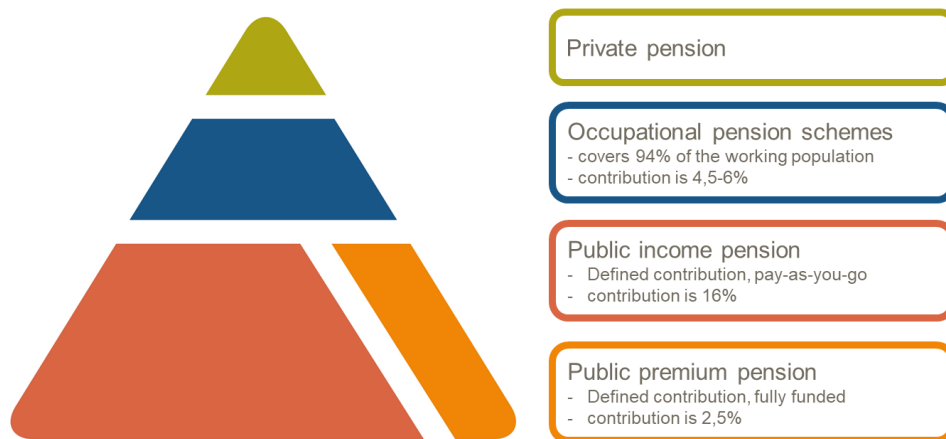




## The Swedish pension system in brief



- The pension system consists of three parts: at the base of the pyramid a national public pension from the state<sup>1</sup>, an occupational pension from your employer and any private pension savings.
- The total contribution to **the public pension** is 18.5 per cent of the pensionable income levied on all people employed in Sweden. Out of this 16 percentage points go to the income pension which is a pay-as-you-go system, and 2.5 percentage points are paid into the premium pension which is a funded scheme where assets are accumulated. Within the **premium pension**, each individual is entitled to decide how these funds are to be invested from a wide selection of investment funds (provided by Swedish, European and international fund managers). If

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<sup>1</sup> The national income based pension is solely financed via contributions and is, together with the buffer fund, separated from the state budget.

no individual choice is made the default alternative is AP7 S fa, which is the largest fund within the premium pension system. Out of its total SEK 1 400bn of assets under management, some 90 per cent is invested in equities, private equity and other non-fixed income assets. Total assets under management in the entire premium pension system was ca SEK 2 829bn as of 31 October 2025 (some 45 per cent of GDP).

- There is also a buffer functionality to the public income pension system, the so-called **buffer funds** which as of 1 January 2026 will consist of AP2, AP3 and AP4. If the 16 per cent levied is not enough to cover the pension expenditures in a given year, a top-up is provided from the buffer funds. If expenditures are less than the amount corresponding to 16 per cent, the residual is invested in the buffer funds. The AP funds were set up in 1960 in order to accumulate assets in advance of the retirement of the baby boomer-generation. The AP funds have had an increasing degree of investments in equities since 1974 and began investing in private equity in 1996. Total assets under management amount to some SEK 2 130bn as of the end of 2024 (some 33 per cent of GDP). Out of this some 78 per cent were invested in equities, private equity and other non-fixed income investments.
- In addition, the vast majority of all employees in Sweden have an **occupational pension** insurance. The most common way for an employer to provide an occupational pension is to pay premiums into a pension insurance offered by life insurance and occupational pension companies, with the employee as the beneficiary. The contributions made vary depending on which collective bargaining agreement one belongs to, but generally corresponds to 4.5-6.0 per cent.<sup>2</sup> Total assets under management in the occupational pension system amount to some SEK 4 291bn as of the end of 2024 (some 75 per cent of GDP). In terms of asset allocation, the proportion of equities, investment and other non-fixed income investments have steadily increased over time and currently amounts to some 60 per cent of total investments.
- **Total assets** in the public pension system (premium pension and the buffer funds) and the occupational pension system today corresponds to some **155 per cent of GDP**.

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<sup>2</sup> For incomes above a certain threshold – 7.5 Income Base Amount which currently corresponds to SEK 604 500 per year – contributions usually increase significantly as decided by social partners.