

EXAMPLE EMPLOYEE BENEFITS REPORT SWEDEN



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State & Compulsory Benefits and Typical Employer Practice

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State & Compulsory Benefits and Typical Employer Practice

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State & Compulsory Benefits

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Typical Employer Practice

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Typical Employer Practice

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Typical Employer Practice

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State & Compulsory Benefits and Typical Employer Practice

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Maternity Benefits & Maternity/Paternity Leave

State & Compulsory Benefits and Typical Employer Practice

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Typical Employer Practice

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State & Compulsory Benefits

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● = Indicates sections that have been included in this sample report.



Retirement

Benefit Provider

State & Compulsory Benefits

Retirement benefits are provided through social insurance and are administered by the Swedish Pensions Agency.

Employers are required to provide supplementary retirement benefits where prescribed under a collective agreement; see Typical Employer Practice for detail.

Typical Employer Practice

Almost all multinational and local leading employers provide supplementary retirement benefits; benefits are provided through the following occupational pension plans, as mandated under collective agreements between trade unions and the employers' federation (covering around 90% of the workforce):

- **ITP 1 (industrins och handelns tilläggspension - supplementary pension for salaried employees in industry and commerce)** - administered by an approved insurance company as chosen by the employee, although overall administration is provided by Collectum (the employer may, with specialist guarantee insurance, provide in house management of the pension contributions through a book reserve system or a pension fund)
- **ITP 2** - administered by Alecta Insurance Company, although overall administration is provided by Collectum (the employer may, with specialist guarantee insurance, provide in house management of the pension contributions through a book reserve system or a pension fund (common for large employers)); an alternative ITP (administered by an insurance company as chosen by the employee) may be offered by the employer instead of ITP 2 for prescribed pensionable salary
- **ITPK (ITP (kompletterande) - occupational supplementary pension to ITP)** - administered by an approved insurance company as chosen by the employee, although overall administration is provided by Collectum; an alternative ITP (administered by an insurance company as chosen by the employee) may be offered by the employer instead of ITPK for prescribed pensionable salary (this is not common)
- **SAF-LO Collective Pension (Confederation of Swedish Enterprise (Svenskt Näringsliv - SN formerly SAF) and Swedish Trade Union Confederation (Svenska Arbetsgivareforeningen-Landsorganisationen - LO) Collective Pension)** - administered by an approved insurance company as chosen by the employee, although overall administration is provided by Fora (the employer may, with specialist guarantee insurance, provide in house management of the pension contributions through a book reserve system or a pension fund); transitional provisions apply for those covered prior to 1996.

For employees not covered by a collective agreement, the employer may provide supplementary retirement benefits using a similar structure to the collectively agreed plans with employer contributions ranging from 4% to 10% of total pensionable salaries up to 7.5 price base amount and from 10% to 20% of total pensionable salaries up to 30 price base amount (plans are on a defined contribution (DC) basis).

Update January 2021

The price base amount is equal to SEK 47,600 per year in 2021.

Benefits

State & Compulsory Benefits

Update January 2021

Normal Retirement Benefits

No pension accrues where pensionable salary for contribution purposes is less than 42.3% of the price base amount (the price base amount is equal to SEK 47,600 per year in 2021).

Pensionable salary for benefit purposes is equal to the pensionable salary for employee contributions less 7%; the maximum pensionable salary for benefit purposes is therefore 7.5 times the income base amount (the income base amount is equal to SEK 68,200 per year in 2021).

Income Pension

Normal retirement benefits are based on the value of the total accumulated fund (16% of pensionable salary for benefit purposes is allocated to the income pension, reduced by one twentieth for each complete year from the year following the employee's year of birth to the end of 1954).

Premium Pension

Normal retirement benefits are based on the value of the total accumulated fund (2.5% of pensionable salary for benefit purposes is allocated to the premium pension, reduced by one twentieth for each complete year from the year following the employee's year of birth to the end of 1954).

Guarantee Pension

To qualify for the guarantee pension the employee must have at least three years of qualifying residency between age 16 and age 64.

The guarantee pension is dependent upon whether the employee's pension base (any income pension, widow's pension and certain foreign pensions) is greater than a prescribed multiple of the price base amount, as follows:



Pension base (multiple of the price base amount*)

Guarantee Pension

Greater than 1.14 (part of a couple)	0.811 times the price base amount* less 48% of the pension base greater than 1.14 times the price base amount*
Less than 1.14 (part of a couple)	1.951 times the price base amount* less the pension base
Greater than 1.26 (single)	0.921 times the price base amount* less 48% of the pension base greater than 1.26 times the price base amount*
Less than 1.26 (single)	2.181 times the price base amount* less the pension base

Note: * The price base amount is equal to SEK 47,600 per year in 2021.

The guaranteed pension is reduced for those with less than 40 years of qualifying residency between age 16 and age 64.

Typical Employer Practice

Normal Retirement Benefits

ITP 1, ITPK and SAF-LO Collective Pension



Short-Term Sickness Benefits

State & Compulsory Benefits

Paid sickness leave

To qualify for paid sickness leave the employee must be on a permanent employment contract or a fixed term employment contract greater than one month, or must have at least 14 days of continuous employment.

Paid sickness leave is equal to 80% of the employee's salary.

Alternatively, where the employee is able to work but is unable to travel to and from employment in the normal way, the employee may receive a travel allowance covering the additional costs of travel to and from employment

Social Insurance

Short-term sickness benefits are payable in full or as a three quarter, one half or one quarter benefit, dependent upon the level of working capacity benefit, dependent upon the level of working capacity.

Update January 2021

Sickness benefit - To qualify for the sickness benefit the employee must have:

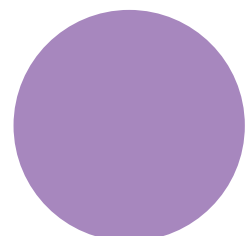
- working capacity assessed as being reduced by at least 25%, and
- a qualifying income greater than 24% of the price base amount (the price base amount is equal to SEK 47,600 per year in 2021).

The normal level of sickness benefit is equal to 80% of the employee's salary times 0.97, subject to a maximum salary of 8 times the price base amount.

The continuation level of sickness benefit is equal to 75% of the employee's salary times 0.97, subject to a maximum salary of 8 times the price base amount.

The sickness benefit is reduced where compensation in the form of paid sickness leave or group sickness insurance under a collective agreement is greater than:

- 10% of the employee's salary up to 8 times the price base amount, and
- 90% (85% for the continuation level of sickness benefit) of the employee's salary greater than 8 times the price base amount..



The sickness benefit is not payable where in receipt of full activity compensation.

Where the employee is able to work but is unable to travel to and from employment in the normal way, the employee may receive a travel allowance covering the additional costs of travel to and from employment.

Where the employee is unable to be present in the normal place of employment due to the risk of infecting others with a prescribed infectious disease, a disease carrier allowance may be payable up to a maximum equal to SEK 810 per day.

Activity compensation - To qualify for activity compensation the employee must:

- be age 19 or over and under age 30, and
- have working capacity assessed as being reduced by at least 25% for an expected period of at least one year, and
- participate in prescribed vocational rehabilitation.

Activity compensation is equal to 64.7% of the employee's reference salary (subject to a maximum reference salary of 7.5 times the price base amount).

The employee's reference salary is averaged over the best three years within eight years (may be reduced for those aged over 46 years) preceding sickness.

Where partial activity compensation is payable, the sickness benefit may be provided concurrently.

Activity compensation is subject to a minimum where the employee has at least three years qualifying of residency between age 16 and age 64 (may include projected residency).

The minimum activity compensation is dependent upon the employee's age, as follows:

Employee's age (years)	Minimum activity compensation (multiple of the price base amount*)
Under 21	2.23
21 up to 23	2.28
23 up to 25	2.33
25 up to 27	2.38
27 up to 29	2.43
29	2.48

Note: * The price base amount is equal to SEK 47,600 per year in 2021.



The minimum activity compensation is reduced where the employee has less than 40 years of qualifying residency between age 16 and age 64 (may be projected to age 65).

Rehabilitation compensation - To qualify for rehabilitation compensation the employee must be under age 65 and:

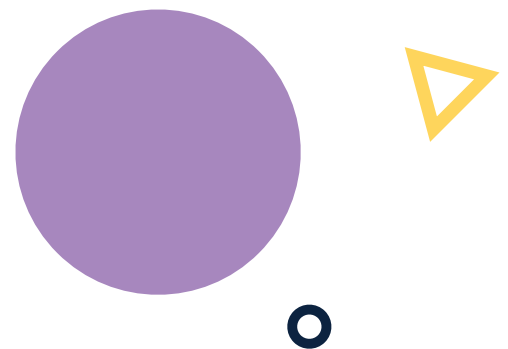
- be participating in prescribed vocational rehabilitation, and
- have working capacity assessed as being reduced by at least 25%.

Rehabilitation compensation is equal to the sickness benefit.

In addition, the employee may be reimbursed for prescribed costs incurred in respect of the rehabilitation.

Rehabilitation compensation is reduced in respect of any other compensation received.

In addition, the employer and employee (provided the employee has at least 12 months of qualifying service) may receive a grant for work aids of up to SEK 50,000, which may be increased for computer based work aids; employers are subject to a deductible of SEK 10,000.



Typical Employer Practice

Collectively agreed sick pay

Collectively agreed sick pay is equal to 10% of the employee's salary up to 8 times the price base amount and around 90% (around 80% may be payable from the 91st day of sickness) of the employee's salary greater than 8 times the price base amount.

Update January 2021

The price base amount is equal to SEK 47,600 per year in 2021.

AGS

To qualify for AGS benefits the employee must:

- have at least 90 days of qualifying insurance and have a working capacity of at least 25% for at least one week during employment, and
- have a qualifying income greater than 24% of the price base amount, and
- be in receipt of the sickness benefit, activity compensation or sickness compensation (see Long-Term Disability section for detail) under social insurance.

Whilst in receipt of the sickness benefit the AGS benefit is equal to 12.5% of sickness benefit times 0.97 (when sickness benefit is payable at the normal level) and 13.3% of sickness benefit times 0.97 (when sickness benefit is payable at the continuation level), effectively increasing the employee's overall sickness benefit to around 87% and 83% of the employee's salary respectively.

Whilst in receipt of activity compensation or sickness compensation the AGS benefit is based on a prescribed percentage for each portion of the employee's salary times 0.97, as follows:

Employee's salary	AGS benefit (% of salary)
Up to 7.5 times the price base amount*	15.0**
Between 7.5 and 20 times the price base amount	65.0*
Between 20 and 30 times the price base amount*	32.5

Note: * The price base amount is equal to SEK 47,600 per year in 2021.

** Approximately 15% of salary; benefit levels are based on ranges of salary.

Long term disability Benefits

Sickness compensation

To qualify for sickness compensation the employee must:



Typical Employer Practice

AGS

To qualify for AGS benefits the employee must:

- have at least 90 days of qualifying insurance and have a working capacity of at least 25% for at least one week during employment, and
- have a qualifying income greater than 24% of the price base amount, and
- be in receipt of the sickness benefit, activity compensation (see Short-Term Sickness section for detail) or sickness compensation under social insurance.

Update January 2021

The price base amount is equal to SEK 47,600 per year in 2021.

Whilst in receipt of the sickness benefit the AGS benefit is equal to 12.5% of sickness benefit times 0.97 (when sickness benefit is payable at the normal level) and 13.3% of sickness benefit times 0.97 (when sickness benefit is payable at the continuation level); effectively increasing the employee's overall sickness benefit to around 87% and 83% of the employee's salary respectively.

Whilst in receipt of activity compensation or sickness compensation the AGS benefit is based on a prescribed percentage for each portion of the employee's salary times 0.97, as follows:

Employee's salary	AGS benefit (% of salary)
Up to 7.5 times the price base amount*	15.0**
Between 7.5 and 20 times the price base amount*	65.0*
Between 20 and 30 times the price base amount*	32.5

Note: * The price base amount is equal to SEK 47,600 per year in 2021.

** Approximately 15% of salary; benefit levels are based on ranges of salary.

AGS benefits are payable in full or as a three quarter, one half or one quarter benefit, dependent upon the level of working capacity.

AGS benefits are payable as one benefit for both long-term disability and short-term sickness with no variation with regards to the qualification criteria and benefit levels.

Occupational pension plans

Disability pension - The disability pension may apply to employees covered under:

- the supplementary pension for salaried employees in industry and commerce (industrins och handelns tilläggspension - ITP) 1, or
- ITP 2.

To qualify for the disability pension the employee must:

- have working capacity assessed as being reduced by at least 25% for at least 90 consecutive days (or 105 calendar days within 12 months), and
- be in receipt of the sickness benefit, activity compensation, sickness compensation or rehabilitation compensation (see Short-Term Sickness section for detail) under social insurance.

Whilst in receipt of the sickness benefit or rehabilitation compensation the disability pension is based on a percentage of pensionable salary, as follows:

Pensionable salary*	Disability pension up to day 360 of disablement (% of pensionable salary)	Disability pension from day 361 of disablement (% of pensionable salary)
Up to 8 times the price base amount**	10.0	Nil
Between 8 times the price base amount** and 20 times the income base amount***	65.0	65.0
Between 20 and 30 times the income base amount***	32.5	32.5

Note: * Based on average pensionable salary in the 12 months preceding disablement for ITP 1 and pensionable salary for ITP 2.

** The price base amount is equal to SEK 47,600 per year in 2021.

*** The income base amount is equal to SEK 68,200 per year in 2021.

Whilst in receipt of activity compensation or sickness compensation the disability pension is based on a percentage of pensionable salary, as follows:

Pensionable salary*	Disability pension (% of pensionable salary)
Up to 7.5 times the price base amount*	15.0**
Between 7.5 times the price base amount** and 20 times the income base amount***	65.0*
Between 20 and 30 times the income base amount***	32.5

Note: * Based on average pensionable salary in the 12 months preceding disablement for ITP 1 and pensionable salary for ITP 2.

** The price base amount is equal to SEK 47,600 per year in 2021.

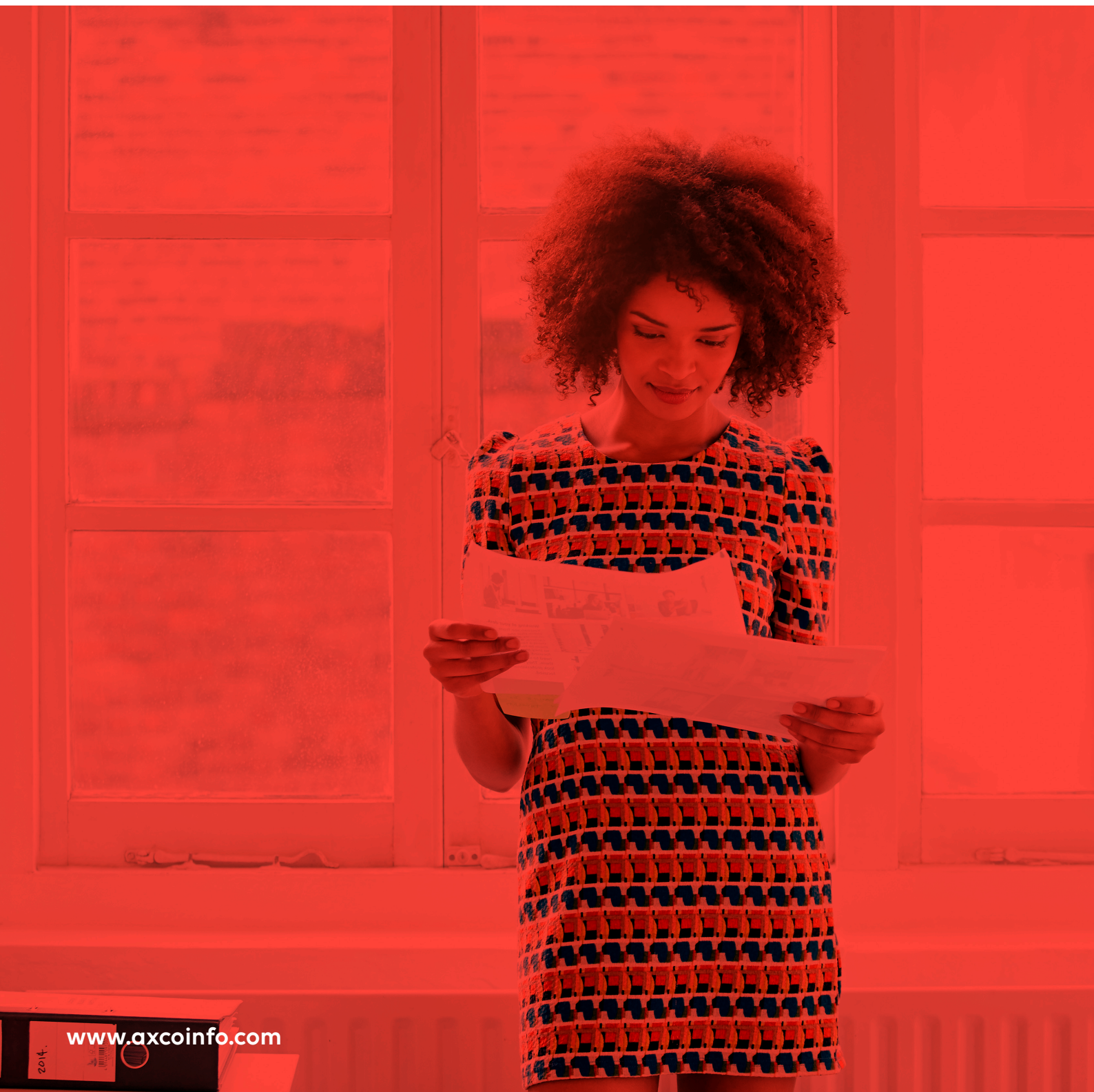
*** The income base amount is equal to SEK 68,200 per year in 2021.

The disability pension is reduced in case of partial disability.

The disability pension is payable as one benefit for both long-term disability and short-term sickness with no variation with regards to the qualification criteria and benefit levels.

Waiver of premium insurance - Waiver of premium insurance may apply to employees covered under:

- ITP 1 with a waiting period of 14 days, or
- ITP 2 with a waiting period of 90 consecutive days (or a waiting period of 105 days within 12 months), or
- SAF-LO Collective Pension with a waiting period of 14 days.



Maternity Benefits & Maternity/ Paternity Leave

State & Compulsory Benefits

Benefit Provider

Maternity benefits are provided through social insurance and are administered by the Swedish Social Insurance Agency.

Eligibility

All employees are covered.



Benefits

Pregnancy benefit



Update January 2021

To qualify for the pregnancy benefit the employee must have working capacity assessed as being reduced by at least 25% due to pregnancy and the employer must be unable to transfer the employee to a less physically demanding role or a less risky working environment.

The pregnancy benefit remains equal to 80% of the employee's salary times 0.97, subject to a maximum equal to SEK 759 per day in 2021.

If the employee is unable to work due to physically demanding duties, the pregnancy benefit is payable for up to 50 days commencing from 60 days preceding the expected date of childbirth.

If the employee is unable to work due to risks in the working environment, the pregnancy benefit is payable for each day the prohibition applies.

The pregnancy benefit may be payable until 10 days preceding the expected date of childbirth.

The pregnancy benefit is payable in full or as a three quarter, one half or one quarter benefit, dependent upon the level of working capacity

The pregnancy benefit is not payable where in receipt of short-term sickness benefits.

Parental benefit

To qualify for the parental benefit the child must be:

- under age eight or within the first year of school (or within eight years of an adoption up to age 10), whichever is later, if born prior to 2014, or
- under age 12 or within the fifth year of school, whichever is later, if born from 2014.

The sickness benefit level of the parental benefit is equal to 80% of the employee's salary times 0.97, subject to a maximum SEK 1,012 per day in 2021.

The basic level of the parental benefit remains equal to SEK 250 per day.

The minimum level of the parental benefit remains equal to SEK 180 per day.

The parental benefit is payable for up to 480 days, as follows:

Parental benefit	Payment period (days)
Sickness benefit level*	180
Sickness benefit level or basic level, whichever is higher	210
Minimum level	90

*Note: * The parental benefit is payable at the basic level where the employee's sickness benefit is not greater than SEK 180 per day for 240 consecutive days preceding the expected date of childbirth.*

The parental benefit may commence from 60 days preceding the expected date of childbirth.

In case of a multiple birth the parental benefit is payable for an additional 180 days for each additional child. For the second child, the first additional 90 days is payable at the sickness benefit level (or basic level) and the final additional 90 days is paid at the minimum level. For the third and any subsequent children, the whole additional 180 days is paid at the sickness benefit level (or basic level).

The parental benefit may be shared between the parents (90 days at the sickness benefit level is reserved for each parent); effective 1 July 2019 a single parent's cohabiting partner may be eligible for parental benefit.

The parental benefit is payable in full or as a three quarter, one half, one quarter or one eighth, benefit, dependent upon the number of hours worked.



Temporary parental benefit

The temporary parental benefit is equal to 80% of the employee's salary times 0.97, subject to a maximum salary of 10 times the price base amount.

The temporary parental benefit may be payable to the father (or prescribed parent) for 10 days per child (concurrently with the parental benefit) within 60 days of the childbirth.

The temporary parental benefit is payable in full or as a three quarter, one half, one quarter or one eighth benefit, dependent upon the number of hours worked.

Employer Contribution

Employer contributions covering social insurance remain equal to 31.42% of total pensionable salaries in 2021, of which 2.6% of total pensionable salaries cover parental insurance.

See Retirement section Employer Contribution for further detail.

Employee Contribution

Employees do not contribute to parental insurance.

Taxation

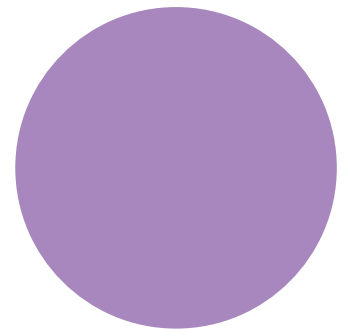
Employer Contribution

Employer contributions are tax deductible for corporate income tax.

Benefits

Benefits are subject to income tax, excluding the equality bonus.

Other taxes may apply that are outside the scope of this report.



Typical Employee Practice

