

SWEDEN



Key policies to promote longer
working lives

Country note 2007 to 2017

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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN SWEDEN¹

(Situation 2007 to mid-2017)

According to the Late Career Scoreboard at the end of this report (Table 1), the employment rate of older workers is high in Sweden (in 2016, 55.3% for older workers aged 50-74, compared with the EU average of 45.4%). At the same time the effective labour force exit age for both men and women is largely above EU average. As synthesised in Table 2, Sweden has in fact taken substantial action to prevent disability benefits from being used as a path towards early retirement, and to activate vulnerable groups. The country has also taken steps to raise the retirement age; to prevent age discrimination; to promote lifelong learning; to strengthen workplace safety and health at work; to balance professional and family responsibilities; and to promote job mobility. Sweden should continue its efforts in these areas.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

The Swedish pension system consists of an earnings-related pay-as-you-go (PAYG) notional accounts system (income pension); a mandatory funded defined contribution pension (premium pension); and an income-tested top-up (guarantee pension). The income pension is based on lifetime earnings. Pension credits are paid for time spent on childcare, studies, military service, unemployment, sickness or activity compensation. Older people with low pension income and high housing costs can claim the housing supplement for the elderly.

The occupational pensions, which are fixed by collective agreements, are widespread and cover nearly all wage and salary earners (around 90%).

Raising the statutory age of retirement

In Sweden there is no fixed statutory retirement age. Major reforms of the public pension system dating back to 1999 (and becoming fully operational in 2003) allow for flexible and actuarially neutral retirement from the age of 61 for both men and women. There is no upper age limit for accruing income and premium pension rights. Special provisional stipulations apply for certain age groups. Around 30% of all newly granted pensioners retire at 65 through their guarantee pensions (European Commission, 2015). Most current occupational pension schemes do not specify a formal retirement age. Nevertheless, they mostly presuppose a “normal” retirement age of 65. Pension rights can be earned after 65 only under special agreements between the employee and the employer (Hagen, 2013).

1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

Earnings-related national pensions can be withdrawn from the age of 61. Eligibility for the guarantee pension requires three years' residency and is available from the age of 65. A maximum guarantee pension benefit requires 40 years of residency; shorter periods are reduced proportionally.

In gradually introducing a notional defined contribution pension system with a flexible retirement age, the comprehensive Swedish pension reform of 1999 has created strong incentives to postpone retirement (Anxo, 2012a). This flexibility resulted in the raised exit age.

In 2011, the government set up a commission (the Retirement Age Commission) to investigate the impact of the differing pensionable ages in Sweden and the possibilities for and barriers to prolonging working lives (Pensionsåldersutredningen, 2012). Two interim reports were published that presented proposals about various pensionable ages among other things; they were sent to relevant government agencies, organisations, municipalities, and other stakeholders for consultation, and those bodies have since submitted comments. The 2013 final report points out that Sweden still has a *de facto* normal retirement age of 65 years.

A permanent pension group was created that consists of six political parties. The Pension Group has agreed several new measures in December 2017,² including several increases in pension ages, based on proposals for the government inquiry on retirement age. By 2020 the age of first withdrawal is likely to be increased from 61 to 62, and the upper-limit for the Employment Protection Acts (LAS) to be raised from 67 to 68. Further increases will be introduced in 2023: the minimum age will increase to 63, the upper-limit for LAS will increase to 69, the age limit for the guarantee pension will be raised to 66 years; and all associated security systems will be increased to this latter age. In 2026 the minimum age for early withdrawal will be raised to 64 and this benefit and the guarantee pension will be linked to longevity thereafter. The Pension Group agreed also that there should be a special exception rule for persons with long working lives. Persons with at least 44 years in working life should continue to be entitled to a guarantee pension from the age of 65.

The interim report of the Retirement Age Commission, published in April 2012, showed that an increasing number of people would prefer to work longer than age 65. However, it also revealed a number of obstacles to longer working lives, namely working conditions that do not meet the needs of older workers (Kullander and Nordlöw, 2013). Recent research conducted by Anxo et al. (2017) on Swedish senior citizens (age 65-74) clearly shows that good health, high educational attainment and good working conditions are strong predictors of working beyond 65.

Facilitating phased retirement

It is possible to withdraw 25%, 50%, 75% or 100% of the earnings-related public pension after the age of 61. It is also possible to combine work with pension benefit withdrawal. In addition, several sectors have established their own flexible and partial pension schemes.³ An example is the public sector scheme, which allows for a maximum working time reduction of 50%. In fact, between 2003 and 2007, 47% of the new entrants to this scheme reduced their working time by only 20% or less (Lachowska, Sundén and Wadensjö, 2009). In 2012, 16.8% of people aged 55-69 reported that they had reduced their working time – the fourth-highest share in the EU – although working-time reduction is not necessarily linked with drawing on a partial pension. Workers may also reduce working time without drawing a partial or full

2. www.regeringen.se/4af042/contentassets/cf23cff3664b49da8b3c34b8a85ec83a/pensionsgruppens-overenskommelse-om-langsiktigt-hojda-och-trygga-pensioner.pdf (accessed 10 March 2018).

3. www.pensionsmyndigheten.se/content/dam/pensionsmyndigheten/blanketter---broschyrer---faktablad/publikationer/rapporter/20171/Flexpension%20och%20delpension.pdf (accessed 10 March 2018).

pension. In general, the effects of drawing partial pensions on labour supply measured in full-time equivalents are not evident (Eurofound, 2016a). It may especially encourage high-income earners in good health to reduce their working time without necessarily incentivising them to work longer than they would have anyway. On the other hand it may open up the possibility for older workers in less good health and in stressful occupations to lengthen their working lives.

Better combining of pensions (or partial pensions) and work income

As a result of the pension reform of 1999, a person can withdraw a full or partial pension and continue to work full time. It is also possible to combine work with receipt of the guarantee pension. The number of pension recipients who are working increased considerably between 1997 and 2012; in the latter year, 37% of retirees aged 66 had an income from employment (Eurofound, 2016a). In 2012, 17.2% of the population aged 55 to 69 reported combining pensions and work, the highest share among 21 EU countries (OECD, 2017a). Interestingly, the share of pensioners who reported they were continuing to work for financial reasons was among the lowest in the EU (Eurofound, 2016b).

Rewarding longer careers

Unlimited deferral of retirement is possible in the pension system with automatic actuarial adjustments, but the employer's consent is required after the age of 67. As stated above, the Pension Group decided in 2017 to increase the age limit for the Employment Protection Acts to the age of 68 by 2020 and to 69 by 2023.

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

In the public pension system, no pension benefit withdraw is possible before the age of 61. The earnings-related pension benefits depend on the age of retirement (OECD, 2017b).

According to a study carried out by the government in 2012, it is the occupational pension system in particular that sets incentives to retire early (Kullander and Nordlöw, 2013). An occupational pension in the private sector can be paid out starting from age 55, which is six years before the age limit in the current public pension system. Occupational pension schemes are negotiated among the social partners. In most cases the monthly pension is reduced as the disbursement period is longer, although there are some exceptions. In many agreements, the pension can be taken out as a five-year annuity instead of a lifelong annuity. This applies to both the defined-benefit and defined-contribution schemes. Despite the overall high employment rate of older workers, many individuals exit early for health reasons or because of the current provisions offered by occupational pension schemes (Kullander and Nordlöw, 2013). In 2013 the Retirement Age Commission recommended to raising the pensionable age of occupational pensions and to aligning it with the pensionable age for income pensions. Such an alignment should set incentives to remain employed, even if the person has sufficient wealth to afford living from the occupational pensions without other pension income for a maximum period of (currently) six years.

If the pensionable age of the occupational pension system is aligned with that of the public pension system, the issue of early retirement rules for specific occupations may come back onto the collective bargaining agenda.

The government has introduced several tax measures to promote pension adequacy and active ageing.⁴ In 2007 an in-work tax credit was introduced with the aim of increasing the incentives to work longer. This credit has been extended several times. In 2009 pension adequacy was strengthened by an increase in the general tax deduction for pension income for those above age 65. The tax deduction too has been extended several times. In 2016 the tax was reduced even further for the elderly. Tax reductions over the past years have been designed so that the largest percentage of tax cuts targets individuals with low levels of pension income. In 2018 the tax was lowered for average pensioners as well.

Introducing specific provisions for arduous/hazardous work

There have been special regulations for early retirement from certain occupations in the collectively bargained occupational pension programmes, although they were gradually abolished (Esser and Palme, 2016). There are, however, negotiated retirement plans for those in some occupations – such as armed forces personnel, air traffic controllers and firefighters – that do not include actuarial reductions. Also, until 2014, state employees in the performing arts (dancers, singers and actors) were able to withdraw occupational pensions from the ages of 41, 52 and 59, respectively.

1.3. Preventing welfare benefits from being used as alternative pathways to early retirement

Unemployment (insurance and assistance) benefits

The duration of unemployment benefits is not linked to age. Unemployment benefits and training allowances paid to the unemployed enrolled in active labour market programmes (ALMPs) count as pensionable income, with the government paying the “employer” contribution. Following reform in 2001, the maximum unemployment benefit period is 300 days for all workers. Also since that year, participation in ALMPs no longer qualifies a person for unemployment benefits. In 2007, the income replacement rate was reduced from 80% during the first 200 days of unemployment to 70% thereafter (Anxo, 2012b). This reform of the unemployment insurance system also strengthened incentives for the unemployment insurance funds to control and monitor eligibility for unemployment benefits as well as job-search efforts.

Workfare programmes are in place for those whose eligibility for unemployment benefits is exhausted to be enrolled in the job and development guarantee programme. A participant in this programme is entitled to receive activity grant or development benefits from the job and development guarantee programme⁵ (OECD, 2017a). There is a risk that this type of workfare acts as a *de facto* extended unemployment period, as the older unemployed stay longer in the programme. The older unemployed can participate in the New-Start Jobs programme for longer periods (see further details in Section 3.2 below).

Social aid

Social assistance recipients are in principle obliged to seek work and participate in ALMPs. That principle is strictly applied, especially to recipients who are healthy and in their prime age (Nelson and Fritzell, 2015). An activation programme called New-Start Jobs (*Nystartjobb*) is in place for people who have been receiving unemployment benefits, sickness benefits, sickness and activity compensation or financial

4. www.pensionsmyndigheten.se/content/dam/pensionsmyndigheten/blanketter---broschyre---faktablad/publikationer/rapporter/20171/PID124950_v.6.0%20Pension%20och%20skatt%202018.pdf (accessed 10 March 2018).

5. If the jobseeker has had an unemployment benefit before enrolment in the jobs and development guarantee then this benefit will equal 65% of earnings from the time before unemployment (max SEK 760 per day). If the jobseeker has not previously been entitled to unemployment benefits he or she will receive the daily benefit of SEK 223 per day.

assistance for more than one year; some may be receiving social assistance as well (see further details in Section 3.2 below).

Disability benefits

Disability pathways to early retirement have been restricted since the pension reforms of the 1990s. As from 1997, early retirement can only be awarded for medical reasons. In 2003, early retirement schemes were definitively abolished, and sickness and disability insurances were unified in a single system. This change came after another important reform that co-ordinated temporary work-injury benefits with sickness benefits in the mid-1990s. Furthermore, disability benefits are now only available on a temporary basis, and extent of work incapacity is evaluated on a regular basis by the Swedish Social Insurance Agency (SSIA) (Anxo, 2012b).

A clear, well-defined framework for the sick-listing process was established between 2008 and 2010. The framework includes:

- i. the establishment of a Rehabilitation Chain with precise time frames for testing work capacity (2008)
- ii. the introduction of a time limit on sick leave compensation of 2.5 years (2008)
- iii. the introduction of active support from the Public Employment Service (PES) for people who have been on sick leave for 2.5 years and those who have been receiving temporary sickness compensation, to help them back to work.

During the first 90 days of sickness, work capacity is assessed only against a person's regular work. From the 91st day, work capacity is assessed against any other work with the employer. From the 181st day, work capacity is to be assessed in relation to the ability to be self-supportive through gainful work in the regular labour market (Esser and Palme, 2016). Those who are so ill that they are unable to participate in active measures continue to receive compensation from the sickness insurance system for more than 2.5 years (2010). Only those who have a permanently reduced work capacity can receive a disability pension. The possibilities for people on disability benefits returning to work have in fact been increased in recent years. Those who are granted sickness compensation for an indefinite period before July 2008 are allowed to work or study without losing their entitlement to sickness compensation. An ill person granted sickness or activity compensation after July 2008 who wants to try working or studying can leave the compensation dormant. The Rehabilitation Chain is supported by a rehabilitation guarantee and enhanced occupational health services (2008). New methods and instruments for work capacity assessments were developed in 2010.

The reforms have led to a sharp drop in the number of people on sickness and disability benefits, and an increasing number of people with partial capacity to work are now receiving unemployment benefits or activity allowances. Nevertheless, according to the OECD, the co-operation between the PES and SSIA could be strengthened and early activation of the long-term sick improved (OECD, 2013). Such action would likely improve the employability of older workers.

All those who are supported via various social insurance schemes – sickness compensation, sickness benefits, unemployment benefits, etc. – have a retirement age of 65.

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Implementing current or new legislation

A new act that entered into force in 2009 prohibits discrimination on the grounds of age. The Discrimination Act applies to working life, educational activities, labour market policy activities, employment services not under public contract, the hiring policies of those starting or running a business, professional recognition, and membership to certain organisations.

The Equality Ombudsman is charged with monitoring compliance with the act. Their tasks also include raising awareness and disseminating knowledge and information about discrimination and the prohibitions against it, among both those who risk discriminating against others and those who risk being subjected to discrimination. In 2011 the Equality Ombudsman published a report on age discrimination in working life (Diskrimineringsombudsmannen, 2011).

According to a report from the Ministry of Health and Social Affairs published in 2012, approximately 25% of union representatives and 15% of employers surveyed believed that older people should retire earlier to make way for younger people (Kullander and Nordlöw, 2013). Discrimination against older people at the workplace is the second most common kind of complaint filed with the Equality Ombudsman after ethnic discrimination (Kullander and Nordlöw, 2013). More than one-quarter of employees over the age of 50 stated they had experienced discrimination in the labour market because of their age. According to the Retirement Age Commission, eight out of ten in this group declared that their age is an obstacle if they want to change jobs.

Launching public awareness campaigns

The Pension Group agreed in December 2017 to set up a new delegation for older workers. Its mission will be to contribute to increased research on the opportunities of older people, and to propose measures that counteract age discrimination in order to better utilise the skills and experience of the elderly.

2.2. Taking a balanced approach to employment protection by age

Implementing age-neutral measures

The Swedish Employment Protection Act of 1982 applies the “last-in-first-out” principle (LIFO). The way it was designed constituted *de jure* a protection for older workers in case of collective redundancies. The act was changed in 2007, modifying special rules formerly in place regarding the calculation of older employees’ time on the job. For instance, when calculating an employee’s place in the queue of dismissal, or when calculating that worker’s right to re-employment, before 2007 the worker was allowed to count an extra month of employment for every month that they were employed after the age of 45 – at most, 60 such months. The government deemed that these provisions could affect mobility in the labour market negatively, making it easier to discriminate against younger workers and thus more difficult for older workers to get jobs.

2.3. Discouraging mandatory retirement by employers

By law in general, by sector/occupation, private/public sector, region

In 2011, the Employment Protection Act on Age set the age limit on the right to remain in employment at 67. The Pension Group decided in December 2017 to raise this age limit to 68 by 2020 and to 69 by 2023 (see above Section 1.1).

2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers

For all older workers

Both the government and the Swedish Work Environment Authority have an ongoing dialogue with the social partners on current issues that include demographic challenges and the importance of active labour force participation at all ages, as well as the importance of promoting best practices. The social partners have adopted an inclusive approach, focusing more on life course perspectives. Active measures proposed by the social partners in Sweden focus mainly on combating labour discrimination (Tikkanen et al., 2011). The Pension Group agreed in December 2017 to establish a special party council attached to it allowing for consultation with the social partners.

Review of the use of seniority wages

Seniority remains important in private sector wage-setting. Böckerman, Skedinger and Uusitalo (2018) have studied the effects of seniority rules in employment protection legislation – LIFO (the last-in, first-out rule) – on wages. They argue that the rules empower trade unions to additionally claim higher wages on the basis of seniority. Their analysis of linked employer-employee data, after controlling for other factors, reveals a systematic pattern of wages growing with seniority in Sweden. The pattern is seen with blue collar workers but not white collar workers.

Ongoing public sector pay reforms in Sweden are following a long-term trend towards greater decentralisation of wage-setting, which places it increasingly at the employer's discretion. For the past three decades pay for the majority of public sector employees is set locally. Pay-setting is largely individualised, and there is a growing acceptance of basing wages on individual skills and performance rather than on job characteristics. National collective agreements can include or exclude provisions for an individual wage guarantee. In central government, local agreements for over a third of employees do not refer to a wage guarantee set in an overarching national agreement. For these workers, pay is fully determined at the local, organisational level between the employer and employees – typically through a process of individual wage audits. That type of agreement is less common in local government, and in fact in the private sector generally (Anxo and Ericson, 2012).

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

Tackling a variety of issues

The Swedish Trade Union Confederation LO works on comprehensive collective agreements and also covers issues relating to the work environment. Those include insurance of Protection Delegates (*Skyddsombud*) and training that will allow them to perform their tasks; a policy of zero tolerance of serious occupational accidents and diseases; ensuring that all employers work on that last issue in a preventive and systematic manner; ensuring all employees have access to good health care; reinforcing the

responsibility of employers for job redesign and rehabilitation through legislation and agreements, including widening the scope for sanctioning. Social partners' agreements are also regularly concluded on the matter of access to lifelong learning and on-the-job training opportunities (Said and Fries-Tersch, 2016).

3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Sweden stands out as a country with high participation rates in formal education, non-formal education, and informal learning. Although the incidence of formal and informal training declines with age, the participation of older workers in training/learning activities and on-the-job training remains relatively high.

Promoting lifelong learning and development of the adult vocational education and training system

Vocational training can be offered within the framework of municipal adult education as well as in the form of education for intellectually challenged adults. The Swedish National Agency for Higher Vocational Education, established in 2009, presented a report in 2011 on how to develop and support vocational education for all students with disabilities, including persons who are intellectually challenged. The agency works together with other agencies to involve the education system and industries in the development of strategies, methods and information in the area of validation of acquired experience. All higher vocational education programmes are offered free of charge, and financial support for students is also available toward any associated fees for course materials, given that they are reasonably priced. The Retirement Age Commission recommended in 2013 giving older workers better opportunities to upgrade their skills (Weaver and Willén, 2014).

In 2009 the government initiated temporary measures for vocationally oriented upper secondary adult education (*Yrkesvux*), including for older workers. The main purpose was to counter the effects of the recession and labour shortages, and also to reach out to individuals who lack upper secondary education or who would benefit from supplementing their upper secondary vocational education. The three-year initiative was implemented in the form of targeted government grants to municipalities, associations of municipalities, and municipalities in collaboration, so as to provide education and training places for a larger number of people.

Setting up mechanisms for recognising and validating skills

The first initiative in the field of validating informal and non-formal learning dates back to the Adult Education Initiative (*Kunskapslyftet* 1997-2002). The definition of “validation of skills” was established in the Bill on Validation in 2003. The Swedish Government appointed the Swedish National Commission on Validation (*Valideringsdelegationen*) for the period 2004-2007 to promote and further develop validation methods and enhance (regional) co-operation. The Education Act (*Skollagen*, 2010:800) makes it possible to undertake validation in all types of adult education, including Swedish for immigrants (Sfi).

In accordance with a 2011 ordinance by the government, the Swedish National Agency for Higher Vocational Education co-ordinates and supports a national structure for validation of prior learning and, in co-operation with the national agencies concerned, promotes the participation from public education and sector organisations when strategies, methods and information about validation are being developed. The Swedish validation system is highly decentralised.

Responsibility for carrying out validation is divided between educational providers, the Swedish PES and different sector organisations. There is no regulated right to validation of prior learning, but opportunities

exist in most kinds of education and training. Validation within adult education and the PES primarily targets persons with less education and/or those far from the labour market. Adult education, higher vocational education, higher education and folk high schools are the main sectors implementing validation within education and training. In addition, different sectors in the labour market are developing their sector models (*Bransch modeller*). Formal education providers, along with sector organisations, have the opportunity to adapt the national criteria and guidelines to their needs and contexts.

Validation can be used to acquire credits or points towards a qualification, either partial or full. One of the current tasks is to better link validation with the National Qualification Framework and the European Qualifications Framework (EQF).

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

There are no specific ALMPs for older workers. At the PES, older workers (aged 55-64) are counted among the vulnerable groups that encounter many barriers to entering and staying in the labour market. (Others include people with only primary education, people born outside Europe, and people with reduced working capacity due to functional impairments.) According to PES data, over 20% of the participants in ALMPs in 2009 were in the age group 45-54. A significant share of participants was in the age group 55-60 (Anxo, 2012b).

Targeting workers most at risk of long-term joblessness

The PES provides intensive support to priority groups such as the long-term unemployed, the disabled and immigrants. For all other groups, intensive support is offered via the job and development programme but only after 300 days of unemployment, when the period of unemployment payments has ended (except for redundant workers – see below) (OECD, 2015b).

The programme called New-Start Jobs (*Nystartjobb*) is aimed at people who have been receiving unemployment benefits, sickness benefits, sickness and activity compensation, or financial assistance for more than one year. Introduced in 2007, this programme reduces the cost of labour through providing a payroll tax credit on an employer's account. In contrast to the programme for job and development guaranty (see Section 1.3 above), *Nystartjobb* primarily targets the long-term unemployed with better prospects of getting a job. New-Start Jobs are particularly beneficial to people aged 55-65 because they are entitled to these jobs for twice the length of time they have been out of work, but for no more than ten years or until they reach the age of 65. Since 2008, New-Start Jobs have been open to all employers for all types of employment, including part-time and casual work. In July 2010, the qualifying period for participating in a New-Start Job was shortened from 12 to 6 months for registered unemployed jobseekers older than 55, in order to limit long-term unemployment among older workers. Aside from placement decisions, the programme is administered not by the PES but by Job Security Councils (JSCs).

During the economic crisis, almost 26% of those holding New-Start Jobs in 2009 were over the age of 55 (Anxo, 2012b). According to PES statistics, the number of New Start Jobs in October 2011 was almost 46 000, which was more than expected by the government. According to a 2012 evaluation by the Institute for Evaluation of Labour Market and Education Policy (IFAU), New-Start Jobs have led to an increase of about 17% in employment, a result in line with the expected outcomes. The evaluation also shows that the extended subsidy period for the unemployed over the age of 55 influences how long those individuals were able to keep their jobs. New-Start Jobs do have a displacement effect of about 63% and can, according to IFAU, become very costly for the state, since an individual can be employed with the subsidy for a long time (Kullander and Nordlöw, 2013).

There is a large share of displaced workers among the long-term unemployed. In order to reduce this risk, measures have been put in place for early intervention. To help redundant workers find a new job and/or change jobs, Career Transition Agreements have been established as part of collective agreements between job security councils and the social partners. Although these agreements do not target older workers specifically, they have become important for this group. Measures in career transition agreements include career planning from a life-course perspective, counselling and financial support. The bulk of re-employment support effort for displaced workers in Sweden is made during the notification period. One shortcoming of the scheme is linked to eligibility requirements. Thus, JSCs rarely offer transition services to the most vulnerable workers as the latter often have alternative working arrangements, including fixed-term and temporary contracts and part-time employees (OECD, 2015b).

In 2012, the Job Security Council called *Trygghetsrådet* (TRR) launched the book *You have the wrong age! About age anxiety on the labour market* (Mild Nygren and Sjöberg, 2012). Statistics from TRR show that the proportion of redundant white collar staff aged over 50 who secured a new job after turning to the TRR for support increased by six percentage points between 2010 and 2011. In 2011, 40% of the redundant workers over the age of 50 obtained new jobs via TRR compared with 34% in 2010 and 28% in 2009 (Kullander and Nordlöw, 2013). According to the OECD (2015b), among the different age groups, prime-age workers (25-39) experience the highest re-employment rates among displaced workers treated by a JSC (around 80%). At around 75% older workers aged 50-59 follow closely behind, although the chances of re-employment fall dramatically at the age of 60: only 45.5% find a new job.

Providing employment/hiring subsidies to firms

Employers are exempt from paying social security contributions for employees older than 65, except for the 10.21% pension contribution (full social security contribution amount to 31.42%). Pension entitlements are accrued accordingly. The reduced social contributions paid by employers can translate into an indirect wage subsidy for employing workers older than 65. A similar implicit subsidy also exists for self-employed workers over 65, who must pay payroll taxes of only 10.21% instead of almost 30% (Kullander and Nordlöw, 2013).

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health

The main legal act that governs occupational health and safety in Sweden is the Work Environment Act. The Swedish Work Environment Authority has issued provisions on workplace adaptation and rehabilitation, where it is stated that the employer must adapt an individual employee's working situation to meet his or her aptitudes for their work, as required by the Work Environment Act. The authority's general recommendations state that older people's special needs should be taken into consideration in any work reorganisation, and their competencies and experiences should be utilised in order to optimise work organisation. The authority issued a regulation that all employers are responsible for conducting systematic work environment management (*Systematiskt arbetsmiljöarbete*, SAM) in the workplace. In force since 2001, the regulation is designed to incorporate work environment management as an integral part of everyday work. SAM also includes a risk assessment, which requires all employers to take account of and investigate psychological and social conditions as well as issues of a physical nature, with the aim of preventing accidents, illnesses and injuries. SAM is assessed by inspectors from the Work Environment Authority (Said and Fries-Tersch, 2016).

The Occupational Health Service (*Företagshälsor*) is a trade association for occupational health and safety – consisting of about 150 companies with 500 offices – that provides expertise in the field of working conditions and rehabilitation. Employers can hire occupational health and safety consultants (e.g. nurses,

doctors, physiotherapists) who work on the prevention or rehabilitation of work-related injuries, and offer assistance with the investigation of occupational injuries, substance abuse and stress. Occupational Health Services may also be called upon by the Social Insurance Agency to help assess the work capacity of employees with long-term sickness absence from work. The Swedish Government allocates grants to providers of occupational health services to have them furnish assistance with the medical prevention, investigation and treatment of work-related and non-work-related illnesses and injuries.

During the past two decades, Sweden has taken steps to improve working conditions and occupational health so as to make work more sustainable across the life course (Anxo, 2012b). Dissatisfaction with working conditions is below the EU average, and the difference in level of satisfaction between the age groups 40-49 and 50-59 is low. However, older women (50-59) are roughly three times more likely to be dissatisfied with their working conditions than older men (Eurofound, 2012). A renewed health and safety policy – the National Action Plan for Health and Safety at Work 2010-2015 (*En förnyad arbetsmiljöpolitik med en nationell handlingsplan 2010-2015*) was proposed in 2009. The plan focused on approaches to reducing risks within the working environment, reducing social exclusion, and increasing awareness and knowledge of occupational health.

Mental disorders are the most common work-related health problem in Sweden. The current framework under the Working Environment Act on how to identify psychological risks is potentially useful, but small enterprises struggle with implementing risk assessments. The OECD recommends that for employees underperforming at work due to psychological disorders, occupational health services should play a greater role in addressing their needs and supporting their return to work after a period of sick leave (OECD, 2013). Providing supervisors and line managers with training on clinical and occupational aspects of mental ill health would improve their ability to respond confidently and in a timely fashion to employees suffering from mental disorders. The SSIA also needs to boost follow-up support measures for workers with mental health problems who are returning to their previous jobs, by strengthening its links with employers and by either building internal capacity for vocational rehabilitation, or outsourcing services that offer combined psychological and employment support.

Reducing the incidence of arduous/hazardous work

A considerable proportion of all employees still state that they have strenuous and monotonous jobs and encounter deficiencies in their working environment. According to the Retirement Age Commission, between 20% and 30% of all employees experience physical work environment problems. These problems are found especially in jobs and sectors where women predominate, e.g. the health care sector. In these sectors, more women than men are forced to conclude their working lives early due to work environment problems. Therefore, the government has given the Swedish Work Environment Authority a mandate to develop special measures to prevent this forced early exit from the workforce. The focus will be on prevention of musculoskeletal disorders due to workload or wrong working postures. The mandate, which was implemented between 2011 and 2014, included collecting data, disseminating information, educating inspectors, and conducting national surveillance.

The Retirement Age Commission in fact identified an increase in these work environment problems, related to stress and psychosocial pressure. It is assumed that such problems contribute to the premature exit from working life of men as well as women. It therefore recommended in 2013 to strengthen ongoing development efforts at the Swedish Work Environment Authority, to provide greater resources to research and the development of knowledge, and to train managers and safety representatives. In 2016 the Work Environment Authority issued new regulations regarding the organisational and social working environment. The new regulations – which have been developed in agreement with the social partners – are intended to support employers in their efforts to prevent workplace illness. The employer must ensure that

assignments and responsibilities do not lead to an unhealthy workload, and that allocation of working hours does not lead to illness. Further, systems need to be in place to deal with victimisation.⁶

Balancing professional and family responsibilities

In Sweden, some 15 700 persons used care leave in 2015, and approximately two-thirds of all care of older people living in the community is provided by informal caregivers (Bouget, Spasova and Vanhercke, 2016).

Facilitating job mobility

The Job Security Council TRR also offers an Early Risk Service to its clients, subject to collective bargaining. The service encompasses a set of special anticipatory measures focusing on career planning – addressed to *all* workers who could potentially be affected by displacements – before the actual notice of dismissal is issued. The aim is to better prepare employees for possible future displacements through individual consultations and professional support in the personal development process. This service is usually offered for a period of between three and five months, though it may be terminated earlier (OECD, 2015b).

6. www.internationallawoffice.com/Newsletters/Employment-Benefits/Sweden/Wistrand/New-regulations-on-organisational-and-social-work-environments (accessed 15 March 2018).

Table 1. Late Career Scoreboard, Sweden, 2006 and 2016

	Sweden		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.29	0.34	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years) Men	64.6	65.8	62.0	63.4	63.6	65.1
Women	62.7	64.6	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	55.1	55.3	38.3	45.4	47.0	50.8
of which 50-54	84.3	86.7	73.1	77.9	73.8	75.7
55-64	69.8	75.6	43.3	55.3	52.7	59.2
65-69	12.9	22.0	9.1	12.1	20.3	25.5
70-74	6.7	9.0	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ((men-women)/men)	0.07	0.05	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	26.3	20.8	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	82.6	85.3	85.4	78.9	87.3	85.2
Average number of weekly hours worked	18.9	18.4	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	6.8	7.7	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	14.5	12.9	24.1	19.7	38.0	32.8
-- Full-time earnings, ^d 55-64 relative to 25-54 (ratio)	1.10	1.08	-	-	1.09	1.10
Dynamics						
-- Retention rate ^e after 60 (% of employees t-5)	68.1	63.8	37.1	48.8	40.3	50.3
-- Hiring rate, ^f 55-64 (% of employees in the age group)	6.3	8.6	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	4.4	5.3	6.1	6.4	4.3	4.6
-- Incidence of long-term ^g unemployment, 55-64 (% of total unemployment in the age group)	28.7	33.6	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^h 55-64 (% of population in the age group)	0.7	0.6	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	25.2	30.8	17.2	22.9	20.0	26.2
-- Participation in training, ⁱ 55-74 (% of employed in the age group)	13.6	22.8	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	0.70	0.73	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) Mean gross monthly earnings (full-time equivalent). Mean earnings for age groups 25-54 and 55-64 were calculated as the unweighted average of five year age groups.

e) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously.

f) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

g) Unemployed for more than one year. Year 2006 refers to 2007.

h) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week.

i) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Sweden, 2007 to mid-2017

1. Rewarding work and later retirement	
1.1. Enhancing incentives to continue working at an older age	
<i>Raising the statutory age of retirement</i>	+
<i>Facilitating phased retirement</i>	/
<i>Better combining of pensions (or partial pensions) and work income</i>	✓
<i>Rewarding longer careers</i>	+
1.2. Towards restricted use of early retirement schemes	
<i>Restricting access to publicly funded early retirement schemes</i>	+
<i>Introducing specific provisions for arduous/hazardous work</i>	/
1.3. Preventing welfare benefits from being used as alternative pathways to early retirement	
<i>Unemployment (insurance and assistance) benefits</i>	/
<i>Social aid</i>	+
<i>Disability benefits</i>	++
2. Encouraging employers to retain and hire older workers	
2.1. Preventing discrimination in employment on the basis of age	
<i>Implementing current or new legislation</i>	+
<i>Launching public awareness campaigns</i>	/
2.2. Taking a balanced approach to employment protection by age	
<i>Implementing age-neutral measures</i>	+
2.3. Discouraging mandatory retirement by employers	
<i>By law in general, by sector/occupation, private/public sector, region</i>	+?
2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers	
<i>For all older workers</i>	+
<i>Review of the use of seniority wages</i>	/

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce	
<i>Tackling a variety of issues</i>	+
3. Promoting the employability of workers throughout their working lives	
3.1. Enhancing participation in training by workers in their mid- to late careers	
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	+
<i>Setting up mechanisms for recognising and validating skills</i>	+
3.2. Providing effective employment assistance to older jobseekers	
<i>Promoting an all-age mainstreaming activation approach</i>	/
<i>Targeting workers most at risk of long-term joblessness</i>	++
<i>Providing employment/hiring subsidies to firms</i>	+
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical and mental health</i>	+
<i>Reducing the incidence of arduous/hazardous work</i>	+
<i>Balancing professional and family responsibilities</i>	+
<i>Facilitating job mobility</i>	+
<p>++ = Substantial action taken. + = Some action taken, but more could be done. +? = Some action taken, but requires further assessment. ? = Some action taken with negative impact. / = No relevant action taken. ✓ = No action needed.</p> <p><i>Source:</i> Assessment based mainly on answers by Sweden to several OECD questionnaires.</p>	

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