

Sweden

Exchange rate: US\$1.00 equals 7.31 kronor.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1913.

Current laws: 1962 and 1998, implemented in 1999.

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 and later are completely within the new system; those born in 1937 or earlier will remain within the old system.

Coverage

Earnings-related pension (old system): All employed and self-employed persons earning over 40,100 kronor a year.

Earnings-related pension (new system): All employed and self-employed persons earning over 17,800 kronor a year.

Premium pension (new system): All employed and self-employed persons earning over 17,800 kronor a year.

Guarantee pension (old and new system): All residents.

Source of Funds

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

Insured person: 7% of assessable income (up to 341,300 kronor) for old-age insurance; no contribution for the survivor pension.

Self-employed person: 7% of assessable income (up to 341,300 kronor), plus 10.21% of assessable income for old-age insurance; 1.70% of assessable income for the survivor pension.

Employer: 10.21% of payroll for old-age insurance, plus 1.70% of payroll for the survivor pension.

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

Qualifying Conditions

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

Early pension: A reduced pension is paid if aged 61 to 64.

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

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 scheme. The insured must have years with annual earnings in excess of 17,800 kronor.

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

Guarantee pension (old and new systems): Age 65 and resident in Sweden for at least 3 years.

Disability pension (sickness compensation): Work capacity must be reduced by at least one quarter and the person must be insured at the onset of disability. The earnings-related sickness compensation is independent of insurance periods. The residence-based guaranteed sickness compensation is based on periods of residence.

Survivor pension: For the guaranteed survivor pension, the insured was resident in Sweden for at least 3 years. The earnings-related survivor pension is dependent on the insured’s accrued old-age pension rights.

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

Old-Age Benefits

Earnings-related old-age pension (old system): 60% of average income above 40,100 kronor in the 15 best years of income. Income in years in which earnings were below 40,100 kronor is compensated at 96% for a single pensioner; 78.5% for a married pensioner.

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

Early pension: Retirement between ages 61 and 64 results in a permanent 0.5% reduction for each month the pension is taken before age 65.

Deferred pension: The deferral of the pension until age 70 provides a permanent increment of 0.7% per month of deferral.

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%.

Benefit adjustment: The norm for the increase in average wages is used for the annual adjustment of pensions.

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

Guarantee pension (old and new systems): 83,709 kronor for a single pensioner (74,670 kronor for a married pensioner) with 40 years of residence and without an earnings-related pension.

Old-age pensions are subject to taxation.

Benefit adjustment: Benefits are adjusted annually in relation to the price index for the guaranteed pension. Earnings-related pensions are adjusted annually in relation to the wage index.

Permanent Disability Benefits

Guaranteed sickness compensation (disability pension): 94,320 kronor for an insured person with 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.

Earnings-related sickness compensation (disability pension): 64% of the insured's assumed future income, calculated as an average of the 3 best income years within a given period immediately before the year of the claim to benefit.

Permanent disability benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually in relation to the price index for guaranteed sickness compensation. Earnings-related sickness compensation is adjusted annually in relation to the wage index.

Survivor Benefits

Guaranteed survivor pension: A pension is payable for 10 months to a widow(er) who was married to, or who cohabited with (under certain conditions), the insured for at least 5 years. The 10-month period may be extended if the surviving spouse is a parent living with a child under age 18; no limit if the child is under age 12.

The maximum pension is 83,709 kronor a year, provided the insured had 40 years of residence in Sweden (including assumed years of residence between the age at the time of death and age 65) and the surviving spouse does not receive an income-related pension.

Earnings-related survivor pension: A pension is payable to a widow(er) for the same period of duration as the guaranteed survivor pension. The pension is equal to 55% of the

insured's accrued pension rights under the old-age pension system.

Surviving child's allowance: 15,720 kronor a year (31,440 kronor for a full orphan) is 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 for a child under age 12: 35% of the insured's accrued right to the old-age pension. The pension is increased by 21 percentage points per child if there is more than one orphan.

The maximum survivor pension must not exceed 100% of the insured's pension.

Widows' pension: Transitional rules apply to widows born before 1945 who were married to the insured at the end of 1989.

Survivor benefits for dependents are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to the price index for the guaranteed pension. Earnings-related pensions are adjusted annually according to the wage index.

Administrative Organization

National Social Insurance Board provides central administration and supervision.

Regional and local social insurance bodies administer the program.

Premium Pension Agency administers mandatory individual accounts.

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

Sickness and Maternity

Regulatory Framework

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

Current laws: 1962 and 1991 (sick pay from employer).

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

Coverage

Cash benefits: Gainfully occupied persons earning 9,500 kronor or more a year.

Medical benefits: All residents.

Source of Funds

Insured person

Cash benefits: Employees make no contribution; self-employed persons contribute 11.81% of payroll

(contributions may vary), plus 2.2% for parents' cash benefits (parental insurance).

Medical care: None.

Employer

Cash benefits: 11.08% of payroll, plus 2.2% for parents' cash benefits (parental insurance).

Medical care: None.

Government

Cash benefits: None.

Medical care: Total cost is met by regional county councils.

Qualifying Conditions

Cash sickness benefit: Income from employment or involuntarily unemployed and registered with the employment service.

Parents' cash benefits (parental insurance): All residents are entitled to benefits at the guaranteed and basic levels. Each parent is entitled to benefits above a guaranteed level if insured for cash sickness benefit above the guaranteed level for at least 240 days before childbirth.

Pregnancy cash benefit (parental insurance): Paid to a pregnant employee in a physically demanding job whose employer is not able to transfer her to less demanding work.

Sickness and Maternity Benefits

Sickness benefit: 77.6% of income loss, based on an annual income ceiling of 294,700 kronor. The benefit is payable from the 22nd day of incapacity for the duration of the illness. The benefit is paid for 7 days a week. Pensioners are limited to 180 days of benefit after retirement.

Employers pay sickness benefits for days 2 to 21 at 80% of income loss.

Self-employed persons and other qualifying nonemployees receive 77.6% of income loss from days 2 to 21 (the number of necessary qualifying days may vary).

The maximum daily benefit is 627 kronor.

Parents' cash benefit for childbirth (parental insurance): 80% of income loss for 390 days (the guaranteed benefit is 180 kronor a day) and 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 until the child is age 8.

The maximum daily benefit for the 390-day period is 646 kronor.

Pregnancy cash benefit (parental insurance): 80% of income loss. The guaranteed benefit is 180 kronor a day. The benefit is payable for 50 days, beginning not earlier than 60 days nor later than 11 days before the expected date of childbirth.

Temporary parents' cash benefit (parental insurance): Paid for the care of children under age 12 (age 16 if seriously ill, chronically ill, or disabled; in certain cases, age 21 or age 23). The benefit is 80% of income loss, up to an annual income ceiling of 294,700 kronor. The total benefit duration for both parents combined is 60 days per child a year on occasions when the child or the child's carer is sick. An additional 60 days per child may be paid for a sick child (but not for a sick carer). A father is entitled to 10 extra days of benefit in connection with the birth of his child.

Sickness and maternity cash benefits are subject to taxation.

Benefit adjustment: The minimum qualifying amounts and maximum levels are adjusted annually according to the consumer price index.

Workers' Medical Benefits

Benefits include a refund of part of travel costs, free 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 to 300 kronor is paid for each doctor's consultation. 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. The maximum cost is 900 kronor a year for other kinds of medical services.

Dependents' Medical Benefits

Benefits include a refund of part of travel costs, free 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 to 300 kronor is paid for each doctor's consultation. 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. The maximum cost is 900 kronor a year for other kinds of medical services.

Administrative Organization

Cash benefits: National Social Insurance Board provides central administration and supervision.

Regional and local social insurance offices administer the program.

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

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

Regional county councils administer and finance the program.

Work Injury

Regulatory Framework

First law: 1901.

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

Type of program: Social insurance system.

Coverage

All employed and self-employed persons.

Source of Funds

Insured person: None; the self-employed contribute 0.68% of earnings.

Employer: 0.68% of payroll.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit is identical to sickness benefit under Sickness and Maternity.

77.6% of income loss, up to an annual income ceiling of 294,700 kronor. The benefit is payable from the 22nd day of incapacity for the duration of the illness. The benefit is paid for 7 days a week. Pensioners are limited to 180 days of benefit after retirement.

Employers pay temporary work injury benefits for days 2 to 21 at 80% of income loss.

The self-employed and other qualifying nonemployees receive 77.6% of income loss from days 2 to 21.

The maximum daily benefit is 627 kronor.

Benefit adjustment: The minimum qualifying amounts and maximum levels are adjusted annually according to the consumer price index.

Permanent Disability Benefits

If the loss of income capacity is 100%, the benefit is 100% of income up to a maximum of 294,700 kronor a year.

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

Disability benefits are coordinated with sickness compensation (see Old age, Disability, and Survivors, above).

Work injury benefits are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to a combined wage and price index.

Workers' Medical Benefits

See benefits under Sickness and Maternity, above.

Survivor Benefits

Survivor pension: A pension is payable for 10 months if the survivor was married to, or cohabited with (under certain conditions), the deceased for at least 5 years. The 10-month period may be extended up to a maximum of an additional 12 months if the surviving parent is living with a child under age 18; no limit if living with a child under age 12.

The pension amount corresponds to 45% of the permanent disability benefit the deceased was, or would have been, entitled to; 20% if an orphan's pension is paid at the same time.

Orphan's pension: Between 20% and 40% of the permanent disability benefit the deceased was, or would have been, entitled to for children under age 18 (under age 20 if disabled). The pension amount depends on the number of children entitled to an orphan's pension.

Funeral grant: 11,790 kronor.

Survivor pensions are subject to taxation.

Benefit adjustment: Benefits are adjusted annually according to a wage index.

Administrative Organization

National Social Insurance Board provides central administration and supervision.

Regional and local social insurance offices administer program.

Unemployment

Regulatory Framework

First law: 1934.

Current law: 1998.

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 under age 65.

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

Note: Union members are usually covered by unemployment insurance funds. All funds must be open to voluntary affiliation for any employee in the branch of work or field of activity concerned. Approximately 80% of all employees belong to the unemployment insurance funds.

Source of Funds

Insured person: For the voluntary program, the insured pays a membership fee of approximately 100 to 150 kronor a month, according to the fund (covers about 7% of the cost); for the basic program there is no membership fee.

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

Government: None.

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 at an average of 17 hours per week. Unemployment due to voluntary leaving, misconduct, or the refusal of a suitable job or training results in suspension for 20 to 60 benefit days. 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 during the last 12 months prior to unemployment. Membership in an unemployment fund for 12 months.

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

Unemployment Benefits

Basic unemployment benefit: The maximum benefit is 320 kronor a day. The benefit is payable for up to 300 days per benefit period. The benefit is paid for 5 days a week.

Voluntary income-related benefit: 80% of previous income. The maximum benefit is 730 kronor a day for the first 100 days of a 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.

Unemployment benefits are subject to taxation.

Benefit adjustment: The minimum level (basic unemployment benefit) and maximum levels are adjusted by parliament on an ad hoc basis. Adjustments are not linked directly to a price or salary index.

Administrative Organization

Supervised by the Swedish Unemployment Insurance Board, there are 38 unemployment insurance funds in operation.

Family Allowances

Regulatory Framework

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

Current laws: 1947 (child allowance) and 1996 (maintenance support).

Type of program: Universal system.

Coverage

Child allowance: All residents with one or more children.

Maintenance support: Children under age 18 (age 20 if a student) living permanently with one parent. The parent does not provide the child with support corresponding to the level of the maintenance support.

For parental insurance benefits, see Sickness and Maternity, above.

Source of Funds

Insured person: None.

Employer: None.

Government: 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 under age 16 (under age 20 if a student; age 23 if attending a school for children with learning difficulties).

Maintenance support: The child must be under age 18 (age 20 if a student until June of the relevant year) and must live permanently with only one of the parents. In case of alternating residence, make-up maintenance support can be paid to the parent with legal custody of the child.

Family Allowance Benefits

Child allowance: 950 kronor per child each month. Supplements are payable to families with three or more children.

Maintenance support: Full maintenance support is 1,173 kronor per child each month. If the child has income above a maximum, 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 parliament on an ad hoc basis. Adjustments are not linked directly to a price or salary index.

Administrative Organization

National Social Insurance Board provides central administration and supervision.

Regional and local social insurance offices administer the program.