

## Sweden

Exchange rate: US\$1.00 = 6.85 kronor.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1913.

**Current laws:** 1962 (national insurance); 1998 (pensions), implemented in 1999; 2000 (pensions); 2008 (sickness); and 2010 (social insurance), implemented in 2011.

**Type of program:** Social insurance, notional defined contribution (NDC) and mandatory individual account system.

#### Coverage

**Earnings-related pension (social insurance):** All employed and self-employed persons born in 1937 or earlier.

There is a gradual transition from the social insurance system to the NDC and mandatory individual account system for persons born from 1938 to 1953.

**Earnings-related pension (NDC):** All employed and self-employed persons born in 1954 or later.

**Premium pension (mandatory individual account):** All employed and self-employed persons.

**Guarantee pension:** All persons residing in Sweden.

**Earnings-related disability pension (sickness compensation):** All employed and self-employed persons.

**Guarantee disability pension (sickness compensation):** All persons residing in Sweden.

#### Source of Funds

##### Insured person

**Social insurance:** 7% of assessable income. NDC and mandatory individual account: 7% of assessable income (old age) plus an average of 0.034% of account value (2010) for NDC administrative fees. An average of 0.48% of asset value (2010) for individual account (premium pension) fees. An additional cost for voluntary survivor benefits.

The maximum annual income used to calculate contributions is 440,622 kronor.

Of the combined insured person and employer contributions, 2.5% finances the premium pension.

##### Self-employed person

**Social insurance:** 17.21% of assessable income (old age); 4.48% to 5.11% of assessable income, depending on the

length of waiting period chosen (disability (sickness compensation)); 1.17% of assessable income (survivors).

**NDC and mandatory individual account:** 17.21% of assessable income (old age) plus an average of 0.034% of account value (2010) for NDC administrative fees. An average of 0.48% of asset value (2010) for individual account (premium pension) fees. 4.48% to 5.11% of assessable income, depending on the length of waiting period chosen (disability (sickness compensation)); 1.17% of assessable income (survivors). An additional cost for voluntary survivor benefits.

The maximum annual income used to calculate contributions is 440,622 kronor.

##### Employer

**Social insurance:** 10.21% of payroll (old age); 5.02% of payroll (disability (sickness compensation)); 1.71% of payroll (survivors).

**NDC and mandatory individual account:** 10.21% of payroll (old age); 5.02% of payroll (disability (sickness compensation)); 1.71% of payroll (survivors).

Of the combined insured person and employer contributions, 2.5% finances the premium pension.

**Government:** The total cost of the guarantee pension and guaranteed disability pension (sickness compensation). The government pays earnings-related contributions for central government civil servants.

#### Qualifying Conditions

**Guarantee pension:** Age 65, a resident of Sweden for at least three 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 (social insurance):** Age 65 with 30 years of coverage. The insured must have years with annual earnings of at least 44,900 kronor.

**Partial pension:** A reduced pension is paid with at least three 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 (NDC):** The retirement age is flexible, beginning at age 61. The pension is based on lifetime earnings. The insured must have years with annual earnings of at least 18,612 kronor.

Pensions are payable abroad.

**Premium pension (mandatory individual account):** The retirement age is flexible, beginning at age 61. The insured must have annual earnings of at least 18,612 kronor.

Pensions are payable abroad.

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

*Guarantee disability pension:* The insured must have at least three 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 disability pension:* The insured must have at least one 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 (social insurance):** The widow(er)'s pension consists of a guarantee and 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 five years.

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

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

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

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

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

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

*Surviving child's benefit:* Paid to a surviving child up to age 18 (age 20 if a student) with a small or no orphan's pension.

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

**Survivor pension (NDC and mandatory individual account):**

*Guarantee pension:* Same as under social insurance.

*Survivor Bonus (NDC):* There is no survivor pension. The deceased was younger than retirement age at death. All insured persons under the NDC system who were born the same year as the deceased are eligible for the bonus.

*Survivor pension (mandatory individual account):* Voluntary through the premium pension. Paid to the surviving spouse.

### Old-Age Benefits

**Guarantee pension:** If born in 1938 or later, 93,720 kronor a year is paid for a single pensioner (83,600 kronor if married) with at least 40 years of residence and no earnings-related pension. If born in 1937 or earlier, 95,982 kronor a year is paid for a single pensioner (85,519 kronor if married).

Old-age pensions are subject to taxation.

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

**Earnings-related old-age pension (social insurance):** The pension is 60% of the insured's average income above 44,900 kronor in the 15 best years. For years with earnings below 44,900 kronor, 96% if single; 78.5% if married.

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

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

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

Deferred pension: The pension is increased by 0.7% for each month 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 (NDC):** The NDC pension is based on an annual index of trends in average wages (disability pension payments 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 five-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 (mandatory individual account):** 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 disability pension (sickness compensation):** 105,600 kronor a year is paid for a total disability. The insured person must have at least 40 years of residence and no 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 30,360 kronor a year is paid.

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

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

The maximum annual income used to calculate benefits is 330,000 kronor.

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

The maximum annual benefit is 211,200 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 93,720 kronor a year, if the deceased had at least 40 years of residence in Sweden.

Survivor benefits are subject to taxation.

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

**Earnings-related survivor pension (social insurance):** The benefit is 55% of the deceased's accrued pension rights (based on the amount and years of contributions) 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; for 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:** 17,600 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 prices.

**Orphan's pension (child pension):** For a child younger than age 12, the pension is 35% of the deceased's accrued pension rights (based on the amount and years of contributions made) under the old-age pension system. If there is more than one orphan, the pension is increased by 25% for each child. When the youngest child reaches age 12, 30% is paid for a child up to age 18 (age 20 if a student), and if there is more than one orphan the pension is increased by 20% for each child. 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:** 90% of the base amount is paid to women who married prior to January 1, 1990, 100% with children under age 17 or aged 50 at the time of the husband's death. The benefit is reduced by 6.7% a year for every year the widow is below age 50. For those who married after December 31, 1989 and have no children, the benefit is 40% of the deceased's projected or actual old-age pension; 35% with children.

The base amount is 44,900 kronor.

**Survivor bonus (NDC):** There is no survivor pension. The pension balance of the deceased is distributed to the notional accounts of insured persons born the same year as the deceased.

**Survivor pension (premium pension):** If the insured has chosen this benefit and dies before retirement, a fixed amount is paid to survivors for five years. If the insured dies after retiring, a benefit is paid as a lifetime annuity. No lump-sum withdrawals are permitted.

### **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>) administers and supervises 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:** 1991 (sick pay) and 2010 (social insurance), implemented 2011.

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

### Coverage

**Cash benefits:** Gainfully employed persons earning 10,560 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 10,560 kronor; or the insured is involuntarily unemployed and registered with the employment service.

**Parental cash benefits (parental insurance):** Paid to residents of Sweden who are covered for cash sickness benefits above the guarantee level (depending on the number of years of contributions made) 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:** 80% of the insured's lost earnings from the 15th day until the 364th day (or more if a serious disease) is paid; 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 330,000 kronor.

Employers pay daily sickness benefits for employees for days two 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 two to 14 (the number of necessary qualifying days may vary).

The maximum daily benefit is 702 kronor.

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

#### Parental cash benefit for childbirth (parental insurance)

The benefit is around 80% of the insured's lost earnings for 180 to 390 days plus 180 kronor a day for an additional 90 days. The total benefit duration for both parents combined is 480 days for each child and is paid from 60 days before the expected date of childbirth up until the child reaches 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 440,000 kronor.

The maximum daily benefit for the 390-day period is 935 kronor.

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

**Pregnancy cash benefit (parental insurance):** 80% of the insured's lost earnings is paid. For women in a physically demanding job, the benefit is paid for up to 50 days, beginning 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 330,000 kronor.

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

**Temporary parental cash benefit (parental insurance):** 80% of the insured's lost earnings is paid. The total benefit duration for both parents combined is 60 days for each child a year; may be extended for 60 days for each child. The father (or other parent) is entitled to 10 extra days of benefits in connection with the child's birth.

The maximum annual income used to calculate benefits is 330,000 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: The insured pays a fee of 60 kronor to 300 kronor 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 insured pays up to 80 kronor a day (reduced for low-income earners).

A percentage of transportation costs are reimbursed.

The insured pays the full cost of medicine up to 900 kronor in a 12-month period; thereafter, the partial cost of medicine up to 1,800 kronor a year.

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

### **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.

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

Regional county councils administer the program.

### **Work Injury**

#### **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 at least 10,176 kronor.

### **Temporary Disability Benefits**

80% of the insured's lost earnings from the 15th day until the 364th day (more if a serious disease) is paid; may be extended for 550 days at 75% of the insured's lost earnings. Pensioners are limited to 180 days of benefits after retirement.

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

Employers pay daily sickness benefits for employees for days two 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 two to 14 (the number of 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%), 100% of the insured's lost earnings is 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 for medicine, 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 five years or who at the time of the insured's death was raising 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 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 44,000 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:** Social assistance and voluntary income-related insurance system.

### Coverage

**Basic program:** Employees and persons seeking employment, from age 20 to 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:** None for the basic program; a membership fee for the voluntary program.

**Self-employed person:** None for the basic program; a membership fee for the voluntary program.

**Employer:** None for the basic program; for the voluntary program, employers finance unemployment insurance out of a labor market contribution calculated as a percentage of the payroll.

**Government:** Subsidizes the basic program; none for the voluntary program.

### Qualifying Conditions

**Unemployment benefits (basic and voluntary):** Unemployed and registered as a job seeker at the public employment service; able and willing to accept a suitable job for at least three hours a day and an average of at least 17 hours a week.

The insured must have been employed for at least six months (at least 80 hours a month) or for at least 480 hours during a continuous six-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 for each 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 five days a week.

The basic benefit is paid after a seven-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% for the next 100 days. 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 five days a week.

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

The maximum benefit is 680 kronor a day.

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

### **Administrative Organization**

Swedish Unemployment Insurance Board (<http://www.iaf.se>) supervises 31 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 (no age limit for children with learning difficulties who are attending a special school).

**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 for each 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 is paid for each child.

Supplements are paid to families with two or more children (150 kronor for the second child; 454 kronor for the third child; 1,010 kronor for the fourth child; and 1,250 kronor for the fifth and subsequent children).

**Maintenance support:** Full maintenance support is 1,273 kronor a month for each 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 when the parent liable for child support pays the child less than 1,273 kronor a month.

**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 for each child.

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

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.