

THE SWEDISH SOCIAL SECURITY SYSTEM

BUSINESS SWEDEN
2025

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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.

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 2025
Retirement pension	10.21
Survivor's pension	0.6
Health insurance	3.55
Occupational injury insurance	0.20
Parental insurance	2.60
Unemployment insurance	2.64
Payroll contribution	11.62
Total statutory employer contribution	31.42

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv).

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 604 500 (2025).

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 50,375/ month	Part of salary exceeding SEK 50,375/ month
ITP 1		
- retirement pension ¹	4.50	30.00
- waiver of premium insurance ¹	0.112	1.068
- health insurance ²	0.03	0.115
TGL ³	approx.0.08	0.0
TFA (AFA insurance)	0.03	0.03
TRR ⁴	0.55	0.55
Total occupational insurance premium	5.30	31.76

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 49 000/month. The premium of 0.115 per cent is paid on salary portions between SEK 49 000/month and 201 500 SEK/month.

³) Free premium setting is applied, and the premium is within interval SEK 20-43/month, which is equivalent to roughly 0.09 per cent in the event of a salary of SEK 36,750/month (7.5 price base amounts).

⁴) Local collective agreement companies pay 0.95 per cent.

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv)



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)

ITP 2 (retirement pension, health insurance, etc.) ¹	11.78
TGL (life insurance) ²	0.09
TFA (AFA insurance)	0.03
TRR (career readjustment agreement) ³	0.55
Total premium	approx. 12.54

1) Projection for 2024. There are wide variations. The premium is decided individually and normally varies between 5 and 20 per cent. No wage trends for 2024 have been taken into account when making the calculations. The premium is paid on salary portions up to 30 price base amounts.

2) Free premium setting is applied and the premium is within the interval SEK 20-39/month, equivalent to slightly less than 0.09 per cent in the event of salaries of 7.5 price base amounts.

3) Local collective agreement companies pay 0.50 per cent.

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv)



Photo by Fabian Grohs on Unsplash

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 50 375/ month	Part of salary exceeding SEK 50 375/ 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 per cent. The premium is paid on salary portions up to 7.5 price base amounts (SEK 441 000).
- 2) The premium is paid from the month in which the wage earner turns 23.
- 3) As per agreement between the Confederation of Swedish Enterprise and LO.

Source: Confederation of Swedish Enterprise (Svenskt Näringsliv)

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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