



# IGP Country Profile **Sweden**



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# Customary employee benefits

## Death benefits

### TGL (Occupational Group Life Insurance)

TGL is an income tax-free lump sum payable to survivors in case of death of an employee, irrespective of death taking place during work hours or not. TGL applies from the first day of employment. Employees over age 18 who work an average of at least eight hours a week must have TGL. The full amount is payable only if the weekly working hours are at least 16. If working hours are between 8 and 16, half the amount is payable.

Lump sums payable under TGL, are exempt from income tax. The premium for TGL is not regarded as taxable income for the employee.

- The lump sum amount is six price base amounts (SEK 289,800 in 2022). A full amount is payable up to age 55, after which it decreases by 0.5 times the base amount for each year. However, if the insured has children under the age of 17 there is no reduction
- A supplement is payable to children under the age of 20
- A funeral grant is payable to the estate of the deceased at the sum of SEK 24,150
- In case of unemployment, the TGL cover continues to apply as long as the unemployment lasts, however, not more than 24 months

TGL is included in the collective agreements for both salaried employees (Svenskt Näringsliv/PTK) and wage earners (Svenskt Näringsliv/LO). TGL is compulsory for all the companies that belong to Svenskt Näringsliv, but TGL is customary even among other companies. The TGL benefits under the two collective agreements are very similar, but there some minor differences. For wage earners, TGL is taken out with the insurance company AFA. For salaried employees, TGL can be taken out with the following Insurance companies: BLIWA, Länsförsäkringar, Alecta, SEB Trygg Liv, SEB Pension och Försäkring AB, Skandia Liv, Folksam, Movestic, Idun Liv Försäkring AB.

## Disability benefits

### AGS (Group Sickness Insurance for Wage-Earners)

AGS is a collective group insurance for wage earners, which supplements the workers statutory sickness allowance or disability pension from Social Security. Compensation is paid with effect from the 15th day of sickness and in case the incapacity to work is at least ¼. Compensation is payable as long as the employee is sick (maximum 360 days), but at most until age 65, when it is substituted by a retirement pension. The qualifying period is 90 days of employment with the current or previous employer with AGS cover. When sickness allowance is payable from Social Security, the AGS compensation is a daily compensation rate. For the first 14 days, when sick pay is payable (except for the first day) no compensation is payable. From the 15th until the 90th day, the daily compensation amounts to 12.5% of the sickness allowance from Social Security. Another percentage may apply when no sick pay is payable.

When disability pension (early retirement pension due to sickness) is being paid, the size of the compensation from AGS is calculated on the previous monthly income. The daily or monthly compensation may, depending on the extent of work incapacity, be paid at the full, ¾, ½, or ¼ rate. The AGS compensation, which is index-linked in line with inflation but at a maximum of 4% annually, is taxed as income.

### TFA (Work Injury Insurance)

TFA covers compensation in the case of:

- Accidents at work
- Accidents on the way to or from work (causing working incapacity for more than 14 days, or resulting in a permanent incapacity)
- Occupational disease (lasting at least 180 days, or other occupational illness with lasting medical incapacity of at least 5%)
- Infection

TFA, supplied solely by the insurance company AFA, is included in the collective agreements for both salaried employees (Svenskt Näringsliv/PTK) and wage earners (Svenskt Näringsliv/LO). Under the TFA, the employee can obtain compensation regardless of whether the employer or anyone else has been liable for

the damages or not. On the other hand, an employee with an occupational injury may not bring a lawsuit for damages against an employer with TFA insurance. TFA provides compensation mainly according to regulations of the law of damages. This involves compensation for pain and suffering if the sick-listing period exceeds 31 days. The size of the compensation for pain and suffering depends on the nature and type of injury. Compensation is also payable to make up for the loss of income due to incapacity to work. The compensation is paid on top of a sickness allowance from Social Security and it normally amounts to 12.5% of income from the 15th day of incapacity. An expense for rehabilitation, medical expenses, travel expenses etc. could be reimbursed to the extent that the sum exceeds a certain amount. In the event of death, compensation is given for funeral costs and for the loss of child support and alimony. The compensation for loss of income is taxed as income. All other compensation is tax-free.

## Medical benefits

A company can provide additional private healthcare in addition to Social Security (not obligatory). This applies to most top executives and key persons within the company but is becoming very common for other categories as well.

The possible advantages for using private healthcare are reduced wait times, and the possibility to visit specific doctors, practitioners, specialists and hospitals.

### Statistics per 2021:

- Number of insured individuals: 760,000 (+ 5 % since 2021)
- Covers approximately 15 % of all employees in Sweden (between age 16-64)
- Average age of the insured: 45
- Most common industries
  - Manufacturing: 12%
  - Retail: 14%
  - Financial and Legal: 19%
  - Other industries: 35%

Since July 1, 2018, employer-paid health insurance is subject to 60% taxation - this means that 40% of the premiums will be tax exempt for employees.

## Retirement benefits

Second pillar pension benefits are determined by nationwide collective bargaining agreements. Permanent employees automatically belong to an occupational pension scheme. These schemes are known as ITP for white-collar employees and SAF-LO for blue-collar employees. Some industries (e.g. banking, insurance) have other pension schemes than ITP, but the benefit provisions are more or less the same. Employers who are not part of the collective agreements may offer plans on a voluntary basis. These also often follow the range and level of benefits provided under ITP. As a result, pension plans in Sweden are extremely standardized.

### Pension plans based on collective agreements (ITP Plan - White-Collar Workers)

Effective July 2007, the ITP was extensively upgraded after a decade of negotiations between the employers and white-collar unions. It comprises two main parts:

#### ITP1

ITP1, introduced in 2007, is defined contribution in nature and covers all employees born in or after 1979. Employer contributions are 4.5% for earnings under 7.5 IBA (income base amount SEK 571,500 in 2024), and 30% for earnings over 7.5 IBA. Members are eligible to contribute as of age 25.

- Contributions are also paid during periods of sickness, parental leave or leave to take care of a sick child.
- Part of the contribution may be used for family cover.
- Employees are entitled to transfer pension accruals to another insurance provider.
- The pension is earned from age 25 until retirement age 65. If an employee continues to work after this time, the two parties may reach an agreement on the continued payment of pension contributions until his/her employment ceases.
- The employee chooses one or more insurance companies. At least 50% of the pension contribution must be placed in an insurance policy with guarantee.
- Pensions are normally paid from the age of 66 but may be taken

out from the age of 55.

- Pensions are life-long but can be paid in full or in part for a limited period of at least five years. The size of the pension is determined by the amount of premiums paid, the return, fees and taxes and for how long the pension is to be disbursed.

#### ITP2

ITP2 is the old defined benefit plan and covers all employees born before 1979. It is mainly defined benefit in nature and based on final earnings, although it does contain some defined contribution components. On reaching 65, a member with 30 years of service receives benefits as a life annuity, although the option of withdrawing a pension entitlement over a period as short as five years was introduced in 2007. ITP2 includes a disability pension as of age 18. Employees in permanent employment (or temporary employees after a certain waiting period) who fulfill the age conditions are covered by the ITP2 plan. As of age 28, ITP2 covers:

- Retirement pension. To qualify for a full pension, the employee must have a projected period of pensionable service, from the date of entry until retirement age, of at least 30 years. If the period is shorter, the pension will be reduced proportionately (except for disability pension). The pensionable salary is 12.2 times the current monthly salary (the 0.2 percentage covering holiday pay) plus an average of the bonus for the three preceding years. Benefits in kind, in the form of food and accommodation are also pensionable. The retirement pension is in principle based on the final salary. However, salary increases that occur less than five years before retirement age may not be calculated in full.
- Complementary retirement pension (ITPK). This pension is not expressed in relation to salary but is designed as a money purchase type of benefit (DC). The capital accumulated under the ITPK provisions may be used to increase the pension from age 65 for life or for a fixed number of years. The ITPK premium (or book-reserve allocation) is 2% of pensionable salary. The size of the ITPK pension in relation to final salary will, on average, equal 5% as a life-long pension. The individual has a freedom of choice of insurance carrier and insurance product (unit-linked or traditional insurance) for the ITPK premium. The premium could either be used for a pure retirement pension or with a repayment cover in case of death. Part of the premium could also be used for a family cover to be payable for five years to the spouse, cohabitant or children, regardless of age, in case of death before retirement

## Customary employee benefits (cont'd)

age. The employee can choose a family cover of one up to four price base amounts. The premium depends on the number of base amounts and age. Payment period is 5, 10, 15 or 20 years.

- **Survivors' pension (on parts of salary above 7.5 base amounts).**  
The survivors' pension is the same irrespective of death occurring before or after retirement age. In case there are one or more children under the age of 20, the pension amount is higher, depending on the number of children. A cohabitant is not entitled to a survivors' pension.
- **Waiver of premium: when disability pension is payable, normally after a waiting period of 90 days, the coverage continues to apply and pension accruals continue.** Employees who earn more than 10 income base amounts can opt out of the traditional ITP (ITP2) for portions of salaries exceeding 7.5 income base amounts. The option only applies for the retirement and survivors' pension. The full risk coverage is maintained on the whole salary in the traditional ITP. For the same contribution that was payable for retirement and survivors' pension on salary above 7.5 base amounts, the employee can choose Alternative ITP on the employer's consent. The Alternative ITP can be taken out with any insurance company that the employer may agree to. There are a number of employers who provide alternative ITP with a step-rate plan instead of mirroring the contribution from the defined benefit plan.
- **The advantages for the employee with Alternative ITP (OPT-outer) are:**
  - The flexibility of coverage, e.g., the possibility for a family man (or woman) to sacrifice some retirement pension for more survivors' pension; or for a single person to include only a retirement pension.
  - The possibility to choose unit-linked instead of traditional insurance.

### SAF-LO (Blue-Collar Workers)

The SAF-LO occupational pension plan is defined contribution in nature. SAF-LO was established by a collective bargaining agreement between the Swedish Trade Union Confederation (LO) and the Swedish Employer's Confederation (SAF). In 2007, the terms of SAF-LO were improved, primarily in response to perceived unfairness in the terms of the pension provisions for blue-collar and white-collar workers. Employer contributions are 4.5% of salary up to 7.5 IBA

(income base amounts) and 30% for salary components above 7.5 IBA (income base amounts). Members are eligible to contribute as of age 25 (similar to IPT1). Note: Prior to 1996, blue-collar employees earned occupational pensions under the STP plan. STP was mainly a defined benefit pension plan. Employees born prior to 1967 or earlier may have pension entitlements according to the STP plan. Employees born in 1968 or later are covered by SAF-LO.

## Pension plans not based on collective agreements

Even if most employees are compulsorily covered by a pension plan due to a collective agreement, there are some employees who are not. Those employees are either top executives, to whom the collective agreements do not apply, or employees working for companies that do not belong to a labor market organization.

### Top Executives

Traditionally, most top executives belong to the ITP plan. However, if the salaries exceed the pensionable limit it is possible to offer compensation, both pension premium and supplementary compensation for long term disability) It's also possible to offer other packages with certain conditions attached.

### Other employees

Defined contribution plans are most common. ITP1 is currently the typical benchmark to mirror pension plans.

Furthermore, almost all companies provide occupational group life insurance (TGL) and work-injury insurance (TFA)

# Legislative news

Changes to the Swedish retirement pensions encourage employees to stay in the workforce longer

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



For more information, please refer to the following article that appeared in IGP Network News:

**[Changes to the Swedish retirement pensions encourage employees to stay in the workforce longer](#)**

# Typical employee benefits plans and benchmarking

## IT Company (no collective agreement)

Low salary	Mid Salary	High Salary
E.g. data analyst	E.g. engineer	Executive
USD 42,000	USD 63,000	USD 111,600
Mandatory Employer Contributions (% of salary): 31.42%		
Average State Old Age Pension: USD 24,500		
<b>Supplementary Group Benefits</b>		
<ul style="list-style-type: none"> <li>• Work injury</li> <li>• Group Life (TGL): Tax free lump sum based on standard schedule which on average is approx. USD 32,400</li> <li>• LTD: 10% of salary up to 7,5 PBA<sup>1</sup> + 65% of salary between 7.5–20 IBA<sup>2</sup> + 32.5% of salary between 20-30 IBA</li> <li>• Retirement benefits</li> </ul>		
Cost: 4.92% of gross pay (up to SEK 50,375/month) <sup>3</sup> +31.73% of gross pay (> SEK 50,375/month)		
Avg Cost: USD 167/month	Avg Cost: USD 338/month	Avg Cost: USD 1,603/month

## Manufacturing company (collective agreement)

Low salary	Mid Salary	High Salary
E.g. Assembler	E.g. Supervisor	E.g. Executive
USD 42,000	USD 63,000	USD 111,600
Mandatory Employer Contributions (% of salary): 31.42%		
Average State Old Age Pension: USD 24,500		
<b>Supplementary Group Benefits</b>		
<ul style="list-style-type: none"> <li>• Work injury</li> <li>• Group Life (TGL): Tax free lump sum based on standard schedule which on average is approx. USD 32,400</li> <li>• LTD: 10% of salary up to 7,5 PBA + 65% of salary between 7.5–20 IBA + 32.5% of salary between 20-30 IBA</li> <li>• Retirement benefits</li> </ul>		
Cost: 4.92% of gross pay (up to SEK 50,375/month) +31.73% of gross pay (> SEK 50,375/month)		
Avg Cost: USD 167/month	Avg Cost: USD 338/month	Avg Cost: USD 1,603/month

1 PBA = Price Base Amount = SEK 58,800 (2025, annually adjusted)

2 IBA = Income Base Amount = SEK 80,600 (2025, annually adjusted)

3 2025 amount, annually adjusted

# Useful links

## **Demographic information and macro-economic indicators**

[CIA World Factbook](#) (please select the country to review)

[World Bank Group](#) (please select the country to review)

## **Local social insurance office**

[forsakringskassan.se](https://forsakringskassan.se)

## **Administrator of the ITP Plan for salaried employe**

[collectum.se](https://collectum.se)

## **Administrator of the Avtalspension SAF-LO for wage earners**

[www.fora.se](https://www.fora.se)

## **More information on SPP**

### **Your Local Link to IGP in Sweden**

Go to partner page on [www.igpinfo.com](https://www.igpinfo.com)





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