



network news

December 2023



★ SEASON'S ★

Greetings

&

HAPPY NEW YEAR

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Multinational employee benefits in the age of disruption

By Marco Giacomelli

“Se vogliamo che tutto rimanga come è, bisogna che tutto cambi” - “If we want everything to remain as is, everything must change”.

These were the words of Prince Tancredi Falconeri in the novel “Il Gattopardo”, which chronicles the changes in Sicilian life and society during the late XIX century.

This inescapable truth seems fitting to the reality of the multinational employee benefits world, and in particular to IGP’s standing as an established leader in this segment.

Pursuing and sustaining such leadership requires a constant effort, in terms of strategic initiatives, targeted investments, managerial focus and a culture of execution. Following these guiding principles, 2023 has been a year of deep transformative changes for IGP, with some important milestones that further consolidate our network’s foundations for success in the years to come.

IGP’s local insurance partners, the core asset of our network, are all well recognized leaders in their own markets, and likewise they are consistently embracing change to further evolve their value proposition, refine their processes and enhance the quality of their services.

To name just a few, in this issue of IGP Network News we learn about the most recent developments at **Swiss Medical Seguros** in **Argentina**, who have recently introduced an innovative digital platform with a user-friendly interface, which simplifies the processes of collecting data from policyholders both remotely and in person, reducing in-person contact as well as the use of printed stationery.

One of the driving pillars in each local employee benefits ecosystem is the interaction between public and private funding systems for the provision of health and retirement benefits. On this topic, our partners at **SPP** in **Sweden** are sharing the most recent developments on retirement pension regulations in Sweden, including changes that broadly aim at keeping employees in the workforce for longer, by increasing the minimum retirement age for both state-funded and occupational pension schemes, as well as enhancements to protect employees against age-based dismissals.

A core aspect of IGP’s mission and, in turn, our network partners’, is to proactively contribute to our insured population’s health and wellbeing. Following this directive, in this issue we are featuring two reports that focus on the emerging trends and key drivers on health and wellness in different regions:

The **2023 Manulife Asia Health Survey** is a comprehensive report that dives deeper into the lives and wellbeing of people in Asia, and their expectation to live a longer, healthier life by achieving their financial goals and retirement savings targets, whilst relying more and more on technology and mobile apps to safeguard their health.

Our partners at **Irish Life Health** share their findings on the importance of female health in the workplace, raising awareness on the concerns around health conditions affecting women in the workplace, and how both the public and private sector can address these concerns.

IGP’s role as the coordinator of our network of local partners and provider of employee benefits programs for multinational employers of any size is also to act as an engine of growth, introducing innovative solutions and socializing best practices in employee benefits within the global marketplace.

With this spirit, some of the most impactful initiatives we have undertaken in the course of the year are addressing critical aspects of IGP’s activity - some of which will see their completion in 2024; our products and services, our core processes, the way we interact with our network partners and, ultimately, what we do to offer our clients a frictionless experience in contributing to safeguard their most precious asset, their people.

We’ve firmly established IGP’s wider offer of **multinational pooling, reinsurance to captive, and “hybrid” coordinated underwriting programs**, successfully piloting the transition from being perceived by the market as a “pooling network” towards being acknowledged as a fully-fledged provider of the whole spectrum of multinational employee benefits solutions. We have delivered, and will continue to do so, several global and regional training sessions to educate all our internal and external stakeholders on the key features of these three product lines, their competitive advantages and unique selling points.

We have spearheaded a complete review of the way **administrative expenses** are managed and reported within our network, by simplifying calculation methodologies, eliminating certain obsolete criteria that would add complexity without creating value for our partners, and we are on the way to implementing these changes throughout our network. This will enable us to position IGP’s commercial offer in line with the market’s best practice, as we will be finally able to provide a clear, transparent breakdown of central and local expenses in our client reports - a necessity long invoked by our distributors and clients.

Another much needed development which will further enhance the commercial feasibility of our programs is the introduction of a **global Free Cover Level**, both for Life and Disability benefits, leveraging the technical infrastructure that underpins the relationship between IGP and our local network partners.

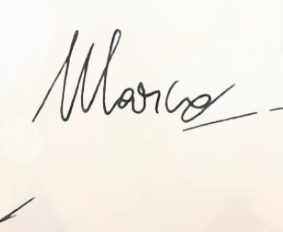
Our core capabilities and vocation for service also require adequate channels to promote them, and provide visibility on the many examples of excellence among our network partners. With this ambitious goal in mind, we have completely redesigned the **IGP website**, which is scheduled to launch in January 2024, adding new functionalities such as dedicated portals for our clients and partners, and a fresh, contemporary and highly intuitive visual interface.

The experience we have gathered by managing over 800 multinational programs for some of the largest and most technologically advanced corporations worldwide has also highlighted the need to invest in innovative reporting tools to provide actionable insight and evidence-based metrics to support our clients’ risk management strategies. With this clear objective in mind, we’ve launched a **highly interactive digital reporting dashboard for health claims**, the first phase of a wider data reporting strategy that will see IGP offering even more sophisticated digital reporting tools tailored to each line of risk and all KPIs of a multinational program, in phase 2.

Many things indeed have changed at IGP, in order for us to continue to be the network of choice for multinational employers.

The business imperative that drives us goes hand in hand with the deep respect and appreciation we have for our clients, their advisors and our network partners, and therefore I wish to express our gratitude to you all for your cooperation and support throughout the year and in the future.

On behalf of all of us at IGP, I wish you and your loved ones a wonderful festive season.




Marco Giacomelli
Head of IGP Employee Benefits Network



Country News: Asia

Manulife survey shows people in Asia seek to extend their health span for a longer, healthier retirement



- Survey of 7,000+ people in Asia shows expectation of early retirement, early deterioration in health
- Concerns about cost of well-being nudging people towards DIY healthcare using mobile apps
- Optimism about achieving financial goals and retirement savings targets in the next 5-10 years

A long and healthy post retirement life is the aspiration of many, however many consumers in Asia are concerned about a deterioration in their health shortly after they stop working.

They say this challenge is hard to manage because of the rising cost of healthcare and pressure on their personal finances, according to new research by Manulife.

The **Manulife Asia Care Survey 2023** shows that, on average, people in Asia expect to retire at 60 with poor health expected to set in at 63, meaning

the so-called health span – the period of life spent in good health, free from old age-related disabilities and chronic disease – is only expected to be three years after retirement.

Official Retirement Ages:

China	60 (men) and 55 (women)
Hong Kong	65
Indonesia	58
Malaysia	60 (government jobs 62)
Philippines	65
Singapore	63
Vietnam	60 years 6 months

Health longevity is an issue in Asia

Average respondent expects to stay healthy, i.e., free from chronic illness and disabilities of old age, only for three years after retirement. Besides, how they can maintain good health for the next 21 years can also be an issue.

Expectations among the more than 7,000 people surveyed are relatively consistent with two major outliers: Singapore and Indonesia.

In **Singapore**, people expect to be in poor health a year before their expected retirement at the age of 62, while in **Indonesia** they expect to continue in good health for five years after retiring at 58.

The greatest health challenge lies in meeting the rising costs of extending that health span and managing poor health later in life. Nearly half of the survey respondents (45%) find that the expense of critical illness treatment creates the greatest stress, along with the ramifications of such illnesses on their income and job stability.

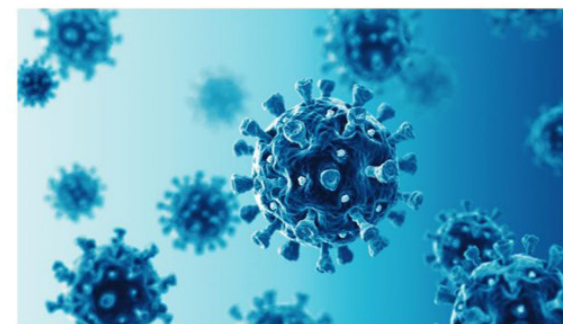
Consumers in Asia are also in fear of illnesses, with their four main concerns being cancer (48%), heart disease (43%), stroke (38%) and diabetes (35%). With an aging population in Asia, age-related diseases such as dementia and Alzheimer's are also causing concern among 20% of respondents.

People in Asia work hard throughout their lives, and so it's understandable that they want to plan for a healthy and enjoyable retirement. The biggest challenge they face is finding affordable means to address their physical and mental well-being.

Nearly all are in fear of at least one illness.

Top three illnesses of concern are the same as in 2021 - cancer, heart disease and stroke. Diabetes is a close fourth, depression is fifth.

Top 10 Illnesses



No. 1	Cancer	48%	(41%)
No. 2	Heart disease	43%	(33%)
No. 3	Stroke	38%	(29%)
No. 4	Diabetes	35%	(22%)
No. 5	Depression	24%	(25%)
No. 6	Alzheimer's, e.g. dementia	20%	(13%)
No. 7	Liver diseases	20%	(9%)
No. 8	Anxiety	19%	(18%)
No. 9	Flu and pneumonia	18%	(18%)
No. 10	Renal disease	17%	(9%)

92% are concerned with at least 1 illness (91%)

Note: () represents 2021 data. 2021 data is for reference only.

Cancer is the common top fear across markets.

- Indonesia, Philippines and Malaysia are also more concerned about heart disease and diabetes than other markets.
- Singapore and Vietnam respondents care more about stroke; depression is more prevalent in the Philippines and Malaysia.

Mental Health

97%

Are taking 5 to 6 actions to manage physical and mental health on average.

- Physical health management is mostly done through exercising (59%) and diet control (54%) in Asia.
- Checking health status, i.e. body check, DIY health monitoring and early serious illness diagnosis services are used by 31% to 45% of respondents in Asia.
- Indonesia, Philippines and Malaysia are relatively more active in physical health management than the rest.

96%

Have anxieties or frustrations when managing their own health.

- Anxiety about finances is top of the list, i.e. fear of expensive treatment and losing income or job.
- Unpredictability of serious illness also causes concern.

Willingness to spend more to extend health span

The vast majority of respondents (92%) said they are willing to spend more to prolong their health span. Investing in exercise and healthier diet are the main ways people seek to improve their health.

Furthermore, with mental health issues on the rise, mindfulness activities, such as yoga and brain training, are also popular ways of self-help.

For more active healthcare approaches, body checks (45%), early diagnosis services (31%), seeking professional advice (29%) and regular online health inquiries (23%) are all popular.

The challenge is the cost, particularly when more than a third (37%) worry about loss of income or job in the event of serious illness.

A consequence of rising costs is an increase in do-it-yourself (DIY) healthcare. Demand for mobile apps to help monitor health is very high (86%) – with apps to monitor exercise (52%), sleep (38%) and dieting (35%) the three most popular.

Mental Health

75%

Suffered at least 1 mental health symptom often in past 6 months

- Three quarters in Asia have experienced mental health symptoms in the past 6 months.
- They suffer mostly from headache, back pain, significant tiredness, low energy and lack of sleep.
- Despite this, almost all of them have not sought medical professional support to resolve their mental health symptoms.

91%

Have not sought medical professional support when suffering at least 1 mental health symptom often in past 6 months

- In Asia, the number one barrier to utilizing medical professionals for mental health is the expensive fee, except in China and Vietnam.
- Chinese respondents are mainly unsure where to find suitable medical professionals.
- Around one third in Asia feel they are responsible for their own mental health and cannot trust others, especially in Vietnam and Indonesia.

Medical Specialist

37%

Have medical issue and need to see a specialist

- Around one in four in Asia state they have medical needs to visit specialists. Vietnam's medical specialist need is highest across all markets.

30%

Have seen a medical specialist

- However, only one third of them have actually seen specialists in Asia, and again, highest visitation in Vietnam.

In tandem with their health planning, most respondents have personal finance goals.

The top three goals among those participating in the survey:

- 49% Retirement
- 42% A rainy day
- 32% Healthcare or medical needs

Saving for retirement was particularly high in Singapore (63%).

The likeliest obstacles to meeting these financial targets are inflation, economic slowdown and a drop in income, followed by rising healthcare costs and deteriorating personal health. What's most concerning, however, is that only a third of the respondents have a retirement plan in place.

We also see heavy reliance on cash savings, which will erode quickly in an inflationary environment. It is wise to either use savings vehicles that benefit from compounding returns or start investing and stay invested – or do both.

Cash savings and bank deposits (81%) are cited as the main way for people to achieve their goals, followed by personal insurance (59%). Regionally, family support (42%) is a key source to achieve these goals too.



Personal Finance

70%

Are confident to achieve their personal finance goals

- Saving is clearly the top personal finance goal in Asia, especially for retirement.
- One third of the respondents consider healthcare and medical needs as their top three finance goals as well.

55%

Claim current financial situation is positive

- Personal financial outlook is quite positive, specifically in Indonesia, Philippines and Vietnam but vice versa in Hong Kong and Singapore.

Confidence in achieving financial goals

Insurance is popular in the region, with nearly three quarters (70%) owning an average of three types of insurance, and 79% saying they intend to buy insurance in the coming 12 months. Out-patient health (30%), life, accident (both 26%), and hospitalization and critical illness (both 25%) are the most in demand.

For the most part, the survey respondents (70%) are confident of achieving their financial goals, with just 14% not expecting to do so. Those in Hong Kong (57%) and Singapore (52%) are the least confident compared with other markets such as China (81%) and Indonesia (88%). The respondents, who have an average age of 41, also expect to achieve their retirement savings targets within a relatively short timeframe.

A third believe they will reach their retirement target within five years, while around one third (26%) expect to do so in the next five to ten years.

Given the average life expectancy in the region is over 75¹ and that their expectation is to retire at 60, the expected time required to achieve their retirement savings needs may well be unrealistic. It's better to play safe, starting to save earlier and for longer, and then people can enjoy greater peace of mind and a more comfortable lifestyle later on.

Consumers across Asia are seeking to take greater control of their destiny when it comes to retirement. For those without a retirement savings plan, it is strongly recommend not to put it off any longer. And if people are unsure where to start, they should have a discussion with a financial advisor.

Retirement

32%

Believe they can save for their retirement within the next 5 years

- "Save for retirement" is the top 1 personal finance goal in Asia.
- People are quite realistic about when they can achieve this goal.

94%

Have at least one idea of how to save for retirement

- Cash savings is the main method to achieve the "save for retirement" goal, followed by non-mutual fund type of investments, and family inheritance.
- Personal insurance is also considered by some respondents to be useful.

¹ Life expectancies according to the World Health Organization:

Hong Kong 85, China 84, Singapore 78, Malaysia 76, Vietnam 75, Philippines 72 and Indonesia 69. People aged 25 to 60 years old were surveyed. The respondents included insurance owners and those who did not own insurance but intended to purchase insurance in the next 12 to 24 months.

Summary

- Health longevity is an issue faced by Asian markets – China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore and Vietnam.
 - Average respondent only gets 3 years of health post retirement and maintaining good health in the next 21 years is an issue.
- Respondents in Asia are very active in managing health - 97% are taking 5 to 6 actions to manage health on average.
 - More than 40% schedule regular body checks and do DIY health monitoring.
 - Most are willing to pay more to prolong health longevity via exercise, diet, regular body checks, DIY health monitoring, western supplements and serious illness early diagnosis.
 - 86% are open to try using a mobile app to monitor health.
- Personal finance is the biggest anxiety in health management in Asia. However...
 - If diagnosed with serious illness, treatment is expensive
 - Desire to get treatment from overseas
 - Medical professional support for mental health and medical specialist consultations are expensive, and most do not utilize
- Positive outlook in personal finance and income but must combat a lot of risks - macro economic factors (e.g. inflation), fear of rising health cost and personal health trending down.
- Personal insurance is recognized as an effective way to protect one from financial risk.
- Saving for retirement is Asia's top financial goal but most rely on cash savings and do not have a proper retirement plan in place.

About Manulife Asia Care Survey

This research undertaken by Manulife takes a deep dive look into the health and well-being concerns, priorities, and aspirations of people living across Asia. Three previous surveys were conducted in November 2020, May 2020 and November 2021.

This latest version was conducted in December 2022 and January 2023 via online self-completed questionnaires in seven markets across Asia, including Mainland China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, and Vietnam.

A total of 7,224 people, aged 25 to 60 years old, were surveyed. The respondents included insurance owners and those who did not own insurance but intended to purchase insurance in the next 12 to 24 months.

About Manulife

Manulife Financial Corporation is a leading international financial services provider, helping people make their decisions easier and lives better. With our global headquarters in Toronto, Canada, we provide financial advice and insurance, operating as Manulife across Canada, Asia, and Europe, and primarily as John Hancock in the United States.

Through Manulife Investment Management, the global brand for our Global Wealth and Asset Management segment, we serve individuals, institutions, and retirement plan members worldwide.

Not all offerings are available in all jurisdictions. For additional information, please visit manulife.com.

To learn more about employee benefits in Asia, please contact your IGP Business Development Manager or:

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Network Partner News: Argentina

Swiss Medical Seguros Introduces a New Digital Platform to Improve Employee Benefits Services



Swiss Medical Seguros, as one of the main insurers for companies and related groups throughout Argentina, advances in the implementation of innovative solutions to improve employee benefits services.

In this regard, Swiss Medical Seguros has recently implemented the Adconema* digital platform to manage membership forms and update data, which facilitates and simplifies the processes of collecting data from policyholders both remotely and in person, reducing in-person contact as well as the use of printed stationery.

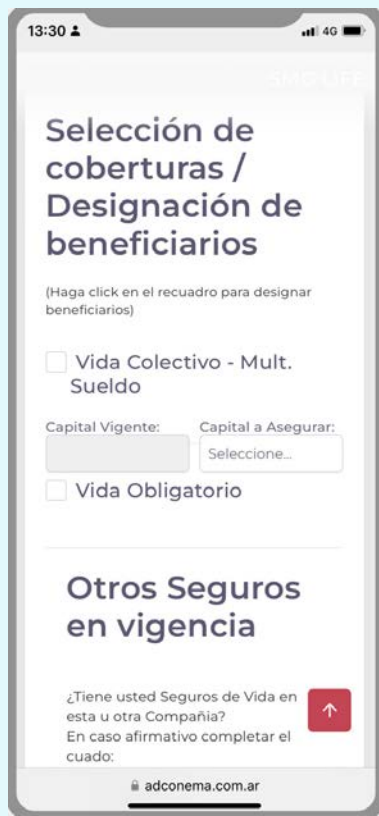
The platform generates a transparent and shared process for all users (client, intermediary and insurer), improving the administration of group insurance.

Other benefits to highlight are:

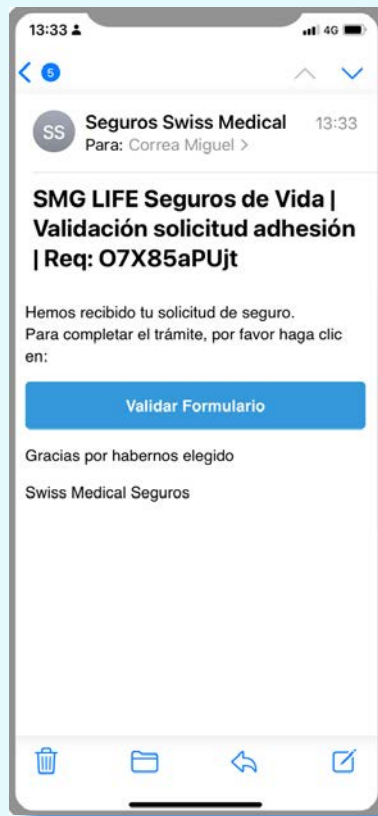
- Allows Human Resources to make 100% digital forms available to employees for joining and/or updating data for group insurance.
- The employee will be able to easily access the digital form from their own benefits website or by sending the link via email or instant messaging system.
- Allows risk control, as well as insurability requirements, health questionnaires and medical examinations.
- The form requires validation and electronic signature of the employee.
- All information collected can be shared with the client and intermediary online.
- Completing the form is an intuitive process, which reduces processing costs in the front and back office and avoids data editing errors.
- The user interface design is responsive, which allows it to be used on all types of devices (PC, notebook, tablet and cell phone).
- All users will be able to access and download the forms and extended health declarations online.
- No app installation required; it can be accessed directly from any web browser.



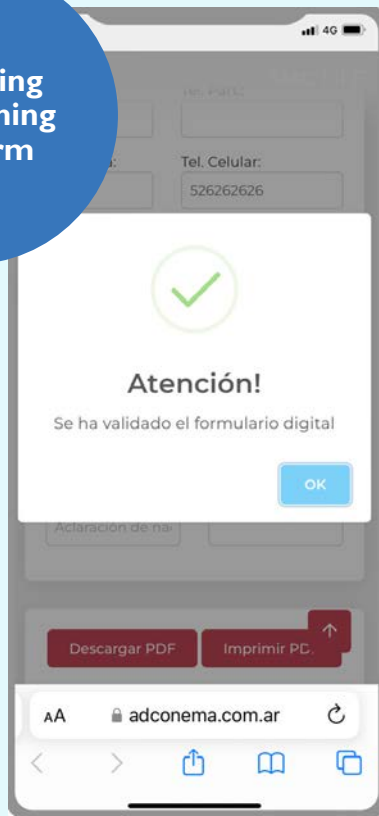
Editing employee data and selecting coverage



After validation, download a copy of the insurance form in PDF.



Validating and signing the form



Why partner with Swiss Medical Seguros

- **Part of Swiss Medical Group** - One of the leading insurance groups in Argentina dedicated to the protection of people and a leader in the healthcare market.
- **Market leader** - One of the largest providers of life insurance and health products to companies and affinity groups throughout Argentina.
- **Extensive range of products** - Including individual and collective life, group retirement, personal accidents, burial and health insurance, as well as products tailored to each client, offering different alternatives for protection, investment and savings, in the medium and long term.
- **Individual products to complement group life benefits** - Includes protection, savings and a wide range of additional riders, as well as the option

of choosing the currency of the contract and a minimum guaranteed yield for savings

- **Innovative and flexible** - Continuous development of new products to meet corporate market needs.
- **A leading provider of prepaid medical plans in Argentina** - Provides medical services to approximately 530,000 people, and its clinics are top-quality facilities that use state-of-the-art technology.
- **Extensive network of hospitals** - Swiss Medical Medicina Privada has first-rate clinics of its own, as well as outpatient care centers and dental care centers.
- **Innovative suite of wellbeing services** - An extensive portfolio of wellness programs that can assist companies in caring for the health and wellbeing of their employees.

*Adconema began its activities in 2010 with the aim of innovating the insurance industry through digital solutions that add value to the different collective and affinity business processes. Its objective is to collaborate with clients so that by contributing its experience and resources in the implementation of innovative commercial solutions and services, they can allow efficient commercial and operational management of B2B businesses.

For more information about Employee Benefits in Argentina, please contact your IGP Business Development Manager or...

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Country News: Ireland

Tackling taboos: Why female health in the workplace matters

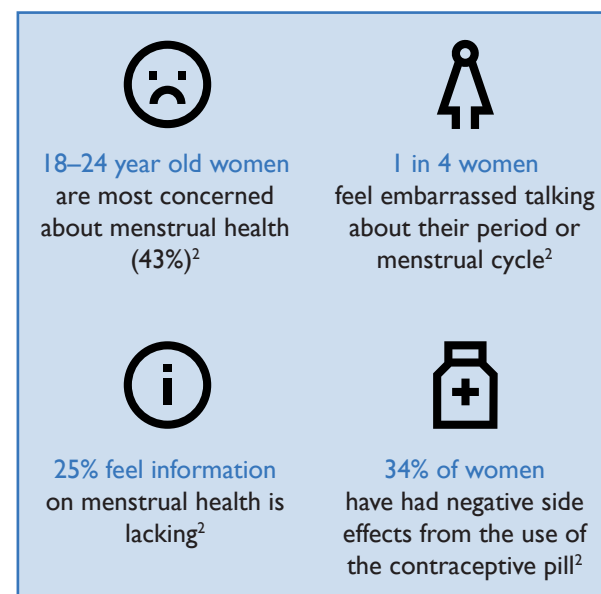
Women make up approximately 47% of the workforce in Ireland¹, meaning **around half of your employees are likely facing challenges and issues that are unique to them.**

To better understand the female perspective, Irish Life Health conducted a survey of 500+ women of various ages throughout Ireland. In a time when employee wellbeing and better mental health is reliant on honesty, transparency, and openness in the workplace, they wanted to know more about the challenges women faced on a daily basis around the topic of female health. **Importantly, this information is also a great opportunity for employers to better understand and support their female employees with updates to policies and processes.**

Here are the insights they uncovered...



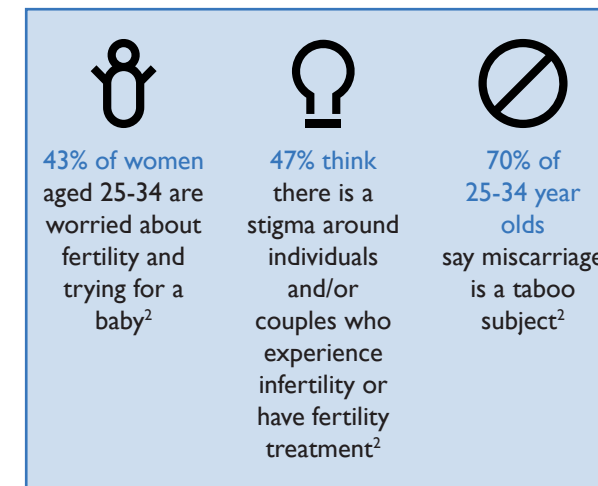
Menstruation and periods



A quarter of women feel embarrassed when talking about their period or menstrual cycle, and the same number feel that information on the topic is lacking. This means that not only are many women struggling to access the right information about menstruation, but they are also potentially embarrassed to ask for help too.

Being unable to speak openly about a natural biological process that occurs so frequently is potentially placing female workers under greater pressure and stress in the workplace.

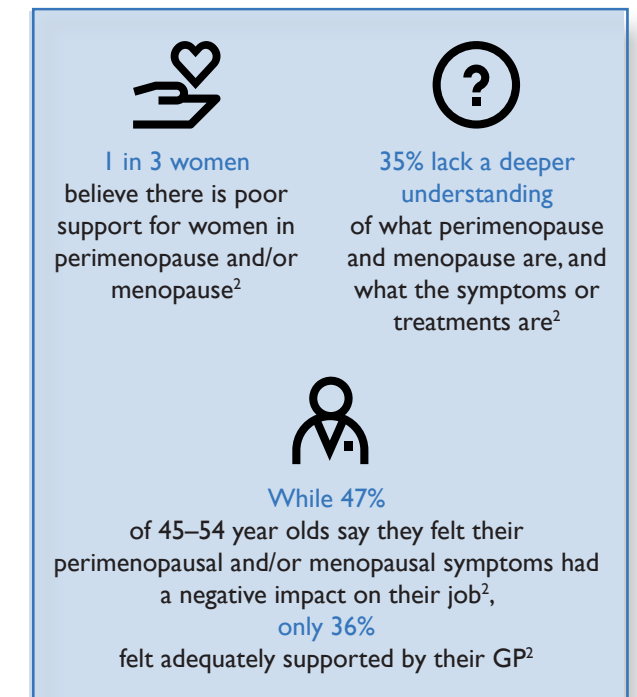
Fertility



The overarching theme here is that communication on the topic is lacking greatly – despite the fact that almost half of women have had concerns about their fertility at some point in their lives. Without opportunities to engage in open dialogue with friends, family and colleagues, women can continue to struggle with feelings of sadness, guilt, and loss long after the traumatic event has taken place.

Failing to address the ‘stigma’ around miscarriage may prevent women from seeking help on these issues, which is even more disheartening.

Menopause



While 1 in 3 women want more information on the topic of perimenopausal and menopausal symptoms, the same number also say there is poor support – leaving their needs unmet².

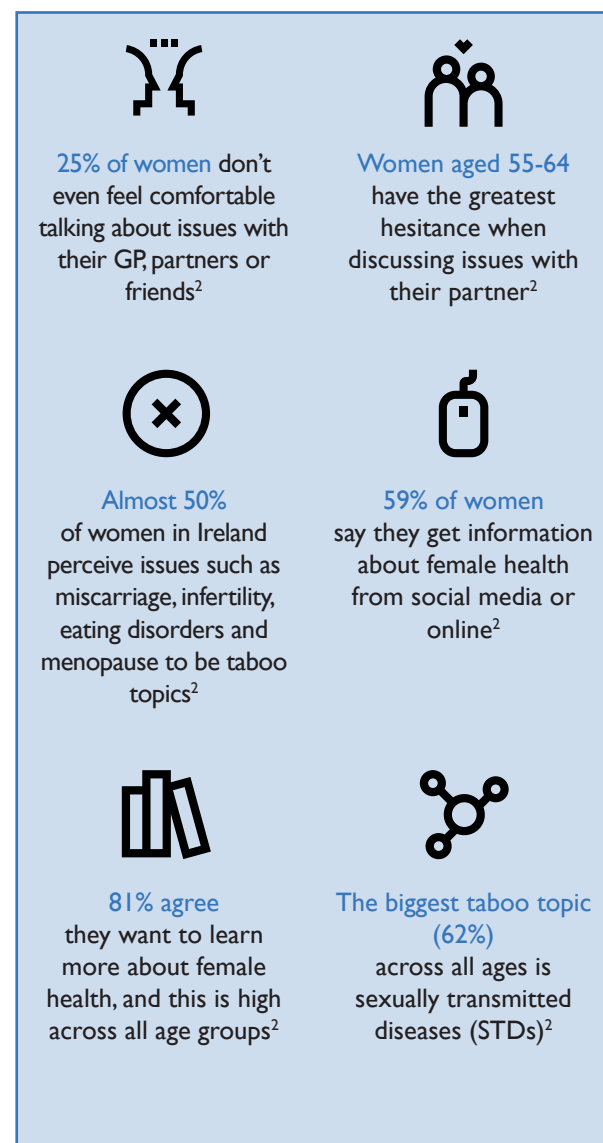
What’s more, around half of women aged 45-54 say this transitional period negatively impacts their job, meaning there is potentially a large group of your employees that requires extra support.



Open discussions

The research Irish Life Health conducted appears to illustrate that while many women have worries, fears and concerns around female health, they don't necessarily feel comfortable talking about some of, if any of these topics. In fact, they see that **25% of women don't even feel comfortable talking to their GP, partners, or friends.**

More worryingly the survey indicated that **almost 60% of women seek information online or from social media** – which is not always the most reliable advice they could get. It would seem then that women in Ireland need expert guidance from sources they are comfortable using.



Your female employees need your support

As Irish Life Health's research shows, women are facing a myriad of challenges and issues when it comes to female health on an almost on-going basis. **With 52% of women having the sense that 'we're not there yet' when it comes to female health supports in Ireland and only 1 in 10 claiming that their employer offers dedicated female health supports³,** there is both an opportunity and responsibility for organizations to make this a priority.

Irish Life Health has been on a journey over the past few years to research and understand the needs of women in Ireland. This exploration has inspired and informed their new female health consultation benefit which is available on all hospital plans since September 1st, 2023.

This health insurance benefit enables your female employees to access GPs who are specialists in female health, who will explain factors to consider, the treatment options available, and most importantly, where to get these treatments. They can even refer female employees for follow up in-person care if required, and guide them to other supports that often form part of the ideal treatment - such as nutrition, physiotherapy, and mental health.

Medical plans in Ireland in IGP?

Irish Life Health dac is a subsidiary of the Irish Life Group Ltd, and a provider of competitive and comprehensive health insurance plans.

It is important to note that Ireland's health insurance market is community-rated. The cost of health insurance premiums is not based on an individual health status but on the average cost of providing private health services. Everyone, with certain exceptions, can purchase the same policy for the same price. A risk equalization mechanism operates in the background to compensate insurers with older or sicker portfolios.

For this reason, Irish Life Health insurance plans cannot be included in multinational pooling, global underwriting or reinsurance to captive programs in IGP.

Sources:

¹ World Bank Open Data - August 2023

² Irish Life Health Female Health Research, Red C Omnibus, June 2023.

³ Irish Life Health Female Health in Business Research, Red C Omnibus, July 2023

Where this benefit is available on an Irish Life Health (ILH) plan, ILH will provide a contribution towards a video consultation booked with an Irish based Centric Health GP who is a specialist in female health. ILH will pay Centric Health directly up to the amount detailed for the number of visits listed on the Table of Cover. The plan holder will be required to provide payment details for the remaining amount at the time of booking. Centric Health will take payment 48 hours before the scheduled appointment and once payment is taken it is non-refundable. This amount cannot be claimed against any other benefit on the plan, including the GP visits benefit, as the plan holder cannot claim for the same medical expenses twice. The female health specialist GP may recommend additional follow-on services, such as blood tests, scans, or visits to other allied health professionals. These follow on services are not covered under this benefit, but the plan holder may have cover on their plan under another benefit listed on the Table of Cover. This service is not suitable for emergencies or urgent conditions as this may delay treatment. Where a member is under the age of 18, it is necessary for an adult dependent on the policy to book the consultation on their behalf. Depending on the nature of the presenting issue, the GP may request the presence of a parent or guardian for those under the age of 18.

Information correct as at November 2023

Irish Life Health dac is regulated by the Central Bank of Ireland.

If you would like more information about Irish Life Health's products and services, please contact your IGP Business Development Manager or:

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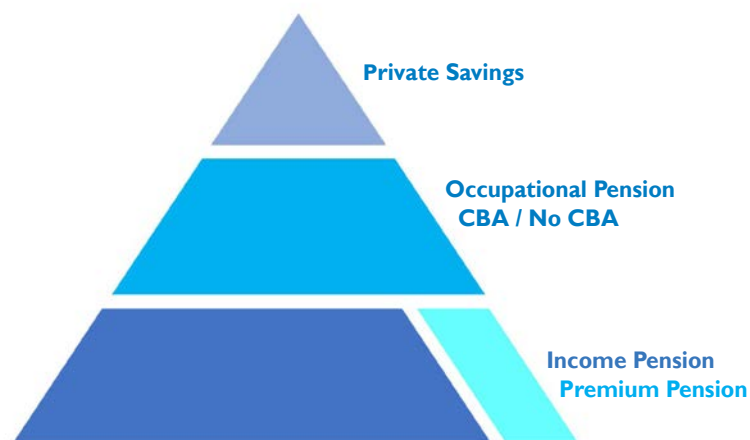


Country News: Sweden

Changes to Retirement Pensions

As the lifespan of the Swedish population increases, changes are made to retirement pensions to keep employees in the workforce longer.

The Swedish pension system consists of three parts: a national public pension administered by the State, an occupational pension from an employer, and an individual's savings. Occupational pensions may or may not be part of a Collective Bargaining Agreement (CBA).



Private Savings

- Since 2016, not tax deductible / no advantages
- Normal savings, not connected to "pension"

Occupational Pension

- Financed and controlled by employer
- If no Collective Agreement, not mandatory to offer pension or risk benefits

State Pension

- 18.5% of increase up to SEK 49,900 / month (via social security)
- A "good" pension between SEK 18,000 – SEK 20,000 / month before tax

Pensions in Sweden are tied to two Social Security-defined amounts:

- **Income Base Amount (IBA)** - increases each year in-line with average earnings. The income base amount for 2024 is SEK 76,200.
- **Price Base Amount (PBA)** - increases each year in-line with inflation. The price base amount for 2024 is SEK 57,300.
- Individuals with annual incomes over SEK 599,250 in 2023 do not receive a public pension on income above that amount.

The State Pension

The State pension is funded by contributions from all Swedes, and any changes are decided by the Parliament. It consists of two components: an **income-based pension** and a **premium pension (PPM)**, both of which are based on the worker's income. The authority that administers the State Pension is known as "Pensionsmyndigheten".

There is also a **guaranteed pension** financed by the State for individuals who have had little or no pensionable income during their lifetime. It is calculated based on residency and the size of the individual's national income pension.

The income-based pension is the individual's pension entitlement registered in their own national account.

However, the pension obligations are not financed in advance. Once a year, the individual receives a statement of their account showing the pension level they can expect at different ages. However, those figures are based on assumptions of future salaries. The individual's pension contributions are used to finance the current pensions of other retirees.

The premium pension is a funded earnings-related old-age pension. The contribution is deposited in an individual investment account chosen by the worker. There is no charge for selecting funds, and the worker can change funds whenever they wish.

Therefore, employees decide for themselves how their funds will be invested within the premium pension. The State Premium Pension Authority administers the premium pension system.

The state pension is paid out for the life of the individual. There are some survivor's benefits for the spouse and young children, but the amounts are typically low. However, with the Premium Pension, when withdrawing the pension, workers can add

benefits for survivors, so the money can stay within their immediate family.

State Pension Retirement Age

In Sweden, the retirement age refers to the minimum age at which workers can take their state pension.

Until recently, the retirement age was flexible, and workers could withdraw all or part of their state pension as early as age 61.

On January 1, 2023, the Swedish government implemented the following changes to the State pension:

- Raising the minimum retirement age for State Pensions
- Raising the minimum retirement age for Collective Pensions (ITP)*
- Raising the age at which employees are protected against age-based dismissals.

**ITP 1 now has a higher default age for pension and contribution & risk benefits. But in terms of withdrawal, it's still a minimum 55 years of age. The default age for ITP 2 is still 65.*

These measures are designed to keep employees actively working for as long possible and provides an incentive for them to work until – or beyond – their retirement age, potentially, increasing the size of their pension.

However, because of the new higher eligibility age for a State pension, individuals now have to wait longer to retire due to physical stress or fatigue or even just to have more time to enjoy life. This highlights the importance of occupational pensions.

Considering the increased life span of the Swedish population, the Parliament voted in 2019 to raise the age at which a worker could retire and start withdrawing their state pension to 62, which could still be considered an early retirement.

The following from Statistics Sweden, shows the increase in life expectancy for both men and women from 2012-2022 (Source: <https://www.scb.se/en/>). It is believed that the increasing longevity of the Swedes is due to their commitment to maintaining a clean and healthy environment.

Life Expectancy in Years		
Year	Men at Age 65	Women at Age 65
2012	79.87	83.54
2022	81.34	84.73

Occupational Pensions (ITP)

An ITP plan is a collectively bargained supplemental occupational pension for salaried employees who work for a company with a collective agreement.

Although collective bargaining agreements are predominant in Sweden, they're not as common with multinationals. What is common though is that even if an employer doesn't have a collective agreement, they offer a plan that "mirrors" an ITP.

ITP is comprised of two agreements – ITPI and ITP2. Almost all salaried employees in the private sector are covered by an ITP plan.

ITPI - A defined contribution retirement pension that covers salaried employees born in or after 1979. The ITPI contribution rate is paid by the employer and is 4.5% of covered salary up to SEK 46,438 per month plus 30% of salary on the amount between SEK 46,438 – SEK 185,750 per month.

ITP2 – A defined benefit retirement (DB) pension based on final earnings – with some defined contribution components included – for salaried employees born in 1978 or earlier.

With ITP2, the cost for the employer is uncertain. To receive the full DB, a person would need to participate for 30 years, and the earliest age for contributing to an ITP2 is 28. The shorter the participation time, the lower the benefit.

Summary of the changes to ITP:

- As of January 1, 2023, the upper age limit for ITPI has been raised from 65 to 66, which gives employees an additional year to grow their pension.

The retirement age for ITP2 remains at age 65. Employees who wish to work beyond the age limit can continue to accrue ITP pension benefits but must have an arrangement in place with their employer.

- A cap on earning applies to ITPI (employees born in or after 1979). The cap is a maximum of 30 Income Base Amounts (IBAs) and applies monthly not per year. The IBA increases every year in-line with average earnings.

ITP2 plans already have a cap on pensionable salary of 30 times the IBA, but it applies annually instead of monthly.

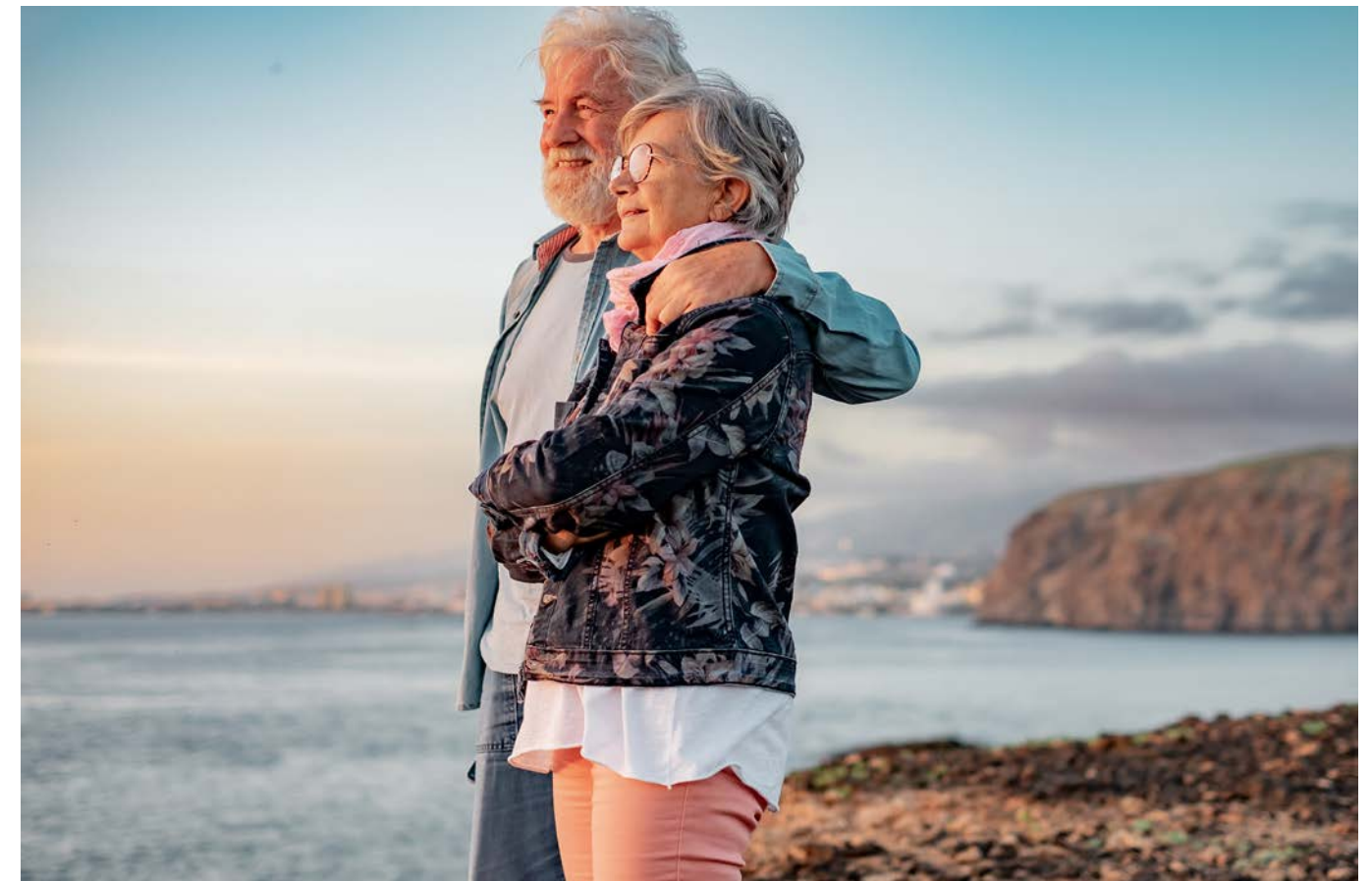
ITPI earnings above the limit are not eligible for pension contributions, which impacts employees with very high salaries or who receive a bonus. Many multinationals with "key-employees" consider alternative forms of compensation.

- As of January 1, 2023, the age for an ITP long-term disability pension increased to age 66 for both ITPI and ITP2 pensions.

The previous age limit of 65 will apply to illnesses that occurred prior to this date.

To be eligible, an individual must be over the age of 18 and belong to an ITP occupational pension via their employer.

The ITP disability pension is calculated based on earnings and complements the pension provided by the State.



Age-Related Protection Against Dismissal

As of January 1, 2023, employees are protected against age-based dismissals until they reach age 69 (formerly age 68). If employees want to work beyond age 69, they must obtain their employer's approval.

IMPORTANT: Beginning in 2026, age-related adjustments in the pension will be made based on changes in life expectancy via a concept known as the "target age" or "riktalder." The target age will be calculated every year based on life expectancy and will become effective six years later. When a new target age becomes effective, the retirement age will be adjusted to match that age.

Supplemental Occupational Pensions

Due to the relative decreasing level of the State pension in Sweden, the high tax burden on income and the fact that private pension contributions have not been tax deductible since 2016, the importance of occupational pensions has become even more significant, particularly for those with higher salaries.

Despite existing occupational pension contributions, many employees are still not confident with the level of their forecasted pension.

And while a state pension is payable for a lifetime, with an occupational pension, an individual can withdraw over a shorter period (minimum 5 years), which is useful, if for example, they need a higher pension during the first 10 years.

Salary Exchange: Increase Benefits & Reduce Tax Burden

To strengthen the pension level, many employers, especially multinational corporations, now offer a Salary Exchange Program to their employees in Sweden, regardless of whether an ITP pension is involved. Employees are also showing an increased interest in the possibility of exchanging part of their salary for extra pension contributions. Salary Exchange is a benefit that allows an employee to reduce part of their salary in return for an increased payment to the occupational pension – before income tax is deducted.

For more information about Salary Exchange plans, click [HERE](#).





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SPP is the occupational pension provider that is always willing to go the extra mile. SPP is passionate about making occupational pension simple and helping you create an attractive benefit package for your employees. Whether you need smart, time-saving digital solutions, tailored advice for you and your employees or an occupational pension that can attract future talent, SPP is ready to help. With a comprehensive offering and deep expertise, SPP will take on your specific pension challenges.

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