

Social security costs in Sweden

Sweden has undeservingly become known for having high social security costs, when in fact they are on par with social security costs in the rest of Europe. Social security costs in Sweden consist of employers' contributions, insurance under collective agreements and employees' contributions.

Statutory employers' contributions

By law, employers must pay an employment payroll tax consisting of contributions for pensions, health insurance, and for other social benefits. Employers' contributions must be paid for employees and contractors who have received SEK 1,000 or more during the year in the form of cash or taxable benefits and remunerations. The table below is a breakdown of employers' statutory social contribution as a percentage of wages for 2008:

Statutory employers' contributions (%)

Old age pension	10.21
Survivor's pension	1.70
Health insurance	7.71
Occupational injury insurance	0.68
Parental insurance	2.20
Unemployment insurance	2.43
Payroll contribution	7.49
Statutory employers' contributions	32.42

Source: The Swedish Tax Agency (Skatteverket)

As of January 1, 2007, the "New Start Jobs" program was introduced. Under this reform, statutory employers' contributions will be completely waived for people who have been receiving unemployment benefits, sickness benefits, a disability pension, or a social allowance for more than one year. This subsidy shall be granted for a period of time equal to the duration for which the newly employed was previously unemployed, but no longer than 5 years.

Insurance under collective agreements

Apart from the statutory payroll tax, employers' contribution also includes the cost of insurance under collective agreement. There are different collective agreements depending on

whether the employees are wage-earners or salaried employees.

Approximately 90 percent of Swedish wage earners (generally "blue collar" workers) and 70-80 percent of salaried employees (generally "white collar" workers) are covered by collective agreements. For those not covered by collective agreements there is a range of private insurance alternatives.

Wage earners (%)

Occupational group life insurance (TGL)	0.30
Collective group health insurance (AGS)	1.49
Redundancy program insurance	0.21
SAF-LO Collective Pension	
-Pension premium ¹	3.50
-Premium exemption insurance ²	0.60
Labor-market no-fault liability insurance (TFA)	0.20
Statutory employers' contribution	32.42
Total employers' contribution	38.72

Salaried employees (%)

Supplementary pension (ITP)	11.40*
Occupational group life insurance (TGL)	0.20*
Labor-market no-fault liability ins. (TFA)	0.01
Employment security council (TRR) ³	0.30
Statutory employers' contribution	32.42
Total employers' contributions	44.33

* Approx. amounts

¹ From the age of 21

² For companies that are members of the Confederation of Swedish Enterprise this premium is currently (2008) being financed by surpluses from previous years which is why no premium must be paid.

³ For companies that are not members of the Confederation of Swedish Enterprise, the contribution is 0.70%

Sources: The Confederation of Swedish Enterprise (Svenskt Näringsliv) and the Swedish Tax Agency (Skatteverket)

Employees' contributions

The employee pays a contribution of 7 percent for the pension system, the so-called general pension fee (*allmän pensionavgift*).

This contribution is included in the income tax, and is deducted by the employer along with the preliminary tax. The general pension fees are 100 percent deductible.

No such fee is payable on incomes exceeding 8.07 times the income base amount unit. One income base amount unit is SEK 48.000 in 2008 (the Swedish Social Insurance Administration sets the income base amount each year).

Employees, that continue working after turning 65, must pay the so called contribution for self-employed persons.

For more detailed information please contact:

*The Confederation of Swedish Enterprise
(Svenskt Näringsliv)
Tel. + 46 8 553 430 00
Fax. + 46 8 553 430 99
www.svensktnaringsliv.se
info@swedishenterprise.se*

*The Swedish Tax Agency (Skatteverket)
Its website provides detailed information on
taxes and regulations
www.skatteverket.se*

Please note that the contents of this fact sheet should be regarded 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 authorities, organizations and businesses on specific issues.