

# The Swedish old-age pension system applied to foreign residents and expatriates

*All taxed income in Sweden is credited to an individual earner's old-age pension, whether he or she resides in Sweden or is an expatriate.*

Every person who has any kind of taxed income in Sweden is entitled to a pension, which is based on contributions and on years of work. The Swedish pension system consists of income pension, premium pension, and guaranteed pension. The pension fee is 18.5 percent and is paid through payroll tax and other taxes.

A person may start drawing income pension and premium pension in the month of the 61st birthday. A person may also be eligible to guarantee pension at age 65.

Please note that pensions earned in Sweden cannot be transferred to other countries' old-age pension systems.

## **Income pension**

This pension is based on the pension entitlement you have earned during your working years in Sweden. Every year your pension entitlement is entered in to an account and accumulated in order for the Swedish Insurance Office to determine your pension balance. When calculated, the pension balance is divided by a so-called divisor. Early withdrawal results in a larger divisor than withdrawal later, for example, at age 65. A larger divisor results in a lower payment of the pension. This means that the earlier you start withdrawing income pension, the less you will receive in pension payments. 16 percent of the pension fee goes to income pension.

## **Premium pension**

The premium pension is a small portion (2.5 percent) of pension contributions that the pension saver invests in mutual funds known as "premium funds". This invested part of the pension money will be distributed as a pension through the Swedish Premium Pension Authority (Premiepensionsmyndigheten, PPM). The Premium Pension may be drawn

starting at age 61, but you do not have to draw it at the same time as your Income Pension. Like the Income Pension, early withdrawal of the Premium Pension results in a relatively lower payment.

## **Guaranteed pension at age 65**

At age 65, people who have little or no income are entitled to receive guaranteed pension. It is based on your years of earnings in Sweden. The guaranteed pension is available only to persons who live, or have lived in Sweden for at least three years between the ages of 16 to 64, and to whom the rules of EU/EEA\* are applicable. If you have not lived in Sweden for three years, it is possible to add periods from another EU/EEA country, so that the total adds up to at least three years. After 40 years in Sweden you will receive full guaranteed pension.

Your guaranteed pension is coordinated with the income and premium pensions, and may also be coordinated with pensions from other countries.

## **Applying for and receiving pensions**

Since there is no fixed retirement age for public pensions in Sweden, foreign personnel can decide themselves when to receive a pension after employment in Sweden, however, no earlier than the month of the 61st birthday. The most common procedure for an individual living abroad, but who has worked in Sweden, is to claim his or her right of a Swedish pension at the same time as claiming the right for pension in the country where he or she is resident.

If you live in an EU or EEA\* country, or in countries that Sweden has social security agreements with (Bosnia-Herzegovina, Canada, Cape Verde, Chile, Croatia, Israel, Morocco, Serbia-Montenegro, Slovenia, Turkey and USA), you may be entitled to a pension pursuant to legislation of that country. This means you must apply for Swedish old-

age pension through the pension authorities in that specific country. The pension authority will then notify the Swedish Social Insurance Office, which is the Swedish authority responsible for distribution of pensions.

If you live in a country other than those named above, you should apply for your Swedish pension directly to the International Division of the Swedish Insurance Office in Sweden (Försäkringskassan, Utlandsäranden).

*More information is available at:*

*[www.pension.nu](http://www.pension.nu)*

*[www.ppm.nu](http://www.ppm.nu)*

*\*Note: The EEA countries are the EU nations plus Iceland, Liechtenstein, Norway and Switzerland.*