 kronor.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1913.

**Current laws:** 1962; 1998, implemented in 1999; 2000; and 2008.

**Type of program:** Universal and social insurance system (old system) and universal, notional defined contribution (NDC), and mandatory individual accounts system (new system).

#### Coverage

**Earnings-related pension (old system):** All employed and self-employed persons born in 1937 or earlier and earning more than 43,300 kronor a year.

There is a gradual transition from the old to the new system for persons born between 1938 and 1953.

**Earnings-related pension (new system):** All employed and self-employed persons born in 1954 or later and earning more than 17,935 kronor a year.

**Premium pension (new system):** All employed and self-employed persons earning more than 17,935 kronor a year.

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

#### Source of Funds

**Insured person:** 7% of assessable income for old-age insurance; no contribution for the survivor pension.

The maximum annual income used to calculate contributions is 412,377 kronor.

In addition, insured persons covered by the new system pay administrative fees for the premium pension (an average of 0.5% of assets in 2009).

**Self-employed person:** 7% of assessable income plus 10.21% of assessable income for old-age insurance; 1.7% of assessable income for the survivor pension.

The maximum annual income used to calculate contributions is 412,377 kronor.

In addition, self-employed persons covered by the new system pay administrative fees for the premium pension (an average of 0.5% of assets in 2009).

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

Of the total contributions, 16% finances the earnings-related component and 2.5% finances 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

**Guarantee pension (old and new systems):** Age 65, a resident of Sweden for at least 3 years, and receiving low or no income from earnings-related pensions.

Pensions are payable abroad only within the European Union and European Economic Area and, under certain conditions, in Canada.

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

The full pension requires at least 30 years of coverage.

**Early pension:** A reduced pension may be paid from age 61 to 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 17,935 kronor.

Pensions are payable abroad.

**Premium pension (new system):** The retirement age is flexible, beginning at age 61.

Pensions are payable abroad.

**Disability pension (sickness compensation):** The insured must have an assessed loss of work capacity of at least 25% and be covered when the disability began. The disability pension consists of a guarantee and an earnings-related pension.

**Guarantee pension:** The insured must have at least 3 years of coverage. The pension is based on residence and is payable abroad only within the European Union and European Economic Area, Switzerland, and, under certain conditions, in Canada.

**Earnings-related pension:** The insured must have at least 1 year of income in Sweden within a given period. The pension is payable abroad.

**Constant-attendance supplement:** Paid if the insured requires the constant attendance of others to perform daily functions.

**Survivor pension:** The widow(er)'s pension consists of a guarantee and an earnings-related pension.

**Guarantee pension:** The deceased must have resided in Sweden for at least 3 years.

The maximum guarantee benefit is paid if the deceased lived in Sweden for at least 40 years (including between age 65 and the age at death) and the surviving spouse does not receive an earnings-related pension.

Eligible survivors are a spouse younger than age 65 who was married to or, under certain conditions, cohabited with the deceased for at least 5 years.

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

The guarantee element is payable abroad only within the European Union and European Economic Area and, under certain conditions, in Canada.

**Earnings-related pension:** The pension is based on the deceased's accrued old-age pension rights and is payable abroad.

Eligible survivors are a widow(er) younger than age 65 who was married to or, under certain conditions, cohabited with 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.

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

**Surviving child's benefit:** Paid to a surviving child up to age 18 (age 20 if a student) who is not receiving an orphan's pension.

**Orphan's pension (child pension):** Paid to a surviving child up to age 18 (age 20 if a student).

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

## Old-Age Benefits

**Guarantee pension (old and new systems):** If born in 1938 or later, 90,312 kronor a year is paid for a single pensioner (80,560 kronor for a married pensioner) with at least 40 years of residence and without an earnings-related pension. If born in 1937 or earlier, 92,491 kronor a year is paid for a single pensioner (82,400 kronor for a married pensioner).

Old-age pensions are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

**Earnings-related old-age pension (old system):** The pension is 60% of the insured's average income above 43,300 kronor in the 15 best years of income. Income in years in which earnings were below 43,300 kronor is compensated at 96% for an unmarried pensioner; 78.5% for a married pensioner.

The average income level used to calculate benefits varies from year to year.

The pension is reduced proportionately for periods of coverage of less than 30 years.

**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 that the pension is deferred from age 65 to age 70.

Old-age pensions are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

**Earnings-related old-age pension (new system):** The NDC pension is based on an annual index of trends in average wages (other social insurance benefits are counted as earnings), an annuity factor depending on average life expectancy at the time of retirement for the appropriate age cohort (based on the most recent 5-year average of unisex life expectancy projections), and the expected increase of average wages in future years (1.6%).

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

**Premium pension (new system):** The pension is based on contributions plus net returns converted into an individual, joint, fixed, or variable annuity.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

## Permanent Disability Benefits

**Guarantee sickness compensation (disability pension):** 101,760 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 2.5% for each year of residence less than 40.

A reduced pension is paid at 75%, 50%, or 25% of the full pension according to the assessed degree of disability.

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

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

**Earnings-related sickness compensation (disability pension):** The pension is 64% of the insured's assumed future annual income.

The maximum annual income used to calculate benefits is 318,000 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.

The maximum annual benefit is 190,560 kronor.

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

## Survivor Benefits

**Guarantee survivor pension:** A pension is paid to an eligible widow(er), up to 90,312 kronor a year.

Survivor benefits are subject to taxation.

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

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

The pension is paid to an eligible spouse for 12 months. 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.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

**Surviving child's benefit:** 16,960 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):** The pension is 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% (for a child younger than age 12) or 20% per child if there is more than one orphan, and the total amount is split equally among the children.

All orphans' benefits combined must not exceed 100% of the deceased's pension. If an adult is receiving an earnings-related survivor pension or widow's pension, all orphans' benefits combined must not exceed 80% of the deceased's pension.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

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

## Administrative Organization

Swedish Pensions Agency (<http://www.pensionsmyndigheten.se>) administers the old-age and survivor's programs.

Self-employed persons and employers pay contributions with income tax.

Swedish Social Insurance Agency (<http://www.forsakringskassan.se>) provides central administration and supervision for the disability program.

Regional and local social insurance bodies administer the disability program.

## 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 employed persons earning 10,176 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:* Regional county councils pay the total cost.

### Qualifying Conditions

**Cash sickness benefits:** The insured's annual income from employment exceeds 10,176 kronor; or involuntarily unemployed and registered with the employment service.

**Parental cash benefits (parental insurance):** All residents are entitled to benefits at guarantee and basic levels. Each parent is entitled to benefits above a guarantee level if covered for cash sickness benefits above the guarantee level for at least 240 days before the date of birth.

**Pregnancy cash benefits (parental insurance):** Paid to a pregnant woman employed in a physically demanding or dangerous job whose employer is not able to transfer her to less demanding or dangerous work.

**Temporary parental cash benefit (parental insurance):** Paid for the absence of a parent from work to care for a

sick child younger than age 12 (age 16 or 18 if seriously ill; age 21 if chronically ill or disabled).

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is 80% of the insured's lost earnings from the 15th day until the 364th day (or more if a severe disease); may be extended for 550 days at 75% of the insured's lost earnings. Pensioners are limited to 180 days of the benefit after retirement.

The maximum annual income used to calculate benefits is 318,000 kronor.

Employers pay daily sickness benefits for employees for days 2 to 14 at 80% of the insured's 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 845 kronor.

Benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

**Parental cash benefit for childbirth (parental insurance):** The benefit has 2 parts. The first part of the benefit is about 80% of the insured's lost earnings and is paid for 390 days (low or no-income parents receive a flat rate of 180 kronor a day). The second part of the benefit is a basic level of 180 kronor (60 kronor for children born before July 2006) a day and is paid for 90 days.

The total benefit duration for both parents combined is 480 days per child and is paid from no earlier than 60 days before the expected date of childbirth up until the child is age 8. When both parents care for the child, each parent receives at least 60 days of benefits that cannot be transferred to the other parent.

The maximum annual income used to calculate benefits is 424,000 kronor.

The maximum daily benefit for the 390-day period is 901 kronor.

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

**Pregnancy cash benefit (parental insurance):** The benefit is about 80% of the insured's lost earnings. For women in a physically demanding job, the benefit is paid for up to 50 days, beginning no earlier than 60 days and no later than 11 days before the expected date of childbirth. For women in a dangerous job, the benefit is paid for the whole pregnancy up to 11 days before the expected date of childbirth.

The maximum annual income used to calculate benefits is 318,000 kronor.

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

### **Temporary parental cash benefit (parental insurance):**

The benefit is about 80% of the insured's lost earnings. The total benefit duration for both parents combined is 60 days per child a year; may be extended for 60 days per child. The father (or other parent) is entitled to 10 extra days of benefits in connection with the birth of his child.

The maximum annual income used to calculate benefits is 318,000 kronor.

Benefit adjustment: Benefits are adjusted annually according to changes in prices.

### **Workers' Medical Benefits**

Benefits include 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.

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

A percentage of transportation costs are reimbursed.

Patients pay the full cost of medicine up to 900 kronor in a 12-month period; thereafter, patients pay the partial cost, up to 1,800 kronor a year.

### **Dependents' Medical Benefits**

Benefits include 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.

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

A percentage of transportation costs are reimbursed.

Patients pay the full cost of medicine up to 900 kronor in a 12-month period; thereafter, patients pay the partial cost, up to 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.

Employed persons, self-employed persons, and employers pay contributions with income tax.

#### **Medical benefits**

National Board of Health and Welfare (<http://www.socialstyrelsen.se>) provides central supervision.

Regional county councils administer and finance the program.

## **Work Injury**

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### **Regulatory Framework**

**First law:** 1901.

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

**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**

**Temporary disability benefits:** There is no minimum qualifying period.

**Permanent disability benefits:** There is no minimum qualifying period. The insured must have an annual income of no less than 10,176 kronor.

### **Temporary Disability Benefits**

**Temporary disability benefit:** The benefit is 80% of the insured's lost earnings from the 15th day until the 364th day (or more if a grave disease); may be extended for 550 days at 75% of the insured's lost earnings. Pensioners are limited to 180 days of benefit after retirement.

The maximum annual income used to calculate benefits is 318,000 kronor.

Employers pay daily sickness benefits for employees for days 2 to 14 at 80% of the insured's 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 845 kronor.

**Benefit adjustment:** Benefits are adjusted annually according to changes in prices.

### **Permanent Disability Benefits**

**Permanent disability benefit:** For a total loss of earning capacity (100%), the benefit is 100% of the insured's lost earnings paid as an annuity.

The maximum annual income used to calculate benefits is 318,000 kronor.

**Partial disability:** If the assessed degree of loss of earning capacity is 6.7% to 99%, 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).

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

### **Workers' Medical Benefits**

Benefits include a high-cost limit for prosthetic treatment.

**Cost sharing:** A fee of 60 kronor to 300 kronor is paid for each doctor's visit, up to 900 kronor in a 12-month period. For inpatient treatment in a public hospital, the patient pays up to 80 kronor a day (reduced for low-income earners).

A percentage of transportation costs are reimbursed.

Patients pay the full cost of medicine up to 900 kronor in a 12-month period; thereafter, patients pay the partial cost, up to 1,800 kronor a year.

### **Survivor Benefits**

**Survivor pension (adjustment annuity):** The pension is 45% of the permanent disability benefit the deceased received or would have been entitled to receive; 20% if an orphan's pension is paid for the deceased's children.

The pension is paid for 12 months to a widow(er) younger than age 65 who was married to or, under certain conditions, cohabited with 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.

**Orphan's pension (child annuity):** One orphan younger than age 18 (age 20 if a student) receives 40% of the permanent disability benefit the deceased received or was entitled to receive. 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.

All survivor benefits combined 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.

**Funeral grant:** A lump sum of 30% of the base amount is paid to the widow(er).

The base amount is 42,400 kronor.

**Benefit adjustment:** Benefits are adjusted annually according to changes in wages.

## Administrative Organization

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

Regional and local social insurance offices administer the program.

## Unemployment

### Regulatory Framework

**First law:** 1934.

**Current law:** 1997, implemented in 1998.

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

### Coverage

**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).

**Voluntary income-related program:** Employed and self-employed persons younger than age 65 who are members of an unemployment insurance fund. Membership is open to employees in a specific occupation or industry.

### Source of Funds

**Insured person:** For the voluntary program, the insured pays a membership fee. Basic program, none.

**Self-employed person:** For the voluntary program, a self-employed person pays a membership fee. Basic program, none.

**Employer:** For the voluntary program, employers finance unemployment insurance out of a labor market contribution calculated as a percentage of the payroll. Basic program, none.

**Government:** Subsidizes the basic program. Voluntary program, none.

### Qualifying Conditions

**Unemployment benefits:** Unemployed and registered as a job seeker 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 insured must have been employed for at least 6 months (at least 80 hours per month) or for at least 480 hours during a continuous 6-month period in the last 12 months before unemployment. To receive the voluntary income-related benefit, the insured must have been a member of an unemployment fund for at least 12 months.

Unemployment benefits are suspended for 10 to 60 benefit days for a period of unemployment due to 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.

## Unemployment Benefits

**Basic unemployment benefit:** 320 kronor a day is paid if 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 hours. The benefit is paid for up to 300 days per benefit period. If the insured has at least one child younger than age 18, the benefit may be paid for an additional 150 days. The benefit is paid for 5 days a week.

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

**Benefit adjustment:** The government adjusts benefits on an ad hoc basis.

**Voluntary income-related benefit:** 80% of the insured's previous income is paid for the first 200 days; 70% of the insured's previous income for the next 100 days. The maximum benefit is 680 kronor a day. If the insured has at least one child younger than age 18, the benefit may be paid for an additional 150 days. The benefit is paid for 5 days a week.

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

**Benefit adjustment:** The government adjusts benefits on an ad hoc basis.

## Administrative Organization

Swedish Unemployment Insurance Board (<http://www.iaf.se>) supervises 32 unemployment insurance funds.

## Family Allowances

### Regulatory Framework

**First laws:** 1947 (child allowance) and 1964 (maintenance advance).

**Current laws:** 1947 (child allowance), 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.

### **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; no age limit if attending a school for children with learning difficulties).

**Maintenance support:** The child must be younger than age 18 (age 21 if a student until June of the relevant year), live permanently with only one of the parents, and the parent liable for child support does not pay any support or pays less than the maintenance support amount (1,273 kronor a month per child). If the child alternates between residences, special maintenance support may be paid.

**Housing allowance:** Paid to low-income households (families and young childless couples) to subsidize housing costs.

**Child care allowance:** Paid to a parent for the care of a sick or disabled child with special care or supervision needs or to compensate for additional expenses incurred from the child's illness or disability.

**Adoption allowance:** Paid for the adoption of a foreign citizen or non-resident of Sweden under the age of 10. The adoption must take place through an authorized adoption agency.

### **Family Allowance Benefits**

**Child allowance:** 1,050 kronor a month per child.

Supplements are paid to families with two or more children (150 kronor for the 2nd child; 454 kronor for the 3rd child; 1,010 kronor for the 4th child; and 1,250 kronor for the 5th and subsequent children).

**Maintenance support:** Full maintenance support is 1,273 kronor a month per child. If the child has income above 48,000 kronor a year, the maintenance support is reduced by half the amount that exceeds 48,000 kronor. Top-up maintenance support is paid in cases in which the parent liable for child support pays an amount less than 1,273 kronor a month directly to the child on time.

**Housing allowance:** An allowance is paid according to the household's composition, income, and housing arrangement.

**Child care allowance:** 25%, 50%, 75% or 100% of the childcare allowance is paid. An additional supplement of up to 2,438 kronor a month may be paid.

The child care allowance is 8,833 kronor a month per child.

**Adoption allowance:** A tax-free lump sum of 40,000 kronor is paid.

**Benefit adjustment:** The government adjusts benefits on an ad hoc basis.

### **Administrative Organization**

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

Regional and local social insurance offices administer the program.