

Pensions at a Glance
2013
OECD and G20 Indicators

SWEDEN

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- **Old age poverty is generally low, but people aged 76 and above have a higher than OECD average poverty rate. However, publicly provided services matter the most in Sweden and play a major role in enhancing the income of all households, especially the elderly.**
 - **Recent reforms to occupational pension plans in Sweden will lead to a better level of income protection in retirement for high income earners compared to average income earners.**
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Future gross pension replacement rates in Sweden are around the OECD average for low and average income earners, and above average for high income earners. A full career low income earner and average worker can expect a total pension replacement rate of 70.2% and 55.6% respectively upon retirement. This is slightly below the OECD average for low income earners at 71.0% and slightly above average income earners at 54.4%. High earners in Sweden fair better with a replacement rate of 67.9% compared to the OECD average of 48.4%. The average effective age of labour market exit is high in Sweden and was 66.1 for men and 64.2 for women compared to the OECD average which was 64.2 for men and 63.1 for women in 2012.

Old age poverty is generally low, but people aged 76 and above have a higher old age poverty rate than the OECD average. However, publicly provided services matter the most in Sweden and play a major role in enhancing the income of households, especially so for the elderly. The poverty rate of people aged 66 years and above is 9.5% in Sweden, which is considerably lower than the OECD average of 12.8%. However, amongst those aged 76 and above the old age poverty rate is much higher at 14.2% and above the OECD average of 13.8%.

However, publicly provided services matter the most in Sweden and play a major role in enhancing the income of all households. The income enhancing effect of publicly provided services such as education, healthcare, childcare, elderly care and social housing services enhance households' incomes by 41% in Sweden compared to 29% on average in 27 OECD countries. For people aged 66 and above the income increasing effect of publicly provided services is even higher at 74% compared to the OECD average which stands at 40%.

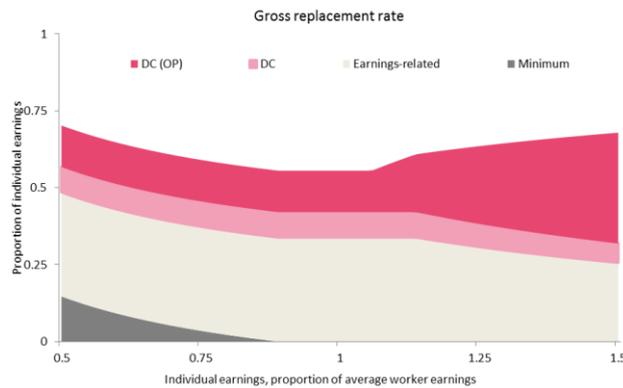
Income poverty rate for age groups 66-75 and 76 and above in 2010, percentage with less than 50% of median equivalised household disposable income



Source: OECD (2013), *Pensions at a Glance 2013*

Recent reforms to occupational pension plans in Sweden will lead to a better level of income protection for high income earners compared to average earners in the future. While the public pension system redistributes towards low earners through the social security safety-net (the guarantee pension and the housing supplement), the design of the occupational pension partly offsets this redistribution. People with higher incomes pay higher contribution rates into these schemes resulting in higher pension benefits for earnings above the ceiling of the occupational pension (see figure below and for technical information see country profile for Sweden).

Gross replacement rate by pension scheme component for a person entering the labour market in 2012



Source: OECD (2013), *Pensions at a Glance 2013*,

Key indicators

		Sweden	OECD
Gross replacement rate	High earner (%)	67.9	48.4
	Average earner (%)	55.6	54.4
	Low earner (%)	70.2	71.0
Public pension spending	% of GDP	8.2	7.8
Life expectancy	at birth	81.7	79.9
	at age 65	19.8	19.1
Population aged 65 and over	% of working-age population	32.5	25.5
Average worker earnings (AW)	SEK	387 300	278 000

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations are for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average and a high earner 150% of the average.

Source: OECD (2013), *Pensions at a Glance: OECD and G20 Indicators*.

Notes to editors:



Pensions at a Glance 2013: OECD and G20 Indicators

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The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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