Sweden offers a framework of publicly funded social provision, ranging from pensions and healthcare to parental allowances and employment related insurance. The national basic pension and insurance system is often combined with occupational based insurance plans.

**SOCIAL SECURITY SYSTEM**
Social insurance in Sweden has many facets, ranging from parental leave and childcare to sickness and accident insurance, disability assistance, and care for the elderly. It covers all Swedish residents.

Sweden’s social security system is primarily funded by statutory contributions, from the employer and employees, under the national basic pension and insurance plan.

Many employers supplement these contributions with payments under occupational based agreements with their employees.

Individual employees can also top up their provision with private insurance.

**NATIONAL BASIC PENSION AND INSURANCE**
Employer contributions
All employers in Sweden pay statutory social security contributions on behalf of their employees, consisting of charges for pensions, health insurance and other social benefits. These contributions amount to 31.42 percent of gross salary.

Employee contribution
Employees themselves contribute 7 percent of their wages or salaries to the pension system via the general pension fee (allmän pensionsavgift). This contribution is included in income tax and is deducted by the employer at source together with preliminary income tax.

Employer contributions come on top of wage and salary costs and are payable for any employee or contractor who has earned SEK 1,000 or more during the year.

**Exemption from statutory contributions**
The New Start program encourages companies to hire people who have been long-term unemployed. Employing a person under this scheme, means receiving financial support equivalent to twice the employer’s contributions that the employer has to pay. New Start jobs apply for example to people who have reached 26 years of age by the start of the year and who, during a reference period of 15 months, have been unemployed for at least 12 months, have received sickness benefit, rehabilitation compensation, sickness or activity compensation full time. This relief is valid for a period equal to the length of the person’s unemployment (up to a maximum of five years).

**Employee contribution**
Employees themselves contribute 7 percent of their wages or salaries to the pension system via the general pension fee (allmän pensionsavgift). This contribution is included in income tax and is deducted by the employer at source together with preliminary income tax.

Employees do not need to pay general pension fees on the part of their income that exceeds SEK 461,250 (2017).
OCCUPATIONAL- BASED PENSION
AND INSURANCE

Many employers also pay into occupational-based insurance and pension plans on behalf of their employees. Occupational based schemes are an important part of the pension and insurance system, helping employers to attract and retain skilled employees.

Two main types of occupational pension and insurance plan are used in private industry to supplement basic statutory protection: collectively agreed insurance or non-collective insurance.

What is covered
Whether collective or non-collective, an occupational pension and insurance plan typically includes:

▸ Supplementary retirement pension
▸ Life insurance
▸ Accident insurance
▸ Long term disability insurance
▸ Payment exemption in case of disability
▸ Companies that are members of the Swedish employers’ association, the Confederation of Swedish Enterprise (Svenskt Näringsliv), are required, as a rule, to take out insurance for their employees under current collective agreements.

Companies which are not bound by a collective agreement with a trade union may choose either to sign a collective application agreement (hängavtal) with a trade union or may as a benefit offer a non-collective insurance plans (see “Noncollective insurance plans,” below).

<table>
<thead>
<tr>
<th>Statutory employer contributions</th>
<th>% of wages/salary in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement pension</td>
<td>10.21</td>
</tr>
<tr>
<td>Survivor’s pension</td>
<td>0.70</td>
</tr>
<tr>
<td>Health insurance</td>
<td>4.35</td>
</tr>
<tr>
<td>Occupational injury insurance</td>
<td>0.20</td>
</tr>
<tr>
<td>Parental insurance</td>
<td>2.60</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>2.64</td>
</tr>
<tr>
<td>Payroll contribution</td>
<td>10.72</td>
</tr>
<tr>
<td><strong>Total statutory employer</strong></td>
<td><strong>31.42</strong></td>
</tr>
</tbody>
</table>

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv)

<table>
<thead>
<tr>
<th>Salaried employees ITP (% of gross pay)</th>
<th>Part of salary up to SEK 38 438/month</th>
<th>Part of salary exceeding SEK 38 438/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITP 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>◀ retirement pension</td>
<td>4.501</td>
<td>30.00</td>
</tr>
<tr>
<td>◀ waiver of premium insurance</td>
<td>0.141</td>
<td>1.09</td>
</tr>
<tr>
<td>◀ health insurance</td>
<td>0.132</td>
<td>0.63</td>
</tr>
<tr>
<td>TGL</td>
<td>0.151</td>
<td>0.00</td>
</tr>
<tr>
<td>TFA (AFA insurance)</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>TRR</td>
<td>0.301</td>
<td>0.30</td>
</tr>
<tr>
<td><strong>Total occupational insurance premium</strong></td>
<td><strong>5.25</strong></td>
<td><strong>32.05</strong></td>
</tr>
</tbody>
</table>

1) Taken out from the age of 25.
2) The premium of 0.126 percent is paid on salary portions up to SEK 28 000/month The premium of 0.63 percent is paid on salary portions between SEK 28 000/month and SEK 153 750/month
3) Free premium setting is applied and the premium is within interval SEK 30-51/month, which is equivalent to slightly less than 0.20 percent in the event of salaries of SEK 28 000/month (7.5 price base amounts).

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv)

Collective insurance plans

A majority of employers in Sweden have collective agreements with trade unions under which they make payments to occupational pension and insurance plans for their employees. These plans provide employees with supplementary insurance above their basic statutory provision.

Although occupational schemes involve a cost to employers, they also offer advantages because attractive pension and insurance solutions help them to attract and retain skilled staff.

Collective agreements differ depending on whether the employees are salaried employees or wage earners. See the tables on the next page for precise percentages.

Salaried employees

The ITP, or supplementary pension for salaried employees in industry and commerce, is based on a collective agreement between Svenskt Näringsliv and the Council for Negotiation and Cooperation (PTK).

The ITP plan is a defined-benefit pension, based on the employee’s salary at retirement, and managed by insurance company Alecta and service company Collectum.

In 2007, the ITP occupational pension and insurance plan was replaced by a defined contribution pension. The new system, ITP 1, applies to persons born in 1979 and thereafter, whereas salaried employees born in 1978 or earlier continue to be covered by the current defined benefit pension, known as ITP 2. Employers pay a reduced pre-
**Wage earners (% of gross pay)**

<table>
<thead>
<tr>
<th>Part of salary up to SEK 461 250/year</th>
<th>Part of salary exceeding SEK 461 250/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Readjustment Insurance</td>
<td>0.30¹</td>
</tr>
<tr>
<td>AGS</td>
<td>0.00²</td>
</tr>
<tr>
<td>TFA</td>
<td>0.01</td>
</tr>
<tr>
<td>TGL</td>
<td>0.00¹</td>
</tr>
<tr>
<td>SAF-LO</td>
<td>0.00</td>
</tr>
<tr>
<td>FPT4</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total occupational insurance premium</strong></td>
<td><strong>4.56</strong></td>
</tr>
</tbody>
</table>

1) Local Collective Agreement companies pay 0.60 percent. Companies that are members of employers’ associations outside of the Confederation of Swedish Enterprise pay 0.32 percent. The premium is paid on salary portions up to 7.5 price base amounts (SEK 336 000).

2) The premium is paid from the month in which the wage earner turns 25 until the month before he turns 65.

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv)

**Non-collective insurance plans**

Companies that are not bound by a collective agreement with a trade union can either sign a collective application agreement (hängavtal) with a trade union or may as a benefit offer a non-collective agreement solution. An employer can also use an insurance company to offer employees a non-collective occupational pension and insurance plan.

Note that non-collective agreement solutions are rare when employing wage earners as most of them are members of a trade union.

If a company is not bound by a collective or collective application agreement it does not have to offer a non-collective insurance plan.

**PRIVATE PENSION AND INSURANCE**

*– A TOP-UP POSSIBILITY FOR THE INDIVIDUAL*

Individual employees can also top up their insurance provision with private pension savings.
USEFUL CONTACTS

EMPLOYERS’ ASSOCIATIONS

The Confederation of Swedish Enterprise (Svenskt Näringsliv)
Storgatan 19, SE-114 82 Stockholm
+46 8 553 430 00
www.svensktningarlsiv.se
Sweden’s largest business federation representing 50 member organizations and 54,000 member companies.

Swedish Federation of Business Owners (Företagarna)
Regeringsgatan 52
SE-106 67 Stockholm
+46 8 406 17 00
www.foretagarna.se
The Swedish Federation of Business Owners is an organization for entrepreneurs and business owners. It represents some 55,000 directly affiliated entrepreneurs.

INSURANCE AND PENSION SERVICES COMPANIES

Alecta
Regeringsgatan 107
SE-103 73 Stockholm
+46 8 441 60 00
www.alecta.se
Insurance company which manages the ITP pension.

Collectum
Stadsgården 10
SE-103 76 Stockholm
+46 8 508 980 00
www.collectum.se
Collectum operates the ITP pension plan for businesses, insured persons and insurance companies.

Fora
Vasagatan 12
SE-101 56 Stockholm
+46 8 787 40 10
www.fora.se
Fora is a service company the handles the flow of collective insurance premiums and fees between companies and insurance providers, foundations and investment funds.

FURTHER INFORMATION

At www.business-sweden.se
▸ Running a business in Sweden – an introduction
▸ Employing staff – contracts and conditions
▸ Tax relief for key foreign employees

EXTERNAL EXPERTS HAVE REVIEWED THIS DOCUMENT. HOWEVER, THE CONTENTS SHOULD NOT BE VIEWED AS LEGAL OR FINANCIAL ADVICE BUT ONLY AS AN OVERVIEW OF CURRENT CONDITIONS IN SWEDEN. THESE MAY CHANGE AND THEREBY RENDER DESCRIPTIONS OF LAWS AND OTHER FRAMEWORKS INACCURATE. IN ALL INDIVIDUAL CASES WE REQUEST THAT ADVICE ALWAYS BE SOUGHT WITH RELEVANT ORGANIZATIONS ON SPECIFIC ISSUES.