

THE SWEDISH SOCIAL SECURITY SYSTEM

BUSINESS SWEDEN
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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 per cent of gross salary.

For employees between 15 and 18 years of age the contribution is reduced to 10.21%.

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. For 2026, age-based employer contribution rules continue to apply. Employers pay only the 10.21 per cent old-age pension contribution for employees who are 67 years or

older at the start of the year, and no employer contributions are payable for individuals born in or before 1937. In addition, between 1 April 2026 and 30 September 2027 a temporary reduction applies for employees aged 19–23, where employer contributions are lowered to 20.81 per cent on monthly salary up to SEK 25,000, with the standard 31.42 per cent rate applying above this level.

THE PENSION AND INSURANCE PYRAMID



IN BRIEF

- *Reduced rate of social security contributions for key foreign employees*
- *Reduced rate of social security contributions for R&D employees*
- *Cost of hiring skilled employees - internationally competitive*



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EXEMPTION FROM STATUTORY CONTRIBUTIONS

The New Start Job Programme offers financial support to companies when hiring people that have been unemployed for a longer time or are newly arrived in Sweden. The grant constitutes at least the sum of the employer contribution and can vary depending on the age and how long the person has been unemployed.

To qualify, the employee needs to be registered with the Swedish Public Employment Service and meet one of the following criteria:

- Age between 20–25 and unemployed full time during at least six of the nine past months.
- Older than 25 years and unemployed more than 12 of the past 15 months.
- Newly arrived in Sweden (maximum of three years) and granted residence permit (more rules apply)

Statutory employer contributions	% of wages/salary in 2026
Pension contributions	10.21
Survivor's pension contributions	0.30
Health insurance contributions	3.55
Work injury contributions	0.10
Parental insurance contributions	2.00
Labour market contributions	2.64
General payroll tax	12.62
Total statutory employer contribution	31.42

Source: Swedish Tax Agency (Skatteverket)

EMPLOYEE CONTRIBUTION

Employees themselves contribute 7 per cent 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 625 500 (2026).

OCCUPATIONAL- BASED PENSION AND INSURANCE

Many employers also pay 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.

Salaried employees ITP 1 (% of gross pay)	Part of salary up to SEK 52,125/ month	Part of salary exceeding SEK 52,125/ month
ITP 1		
- retirement pension ¹	4.50	30.00
- waiver of premium insurance ¹	0.125	1.415
- health insurance ²	0.03	0.108
TGL ³	approx.0.09	0.0
TFA (AFA insurance)	0.02	0.02
TRR ⁴	0.40	0.40
Total occupational insurance premium	5.17	31.94

- 1) The premium is paid from the month in which the wage earner turns 25 until the month before he turns 65.
- 2) The premium of 0.03 per cent is paid on salary portions up to SEK 49 333/month. The premium of 0.1 08 per cent is paid on salary portions between SEK 49 333/month and 208 500 SEK/month.
- 3) Free premium setting is applied, and the premium is within interval SEK 20-45/month, which is equivalent to roughly 0.09 per cent in the event of a salary of SEK 27 000/month (7.5 price base amounts).
- 4) Local collective agreement companies pay 0.80 per cent.

Source: Avtalat



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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 insure 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 noncollective insurance plans (see p.6 “Noncollective insurance plans”).

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 premium for employees under the age of 25 under the ITP 1 system. An employer that has not previously offered a collective insurance plan for salaried employees can use the ITP 1 system for all staff, irrespective of age.

Other insurance schemes included for salaried employees are: Employment Security Council (TRR), Occupational Group Life Insurance (TGL) and Labor Market No Fault Liability Insurance (TFA).

Salaried employees ITP 2 (% of gross pay)	Approx. % of gross pay
ITP 2 (retirement pension, health insurance, etc.) ¹	Varies (typically 5–20%)
TGL (life insurance) ²	-0.09
TFA (AFA insurance)	0.03
TRR (career readjustment agreement) ³	0.55
Total premium	Typically 6–21%

- 1) The ITP2 premium is individually calculated and normally varies between 5% and 20% of salary. Actual costs differ depending on age, salary level, and actuarial factors. For 2026, Alecta applies significant premium reductions, including a 35% reduction for ITP 2 age pension and family pension premiums and a 90% reduction for ITP sickness pension.
- 2) TGL uses free premium setting. Typical premiums fall within SEK 20–45/month, corresponding to -0.09% for salaries around 7.5 price base amounts.
- 3) Local collective agreement companies pay 0.50% for TRR.

Source: Alecta



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WAGE EARNERS

The SAF-LO Collective Pension is a supplementary pension for wage earners based on a collective agreement between the Confederation of Swedish Enterprise and the Swedish Trade Union Confederation (LO). Employers pay a reduced premium for employees under the age of 25. It is run by the service company Fora.

Other insurance schemes included for wage earners are: Collective Group Health Insurance (AGS), Redundancy Program Insurance (AGB), Occupational Group Life Insurance (TGL) and Labor Market No Fault Liability Insurance (TFA) and Parental Benefit Supplement (FPT).

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.

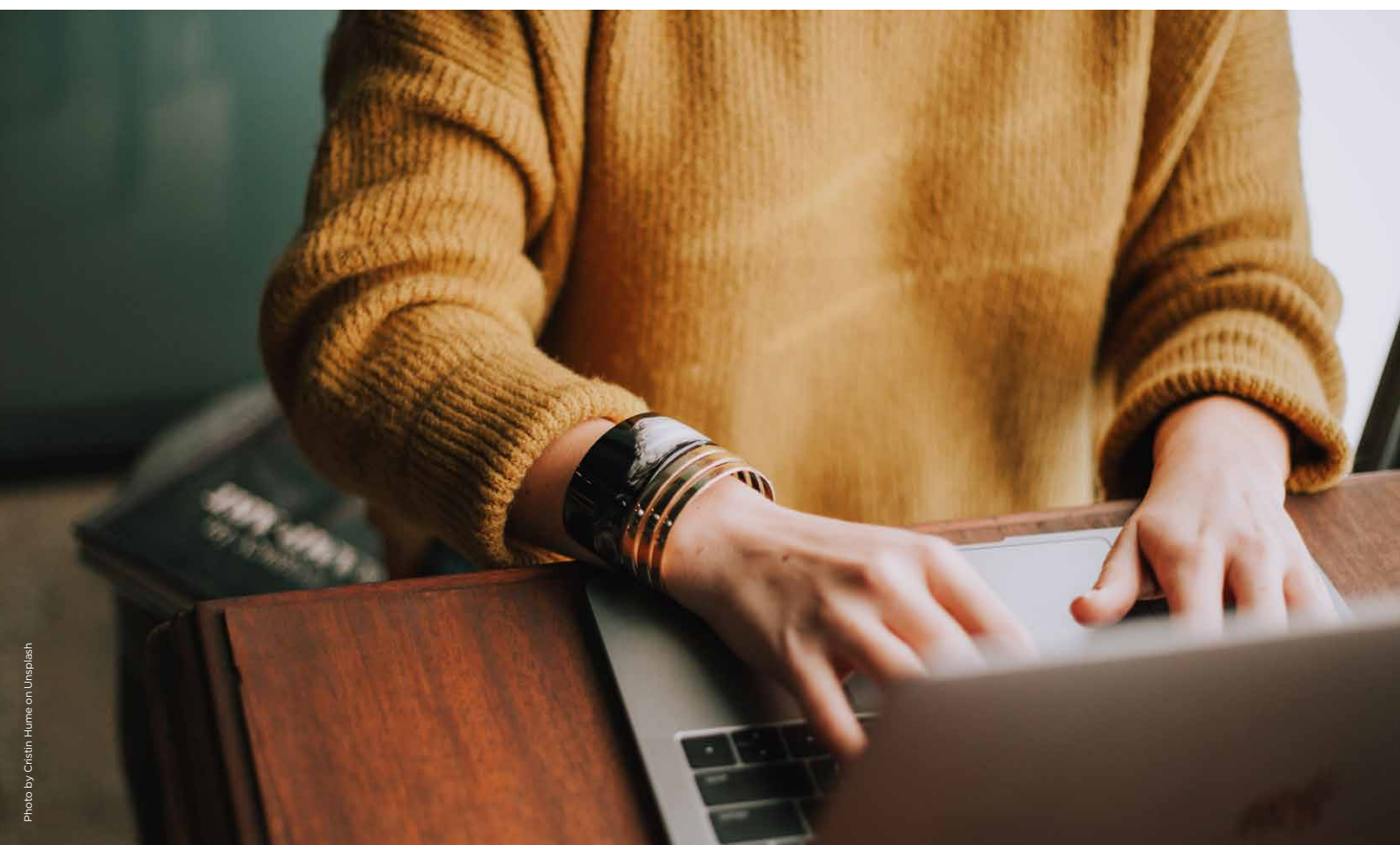
If a company is not bound by a collective or collective application agreement it does not have to offer a non-collective insurance plan.

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

Wage earners (% of gross pay)	Part of salary up to SEK 52 125/ month	Part of salary exceeding SEK 52 125/ month
Career Readjustment Insurance ¹	0.34	0.00
AGB	0.15	0.00
AGS	0.00	0.00
TFA	0.01	0.01
TGL	0.10	0.00
FPT4	0.00	0.00
SAF-LO Collective Pension		
- Pension premium ²	4.50	30.00
- Waiver of premium insurance	0.00	0.00
Total occupational insurance premium	4.98	30.01

- 1) Local collective agreement companies pay 0.74%. Premiums apply to salary portions up to 7.5 price base amounts (444,000 SEK/year based on the 2026 price base amount of 59,200 SEK).
- 2) The premium is paid from the month the wage earner turns 23. Premiums are 4.5% on salary up to SEK 52,125/month (based on the 2026 income base amount of 83,400 SEK) and 30% on salary above this level.
- 3) As per agreement between the Confederation of Swedish Enterprise and LO.

Source: Avtalat



USEFUL CONTACTS

EMPLOYERS' ASSOCIATIONS

The Confederation of Swedish Enterprise

(Svenskt Näringsliv)
Storgatan 19, SE-114 82 Stockholm
+46 8 553 430 00
www.svensktnaringsliv.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 representing some 55,000 directly affiliated entrepreneurs.

EXAMPLES OF 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 that handles the flow of collective insurance premiums and fees between companies and insurance providers, foundations and investment funds.



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