

# Economic gender equality 2021



# Report

## Economic gender equality

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### Summary

- The difference in labour income between women and men in the 20–64 age group decreased from 30 per cent to 24 per cent between 2009 and 2019.
- The difference in labour income is partly due to fewer women than men being employed and to employed women working fewer hours than employed men. In addition, pay per hour worked is lower, on average, for women than for men, which is partly linked to the clear gender segregation of the labour market.
- The reduced labour income gap is a consequence of a decrease in the difference in employment rate and in hours worked for employed persons. A smaller difference in pay has also contributed, and this is partly a consequence of less gender segregation in the labour market.
- Even though the labour income gap has decreased, the average gap in disposable income has largely been unchanged. In recent years, the income gap has been around 20 per cent. The chief explanation is that capital income has increased as a share of total income. The average gap in capital income is much larger than the labour income gap between women and men. On average, women's capital income was 55 per cent of men's.

- However, most women and men have very small or no capital income. Disregarding the 10 per cent of women and of men with the highest disposable income and largest share of capital income, the average income gap has also decreased.
- A further explanation of why the average income gap has been largely unchanged, even though the labour income gap has decreased, is that taxes and transfers contribute less to levelling out income.
- When women get higher labour income, transfers often decrease. For instance, when the withdrawal of parental benefit is shared more equally, women's labour income increase and their transfers decrease, while for men it's the other way round.
- Smaller differences in labour income also mean smaller differences in how much income tax women and men pay. The progressivity of income tax reinforces the fact that taxes have less of a redistributive effect between women and men when the difference in labour income decreases. In addition, regulatory amendments concerning dividends in close companies in the past 10–15 years have increased the possibilities of converting labour income into capital income, which is taxed at a lower tax rate. Since considerably fewer women than men report income from dividends in close companies, this has also contributed to the reduced redistributive impact of taxes between women and men.
- For those aged 65 and older the income gap is 29 per cent, which is around 10 percentage points larger than for those aged 20–64. The level of the gap has been largely unchanged since the mid-1990s.
- There is a difference in pension income between women and men after retirement. This is due both to the difference in labour income between women and men during working life and to women and men being covered, to a large extent, by different occupational pension agreements due to the gender-segregated labour market.
- However, the contribution of pension income to the income gap has decreased over time. This trend reflects the changes in women's labour force participation since the 1970s. At the same time, the contribution of capital income to the average income gap has increased also for those aged 65 and older.
- Unemployment resulting from the recession in 2020 increased slightly less for women than for men. In addition, the loss of income for women who became unemployed is estimated to have been slightly less than that for men who became unemployed.
- Overall, the Government's reforms of taxes and transfers and its reforms in public services during this electoral term are estimated to have provided economic resources to women to a greater extent than to men.

## 1 Introduction

In accordance with a decision of the Riksdag (Swedish Parliament), the Government has, since 1988, published a report on the distribution of economic resources between women and men as part of the Budget Bill (Govt Bill 1987/88:105, Cmte Rep. 1987/88:AU:17, Riksdag Comm. 1987/88:364).

The overall objective of gender equality policy is that women and men shall have the same power to shape society and their own lives. The distribution of economic resources is a central part of this goal. The objective of economic gender equality is that women and men must have the same opportunities and conditions regarding paid work that provides economic independence throughout life, see the Government

Communication ‘Power, goals and agency – a feminist policy for a gender-equal future’ [*Makt, mål och myndighet – feministisk politik för en jämställd framtid*] (Govt Comm. 2016/17:10). Another part of this objective is that women and men must have the same opportunities and conditions regarding access to work and the same opportunities and conditions both regarding working conditions, including terms of employment and pay, and regarding opportunities for development at work. The aim is to have a life-cycle perspective implying that paid work should provide economic security and independence during retirement too.

The first section of this report describes the development of the difference between women and men in the labour market. In the following section the focus is on the difference between women’s and men’s individual disposable income. Then a picture is given of how the higher unemployment resulting from the recession in 2020 affected women’s and men’s disposable income. Finally, an assessment is presented of the impact of reforms in 2019–2021 on the distribution of economic resources between women and men.

## 1.1 Data and concepts

The analysis of women’s and men’s income is mainly based on Sweden’s official statistics on income distribution. As of 2013 it is based on a total population income distribution survey (TRIF) and before that on a sample survey, Household finances (HEK). For 2013–2019 the analyses are based on a sample from TRIF, called the Statistical analysis register (STAR). Data material, models, methods, concepts and definitions are described in more detail in the Ministry of Finance’s report Technical Report to Economic Gender Equality 2021 on [www.regeringen.se](http://www.regeringen.se). The analyses of the situation of women and men in the labour market is mainly based on the Labour Force Surveys (LFS) of Statistics Sweden. Definitions and explanations of concepts used in the LFS are available on [www.scb.se](http://www.scb.se).

### Individual disposable income is relevant from a gender equality perspective.

From a gender equality perspective it is relevant, in the first place, to study the resources directly available for the individual. Economic independence is an important aspect of economic gender equality. Women’s and men’s economic welfare is also influenced by the economic circumstances in their household.<sup>1</sup> However, the Committee on the Distribution of Economic Power and Economic Resources between Women and Men took the view that it can be argued that economic welfare is not solely a matter of levels of consumption; instead, the right to income of one’s own is an important part of economic welfare, see the report *Women, men and income – Gender equality and independence* [*Kvinnor, män och inkomster – Jämställdhet och oberoende*] (SOU 1997:87). This report therefore describes women’s and men’s individual income from the market and from the welfare state.

Disposable income consists of the sum of income from work, capital and business activities plus transfers less direct taxes. Transfers that go to the household or children (for example housing allowance and child allowance) are divided equally between cohabiting couples.

Some of the capital income consists of realised capital gains and losses. Capital gains are often registered as a large income in a single year, even if they are the result of

<sup>1</sup> Distributional analyses are generally based on a household-based income concept usually called economic standard. It has the household as its income unit, and one result is that the disposable income of all household members is aggregated. The development of economic standard is reported each year in an annex to the Spring Fiscal Policy Bill.

value increases that have accumulated over several years. For this reason, among others, some researchers and producers of statistics disregard capital gains when calculating disposable income. Another reason is that most countries do not have information about capital gains. Therefore international comparisons generally do not include capital gains.

## **Public services are taken into account when the impact of the Government's policy are analysed**

Subsidised public services, such as schools and health care, account for a large part of the redistribution by the public sector. The value of these services is not included in disposable income, but is a significant part of the economic resources accessed by women and men. Expenditures on public services are an important part of the Government's policy for greater economic gender equality. The impact of reforms in public services are therefore taken into account in the analysis of the Government's policy that concludes this report.

## **2 Women and men in the labour market**

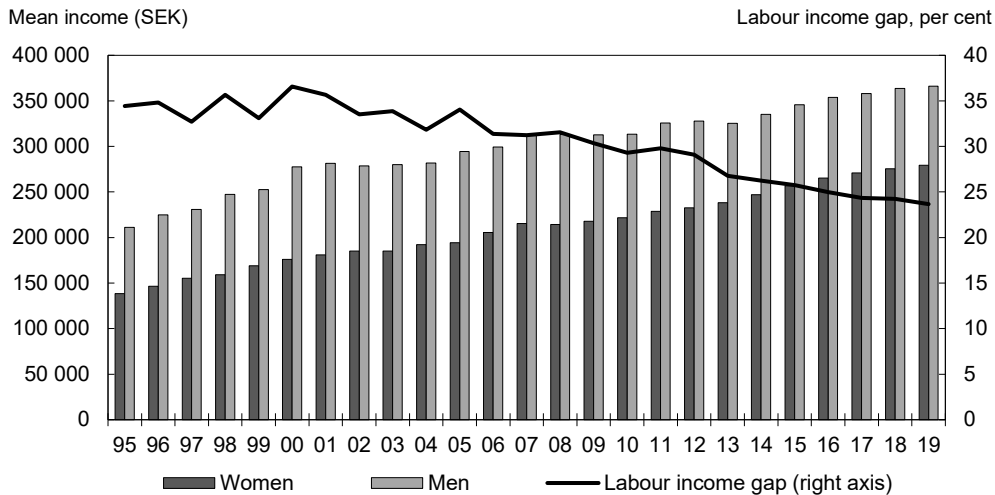
For the great majority of people aged 20–64 years labour income, i.e. income from pay and entrepreneurial income, is the biggest source of income. Labour income is also important for other incomes, since it is, to a great extent, the basis for sickness benefit, parental benefit and pension, for example.

Women's labour income is, on average, lower than men's. The difference is partly due to fewer women than men being employed and to employed women working fewer hours, on average, than employed men. In addition, pay per hour worked is lower on average for women than for men, which is partly linked to the clear gender segregation of the labour market. To provide a deeper understanding of the differences in labour income between women and men, these differences in working life are described in this section.

The section begins with a description of the development of labour income for women and men since 1995, focusing on the later part of the period. Then the development of women's and men's employment rate, part-time work, absence and pay is described.

### **2.1 Women's labour income is lower than men's but the gap is decreasing**

Women's labour income is lower, on average, than men's, but the difference has decreased since the mid-1990s. In the latest 10-year period women's labour income among those aged 20–64 increased by 28 per cent on average, while men's labour income in the same age group increased by 17 per cent. As a result, the labour income gap between women and men decreased from 30 per cent to 24 per cent between 2009 and 2019 (see figure 2.1). The labour income gap is defined as the difference between women's and men's average labour income as a share of men's average labour income.

**Figure 2.1 Labour income**

Note: The statistics refer to the 20–64 age group. The calculation of average labour income is based on all women and men in the 20–64 age group, i.e. irrespective of whether or not they have labour income. Incomes are given in 2019 prices.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

Women's labour income was lower than men's in all age groups between 20 and 64 years in 2019, but the gap varied between 23 and 38 per cent in different age groups. The labour income gap was largest for those aged 25–34, where many people have young children and are on parental leave to a larger extent than men.

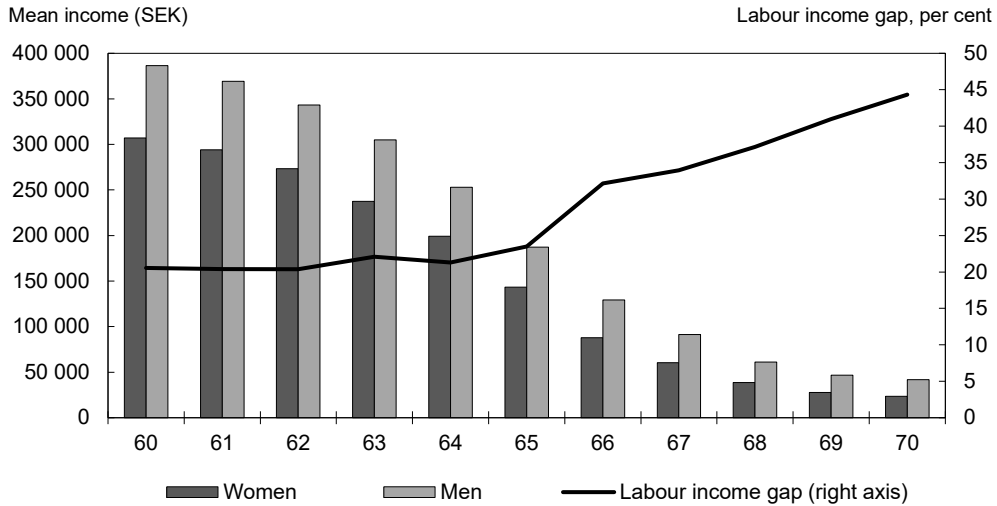
Between 2009 and 2019 labour income increased more for women than for men in all age groups. The change was greatest in the oldest age groups. There were two reasons for this: the share of women with labour income increased more than the share of men with labour income in these age groups and, for those in work, labour income increased more for women than for men.

The decrease in the difference in labour income may be due, in part, to it having become easier for owners of close companies to shift labour income into dividend income and to men having made more use than women of this possibility (see section 3.1 in this report). However, even without this form of income shifting women's labour income would have increased more than men's labour income.

### Labour income at the end of working life

Women's and men's average labour income falls from the age of 60 as their activity rate falls. After the age of 65 the labour income gap also rises gradually, from 23 per cent for those aged 65, to 44 per cent for those aged 70 (see figure 2.2). The main reason for this is that men who work after the age of 65 have higher income from work than women who work after the age of 65. Another reason is that the employment rate decreases more for women than for men.

**Figure 2.2 Labour income in the age range 60–70 years in 2019**



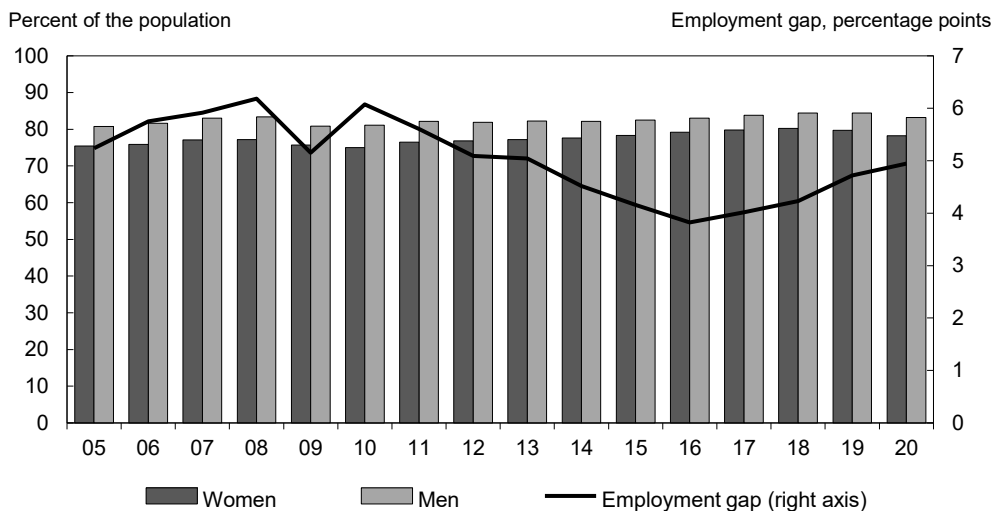
Note: The calculation of average labour income is based on all women and men in the age group, i.e. irrespective of whether or not they have labour income. Incomes are given in 2019 prices.

Sources: Statistics Sweden (STAR) and own calculations.

## 2.2 Women have a lower employment rate than men

One of the reasons why women on average have lower labour income than men is that the employment rate is lower for women than for men. Sweden is the country in the EU with the highest employment rate for women (see e.g. Gender Equality Index 2020, EIGE). But also in Sweden the employment rate is still lower for women than for men. This contributes to the labour income gap. Since the beginning of the 2000s the employment rate gap for women aged 20–64 years has been around 4–6 percentage points (see figure 2.3). In the past 10 years the employment rate gap has tended to decrease when the employment rate has increased and vice versa.

**Figure 2.3 Employment rate and employment gap**



Note: The statistics refer to the 20–64 age group. The employment gap is calculated as men's employment rate minus women's employment rate.

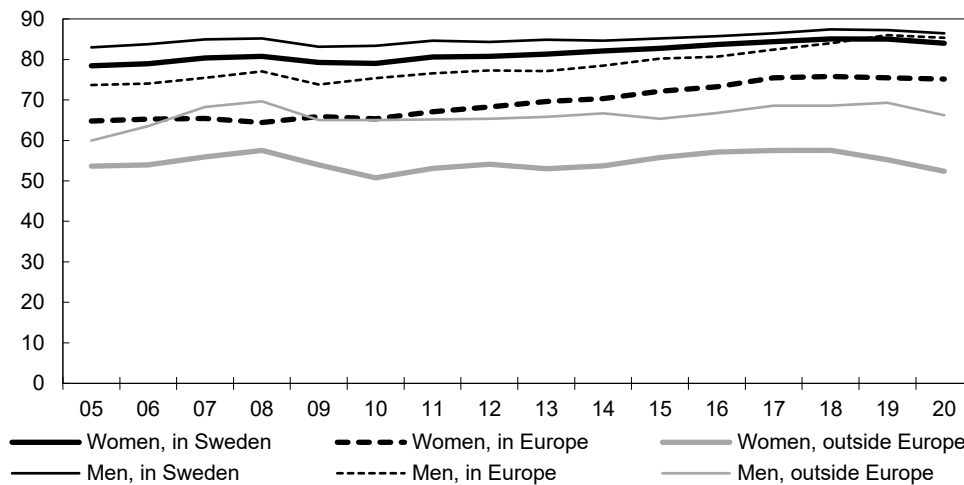
Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

## Region of birth, education and age are of great importance for differences in employment rates

The employment rate of women and men varies between different groups in the population. Historically it has been highest for men born in Sweden. That was also the case in 2020. However, the employment rates of men born in Europe and of women born in Sweden were also high in 2020 (see figure 2.4). The employment gap between women and men born in Sweden was therefore relatively small, 2 percentage points. In contrast, the employment gap between women and men born abroad is large, both for those born in and born outside Europe. In 2020 the employment gap between women and men born in Europe was 10 percentage points, while the corresponding gap for women and men born outside Europe was 14 percentage points.

**Figure 2.4 Employment rate by region of birth**

Per cent of the population



Note: The statistics refer to the 20–64 age group. In Europe means persons born in Europe, but outside Sweden.

Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

The employment rates also vary between different levels of education (see figure 2.5). The employment rate for those with at most pre-upper secondary education is relatively low. This applies particularly to women, and the employment gap is therefore relatively large in this group. In 2020 it was 24 percentage points. By contrast, the employment rates for those with post-secondary education are high for both women and men and the employment gap is small. The employment gap between women and men with at most upper secondary or post-secondary education were 9 percentage points and 1 percentage point respectively in 2020. For women and men with at most pre-upper secondary or at most upper secondary education, the employment gap has increased slightly in the past 10 years, while the opposite applies to women and men with post-secondary education.

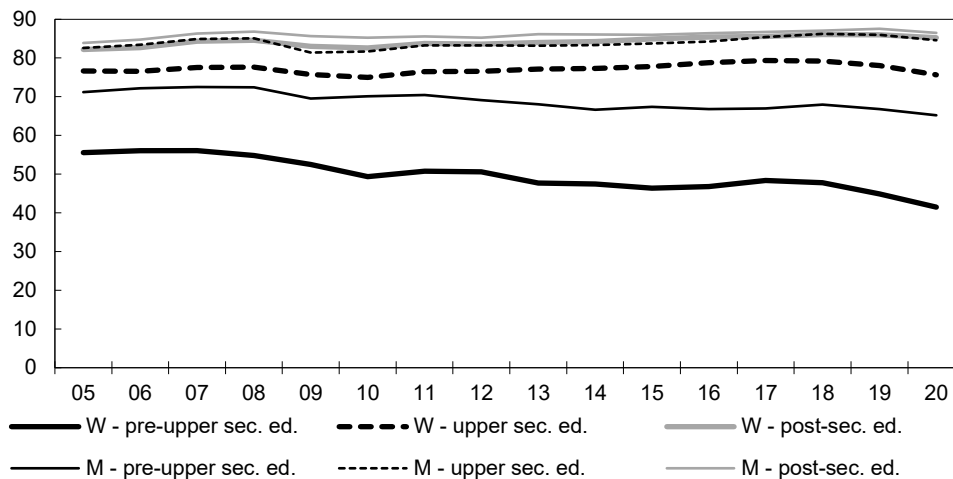
The employment rate also varies between different age groups. Women and men in the 35–44 and 45–54 age groups generally have a stronger attachment to the labour market and are employed to a greater extent than other age groups. However, the employment gap is larger in the 35–44 age group than in the 45–54 age group. In 2020 the gaps were 7 percentage points and 4 percentage points respectively.

The employment rate is lowest in the oldest (65–74) and youngest (20–24) age group for both women and men, but the employment gap differs between the two age groups. The gap is relatively small on entry to the labour market, but larger on departure. In 2020 the employment gap was 3 percentage points in the youngest age group and 9 percentage points in the oldest age group.



**Figure 2.5 Employment rate by level of education**

Per cent of the population



Note: The statistics refer to the 20–64 age group. W means women and M means men.

Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

## Studies, illness and household work are important causes of the employment gap

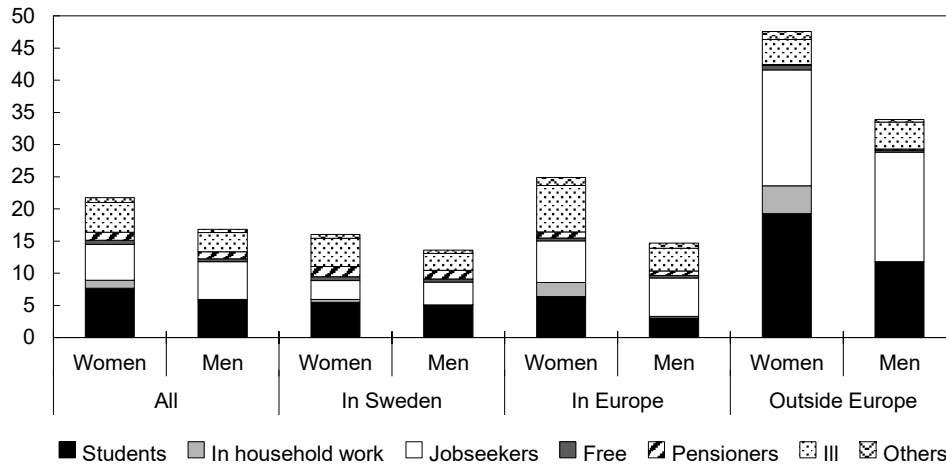
In the following analysis, those who are not employed are divided up into seven groups: jobseekers, students, illness, retirement, household work, free and others. The differences in reason for not being employed contribute to explaining the employment gap. A larger share of women are students, ill or in household work (see figure 2.6). Taken together this explained just over 90 per cent of the employment gap between women and men in 2020. A large group of persons who are not employed are jobseekers, but this is about as common for women as for men.

The main reason for the employment gap varies between different population groups. For example, illness was the prime explanation of the gap in employment in 2020 for women and men born in Sweden. The employment gap for people born outside Europe was mainly due to women studying or in household work to a greater extent than men.

The employment gap for young people aged 20–24 years is mainly explained by a larger share of women than of men studying. The difference in the share of employed women and men in the age group is offset to some extent by a larger share of men being jobseekers. In the 25–34 age group work in the home was the main explanation of the employment gap, explaining about half of the gap. Other causes, apart from women studying to a greater extent than men, are unimportant. For older people, the difference in the share of women and men employed is mainly due to women being ill to a greater extent, and this applies particularly to 60–64-year-olds. In this group three-quarters of the employment gap can be explained by a larger share of women being ill and therefore being outside the labour force.

**Figure 2.6 Cause of not being employed in 2020 by region of birth**

Per cent of the population



Note: The statistics refer to the 20–64 age group. In Europe means persons born in Europe but outside Sweden. Students means both full-time and part-time students. Jobseekers means both individuals who meet the requirements in the definition of unemployed and latent jobseekers. The group of latent jobseekers includes individuals who wanted to and could have taken a job during the reference week but did not seek a job in accordance with the Labour Force Surveys.

Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

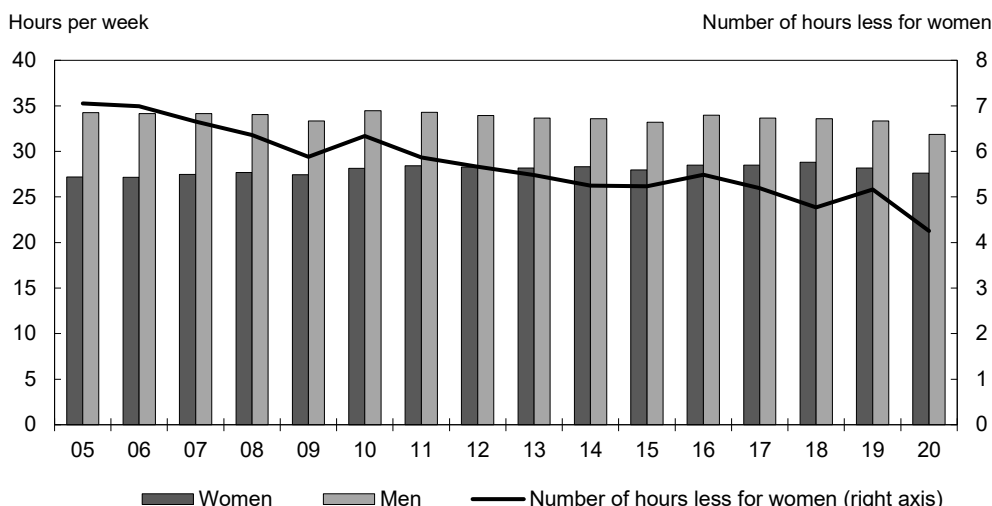
### 2.3 Women work fewer hours than men but work part time to a smaller extent than before

One reason why women have lower labour income than men is that employed women do fewer hours of paid work than employed men. This is because women work part time to a greater extent and because women are absent from work to a higher degree on account of e.g. parental leave, care of children or sick leave. In 2020 the actual mean working time of employed women was 28 hours per week, while men worked 32 hours per week on average (see figure 2.7).

The difference between women and men in time worked has decreased in the last 10 years. In 2020 the difference was just over 4 hours. This was 2 hours per week less than in 2010. While women's working time increased during the period men's working time decreased slightly.

However, between 2019 and 2020 the difference in hours worked between women and men decreased as the number of hours worked decreased much more for men than for women. At the same time employment decreased slightly more among women than among men. One explanation may be that more men than women participated in short-time work<sup>2</sup>, which contributed to men reducing their working time while still being employed to a greater extent than women, see Effects of support for short-time work – lessons of the financial crisis [*Effekter av stöd vid korttidsarbete – lärdomar från finanskrisen*] (Swedish Agency for Growth Policy Analysis 2021:09). Another reason may be that women who lost their employment were working part time, on account of studies for instance, to a greater extent than men.

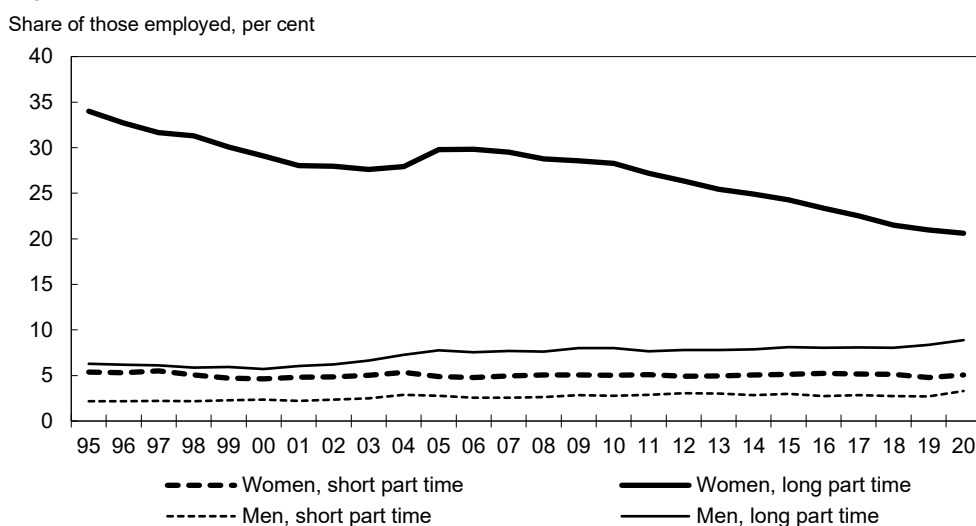
<sup>2</sup> In short-time work employees temporarily reduce their working time and pay. The rules for short-time work mean that the employee, the employer and the State share the cost of the reduction in working time. This form of support, which has been reinforced during the pandemic ('short-time work allowance'), is paid to employers in temporary and serious economic difficulties that could not have been foreseen.

**Figure 2.7 Mean working time of employed persons**

Note: The statistics refer to the actual mean working time per week for employed persons in the 20–64 age group.  
Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

## More women than men work part time

One reason for women's shorter working time is that more women than men work part time. Out of employed persons aged 20–64 years, 26 per cent of women worked part time, compared with 12 per cent of men (see figure 2.8). The greater part of those working part time work long part time (20–34 hours). The share of women working long part time has decreased in the past 10 years, while the share of men working long part time has increased slightly. The share working short part time (less than 20 hours) has been virtually unchanged for both women and men. The difference between women's and men's part-time work is larger in groups where many individuals have a weak position in the labour market, e.g. those born outside Europe and those with at most pre-upper secondary education.

**Figure 2.8 Part time work**

Note: The statistics refer to the 20–64 age group. For employees short part time means an agreed working time shorter than 20 hours per week and long part time means an agreed working time between 20 and 34 hours per week. For business operators and assisting household members and for employees without agreed working time, the average working time per week is used instead.

Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

The most common reason for part-time work, among both women and men, is that full-time work is not being offered (see figure 2.9). However, only around half of the

women and men in this group state that they want to increase their working time. The second most common reason why women work part time is that they are looking after a child or other close relative. The number of men stating that they look after a child or other close relative as a reason for working part time has been at a low level over the past 10 years. The share of women who give this reason is much higher, but decreased from 18 per cent in 2010 to 12 per cent in 2020.

**Figure 2.9 Reason for part-time work**



Note: The statistics refer to the 20–64 age group. W means women and M means men.

Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

There are several underlying explanations for why it is more common among women to work part time than it is among men. One is that more women than men reduce their working time when they have their first child. Another reason may be that there is – especially in certain sectors dominated by women, such as public services – a ‘part-time culture’ which affects both the will and the opportunities to have full-time posts. This can affect both women and men. Working conditions may also limit the possibilities of working full time, see the report Full pay, full time – Challenges for a gender-equal working life [*Hela lönen, hela tiden – Utmaningar för ett jämställt arbetsliv*] (SOU 2015:50).

Part-time work means lower labour income than in the case of full-time work. In addition part-time work might have a negative effect on hourly pay compared with full-time work. For Sweden, however, results differ between studies regarding the effect of part-time work on hourly pay. Hence, it is uncertain whether this contributes to the labour income gap in Sweden<sup>3</sup>.

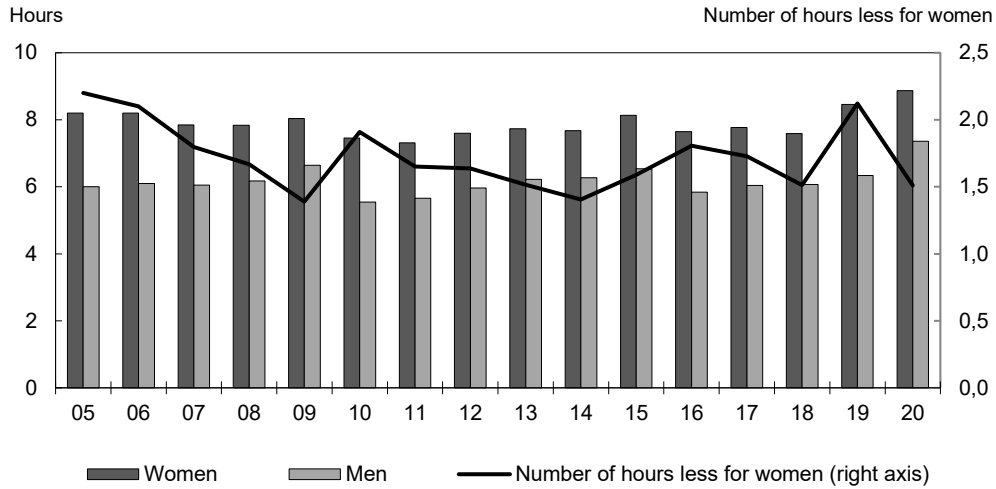
## Women’s absence from work is higher than men’s

Women working less hours is not solely due to more women than men working part time. Women are also absent from work to a greater extent than men on account of, for instance, parental leave and sick leave. This also affects the labour income gap. In 2020 women’s absence was, on average, almost 9 hours per week and men’s absence

<sup>3</sup> See Wahlberg, Part-time penalty in Sweden: evidence from quantile regression, University of Gothenburg Working Papers in Economics, no. 315, 2008; Bardasi and Gornick, Working for less? Women’s part-time wage penalties across countries, *Feminist Economics*, 2008; Colella, Women’s Part-Time - Full-Time Wage Differentials in Europe: An Endogenous Switching Model, MPRA Paper 55287, 2014. While Wahlberg’s results show that there is a negative effect of part-time work on hourly pay in Sweden, both the other studies show negative effects in all the countries studied, apart from Sweden.

just over 7 hours per week. Since 2010 the difference between women's and men's absence has varied between 1 and 2 hours without any clear trend (see figure 2.10).

**Figure 2.10 Difference between agreed and actual working time**



Note: The statistics refer to the 20–64 age group. Agreed working time means the agreed working time without any absence. The difference between agreed working time and actual working time is absence, e.g. holiday, sickness absence, parental leave or care of children.

Sources: Statistics Sweden (Labour Force Surveys) and own calculations.

Holiday is the most common reason for absence for both women and men. For women with young children, parental leave and illness are common reasons for absence. As a consequence the difference in absence between women and men with children under three years is much larger than for other women and men.

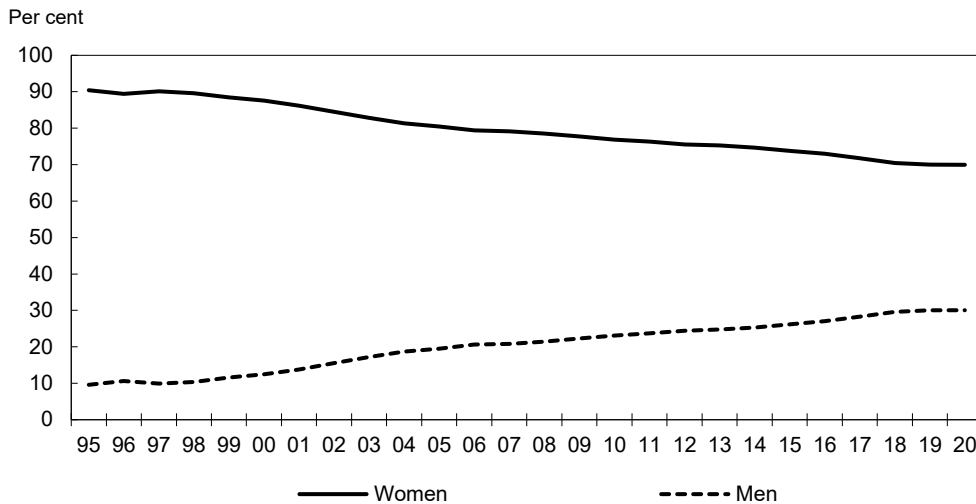
In 2020 women with children under three years were absent from work for, on average, 52 per cent of their agreed working time. The difference between agreed and actual working time is also large for men with young children. Men with children under three years were, on average, absent for 28 per cent of their agreed working time. Absence is smaller for women and men with older children. The difference between these women and men is also smaller.

In households without children absence is lower than in households with children, and the difference between women and men is relatively small.

### Women withdraw more parental benefit than men

As stated, women are absent from work on account of parental leave to a greater extent than men. This has a direct effect on their labour income. On average, women account for a much larger share of parental benefit days, and also a larger share of total parental leave, i.e. the sum of both paid and unpaid parental leave (for more information about parental benefit from a gender perspective, see expenditure area 12, section 3.6.4).

In 2020 women accounted for 70 per cent of paid parental benefit days. However, the distribution between women and men has become less uneven in recent decades. Over the past 10 years, women's share of parental benefit days withdrawn has decreased by 7 percentage points (see figure 2.11).

**Figure 2.11** Distribution of parental benefit days

Source: Swedish Social Insurance Agency.

During the child's first two years of life women's share of the parental benefit days withdrawn is higher than during the rest of the parental leave period. For children born in 2018 women accounted for 78 per cent of the parental benefit days withdrawn during the child's first two years of life. Around 19 per cent of parents had a gender-equal withdrawal of parental benefit days, i.e. a distribution in the range 40–60 per cent, during the child's first two years of life. This is an increase of 7 percentage points compared with 10 years earlier (Swedish Social Insurance Agency).

It is more likely for parents to have a gender-equal withdrawal of parental benefit days if the parents have post-secondary education, especially if the woman has post-secondary education. It is also more likely if the parents are born in Sweden, are employed in the public sector, have about the same size of income or live in a metropolitan area, see e.g. Gender-equal parents [*De jämställda föräldrarna*] (Swedish Social Insurance Agency, Social insurance report 2013:8).

Several political reforms have contributed to reducing the difference in parental benefit withdrawal between women and men. This applies, for instance, to reforms that reserve a certain number of days for each parent. The first reserved month was introduced in 1995 and the second in 2002; a third month was introduced in 2016. All three reserved months have contributed to reducing gender inequality, even though the direct effects are smaller for each additional reserved month.<sup>4</sup> For children born in 2014 or later parents can save no more than 96 parental benefit days after the child has turned four. This reform has also contributed to more gender-equal withdrawal of parental benefit days, see Increased withdrawal of parental benefit days [*Ökat uttag av dagar med föräldrapenning*] (Swedish Social Insurance Inspectorate, Report 2020:4).

The difference between women's and men's withdrawal of temporary parental benefit for care of a sick child, is smaller than for parental benefit days. However, it has not decreased to the same extent as the difference in the withdrawal of parental benefit days. Over the past 10 years, women's share of days with temporary parental benefit decreased by 4 percentage points, to 61 per cent in 2020. When the reserved months were introduced, there were hopes that the distribution of non-paid care work would be more gender-equal too. However, it is not clear whether the reserved months also

<sup>4</sup> See Duvander and Johansson, What are the effects of reforms promoting fathers' parental leave use?, Journal of European Social Policy, 2012; Gender-equal parental insurance – Evaluation of the reserved months in parental insurance [*Jämställd föräldraförsäkring – Utvärdering av de reserverade månaderna i föräldraförsäkringen*], Swedish Social Insurance Agency, Social insurance report 2019:2.

influenced women's and men's withdrawal of temporary parental benefit days. The evaluations carried out have come to different conclusions.<sup>5</sup>

Women's longer parental leave can also affect their pay growth and therefore their labour income in the long term. Given equally long leave, the effect on pay is roughly the same for women and men, but women withdraw more parental benefit days per child than men do. Hence, the effect on pay is greater for women than for men. However, the difference in parental benefit withdrawal has decreased in recent decades. A more even distribution of parental benefit withdrawal can also reduce the statistical discrimination.<sup>6</sup>

### **The difference in labour income increases with the birth of the first child**

A large part of the difference in labour income between women and men in couples arises when they have their first child.<sup>7</sup> Women's average labour income decreases after the birth of the first child, not only during parental leave but also because many women reduce their working time after their parental leave. Even if the effect decreases over time, a considerable labour income gap remains after 10 years. Men's labour income also decreases initially in conjunction with the birth of the first child, but to a much lesser degree.<sup>8</sup>

The development of labour income for the women and men in Sweden who had their first child in 2008 or 2009 varies with level of education (see figure 2.12). Women's labour income falls after the birth of their first child, irrespective of their level of education. It decreased most for women with pre-upper secondary or upper secondary education and least for women with post-secondary education. But labour income recovered much faster for women with pre-upper secondary education. Only after 5–6 years is labour income at the same level as in the year before the child's birth for all women. In the case of new fathers, labour income decreases slightly in the year after the child's birth, when many men withdraw parental benefit but then reverts back. The pattern is clearest for men with post-secondary education.

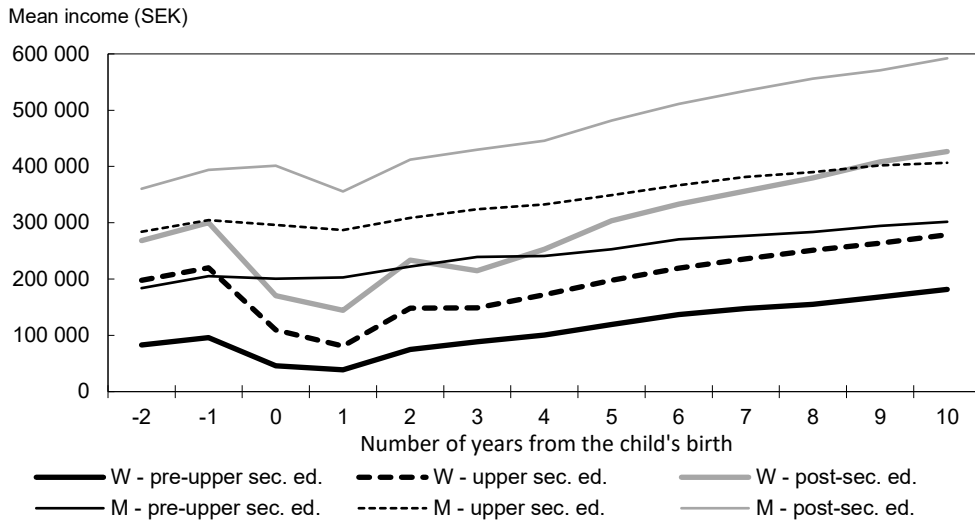
<sup>5</sup> Ekberg et al., Parental leave – A policy evaluation of the Swedish “Daddy-Month” reform, *Journal of Public Economics*, 2013; Duvander and Johansson, Does Fathers' Care Spill Over? Evaluating Reforms in the Swedish Parental Leave Program, *Feminist Economics*, 2019.

<sup>6</sup> Profitable work – the distribution and consequences of family responsibility [*Lönsamt arbete – familjeansvarets fördelning och konsekvenser*] (SOU 2014:28). Statistical discrimination means that individuals are discriminated against on the basis of certain stereotypes about a group (e.g. gender or ethnicity) that the individuals belong to.

<sup>7</sup> Nylin et al., Trends in Women's Relative Earnings Within Couples Across the Transition to Parenthood in Sweden, 1987–2007, *European Sociological Review*, 2021.

<sup>8</sup> See, for instance, Angeloy et al., Parenthood and the Gender Gap in Pay, *Journal of Labor Economics*, 2016 and Family policy for all? [*Familjepolitik för alla?*] (Expert Group on Public Economics 2015:5).

**Figure 2.12 Labour income around the birth of the first child for parents of children born in 2008 and 2009 in Sweden**



Note: W means women and M means men. Incomes are given in 2019 prices.

Sources: Statistics Sweden (STAR) and own calculations.

It is not solely in Sweden that the difference between women's and men's labour income increases after the birth of the first child. A comparison between Austria, Denmark, Germany, Sweden, the UK and the US shows that women's labour income decreases in all these countries, but less in Denmark and Sweden than in the other countries.<sup>9</sup>

### Women have higher sickness absence than men

There is a large difference in the average number of sickness benefit days per insured woman and man (the sickness benefit rate). At the same time, sickness absence has varied sharply over time and slightly more so for women than for men (see figure 2.13). After 2010 sickness absence increased for both women and men, but did so more sharply for women. In recent years sickness absence has gone down slightly for women, but it is still almost twice as high as for men.

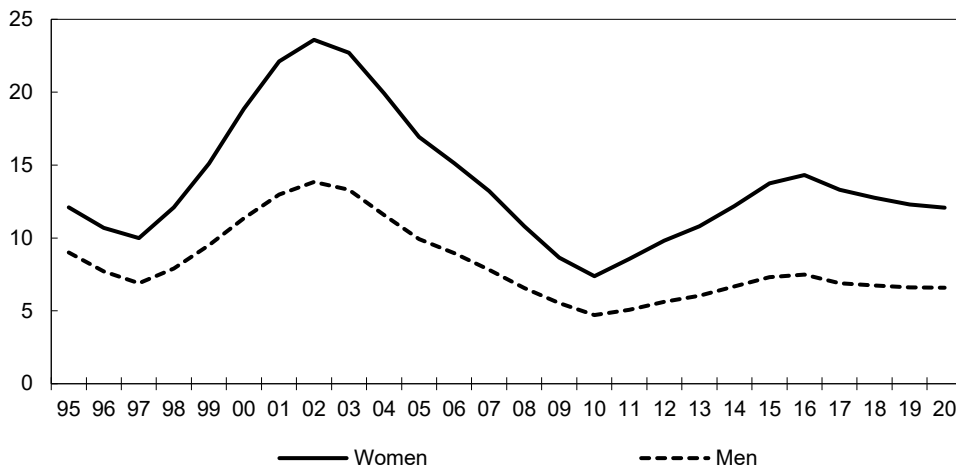
There are several reasons for the difference in sickness absence between women and men. One reason is that women, to a greater extent than men, work in occupations and sectors where the work environment is experienced as being poorer in organisational and social terms (see also expenditure area 13, section 1.3.6). Greater responsibility for the household, children and parents in combination with paid work may be yet another reason for women's higher sickness absence.

<sup>9</sup> Kleven et. al., Child Penalties Across Countries: Evidence and Explanations, NBER Working Papers, 2019.



**Figure 2.13 Sickness benefit rate**

Number of sickness benefit days per insured person



Note: The statistics refer to the 16–64 age group. All days have been converted into net days, e.g. two days with half benefit make one net day. The sickness benefit rate is defined as the number of net days from sickness benefit and rehabilitation benefit divided by the number of insured persons excluding the number of persons who have full activity compensation or sickness compensation.

Source: Swedish Social Insurance Agency.

## 2.4 Women have lower pay than men but the pay gap is decreasing

In addition to differences in employment rate and actual working time, the difference between women's and men's labour income is also affected by the compensation they receive for their work, i.e. their hourly or monthly pay. Part-time pay is converted to full-time and monthly pay throughout section 2.4.

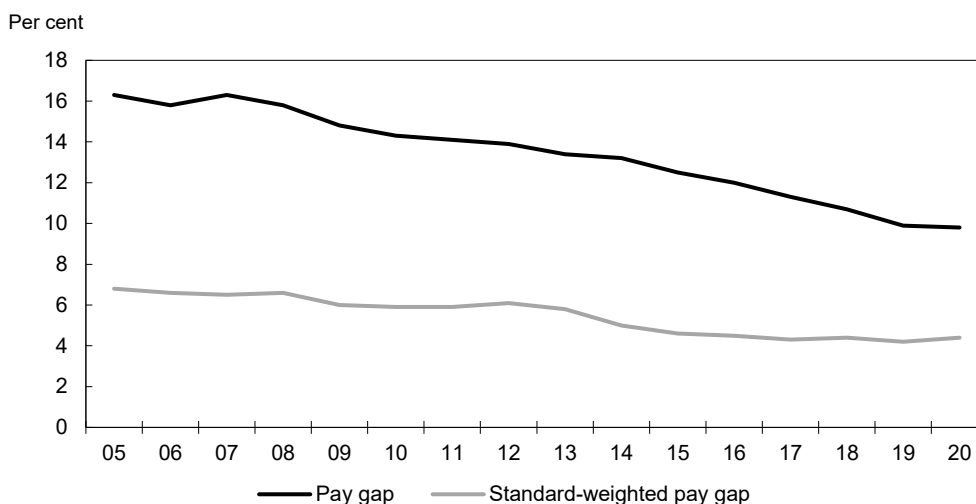
In 2020 women's pay was, on average, SEK 34 200 while men's pay was SEK 37 900. This corresponds to a pay gap of 9.8 per cent. Over the period 2010–2020 the pay gap has decreased each year, from 14.3 per cent to 9.8 per cent (see figure 2.14). Between 2019 and 2020 the pay gap decreased by 0.1 percentage points.

The pay difference between women and men that remains, after taking differences in age, education, sector, occupation and working time into account, is called the standard-weighted pay gap.<sup>10</sup> In 2020 the standard-weighted pay gap was 4.4 per cent. Since 2010 it has decreased by 1.5 percentage points.

The pay gap has decreased more than the standard-weighted pay gap. This implies that the difference between women's and men's pay due to differences in age, education, sector, occupation and working time have decreased.

The pay difference remaining after standard-weighting shows that pay differences are affected by factors other than those reported in the statistics, such as discrimination and differences in work duties in the same occupation.

<sup>10</sup> Part-time pay in this section (2.4) is converted to full-time and monthly pay but, as stated in section 2.3, part-time work can also influence pay per hour worked. For this reason the National Mediation Office includes working time in calculating the standard-weighted pay gap.

**Figure 2.14 Pay gap and standard-weighted pay gap**

Note: The pay gap measures the percentage difference between women's and men's monthly pay converted to full time. The standard-weighted pay gap is the pay gap that remains when account has been taken of women's and men's different ages, education and working times and the fact that they work in different occupations and sectors. The standard-weighted pay gap is calculated using the standard for Swedish for classification of occupations (SSYK12, level 4).

Source: National Mediation Office.

## The gender segregation of the labour market is an important cause of the pay gap

One important cause of the pay gap observed is that women and men tend to work in different occupations and that, on average, female-dominated occupations have lower pay than male-dominated occupations. Women are also under-represented among managers. The share of women in management positions varies between different sectors, but is consistently lower than the share of women employed. However, Sweden has the third least gender-segregated labour market compared with other EU Member States (see e.g. EIGE 2020 Gender Equality Index 2020).

The differences in occupational and career structure are highly dependent on differences in the specialisation and length of women's and men's education.

Since the late 1970s women have been over-represented in higher education, and over time more and more women have chosen traditionally male-dominated higher education programmes and courses, see e.g. the report *Women and men in higher education [Kvinnor och män i högskolan]* (Swedish Higher Education Authority 2016:16). The corresponding tendency is not as clear for men, i.e. it has not become more common to the same extent for men to choose traditionally female-dominated study programmes and courses.

The changes in the proportion of women and men in different study programmes and courses have gradually had an impact on the labour market. Gender segregation is therefore often greater in older than in younger age groups. This is particularly clear in certain occupations that require post-secondary education such as lawyer and architect. Between 2014 and 2020 the share of women increased in 64 out of 106 male-dominated occupations. In the same period the share of men increased in 48 out of 82 female-dominated occupations. Since male-dominated occupations often have higher salary, this may be one explanation for the decreasing pay difference between women and men, see *Pay differences between women and men 2020 [Löneskilnader mellan kvinnor och män 2020]* (National Mediation Office 2021).

## 3 Women's and men's economic resources

Women's disposable income is, on average, lower than men's. The average income gap has not decreased since the 1990s even though average labour income, has increased faster for women than for men. One contributing factor is the increase in capital income. However, for the majority of women and men do not have much capital income. Excluding those with large capital incomes the income gap has decreased.

This section analyses the development of women's and men's disposable income in 1995–2019 and how different types of income have contributed to the income gap. Disposable income is the sum of labour income, capital income and various transfers less direct tax. The income gap is defined as the difference between women's and men's average disposable income as a share of men's average disposable income. For example, the income gap was 20 per cent for the 20–64 age group in 2019. This means that, on average, women's disposable income was 80 per cent of men's.

The composition of disposable income differs between the ages when most people are active in the labour market and the ages when most people have working life behind them. The 20–64 age group is therefore presented first and is followed by those who are 65 or older. There is no set retirement age and an increasing number work at higher ages. In 2019, the actual average retirement age was 64.5 years for both women and men.

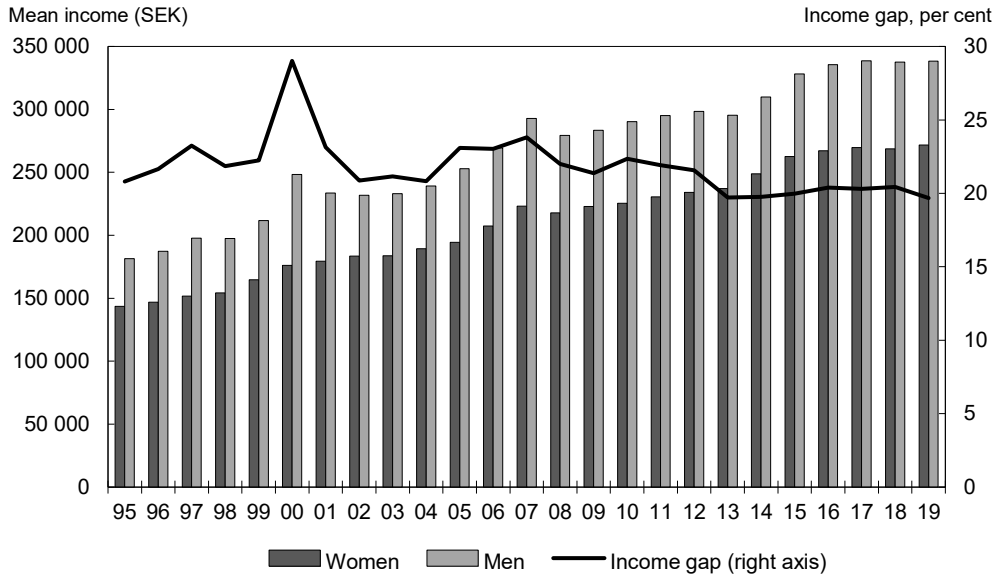
The section ends with an account of the impact of publicly financed personal public services on the distribution of resources between women and men.

### 3.1 Income 20–64 years

The income gap is largely unchanged since the mid-1990s.

Women in the 20–64 age group have, on average, a lower disposable income than men. Since the mid-1990s women's average disposable income has generally been 20–23 per cent lower than men's. Between 1995 and 2019 average disposable income increased by 89 per cent for women and 87 per cent for men (see figure 3.1). However, since 2012 the difference has stabilised around 20 per cent.<sup>11</sup>

<sup>11</sup> Sometimes the relation between women's and men's disposable income is reported using median income instead of mean income. Men are over-represented among individuals with the very highest incomes (see Government Bill 2019/20:1 Proposal for the central government budget, budget statement, etc. annex 3 section 4.3). These incomes affect mean income but not median income. The difference between women's and men's disposable income is therefore smaller if the comparison is made using median income instead of mean income. In 2019, for example, women's median income was 15 per cent lower than men's. The difference between women's and men's disposable income has also decreased slightly over time when the comparison is made using median income.

**Figure 3.1** Income 20–64 years

Note: Incomes are given in 2019 prices.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

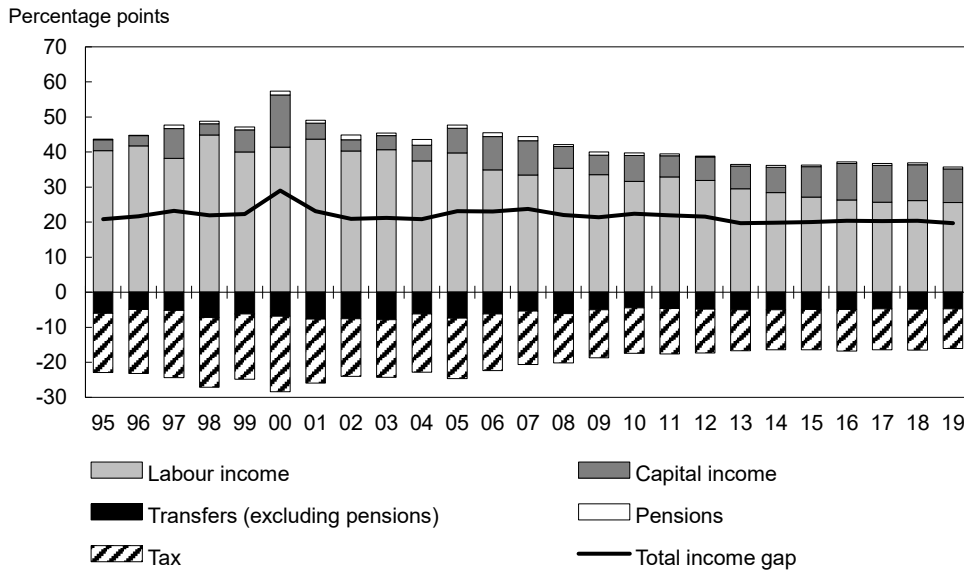
### Different income components make different contributions to the income gap

The average income gap between women and men can be divided into various components that make up disposable income. This makes it possible to analyse the contribution of each component to the gap.<sup>12</sup>

The difference in labour income contributed most to the average income gap in both 1995 and 2019 (see figure 3.2). However, its contribution has decreased since the early 2000s while the contribution from capital income has increased. In addition, the levelling effect of taxes has declined over time, partly as a result of the change in the composition of pre-tax income. There have been shifts between the size of various income components such as labour income, capital income and transfers. Since the average tax rate varies between income components this has affected the average total tax rate. The development of capital income and taxes has thus counteracted the lower contribution from labour income.

<sup>12</sup> The contribution of a particular income component to the total income gap is calculated as  $100 \cdot (\text{men's average income from the income component} - \text{women's average income from the income component}) / \text{men's average disposable income}$ . The contributions from the different income components and taxes add up to the total income gap.

**Figure 3.2 Contribution of different income components and taxes to the average income gap for those aged 20–64**



Note: A positive contribution means that the income class contributes to increasing the relative difference between women's and men's disposable income, while a negative contribution means the opposite.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

### The income gap is largest for women and men with high incomes due to differences in capital income

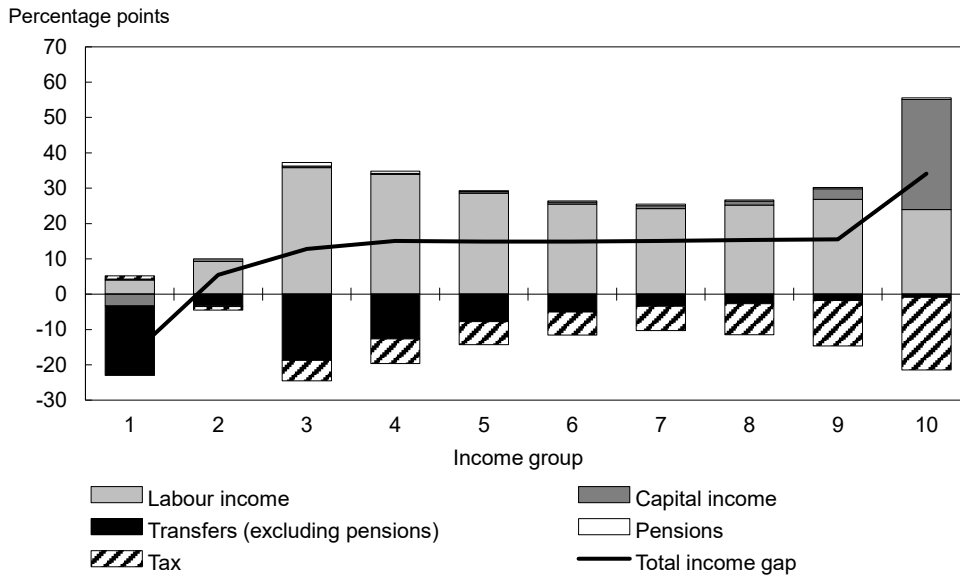
There are considerable variations in the gap between women and men depending on the level of their disposable income (see figure 3.3). In income group 1 the gap relates the 10 per cent of all women who have the lowest disposable income to the 10 per cent of all men who have the lowest disposable income. A corresponding comparison is made between women and men in each income group.

In 2019 women had lower disposable income than men in all income groups apart from income group 1. However, the gap was more than twice as large in income group 10 as in income groups 3–9. The larger income gap for those with the highest incomes is explained by differences in capital income. Capital income is strongly concentrated to the women and men with the highest incomes. The differences between women's and men's capital income have a considerable impact on the gap in disposable income between women and men with the highest incomes. In income groups 1–9 capital income is relatively unimportant in relation to other incomes. The difference between women's and men's capital income therefore does not have much impact on the income gap. Women's and men's capital income is reported in more detail in the section on capital income.

The development over time of the income gap in different income groups was analysed in more detail in a previous report.<sup>13</sup> The results showed that the income gap had decreased in income groups 2–9 while it had increased in income group 10. In the highest income group (income group 10) the income difference in kronor is much larger than in the other income groups. That difference therefore has a great impact on the average income gap for all women and men. This is an important explanation of why the average gap for all 20–64-year-olds has been relatively constant over time, even though the gap has decreased in almost all income groups.

<sup>13</sup> Govt Bill 2018/19:1 Proposal for the central government budget, budget statement, etc. annex 3 section 4.3. The comparison is related to the difference between 1995 and 2016.

**Figure 3.3 Contribution of different income components and taxes to the income gap by income group for those aged 20–64 in 2019**



Note: The division into income groups has been made separately for women and men. The income gap between women and men in income group 1 refers to the difference between the 10 per cent of women who have the lowest disposable income and the 10 per cent of men who have the lowest disposable income. The income gap between women and men in income group 10 refers to the difference between the 10 per cent of women who have the highest disposable income and the 10 per cent of men who have the highest disposable income.

Sources: Statistics Sweden (STAR) and own calculations

### The income gap and the contribution of income components varies with age

There is a clear age profile in the income gap between women and men (see figure 3.4). The gap increases gradually from 3 per cent at the age of 20 to 20–25 per cent at the age of 45–50. After that the gap levels out and remains relatively constant up to the age of 65. Up to around the age of 30 the contribution from labour income to the income gap increases. Taxes and transfers act in the opposite direction, while capital income plays an extremely small role for the income gap among young people. From the age of 35 the importance of labour income for the income gap decreases. At the same time, capital income contributes increasingly with rising age while the levelling effect from various transfers declines. As of the age of 60 pension income becomes more important for the income gap.

**Figure 3.4 Contribution of different income components and taxes to the income gap by age 2019**



Sources: Statistics Sweden (STAR) and own calculations.

### Capital income has increased but is very unevenly distributed for both women and men

Capital income is very unevenly distributed among both women and men. Most individuals have no or very low capital income. Half of women and half of men had at most SEK 100 in capital income in 2019 (see table 3.1). In total, average capital income amounted to SEK 24 000 per person for women and SEK 56 000 per person for men. The relatively few individuals with very high capital income have a great impact on the average. This applies particularly to men since more men than women have very high capital income.

Capital income has increased strongly for both women and men since the mid-1990s, but the increase is concentrated to those with high capital incomes. The increase has been greater for men. In 1995, 1 per cent of women had capital income of more than SEK 99 400 and, in 2019, 1 per cent of women had capital income of more than SEK 500 000. For men the corresponding figures were SEK 175 200 in 1995 and SEK 923 700 in 2019. Median income, however, was slightly lower in 2019 than in 1995 for both women and men.

**Table 3.1 Capital income for those aged 20-64**

Income (SEK) per year. Percentage change

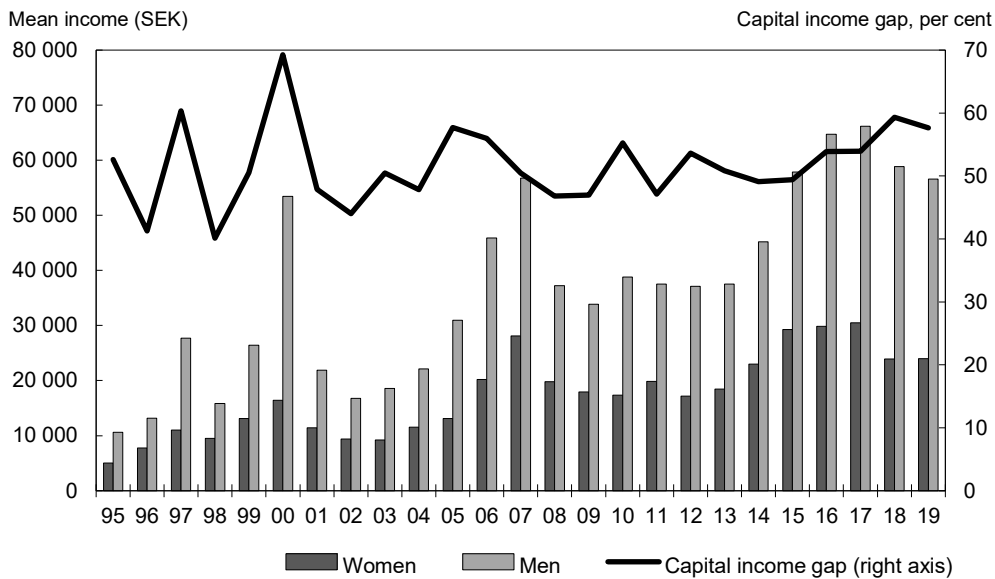
	2019		1995		Change 1995–2019	
	Women	Men	Women	Men	Women	Men
Mean	24 000	56 600	5 000	10 600	376	433
Median	100	100	500	400	-83	-72
P90	13 800	36 100	13 900	21 000	0	72
P95	53 300	164 200	27 400	45 900	94	258
P99	500 000	923 700	99 400	175 200	403	427

Note: Capital income is calculated as the sum of all capital income (incl. capital gains) minus all capital losses. P90 is the capital income level where 90 per cent have lower capital income and 10 per cent have higher capital income. The change is calculated on unrounded income. Incomes are given in 2019 prices.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

Overall, women's capital income corresponds to about half of men's capital income. This relationship has been relatively constant since the mid-1990s, even though the annual variation can be large (see figure 3.5).

**Figure 3.5 Capital income for those aged 20-64**



Note: Capital income is calculated as the sum of all capital income (incl. capital gains) minus the sum of all capital losses. Incomes are given in 2019 prices.

Sources: Statistics Sweden (HEK and STAR) and own calculations

Women's average capital income is lower than men's because fewer women than men have capital income and women with capital income have, on average, lower such income than men with capital income.

The most common type of capital income for both women and men is interest. The share with such income is just over half and does not differ appreciably between women and men (see table 3.2). The least common types of capital income are dividends from close companies and real capital gains (i.e. gains arising on, for instance, sales of properties). Only a few per cent of women and men have these types of capital income, but for those who have average income is large. There are small differences between women and men regarding real capital gains. Dividends from close companies, on the other hand, are much more common among men, who also report considerably higher dividend income than women. In 2019 women reported, on average, SEK 302 300 in dividend income and men SEK 536 100.



**Table 3.2 Capital income by type of capital income for those aged 20–64 2019**

Mean income (SEK), share as well as women's income as share of men's income, per cent

	Mean income for all		Share who have the income		Mean income for those who have the income		Women's share of men's income	
	Women	Men	Women	Men	Women	Men		
Interest etc.	3 200	6 000	53	57	56	5 600	10 700	53
Other dividends	1 700	5 200	33	12	17	14 000	31 000	45
Financial capital gains	4 000	12 500	32	11	15	35 300	81 100	43
Real capital gains	10 900	11 700	93	3	3	340 500	349 200	98
Dividends, close companies	4 200	21 100	20	1	4	302 300	536 100	56
Total capital income	24 000	56 600	42	60	62	40 000	91 900	44

Note: Capital income is calculated as the sum of all capital income (incl. capital gains) minus the sum of all capital losses. Interest income includes bank interest, standardised income on investment savings accounts and income from letting private homes. Women's share of men's income is the same as 100 minus the gap in per cent. Incomes are given in 2019 prices.

Sources: Statistics Sweden (STAR) and own calculations.

### Increased dividend income has countered a decrease of the income gap

It is mainly increased income from dividends in close companies and financial capital gains that have contributed to the increase in capital income, on average, for both women and men in the 21st century. The increases are concentrated in the highest income group.<sup>14</sup>

The tax regime for owners of close companies is complex, but relatively favourable.<sup>15</sup> The “3:12 rules” regulate the possibilities for owners of close companies to convert labour income into dividend income, which are taxed at a lower rate. Owners of close companies of both sexes have higher earned income and higher disposable income than the rest of the population.

The greater possibilities open to owners of close companies to convert labour income into dividend income may also have contributed to the smaller labour income gap, since considerably more men than women have made use of this possibility.<sup>16</sup> An evaluation of the regulatory amendments introduced in 2006 shows that owners of close companies have reduced their labour income from their company in order to increase their dividend income instead, without increasing their total income.<sup>17</sup> A certain part of the income from close companies now classed as capital income would therefore have been counted as labour income before 2006.<sup>18</sup>

<sup>14</sup> See Government Bill 2020/21:1 Proposal for the central government budget, budget statement, etc. annex 4 section 4.1. The division into different types of income can only be made as of 2001.

<sup>15</sup> Development of the tax system 2006–2015 Part II In-depth analysis of ROT (Repairs, Conversion, Extension) and RUT (Cleaning, Maintenance and Laundry) deductions, investment savings accounts and owners of close companies from a gender equality perspective (Swedish Tax Agency 2018).

<sup>16</sup> Between 1995 and 2017 the contribution from labour income to the income gap decreased most in income group 10. In 1995 this was the income group that had the largest contribution from labour income, while, in 2017, this contribution was smaller than in most other income groups. See Govt Bill 2018/19:1 Proposal for the central government budget, budget statement, etc. annex 3.

<sup>17</sup> Alstadsæter and Jacob, Dividend Taxes and Income Shifting, *Scandinavian Journal of Economics*, 2016.

<sup>18</sup> A calculation showed that the labour income gap in 2017 increased by 4 percentage points if all dividends from close companies were counted as income from work. This corresponds to more than half of the decrease in the difference between women and men in income from work that had occurred since 2006. See Govt Bill 2019/20:100 annex 3.

## Transfers and taxes level out income between women and men

Transfers and taxes have a levelling effect on disposable income and reduce the difference between women and men, from 72 per cent in market income to 80 per cent in disposable income (see table 3.3).

In 2019 women's total average transfer income (excluding pensions) was more than 50 per cent higher than men's. On average, women receive a higher amount in both pay-related transfers and general and needs-tested allowances. The purpose of pay-related transfers is to compensate for loss of income during working life on account of e.g. unemployment, illness or parental leave. The general and needs-tested allowances are intended to increase the income of households with low income or a high maintenance burden.

The main explanations of why compensation from pay-related transfers is higher among women is that women take a larger share of parental leave than men, and are on sick leave more than men. The total annual income from these transfers is therefore higher for women, even though men receive higher compensation per day on account of their higher pay. However, the difference in compensation per day is limited by the fact that only labour income up to a certain level grants the right to compensation from social insurance.

The main explanation for women's higher share of general and needs-tested allowances is that it is more common for women to be lone parents with children at home. More women than men therefore receive the means-tested housing allowance and more receive maintenance support. In addition, more women than men are students and receive student finance.

The income differences between women and men are also levelled out by the tax system. In 2019 women's direct taxes on work and capital corresponded to almost 70 per cent of men's direct taxes on work and capital. Men pay higher tax partly because they have higher market incomes, but also because of the progressivity in the taxation of earned income. For example, men pay more central government income tax than women. This is because national income tax is paid only on earned income above the threshold at the same time as more men than women have incomes above this limit. The earned income tax credit also contributes to the progressiveness of taxation and the tapering of the credit at higher incomes is an additional contribution. At the same time, the earned income tax credit results in lower tax raised from labour income than pay-related transfer income. Since pay-related transfer income is provided to women to a greater extent this works in the opposite direction.

**Table 3.3 From market income to disposable income for those aged 20–64 2019**

Mean income (SEK) and share, per cent

	Mean income for all		Women's share of men's income	Share with income		Mean income for those with income		Women's share of men's income
	Women	Men		Women	Men	Women	Men	
Labour income	279 500	366 100	76	87	89	321 800	411 300	78
Capital income	24 000	56 600	42	60	62	40 000	91 900	44
<b>Market income</b>	<b>303 400</b>	<b>422 700</b>	<b>72</b>	<b>90</b>	<b>92</b>	<b>335 700</b>	<b>457 900</b>	<b>73</b>
Pay-related transfers	28 500	19 500	147	44	35	64 700	55 700	116
<i>Of which</i>								
– labour market support	3 900	4 500	85	6	6	61 600	70 600	87
– compensation in connection with illness	7 900	4 300	182	14	8	55 600	56 100	99
– sickness compensation and activity compensation	6 200	4 700	131	6	4	109 000	118 900	92
– parental benefit	9 000	5 200	175	25	20	36 100	25 900	139
– other pay related transfers	1 600	800	206	6	2	28 000	34 200	82
General and needs-tested allowances	17 000	10 300	165	62	56	27 200	18 300	149
<i>Of which</i>								
– child allowance	6 600	4 800	137	40	33	16 600	14 800	112
– maintenance support and child support (received)	2 000	400	531	9	3	22 900	13 800	165
– maintenance support and child support (given)	300	1 200	25	3	7	11 500	17 400	66
– housing allowance	1 300	400	282	6	3	20 600	13 400	153
– municipal social assistance	1 900	1 700	113	3	3	57 600	50 100	115
– student finance	6 700	4 500	148	10	7	64 100	61 500	104
– student finance, repayment	2 800	1 800	154	26	16	11 000	11 100	99
– other general or needs-tested allowances maintenance-related transfers	1 600	1 500	111	4	4	44 100	37 500	117
Pensions	5 600	7 100	78	7	7	74 800	107 500	70
<b>All income before tax</b>	<b>354 500</b>	<b>459 600</b>	<b>77</b>	<b>99</b>	<b>98</b>	<b>359 000</b>	<b>466 900</b>	<b>77</b>
Tax	82 800	121 300	68	94	94	87 700	128 300	68
<b>Disposable income</b>	<b>271 800</b>	<b>338 300</b>	<b>80</b>	<b>99</b>	<b>99</b>	<b>275 000</b>	<b>343 500</b>	<b>80</b>

Note: Women's share of men's income is the same as 100 minus the gap in per cent. Because of rounding, amounts may not sum to totals. Incomes are given in 2019 prices.

Sources: Statistics Sweden (STAR) and own calculations

## 3.2 Income 65 years and older

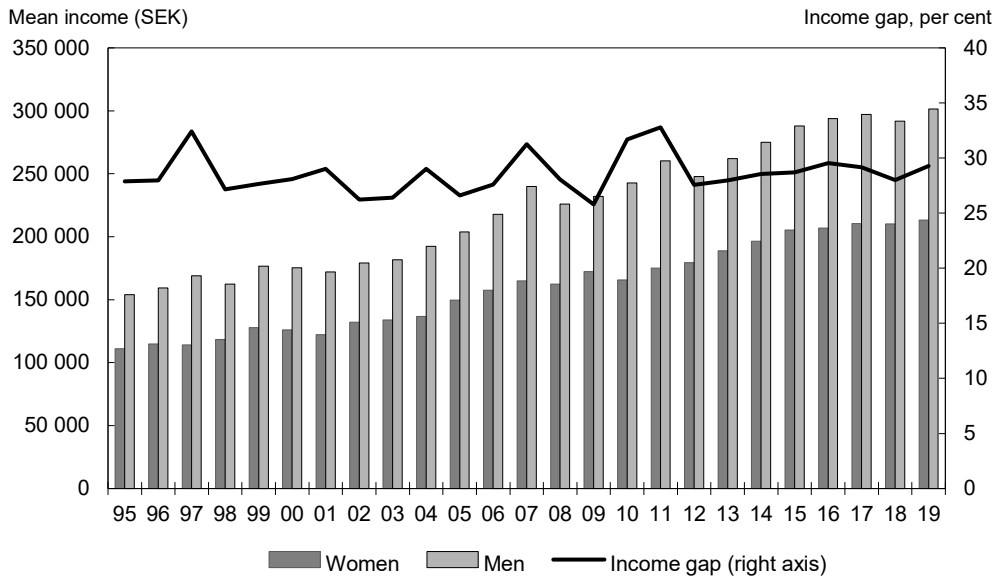
### Disposable income increases but the income gap remains

In the age group 65 years and older, women's disposable income was, on average, 29 per cent lower than men's between 1995 and 2019. With the exception of a few isolated years, the difference has been relatively stable over time (see figure 3.6). The income gap is about 10 percentage points bigger for the 65 and older age group than for the 20–64 age group.

In general, disposable income decreases with rising age among both women and men who are 65 and older, but does so at a slightly faster rate for men, see the Budget Bill

for 2021 (Govt Bill 2020/21:1 Proposal for the central government budget, budget statement, etc. annex 4 section 4.4).

**Figure 3.6 Disposable income for those aged 65 and older**



Note: Incomes are given in 2019 prices.

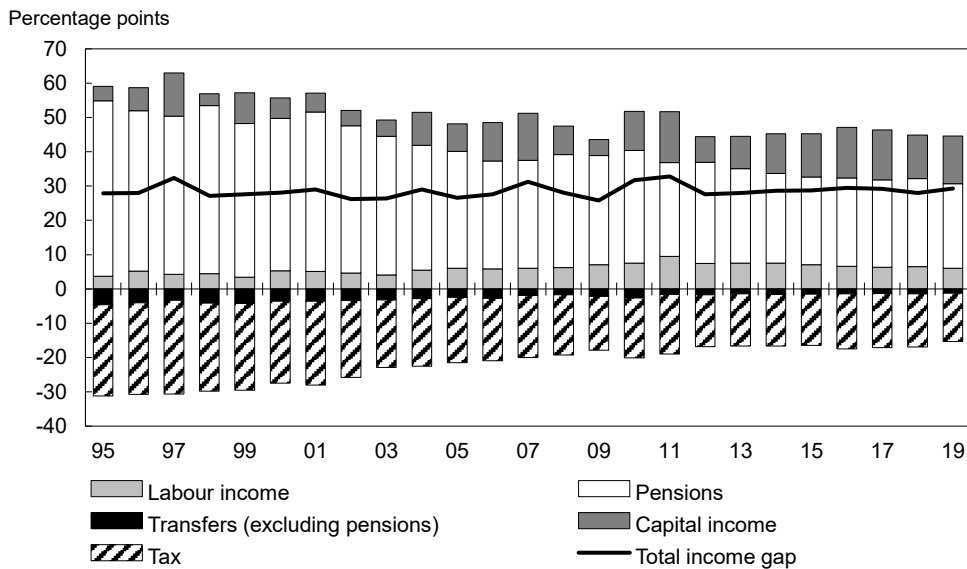
Sources: Statistics Sweden (HEK and STAR) and own calculations.

### Pension income contributes most to the income gap, but decreasingly so over time

The income composition in the 65 and older age group differs from that in the 20–64 age group. Pension income dominates and contributes the most to the income gap between women and men in the older age group (see figure 3.7). However, the contribution of pension income to the income gap has decreased over time. At the same time, the levelling effect of taxes and transfers (excluding pensions) has declined. This reflects the changes in women's labour force participation since the 1970s. Younger women in the 65 and older age group have had paid work to a greater extent than the older women. This has given them a higher pension over time, which has also reduced their need for other transfers. This, in turn, has contributed to the smaller difference between women and men regarding taxes and transfers.

Capital income has increased over time and more so for men than for women. This has contributed to an increase in the average income gap since the mid-1990s. Labour income is limited in this age group, but continues to contribute to the income gap after 65. The importance of labour income for the income gap increased up until 2011 but has decreased since then.

**Figure 3.7 Contribution of different income components and taxes to the average income gap for those aged 65 and older**



Note: The item pension income includes national public pension, occupational pension and private pension. National public pension includes income pension, supplementary pension, premium pension and guarantee pension. It also includes occupational injury annuity, widow's pension and survivor's pension.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

### Labour income and capital income increases the income gap in the higher income brackets

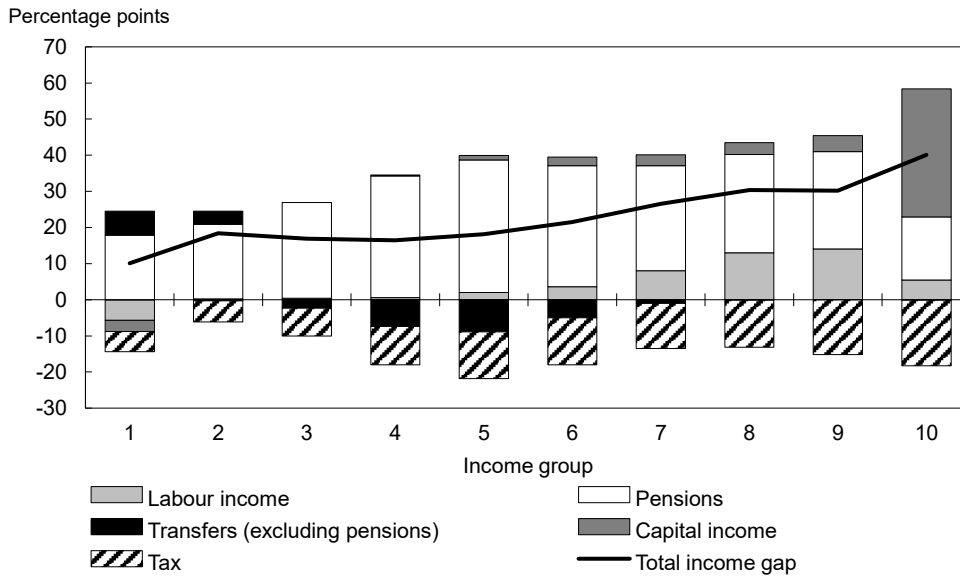
The income gap tends to be larger with higher disposable income (see figure 3.8). The gap increases from 10 per cent in the lowest income group to 40 per cent in the highest. In income group 1 the gap relates the 10 per cent of all women who have the lowest disposable income to the 10 per cent of all men who have the lowest disposable income. A corresponding comparison is made between women and men in each income group.

The contribution from the various components to the income gap also differs between income groups. The contribution of pension income increases clearly from income group 1 to 5. Thereafter the contribution from pension income decreases and is smallest in income group 10. In the highest income group capital income contributes most to the gap. In the other income groups the contribution of capital income is quite small.

The contribution of labour income to the income gap between women and men increases gradually from income group 5 to 9. Women and men who continue in paid work after the age of 65 generally have higher incomes, partly thanks to their labour income, but also due to higher pensions that reflect higher income earlier in life. However, women have labour income after the age of 65 to a smaller extent than men, and their labour income is, on average, lower than men's (see table 3.5 and figure 2.2).

In the middle income brackets (4–6) transfers (excluding pension) reduce the gap between women and men. This might be due to differences in the age distribution between women and men in these income groups. The share older than 85 is greater among women than among men. Therefore income from transfers such as housing supplement is relatively larger among women than men.

**Figure 3.8 Contribution from different income components and taxes to the income gap for those aged 65 and older 2019**



Note: The division into income groups has been made separately for women and men. In this division women and men are ordered separately by their individual disposable income and are divided into ten groups equal in size. Income group 1 contains the tenth of women and of men who have the lowest incomes, and income group 10 contains the tenth of women and of men who have the highest incomes.

Sources: Statistics Sweden (STAR) and own calculations.

In the income groups with the lowest incomes the income gap between women and men decreased between 1995 and 2019, mainly as a result of smaller differences in pension income between women and men. In the higher income brackets, the gap increased, largely on account of increased differences in capital income.<sup>19</sup>

### Capital income has increased more than twice as much for men as for women since 1995

Since the mid-1990s capital income has increased strongly, on average, for both women and men also in the 65 and older age group (see table 3.4). On average, women's capital income increased by SEK 30 800 (211 per cent) and men's by SEK 66 200 (315 per cent) in 2019 prices between 1995 and 2019. This is mainly explained by the development in the top percent in the same period. For women the increase in this group was around SEK 850 000 and for men it was around SEK 1.1 million. By contrast, for a large share of both women and men capital income did not increase at all. In 2019 half the women had capital income of at most SEK 500, and half the men had at most SEK 900, which is lower than the corresponding figure in 1995. One explanation may be that large groups only have interest income and the current level of interest rates is much lower than it was in the 1990s.

<sup>19</sup> Govt Bill 2018/19:1 Proposal for the central government budget, budget statement, etc. annex 3. The comparison related to the difference between 1995 and 2016.

**Table 3.4 Capital income for those aged 65 and older**

Income (SEK) per year. Percentage change

	2019		1995		Change 1995–2019	
	Women	Men	Women	Men	Women	Men
Mean	45 400	87 200	14 600	21 000	211	315
Median	500	900	4 500	6 100	-89	-85
P90	33 200	76 700	27 800	43 400	19	77
P95	104 400	221 500	45 100	73 000	131	203
<b>P99</b>	<b>989 100</b>	<b>1 349 100</b>	<b>138 600</b>	<b>215 400</b>	<b>614</b>	<b>526</b>

Note: Capital income is calculated as the sum of all capital income (incl. capital gains) minus all capital losses. P90 is the capital income level where 90 per cent have lower capital income and 10 per cent have higher capital income. Incomes are given in 2019 prices.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

In 2019, 68 per cent of men and 64 per cent of women reported capital income of some kind (see table 3.5). On average, women's capital income was 55 per cent of men's. Irrespective of type of capital income, women had a lower average income than men. Interest income was the most common capital income among both women and men. Real capital gains were, on average, the largest type of capital income, SEK 883 300 for women and SEK 825 800 for men. But only 1 per cent of women and 3 per cent of men reported income from real capital gains. Around 23 per cent of women and 31 per cent of men had dividends in 2019, but women's dividends were, on average, only 57 per cent of men's.

### Income-related pensions contribute to the income gap, but basic protection and transfers level out the differences.

Women's aggregate pension, work and capital income amount, before tax and other transfers, to 66 per cent of men's (see table 3.5). When taxes and other transfers are included, women's disposable income is, on average, 71 per cent of men's disposable income.

Some types of pension increase the difference between men's and women's income, while others reduce it. Two types of pension payments go mainly to women.

Guarantee pension is a supplement to a low, or no, income pension. A considerably larger share of women than of men receive guarantee pension. This type of pension therefore contributes to levelling out the difference between women and men. In addition, almost a fifth of women receive widow's pension, and for those the average amount is considerable. This also contributes to levelling out the difference between women and men.

By contrast, occupational pensions, which have high coverage for both women and men, contribute strongly to the difference. Women's share of men's occupational pension in 2019 was 52 per cent. One important explanation is that occupational pension also provides compensation for labour income above the ceiling on pension-qualifying income in the national public pension system, which is more common among men than women. Moreover, compensation from occupational pensions differs between sectors in the labour market since the regimes in the agreements are different, see National Social Insurance - not the whole picture. Supplementary compensation in case of loss of income [*Inte bara socialförsäkringar – kompletterande ersättningar vid inkomstbortfall*] (Expert Group on Macro Economics 2005:2). For instance, salaried employees in the private sector, where men are over-represented,

have the most generous pension agreement (ITP2).<sup>20</sup> This contributes to the income difference between women and men.

Needs-tested allowances contribute to a levelling out of differences in income between women and men. Considerably more women than men receive housing supplement and the payments are, on average, higher for women than for men. The share receiving maintenance support for older people or other needs-tested allowances is generally small. In general, however, women also receive higher payments than men from these systems.

The tax system contributes to levelling out the differences between women's and men's income. The progressivity in the taxation of earned income contribute to this. The earned income tax credit is of less importance for those aged 65 and over since they have earned income to a smaller extent. In this group, however, men benefit to a greater extent than women from the fact that the earned income tax credit is more generous for older people than for under-65s. This is because men work to a greater extent than women after 65.

<sup>20</sup> Development of compensation under collective agreements since the start of the 21st century. An account of compensation under collective agreements that supplement national social insurance and unemployment insurance [*Utvecklingen av kollektivavtalade ersättningar sedan 2000-talets början. En redovisning av kollektivavtalade ersättningar som kompletterar den allmänna socialförsäkringen och arbetslöshetsförsäkringen*] (Swedish Social Insurance Inspectorate, Report 2018:14).



**Table 3.5 From market incomes to disposable income for those aged 65 and older 2019**

Mean income (SEK) and share, per cent

Mean income for all	Share with income				Mean income for those with income			
	Women	Men	Women's share of men's income	Women	Men	Women	Men	Women's share of men's income
Labour income	23 700	42 200	56	25	36	96 200	116 500	83
Capital income	46 000	88 400	52	64	68	71 500	130 200	55
Pensions	196 300	271 700	72	99	98	198 900	275 900	72
<i>Of which</i>								
– <i>income-related national public pension</i>	126 500	171 000	74	95	96	133 600	177 900	75
– <i>occupational pension</i>	40 200	78 900	51	87	89	46 000	88 700	52
– <i>guarantee pension</i>	8 400	2 700	311	43	12	19 700	22 000	90
– <i>widow's pension</i>	7 900	0		19	0	41 400	0	
– <i>private pension</i>	8 200	12 600	65	23	27	35 500	47 000	76
– <i>other pensions</i>	2 400	2 700	89	9	7	25 800	37 900	68
<b>Market income and pensions</b>	<b>262 500</b>	<b>396 800</b>	<b>66</b>	<b>99</b>	<b>99</b>	<b>264 100</b>	<b>399 400</b>	<b>66</b>
Pay-related transfers	1 100	1 100	100	2	2	58 800	64 200	92
Needs-tested allowances	6 800	3 000	227	21	10	32 600	31 600	103
<i>Of which</i>								
– <i>housing supplement</i>	6 100	2 400	254	20	8	29 800	28 400	105
– <i>maintenance support for elderly persons</i>	700	500	140	1	1	45 700	34 300	133
– <i>other needs-tested allowances</i>	100	200	50	0	2	18 000	14 400	125
<b>All income before tax</b>	<b>270 300</b>	<b>401 000</b>	<b>67</b>	<b>100</b>	<b>100</b>	<b>270 900</b>	<b>402 000</b>	<b>67</b>
Tax	57 200	99 700	57	99	99	58 100	100 900	58
<b>Disposable income</b>	<b>213 100</b>	<b>301 300</b>	<b>71</b>	<b>100</b>	<b>100</b>	<b>213 400</b>	<b>301 800</b>	<b>71</b>

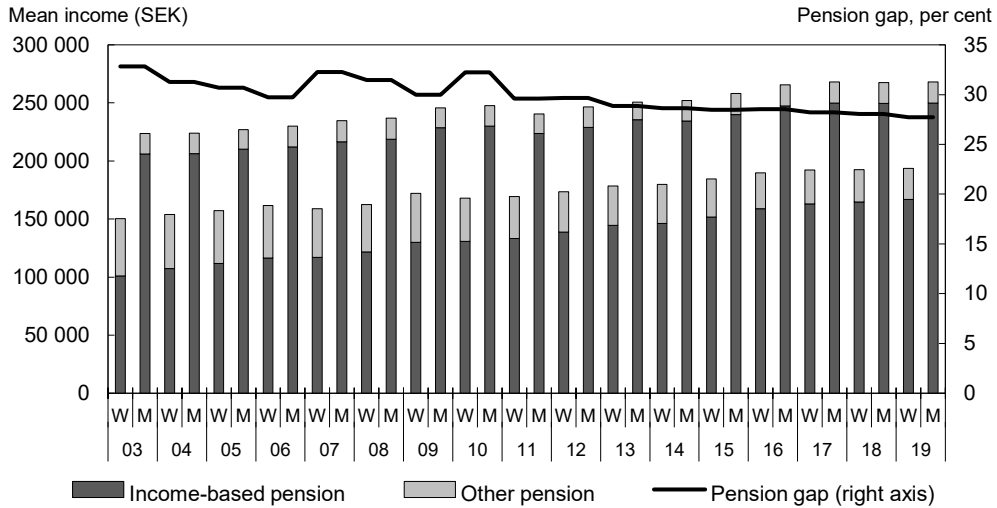
Note: Women's share of men's income is the same as 100 minus the gap in per cent. Because of rounding, amounts may not sum to totals. Incomes are given in 2019 prices.

Sources: Statistics Sweden (STAR) and own calculations.

## Women's higher participation in the labour market reduce the pension gap

For women aged 65 and older, pensions accounted for, on average, 73 per cent of income before tax in 2019. For men the corresponding share was 68 per cent. The increasingly gender-equal working life has resulted in decreasing differences between women's and men's pensions. The pension gap has fallen from 33 per cent to 28 per cent between 2003 and 2019 (see figure 3.9). As women's national public income-based pensions have increased, the supplement in the form of guarantee pension has decreased.

**Figure 3.9 Total pension income for those aged 65 and older**



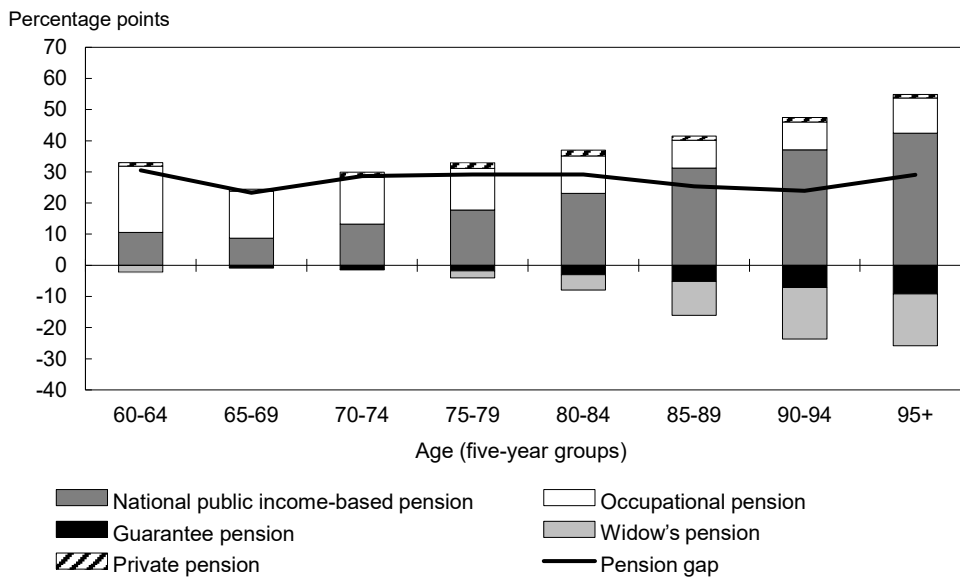
Note: Income-based pension consists of income pension, supplementary pension and occupational pension. W means women and M means men. Pension incomes are given in 2019 prices.

Sources: Statistics Sweden (HEK and STAR) and own calculations.

The difference in the composition of pension income between women and men is smaller among younger than among older persons in the 65 and older age group (see Figure 3.10). This is because younger women have had paid work to a greater extent than older women. This has given them a higher-income related pension over time, at the same time as their need for a supplement via guarantee pension and other forms of basic protection has decreased. In older age groups the difference in income-based pension between women and men is larger. Basic protection (guarantee pension and widow's pension) contributes to levelling out the difference for all, but does so to a greater extent with rising age. The latter observation is a result of the current gradual phasing out of the widow's pension.

In the 85–94 age group the difference in total pension between women and men is smaller than in the 75–84 age group. This is largely because the levelling effect of the widow's pension is lower in younger age groups due to the phase-out.

**Figure 3.10 Contribution from various types of pension to the pension gap 2019**



Note: The item other pensions is not reported on account of shortage of space.

Sources: Statistics Sweden (STAR) and own calculations.

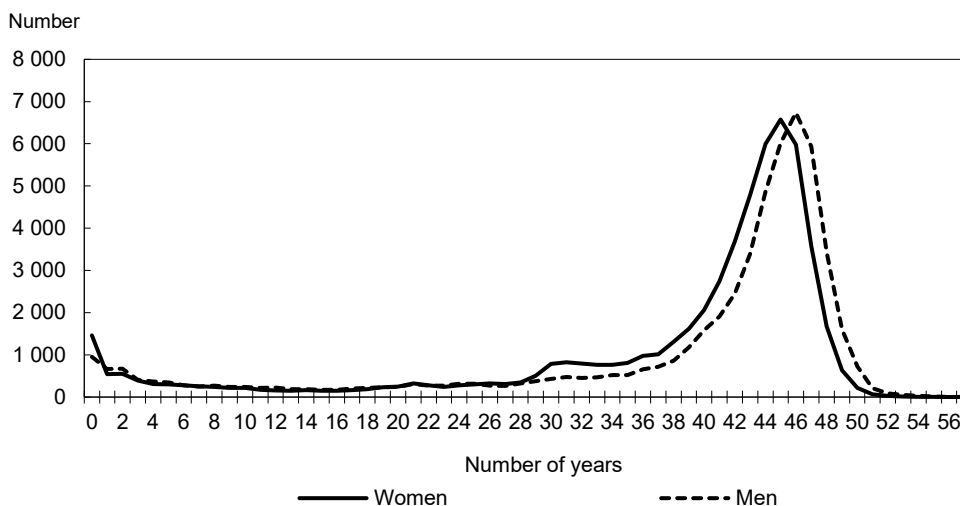
## Women and men start to take their pension at the same age but women have fewer qualifying years

The lifetime income principle is fundamental to the pension system. This means that labour income and compensation from income insurance throughout life affect the size of the pension. The age at which a person leaves working life and starts to take old-age pension is therefore important, as is the total number of years a person has worked.

The difference in the age at which women and men start to take national public pension (retirement age) is small and has decreased over time. Between 2019 and 2020 the average retirement age increased by around 5 months, and in 2020 it was 65 for both women and men, see the report Retirement age and length of working life [*Pensionsåldrar och arbetslivets längd*] (Swedish Pensions Agency 2021).

The difference in the number of qualifying years has decreased considerably over time and is now small (see figure 3.11). The number of qualifying years increased by an average of 7.0 years for women and 1.3 years for men in the period 2004–2020. The difference between women and men has therefore decreased by 5.7 years on average. In 2020 the difference was 0.6 years. Men had 39.1 qualifying years and women had 38.5 years. Among women who took their pension in 2020 it was most common to have 45 qualifying years. Among men the number was marginally higher, 46 years.

**Figure 3.11** Distribution of the number of qualifying years for individuals who began taking national public pension in 2020



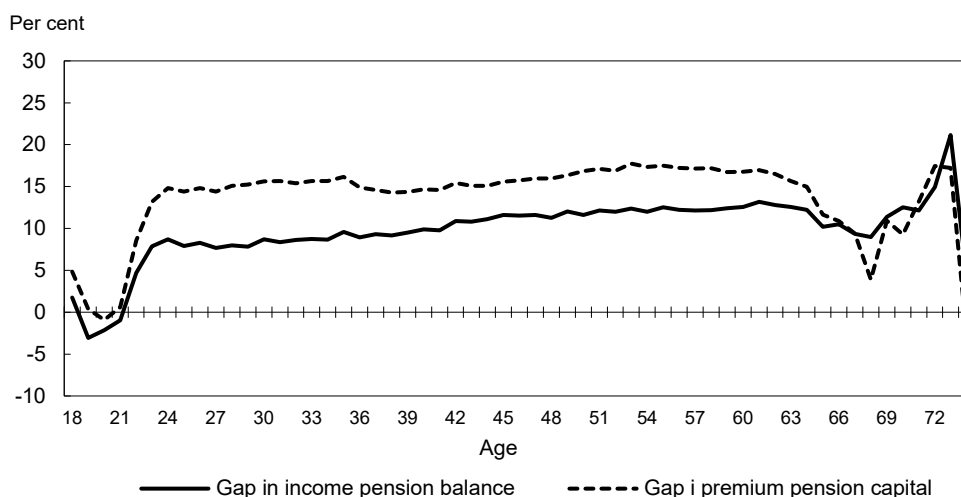
Note: Pensionable income includes labour income and various kinds of income from social insurance that are intended to replace loss of labour income, e.g. sickness benefit, parental benefit and income-related sickness compensation and activity compensation.

Source: Swedish Pensions Agency

## The return on premium pension capital may contribute to widening the pension gap in the long term

The premium pension gap is larger than the income pension gap at most ages in spite of the fact that the percentage of income allocated to each part is the same for all (see figure 3.12). The difference indicates that men have a higher return than women on premium pension capital. If this pattern persists, it will contribute to greater difference between women's and men's pensions as the premium pension continues to be phased into the system.

**Figure 3.12 Women's pension balance and premium pension capital as a share of men's for persons who had not taken pension in 2020**



Note: The statistics refer to persons who had not yet taken their first pension and who are registered in Sweden.

Source: Swedish Pensions Agency

### 3.3 Public services

A significant part of the public spending consists of financing public services such as education, social care and health care. In 2019 the value of personal public services corresponded to around 17 per cent of GDP. In the same year grants and transfers amounted to around 14 per cent of GDP.

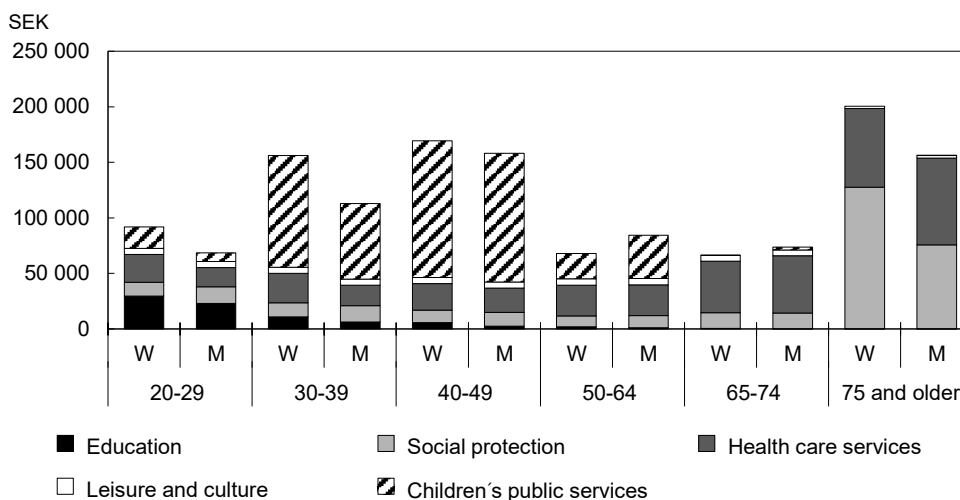
Since the value of public services is not included in disposable income, analyses that use disposable income only underestimate women's and men's access to economic resources.

Only individual public services are included in the analysis in this report: education, child care (preschool, leisure time centre and pedagogical care), health care, social protection (chiefly care of older people), leisure and culture. Collective services which are consumed jointly by many people, such as infrastructure, defence and the public order and safety, are not taken into account.

#### Large variations in the need for public services.

On average, women receive a higher value of public services than men. This applies mainly to public services in education and social protection. In contrast, public services in the area of leisure and culture go to a slightly higher extent to men. The value of health services is only marginally higher for women.

The need for public services varies considerably between different phases of life. In the younger age groups and among the oldest women receive, on average, a higher value of public services than men. The opposite applies to the 50–74 age groups (see figure 3.13). This is, for example, because more women than men in the 20–29 age group study. The value of the public services that children receive goes mainly to parents aged 30–49, where, on average, women receive a slightly higher amount than men. Social protection, a large part of which is care of older people, goes, to a great extent, to older people and then mainly to older women, since women live longer than men on average. However, men aged 65 and older receive a higher value in health care services than women in the same age group.

**Figure 3.13 Public services in different age groups 2019**

Note: The value of children's public services is divided equally between their parents, irrespective of whether they are living together or apart. W means women and M means men. Incomes are given in 2019 prices.

Sources: Statistics Sweden (STAR) and own calculations.

## 4 Expected effects of higher unemployment in 2020 on women's and men's disposable income

Economic activity in Sweden fell sharply in 2020. It is still not known how the downturn affected women's and men's disposable income. Data for income year 2020 will not be available until early 2022. However, effects are expected to have occurred mainly via the labour market and the higher unemployment.

To get a picture of how the poorer labour market situation may have affected women's and men's disposable income, a scenario analysis based on the FASIT microsimulation model is carried out in this section. The analysis compares two alternative scenarios. The reference scenario is based on an assessment of what the economy, the labour market and women's and men's disposable incomes would have been like in 2020 without the economic downturn. It is compared with a crisis scenario that takes account of the higher unemployment in 2020.<sup>21</sup>

### The increase in unemployment in 2020 affected slightly more men than women

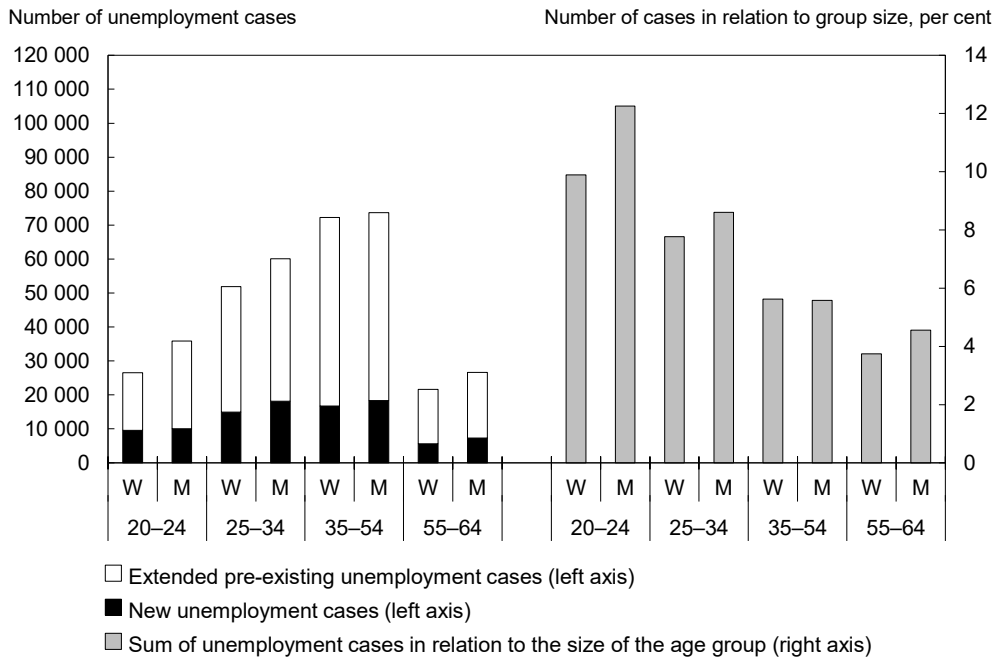
The effects of the poorer labour market situation in 2020 that are captured by the scenario calculations arise via two main channels. First, more individuals became unemployed at some time during the year. Among persons aged 20–64 who have labour income and have no unemployment days in the reference scenario, 47 000 women and 54 000 men are allotted unemployment days in the crisis scenario. The model bases the selection of these individuals on data about how the increase in the number of registered unemployed women and men at the Swedish Public Employment Service was distributed by characteristics including age, education and born in Sweden or abroad. Second, the periods of unemployment were extended for many of those who would have been unemployed even without the economic

<sup>21</sup> The method, assumptions and scope are described in detail in the distributional policy report for 2021 (Govt Bill 2020/21:100 annex 2 section 3) and in the Technical annex to the distributional policy report April 2021 on [www.regeringen.se](http://www.regeringen.se).

downturn. Around 125 000 women and 142 000 men with registered unemployment days in the reference scenario were allotted a higher number of unemployment days in the crisis scenario. In all, this means that around 172 000 women (6.2 per cent of all women aged 20–64) and 196 000 men (6.8 per cent of all men aged 20–64) were judged to have been affected by the higher unemployment in 2020.

The higher unemployment affected fewer women than men irrespective of age group (see figure 4.1). Most of the difference can be attributed to younger persons in the 20–24 and 25–34 age groups. Among them, both the number of new cases of unemployment and the number of persons affected by longer unemployment was higher among men than among women. The share affected by increase in unemployment in 2020 was highest in the 20–24 age group. This applied to both women and men.<sup>22</sup>

**Figure 4.1 Increase in unemployment in different age groups 2020**



Note: The statistics refer to the 20–64 age group. W means women and M means men.

Sources: Statistics Sweden (STAR), Swedish Public Employment Service and own calculations.

### Men's disposable income is expected to have decreased more than women's

The calculated loss of disposable income depends on a number of interacting factors, including hours worked and hourly pay in the reference scenario, the number of unemployment days and the level of unemployment benefit in the crisis scenario as well as the impact on taxes and transfers when labour income is reduced.

Women affected by the increase in unemployment in 2020 are expected, on average, to have had a smaller loss of income than affected men. Given the benefit levels that applied before the economic downturn, disposable income in 2020 is expected to have decreased by, on average, SEK 28 400 (12.4 per cent for women affected and SEK 34 600 (13.8 per cent) for men affected compared with the reference scenario. One factor contributing to the larger relative loss of income for men than for women when unemployment increases is that it is more common for men than for women to have an income above the unemployment insurance ceiling. This means that, on average,

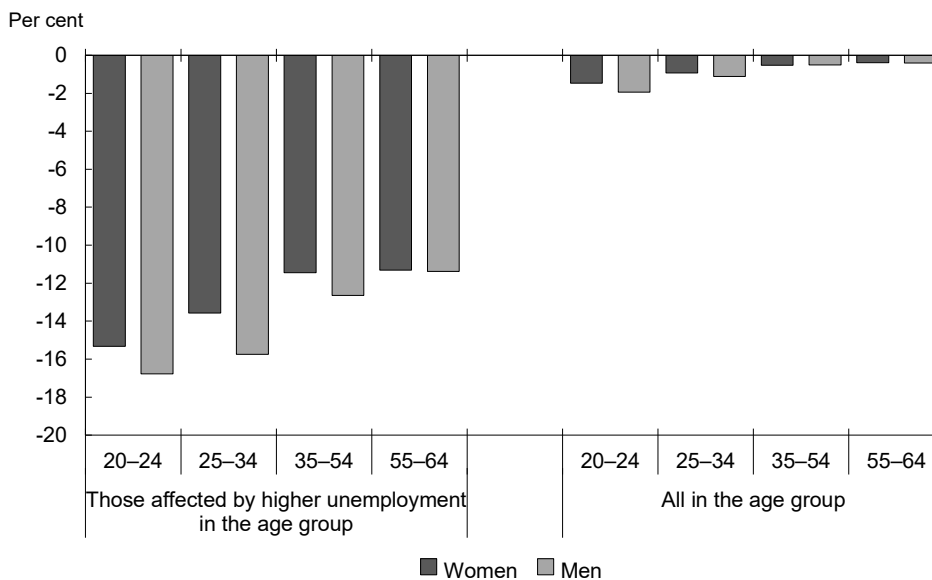
<sup>22</sup> When the increase in unemployment is divided up by level of education and born in Sweden or abroad, the statistics show that the share affected was highest for persons with only pre-upper secondary education and higher for persons born abroad than persons born in Sweden. This applied to both women and men.

men are compensated to a lesser degree than women for income loss on unemployment.

Spread over all women and men in the 20–64 age group the income loss in 2020 is calculated to have been, on average, SEK 1 750 (0.63 per cent) for women and SEK 2 340 (0.67 per cent) for men.

Given the benefit levels that applied before the economic downturn, the relative income loss is calculated to have been, on average, slightly larger for men affected than for women affected in all age groups except the 55–64 age group (see figure 4.2). The income loss is expected to have been largest for women and men affected in the youngest age group, 20–24 years. One important explanation why younger people are expected to have been hit hardest is that many in this group do not meet the requirements for receiving income-based unemployment benefit. This means that, on average, they receive lower benefit than older individuals who have had time to get established in the labour market.

**Figure 4.2** Average effect on disposable income for individuals in different age groups 2020

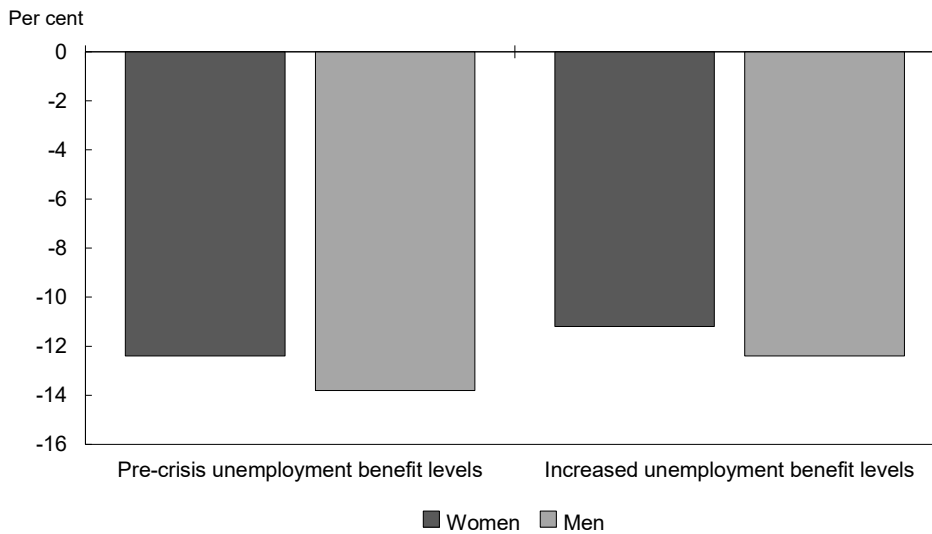


Note: The statistics refer to the 20–64 age group.

Sources: Statistics Sweden (STAR), Swedish Public Employment Service and own calculations.

If the increases in unemployment benefit levels that were implemented in April 2020 (higher ceiling, higher basic level and higher minimum level in unemployment insurance) are taken into account, the calculated income loss is more limited and the difference in income loss between men and women decreases slightly (see figure 4.3). Moreover, the higher benefit levels were accompanied by lower requirements for receiving unemployment benefit, both regarding how much one needs to have worked and regarding how long one needs to have been a member of an unemployment insurance fund. It has not been possible to take account of these changes in the simulations. This means that the simulations overestimate the average income loss for both women and men to some extent. This probably applies particularly to younger people, where the relaxations of the qualification rules may have contributed to more individuals receiving income-based benefit. It is hard to assess the extent to which this affects women and men differently.

**Figure 4.3 Average effect on disposable income for individuals affected, before and after higher benefit levels in unemployment insurance 2020**



Note: The statistics refer to the 20–64 age group

Sources: Statistics Sweden (STAR), Swedish Public Employment Service and own calculations.

## 5 Impact of reforms 2019–2022 on women’s and men’s economic resources

This section first gives an assessment of the impact of Government reforms of taxes and transfers and expenditure on publicly financed welfare services during the present electoral term on the distribution of economic resources between women and men. The calculations include the proposals in this bill.<sup>23</sup> Thereafter the analysis is expanded to include also reforms not initiated by the Government. In the latter calculations the reforms adopted by the Riksdag in the central government budget for 2019 are added to the Government’s reforms.

The analysis of reforms that affect women’s and men’s disposable income only takes account of reforms that have a direct impact on the income via changes in taxes and transfers.<sup>24</sup> This implies, for example, that the calculations disregard the impact on household finances of the extensive measures taken to support companies during the economic downturn in 2020 and 2021. However, these measures have contributed to fewer losing their labour income compared with a situation without these measures. Owners of companies covered by the measures have also been affected to the extent that the support has had a positive effect on these companies’ financial results.

The calculations are static in the sense that they do not take account of changes in behaviour that may arise on account of the reforms. This means, for instance, that the calculations do not take account of the changes in employment and hours worked and the resultant effects on disposable income that the reforms can be expected to bring about. The calculations also disregard changes in the purchasing power of incomes

<sup>23</sup> The specific impact of reforms of taxes and transfers and of reforms in publicly financed welfare services in the proposed budget for 2022 are set out in the budget statement.

<sup>24</sup> Impact of reforms that affect women’s and men’s disposable income are calculated by comparing women’s and men’s expected income in 2022 (simulated on the basis of 2022 rules) with what their income would have been in 2022 without the reforms. The calculations have been done using the FASIT microsimulation model. The model is described in more detail in the Ministry of Finance’s report Technical annex to Economic gender equality September 2021 on [www.regeringen.se](http://www.regeringen.se).



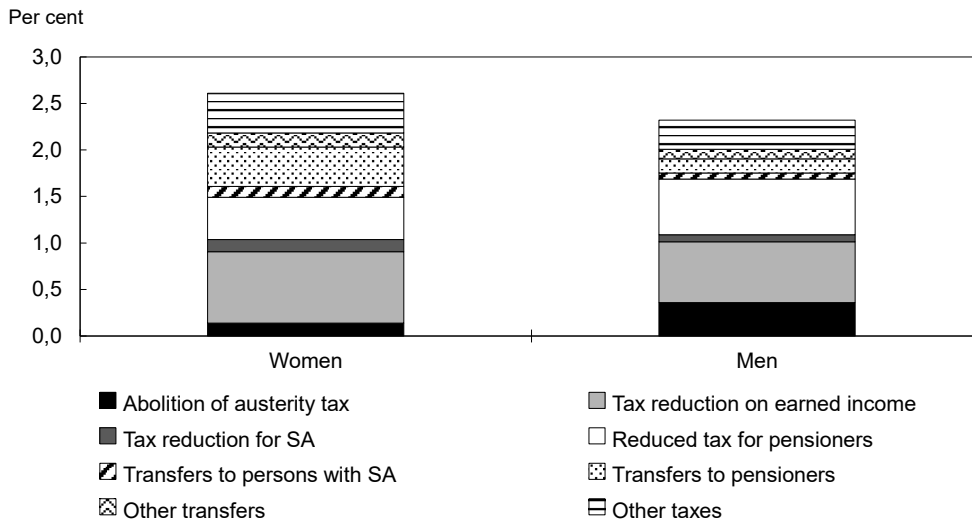
since price changes can arise on account of amended indirect taxation or altered charges.

## 5.1 Impact of Government reforms 2019–2022 on economic resources

This section (5.1) first gives an assessment of impact of Government’s reforms of taxes and transfers in 2019–2022 on women’s and men’s disposable income. The reforms that have been taken into account are set out in the table annex (see table a.1). Thereafter the analysis is expanded to also include the Government’s reforms in public services. The total change in expenditures on welfare reforms in different areas that have been taken into account is set out in the table annex (see table a.2).

Women’s and men’s disposable income are assessed to increase by around SEK 62 billion as a result of the Government’s reforms in 2019–2022. The reforms in this bill account for around SEK 17 billion of this amount. Overall, the impact of reforms is larger for women than for men (see figure 5.1).

**Figure 5.1 Average change in disposable income resulting from the Government’s reforms 2019–2022**



Note: The statistics refer to the 20 and older age group. The total impact of all the reforms is greater than the sum of the individual reforms due to the interaction between the reforms. To obtain a correct total impact, the difference between the overall effect of all the reforms and the sum of the impact of the reforms reported separately has therefore been included in "Other taxes". SA stands for sickness compensation and activity compensation.

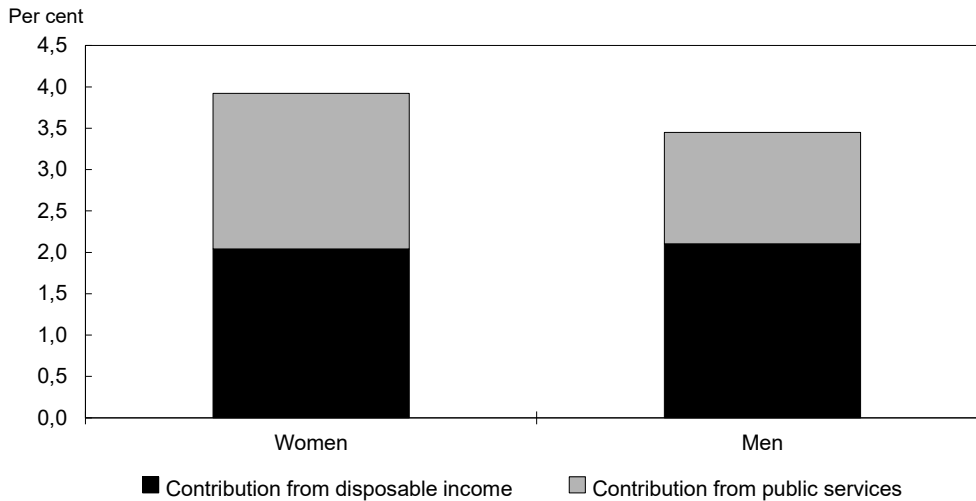
Sources: Statistics Sweden (STAR) and own calculations.

During this electoral term the Government has also increased spending on public services considerably. To give a more complete picture of how the resources devoted to different reforms are distributed between women and men, an expanded analysis that includes the impact of the Government’s reforms in public services is also presented.

The Government’s reforms are assessed to have increased spending on public services by around SEK 53 billion in 2019–2022. The proposals in the Budget Bill for 2022 account for around SEK 25 billion of this amount.

The reforms in public services are judged to provide economic resources to women to a greater extent than to men. The impact of the reforms in public services, in percent of the extended income (i.e. the sum of disposable income and the value of public services) is 1.7 per cent for women and 1.3 per cent for men (see figure 5.2).

**Figure 5.2 Average change of extended income resulting from the Government's reforms 2019–2022**



Note: The statistics refer to the 20 and older age group. Extended income is the sum of disposable income and the value of public services.

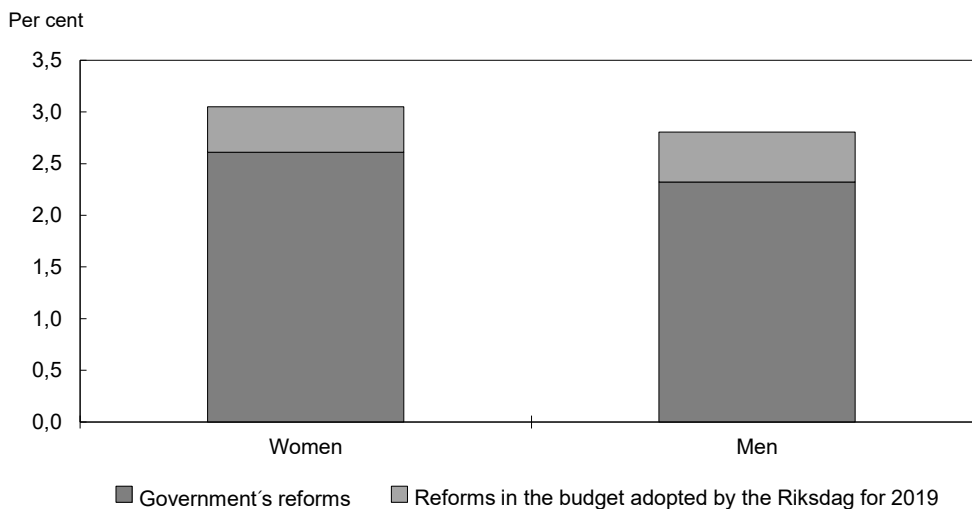
Sources: Statistics Sweden (STAR) and own calculations.

## 5.2 Impact of all reforms 2019–2022 on economic resources

This section (5.2) sets out the distributional impact of all reforms in 2019–2022, i.e. including the reforms in the budget adopted by the Riksdag for 2019 (e.g. expanded earned income tax credit, higher threshold for national income tax and a higher ceiling for the so called RUT (cleaning, maintenance and laundry deductions)).

Women's and men's disposable income is assessed to increase by around SEK 74 billion as a result of all reforms in 2019–2022, including also the proposals in this bill. Taken together, the reforms of the taxes and transfers are assessed to increase women's disposable income by 3.1 per cent and men's by 2.8 per cent (see figure 5.3).

**Figure 5.3 Average change in disposable income resulting from all reforms in 2019–2022**

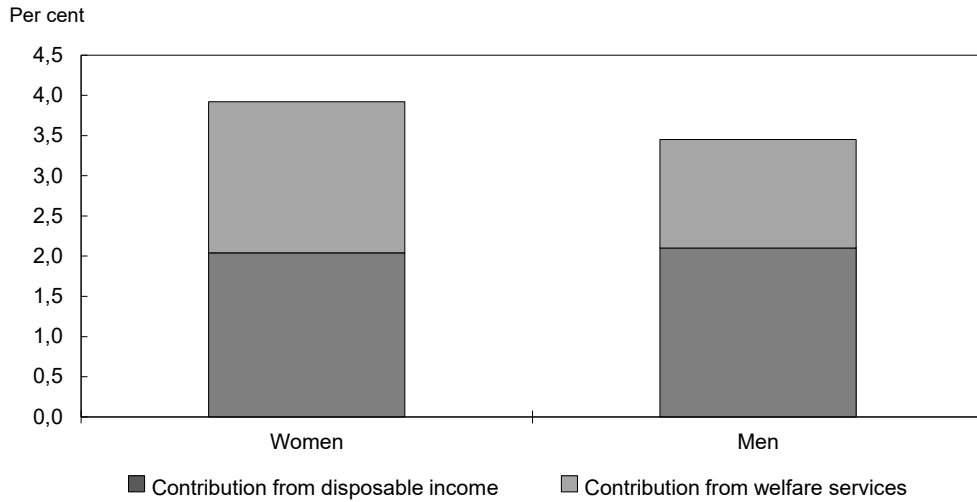


Note: The statistics refer to the 20 and older age group. The total impact of all the reforms is greater than the sum of the impact of the Government's reforms and the impact of the budget for 2019 adopted by the Riksdag due to the interaction between the reforms. To obtain a correct total impact, the impact of the reforms in the budget for 2019 adopted by the Riksdag has been calculated as the difference between the overall impact of all the reforms during the electoral term and the impact of the government's reforms.

Sources: Statistics Sweden (STAR) and own calculations.

In all, total expenditure on public services is assessed to increase by SEK 56 billion in 2019–2022, including also the proposals in this bill. Since reforms in public services go to women to a higher extent than men, women’s extended income increases more than men’s. Women’s extended income increases by 3.9 per cent and men’s by 3.4 per cent (see figure 5.4).

**Figure 5.4** Average change in extended income resulting from all the reforms in 2019–2022



Note: The statistics refer to the 20 and older age group. Extended income is the sum of disposable income and the value of public services. Contribution from disposable income and contribution from reforms in public services refer to the change in disposable income and in reforms in public services respectively as a share of extended income before the reforms.

Sources: Statistics Sweden (STAR) and own calculations.

## Table annex

**Table a.1 Reforms taken into account in calculating the impact of policy on disposable income 2020**

2022	2021	2020	2019
Reinforced tax reduction for earned income	Broad tax reduction on earned income	Higher ceiling in unemployment insurance	Expanded earned income tax credit
Reinforced tax reduction for sickness and activity compensation	Reduced income tax for pensioners	Higher basic level in unemployment insurance	Reduced income tax for pensioners
Tax reduction for unemployment insurance contribution	Income pension complement	Higher minimum level in unemployment insurance	Higher threshold for national income tax
Reinforced housing supplement and special housing supplement for pensioners	Abolition of standard income on deferred capital gains	Reduced income tax for pensioners	Higher ceiling for RUT deduction
Reinforced housing supplement and special housing supplement for persons with sickness and activity compensation	Higher ceiling for RUT deduction	Stronger basic protection for older people	Abolition of tax reduction for trade union dues
Higher guarantee level in sickness and activity compensation	Higher maintenance support	Abolition of austerity tax	Introduction of tax reduction for gifts to non-profit associations
Higher ceiling in health insurance	Temporary tax reduction to deal with increased labour costs due to the pandemic	Tax reduction in certain sparsely populated areas	Introduction of recreational activity allowance in municipal social assistance
Temporary reduction of number of waiting days in unemployment insurance		Higher ceiling for deferred capital gains on home sales	
Higher maintenance support for 7–10-year-olds			
Family week			
Higher reasonable standard of living for pensioners and persons with sickness and activity compensation			

Note: In this table, the reforms included in the calculation of the impact of policy on disposable income in 2022 are listed. The columns show which year a particular reform was introduced.

**Tabell a.2 Distribution of reforms in the area of public services by different areas of activity**

Per cent

	Government	Electoral term
Leisure and culture	5	5
Health care	43	58
Social protection	29	13
Education	19	27
Child care	3	4

Note: Total spending on reforms in public services during the electoral term are calculated to amount to SEK 56 billion, of which SEK 53 billion corresponds to reforms initiated by the Government. Reforms of a more general nature are distributed according to the consumption pattern that applies to public services as a whole.

Source: Own calculations.

## **Economic gender equality**

This publication presents an account of the development of economic gender equality presented by the government in an appendix to the Budget Bill for 2022. The publication analyses the development of women's and men's labor income, capital income, transfers and tax payments. In addition, the impact of reforms on economic gender equality is evaluated.

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