

## ETUC SOCIAL PROJECT - SURVEY FOR NATIONAL CONTACT PERSONS

### Trade Union report for Sweden

#### National Trade unions that participated in the survey: TCO

This survey, for completion by the National Contact Persons on behalf of their trade union, is an important source of the qualitative and quantitative information required for the ETUC's SociAll Project. This is in addition to the extensive information about each countries' pension system that will already be available to the National Experts from established national and international sources.

The survey will provide the National Experts with:

- Background information, specifically from a trade union perspective, about the country's pension system and attitudes to recent trends in pension provision;
- To outline the challenges in the sphere of pension provision that have been identified by trade unions; and
- Set out the trade unions' priorities and proposals.

The survey is divided into three sections that are summarised in Table 1 below. These relate to the corresponding sections of the National Reports, as outlined in the Methodological Note. Section 4 of the National Reports will also be informed by the information that is provided.

<b>Table 1. Outline of the National Survey</b>	
<b><u>Section 1.</u></b>	<b>The Country's Pension System:</b> The views of the national trade unions on the strengths and weaknesses of prevailing pension system and the content and the expected effects on the system of recent reforms and those currently under active discussion.
<b><u>Section 2.</u></b>	<b>Current Challenges:</b> Trade unions' perception of the main socio-economic and demographic challenges that affect the present and future of pension provision.
<b><u>Section 3.</u></b>	<b>Possible Reforms:</b> The trade union's priorities in pension policy and the strategies required to have more effective pension protection in the future.

## Section 1. The Country's Pension System

*This section of the survey covers the current situation, including questions on the trade unions' views on the strengths and weaknesses of prevailing national pension system. It also asks questions on the content and the expected effects on the country's pension system of recent reforms and those currently under active discussion. It should be taken that the National Experts are already familiar with the country's existing pension system and current issues. The status of the current reforms should be identified as follows:*

- **Completed Reforms**, i.e. those implemented since 2010
- **Planned reforms**, i.e. i.e. almost certain to be adopted, i.e. having gained enough political support and formulated as draft legislation
- **Reforms under active discussion**, i.e. those that are under discussion, with an indication of the likelihood that the reform will be adopted.

## QUESTIONS

### GENERAL OVERVIEW

#### Role of Social Partners in general and trade unions in shaping pension reforms

##### Q 1.1

Can you describe how trade unions in particular and social partners in general are involved in the pension policy debate and decision-making process in your country and how does the involvement take place (involvement in bipartite/tripartite institutions, consultation by government/parliament, negotiations)?

*Public pension: Social partners most often are referral bodies for investigations. Before the Government takes up a position on the recommendations of an investigation and proposes a bill, the investigation's report is referred for consideration to the social partners as well as to other relevant bodies. This is also the case when there is no investigation but a ministry report on which a bill may be based.*

*There might also be bipartite or tripartite institutions or consultations by the parliamentary pensions group. Most seldom negotiations.*

*Occupational pension: The social partners own the occupational pension systems. Nationwide collective agreements. The Government/Parliament have decided (the Income Tax Act) on employers' tax deductions for contributions to occupational pensions.*



Q. 1.2

Which is the trade union role in the latest pension reform processes (implemented and under discussion)? Provide your own assessment (major role, marginal role, total exclusion) and few examples in case of influence.

*The latest pension reform processes: Elevated minimum age to retire (61 to 62 yrs) and elevated highest age for covered by employment protection (67 to 68 yrs). TU have demanded measures for a better work environment, consideration of arduous work, opportunities for skills development, further education and change of work throughout the working life, in order for as many people as possible to be able to and want to work as long as possible. The influence of trade unions could have been greater. The age limits raised before these measures taken*

*A small part of the general pension being funded (premium pension). For many years, it has been the subject of debate in matters of risk versus security, the population's knowledge level in financial matters, the number of eligible funds. It has been object for reforms several times and the social partners have been a referral body.... The influence of trade unions could have been greater.*

*The parliamentary pension group has agreed on a proposal of a supplement of at most roughly 60 euro to the income pension in the general system. This supplement is to support those who have worked for many years but receive a low pension. The proposal has circulated among stakeholders for comments. The supplement is tax-financed in its entirety and thus is financially entirely outside the pension system. This will however make the pension system more difficult to understand. Trade union organizations had wished that the supplement would be within the framework of the pension system.*

*Pension reforms under discussion: Elevated retirement age, introduction of a target age, which will guide the development of the retirement age. The target age should follow the increase in life expectancy. The highest age for covered by employment protection will be further elevated to 69 (2023). The TU have demanded measures for a better work environment, consideration of arduous work, opportunities for skills development, further education and change of work throughout the working life, in order for as many people as possible to be able to and want to work as long as possible. The influence of trade unions could have been greater. The age limits were raised before these demanded measures were taken.*

*TU have also demanded that the age limits in the surrounding social insurance system and the unemployment benefit system must follow when the age limits in the pension system are increased. The parliamentary pension group has agreed to this.*

*Furthermore, several reforms of the public sickness insurance are currently under discussion, and there are proposals that concern the elderly to ensure they be able to remain in the labour market until target age. The sickness compensation (disability pension), which compensates*

*for loss of income due to prolonged sickness or disability, and when rehabilitation is not feasible, is also under investigation with a special focus on the elderly. The aim of these proposals is to facilitate for elderly to remain in the labour market and thus be able to acquire more pension rights and a more sustainable pension once they retire. However, these systems are not part of the pension system.*

#### Q. 1.3

Provide a general assessment of the extent to which the existing pension system addresses the needs of current and future retired people in your country, indicating where and why it falls short.

A general assessment will be enough, as a more detailed section on challenges will follow.

*General pension: The income-pension is a Pay-as-you-go system, based on life income and the development of average income. There is also a funded part within the system. The system is financially stable, but only given that the retirement age will increase as the life expectancy increases. Life expectancy increases, but retirement age and years worked do not increase at the same rate. Not all future added years may be healthy years. Factors in the work environment, both physical and psychosocial, prevent many from working even to today's retirement age.*

*A small part within the general system, the premium pension, is funded according to individuals' preferences. The premium pension portion of the general pension is increasing and the expectations are that the increase will continue. This may mean higher risk in the pension overall. However, there will be safe selectable alternatives.*

*The occupational pension portion of the total pension is increasing and the increase will expectedly continue. This entails a transfer of responsibility for pensions from the government / parliament to the social partners. In the future, the proportion of pensioners with Defined Contributions agreements will increase, which implies a certain risk increase for employees compared to the Pay-as-you-go-system and Defined Benefit-agreements.*

#### Q. 1.4

- a. What are the main principles and policy drivers that inspired the design of the pension system under analysis? Are they still valid?

*The pension system must be financially stable. The pension one gets is based on life income and the average income. The main principles are still valid, but the pension, is getting lower in relation to previous income. Future generations of pensioners risk receiving very low pensions related to income. Payments, contributions, to the system need to increase.*

- b. Is the European Pillar of Social Rights and the recent European Council's Recommendation on Access to social protection for workers and the self-employed<sup>1</sup> shaping the debate on pensions?

*Not explicit.*

- c. Within trade unions?

*Not explicit.*

- d. In bipartite or tripartite social dialogue?

*Not explicit.*

#### Q. 1.5

Summarise the trade unions' views on the state of the country's pension system debate in terms of the balance between financial sustainability and social adequacy, coverage and effectiveness.

*Most participants in the debate, including trade unions, believe that the general pension system must be financially sustainable. However, there is also a general concern about falling pension levels related to previous income, a concern that work should not increase the pension and that there are groups, such as newly arrived immigrants, who receive very low pension. For trade unions, it is clear that raising the retirement age may not be the only solution, and that the contributions to the general pension system need to be increased also.*

#### Q. 1.6

Summarise completed reforms (as defined above) and indicate the trade union's assessment (if any) of their impact on the adequacy, coverage, and effectiveness of pension provision?

*Raised minimum age limit for retirement probably gives more pension for those who retire at 62 instead of 61 and can be beneficial for those who can stay in working life until they are 68 instead of retiring at 67. However, there may also be people who would need to, or have planned to retire at 61, who will not be able to do it.*

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<sup>1</sup> <https://ec.europa.eu/social/main.jsp?catId=89&furtherNews=yes&langId=en&newsId=9478>

Q. 1.7

Summarise reforms and those under active discussion (as defined above) and indicate the trades union's assessment (if any) of their impact on the adequacy, coverage, and effectiveness of pension provision?

*Pension reforms under discussion: Elevated retirement age, introduction of a target age, to guide the development of the retirement age. The target age should follow the increase in life expectancy. Further elevated highest age for covered by employment protection. These reforms probably give more pension for those who can work until target age or longer before retirement. However, there may also be people who would need to, or have planned for early retirement who will have to alter their plans.*



## Section 2. Current challenges

*This section of the survey is about the trade unions' perception of the main socio-economic and demographic challenges that affect the present state and future of pension provision in terms of coverage effectiveness and adequacy (and the effective implementation of the Recommendation on Access to Social Protection for Workers and the Self-Employed).*

*This should cover:*

- *The issues the trade union regards as the more urgent challenges to pensions; and*
- *The main social and occupational groups that, in the view of the trade union movement, need greater attention for more effective pension protection.*
- *The gender dimension of the challenges*

The lists of issues provided for certain questions is non-exhaustive and other issues should be covered, if appropriate

## QUESTIONS

### Main Challenges

#### Q. 2.1

- a. What are, in general, the main social challenges in pension provision with respect to the social and economic outlook of your country?

*Please consider the needs of people, their rights and living conditions. You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.*

- Population ageing
- Poverty rates
- Access to essential services
- Out-of-pocket expenditure for healthcare and long-term care
- Low salaries
- Unemployment
- Increased share of atypical jobs (high rate of involuntary part-time/zero-hour contracts/
- Bogus self-employment
- Sluggish economic performance
- Low average productivity
- Increasing inequalities
- Gender gaps in employment/wages
- The Covid-19 Pandemic



- Other:

*Population ageing:* The proportion of older people and longevity expectations are increasing, more than the older forecasts show and thus more than expected. This has a great effect on pensions, where levels are falling in relation to income.

*Access to essential services, especially regional distribution:* In some regions, especially in rural areas, the proportion of older people is very high and access to both private and public services is poorer than in other parts of the country.

*Unemployment, especially due to the Covid-19 Pandemic:*

High unemployment leads to lower incomes and thus lower pensions. This happens in two ways, first for the individual for whom unemployment causes lower income and thus lower pension, but also at the macro level where unemployment contributes to reduce national income, which also affects the general level of pension for all individuals

Also higher levels of sickness absenteeism lead to lower income and thus lower pensions. Sickness absenteeism tends to be higher among those with a low income and among women – in particular in the public sector that has been under much pressure due to the covid-19 pandemic and will probably continue to be under pressure for some time.

*Increased share of atypical jobs (high rate of involuntary part-time/zero-hour contracts/Bogus self-employment):*

Lead to a smaller number of hours worked for the individual. People in these types of work tend not to have collectively agreed occupational pensions or even other occupational pension agreements, which means that they also do not ask for any occupational pension.

*Sluggish economic performance due to the Covid-19 Pandemic*

Persistency in lower pensions

*Increasing inequalities*

Salary inequality transforms into pension inequality

*Gender gaps in wages*

Salary inequality transforms into pension inequality

b. Who do these social challenges affect?

*They affect mostly people who are at risk of unemployment, lower salaried people, self-employed people, people employed without collective agreements, people in regions where population is declining. Unemployment contributes to reducing pension rights for all, since the value of pension rights depends on average income.*

c. What are the main reasons for these challenges?



*Increasing longevity expectations, Structural change in the economy, regional distribution of industry, business and branches.*

- d. Can you please provide data to support your views?

*Na.*

## Challenges to Formal coverage

### Q. 2.2

Please answer the questions shortly framing the relevant situation(s) in the demographic/ social/ macroeconomic context and always keep into account the gender perspective wherever relevant and possible. In your reply, please, consider in particular but not only employees, self-employed and atypical workers, as well as the gender dimension (de facto)

- a. Are there any major gaps in formal coverage?

*No there are no gaps in formal coverage in the public pension. All individuals are covered But the level of coverage is based on the time an individual has worked or stayed in Sweden.*

*Thus the pension system does not cover those who have not lived nor worked in Sweden before the age of 65 (target age).*

*Newly arrived immigrants will receive very low pensions although they are included in the pension system.*

- b. What categories of workers, i.e. employees, self-employed and atypical workers, are formally excluded from the coverage of pension schemes by reason of their contract, or are only offered voluntary coverage by pension schemes? Which are the main groups (for example migrant, low-skilled, women) affected?

*All are included in the public pension system, but pensions could be very low, because the level of coverage depends on time stayed or worked in Sweden. Other welfare systems compensate, but conditions for having support are different from the pension system.*

- c. What determines/ how would you explain these gaps in formal coverage?.

*The pension systems require inclusion for a long time, in order to provide pension at a certain level in relation to income.*

- d. What are their main social consequences/impact?

*People who have not worked or stayed in Sweden for a long time 30-40 years, are at risk of getting a very low pension.*

*The base-pension, which is calculated based on how many years one has stayed in Sweden (working or not working), requires 40 years stay for full pension. Some*

*categories of immigrants, refugees, may also include periods of stay outside Sweden, which may contribute to increase their pension.*

*Those who from various reasons receive a very low pension, below the adequate level according to Social Services Act, may be entitled to income support for the elderly (äldreförsörjningsstöd). This support is means-tested and ensures a minimum level of adequacy.*

- e. Do you see issues for fiscal sustainability of a system covering of a system covering people in all forms of employment?

*No.*

- f. Please provide data

*Na.*

## Challenges to Effective coverage

### Q. 2.3

- a. Is it possible to highlight any major effectiveness issues?

Please, consider effects that, for example, possible entitlement conditions, wage levels, contribution levels, may have on non-standard workers, the self-employed, atypical workers, women.

*Wage level, hours worked and years worked are the main factors determining the public pension. Non-standard workers, self-employed, atypical workers and women are all at risk of having lower wages, less hours worked and less years worked during their working-lives.*

- b. Who do these effectiveness issues affect? Are there categories of workers or self-employed that are at particular risk of limited effective coverage of pension benefits? *You can make reference to the topics and groups listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.*

- Women
- Younger workers
- Self-employed workers
- Bogus self-employment
- Atypical workers
- Precarious workers
- Agricultural employment



- Working poor
- Migrant workers
- Low skilled workers
- Other

*All categories mentioned above could in the short, medium or long run be at risk of getting low pension due to the fact that they often have low salaries, and their hours worked does for longer periods not reach a full-time amount.*

c. What are the main causes of the risk of ineffective coverage of workers?

*You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.*

- Significant lack of transparency in the access to relevant information
- Aggregation of contributions across schemes
- Waiting period
- Calculation rules
- Requirements to access old-age or seniority pensions
- Lack of reconciliation of professional and family life
- Incomplete work careers
- Low wages
- Missing financial capacity to save in (voluntary) pension schemes
- Others

*Main reasons are low wages and incomplete work careers, in the short, medium and long run.*

d. How far are the following contingencies significant in leading to ineffectiveness of pension provisions? *Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples.*

- Maternity, paternity, parental leave
- Study or training periods
- Sickness
- Unemployment
- Care duties (elderly, children, disabled, etc...)
- Other

*Parental leave does not in itself lead to ineffectiveness of pension provisions, but if longer time of parental leave lead to lower salaries or incomplete careers, that would cause less pension contribution and lower public pension. Longer study or training periods can lead to ineffective pension contributions, but if training leads to a higher salaried job, it will compensate for the loss. Long time sickness could result in lower*

*pension contribution and therefore a lower pension, but there is still pension contribution paid on a lower level than the contribution related to salary. The same way could long time unemployment result in lower contributions paid and therefore lower pension.*

*Care duties can lead to lower contributions paid and lower pension, if the caretaker works part time because of informal care duties.*

- e. What are their major **social** impacts of ineffective pension provisions?

*Low pension level, lower standard of living.*

- f. Do you see issues for **fiscal sustainability of a fair and effective social protection system**?

*The situation for the pension system is dependent on the situation on the labour market. The pension contributions need to be increased, which needs financing. How to finance increased pension contributions is a political issue. Once the level of contributions is determined, there will be no issue for fiscal sustainability because the pension system is autonomous.*

- g. Is the lack of transparency or satisfactory information about pension entitlements and obligations limiting effectiveness of pension provision; and, if so, which categories of workers and the self-employed are most affected?

*The Pension Agency and, for the case of occupational pensions, insurers give out information, printed or on the web.*

*All individuals can log in to the site [minpension.se](http://minpension.se) (my pension) and see what they, given the unchanged conditions, will receive in pension. It covers most, but not all, parts of the pension. There is not a lack of information, but especially younger workers are hard to inform. They are often not particularly interested in their pension.*

## Challenges to Adequacy

### Q. 2.4

- a. Is there a prevailing/institutional/constitutional reference or definition of adequacy that is used as standard in your country? How do you define adequacy?

*When talking about the general living standard, the lowest level is reasonable standard of living within the meaning of the Social Services Act.*

*When talking about the pension system, the lowest level that is still adequate must provide a level of compensation that is an expression of general welfare and clearly exceeds what is required for a reasonable standard of living within the meaning of the Social Services Act.*

- b. Do you use any specific indicator to assess it in your country?  
*As mentioned above, a reasonable standard of living within the meaning of the Social Services Act determines the level of Social support. The standard of living encompasses consumption deemed necessary (food, clothing, housing, transport etc) and the levels are based on price index and costs, and may vary between regions.*
- c. Please provide the TU's view of the significance of the two main adequacy indicators used by the Commission (Theoretical Replacement Ratio/TRR; Aggregate Replacement Ratio/ARR – Pension Adequacy Report - PAR 2018).  
*2018 ARR is 60 % for men and 54 % for women.*
- d. How would you define “ageing in dignity”?  
*Good health and a level of compensation that is an expression of general welfare, and enables active participation society and in social life.*
- e. Do you have in mind any specific indicator that could help in assessing “ageing in dignity” in your country?  
*No, not any specific indicator.*  
*Only: Good health and a level of compensation that is an expression of general welfare, and enables active participation society and in social life.*
- f. What are the major deficiencies (if any) in the provision of adequate pensions?  
*Low level of contributions and pensions.*
- g. What determines these deficiencies?  
*You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.*
- Lack of provision of minimum pension
  - Volatility of complementary pensions
  - Low rates of return from funded pensions
  - **Wage levels**
  - **Contribution levels**
  - **Worked hours**
  - Repartition of contributory obligations on employer/employee
  - **Length/continuity of careers**
  - Purchasing power erosion
  - Lack of indexation
  - Cost of living

- Services for old age provided publicly/without out of pocket expenses
- Need of personal/private (out-of-pocket-expenses) for health and long-term care
- Others

*Contribution levels, worked hours, length/continuity of careers and wage levels determine the level of pensions, both in the short, medium and long run. This is because the public pension system is a Pay-as-you-go system, where lifetime income determines the amount of contributions and the value of pension rights.*

- h. **Who** do these deficiencies affect? Please, consider employees, self-employed and atypical workers

*Most employees get a pension that mirrors their working life, but the level compared to previous income will be lower for future generations. Therefore, contributions need to be higher.*

*Atypical workers run the risk of not getting long enough careers and an amount large enough of hours worked. The same could apply to self-employed workers. These categories might get a lower pension, than they would have as employees. However, these deficiencies are on the labour market, not within the pension system.*

- i. What are the major social impacts of these deficiencies?

*There will be an unequal distribution of income within the group of retirees and some retired workers will have difficulties supporting themselves. However, these deficiencies are on the labour market, not within the pension system.*

*There will also be an unequal distribution of income between generations. However, as mentioned above, this is due to increasing longevity, which the public pension system cannot compensate.*

- j. Do you see issues for **fiscal sustainability of a fair and adequate social protection system**?

*Na.*

## Other challenges

### Q. 2.5

What are the **challenges and the opportunities related to occupational pension policy/schemes** concerning their contribution to formal coverage, effective coverage, adequacy (and transparency) of pension systems?

*Designed through agreements between the social partners. About 90% of employees covered by occupational pensions. In addition to collectively agreed pensions, insurers could provide occupational pension solutions, either through the employer or to the self-employed person.*

*Some branches and industries with a younger workforce lack collective-agreed occupational pension and a number of working places lack any occupational pension solution.*

Q.2.6

Is there any other particular (set of) challenge(s) that you deem key or that should be addressed as a priority in order to give impetus to upward convergence?

a. *Please, explain the reasons of your answer.*

*Na.*

b. Please provide data.

*Na.*

Q.2.7

How is the Covid 19 emergency impacting your priorities?

*The emergency does not affect the content of occupational pension agreements. On the other hand, the pandemic leads to unemployment in certain industries and thus contributions to occupational pensions cease.*



### Section 3. Possible Reforms

*This section seeks information about the trade union's priorities in pension policy; and their involvement in the policy making process and the strategies to have more adequate and effective pension protection for all. **The examples given under each question are for assistance and other issues should be covered, when appropriate.***

#### QUESTIONS

##### Q. 3.1

What are the main demands/actions/reforms that the trade unions propose in order to meet the challenge(s) highlighted in the answers to Section 2?

*Provide a concise description from those listed below, plus any other that you consider relevant in light of your replies in the previous set of questions. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples*

- Minimum schemes
- Employment related or income-based schemes
- Occupational pension provision
- Pensionable age and early retirement schemes
- Regulation of the labour market and active labour market policies
- In-kind benefits, long-term care and social assistance
- Other

*Please, explain also how the proposed reform would address the challenge(s) identified in your replies to the previous set of questions*

*- keeping in mind the possible effects linked to age groups/ gender/ forms of employment and*

*- providing an assessment and considering effects of main issues from the topics listed below, in the light of your replies in the previous section, plus any other that you consider relevant.*

*Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples.*

- Formal coverage for specific categories of workers and self-employed
- Effective coverage
- Adequacy of benefits
- Inequalities (gender pension gaps, pension rights of younger cohorts of workers, coverage of atypical jobs)
- Other:

*Increased pension contributions/payments for the public pension system.  
Improvements in working environment and improved opportunities for further*



*education and training, skills development during all working life. Flexibility concerning working hours, especially for older workers.*

*Increased opportunities to choose full time work in certain branches and industries, especially for women.*

### Q 3.2

What would be the main fiscal sustainability drivers necessary to support your policy proposals? What would be the issues arising? What the desirable sources of financing?

*A high employment rate and an increasing amount of hours worked is necessary to maintain the level of public pension.*

### Q.3.3

Are there any major actors supporting or opposing your proposal and why?

*The parliamentary pension group has announced that it intends to revise the contributions to the general pension and return with a proposal. However, no information has been provided, as to when, in time, a proposal is to be expected or what it will contain.*

