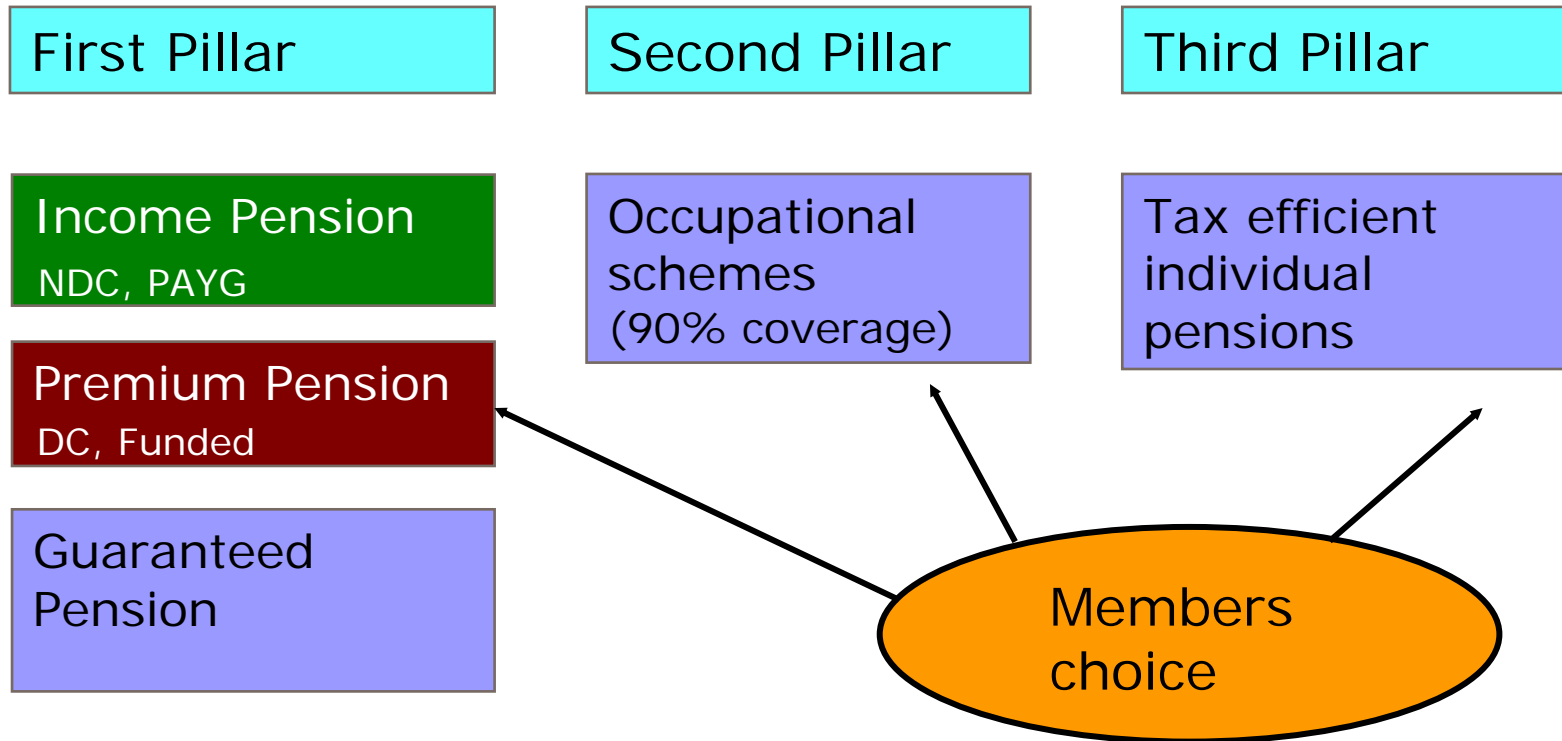


ISSA Technical Seminar on
funded public pensions:
country experience - **Sweden**

Lars Billberg, Chief Actuary
Warsaw, 2010-10-15

The Swedish pension system





Income Pension

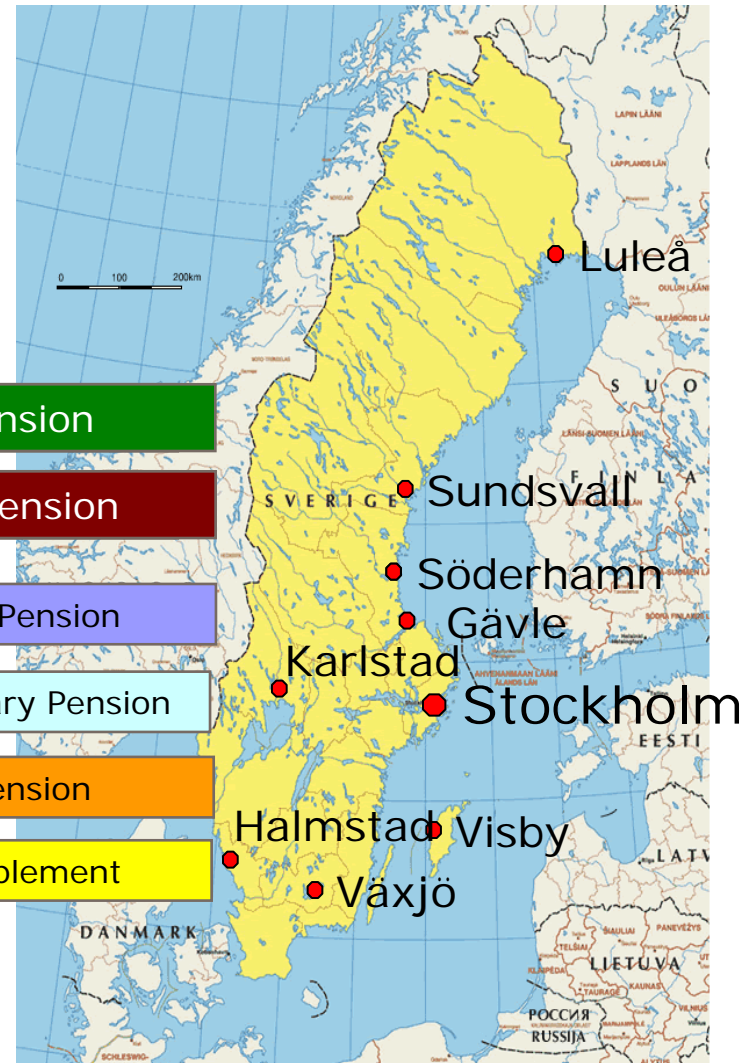
Premium Pension

Guaranteed Pension

Supplementary Pension

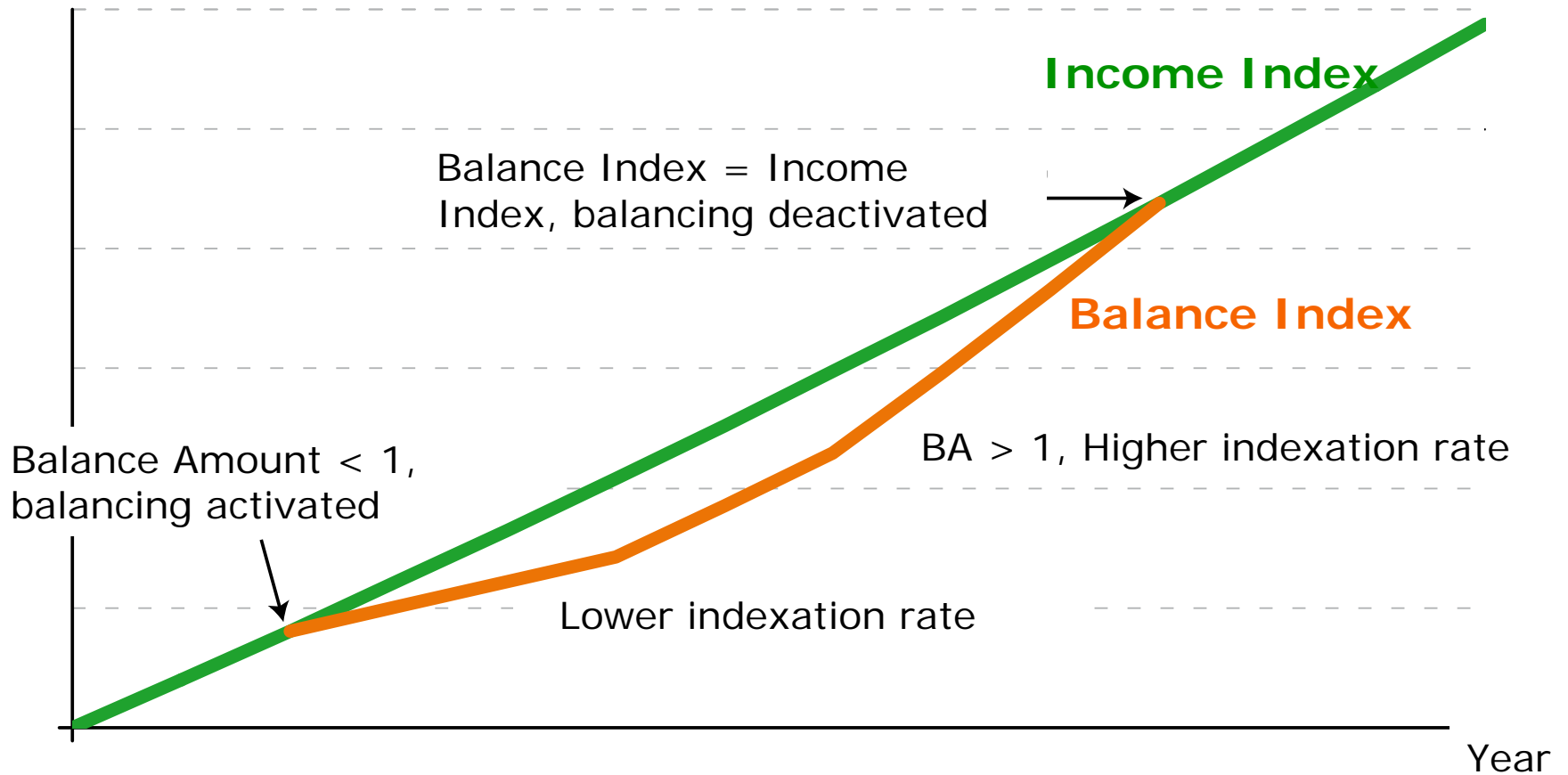
Survivor's Pension

Housing supplement

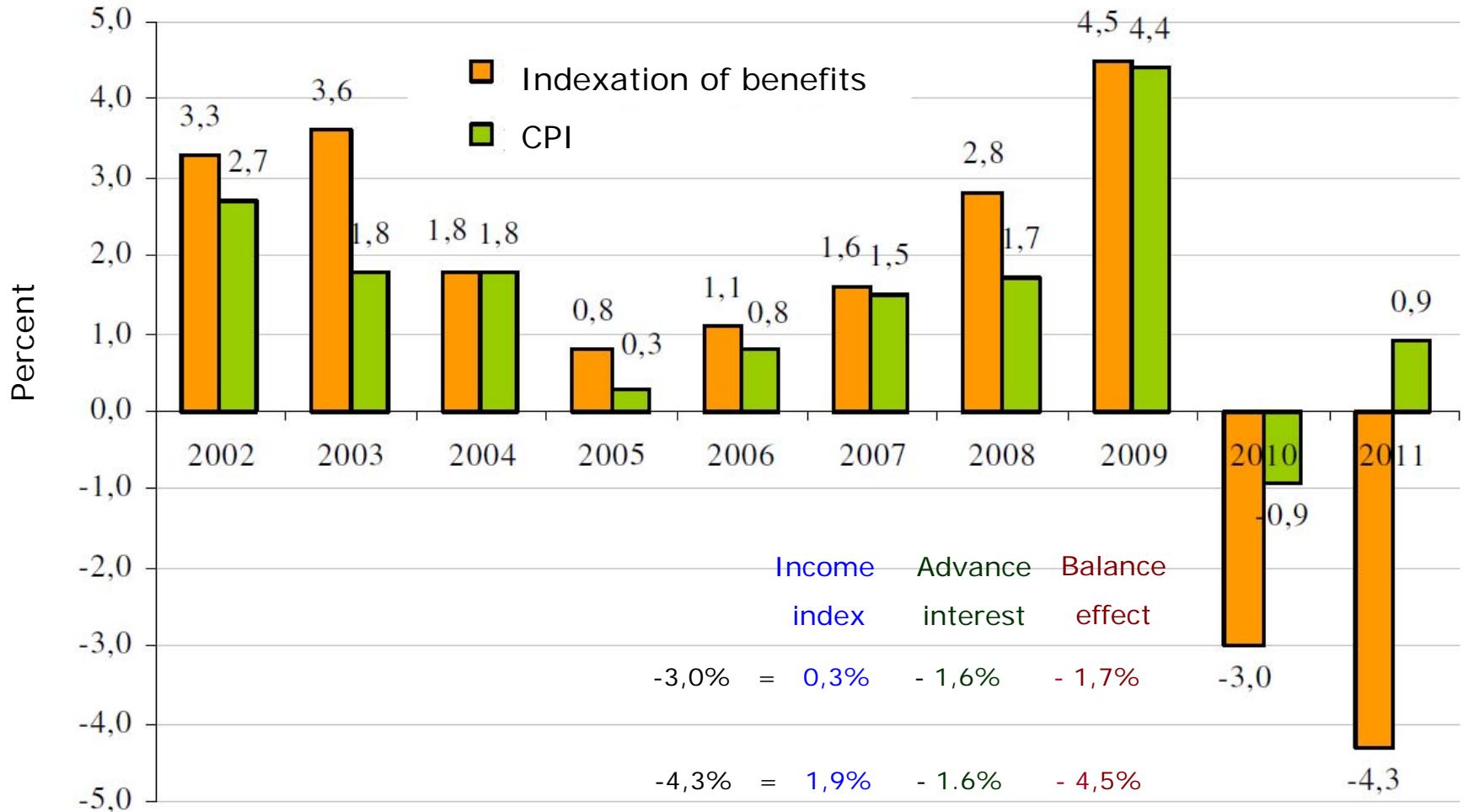


Income Pension: The automatic balancing

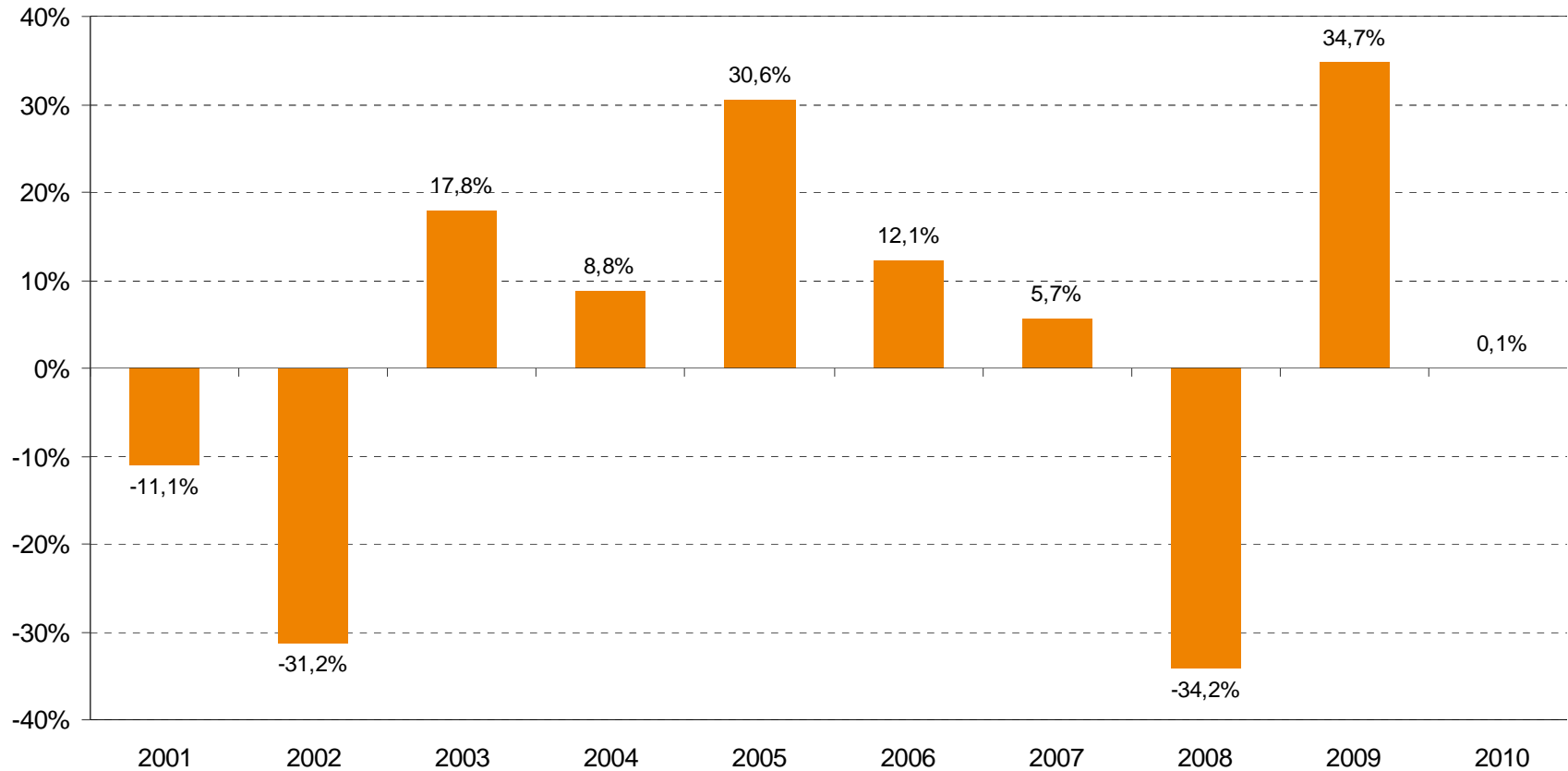
Index



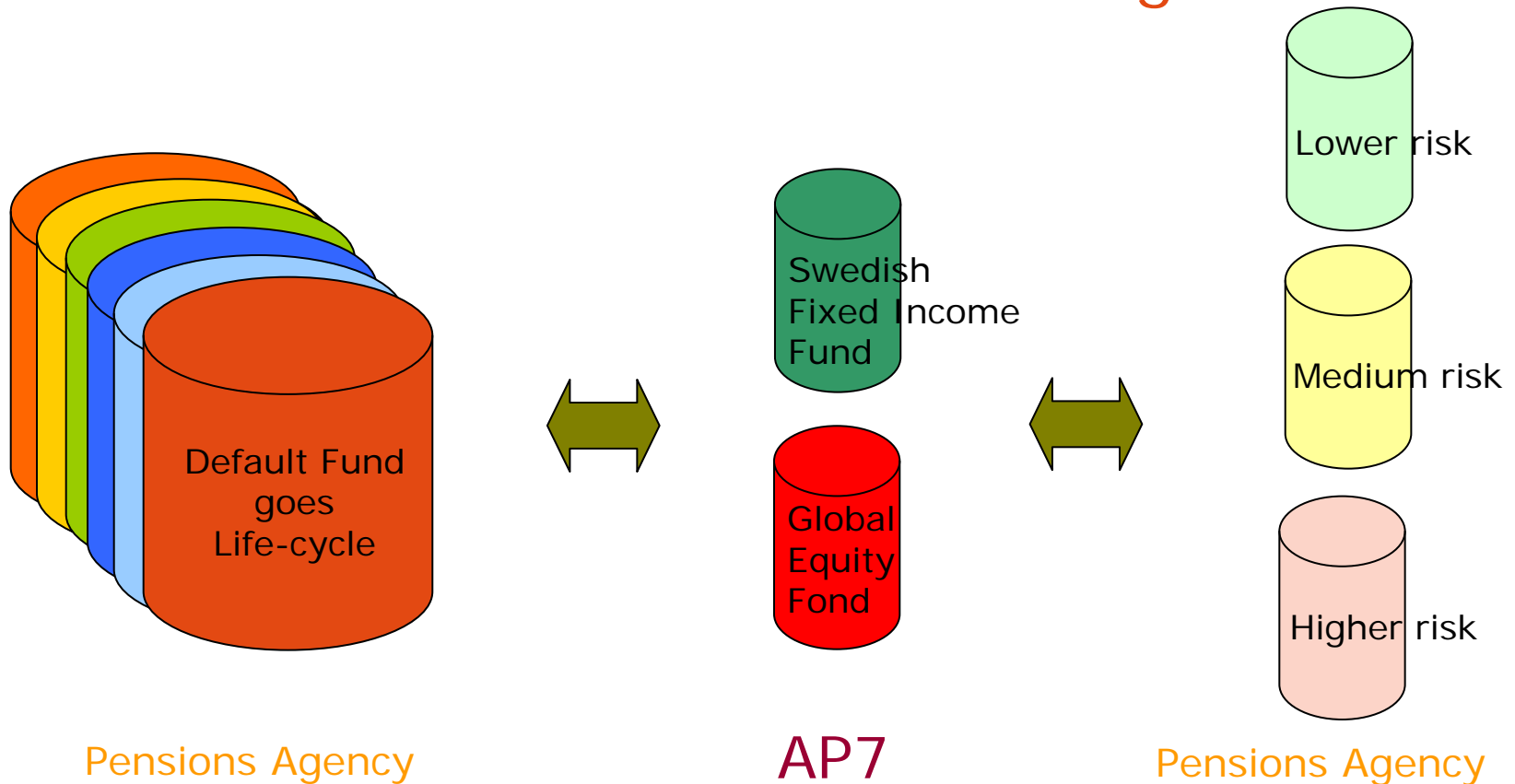
Income Pension indexation vs. Price Index



Premium Pension: Performance



Premium Pension: New state-managed funds



Premium Pension: Products

Product

Policies

Unit linked savings

5 420 000

Unit linked annuity **single life**

530 000

Unit linked annuity **joint life**

95 000

With profit annuity **single life**

90 000

With profit annuity **joint life**

25 000

Life-long annuities

From
61

Premium Pension: Calculations

- Pension amount:

$$\text{Yearly amount} = \text{Capital} / \text{Annuity factor}$$

- *If exacty 65 years old:*

3 624 SEK/year	=	50 000 SEK	/	13,80	(Unit Linked)
3 053 SEK/year	=	50 000 SEK	/	16,38	(WPA)
2 100 SEK/year	=	50 000 SEK	/	23,81	(WPA guaranteed)

Annuity factor = Capital needed now to pay out 1 SEK life-long

What kind of product? I

- Annuity: Variable, With Profit, Fixed
 - Guarantees require reserves
- Withdrawal: Lifelong, Programmed, Temporary, Lump sum
 - Lifelong requires survivor's bonus
- Underwriter: State, Private Ins. Co., Association, Other
 - Legislation, Rules, Supervision
- Asset management: State, Private (Bank, Other)
- Guarantee: None, Nominal, Real, Other

What kind of product? II

- Retirement age: Min, Max, Same for men/women
 - “Normal” pension age?
- Co-insured: Spouse, Children, Others, None
 - Lower pension, longer time
- Pension level: Fully, Partial
 - Flexibility versus administration