

Social Insurance **in Sweden** 2006

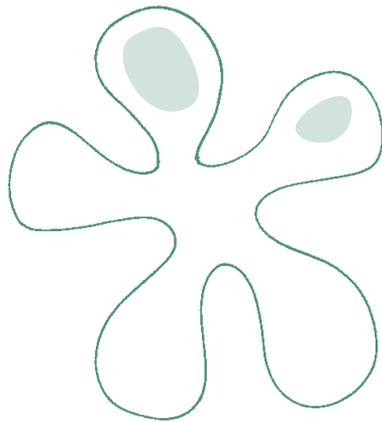
Transition to Adulthood



Försäkringskassan

Social Insurance in Sweden 2006

Social Insurance in Sweden **2006**



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The Social Insurance Book 2006 is the latest in a series of yearbooks published by the Swedish Social Insurance Agency. The aim of the series is to present an overview and discussion of urgent and topical issues relating to social insurance.

The theme of this eighth edition is: Transition to Adulthood.

It is increasingly difficult for contemporary youth to gain entry to or establish a foothold in the labour market, and this has repercussions on other aspects of their lives. If a young person wishes to get a job, find accommodation or start a family but is prevented from doing so, it hurts both the individual and society as a whole. The extra time it takes for individuals to get established becomes an impediment to achieving an independent life away from their parents. Opportunities for setting up an independent household or starting a family of choice may be reduced. Those who nevertheless go ahead and have children before having established themselves in the labour market risk serious financial hardship. Furthermore, early parenthood may result in a permanently low financial standard since interrupting or postponing one's studies may prove an obstacle to labour market entry in the future.

Young people about to enter working life were hit hard by the economic crisis of the 1990s. Since then, it has become increasingly difficult to find permanent employment and large numbers have been ushered into labour market policy programmes or forced to continue studying, even though they would have much preferred to have a job. Having a job not only affects the financial standard of the individual – there is also a social dimension. A job may provide a sense of purpose, context and social participation. Labour market difficulties may also affect the health of young people. Long-term unemployment in itself may constitute a health hazard for individuals. Evidence suggests that unemployment leads to an increased risk of psychiatric ailments.

The Swedish social insurance system is based on the 'work strategy' and is designed to encourage young people to establish themselves in the labour market before setting up house on their own and starting a family. Meanwhile, in a changed labour market, many young people have come to rely on loans, benefits, allowances, etc, as a source of income over a period of years. This has resulted in a kind of reverse establishment pattern as far as earning a living is concerned. Instead of starting out by getting a job and securing an independent income – thereby becoming entitled to income-related benefits in case of sickness absence, childbearing, etc – many young

people today first spend several years living off various benefits, only later entering the labour market and earning their own living. One result of this is that many young people do not contribute to the financing of social insurance over a span of several years. A further consequence is that they generally only have access to the means-tested parts of the insurance and, possibly, some income-based benefits at the lowest level.

Many colleagues at the Swedish Social Insurance Agency have contributed to the Social Insurance Book.

Britt-Marie Anderson has acted as editor. Each section has its own chief author. Claudia Gardberg Morner is responsible for the theme part, working with co-authors Maria Lidström, Ulrik Lidwall and Mattias Ossowicki. Lena Ericson is responsible for Social Insurance in Figures, Jon Dutrieux for The Financial Scope of Social Insurance, and Lena Larsson for Regulatory Changes.

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Stockholm, November 2006

Stig Orustfjord
Director of the Insurance Division

Transition to Adulthood 11

Transition to Adulthood **11**

Young people in the labour market and in social insurance **33**

Young people's family formation **61**

Young people's sickness absence **89**

A winding road to adulthood **123**

Social Insurance in Figures 139

The financial scope of social insurance **139**

Financial security for families and children **151**

Financial security in case of sickness and disability **166**

Financial security in old age, etc. **182**

References 195

Transition to Adulthood



Transition to Adulthood

Transition to Adulthood

11

- An extended establishment phase 11
- The situation of young people today 19
- Freedom and insecurity 30

Young people in the labour market and in social insurance

33

- The labour market and employment 34
- Young people's financial situation 44
- Late and uncertain labour market entry 58

Young people's family formation

61

- Young people's family formation 61
- Being a young parent 66
- The financial situation of young parents 69
- Single parents 81
- Students 83
- Pros and cons of young parenthood 86

Young people's sickness absence

89

- The pattern of young people's sick leave 89
- Young people's disability pension 110
- Young people's ill health – a disturbing development 120

A winding road to adulthood

123

- Different patterns of establishment and compensated ill health 124
- Consequences of postponed establishment 129
- Yoyo establishment in a linear system 132

Transition to Adulthood

There's so much more to do while you're still young and not hampered by family ties and responsibilities. It feels like we're living in a more global world today than maybe ten, twenty years ago. You can study abroad, find a job far away from home, get out and see the world. There's loads to do before settling down.

This system that's supposed to help us make the transition to the adult world – sometimes it just complicates things. Nobody wants to take responsibility – and you yourself maybe don't want to either – so you're trapped. People don't take you seriously when you're young, it's tough trying to get a job... You want to enter the adult world, but it's not so easy.

An extended establishment phase

There are many indications that the process of establishing oneself in central arenas of adult life – the labour market, housing market and family formation – has become more protracted and less predictable. The so-called age of establishment – that is to say, the age by which three-fourths of a youth cohort have found work, formed a family, etc – has risen by several years. Young people's establishment within the adult world is no longer a fleeting transition but has become a separate life phase that may extend over a decade (The Youth Board, 2003, 2005). Pelle and Sandra, quoted above, are 23 and 20 years old respectively. They are two of the young people interviewed during the compilation of this year's Social Insurance Book, which is devoted to young people and social insurance.

In some ways, the process of growing up has remained unchanged over generations. The fixed sequence of education, work, stable income, own accommodation and family formation is commonly referred to as linear establishment (e.g. Hörnqvist, 1994). The difference between generations is not primarily due to any changes in the various phases making up the establishment process but to the fact that nowadays the transitions occur at higher ages and often do not follow the linear sequence. Instead, many young people today move back and forth between different phases such as education and work more than once during their establishment phase. This phenomenon has come to be known as yo-yo establishment (The Youth Board, 2005).

While the establishment phase of many young people has become more extended, varied and insecure than previously, social insurance schemes and other security systems are still largely predicated on more stable living conditions. Young adults who have not yet entered the labour market are either not insured at all – this applies to sickness insurance, for example – or receive compensation at a relatively low basic level, as in the case of parental insurance. In the long term, their pensions will also be affected. People without permanent jobs are not excluded, since social insurance schemes also cover short-term and temporary employment. But the insurance schemes are based on the principle of loss of income, which means they are closely linked to income level. A more prolonged establishment phase means that many young people today either have no access to, or receive only low-level compensation from, social insurance schemes.

Weak labour-market attachment affects the ability of young people to make a living, set up a household of their own and form a family. It is important to emphasize that major differences exist within the group of young people concerning how they establish themselves in adult life. Many young people, of course, freely choose to vary the establishment pattern by



studying longer, testing out various jobs, travelling or working abroad for a period, etc. Meanwhile, some young people experience great insecurity on the eve of adult life and say that the problem of entering the labour market and becoming self-supporting results in severe anxiety. Studies reveal an increasing polarization between the majority of young people who do well and others who find themselves excluded from the labour market and from the chance to make an independent living. This development may be traced back to the economic crisis in Sweden in the early 1990s and the way in which different groups were affected, a topic that will be taken up in later chapters. Education and social background are important factors determining how well young people are able to establish themselves in the labour market (Angelin and Salonen, to be published).

The question of what effects the extended establishment process of young people might have on their adult lives has been much discussed over the past few years. Do problems in early years automatically lead to problems in adult life? (for example, The Youth Board, 2005; Halleröd and Westberg, 2006). The possibility has been raised that difficulties experienced in youth may have a negative impact on the health of the adult individual. Since many young people report anxiety concerning their life situation, there is agreement on the importance of examining a possible link between young people's extended establishment phase and their health (The Youth Board, 2005; Swedish Board of Health and Welfare, 2005; Swedish Government Report, 2006:77). Changes and deteriorations in the health of young people have also been observed in the form of disturbing developments in sick leave and disability pension within this group.

Against the background of young people's extended and sometimes obstructed establishment in the arenas of adult life, this year's Social Insurance Book focuses on two urgent themes. The one concerns young people's access to and uptake of various social insurance benefits. What impact do social insurance schemes have on the livelihood of young people and their establishment as adults? To shed some light on this, we study the situation of young people in the labour market, their financial situation and their family formation. The other theme is the possible link between extended establishment, opportunities for independent income and the health of young people. This is studied from the perspective of social insurance through a detailed analysis of young people's sickness absence and disability pensions.

Older teenagers and young adults – a large and heterogeneous group

This theme section is mainly about young people aged between 16 and 29. Swedish youth policy is aimed at persons aged between 13 and 25 and sometimes up to the age of 29. The 13–15 year-old age group is excluded here since we are concerned with the entry of young people into adult life.

From a social insurance perspective, 16 years is a suitable lower limit since from this age young people may become independent recipients of social insurance benefits. The upper age limit of 29 years accords with current practice in Sweden and internationally. However, in the following presentation, it will occasionally be necessary to extend the upper age limit even further – up to 34 years.

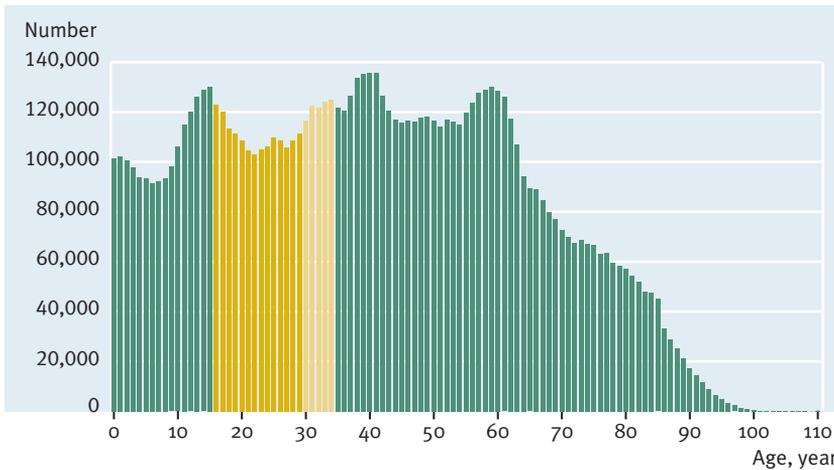
Since 16–34 years covers a wide range of ages and many different phases of life, a further sub-division into four separate age groups has been made:

- 16–19 years
- 20–24 years
- 25–29 years
- 30–34 years

The main focus of our presentation will be on the 20–24 and 25–29 age groups since we are interested in how young people make a living, become independent and establish themselves in adult life and this primarily concerns young people who have finished upper secondary school and left home. The 30–34 age group will mainly figure in the chapter dealing with ill health. The reason for this is that non-congenital ill health often emerges at somewhat higher ages, making it necessary to include the higher age group in order to obtain sufficient statistical data. But in contexts relating to the labour market and family formation, it will sometimes also be relevant to include this group.

The focus of the theme section is thus on young people who are in different phases when it comes to establishing for themselves an independent adult life. The proportion of young people relative to the population as a whole varies over time. On 31 December 2005, just under 2,150,000 people, or a little less than 24 per cent of the population of Sweden, were aged between 16 and 34 (Statistics Sweden, statistical database). The distribution within the four age groups is as follows:

16–19 years	468,275 persons
20–24 years	527,268 persons
25–29 years	544,061 persons
30–34 years	610,276 persons



SOURCE: STATISTICS SWEDEN, 2006

Population of Sweden in December 2005

It is immediately obvious that a group consisting of almost one-fourth of the country's population represents a heterogeneous cross-section of people. Even if our point of departure is the age of the individuals concerned, a number of background factors – both structural and individual – must be taken into account.

Societal level factors such as economic business cycles have a profound influence on the establishment of young people in adult life. What is the state of the economy and the labour market at the time young people set out to look for a job? Demographics is another important aspect. Different youth cohorts vary in size, which is highly significant for the occurrence of possible "congestion effects" in the labour market, housing market or higher education. For example, the diagram clearly shows the forties generation – now in its sixties – and the sixties generation – now in its forties – as relatively large cohorts. This is also true of those born in the early 1990s, fifteen-year-olds in 2005. Changes in the value patterns of society are another factor of importance. Attitudes to education, work or family formation are not static so that young people from different generations are subject to a partially different set of expectations and make different choices. What we may call institutional factors are of particular interest. How are welfare and maintenance systems in society designed – and how great is the strain on these systems?

Gender, educational level and illness or disability are examples of individual factors affecting the opportunities and obstacles awaiting young people in their establishment process. Socioeconomic background – by which is meant the educational level and profession of parents – is significant as is the geographical location of young people (The Youth Board, 2003, 2005). Here, it is not possible to take into account all the background

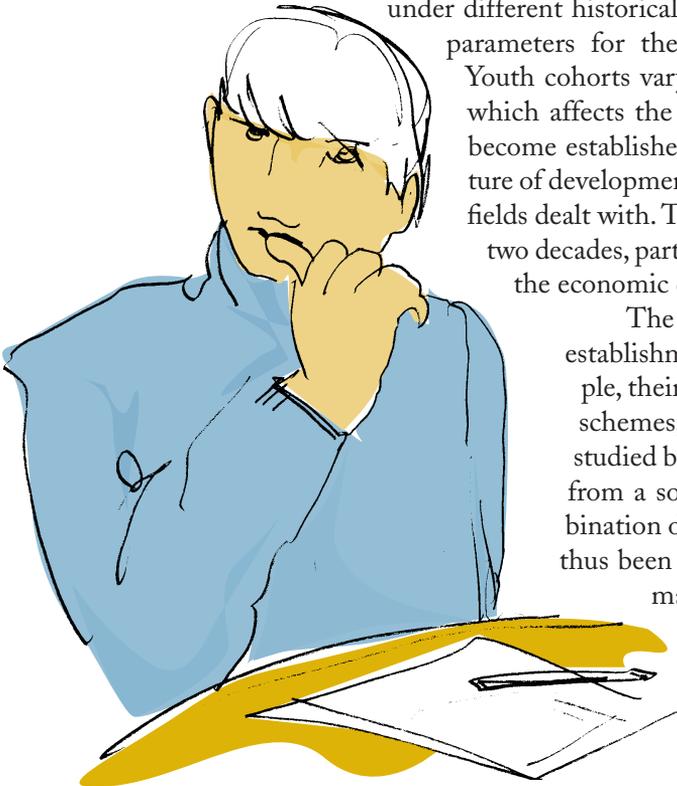
factors that may exert an influence on young people's establishment process. For example, geographical discrepancies are not analyzed and country of origin is only dealt with in a few places (using the highly simplified division into foreign- or native-born). Age and gender, education and socio-economic background as they relate to demography, economic business cycles and value patterns in society are aspects highlighted in various contexts in the following text.

Approach and content

When age is studied in relation to social phenomena, different perspectives may be used. A life-cycle perspective shows the various phases people pass through during their lives – slightly over-simplified: childhood, youth, adulthood and old age. The phases are not restricted to a set number nor are they pre-determined by age limits but are defined by the nature of the problem being studied and by the empirical materials used. The perspective is centred in the individual and the focus is on the sequence of role transitions throughout the person's life and the moments at which they occur (for example, Soidre, 2002). The life-cycle perspective is thus well suited to studies of the establishment of young people in adult life.

The point in time when a person was born is also significant for the analyses in this year's Social Insurance Book. Different birth cohorts live under different historical conditions, which set the parameters for their individual experiences. Youth cohorts vary in size and composition, which affects the chances of individuals to become established. The analyses give a picture of developments over time in the various fields dealt with. The emphasis is on the past two decades, particularly the years following the economic crisis of the 1990s.

The issues taken up here – the establishment process of young people, their access to public insurance schemes, and ill health – are thus studied both from an individual and from a societal perspective. A combination of methods and sources has thus been used. A major part of the material consists of statistical analyses, deriving in part from the Swedish Social Insurance Agency's own databases and in part from other



public statistics. Young people themselves express their views in interviews – in groups and individually – that were conducted in the spring of 2006 (see the Fact Box). Interviews with young people conducted on other occasions, within the framework of research carried out by the Swedish Social Insurance Agency or others, have also been used (as have previous surveys and research about young people). Attitude surveys are another source of insight into how young people perceive their situation. Each chapter and section lists the material that has been used and what if any adaptations have been made.

Swedish Social Insurance Agency's interview study with young people

From March to May 2006, young people took part in six different focus groups. A focus group consists of a number of people (in this study, between 3 and 8) who meet as a group to discuss a given theme. The discussion, which is recorded, is led by a moderator, with an observer taking notes. Three focus groups were made up of young people aged between 18 and 24 who did not have children at the time of the interview. Three focus groups were made up of young parents of the same age. The discussion themes were establishment in general, that is, education, the labour market, the housing market and finances, as well as the knowledge and experience of social insurance. Especial focus was placed on young people's view of family formation (which was why young parents had been specifically chosen).

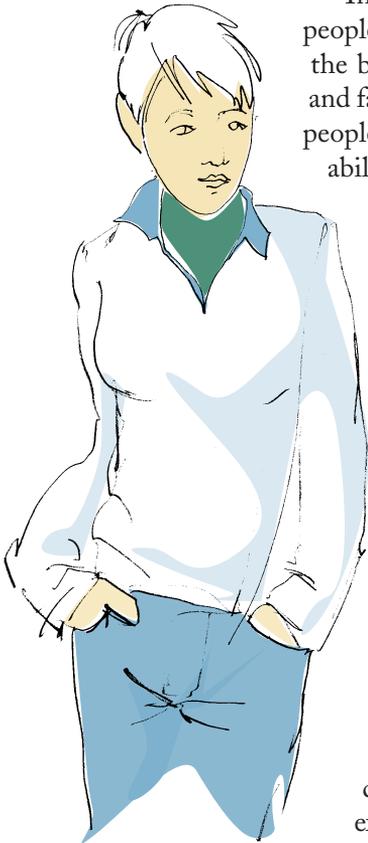
Interview subjects were culled from public registers (SPAR) as well from various types of young adult networks (for example, Young Parents Network) and were contacted first by letter and then by phone concerning participation. A certain geographical spread was achieved by conducting two focus groups in each of one large and two medium-sized towns.

In addition to the focus groups, three individual interviews were conducted with young fathers, who were under-represented in the focus groups. All taped discussions and interviews were transcribed in their entirety, after which they were encoded and analyzed.

In the present text, results from the study are sometimes reported collectively ("in the focus groups, it emerged that ...", "most young people participating in the enquiry thought that ...", etc.), sometimes in the form of individual quotations printed in italics. The quotes are chosen as being representative of the main views that emerged from the overall analysis of the focus groups. Since the view of young people on family formation was the special theme of the interviews, the chapter entitled *Young people's family formation* contains a comparatively large number of results from the focus groups. For detailed information on the interview study, please refer to a coming report in the Swedish Social Insurance Agency series, *Analyserar*.

The chapter *Young people in the labour market and in social insurance* describes the structural transformation of the Swedish labour market in the wake of the crisis of the 1990s. It provides a picture of the situation of young people in the labour market – the age of establishment, work, terms of employment, unemployment, etc. This picture is then linked to an overview of young people's access to social insurance. The chapter also discusses the financial situation of young people in general by describing the level of young people's disposable incomes and examining the various sources of such incomes.

The financial situation of young people in turn affects their chances of establishing a household of their own or starting a family. The chapter *Young people's family formation* gives a picture of young people who stay with their parents and those who leave home. The significance of the housing market is discussed. The focus of the chapter is on young people's parenthood and their establishment of an independent family. Themes discussed include the attitudes of young people towards family formation, their experience as young parents, the finances of young families and their access to family policy benefits. A special section is devoted to the situation of single and studying parents.



In the chapter *Young people's sickness absence*, young people's uptake of sickness insurance is analyzed against the background of descriptions of young people's work and family circumstances. What are the reasons for young people's sickness absence and for their being granted disability pension? Risk factors in working and family life that contribute to sickness absence among young people are analyzed in depth. The consequences of long-term sickness absence, as well as rehabilitation and what it takes to get young people back to work, are other themes of this chapter.

In the final chapter *A winding road to adulthood*, the threads are drawn together and the opportunities and impediments facing young people are discussed, against the background of the data that has emerged in preceding chapters. Discrepancies within the group of young people are described. Special focus is placed on the long-term consequences for both individual and society of the postponed establishment of young people. This chapter also raises and problematizes the larger issue of whether and to what extent the current social insurance system is adapted to the changed conditions in the labour market and the extended establishment pattern of young people.

By way of introduction, an overview is given of the situation of young people in Sweden today. The themes discussed include the significance of social background, education, and the health and well-being of young people. This section also describes Swedish youth policy.

The situation of young people today

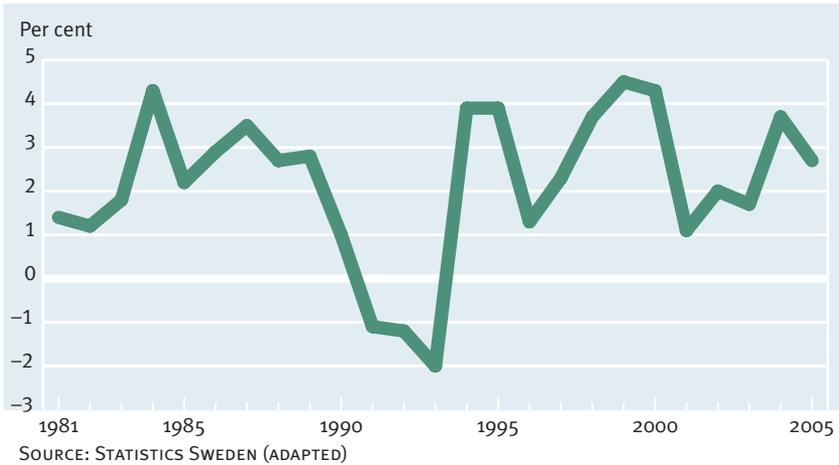
What does it mean to become an adult? When young people answer this question, two essential aspects recur in interviews and attitude surveys. Becoming an adult means independence and taking personal responsibility. The two go together. Opportunities for taking responsibility for one's own decisions are linked to an independent life. An independent life is in turn linked to financial independence. In a society such as ours, adults are expected to earn their own living. And they are expected to do this through their own work.

Therefore, an important facet of becoming an adult is getting a job. Gaining the power to make one's own decisions on the financial aspects of existence is one of the crucial steps from childhood and dependence on parents to an independent adult life. However, the significance of employment is not only financial. Having a job shows that one belongs to and fulfils a function in society. Having a job affects one's self-image and social affiliation. But even if the norm that obliges young people to seek to support themselves through their own labour is still strong, the conditions for achieving this have altered over recent decades.

The transition from a society based primarily on industrial production to one that is knowledge- or service-based has led to major changes in the organization, content and conditions of work and in the organization of welfare systems, as well as in the structure of family and social life. This over-arching and ongoing structural transformation sets the framework for the establishment process of young people. Today's society is characterized by insecurity, but also by a multiplicity of choices and, not least, by constant change. It is more usual than it used to be for people to change jobs several times during their working lives as opposed to working in the same workplace for in principle one's whole life. Relatively many partnerships and marriages end in separation and it is not unusual to have several relationships or family formations during a single lifetime. People study for longer periods and may also resume their studies after a spell in working life. The process of establishment in life's various arenas is not always linear and is thus less predictable. The dissolution of traditional roles and higher degree of individualization have put pressure on young people to decide for themselves what kind of life they want to live (for example, Bauman, 1993; Beck, 1992).

Within the framework of over-arching societal changes, variations in the form of business cycle changes occur which may have more or less

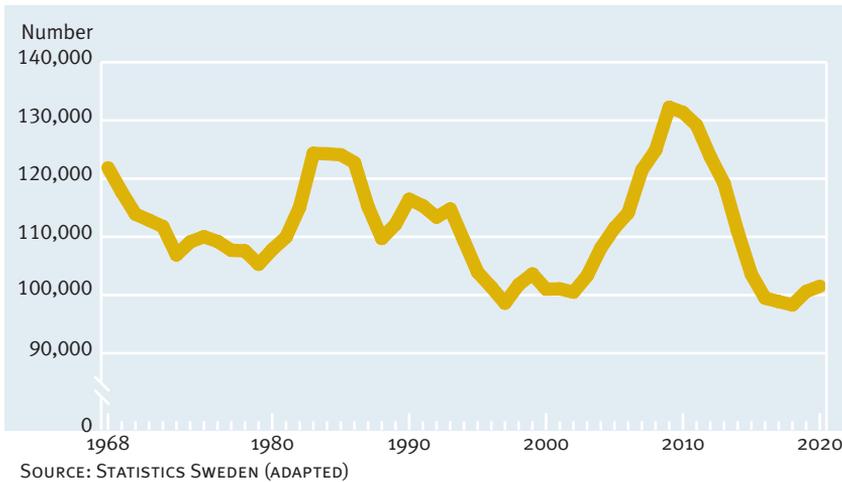
long-term consequences. Of great significance for the establishment of young people is whether their attempt to gain a foothold in the labour market occurs during a boom or recession. However, the labour market is not alone in being affected by economic business cycles – other examples are house-building and the resources available to education, health and medical care. Business cycles tend to recur between three and eight years (Institute of Economic Research, 2005). The following diagram gives an overview of developments since the early 1980s.



Growth of GNP

The economic crisis in the early 1990s was such a severe and drastic recession that it had permanent structural repercussions on the labour market. A more detailed discussion of this may be found in the chapter *Young people in the labour market and in social insurance*. Thus, even today, the opportunities for young people to establish themselves are affected to a great extent by the crisis of the 1990s. Since that time, the business cycle has risen and fallen a number of times – but not so very drastically – and at present (in 2006), Sweden is enjoying a boom.

The establishment process of young people is also influenced by how business cycles interact with demographic changes. As demonstrated, the cohorts born at the end of the 1980s and in the early 1990s were relatively large. Since the start of the new millennium, the number of 19-year-olds has constantly increased and will continue to increase up to around the year 2010. The rate of increase is relatively drastic. Compared to 2006, the number of 19-year-olds in 2010 will have increased by 30 per cent.



Number of 19-year-olds

Looking back, we see that the number of pupils in basic school was comparatively high and increasing at the time when cutbacks and reorganizations were carried out to meet the severe recession of the 1990s. At present, the number of upper secondary school students is greater than it has been for many years. The number of young people who have completed upper secondary school and will either continue into higher education or enter the labour market has been continuously increasing over the past few years and will continue to increase relatively strongly for a further period. After 2010, the number of 19-year-olds will instead decrease relatively quickly over a number of years.

Social background

There has been a trend in working life towards an increased degree of specialization and professionalization in almost all areas, while simpler production tasks have declined considerably in scope. In the process, education has increased in importance, but so has social competence. Oral, written and electronic communication is essential to much of today's working life. But it is not only as employees but also as citizens that we need the skills to be able to process all the information surrounding us and make active choices. Our ability to select and negotiate our way through the various social arenas greatly influences our prospects in life.

Such types of knowledge and skills are established in childhood. It has been observed that the significance of the family for a child's future prospects in life has increased in post-industrial society, because the necessary cognitive and social competence may be difficult to acquire in later life (Esping Andersen, 2002). Our primary socialization takes place within the family. There, different expectations are created for girls and boys, for blue-

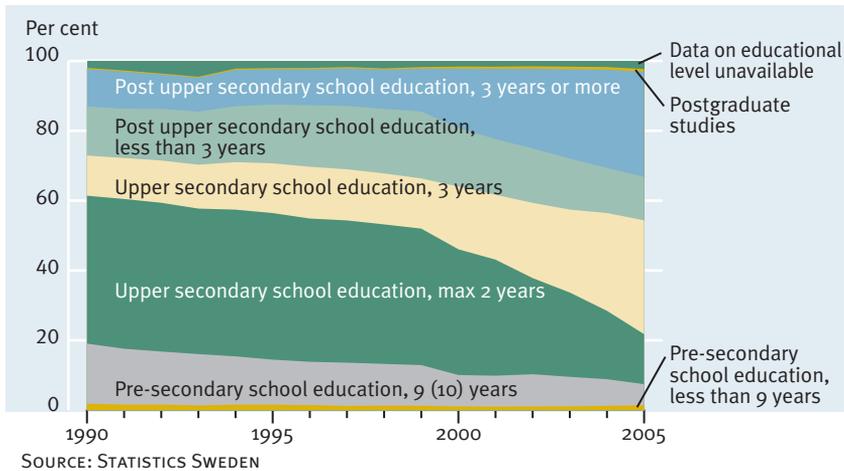
collar and white-collar children, and for children from different cultural backgrounds. Conditions during childhood and youth generate not only differences in actual life opportunities but also in the subjective attitudes of young people themselves, for example, concerning what opportunities they consider open to them, what form of education to choose, what kind of work is interesting and what lifestyle is desirable.

Our background thus affects not only our financial and material prospects and our individual preferences and choices but also our social attitudes and values in general (Westberg, 2005; Ambjörnsson, 2004). It is of great significance for the establishment process of young people whether or not their parents can help them by providing financial and other support, for example, during school or college days or when the young person has to find a home or form a family. This is discussed in the chapter entitled *Young people's family formation*. But the conditions for many of the choices we make on the threshold to adulthood are already determined in early childhood. A choice that is made relatively early and is decisive for our prospects in life – not least regarding our labour market status – is the choice of education.

The significance of school and education

For most young people, education is the first step in the process leading to independent adult life. Over the past few years, two trends have emerged in the educational patterns of young people. Firstly, the period of study has grown longer. Secondly, more young people continue their education after basic school. An increased number of upper secondary school and college places has contributed to this development but a crucial factor has been the difficulty of young people to enter the labour market. Moreover, many young people alternate repeatedly between education and work, especially those aged between 20 and 30.

The highest level of education attained by the age of 30 has increased over time. Since the early 1990s, the proportion of 30-year-olds with only basic school education has more than halved, from 19 to 7 per cent, while the proportion of persons with higher education of at least three years' duration has increased significantly, from 25 to 43 per cent. The increase in the proportion of 30-year-olds with three-year upper secondary school education can be partially explained by the fact that all upper secondary school courses became three-year courses in connection with the upper secondary school reform of 1995 but even before that a greater proportion began to opt for three-year upper secondary school. Many have also supplemented their original upper secondary school education by attending municipal schools for adult education (KomVux).



Highest level of education achieved by 30-year-olds

Basic school

Parallel with the ever increasing importance of education for young people's prospects in life, a growing proportion leave basic school without the grades necessary to pursue higher studies. Surveys reveal that the competence of Swedish youths in basic subjects has deteriorated over the past 20 years, seeming to indicate that school functions less well for many pupils. One out of ten pupils who finished ninth grade in the spring of 2005 failed to qualify in Swedish, English or mathematics, thus being disqualified from entry to a national upper secondary school programme (National Agency for Education, 2005). There are also striking differences between different groups of pupils. Girls perform better than boys, and pupils with a Swedish background manage better than pupils with a foreign background (both parents born abroad). Just over 89 per cent of pupils leaving basic school qualify for upper secondary school studies. There are thus clear indications that basic school does not wholly succeed in preparing all youths for further education.

Upper secondary school

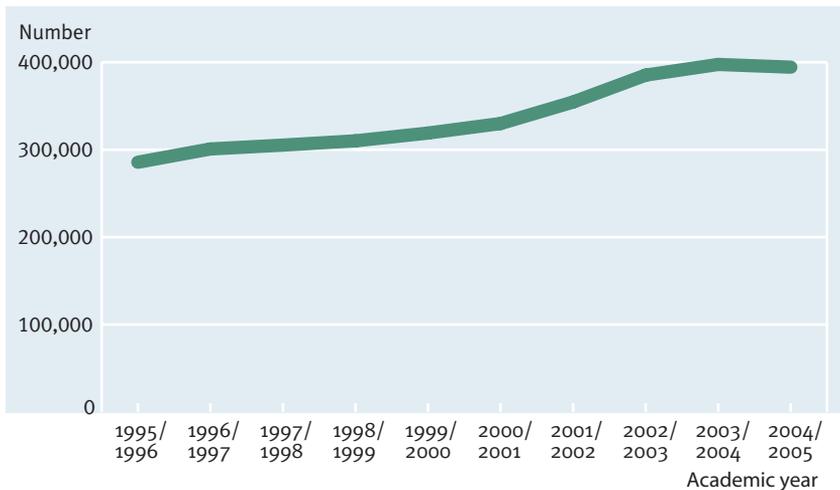
The Upper Secondary School Reform of 1995 contributed to lengthening the period of study by making all courses three years long. The national programmes may be either vocational or theoretical. Young people not qualified to attend upper secondary school after basic school may instead follow a so-called individual programme. The aim of this programme is to give young people a chance to achieve an upper secondary qualification at their own pace prior to transferring to a national programme. Of those pupils who came directly from basic school to the individual programme

in 2003, 45 per cent went on to attend a national programme the following year (National Agency for Education, 2005).

There has been a marked increase in the number of pupils attending upper secondary school in recent years. In the school year 2004/2005, there were almost 350,000 pupils in upper secondary schools – the highest figure ever. The National Agency for Education has declared that large pupil cohorts, coupled with the difficulty of finding academically qualified teachers, present serious challenges to the maintenance of quality in upper secondary education (National Agency for Education, 2005).

Higher education

Nine out of ten pupils receiving leaving certificates from upper secondary school are qualified to commence university studies (National Agency for Education, 2005). The number of students at universities has also steadily increased over a number of years. This is partly due to the increase in the number of young people reaching university age but, as we have seen, it also reflects the continued increase in the proportion of higher-educated persons in the different cohorts. However, during the academic year 2004/2005, the trend was broken – with a drop in the number of students for the first time in 20 years (despite the increasing number of young people in these age groups). This applies equally to first-timers at university and total student population. Applications in the autumn of 2006 indicate a further decline in the number of young people applying for university entry, albeit marginal (Statistics Sweden/Swedish Agency for Higher Education, 2006).



SOURCE: SWEDISH AGENCY FOR HIGHER EDUCATION (ADAPTED)

Number of students in higher education

The transition from school to university varies according to the type of upper secondary education. The largest transition is from theoretical programmes. Despite the expansion of university education, there is still a clear difference between different social classes in the transition to higher education. It is nearly three times more usual for young people from white-collar homes to continue studying than it is for those from blue-collar homes. Studies have shown that the educational level of parents has a great impact on young people's choice of study (Salonen, 2003; SACO, 2006). There is also a noticeable gender difference in the transition to university. While 55 per cent of women continue to university, only 41 per cent of men do so. The differences between young people with Swedish and foreign backgrounds are relatively small. On the other hand, there are differences between different nationality groups (Swedish Board for Youth Affairs, 2005).

The number of university students is partly determined by the number of available places. In recent years, the gap between the number of applicants and those accepted to university has widened. In spring 2006, the pressure of applications was on average 2.0 first-time applicants per available place, that is to say, twice as many apply to university as succeed in gaining entry (Swedish Agency for Higher Education, 2006). Since the number of 19-year-olds is set to increase during the next few years – by as much as 30 per cent up to 2010 – one possible outcome might be that the gap continues to widen (Swedish Board for Youth Affairs, 2005). What happens will naturally depend on the expansion of university education. The Government has stipulated that 50 per cent of every cohort should have entered university by the age of 25, presupposing a relatively dramatic expansion over the next few years. But developments will also hinge upon the propensity of young people to apply to university in each year's cohort. Another factor is the current situation in the labour market, as discussed in the next chapter.

All in all, the fact that more people continue studying up to ever increasing ages is indubitably one of the causes of the prolonged establishment process for many young people. In most cases, a higher level of education is likely to be beneficial for both society and individual, nor does postponed establishment in other arenas necessarily constitute a problem. Nevertheless, the fact that education has gradually come to exert a more decisive influence over future prospects in life means that the problems observed in connection with transition between different educational levels and with access to higher education may have far-reaching consequences for individual young persons. The polarization sets in early between those who cope less well with school and those who go on to higher educational levels. Class, gender and country of origin continue to determine educational careers and therefore labour market prospects.

Young people's health and well-being

Health and well-being are partly influenced by factors beyond our control such as heredity and the environment. However, a person's lifestyle – smoking, exercise, alcohol consumption, etc – is also of vital importance. There is a strong link between the conditions young people grow up in and their subsequent lifestyle and health, though it should also be noted that lifestyles of young people change from one generation to the next.

Every-day smokers have decreased in the population as a whole but the decrease is especially noticeable among young people. Meanwhile, gender differences have diminished. Since the decrease in smoking has been greatest among men, young women have overtaken men as every-day smokers (Statistics Sweden, 2005). In younger age groups, between 16 and 24, 12 per cent say they smoke every day, and here twice as many women (16 per cent) as men (8 per cent) smoke. Unlike smoking, snuff-taking has increased somewhat over recent years. Thirteen per cent of those aged 16–24 say they take snuff daily, and here men are in a clear majority (20 and 4 per cent respectively).

Alcohol consumption has increased much faster among young people than older people. Over the past 20 years, consumption has doubled among the under-25s. However, total consumption is still lower among young adults under 25 than among older age groups. Approximately 32 per cent of 16–24-year-olds confess to an alcohol consumption at levels considered detrimental to health. The proportion of binge drinkers among young men is twice the proportion among young women. Among Grade 9 students in basic school and among 18-year-old men, the proportion having used drugs at some time or other has also doubled over the past 20 years (Swedish Institute of Public Health, 2005; Swedish Board of Health and Welfare, 2005).

The use of alcohol and other drugs affects young people's risk-taking and exposure to injury from accidents or violence. The 16–24 age group is the one most subject to violence and threats and there has been an increase since the 1980s. Physical violence is more common among men, while women are more frequently subject to threats. Young men are more likely to suffer so-called out-of-doors street violence from unknown perpetrators, while women to a greater extent are subjected to violence occurring in the home. The number of reported cases of men's violence against women in close relationships has increased steadily over the past 15 years. According to the Swedish Council for Crime Prevention (BRÅ), current developments reflect both an increased propensity to report and a real increase in the number of cases. Age has a certain significance inasmuch as it is more common for young men to subject women to violence in close relationships. Otherwise, there are no differences regarding, for example, social class or country of birth (Hensing, 2004). The subjectively experienced fear of becoming a victim of violence has also increased, chiefly among women (Swedish Board of Health and Welfare, 2005, Statistics Sweden, 2005).

Physical activity is essential for health. Since the 1980s, there has been a continuous increase in physical training among all age groups. Currently, something like 70 per cent of young people between 20 and 35 exercise regularly (Statistics Sweden, 2005). On the other hand, other physical activity not related to sports or health promotion has diminished, ousted by a more sedentary way of life, for example, TV-watching and the use of computers. Meanwhile, we eat more than before, not least because of drastically increased access to and marketing of sweet and fatty foods such as chips and candy (Swedish Institute of Public Health, 2005). This has resulted in a marked increase in overweight and obesity, especially in age groups below 35 years of age. The proportion of overweight people has increased in all socioeconomic groups irrespective of educational level. On the other hand, there has been a greater increase in obesity among poorly educated than highly educated people. Overweight is more common among men, while obesity is almost equally common among men and women (Swedish Board of Health and Welfare, 2005).

Overweight and obesity

Overweight and obesity are measured using the so-called body mass index (BMI), defined as the weight in kilograms divided by the square of the height in metres (kg/m^2). Underweight persons have a BMI of less than 18.5, persons of normal weight have a BMI of 18.5–24.9, overweight people have a BMI of 25.0–29.9 and obese persons have a BMI of 30 or more.

SOURCE: SWEDISH BOARD OF HEALTH AND WELFARE, 2005

Health and well-being also have a social dimension. The significance of family ties in the everyday lives of young people is changing in the wake of new patterns of migration caused by changed educational and labour market conditions. Partly new forms of family and personal relationships relating to separations, blended families and single households influence young people's relations with their original family. For example, at least 25 per cent of today's Swedish-born 17-year-olds have experienced in childhood a separation between their parents, compared with approximately 15 per cent two decades ago. Five per cent have never lived together with both of their original or biological parents (Statistics Sweden, 2003a, Statistics Sweden, 2005b). Among young people, there has been a marked drop in the number who meet at least once a week children, parents or siblings not living in their own household. It is also much less common than formerly for young people to maintain close contact with their neighbours. However, friends and acquaintances who are not family have increased in importance as social contacts. As many as 90 per cent of young people between the ages of 20 and 34 also say they have close friends they can contact and talk with on all subjects (Statistics Sweden, 2005).

Another important factor in well-being is the environment that young people live in. As far as the physical and psychosocial working environment at school is concerned, many pupils say they perceive their surroundings as being chaotic in many respects and that this, in combination with the demands of school tasks like homework and tests, creates stress and affects them negatively in several ways (Child Ombudsman, 2006). Developments during the 1990s with growing numbers of pupils, shrinking resources and educational reforms have affected young people's study environment and study conditions at all levels, from basic school to university (Swedish Government Report, 2006:77). Today's working life environment also involves strains that affect health in ways that are partly new. It is mainly a matter of psychosocial work environment problems, due to repeated re-organizations and insecurity of employment, affecting young people in particular (National Institute for Working Life, 2004). On the other hand, the physical work environment has generally improved. The number of accidents in schools, homes and workplaces has steadily diminished over a long period of time.

An examination of how young people themselves assess their health reveals that an increasing percentage say they experience health problems compared with older people, who say their health has improved. Both chronic and acute sickness has increased among young people. Another development is that psychosomatic ailments such as insomnia, tiredness or depression have increased among young people. Ill-health trends among young people have a clear gender dimension. The increase in self-perceived ill health, chronic sickness and psychosomatic ailments is in each case greater for women than for men (Statistics Sweden, 2005). There are also major differences between various socioeconomic groups. The development of sickness compensation received by young people from social insurance is analyzed in more detail in the chapter *Young people's sickness absence*.

All in all, there are several disturbing trends in the health and well-being of young people – for example, in alcohol consumption, overweight, stress and self-perceived health. Such trends have multiple causes. One important factor is the development within schools and higher education institutions described earlier in this chapter, which has created an increased feeling of stress and anxiety for many young people (Swedish Institute of Public Health, 2005, Swedish Government Report, 2006:77). It is also important to emphasize that in many areas young women have suffered a more negative development in health and well-being than young men. Young women and men face a different set of norms and expectations and have different living conditions. In the long term, this means that young women constitute a special risk group likely to end up on long-term sick leave or receiving disability pension.

Sickness and activity compensation

On 1 January 2003, the benefits disability pension and temporary disability pension were replaced by sickness- and activity compensation. Insured persons in the age groups 30–64 may be granted sickness compensation. Insurees in the age group 19–29 may receive activity compensation. Activity compensation is always time-limited and may be granted for between one and three years at a time. The work-capacity assessment of the right to sickness- and activity compensation is the same as it was for disability pension

In this theme section, we use the term disability pension instead of sickness and activity compensation.

The fact that many young people have lifestyles detrimental to their health or feel in some ways less than healthy is not merely a problem at the present point in time. Alcohol consumption, overweight or stress in one's youth also have long-term repercussions that can affect an individual's health later on in life, for example, in the form of cardiac and vascular disorders or diabetes. The alcohol and drug habits of young men have undergone a disturbing development and may enhance the likelihood of health problems later on in life. Young people's living habits and conditions affect both the quality of life of individuals and society as a whole. Indeed, politicians have begun to pay more attention to young people over recent decades. The living conditions of young people have today become an important social issue.

Swedish youth policy

The youth policy of today was first drawn up in the 1980s. During that decade, it became more usual to focus politically on youth as a special group, both in Sweden and internationally. Young people began to be increasingly regarded as independent players entitled to participate in society and influence their own living conditions, rather than as a mere target group for political interventions.

The age parameters determining who is to be covered by youth policy varies according to country and partly influences the focus and direction of youth policy. Swedish youth policy is primarily aimed at persons aged between 13 and 25 (and sometimes up to 29). As a consequence, the policy includes not only typical youth issues such as club activities and education but also questions of social rights – questions about establishment in adult life and full citizenship.

Swedish youth policy bears traces of the welfare policy created in Scandinavia during the post-war era. It strives to be universal and to include all young people, helping them establish themselves as independent adults. In many other countries, it is more usual to concentrate on specific groups

that are considered to be in extra need of support. Another underlying assumption of Swedish youth policy is that young people are a resource (rather than a problem) and that the period of youth has a value in itself and should not be regarded merely as a socialization phase or preparation for adult life (National Board for Youth Affairs, 2004).

Youth policy

Swedish youth policy has two objectives:

- young people are to have genuine access to welfare
- young people are to have genuine access to power

The five main areas of youth policy:

- learning and personal development
- health and vulnerability
- influence and representation
- self support
- culture and leisure

SOURCE: SWEDISH GOVERNMENT, 2004/05

The view of youth in Swedish policy is expressed in the youth policy objectives (Government bill, 2004/05:02). The objectives – to ensure young people have genuine access to welfare and genuine access to power – are stated in very general terms, expressing intention rather than concrete, measurable proposals. Within the framework of these objectives, five main areas have been identified. Learning and personal development, influence and representation, culture and leisure have been identified as essential to youth policy but will not be treated directly here. On the other hand, of special interest to this year's theme section are the two areas: self support, and health and vulnerability – as are the potential links between the two.

Freedom and insecurity

The best thing about being young is that you're not pinned down. At least that's how I feel. I don't have enormous debts and needn't worry about a house or things like that. No kids. I think that's great.

The downside really amounts to the same thing: there's a lack of security. It's hard to enter the job market and it's hard to enter the housing market. One thing depends on another. Two sides of the same coin, really – in a way. That's my opinion.

Freedom and insecurity as two sides of the same coin is a recurrent theme in the interviews conducted with young people within the parameters of this study. Such ambiguity is probably in many ways a typical feature of the period of youth. Many young people are anxious about their future lives. Meanwhile, attitude surveys reveal that most young people are in fact optimistic about their future (The Youth Board, 2003).

This chapter has sketched the general changes to Swedish society over recent decades. More choice and greater variation on the one hand, increased insecurity and difficulties in forecasting the future on the other – these are recurrent themes in descriptions of current society. A changed labour market, more people in higher education and postponed partnerships and family formation are examples of changes in young people's establishment process compared with post-Second World War generations. Another important sign of the times is the fact that choices made by young people today are not as final as they used to be, while so-called yo-yo establishment has become more common. Persons who have left home for a while may move back in with their parents. Persons who have formed a family may separate and possibly go on to form a new family. Persons who have started working may resume their education.

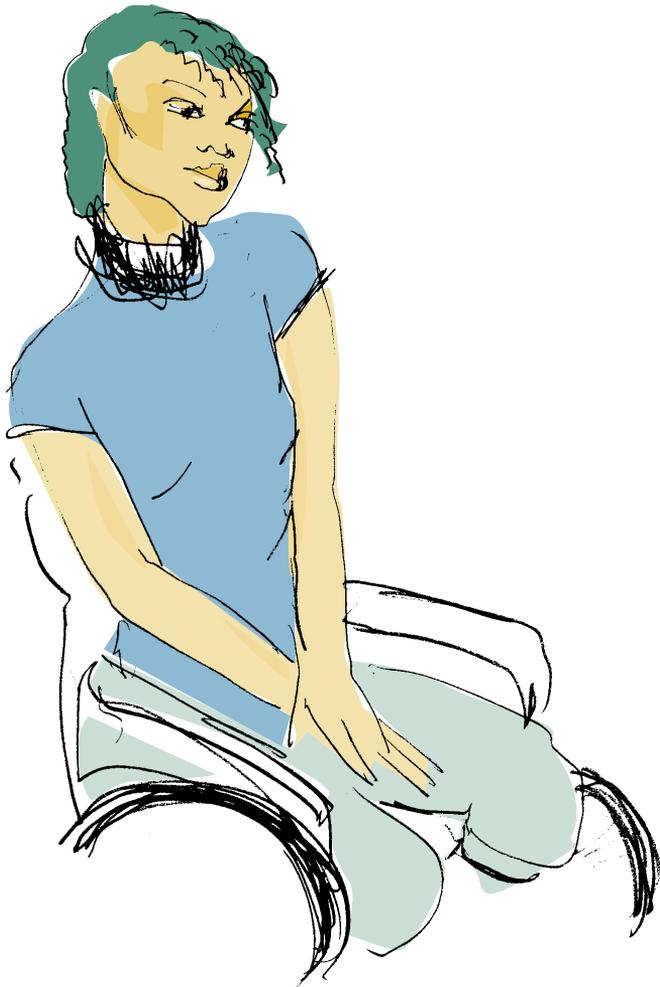
We have also seen that the situation in Sweden today is characterized by comparatively large youth cohorts which will continue in coming years, with an eventual decrease after 2010. Fluctuations in the business cycle have been less dramatic in recent years than the severe recession at the beginning of the 1990s. However, the labour market has undergone a structural transformation greatly affecting the opportunities for establishment of young people today, a topic discussed in the next chapter.

As far as young people's health and living conditions are concerned, there is some cause for concern – for example, regarding drinking habits, physical activity and overweight, as well as various symptoms of stress and anxiety such as insomnia. This development has been linked to changes in educational systems and the labour market as well as to the conditions of young people in general in today's society. Great differences are found between different youth groups in these areas.

Taken together, these circumstances have led to increased political interest in youth. It is natural that political interventions are aimed at existing problems and thus the emphasis has come to be placed on the difficulties facing today's youth. Meanwhile, it is equally true that many young people enjoy and take advantage of increased opportunities in the areas of education, work, travel, etc. A postponed establishment process also means that they can test out different options and focus on themselves and their own development for a while. It is conceivable that increased choice and the fact that any choices made are no longer expected to be quite as final as they were in former times may offset any concerns about the future. And it is likely that for the majority, as for the young woman

quoted in the introduction, being young in Sweden today means being both carefree and insecure.

Young people's family formation, and their ill health, are topics dealt with in later parts of this theme section. However, the keystone of young people's establishment and their subsequent living conditions is their ability to support themselves through their own work. In the next chapter, therefore, we examine the situation of young people in the labour market, what they can expect from social insurance and their economic situation in general.



Young people in the labour market and in social insurance

In some ways, it's the key to everything we've been talking about, because the future, money, family, what you're going to do in life, all depend in the end on whether you've got a job or not, what kind of job you've got.

Requirements have also become stiffer. It's interesting sometimes to hear that some employers think you should be 22 years old and ideally have had five years of higher education plus three years of work experience... an impossibility – the mathematics don't add up.

This chapter is about young people getting established in the labour market. The degree to which young people establish themselves in the labour markets affects their access to social insurance benefits, their financial situation and their ability to support themselves. In what ways do young people participate in the workforce, what impact does social insurance have on their finances and livelihood, and what experiences and thoughts do they themselves have regarding these matters?

For the majority, establishing a foothold in the labour market means finding a permanent job within a profession or area they are educated for. However, no statistics on permanent establishment in that sense are available. Instead, measures of entry and establishment age are given. Entry age, indicating when half the members of a year's cohort are employed in the work force, has shifted slightly upwards since the beginning of the 1990s and currently stands at just over 20. On the other hand, the labour market establishment age, indicating when three-quarters of a year's cohort are employed, has shifted upwards through age groups fairly dramatically over the same period, from approximately 20 in 1990 to approximately 28 in 2004. Consequently, many young people of today make their first contact with the labour market relatively late, but it is also common for the period between first workforce contact and becoming firmly established to extend over several years (Statistics Sweden, 2002, Statistics Sweden, 2003, Statistics Sweden, statistics database).

This chapter opens with an overview of the structural transformation that has taken place in the Swedish labour market, and this is followed by a discussion of the effects of the crisis of the 1990s. The situation for young people in the labour market is described – for example, the level of

employment, unemployment and types of employment. The first part of the chapter also takes up the link between the labour market situation and the increased number of young people studying.

The second part of the chapter presents a picture of young people's financial situation from a number of different viewpoints. Young people's access to and experience of social insurance are discussed. The development of young people's disposable income over time is described. The distribution of young people's incomes is illustrated by breaking down disposable income into its separate parts, which also makes it possible to assess the significance of social insurance for young people's finances. The chapter highlights the discrepancies that exist within the youth group itself as regards establishment in the labour market and incomes.

The labour market and employment

Labour market attachment is for most people a prerequisite for being able to support themselves, find accommodation and form a family. The groups that have proved to have most difficulty establishing a firm labour market attachment are young people – especially those with low educational qualifications – and people with foreign backgrounds (for example, Nutek, 2006a). Labour market exclusion of various groups leads to financial and social differences between those who have employment and those who are excluded.

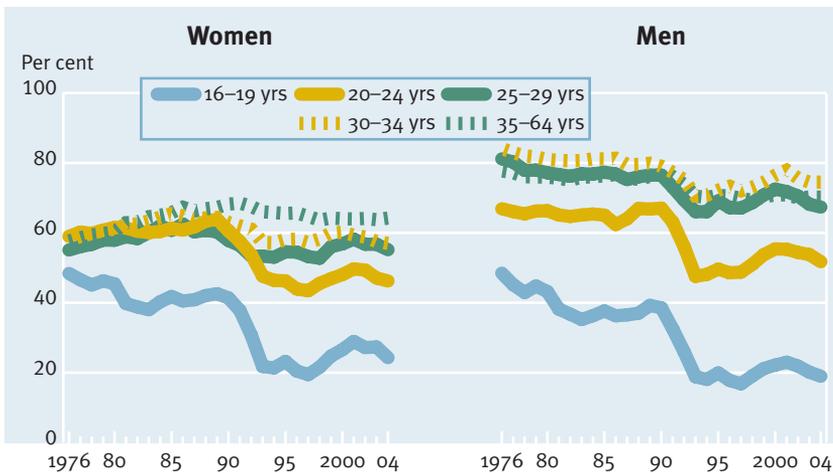
The Swedish labour market and national economy are changing continuously. The structural transformation that has been taking place over the past few decades was reinforced by the severe economic crisis of the early 1990s, which had a dramatic impact on many young people's entry into the labour market and still influences the situation today. The composition of the workforce has changed. Fewer people are gainfully employed today than at the end of the 1980s, despite an increase in the number of citizens of working age during the intervening period. There was an upturn in the economy from the mid-1990s but economic growth created only a few new jobs during 1995–2005. The fact that young people enter the labour market later impacts the age structure of the workforce. There has also been a shift towards a greater proportion of high-educated people among the employed.

An important indicator of structural change is the mobility of employed persons within and between different business sectors. The number of employed persons within different business sectors has changed dramatically, partly as a result of specialization and changed production factors. Employment has declined most within health and medical care services – though this sector is still the largest in Sweden – and in the raw materials and processing industry. The number of employed has increased most within information services, consultancy and the so-called staff-intensive

services, including, for example, recruitment agencies, cleaning companies, hotels and restaurants. Viewed as a whole, there is a development from industry and production to an increased proportion of employed persons within the service sector (Nutek, 2006).

Employment and unemployment

The economic crisis of the early 1990s signified a trend break in the Swedish labour market, which up to that time had been characterized by high employment and low unemployment. The crisis not only meant that many lost their jobs but also that new recruitment was low. Young people about to enter working life were hit hard by this development. Among young people aged between 20 and 24, the proportion employed fell from 80 to 55 per cent during the period 1990–1994. Also for young people aged 25–29, workforce participation fell. In the 16–19 age group, the changes were dramatic. Before the crisis, up to 50 per cent in this age group were employed, a figure that during and after the crisis dropped to approximately 25 per cent.



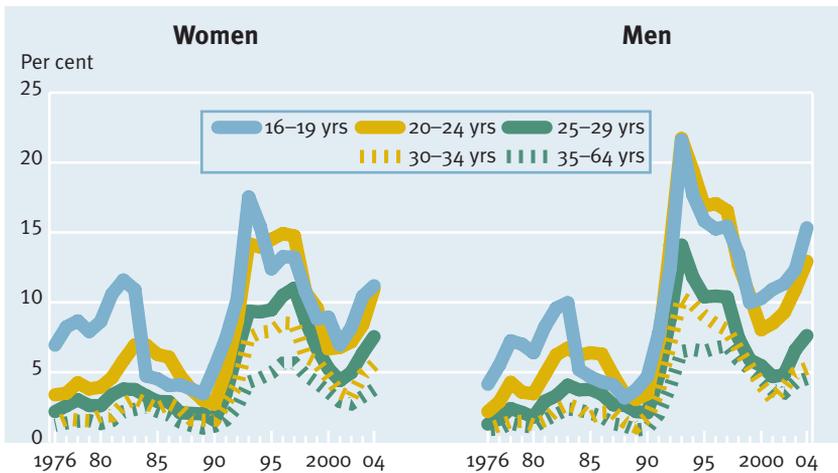
SOURCE: LABOUR FORCE SURVEY (AKU), ADAPTED.

Proportion of the population employed

As the diagram reveals, proportions have generally remained at these low levels for the past ten years. Furthermore, it shows that the proportion of young men aged between 20 and 24 participating in the workforce declined sharply during the crisis and has since remained at approximately the same level as that of women in the same age group. It is conceivable that reduced discrepancies between young women and young men are partly attributable to the fact that women in general manage their studies better and continue to higher education to a larger extent while at the same time formal education has become more important in many jobs.

The entry age to the labour market has thus shifted upwards and the time for work, a home of one's own and family formation has been postponed. A further consequence, discussed in the second half of the chapter, is that fewer young people have access to the income-related protection that is the key element in social insurance.

Since the beginning of the 1990s, unemployment has settled at a higher level than was the case during preceding decades. This is a universal phenomenon, but young people have been affected most. The change seems to be of a structural nature and has so far scarcely been affected by business cycle fluctuations. Even the average rate of unemployment over a complete business cycle is higher than it used to be. The diagram below shows the development of unemployment over time and reveals the effects of the economic crisis together with the subsequent recovery. It also illustrates how unemployment once again began to rise around the millennium, especially among young people.



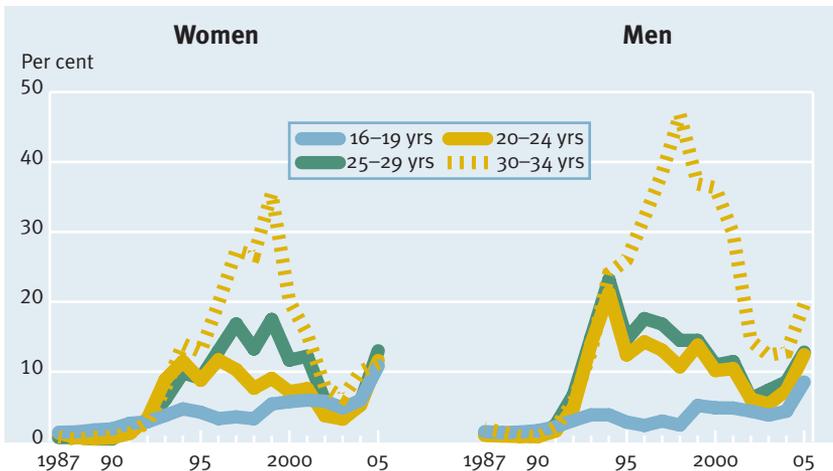
SOURCE: LABOUR FORCE SURVEY (AKU), ADAPTED.

Proportion of the labour force that is unemployed

Young people generally have higher unemployment rates than do older people and the differences have increased over recent years. In 2005, the open unemployment rate was 13 per cent for persons aged 20–24 (Statistics Sweden/Labour Force Survey (AKU)). These unemployment statistics do not include persons participating in labour market policy programmes or students looking for work. When these are included, the figure is 23 per cent. Viewed from a historical perspective, this is an extremely high figure, not least considering that it occurs in the midst of an economic boom. The tendency at the beginning of 2006 is towards a further increase in unemployment for this age group.

Men were more noticeably affected than women by the crisis at the start of the 1990s, as many jobs in industry disappeared. By contrast, it was women who fared worse as a whole towards the end of the decade as cut-backs within the public sector led to fewer jobs in women-dominated occupations (Lundborg, 2000). Over time, however, men generally have both higher workforce participation and higher unemployment than women. Foreign-born persons generally have more problems getting established in the labour market than native-born Swedes. During the second quarter of 2006, 22 per cent of foreign-born people in the 16–24 age group were openly unemployed (Social Insurance Book 2005).

Unemployment statistics usually exclude young people in educational programmes. However, the proportion of young people in higher education has an obvious connection with the unemployment rate. In times of high unemployment, many of those who would otherwise have preferred to be working choose to study rather than be out of work. In the early 1990s, there was a steep rise in the proportion of full-time students claiming that they would really prefer to have a job. This is true especially of the 30–34 age group, where as many as 36 per cent of women and 47 per cent of men say they are actually looking for work, but even among younger people the pattern is plain to see. At the beginning of the new millennium, this figure fell equally dramatically, only to rise again in recent years – a pattern which clearly follows the trend in unemployment.



SOURCE: LABOUR FORCE SURVEY (AKU), ADAPTED.

Proportion of full-time students who are latent job seekers

Unemployment may have several consequences for the individual. Long-term unemployment obviously affects the individual's financial standard, but having a job also fulfils a social function. The workplace is an important arena for social contacts and participation in society. The financial and

social consequences of unemployment have in turn a strong impact on well-being and health, as discussed in the chapter *Young people's sickness absence*.

Being unemployed for an extended period of time after the completion of education may mean that the skills learned by an individual turn rusty, lowering the value of the completed education. A lengthy period of unemployment may also serve as a signal to an employer not to hire a person. Even though young people's unemployment is generally relatively short-term, it can have long-term consequences. Young people who find themselves unemployed after upper secondary school seem to run an increased risk of being unemployed once again as adults (Nordström Skans, 2005). This may partly be due to the fact that people who are unemployed when young have particular attributes that increase the risk of their being unemployed also as adults.

A study that has followed the cohort of young people born in 1973 and entering the labour market at the time of the crisis of 1991/92 identifies background factors having a decisive influence on the risk of suffering long-term effects from unemployment. Young people with a working class background and foreign-born people were hit significantly harder than other young people by the crisis, and the same individuals at the start of the new millennium still had a greater risk of being unemployed and living off social assistance. Thus, a social background where parents have a low level of education and work in blue-collar jobs or are unemployed, the fact of having a low level of education or having been born abroad, are clear risk factors for young people's establishment in independent adult life. Middle-class youths in the same cohort more often pursued studies during the years of crisis and were thus equipped with an education when



the situation on the labour market improved. The study reveals a powerful and lasting polarization between the majority of youths who manage to settle in well and those who are excluded from the labour market at an early stage in their lives (Angelín and Salonen, to be published).

Programmes, contacts and experience

In Sweden, there are labour market policy programmes aimed specifically at young people who have difficulty entering the labour market. The municipal youth programme is open to young people under the age of 20, while there is a Youth Guarantee for young people aged between 20 and 24. During 2005, an average of 10,000 young people participated each month in the two programmes. The aim is to make it easier for young people, through practice and training, to find a job or start a course of study. However, according to a review carried out by the Swedish National Audit Office, the programmes function poorly for many participants. Most of the employment offices fail to provide sufficient support for young people, both before and during the labour market policy programmes. Inadequate action plans and job suggestions together with ineffective meetings with employment office staff are some of the problems highlighted in the report (Swedish National Audit Office, 2006).

The picture of labour market policy programmes frequently failing to deliver also emerges from discussions with young people in the focus groups conducted by the Swedish Social Insurance Agency. None of those interviewed who had participated in the programmes thought they had improved their prospects in the labour market. By participating in a programme, young people ensure entitlement to social assistance but the programme content is perceived as being pretty meaningless. One young man thought that job applications conducted via the programmes led nowhere:

Lots of those programmes are only about sitting and writing your CV and sending off a mass of applications, sending them to a lot of different companies. It's a load of rubbish, all these standard letters we learn to write on these labour market courses. It's just a waste of our time and theirs – a waste of resources.

Some people had participated in the same programme more than once and were convinced that such programmes, rather than increasing the prospects of getting a job, produced a 'locking-in effect' that caused them to drift farther and farther away from the regular labour market. One young woman speaking of the employment office says:

And then they waste money on those courses – "learn-to-look-for-a-job courses". As soon as you complete a course, you have to do it all over again. You'd think they could spend the money on something more useful than those idiotic courses. I know how to look for a job.

So when focus group participants speak of factors they believe to be significant for their prospects of entering the labour market, no-one expresses any confidence in the labour market policy programmes. Instead, two other factors recur in the discussions as having great significance, namely, contacts and experience. Many of the young people interviewed express the view that it is essential to have contacts in order to land a job. In this connection, many say that it is important to have parents or relations who can help out and that it is frustrating to come from backgrounds where families lack the means to offer any such help.

Having practical work experience is also regarded as a deciding factor, and in this connection many describe a kind of Catch 22 situation: you cannot get a job without experience, so you cannot get experience. Consequently, many would like to see opportunities for practice in working life, ideally already in upper secondary school where it might be linked to more theoretical programmes. According to those interviewed, there is an exaggerated focus on theoretical knowledge both in upper secondary school and at university. A number of vocational courses at upper secondary school already include work practice, which is felt to be positive. One further aspect discussed in this connection is whether it pays to get a higher education.

The role of education

Loads of people are studying at the university. There are loads of places and more are being created all the time. They're using education like fertilizer but without having anywhere to put all these educated people. /.../ I think we're suffering from educational inflation.

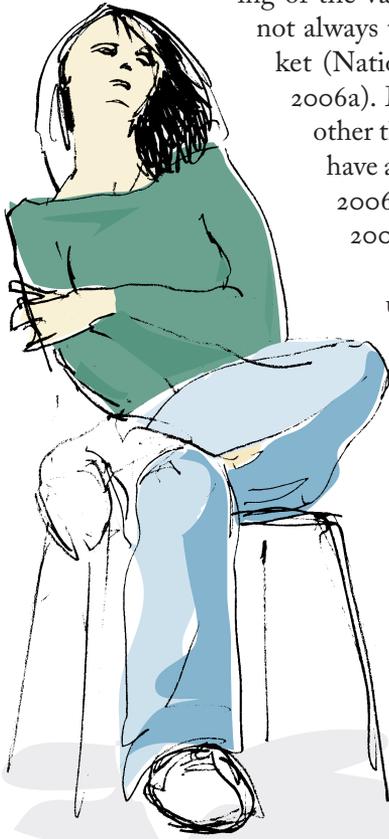
As for studying – there aren't so many alternatives around these days. If you want a good job you're sort of forced to continue studying after upper secondary school, that's how I felt when I'd got my leaving certificate. I went on to university, was there for three years. Even so, entering the labour market is difficult – but it would be even harder if hadn't got a degree. Now I'm qualified. Though I'm working in a field I'm not trained for...

Many of the young people interviewed emphasize that university studies do not automatically lead to a job and that getting into debt for the sake of an education is a big risk. Some of them point out that they are working in areas quite different from what they spent years educating themselves for. At the same time, the discussions confirm the fact that most of the participants believe education will in any case pay off in the long term and that further education after upper secondary school is a strategy for

gaining entry to the labour market. Many express the opinion that education plays a much greater role today than in the past.

Nevertheless, an increased number of university-educated people increases competition in the labour market and the value of a university education for the individual may diminish as a result. The growing supply of academics does not seem to be matched by any corresponding growth of demand in the labour market. The rapid expansion of university education may also have had a negative impact on the quality of education. Expectations on university education to deliver a more meaningful job than the one eventually offered may lead to frustration in many young people.

In recent years, unemployment among academics has increased. In February 2006, approximately 5.5 per cent of people under the age of 34 with at least two years of further education were unemployed or enrolled in labour market programmes geared to the business cycle (SACO, 2006). Among those who had qualified with at least 120 points within the social sciences or law studies, unemployment was 20 per cent in the spring of 2006, compared to 8 per cent in 2001 (Jusek, 2006). Another problem that has been raised is the fact that the dimensioning of the various educational programmes does not always tally with demand in the labour market (National Agency for Higher Education, 2006a). Many young people work in an area other than the one they were educated for, or have a job they are over-qualified for (Jusek, 2006, Swedish Commerce and Industry, 2006).

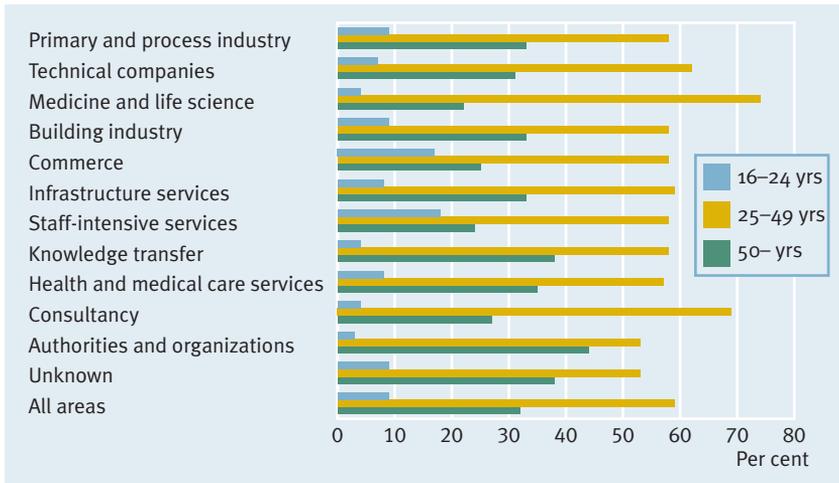


Despite the trend towards increased unemployment also among highly educated persons, it is important to emphasize that young people with higher education nevertheless succeed better in the labour market than people with low education. Unemployed persons have generally had a shorter period of education than employed persons. Among employed persons, the proportion with post-upper secondary school education is much larger than among unemployed persons, and the proportion with 3–4 years of upper secondary school education is also larger. This suggests

that employers demand higher education and the prospect of getting a job is less if you have a low level of education (Nutek, 2006a). In the context of the changed labour market described above, education plays a crucial role, with different business sectors requiring different educational qualifications. The level of education determines not only which young people are allowed to enter the labour market but also which business sectors they end up in.

Young people in a changed labour market

Employment and unemployment are intimately linked to structural changes in the labour market, as certain business sectors become less important while others arise or expand. The fact that young people and older people are to a large extent employed in different sectors affects the labour market participation of young people. The largest proportion of employed persons aged between 16 and 24 are found in commerce and staff-intensive services. However, knowledge transfer is the sector where employees in that age group have increased the most. The smallest proportion of young people is found within authorities and organizations, which are dominated by people over the age of 50.



SOURCE: NUTEK, 2006

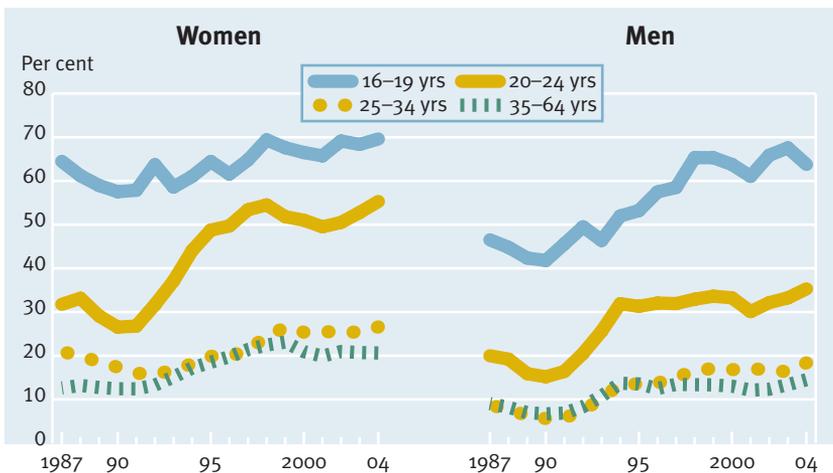
The age distribution of employed people in 2003

Different business sectors require different levels of education. There is a polarization in the labour market between jobs requiring highly educated staff – often specialized – and an expanding service sector with simpler jobs. The most highly educated workforce is found in areas that have had powerful growth over the past 15 years, such as knowledge transfer, medicine and life science (pharmaceutical companies, research and development), and

consultancy. Many young people enter these sectors, reflecting the fact that prospects in the labour market for well-educated young people are comparatively good.

At the same time, a large proportion of young people are found in the area of staff-intensive services, such as security companies, cleaning firms or restaurants. This is the sector that has increased most in terms of number of employees and number of companies in recent years. Those working within staff-intensive services have a lower level of education than employees generally. This sector is also characterized by the fact that its employees change jobs more frequently than others in the labour market – this is where the large workforce reserve is to be found. The turnover at companies and workplaces is high and the sector is turbulent, requiring a flexible workforce. It is comparatively easy to find work in the staff-intensive services sector, which for many young people may function as a springboard to working life. At the same time, the nature of the work in this sector means that conditions of employment are less secure (Nutek, 2006b).

Young people entering working life for the first time often find themselves in a part of the labour market characterized by occasional and temporary work. This is true both of high- and low-educated people. It may be substitute work, trainee positions, holiday or seasonal jobs, project work, hourly-paid employment or on-call jobs. The long-term trend in the labour market is towards an increased proportion of temporary employment.



SOURCE: LABOUR FORCE SURVEY (AKU)

The proportion of employed people with temporary employment

The trend towards more temporary employment reflects the change in the labour market. A temporary job may be the portal to an established position in the labour market but at the same time such jobs may create

both social and financial insecurity for individuals. Young people with no working life experience compete with people who already have a job but wish to change, leading to an extremely competitive situation. According to the so-called insider-outsider theory, high staff-turnover costs contribute to a situation where people already employed – insiders – can exert a form of influence – for example over wage setting – that results in permanent unemployment for those outside the labour market, the outsiders. High staff-turnover costs are in turn linked to job-security legislature (Helmbring, 2006).

A high level of employee security influences labour-market flexibility and unemployment. At the level of international debate, discussion of a suitable balance between flexibility and security in the labour market employs the concept of "flexicurity". By reducing job security, it is thought that job mobility within the labour market may be enhanced, but that requires combining a flexible labour law with a generous social safety-net for the unemployed and an active labour market policy (Westerlund, 2006). The thought behind such reasoning is that if people feel secure even in the event of unemployment, they will dare to be more mobile. At the same time, a mobile workforce naturally requires jobs to move between, that is to say, unemployment must be reasonably low. There is thus a close connection between changes in the labour market and the design of social security systems.

Thus, over the past few decades, labour market conditions for young people have changed dramatically, and it seems there is a link with developments in young people's health (see the chapter *Young people's sickness absence*). From a social insurance perspective, low employment rates and changed working conditions are reflected in fewer people being covered by social insurance, or, alternatively, in people receiving low levels of compensation due to low occupational income. A changed labour market may in the long term prompt the need for changes in social insurance systems.

Young people's financial situation

This section discusses young people's access to social insurance, the development of their disposable incomes, as well as the significance of difference types of income. Incomes and access to social insurance are closely linked to a person's labour market status. As mentioned above, long-term unemployment among young people often leads to a greater risk of unemployment in adult life too. Therefore, young people with a weak labour market attachment also risk having a poor financial standard in the long term, severely restricting their prospects also in other areas of life.

Young people's access to social insurance

The aim of social insurance is to create financial security. This is achieved by guaranteeing financial compensation to insureds if and when they suffer unforeseen adversity (Social Insurance Book 1999). All people have to reckon with having periods in life when the ability to earn a living by their own efforts is weakened or lost. During childhood and old age, it is normal to be dependent on others for support. However, the need of support from others may also arise during a person's active years, for example, due to illness, disability or unemployment.

Social insurance comprises various forms of financial compensation. These are subdivided into general allowances, means-tested allowances and insurances. The types of social insurance classified as insurances provide compensation related to income according to the loss-of-income principle.

The loss-of-income principle

Social insurance provides compensation for a certain proportion of the income that the individual loses in case of sickness, disability, parental leave, work injury and old-age retirement. Therefore, the compensation is high if the loss of income is high, but low if the loss is low. The principles applied in calculating the loss of income vary to a certain extent depending on the purpose of the benefit and how long the period of compensation is expected to last. Therefore, they are reported separately as particular benefits are discussed in this theme section.

The insurances that affect most people during their lives are sickness insurance, parental insurance and old-age pension. In the next section, sickness insurance and old-age pension are described. Parental insurance and other family policy benefits are described in more detail in the following chapter, *Young people's family formation*. For a description of all the various compensations included in Swedish social insurance please refer to part two of this book, *Social insurance in figures*.

Sickness insurance

Sickness insurance covers loss of income for an insured person who cannot work at all or can only work to a lesser degree due to sickness. Sickness insurance has a relatively low threshold – requirement of the minimum work income qualifying for the insurance. However, beyond that, the income and the intention to work must both be deemed relatively stable for the individual to be covered by the insurance.

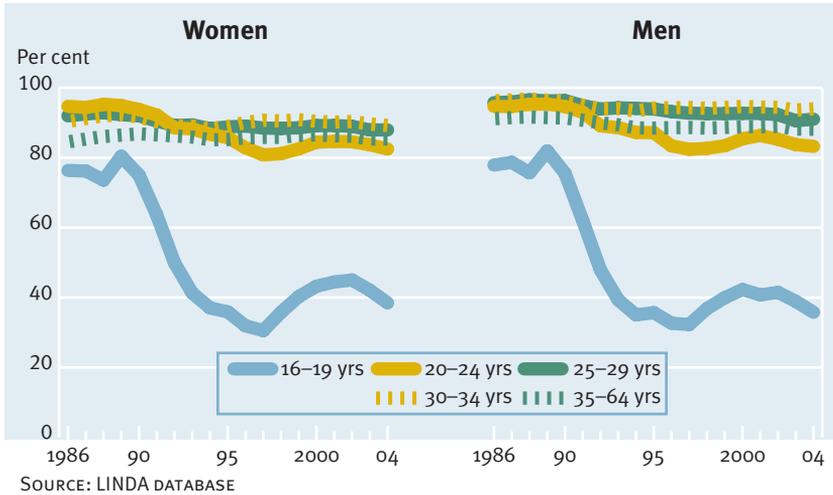
Sickness cash benefit, sickness-cash-benefit-qualifying income (SGI) and persons qualifying for sickness cash benefit

Sickness cash benefit is paid out in those cases where a person suffers from an illness which causes a reduction in work capacity. Employees, unemployed persons, self-employed persons and students may be granted sickness cash benefit. In order to receive sickness cash benefit, a person must work in Sweden and have an annual income of at least 24 per cent of the price base amount. The income must also be deemed to be regular or recurring annually. In reality, a person must have a job lasting at least six consecutive months, or intend to be gainfully employed for at least six consecutive months, for the income to be included in the calculation of annual income.

For the first 14 days of sickness, the employer pays sick pay. After that, the Social Insurance Agency pays sickness cash benefit at the rate of 80 per cent of the calculated annual occupational income, the so-called *sickness-cash-benefit-qualifying income* (SGI).

Here, a *person qualifying for sickness cash benefit* is defined as someone who has an occupational income amounting to at least SEK 9,432 in year 2004 prices (24 per cent of the price base amount of SEK 39,300 in 2004). Since certain people with an income above this minimum level do not fulfil the work criterion, this is to overestimate the proportion of people qualifying for sickness cash benefit, which is larger among young than old people.

The following diagram shows that the proportion of people covered by sickness insurance has diminished over time, and this is particularly noticeable among the very youngest. Nowadays, we often think of young people aged 16–19 as attending upper secondary school and therefore not out working. However, as late as the beginning of the 1990s, it was relatively common for these young people to work. From 1986 to 1990, the proportion of young people in their upper teens covered by the insurance was approximately 75 per cent, but since 1992 it has fallen to well under 50 per cent. The insured proportion of the 20–24 age group is just over 80 per cent while for the 25–29 age group it is just over 90 per cent. The pattern is the same for women and men, with the difference that men include a somewhat higher proportion of people qualifying for sickness cash benefit in all age groups. This reflects conditions in the labour market and underlines the importance of workforce participation for the individual.



Proportion of people qualifying for sickness cash benefit

The responsibility for supporting young people under the age of 18 or attending upper secondary school lies with parents. In practice, the responsibility of parents to support their offspring has been extended since the end of the 1980s. More and more young people in their upper teens attend upper secondary school up to the age of 19–20 and more young people still live at home even after finishing upper secondary school. The ability to continue supporting their children at ever higher ages varies according to parents' own financial resources. Child allowance, study aid and the part of housing allowance linked to parents' support responsibility is no longer granted once the child reaches the age of 19 or finishes upper secondary school.

A weak labour market attachment will not necessarily result in exclusion from social insurance. People with temporary employment, for example, in the form of on-call or project employment, stand a good chance of fulfilling the criteria for compensation from the insurance (Social Insurance Book 1999). So a changed labour market with an increased number of temporary jobs does not automatically mean that more people risk falling outside social insurance. Nevertheless, the link between the level of occupational income and the level of compensation from social insurance means that young people with low or irregular incomes risk experiencing financial difficulties, for example, in the event of illness or upon becoming parents. University students often belong to this group with low or irregular incomes.

Old-age pension

After the active period of life comes old age, and with it the expectation of a pension that one can live off. What those who are young today presumably

fail to take into account is that the principle of lifetime income permeates the national pension system. In other words, the future pensions of young people are determined by the total income they earn during their lives.

Old-age pension

The value of all pension contributions paid by an individual – those paid during a working life – is equivalent to what an individual may expect to receive as a pensioner in the form of income-based pension. The contribution to the pension system amounts to 18.5 per cent of the pension-qualifying income, which is maximized to a ceiling of 7.5 income base amounts. Contributions are calculated to suffice for a pension of approximately 19 years, which is the current average remaining life span of the population aged 65. A pension equivalent to 55–60 per cent of final salary generally requires more than 40 years of gainful employment (Social Insurance Book 2005).

Since the pension is based on lifetime income, loss of income below the ceiling produces a lower pension. However, people who have small children, study with the aid of student assistance or perform national service receive compensation for these circumstances. In such cases, pension rights are calculated on a fictive income. Someone who has not earned enough to qualify for the national pension receives a supplement in the form of guarantee pension. Besides guarantee pension, it is possible to receive housing supplement, which is means-tested.

Hence, as pension regulations clearly state, what young and middle-aged people do during the active period of their lives greatly affects the size of their eventual pensions. In this way, a postponed entry into the labour market can have serious repercussions for the future.

Young people's knowledge about and experience of social insurance

Most of the participants in the young people's focus groups conducted by the Swedish Social Insurance Agency had little knowledge of social insurance. Many scarcely had any idea that the insurance is a citizenship right or that its purpose is to compensate lost occupational income based on the loss-of-income principle. Rather, they thought of it as a kind of "subsidy" that you could apply for when you were in difficulties. Several stated plainly that they did not regard the available benefits as a possible alternative to occupational income but rather saw them as a last-ditch safety net.

I'll no doubt find out more about it when I have kids. Of course I'm aware it exists but I really can't say I understand how it works. I sort of feel it's nothing I can depend on. First of all, it's up to me and what I can earn.

Some of those interviewed said they had checked up on social insurance regulations when, for example, planning to become parents. However, this was not typical for most of those focus group participants who had been, or still were, in situations where contact with social insurance was relevant. On the contrary, many stated they were still very unsure of the regulations in spite of having received, for example, parental cash benefit or housing allowance for some time. Most of those who had had reason to contact the Swedish Social Insurance Agency thought the rules were complicated and the information insufficient. A universal complaint was that the regulations were not adapted to young people studying or with temporary jobs. A young mother talks about how she and her partner have been sharing parental leave:

Though it's been a bit awkward. He's had two different jobs, so he's had two different salaries and so on. Each time they send us that form, he fills in something new and then they phone us saying: "We don't understand this". They're a bit cryptic, those forms you have to fill in. Annual working hours – sure, but his working hours have sort of gone up and down the whole time. It feels in a way that those boxes you have to fill in are intended for people working 40 hours a week in regular jobs.



Another young student mother says she doesn't apply for temporary parental cash benefit when her daughter is ill because she thinks it's complicated while living off student assistance:

When our daughter's ill, I'm usually the one to stay at home, without pay. It's too complicated to... You see, the reason I don't claim temporary parental cash benefit is because if I did I'd have to notify CSN [The Swedish National Board of Student Aid] and they would have to deduct and... It just seems terribly complicated.

Even though many young people in the focus groups felt social insurance regulations were complicated, they emphasized that in their opinion it was their own responsibility to find out more about them. Young people's knowledge and experience of social insurance is vital both to them and to the insurance system. A knowledge of how social insurance functions can help young people plan their finances and security when planning for the future. If many young people believe social insurance is no more than a means-tested allowance or perceive the rules to be complicated or unfair, it is conceivable that this will affect their view of and confidence in the insurance in the future.

The disposable income of young people

A small but increasing proportion of young people in the 16–29 age group – approximately 2 per cent – totally lack any disposable income. There may be a number of reasons for not registering any income at all – for example, many young people live abroad. For most young people, the lack of an income of their own does not mean they are living in poverty, since they share in the income and resources of their families. Nevertheless, it indicates a reliance on parents and other family members and a lack of financial independence.

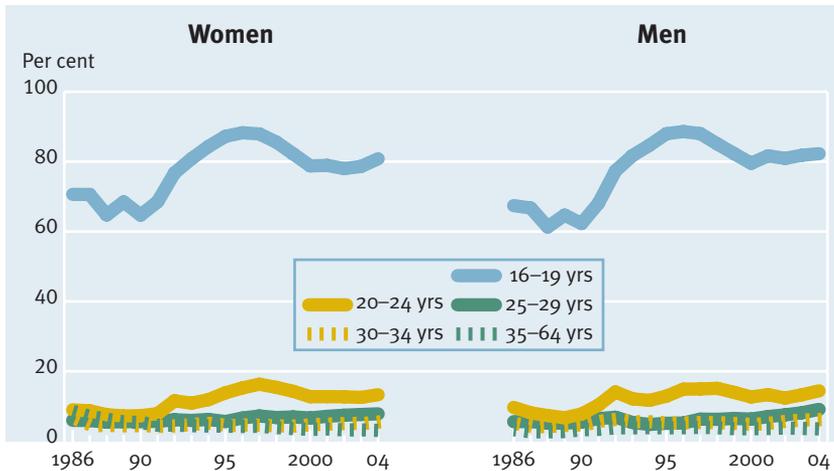
Disposable income

Disposable income is the sum of all taxable and tax-free income minus tax and other negative transfers. Income includes salary, social insurance compensations (for example, sickness cash benefit, parental cash benefit, unemployment benefit and pension), allowances and income from capital.

Disposable income is not a complete measure of financial welfare. Some of the things it does not include are domestic work, benefits from public consumption and possible "undeclared" incomes.

A closer study of young people with very low incomes reveals a somewhat different picture. The following diagram shows the proportion of young people with an income below one so-called price base amount, which was SEK 39,300 in 2004. Of 16–19-year-olds, just under 70 per cent had incomes

below this level in the mid-1980s but this had increased to almost 90 per cent by the mid-1990s. In 2004, after a recovery, approximately 80 per cent of the age group had a disposable income less than SEK 39,300. If people belong to that age category and have a low income, it is generally because they are pursuing studies or living at home.



Note: In 2004, disposable income below one price base amount amounted to an income of less than SEK 39,300.

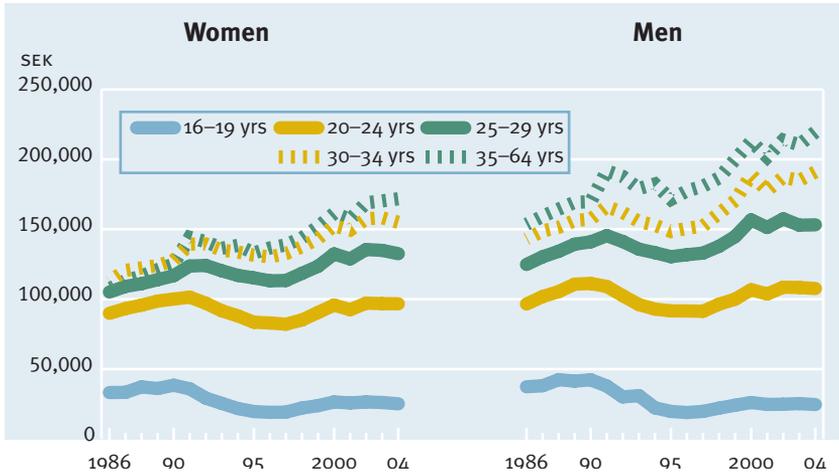
SOURCE: LINDA DATABASE

The proportion with disposable income below one price base amount

The same development over time is found in the 20–24 age group but in this case it is 13–14 per cent who have very low incomes. It is at this age that many young people establish themselves in the labour market and begin to support themselves through their own incomes. For those who do not continue studying or enter the labour market, this period of life is critical. We have already seen how unemployment directly after upper secondary school may continue to have long-lasting effects on people's financial situation in adult life.

Even if there was also a certain increase at the beginning of the 1990s in the proportion of those in older age groups with low incomes, the changes were more moderate. Indeed, the crisis resulted in many people becoming unemployed, but unemployment insurance, among other things, provided a safety net for older people who were already established in the labour market.

Average disposable income (in fixed prices) has improved over time, except during the severe recession in the early 1990s. However, that tells us nothing about the distribution of incomes. The diagram on page 52 reveals how recovery from the crisis depended on how firmly individuals in different age groups were established in the labour market.



SOURCE: CALCULATIONS BASED ON LINDA DATABASE

Average disposable income in year 2004 prices

The recovery was weakest among 16–19-year-olds and 20–24-year-olds. By 2004, the former group had shown no signs of recovery and the latter group had reached the income level they had enjoyed in 1986, that is, approximately 20 years earlier. By contrast, the 35–64 age group increased its disposable income from an average of SEK 137,700 in 1993 to SEK 196,100 in 2004. The pattern is the same for both women and men, apart from the fact that incomes are generally higher for men.

The increased proportion of young people with no – or insignificant – disposable income, combined with the development of average disposable income, may be interpreted as a sign of increasingly uneven income distribution between younger and older people over the past decade. This is largely due to the fact that an increasing proportion of young people lack any form of occupational income.

Even among young people, income discrepancies have increased over time. When income differences within each age group are examined, distinct patterns emerge. In 2004, young people in the 20–24 age group with the lowest incomes had on average only six per cent of the income of those with the highest income. Young people with the lowest incomes typically receive student assistance while those with the highest incomes derive most of their income from gainful employment and income from capital.

The significance of different types of income

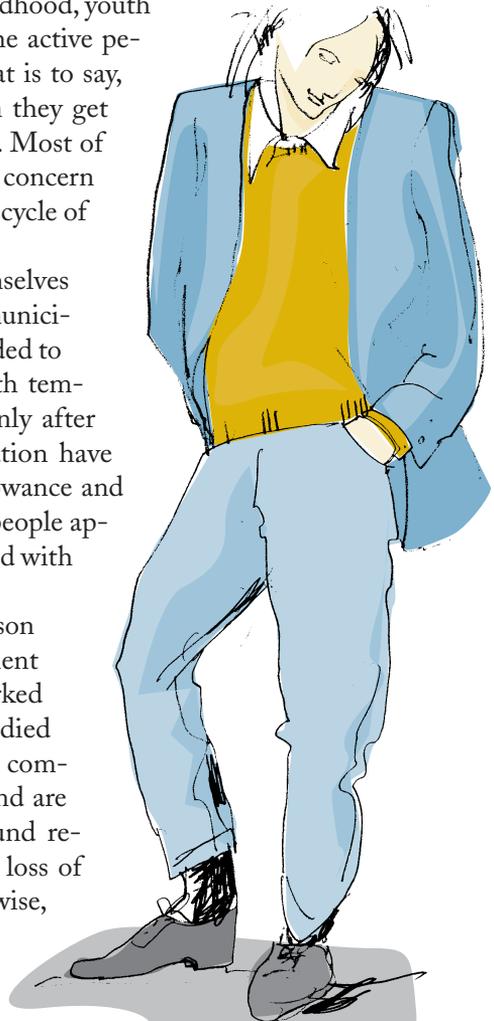
In the lifecycle perspective, it is natural for individuals to rely on different types of income at different stages of their lives. Up to and including upper secondary school, it is primarily parents who provide financial security for their children. If young people continue to college or university, student

assistance provides the major part of income while entry into the labour market increases the importance not only of occupational income but also of unemployment insurance. Child and family benefits become important soon afterwards when it is time to raise a family. Still later, the significance of sickness benefit increases as work capacity fails due to the wear and tear of working life and natural ageing. When the individual finally opts for old-age pension, he or she has to rely on income from the national pension system together with an occupational pension and possibly some private pension savings. In general, income from capital also increases with increasing age.

For most people, social insurance and other parts of the welfare system mean a redistribution of incomes between different phases of life. From a lifecycle perspective, this means that people receive insurance compensation, allowances and subsidies net, that is to say, they receive more than they contribute during childhood, youth and old age. On the other hand, during the active period of life, they are usually net payers, that is to say, they pay more tax and contributions than they get back in the form of compensatory benefits. Most of the financial flows within social insurance concern transfers between different stages in the lifecycle of individuals (Social Insurance Book 1999).

Young people unable to support themselves may apply for social assistance from the municipal social services. Social assistance is intended to function as a final safety-net for those with temporary financial problems. It is granted only after other forms of allowances and compensation have been considered, for example, housing allowance and parental cash benefit. Unemployed young people applying for social assistance must be registered with the employment agency.

In order for a young unemployed person to receive compensation from unemployment insurance, the person must either have worked and fulfil the work condition or have studied and fulfil the student condition (one year's completed studies). Those who have worked and are members of an unemployment benefit fund receive compensation for 80 per cent of the loss of income if they become unemployed. Otherwise, in 2006, a basic level applied of SEK 320 per weekday, irrespective of prior income.



That amounts to a monthly income of approximately SEK 6,400–7,000 a month before tax.

Another important source of income for many young people is student assistance. The proportion of young people living primarily off student assistance has risen sharply as increasing numbers of young people have come to study at university. The major part of student assistance consists of a loan that must be paid back after completed studies.

Different categories of income

Social assistance

Unemployment benefit [Unemployment benefit fund (A-kassa), cash unemployment allowance (KAS)]

Capital income

Earned income [income from gainful employment or business activities]

Pensions [national pension, occupational pension, private pension]

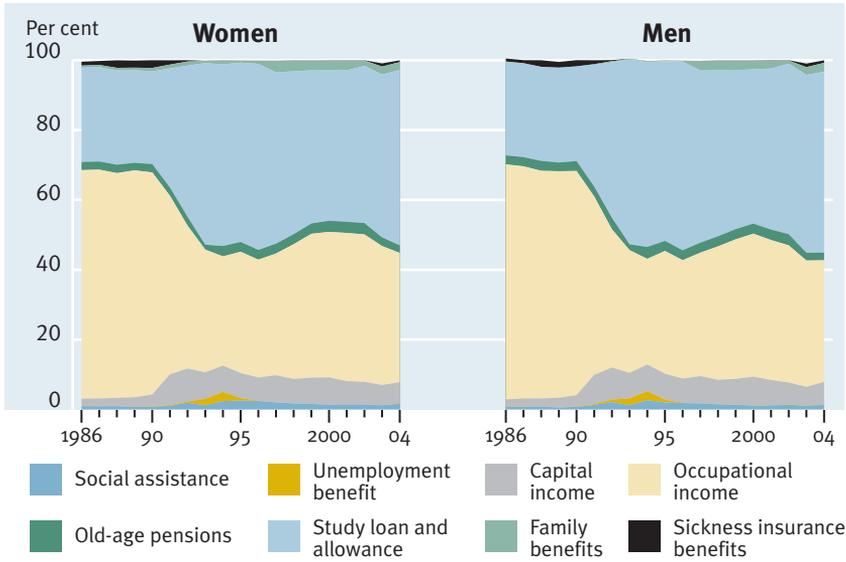
Student assistance/conscript allowances [student assistance loan/grant, adult student aid, conscript allowance]

Child and family support [parental cash benefit, maintenance support, care allowance, housing allowance, child allowance]

Sickness benefits [sickness cash benefit, disability pension]

The diagrams on the following pages illustrate how the disposable income of various age groups is composed and how this composition has changed over time. The proportion of incomes composed of student assistance has increased in all age groups. The significance of unemployment support during the severe recession of 1992 and 1993 is clearly visible. In the ages 20–24 years and upwards, gender differences are seen in the growing proportion of women's incomes that derive from child and family support, while men derive their incomes mainly from gainful employment. The proportion of incomes made up of sickness benefits generally decreased in the early 1990s, but rose again towards the end of the decade and at the start of the new millennium.

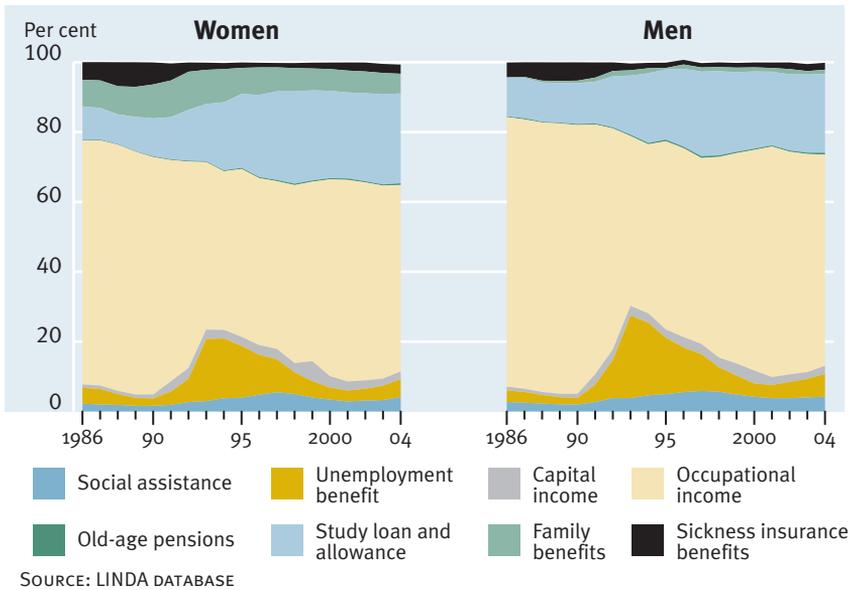
For the very youngest, in the 16–19 age group, occupational incomes have declined sharply, while student assistance has grown in importance. Social assistance peaked at approximately 2.5 per cent of disposable incomes during 1994 and 1995, but has since then has diminished in importance for the group. From 1997 onwards, the family support proportion of incomes increased for 16–19-year-olds, and was 2–3 per cent in 2004.



SOURCE: LINDA DATABASE

Distribution of incomes, 16–19 years

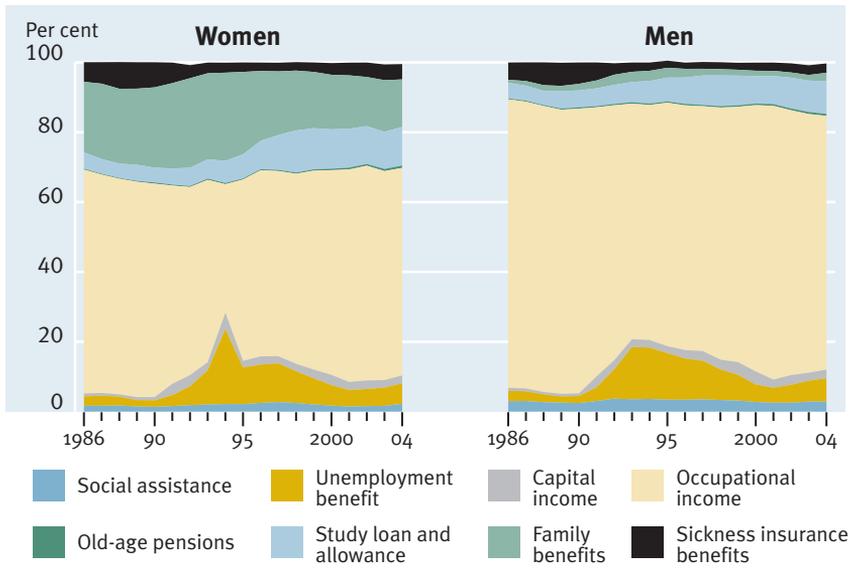
For 20–24-year-olds, we clearly see the significance that unemployment insurance had during the period from 1993 to 1997. Subsequently, keeping step with improvements in the labour market, occupational incomes have increased for the age group, from 45 to 53 per cent for women and 48 to 60 per cent for men between 1994 and 2004. This may be compared with the year 1986, when the proportion of income deriving from work was 70 per cent for women and 77 per cent for men. The proportion of income from gainful employment for young people aged between 20 and 24 has thus fallen sharply since the mid-1980s. Social assistance among 20–24-year-olds was at approximately the same level in 2004 as in 1986, with a somewhat higher level for men than for women.



Distribution of incomes, 20–24 years

At the end of the 1980s, sickness benefits accounted for 7 per cent of women's and 5 per cent of men's incomes in the 20–24 age group. Since then, the proportions have dropped to 2.6 and 2 per cent respectively in 2004, but compared with the mid-1990s, today's figures represent an increase. Currently, long-term sickness absence and disability pension account for the major part of sickness benefits, while it was much more a matter of short-term sickness absence at the end of the 1990s. From 1988 to 1990, there was no qualifying day in sickness insurance and the level of compensation was in practice 100 per cent from the first sick day.

The fact that increasing numbers of 20–24-year-olds pursue studies is also worth noting. In 1986, student assistance accounted for just under 10 per cent of women's and 11 per cent of men's incomes. By 2004, these proportions had grown to 26 per cent for women and 23 per cent for men. In the same age group, gender differences in family support benefits also emerge. In 2004, these accounted for just under six per cent of women's incomes but only one per cent of men's. A traditional use of family policy benefits seems to apply also among young people, which is discussed further in the chapter *Young people's family formation*.



SOURCE: LINDA DATABASE

Distribution of incomes, 25–29 years

The differences in the extent to which women and men use family support benefits are further emphasized among 25–29-year-olds. For women, family benefits accounted for 14 per cent of their incomes in 2004. The corresponding proportion among men was two per cent. Family benefits were generally of great importance for women during the crisis years of the 1990s. From 1991 to 1995, they made up on average 25 per cent of the incomes of women aged 25 to 29 years. As for sickness benefits, the same pattern is seen for 25–29-year-olds as for 20–24-year-olds. Sickness benefits (primarily relating to short-term sickness absence) accounted for a large part of incomes at the end of the 1980s but decreased noticeably during the 1990s, only to rise again at the start of the new millennium, with an ever-increasing element of long-term sickness absence.

The fact that more and more people study at higher ages is reflected in the increasing significance of student assistance also for 25–29-year-olds, accounting on average for 5–11 per cent of women's incomes and 5–9 per cent of men's between 1986 and 2004. In this age group, the recovery of occupational incomes has been most favourable, even though it has not reached 1986 levels. In 2004, income from paid work accounted for just under 60 per cent of the incomes of women aged 25–29. Among men, the corresponding proportion was 73 per cent.

Social assistance has generally accounted for a very small part of young people's incomes – one or two per cent. It has played a somewhat more significant role for the income of men than that of women in the 25–29 age group. The highest instances of social assistance are found in the 20–24 age

group in 1997, when on average it accounted for 5.5 per cent of women's and 5.9 per cent of men's incomes. Meanwhile, it is important to note that a large proportion of all recipients of social assistance – almost 40 per cent – are young people aged between 18 and 29 (Swedish Board of Health and Welfare, 2006).

On the whole, it is clear that the proportion of disposable income made up of gainful employment has diminished over time for young people, especially those in the 16–24 age group. At the same time, the significance of various forms of compensation from social insurance – such as student assistance – has grown.

Late and uncertain labour market entry

Young people's establishment in the labour market determines how well they do in other areas of life. In the introductory chapter, a polarization was seen to have taken place between different groups of young people as early as the time of their education. The consequences of this become apparent in the transition to the labour market. Social background, level



of education, contacts and working life experience are key factors. The years following a completed upper secondary school education appear to be critical from the perspective of getting established. Those who enter the labour market or continue to higher studies generally manage relatively well, while those who become unemployed early on risk suffering from unemployment and financial difficulties later on in life.

The labour market has undergone considerable changes since the 1980s. Business areas such as knowledge transfer and staff-intensive services have grown in extent, while industrial production and public service such as health and medical care occupations have contracted. It has become more common to have temporary jobs and be more mobile within the labour market, changing jobs more frequently. Open unemployment among young people is high, and if one includes the young people occupied in labour market policy programmes or studying – who are thus latent job seekers – the figure becomes alarming. As many as one quarter of all young people who wish to work have no permanent labour market attachment.

The situation in the labour market is reflected in the incomes of young people. There has been a trend towards a greater difference in income levels between young and older people, the disposable incomes of the latter having risen relatively steeply. But even within the youth group itself, the spread of income levels has increased over time. This development affects the relationship of young people to social insurance schemes. The proportion of young people with an SGI (income qualifying for sickness cash benefit) has grown less over time. Having no SGI means that one is not entitled to certain insurances, such as sickness cash benefit, or that one is insured only at basic level, for example, in parental insurance. The lower and less secure incomes that many young people have means that even among those who have an SGI and are entitled to income-related compensation from social insurance, many receive low-level benefits. In the event of illness, disability or parenthood, many young people consequently lack adequate protection. In the long term, this means a future old-age pension that is probably very low.

Those who have not yet worked enough to accumulate an SGI are usually not entitled to income-based unemployment benefit either. It is possible to receive basic-level compensation, but only on condition that either the work condition or the study condition has been fulfilled. Social assistance is strictly means-tested and the level is low. Student assistance probably functions relatively well for most students even though finding accommodation or raising a family during the period of study is a financial strain (see further in the next chapter). However, study loans create a future debt, so it is important that studies lead to work and a relatively high level of income.

The fact that the age of establishment in the labour market occurs later need not be a problem in itself. The majority of young people eventually

establish themselves in the labour market. The question is whether postponed establishment is an active choice made by young people who prefer to study first, or a condition imposed on young people who feel they have no say in the matter. A distinction should also be drawn between temporarily having a low income during a period of study and living in more or less permanent financial difficulties.

There is probably a connection between young people finding it difficult to gain a foothold in the labour market or perceiving working conditions as insecure or stressful, and increased psychological ill health in recent years (Social Insurance Board, 2005; Swedish Government Report, 2006:77). This is problematized in more detail in the chapter *Young people's sickness absence*. However, it is not only working-life conditions that affect a person's well-being but also conditions in private life. The next chapter discusses young people's family formation and the situation of young parents.



Young people's family formation

If you don't get into the labour market, you tend to end up in temporary work – a bit of work practice here, a six-month contract there... Not like in the 70s and 80s when if you got a job it was permanent, you knew it was for keeps, so long as you had the strength to go on. Perhaps it was easier to raise a family then... Nowadays anything can happen, you can be fired in the first month. It's not easy to plan a family under such conditions.

This chapter is about young people establishing themselves as a family unit and about the consequences and experiences of being a young parent. The definition of a young parent varies over time because of the upward shift in the child-bearing age that has taken place. The main focus of this chapter is on the 16–24 age group, though comparisons are made with older age groups. What does postponed entry into the labour market mean for young people's family formation and in what ways is social insurance significant for young parents?

The chapter first discusses family formation among young people generally in order to give a broad picture of the manner of establishment of families in Sweden over the past few decades. The attitudes of young people towards having children and forming a family are described. The later parts of the chapter considers the group of people that may be designated as young parents. Financial conditions and the use of social insurance are analyzed. There is also a description of student households and single households, which often have their own unique problems.

Young people's family formation

When is a person ready to have children? In Sweden, it is usual for women and men to acquire an education and establish themselves in the labour market before forming a family. Even though many young people today exhibit a less regular establishment pattern, the majority prefer to wait with forming a family until they have a home of their own and a job.

Postponed childbirth

The average age of first-time parents has increased over time. In 2005, the average age at the birth of the first child was 29 for women and 31 for

men. That represents a shift of three years for women and two years for men compared with the situation in 1990. Since 1974, the median age has risen by five years for women and by four years for men (Statistics Sweden, statistical database).

A similar pattern can also be discerned in other parts of Europe. The average age at which women have their first child has gradually risen since 1970. In 2002, the average age of the first child in countries such as Spain, the Netherlands, France, Greece and Ireland was the same as in Sweden (Council of Europe, 2004).

Several studies have shown that the status of women and men in the labour market is an important factor in the decision to become parents (Social Insurance Board, 2001; Social Insurance Board, 2003a; DS 2001:57). The postponed labour market establishment described in the previous chapter thus has consequences for the age at which women and men choose to form a family. The existence of discrimination in the labour market may also affect the timing of childbirth. Employers have different expectations on women and men. It is often deemed more risky to employ women because they are expected to spend more time at home with children. So women are influenced to aim first at establishing a stable platform in the labour market before having children and thus discrimination contributes to postponed childbirth.

Naturally, labour market integration is closely linked to income. Studies of the link between income and childbirth reveal that the propensity to have a first child is affected by income. The higher the income a person has, the greater the propensity to have a first child. However, the significance of income varies according to the age of the woman. Women under 30 with low incomes have children to a lesser degree. For women over 30, low incomes have less significance. The composition of income is also important. Women and men who pursue studies with the help of student assistance are less likely to have a first child than those who are gainfully employed (Social Insurance Board, 2001; Social Insurance Board, 2003a).

Parental cash benefit is an important source of income for new parents and one of the most important family benefits. Parental cash benefit is paid out as compensation for the loss of income occasioned by absence from work due to having to care for one's child. The compensation is based on the parents' occupational income and thus greatly depends on the parents having a labour market attachment. Therefore, it is likely that the desire of women and men to achieve a stable income prior to forming a family is reinforced by the regulatory framework. The short-term means of support while the child is small is very much influenced by the size of parental cash benefit. Often, prospective parents are also concerned about the long-term prospects of supporting their new family and thus wish to have established themselves and secured a permanent job before opting to withdraw temporarily from the workforce on parental leave.

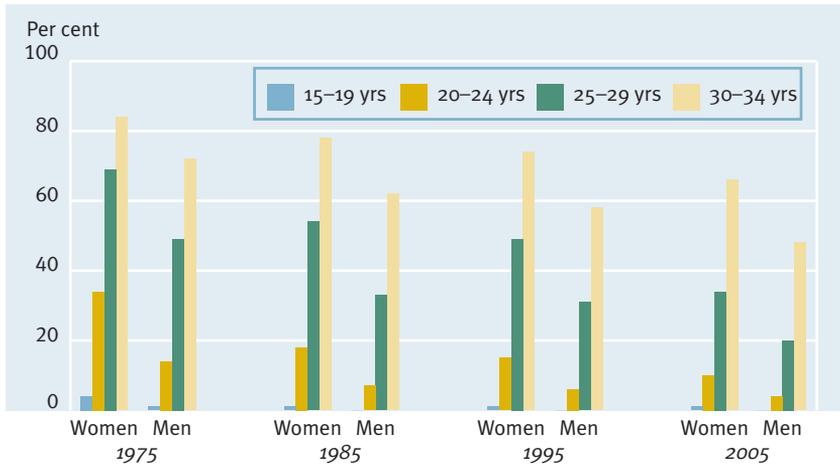
Apart from a steady job, a prerequisite for young people planning to have children is usually their having established a pair relationship and independent accommodation. In general, women leave the parental home earlier than men. At the age of 21, only 38 per cent of young women live at home, while 55 per cent of young men do so. In the older youth group, aged 25–29, only five per cent have not left home (Statistics Sweden, 2005b; Statistics Sweden, 2005).

Access to housing affects the prospects of establishing an independent household. According to the National Housing Credit Guarantee Board (2005), the proportion of young people aged between 21 and 24 who had established themselves in the housing market decreased dramatically between 1990 and 2000. This is particularly noticeable in growth regions and major cities. An important reason for this is that it has become increasingly difficult to find rented accommodation of the right size and rental level, as many people move to larger cities to study and work. Neither do young people lacking a stable position in the labour market normally have any chance of borrowing money in order to buy a home. Since income determines to such a great extent the chance of financing a home of one's own, opportunities for acquiring independent accommodation vary greatly among the group of young people.

It is more common for women than for men to cohabit with a partner early on in life. Among 20–24-year-olds who have left home, every third woman and every fifth man cohabits with a partner. In the 25–29 age group, half the men cohabit, compared with 62 per cent of women (Youth Board, 2005; Statistics Sweden, 2005). The pattern of cohabitation also reflects the fact that men in pair relationships are often some years older than the women.



The various changes in employment, income and establishment of households that have occurred over the past few decades may well explain why increasing numbers of young people postpone having children. As a result, few young people today become parents before the age of 25.



SOURCE: STATISTICS SWEDEN

Proportion of parents in different age groups

Just over 30 years ago, 35 per cent of women and 15 per cent of men had become parents by the age of 20–24, but the proportion of parents in this age group was significantly lower in 2005. The diagram clearly demonstrates that women during the whole of the period under study become established as parents earlier than men. However, putting off having children does not seem to stem from any opposition to forming a family or having children. Parenthood is viewed by many young people as an important part of life.

Young people positive towards becoming parents

Most young people have a positive attitude towards having children at some point in the future. In 2002, the Youth Board and Statistics Sweden asked young people aged 16–29 how important it was for them to have formed a family and had children by the age of 35. Eighty-two per cent of women and 70 per cent of men answered that it was important. Almost every fourth person thought it was very important. Meanwhile, the proportion of those who thought it did not matter at all were below ten per cent. The same questions were posed to young people in 1997. No great changes had taken place in the intervening years (Youth Board, 2003).

It is more usual for cohabiting pairs than for single women and men to plan on having children in the future. In one survey from Statistics Sweden, 95 per cent of 23-year-old cohabiting women and 94 per cent of 25-year-old

men respectively answered that they thought they would have children at some point. Among single women and men, the proportion was smaller (Statistics Sweden, 2001). This is not so surprising, since cohabiting pairs have come further along the road to establishment, having achieved pair formation and possibly gained access to joint accommodation.

Many young people in the Statistics Sweden survey said it was important to have the time to experience other things than further education and work matters before becoming parents (Statistics Sweden, 2001). Perhaps there is a need to feel free of all restrictions and test out new things between breaking away from one's parents and feeling ready to have children of one's own. This was also expressed by the young people in the focus groups conducted by the Swedish Social Insurance Agency in the spring of 2006 (see page 17 for a description of the focus group survey).

Yes, time to experience things. Travel a bit and discover the world, meet other people and so on. Otherwise, if you start a family at 24 or so, you can... you've had no time to experience anything, it's like instant adulthood. Kids and daycare, ... it's just too much.



Those who do not yet have children focus mainly on the desire to achieve a stable financial situation before the question of children arises.

Finances and after that security in general, like knowing where you're going to live, where you're going to work – so you eliminate unforeseen events, you don't suddenly get fired or end up on the street.

The focus group discussions reveal a consciousness of the fact that children cost money, that making ends meet will be a bit harder for most people and that life will be different. Nevertheless, most young people envisage a future as parents, even if many feel that other things in life must precede the decision to have children. Even though young people seem to place high demands on the kind of life they want to live before having children, there are, in fact, approximately 40,000 parents who qualify for the designation 'young'. Who are these who deviate from the pattern? Have they speeded up their establishment, or have they decided to invest in children and family life despite having a weak foothold in the labour market? What do they feel about being young parents?

Being a young parent

Due to the rise in the average age of first-time mothers, the definition of who is a young parent has changed over the years. This section focuses on young parents who are below the age of 25.

In 2005, there were approximately 2.1 million mothers and fathers with children aged 0–17 in Sweden. Of these, approximately 40,000 were aged 15–24, comprising 10,750 men and 28,600 women (Statistics Sweden). The proportion of parents who are young is thus not particularly large and is dominated by women. There is also a regional difference in how many become parents at an early age. In major cities, it is not as usual to become a parent at an early age. One reason for this is that many young people living in major cities are there to study at upper secondary school or university and therefore often postpone having children (Statistics Sweden).

As a result of delayed child-bearing, only a small proportion of the children born each year have a young parent. Approximately six per cent of all children born in 2004 had a father who was below the age of 25. Since women more often make an early debut as parents, there were rather more children – 13 per cent – who had a mother below the age of 25. A number of children had both a young mother and a young father, though precise statistics are unavailable.

Age of parent at birth of child	No. of children of women	Proportion of all children born, %	No. of children of men	Proportion of all children born, %
–19 years	1,604	1.5	455	0.5
20–24 years	11,986	12	5,437	5
25–29 years	30,272	30	21,737	21.5
30+ years	57,066	56.5	73,299	72.6
All ages	100,928	100	100,928	100

SOURCE: STATISTICS SWEDEN, 2005 TABLES OF SWEDEN'S POPULATION, TABLE 2.2.4 LIVE BIRTHS ACCORDING TO AGE OF PARENTS AND FAMILY RELATIONSHIPS IN 2004.

Number of children born in 2004

One possible consequence of early parenthood is that young parents may have to postpone or terminate their studies. Among 24-year-old women with at most pre-upper secondary school education, 38 per cent had already had children. The corresponding figure for those with upper secondary school education was 17 per cent (Statistics Sweden). Among young parents who had a child in 2002, half of the mothers and almost 60 per cent of the fathers under 20 lacked a graduation certificate from upper secondary school. Every third 20–24-year-old mother and father lacked such a certificate (Swedish Social Insurance Agency database Store). Postponed and discontinued studies may be a future obstacle to establishment in the labour market in competition with those without children (Swedish Government Report, 2003:92). Among young parents participating in the focus groups, there were many who neither had a job nor a graduation certificate from upper secondary school. Their feelings about the future were mixed.

I have no fixed plan. Really, nothing at all. I'll apply for any job that's going but since I've not even been to upper secondary school it feels totally hopeless.

I expect it'll be pretty difficult, but you've got to keep on trying. Not sure about studying – I didn't go to upper secondary school – maybe I'll try to do some studying first, maybe not. It's not easy finding a job whatever you do, and having children doesn't help, I guess.

Naturally, some young parents are not interested in further studies while others have already completed a university education or established themselves in the labour market.

Another thing that distinguishes young parents from older ones is that younger fathers often do not live with the child and that young mothers live alone with the children. Among 20–24-year-old fathers, almost every third father does not live with his children while 27 per cent of mothers

in the same age group are single mothers. Nevertheless, the most usual form of family structure for young parents is, as for older parents, either cohabitation or marriage with children in common (Statistics Sweden commissioned).

Young parents are thus in a minority both among their own youth group and among parents generally. The group is strongly dominated by women. Conditions for young parents differ from those of older parents. This is due not least to the fact that they to a greater extent have had a child at the start of further education and labour market attachment.

The view of early parenthood

In the young parents focus groups conducted by the Swedish Social Insurance Agency, the majority said they had not planned to have children. The higher incidence of unplanned parenthood among younger groups of parents probably stems from expectations that education and work should be "in place" before starting to form a family. In a survey conducted by Statistics Sweden, more than every third 23-year-old mother and 25-year-old father said they had not planned to have children just then (Statistics Sweden, 2001). A young mother who participated in the focus groups put it this way:

I wanted to get an education first. Have a permanent job so I had something to fall back on. And safer surroundings for kids to grow up in, living in an area I know is safe. That was my dream, but it didn't work out that way.



Although young parents might have fewer chances of getting an education or finding work, they saw advantages in being young, believing older parents could have more difficulty adjusting to a life as parents of small children. For example, older parents might have heavier expenses and thus be more sensitive to a reduction in income, as well as having a career that might suffer if they took parental leave. None of the younger parents regret their decision to keep their child, but the majority believe they might have done things differently if they had been able to plan.

Even the young people who did not have children could see advantages in being a young parent. For example, the participants in the focus groups talked about a better contact with children while they were growing up if the age difference was not so great, and that it was possible for parents to experience many things together with the child and then be grown-up together. A youthful parent with abundant energy is regarded favourably. At the same time, the majority feel that combining young parenthood with a stable financial situation and all the "must-do's" that have to be accomplished first is a difficult if not impossible equation. Postponed entry into the labour market thus influences when young people choose to form a family.

The financial situation of young parents

An essential part of the everyday life of families with children is their finances. Factors such as cohabitation status, number of children and opportunities for support from society and family, influence the finances of young households.

A comparison of households with and without children reveals that disposable income is generally lower for households with children, irrespective of the age of parents. This section describes the financial situation of young parents in particular. The calculations are based on Statistics Sweden's income statistics and reveal, from different perspectives, how the incomes of different households – young and older parents, cohabiting and single – relate to each other. The significance of family policy is studied in detail. Other possible forms of support for young families with children are also discussed.

Family policy is of vital significance for young parents

Apart from gainful employment, the incomes of families with children consist of transfers such as student assistance, unemployment benefit, social assistance and support from financial family policy.

The scope of family policy

The financial family policy area is divided into three spheres of activity: insurance, means-tested allowances and universal allowances.

Financial family policy

Financial family policy comprises three different forms of support. Together, the various family benefits contribute to evening out differences in financial conditions between families with and without children.

Insurance, such as parental cash benefit and temporary parental cash benefit that are intended to compensate loss of income.

Universal allowances such as child allowance and large-family supplement.

Means-tested allowances such as housing allowance and maintenance support.

The various family benefits are described in more detail in the second part of the book, "Social insurance in figures", on page 151.

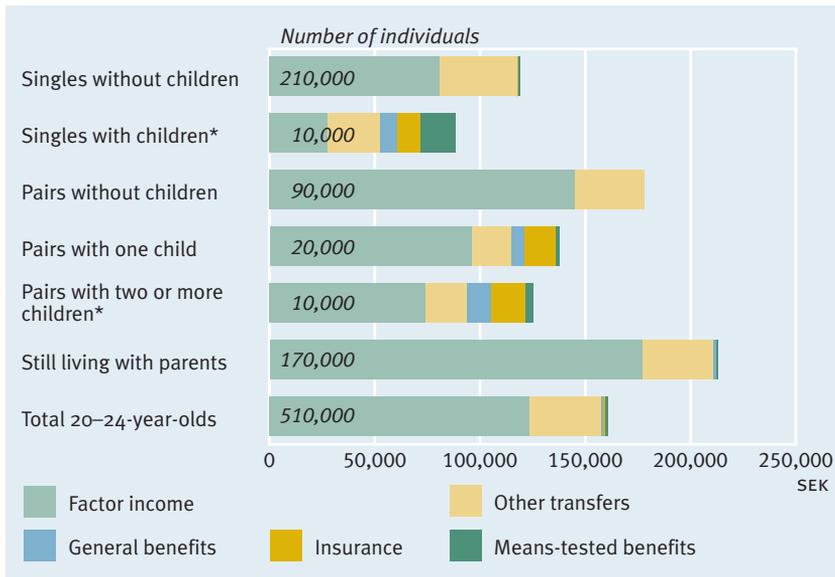
Financial standard

Disposable income per consumer unit is the disposable income relative to the burden of support. An adjustment is made in order to make it possible to compare incomes in various types of family. Each person in the family is assigned a weight according to a so-called equivalence scale. The weights of the different family members are totalled and the disposable income divided by this sum. The adjusted disposable income is also called financial standard.

Data on disposable incomes of households applies to 2006 and is estimated using Statistics Sweden's FASIT model. This means that income data for 2004 is adjusted so that it becomes applicable to 2006. Regulatory changes not yet decided when FASIT for 2006 was calculated have not been taken into account, for example, the raising of the "ceiling" in parental cash benefit on 1 July 2006.

The diagram on page 71 shows that single households with children have the lowest financial standard. Such households mostly consist of single women, the number of men being small. Singles without children also lie on average at a lower financial level than dual households. Those in the 20–24 age group who are still living at home enjoy the highest financial standard. These young people's share of their parents' income is included in the calculation of financial standard. For all households except single households with children, income from work and capital constitutes the largest part of disposable income. For single households with children, a major part of disposable income consists of means-tested benefits such as housing allowance and maintenance support. Other transfers than those deriving from family policy are also very significant. For dual households

with children, approximately one-fifth of their income is made up of support from family policy benefits such as parental cash benefit, child allowance or housing allowance.



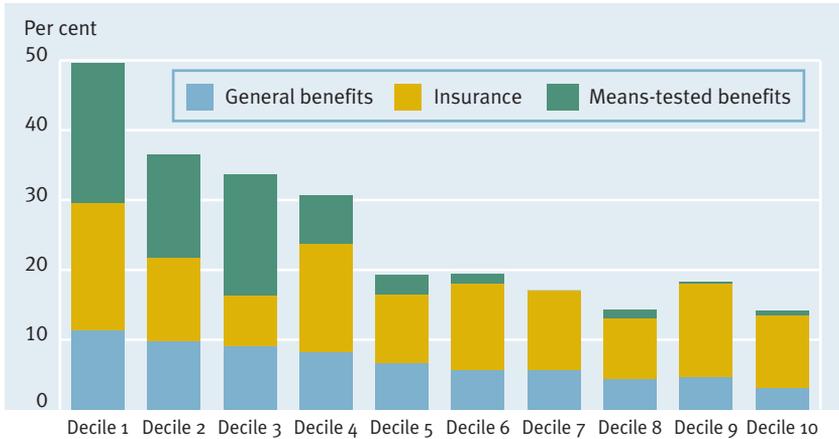
Note: Factor income consists of wages, company income and capital income. The transfers which are specially reported – universal allowances, insurance, and means-tested allowances – concern only family policy. An asterisk (*) indicates that there are few observations in the group and that estimates are therefore uncertain. Projected values for 2006 are based on income data for 2004.

SOURCE: ANALYSERAR, 2006B

Average financial standard, SEK per year, for 20–24-year-olds in 2006

Means-tested benefits such as housing allowance have greater significance for young families with children (20–24-year-olds) than for older families with children (25–29-year-olds). This is because younger families have lower incomes from paid work. In the higher age category, on the other hand, parental insurance has the greatest significance (Analyserar, 2006b). This is partly because many younger parents lack income-related parental cash benefit since they have not been gainfully employed and so receive compensation at basic level.

Family policy is also more significant for households with the lowest incomes. Means-tested allowances in particular are of great significance, while child allowance granted to all households with children is of relatively less significance for the highest income groups.



Note: Estimated values for 2006 based on income data for 2004.

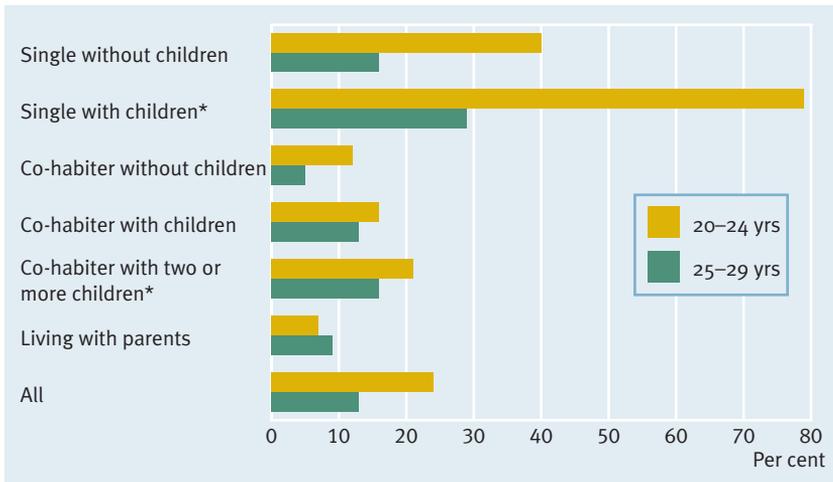
SOURCE: ANALYSERAR, 2006B

The share of financial family policy in disposable income per consumer unit for 20–24-year-olds with children, by income deciles

Of the young parents expressing their views in the focus groups of the Swedish Social Insurance Agency, several lived in relatively tight financial circumstances. Nevertheless, the majority thought they were able to cope. Many of them – especially those who were single – were very much dependent on financial assistance from society.

But I'm not really sure how I'll manage, since I'm single... Haven't got a husband who goes to work and so on. So all I can do is ... I'm getting parental cash benefit and housing allowance, maintenance support and child allowance, so I just about get along. But when parental cash benefit comes to an end – my main source of income! – there's going to be a crisis.

One way of measuring the economy of households is to show which ones have low financial standard. Low financial standard is usually presented as a relative measure. If a household has an income lower than 60 per cent of the median income for all households, it is termed a household with low financial standard.



Note: * There are few observations in the group so estimates are uncertain. Projected values for year 2006 based on year 2004 income data.

SOURCE: ANALYSERAR, 2006B

Proportion of youth households with low financial standard in 2006

Almost every fourth household in the 20–24 age group has a low financial standard. The corresponding proportion for 25–29-year-olds is 13 per cent. Especially single parent families and young households with many children have a difficult financial situation. For single parent families where the parent is aged 20–24, the situation is difficult, but the number of households in this case is small and the level may therefore be misleading since the data is based on a sample of households.

The relatively poorer financial situation of young parents is mainly due to weaker labour market attachment and lower income from paid work. Therefore, family policy provides an important boost to the financial standard of households with children. Without family policy, households with young parents would have an average income 23 per cent lower than what it is today. For 25–29-year-olds, family policy has somewhat less significance and the financial standard of households with children is increased by approximately 19 per cent. A difficult financial situation for young parents may thus lead to greater uptake of means-tested benefits, both outside and within social insurance. An example of a means-tested benefit within family policy is housing allowance.

Housing allowance has big significance for a small group

Housing allowance functions mainly as a support to low-income households. The right to housing allowance is based, among other things, upon income, cost of accommodation and the number of persons living in the household. Of households with new-born children in 2002, eight per cent

received housing allowance during the first year of the child's life. Housing allowance goes first and foremost to single households, most of which consist of single mothers. The following table shows the proportion of mothers receiving housing allowance.

Mother's age at time of child's birth	Proportion with housing allowance at some point during 2002–2005	Proportion with housing allowance during the whole period (4 years)	Average housing allowance in SEK per month in 2005 for those receiving the benefit for the whole period	Average income in 2005 for those receiving the benefit for the whole period
–19 years	73	11	1,960	78,800
20–24 years	40	8	2,140	101,800
25–29 years	18	4	2,300	125,300
30–34 years	12	3	2,380	140,000

Note: The households in the table include both pair and single households, arranged according to mother's age.

SOURCE: THE SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE

Housing allowance in households with children born in 2002

The table shows that it was considerably more usual for young mothers to receive housing allowance than it was for older mothers during the period studied. Among the youngest mothers, more than one in three received housing allowance for at least three of the four years studied. During this period, these mothers had an average income below SEK 100,000 per annum, including the period during which the child reached the age of 3, when parental leave is likely to have ended. The income that housing allowance is based on increases with the age of the woman but is generally low since housing allowance is means-tested. The amount of housing allowance received by households was lower for younger age groups than for older age groups. This is partly explained by the fact that younger households on average have lower accommodation costs while older households have more children.

Housing allowance has been depicted as a possible poverty and debt trap. This is partly because the allowance is accused of having certain marginal effects. Because the allowance is based on income, any increase in income may lead to a reduction in the allowance. If the reduction in allowance and in tax deduction is felt to cancel out a possible increase in earnings, the result may be that households avoid working longer hours or switching to better-paid jobs. At the income levels where housing allowance is reduced, housing allowances contribute a marginal effect of 20 per cent (Swedish Government Report, 2001:24).

Marginal effect

An increase in income often leads to a reduction in means-tested benefits such as housing allowance. Combined with income tax and other deductions, this means that individuals are unable to retain the whole of the extra income from additional work, etc. The part that is lost is called the marginal effect.

Nor can housing allowance be said to be adapted to the often wildly fluctuating income situations of young people. Rapid transitions between studying, work and unemployment make it difficult to estimate annual income in advance. A sudden increase in income may thus involve the young household in repayment obligations and even running into debt. This may in turn inhibit further income development. The threat of getting into debt may also cause some groups who need support and are also entitled to benefits to fail to apply for housing allowance.

Parental leave among young parents

Since establishment in the labour market of the younger group of parents has less often begun or is still in its early days, their uptake of parental cash benefit seems to be somewhat different from that of older parents. The lack of an income or the fact that the parent has worked for only a short time



results in more young parents using days at basic level. For parents up to the age of 19, as much as 96 per cent of the SGI days have been claimed at the basic level (see fact box on basic level). The corresponding proportion for 20–24-year-old parents is 43 per cent. For 25–29-year-olds the proportion of days at basic level is only 16 per cent. There is thus a dividing line between younger and somewhat older parents that reflects labour market attachment.

Parental cash benefit

Parental cash benefit is intended to help both parents combine parenthood with gainful employment. When a child is born or adopted, parental cash benefit may be paid to each parent for 240 days, that is to say, for a total of 480 days. For the first 390 days, the minimum amount payable is SEK 180 per day (basic level) or 80 per cent of the income qualifying for sickness cash benefit. For the remaining 90 days, the payment is SEK 180 per day. The days may be claimed up to the child's eighth birthday.

Basic level

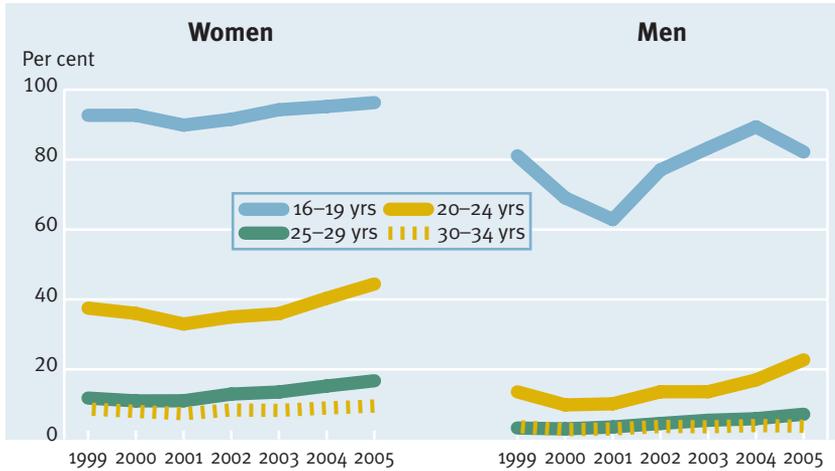
Compensation at basic level is granted if the parent does not have an SGI (income qualifying for sickness cash benefit) OR if the parent does not meet the special qualifying criterion for the first 180 days with parental cash benefit claimed for a child. The condition is that the parent must have been insured for a sickness cash benefit of over SEK 180 per day for 240 days in succession prior to the birth of the child in order to receive compensation at the person's SGI rate.

Income qualifying for sickness cash benefit (SGI)

'Sickness-cash-benefit-qualifying income' (SGI) is used among other things to calculate the size of parental cash benefit and temporary parental cash benefit. As a rule, it is current income that forms the basis of SGI. SGI is determined by the Swedish Social Insurance Agency on the basis of a parent's estimated annual occupational income. As of 1 July 2006, the highest possible SGI is 10 times the price base amount or SEK 397,000.

In recent years, there has been an increase in the proportion of days paid out at basic level to younger parents, particularly to younger men. One reason for this is that more people study up to higher ages and thus have no SGI. An overall increase in the uptake of parental cash benefit has also had significance for the change. The fact that women are usually the ones to claim parental cash benefit early on in the life of the child means that they, to a greater extent than their partners, are affected by the special qualifying condition that may result in compensation at a lower level than

their current income. Apart from differences in labour market attachment, this may help to explain why a much larger proportion of days taken by young women are at basic level. Over the past few years, basic level has been raised from SEK 60 to the present SEK 180 per day. If a parent claims 30 days at basic level, it is the equivalent of a pre-tax income of SEK 5,400.



SOURCE: SWEDISH SOCIAL INSURANCE AGENCY'S DATABASE STORE

Proportion of SGI days paid at basic level for particular years

It is well-known that women are the ones who claim the majority of days with parental cash benefit. This is also true of young parents who had children in 2002. Out of the total number of days claimed, the proportion of days claimed by fathers younger than 20 who had joint custody was 13 per cent. For fathers in the 20-24 age group, the proportion was 15 per cent. These figures include those fathers who have not claimed a single day with parental cash benefit. That fathers below the age of 24 on average claim a lower proportion of days with parental cash benefit compared with older fathers was also revealed in a study of children born in 1993 and 1996 (Social Insurance Board, 2002b).

It is more common for younger fathers than for older ones not to have claimed a single day with parental cash benefit before the child reaches the age of three. In the youngest age group, more than half of fathers with joint custody failed to claim parental cash benefit.

Age	Proportion not claiming parental cash benefit	
	Women	Men
19 years	20	51
20–24 years	9	28
25–29 years	7	22
30–34 years	6	20
35–39 years	9	24

Note: The data refers to parents having joint custody when the child was born.

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE

Proportion of parents who had not claimed a single SGI day by the child's third birthday. Children born in 2002

Parental cash benefit affords parents great freedom of choice in deciding the number of days they wish to use per week, month and year. By using fewer parental cash benefit days than the maximum seven per week, it is possible to spread out the days over a longer period of time, thus allowing parents to prolong their time at home with the child. The price parents pay for this is a lower rate of compensation than the 80 per cent of SGI they receive when claiming the maximum amount of days. However, there may be little opportunity to spread out and thus save up days for those in a weaker financial situation. The lack of saved-up days with parental cash benefit also reduces chance of taking paid leave when the child is older – for example, during holidays, study days or in order to prolong a vacation (Social Insurance Board, 2004).

Temporary parental cash benefit days called father days give parents the opportunity to be at home together for ten days after the birth of the child. The ten days are given to the father or, in the case of adoptive parents, five days go to each parent. To qualify for the benefit, each parent must refrain from work or unemployment benefit during the days concerned. This means that if parents are studying or do not qualify for unemployment benefit or lack SGI, they are not entitled to compensation during these days. Since a greater number of young parents pursue studies or do not work for other reasons, there are more parents in the younger age groups who cannot normally use father days. Among 19-year-old fathers with children born in 2002, a mere eleven per cent claimed father days, which is understandable bearing in mind that the majority of young people study at upper secondary school at that age. However, fathers studying at college or university may take one week's leave with student assistance upon the birth of a child. This week is not included in the total sum of weeks for which it is possible to receive student assistance nor does it affect future assessments of study results, which may be important for the continued right to student assistance (Swedish National Board of Student Aid (CSN), 2006).

Age	Proportion claiming father days
–19 years	11
20–24 years	55
25–29 years	71
30–34 years	73
All irrespective of age	69

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE

Proportion of fathers who claimed father days of all who became parents in 2002

Overall, the unequal distribution of parental cash benefit days between the sexes is more pronounced among young parents than older ones. Furthermore, fewer young fathers have claimed parent cash benefit at all or used the ten so-called father days in connection with the birth of a child. Households with young fathers thus use parental insurance in a more traditional manner than their older counterparts. This behaviour among young parents stands in sharp contrast to the view expressed by young people in surveys that equality between the sexes is desirable and important (National Agency for Education, 2004). The proportion of young people stating that an equal sharing of responsibility for earnings, household and family has admittedly diminished somewhat since the early 1990s but it is the majority view (Youth Board, 2003). One explanation of why young parents do not practise what they preach is that they more frequently have a lower level of education and a lower income, factors proven to be important for how women and men share parental cash benefit days between themselves (Social Insurance Board, 2002b).

Other sources of income for families with children

In addition to income from work, family policy benefits and other compensation from social insurance, different forms of support from private networks are important for many families with children. Since young households with children often have low incomes, cash gifts or help with accommodation and food from parents and relatives can be especially important for them.

Interviews with young parents reveal that many of them receive help from their parents, both through their buying things for the children and through gifts of extra money. Services performed by relatives, such as helping to look after the children, can also help to raise the living standard of young households. There were also examples of parents offering low-cost accommodation. At the same time, young parents participating in the survey affirmed that they would rather not ask for money or other help. If help was offered, it was usually accepted, but the majority emphasized the importance of feeling independent.

My parents are always buying clothes for our son. They spend a small fortune on him. We're really happy and thankful for that, so it's not a problem. But having to phone and say "Can I borrow some money?"... That doesn't feel right, you'd rather not.

Someone's always ready to help you out in a crisis. But you don't want to phone and ask for money. Now that you're living on your own, you want to manage by yourself.

Apart from social insurance, there are also other public welfare systems that can contribute to household finances. For example, free maternity welfare, health and dental care for children mean that households do not have to put aside money for these purposes. Subsidized childcare means that household expenses are kept to a minimum while parents have an opportunity to be gainfully employed. These aspects of society's support for parents are not visible in disposable income.

Households in serious financial difficulties may receive social assistance. Of those households who received social assistance in 2004, a large proportion consisted of young people, 26 per cent of recipients being younger than 25 years old (Swedish Board of Health and Welfare, 2004).

Age	No. of single mothers with financial support	Proportion with support out of total number of single mothers, %	No. of pair households* with financial support	Proportion with support out of total number of pairs with children, %
-24 yrs	5,200	67	2,700	13
25-29 yrs	6,000	37	3,700	5
30-34 yrs	6,900	21	4,700	3
Total	39,600	18	28,700	4

* In pair households, the woman's age has been used. The number of beneficiaries has been rounded to the nearest hundred.

SOURCE: SWEDISH BOARD OF HEALTH AND WELFARE'S STATISTICAL DATABASE SOCIAL ASSISTANCE 2004; AND, FOR NUMBER OF FAMILIES WITH CHILDREN AT HOME, STATISTICS SWEDEN, 2005:2

Social assistance in 2004 among households with children at home

Among single mothers receiving social assistance, 13 per cent were younger than 25 years old. The corresponding figure for pairs was eight per cent (Swedish Board of Health and Welfare, 2004).

As within the group of young people as a whole, there is naturally heterogeneity within the young-parents group also. Some young parents have already completed their education of choice, have found permanent employment and are able to support themselves and their children without difficulty. However, due to a frequently interrupted labour market establishment process, people who have children at an early age meet conditions

different from those of people who become parents at a higher age. This is especially true of young women, who assume greater responsibility for their children than young men do. Since having a regular job and independent income are part of the definition of being established, early parenthood does not seem to lead to young parents in general establishing themselves any faster than their childless peers.

Single parents

The majority of young parents live with their children. However, a relatively large minority are single. Among those who had a child in 2004, women were most commonly single in the youngest age group. Older women lived to a greater extent in pair relationships and among 25–29-year-olds, only six per cent were single. The higher proportion of singles among young parents may be explained by the fact that pair formation is less stable and separations more common among young parents than among older ones (Statistics Sweden).

Mother's age	Married, %	Cohabiting, %	Single, %
–19 years	17	39.5	43.5
20–24 years	31	56	13
25–29 years	39	55	6

SOURCE: STATISTICS SWEDEN, STATISTICAL DATABASE

Children born in 2004 according to age of mother

Maintenance support among young parents

Thirty per cent of fathers aged 20–24 do not live with their children. These fathers are liable to pay maintenance for their children. Among mothers in the same age group, three per cent do not live with their children and thus are liable to pay maintenance. In earlier sections, it has been shown that the financial standard of young singles is relatively low. The ability to pay for the needs of a child may therefore be limited. This in turn may reinforce the need for support from the state in order to cope with maintenance payments for children the parent does not live with.

Maintenance support

Maintenance support can be paid to children whose parents do not live together. A parent who does not live with his/her child must pay maintenance support to the parent with whom the child is living. If the parent defaults on payment or pays only a smaller amount, the Swedish Social Insurance Agency may pay the maintenance support. The parent the child lives with receives the support and is called the resident parent. The other parent, referred to as the liable parent, must repay wholly or in part the costs borne by society for the maintenance support. The amount to be repaid depends on such things as taxable income and the number of children the liable parent has to support.

There are three types of maintenance support. *Full maintenance support* means that the Swedish Social Insurance Agency pays out SEK 1,273 per child and month. *Supplementary support* is paid out when the liable parent pays maintenance to the resident parent below SEK 1,273. The Swedish Social Insurance Agency supplements maintenance support up to SEK 1,273. *Maintenance support for alternating residence* may be applied for if the child lives half the time with each of the parents. The support is means-tested against the income of the applicant.

There are approximately 5,500 resident parents and 3,200 liable parents younger than 25 years old within the child maintenance support system. Gender distribution in the two groups is very uneven. Among resident parents, 97 per cent are women while three of four liable parents in this age group are men (Swedish Social Insurance Agency database Store).

Of those fathers not living with their children and younger than 19 years old, almost 75 per cent have ongoing case files within the maintenance support system. For 20–24-year-olds and 25–29-year-olds, the proportion falls to 64 per cent. For older parents, the proportion found within the maintenance support system is between 69 and 76 per cent (Swedish Social Insurance Agency database Store). Of women not living with their children, a lesser proportion is to be found within the maintenance support system. It is also less usual for young mothers to be found within maintenance support than older mothers. A possible explanation of this is that mothers not living with their children more often than their male counterparts find alternative solutions to their maintenance liability without recourse to the Swedish Social Insurance Agency. Such a solution might be linking child maintenance to the child's accommodation or negotiating other private agreements on the payment of maintenance.

	Number of current cases of liable parents		Proportion of parents not living with their children who are liable parents within maintenance support system, %	
	Mothers	Fathers	Proportion mothers	Proportion fathers
15–19 years	11	200	12	75
20–24 years	264	2,004	32	64
25–29 years	881	6,406	43	64
30–34 years	2,462	14,109	57	68
35–39 years	4,934	27,308	67	76
40–44 years	5,372	34,778	56	77
45–49 years	2,954	26,177	42	71
50–54 years	1,078	15,500	37	69

Note: Data on liable parents refers to current cases, excluding alternating residence and supplementary cases.

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE, STATISTICS SWEDEN (COMMISSIONED)

Liabile parents with maintenance support cases in December 2005

Not all parents repay the maintenance support paid out by the Swedish Social Insurance Agency to the home parent. One reason for paying nothing at all is low income, in which case the amount to be repaid is set to zero and no debt accumulates. More young people than older people among liable parents have low incomes.

It can also be difficult for the parent living with the child to find sufficient financial resources to be able to support the child. Thus it is that children of young single parents often have a worse financial situation than other children. Parents who are studying may also have a difficult financial situation. The following section describes how young parents pursuing studies are affected by, for example, regulations governing parental cash benefit, parental leave and housing allowance.

Students

Students form a heterogeneous group that also includes age groups outside the youth category. However, the number of young people who are studying is large and the types of problems facing this group can be different from those facing young people who are not studying. Social security systems in the form of social insurance, unemployment insurance and social assistance are not always tailored to the special needs of students (The Youth Board, 2005).

Support for student parents

The opportunities to form a family during student days may be limited by the poor finances of many students. The raised basic level for parental cash benefit has somewhat improved the chances of people supporting them-

selves during parental leave even without previously earned SGI. However, compensation at basic level is still low, giving approximately SEK 5,400 per month before tax when 30 days per month are claimed.

SGI protection

When the parent no longer has an occupational income, the ground rule is that previously determined SGI no longer applies. However, in certain situations, there is a possibility of keeping SGI even though the parent does not work. This is the case, for example, when one is registered as a jobseeker at the Swedish Employment Service, pursuing a course of studies financed by student financial help, having care of a child less than one year old, interrupting one's working life for a period of less than three months, studying within one's own professional area, being pregnant and leaving or reducing gainful employment within six months of the estimated time of delivery.

The financial situation of students who have children depends to some extent on what they know about the various forms of SGI protection available to them. A student who has previously had a job and thus acquired an SGI may under certain circumstances retain this in a dormant form during the study period. If the student later wishes to take out parental leave, the old SGI may be re-activated and provide compensation above the basic level in parental cash benefit. The example shows how important it is for young people to know about their rights within social insurance if they are to be able to actively plan their finances.

Students who choose to study without availing themselves of student assistance – approximately 35 per cent – can totally lose their SGI protection, since it is the financing form and not the studies themselves that provide protection. Students who lose their SGI protection have no chance of receiving sickness cash benefit when they fall ill and receive only basic level in parental cash benefit. The new student assistance system with the opportunity to freely choose how many study weeks payments are to be made may have a negative impact on the SGI. Persons who do not receive continuous payments of student assistance currently lose their SGI protection. There are no available statistics on how many students have lost the protection provided by previous income in this way. Meanwhile, more and more people study at college and university and it is not unusual for students to have had previous employment.

A special child supplement for students has been introduced for those students using student assistance. For a four-week period with student assistance and full-time studies, a student with a child receives SEK 476. However, the support only goes to those receiving student assistance, which means that students who have recently become parents, use parental cash benefit and thus interrupt their studies, do not qualify for the support. On

the other hand, for student parents with older children, the child supplement means an improved financial situation.

In 2005, approximately 47,000 student households in the 18–29 age group received housing allowance. This group may include parents who do not live with their children. In addition, there are approximately 22,000 students with children who receive housing allowance for families with children (Swedish Social Insurance Agency database Store). There are no available statistics on how many of these are below the age of 25. Relative to the whole group of students, not many students receive housing allowance. One reason for this may be that students are often reluctant to apply for housing allowance. Housing allowance is based on annual income even though the need for support may vary in extent over the year, especially for students who complete a course of study in the middle of the year. One effect of this may be that a student who needs housing allowance for one term of the year is not entitled to, or dares not apply for, housing allowance since there is a risk it might have to be repaid later.

Under current regulations, student assistance is included as part of income qualifying for housing allowance, since student assistance contributes to a household's financial strength. If student assistance were to be excluded, as proposed by, for example, the Report on Student Welfare Benefits, students with housing allowance and student assistance would be given an advantage over persons with equivalent incomes earned in other ways (Social Insurance Board comment on government proposal, 2004).

Not just a matter of money

Even though their finances are an important part of the daily life of parents of small children, time with the child and time to study are also important factors influencing the student view of parenthood. Student parents who expressed their views in the focus groups and in individual interviews painted a varied picture of the opportunities for studying as a parent. One young student mother thought it was perfectly possible to combine a child with studying while one of the young fathers interviewed chose to break off his studies.

I think it's great to study when you have a baby because you have loads of time to be with the child. At least it FEELS like I have more time. I think it works very well. Many people think it's really difficult to study and have a child at the same time but in my opinion it's harder to work and have a child, in fact. There's more stress then, I think.

When Arvid was in the womb – our first one! – I quit studying after two months. I was studying at the College of Dentistry, but it was too strenuous, it would never have worked. I would have had to sacrifice the kids, and that was not an option.

There can be many obstacles to having a child while pursuing studies and low compensation during parental leave is a major problem. On the other hand, it is possible to adjust the period of study to a spell of parental leave. Adjustments have been made to the regulatory system in a number of areas to take better account of the situation of students. Examples include the right to request a break in one's studies, the right to take leave to care for a sick child without forfeiting the right to student assistance, and the right to treat the period of study as a temporary parenthesis and thus retain entitlement to a higher parental cash benefit. A probable explanation of the low number of young student parents is that many young people prefer to complete their studies before thinking about starting a family, possibly seeing the period of study as a chance to spend time on themselves before children arrive on the scene.

Pros and cons of young parenthood

Young parenthood might be considered a course of action fraught with problems. Many young parents lack an upper secondary school certificate, which may limit their attractiveness in the labour market and further impede their establishment. An early debut as a parent increases the need for support from society as means-tested support becomes a major source of livelihood. Despite the fact that young people seem to have a strong belief in equality, when it comes to family formation their approach is often traditional. This could mean that children of young parents receive a more traditional upbringing from a gender perspective than do children of older parents.

At the same time, young parenthood may signify an overall rise in nativity. This could be positive from a societal perspective, since the burden of support is expected to increase dramatically in coming years due to an ageing population. Against that background, it is fine if more parents have the time to beget two or three children – often requiring an earlier start to parenthood. Early parenthood might also provide an escape from the pressure of having to combine an intensive work situation and career with the care of young children by allowing parents to start working full-time only after the children have become a little older.

What then are the obstacles to earlier parenthood today? The systems of surrounding society are largely based on linear establishment – first education, then work, secure income and, finally, children. This is illustrated by the design of parental cash benefit. It is not a good idea to break

the sequence, for if you do so you may not only find it more difficult to support yourself and your child, but it may also limit your future choices. Awareness of society's support systems is not widespread among youths who do not yet have children. Instead, their focus is on being able to earn their own living and achieve a measure of self-realization before making the transition from youth to parent. Getting an education and starting a career are two aspects of this, but such things as a chance to travel and live an independent life with a range of choices may also deter young people from having children early on in life. Problems associated with studying, etc, while the kids are still small – not least financial problems – impede those young adults who nevertheless wish to have children before becoming fully established.



Despite the problems that young parenthood may present, many young people see advantages in being a young parent. The young people who participated in the focus groups saw a young parent as the ideal and did not want to wait too long before having a child. On the other hand, many wished to achieve a number of goals before having children. For the majority, that meant in practice rushing through the establishment phase and then having children, rather than including children as part of the study period or career start. Extended and more problematical establishment in the labour market may therefore diminish young people's chances of realizing their goal of early parenthood. Of the young people who had succeeded in establishing themselves as parents at an early age, the majority were pleased with their parenthood – apart from their financial situation – and felt that the attitudes of society towards them were positive. The criticism voiced by young parents was that many regulatory systems were not adapted to their needs. Instead, they felt the rules were designed for parents with permanent jobs and a regular income and made no allowance for variations in the establishment process.

Some features of social insurance may be said to be adapted to parents who diverge from the linear pattern of establishment, for example, a basic level in parental cash benefit, the possibility to skip over a period of life without forfeiting previously earned SGI, child supplement for students, etc. However, certain problems remain. The design of housing allowance may to some extent exclude young people. Young people often have more irregular incomes, which may result in their not daring to apply for a benefit for fear of having to repay it or being disqualified due to having earned more earlier in the year. This is a special predicament for students.

This chapter has shown that the decision to become a parent may put a strain on relationships, on finances, and also complicate establishment in working life. A strained financial situation, interrupted and therefore low education as well as insecure conditions of employment may affect the health of young people. Or perhaps early parenthood has positive effects on well-being, for example, in the form of a smoother pregnancy, an enhanced feeling of being part of society and the satisfaction of having succeeded in forming a family when one wanted to? The link between working life, family life and ill health will be discussed in the next chapter and is vital to a better understanding of the opportunities and obstacles facing young people.

Young people's sickness absence

When I started feeling ill, I had a job. At first I took half-time sick leave. But as I was still on probation, they said either you take full-time sick leave or we'll have to fire you. So I took full-time sick leave. They fired me anyway.

Sickness absence in Sweden has been the subject of heated debate since the end of the 1990s. The background to this is the increase in sickness absence that began around 1996–1997. However, it was not so much the number of people on sick leave as the length of the sick leave periods that increased. As a consequence of the increased number of long-term sickness absences, disability pensions have increased dramatically. The sickness absence of young people has been little studied or discussed in the course of the debate. This is partly because the incidence of sickness absence is considerably lower among young people than among middle-aged and older people. But over the past two or three years, young people's ill health and labour market situation has come under increasing scrutiny. On the one hand, the self-reported ill health of young people has increased. On the other, the difficulties young people experience in establishing themselves in the labour market have been noted.

This chapter examines how young people's ill health is compensated under the benefit categories of sickness cash benefit and disability pension. First, young people's sick leave, diagnoses and risk factors for sick leave are analyzed. Rehabilitation programmes intended to help people on sick leave to return to work are discussed. The next part is about more permanent reduction in young people's work capacity, and discusses disability pensions. Young people are defined in this chapter as persons aged 20–34, though the focus is on the 20–29 age group. Some of the analyses are based on sample surveys, which makes it difficult to create a statistically reliable foundation without including the 30–34 age group. Another reason for including persons up to the age of 34 is that permanently reduced work capacity due to illness often appears in the higher age groups.

The pattern of young people's sick leave

This part examines young people's sickness absence, diagnoses and risk factors for sickness absence from the perspective of age. It is widely recognized

that sickness absence varies with age, which is hardly surprising given the fact that most illnesses become more common with advancing years. However, the major part of the research into sickness absence lacks analyses of the specific relevance of age for sickness absence and early retirement (Marklund et al., 2000). Most studies are 'cleansed' of the age effect using statistical methods in order to concentrate on the effect of other factors relating to ill health. It is also rare to study the origins and consequences of sickness absence for different age groups. This presentation reveals that the factors having significance for young people's sick leave are not the same as those applying to older persons.

Development over time

Sickness absence increased dramatically in all age groups during the period 1997–2003, after which it began to decrease. Both the number and length of sick leaves increased during this period. Below, sick leaves lasting at least 30 days are reported, since after the sick pay period (the period when the employer pays sick pay) was introduced in 1992, no comprehensive and reliable statistics on sickness absence of shorter duration are available. At its longest, in 1997, the sick pay period was 28 days. To obtain comparable statistics over time, the proportion of persons in the population who have been on sick leave for periods of at least 30 days is reported.

Sickness cash benefit

Sickness cash benefit is payable when a person suffers from an illness that causes a reduction in work capacity. Employees, unemployed persons, self-employed persons and students may be granted sickness cash benefit. During the first 14 days of sickness, the employer pays sick pay. After that, the Swedish Social Insurance Agency pays the insured person sickness cash benefit equivalent to 80 per cent of an estimated annual occupational income, the so-called sickness-cash-benefit-qualifying income (SGI). Since 1 January 2005, the employer also pays 15 per cent of sickness cash benefit after the first 14 days of sickness for employees who are on full-time sick leave. Apart from the above compensation, the majority of employees in Sweden also receive compensation from a contractual insurance scheme. The rate of compensation from the various contractual insurance schemes is the result of negotiations between the labour market parties.

Statistics reveal that young people take sick leave to a lesser extent than older people. Irrespective of age group, more women than men take sick leave. For the different groups of young people, excepting women aged 30–34, the proportion taking sick leave of at least 30 days was the same in 2005 as in 1994. Among women aged 20–24, 4.4 per cent took sick leave of at least 30 days during 2005. Among men of the same age, 2.9 per cent had at least one sick leave lasting 30 days. The number of people on sick leave for periods of at least 30 days was highest among young people in 2002.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Women												
20–24 yrs	4.7	4	3	2.8	3.1	3.7	4.7	5.6	6.1	6	5.3	4.4
25–29 yrs	9.2	8.3	6.7	6.4	7	7.8	9.8	11	12	11.9	10.9	9.3
30–34 yrs	10.7	9.9	8.4	8.2	9.5	10.8	13.4	15	16.1	15.8	15.1	13.2
35–64 yrs	12	11.5	10.2	10.1	11.7	13.4	15.7	17.2	17.7	17.1	16.3	14.4
Men												
20–24 yrs	3	2.7	2.2	1.9	2.2	2.4	2.9	3.5	3.7	3.6	3.3	2.9
25–29 yrs	4.9	4.3	3.6	3.2	3.5	3.7	4.3	4.8	5.2	5	4.8	4.3
30–34 yrs	6	5.5	4.5	4.2	4.5	4.9	5.6	6.2	6.3	6.2	5.8	5.1
35–64 yrs	9	8.2	7.2	6.8	7.5	8.3	9.5	10.2	10.6	10.1	9.6	8.6

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE

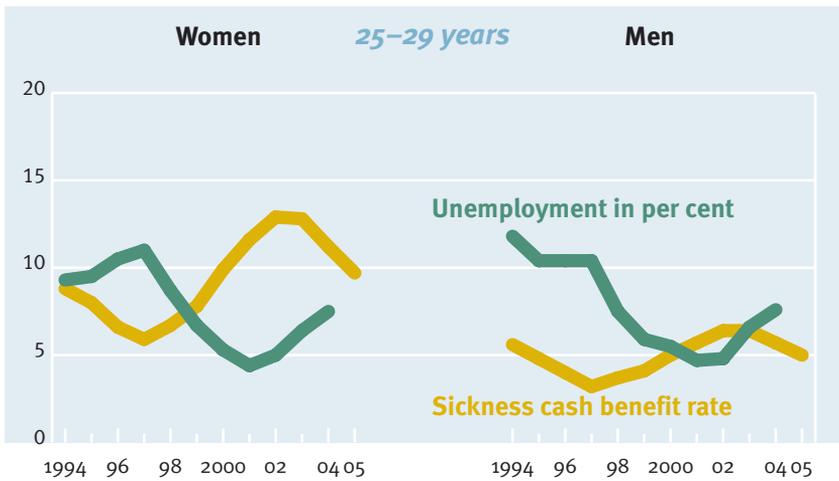
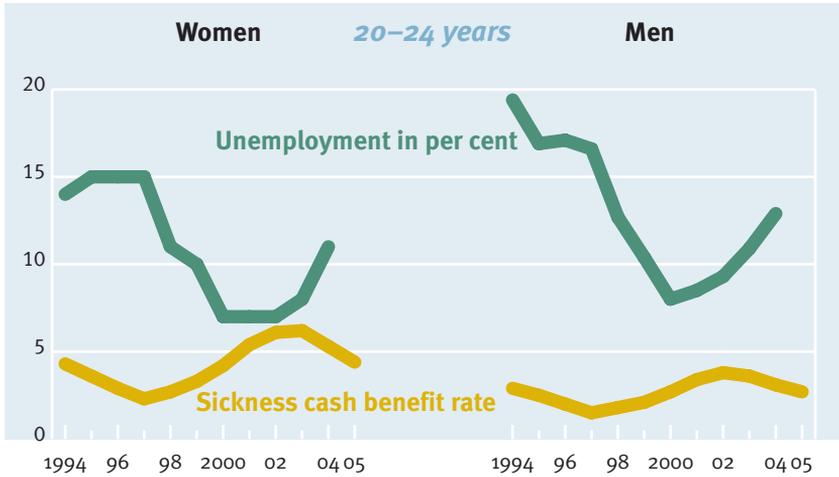
Proportion of the population taking sick leave of at least 30 days

The proportion of the population on sick leave varies over time. The variations in sick leave from one year to the next cannot be fully linked to changes in the health of the population, but seem rather to be linked to cyclical fluctuations in the national economy. However, a number of surveys reveal deteriorating health among younger age groups over time (Swedish Board of Health and Welfare, 2005; Statistics Sweden, 2005). It is mainly a question of poorer mental health, concerning primarily psychosomatic disorders such as insomnia, fatigue, anxiety and worry. Such changes in the health status of young people tally with the development of sick leave diagnoses in cases of sickness absence. Meanwhile, it is a long-recognized fact that sickness absence co-varies with unemployment.

Unemployment and sickness absence

In Sweden, sickness absence co-varies negatively with unemployment. When unemployment is high, sickness absence is low, and vice versa. The various insurance schemes, that is to say, unemployment insurance and sickness insurance, are thus to some extent communicating vessels. This is a pattern seen most clearly in Sweden, Norway and the Netherlands. In other European countries, this kind of co-variation does not exist. A possible reason for this may be the design of the social insurance systems in the various countries (DS, 2002:49).

Unemployment and the sickness cash benefit ratio seem to co-vary, primarily for young women but also for young men. The sickness cash benefit ratio is the number of compensated net days with sickness cash benefit per individual within an age group. For example, among women in the 20–24 age group, unemployment fell sharply in 1997 at the same time that sickness absence began to rise. In 2003, unemployment once again began to rise at the same time that sickness absence began to fall. Irrespective of age group, unemployment and sickness absence seem to be linked together.



SOURCE: STATISTICS SWEDEN/LABOUR FORCE SURVEY (AKU), SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE

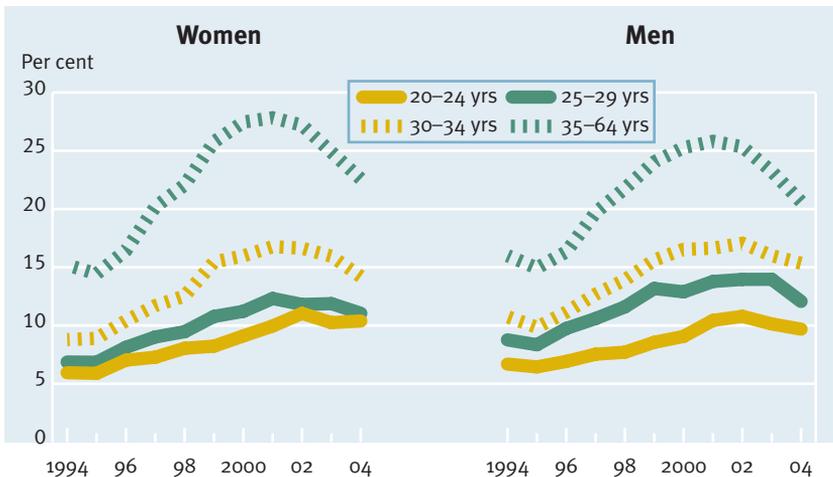
Unemployment in per cent and the sickness cash benefit rate

Two main explanations of the negative link between sickness absence and unemployment are usually given (Social Insurance Book 2005). Firstly, there is a workplace effect among employees, causing them in times of high unemployment to be less inclined to be absent for fear of losing their jobs. This effect might be strong within groups where insecure conditions of employment are common. As the chapter *Young people in the labour market and in social insurance* shows, it is quite usual for young people to take project work, hourly-paid employment or on-call jobs. The second explanation is that high unemployment leads to individuals with a high sickness absenteeism being excluded from the labour market. The negative link between unemployment and sickness absence is thought mainly to

affect short-term sickness absence (Wikman and Marklund, 2003). But since the mid-1990s, long-term sickness absence has also varied with the business cycle. Unemployment fell during 1996–1997 at the same time that sickness absences exceeding one year rose sharply (Social Insurance Survey, 2006a). Thus, it would seem that young people too claim and use sickness insurance in various ways depending on the state of the national economy.

Sick-leave absences have grown longer

Even though the proportion of young people on sick leave is back to roughly what it was before the surge in 1997, the length of sick leaves has changed. The proportion of sickness cases lasting more than a year increased dramatically towards the end of the 1990s, causing the number of paid sickness cash benefit days to soar. During 2003, the Swedish Social Insurance Agency paid out almost SEK 41 billion in sickness cash benefit (Analyserar, 2005). In 2002, eleven per cent of all sickness cases lasted one year or longer for young people in the 20–24 age group. For people in the 25–29 and 30–34 age groups, the proportion is noticeably higher. Even though the proportion of long-term sick leaves has declined since the years 2001–2002, sick leaves exceeding one year in length are much more common today than in the mid-1990s.



Note: As a percentage of all initiated sickness cases lasting at least 30 days.

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE (ADAPTED)

Proportion of sickness cases lasting 360 days or longer

There are risks involved in being on sick leave over long periods. For example, the HALS survey reveals that among young people on sick leave for at least a year, approximately 20 per cent report weakened self-confidence

and 38 per cent report a worsened financial situation during the period of sick leave (see the Fact Box on page 97). Long-term sick leave may affect a person's establishment in the labour and housing markets, but it may also affect social life and lifestyles in other ways. Since employers cover part of sickness cash benefit, there is an additional risk – especially during periods of high unemployment – that employers will shy away from hiring individuals who are or have been long-term sicklisted. A consequence of employers' joint financing of sickness cash benefit may be that young people known to be prone to sickness absence will find it harder to establishing themselves in the labour market (Palmer, 2005). Longer sick leave periods result in more people being granted disability pension. Statistics from the Swedish Social Insurance Agency show that three per cent of the 25–29 age group who had been on the sick list for 6–12 months transferred to disability pension in 2005. Among those who had been on the sick list for 1–2 years, the corresponding proportion was 20 per cent. There is a risk that individuals will exit working life permanently after shifting to disability pension. Furthermore, statistical estimates show that the likelihood of returning to work grows less the longer an individual remains absent from the workplace on sick leave (Swedish Social Insurance Agency Annual Report, 2005).

Overall, the proportion of young people on sick leave rose towards the end of the 1990s and began to fall again some years into the new millennium. The same pattern was observed for older people. The proportion of



young people on sick leave seems to vary with unemployment. It is possible that the reported decline in the health of young people is reflected in the rate of sickness absence. But other factors such as business cycle fluctuations seem to play a more decisive role. Clearly, there has been a shift towards much longer sick leave periods – exceeding one year – among both young and old.

Young people's sick leave diagnoses

The table below shows reported sick leave diagnoses for women and men respectively among young people (aged 20–34) and older people (aged 35–64) who have been on long-term sick leave during the past decades. Earlier, musculo-skeletal and conjunctival diseases constituted the largest diagnosis group and still do among older people on sick leave. Among younger women, pregnancy complications account for almost a third of long-term cases of sick leave (not shown in the table). The proportion of pregnancy complications co-varies with the nativity rate.

	20–34 years old				35–64 years old			
	1986–1991	1991–1994	1999–2003	2005	1986–1991	1991–1994	1999–2003	2005
Women^a								
Mental disorders ^b	19	20	35	44	13	18	27	32
Musculo-skeletal and conjunctival diseases	42	41	33	26	47	43	39	34
Injuries and toxic diseases	6	13	8	4	9	11	7	7
Other illnesses ^c	33	26	24	26	31	28	27	27
Men								
Mental disorders ^b	22	21	27	35	14	15	20	22
Musculo-skeletal and conjunctival diseases	34	33	36	28	39	37	37	33
Injuries and toxic diseases	23	30	19	23	13	13	10	11
Other illnesses ^c	21	16	18	14	34	35	33	34
^a For women, excluding pregnancy complications. ^b Burn-out (Z730) is classified as a mental illness. ^c Other illnesses include tumours, endocrine system diseases, nervous system diseases, diseases of the circulatory/respiratory/digestive/urinary/sexual organs, and skin diseases.								
SOURCE: THE NATIONAL BOARD OF HEALTH AND WELFARE LS SURVEYS: LS, 1986–1991; NATIONAL LS, 1991–1994; SOCIAL INSURANCE BOARD –LS, 1999–2003; LS, 2005.								

Sick leave periods of 60 days or more by diagnosis. Per cent

The table clearly illustrates the shift from musculo-skeletal and conjunctival diseases to mental disorders. This shift applies to both sexes in all age groups. However, the diagnostic shift towards mental disorders is more pronounced among women than among men and especially marked among young women. The increase in mental ill health is primarily linked to the higher incidence of long-term sick leave periods for depression, anxiety syndrome, stress reactions and burnout-like conditions. On the other hand, the proportion of severe mental illnesses is relatively constant and accounts for only a small part of sickness absence (Social Insurance Board, 2002d). Excluding pregnancy complications from women's long-term sickness absence, the proportion of mental illnesses among young women has increased from 19 per cent in the period 1986–1991 to 44 per cent in 2005. Among young men, there has been a corresponding increase in mental illnesses from 22 to 35 per cent.

The development of young people's sick-leave diagnoses is thus in keeping with the general trend towards increased mental ill health among young people that has been noted in several studies (Swedish Government Report, 2006:77; Statistics Sweden, 2005). According to Statistics Sweden, these increases in mental ill health are greatest among young people in the establishment phase. The Swedish Board of Health and Welfare also points to the difficulties young people have in establishing themselves in society, regarding work and family formation, as causes of the increase in mental and psychosomatic problems observed over the past ten years (Swedish Board of Health and Welfare, 2005). The increase in self-reported ill health may also be due to increased ill-health consciousness through increased diagnosing and use of medicines. Fatigue, anxiety and worry are subjective measures that can change over time in step with attitudinal changes in society.

Risk factors for sickness absence

As demonstrated in previous sections, the sick leave diagnoses of young people differ in some ways from those of older people. Partly, this may be explained by the fact that physical ailments become more common as people grow older. But another important aspect is the difference in working life and private and family life between younger and older people. Therefore, the aim of this section is to analyze the working and family life conditions of young people and see how these relate to sickness absence. The data used derives from the questionnaire survey Health, Working Conditions, Life Situation and Sickness Absence (HALS) and the survey on Long-term Sickness Absence (LS).

HALS and LS surveys

The HALS survey. To learn more about sickness absence, the Swedish Social Insurance Agency in cooperation with Statistics Sweden conducted a questionnaire survey in the spring of 2005. This was done in the hope of gaining a picture of sicklisted people's own view of their health, the reason they were on the sick list and their chances of being able to return to work. Two different populations were included in the survey: firstly, all persons in the 20–64 age group who were sicklisted (for at least 15 days) during the two last weeks of January 2005, secondly, all registered citizens of Sweden in the 20–64 age group. A total survey of sicklisted people (16,330 individuals) was carried out, while a simple random sample (5,000 individuals) was made from the total population. The questionnaire was answered by 9,177 sicklisted people and 2,811 individuals from the population, equating, in both cases, to a response rate of 56.2 per cent. To reduce distortion from dropout and selection errors, data has been weighted to take into account a large number of background variables.

The LS survey (formerly Social Insurance Board -LS) is the Swedish Social Insurance Agency's annual study of Long-term Sickness Absence and Occupational Rehabilitation. The survey covers sickness cases that started in the last two weeks of January in the year prior to data collection. A selection of approximately 11,000 sickness absences is made every year. Of these, approximately 5,000 continue for at least 60 days. These sickness absences are followed until they end or – if they are still ongoing – up to just over one year.

In calculating the risk factors for sickness absence, women with pregnancy complications have been excluded since they usually go from sickness absence to parental leave, after which they resume gainful employment. Most often, there is no need of special measures or enquiries for women in this group.

Logistic regression

Using logistic regression, it is possible to study the effect of each factor on the dependent variable, while at the same time other factors included in the model are taken into account. Logistic regression is used when the dependent variable is binary, for example, 1 = sicklisted and 0 = not sicklisted.

The statistical results are presented in the form of odds ratios. A statistically significant *odds ratio* that is greater than 1 means a *higher* risk of being sicklisted and a statistically significant *odds ratio* that is less than 1 means a *lower* risk of being sicklisted in relation to the selected reference group. The comparison between categories is made against a chosen reference group that assumes the value 1. Throughout, statistically significant *odds ratios* are indicated by an asterisk.

Health and illness are highly dependent on age. Therefore, in a study of the factors influencing sickness absence, it is important to highlight

the risk factors in different age categories. Differentiating between young and older people's risk factors is likely to provide a different and more detailed picture of the decisive factors for sickness absence. With the aid of the questionnaire survey HALS, it is possible to study sicklisted people aged 20–34 and compare them with a control group (young people in the population) as well as to compare younger and older people on sick leave. This makes it possible to study specific risk factors for sickness absence for persons in various age groups.

The table reveals that older people have a significantly higher risk of sickness absence. Persons aged 35–49 have a 43 per cent higher risk of being sicklisted for at least 15 days compared with younger persons. The fact that old people are sicklisted to a greater extent is not surprising since many ailments become more common at higher ages.

Age	Odds ratios	Per cent	
		Sicklisted	Population
20–34 yrs (ref)	1	18	30
35–49 yrs	1.43**	38	35
50–64 yrs	1.94**	45	35
		100	100

** Significant 1%-level, * Significant 5%-level.

Note: The regression includes a control for gender, civil status, children living at home, income, sickness history, body mass index (BMI).

SOURCE: HALS 2005

Risk for sickness absence (at least 15 days) in 2005

Much research has been carried out into the factors affecting the incidence of sickness absence. In 2003, the Swedish Council on Technology Assessment in Health Care (SBU) conducted a systematic overview of the literature dealing with risk factors for sickness absence. The factors that always co-vary with sickness absence are gender, age, place of residence and social group. SBU's survey also shows that there is some evidence that physically strenuous work and too low a degree of psychological control over the work situation affects the incidence of sickness absence.

The significance of gender and socioeconomic conditions

It is well-known that women have a higher risk for sickness absence than men (Social Insurance Book 2004). But in a statistical analysis taking into account several background factors, while excluding pregnancy-related sickness absence, it appears that young women do not have a higher risk for sickness absence than young men. On the other hand, older women have a considerably higher risk for sickness absence longer than 15 days than do older men. The table also shows that a person's monthly income has significance for sickness absence among both younger and older people.

	20–34 years old			35–64 years old		
	Odds ratios	Per cent		Odds ratios	Per cent	
		Sick-listed	Population		Sick-listed	Population
Gender						
Woman	1.15	62	55	1.76**	61	47
Man (ref)	1	38	45	1	39	53
		100	100		100	100
Income						
≤ SEK 12,000	0.85	39	53	0.56**	12	17
SEK 12,001–18,000	1.54**	34	19	1.08	35	25
SEK 18,001–24,000 (ref)	1	21	17	1	33	30
> SEK 24,000	0.47**	6	11	0.69**	20	28
		100	100		100	100
** Significant 1%-level, * Significant 5%-level.						
Note: Separate regressions have been made for persons aged 20–34 and for persons aged 35–64. The regressions include a controls for age within the age group, children living at home, body mass index (BMI) and sickness history.						
SOURCE: HALS 2005						

Risk for sickness absence (at least 15 days) in 2005

The fact that young people with incomes below SEK 12 000 are not over-represented among sicklisted persons may partly be due to the fact that many young people with low incomes are pursuing studies and thus have student assistance as their primary source of income. Among students, sickness absence is unusual. Only four per cent of the young people on sick leave who answered the questionnaire HALS stated that studies were their main activity. Among young people in the population, the questionnaire survey shows that 23 per cent pursue studies, but 39 per cent of young people on sick leave have a monthly income of less than SEK 12,000.

Many previous studies have demonstrated that educational level has significance for long-term sickness absence (Social Insurance Board, 2002c; Social Insurance Board, 2003). Educational level co-varies with both income level and occupation. Young low-educated persons have a higher risk for long-term sickness absence (60 days or longer). It also appears that education, primarily among young people, seems to have had greater significance for long-term sickness absence in 2005 than at the end of the 1980s. This might have something to do with the fact that nowadays it is more difficult to establish oneself in the labour market without a solid education. Long-term sickness absence among young people is thus strongly linked to educational level. Among older people, sickness absence is probably more closely linked to physical ailments and illnesses that become more common with advancing age. Among older people, socioeconomic differences in the risk for long-term sickness absence show a tendency to grow less, while social polarization has increased among young people.

Education	Year 2005		Years 1986–1989	
	20–34 yrs	35–64 yrs	20–34 yrs	35–64 yrs
Basic school, max 9 years	4.00**	1.38**	2.82**	1.79**
Upper secondary school	1.96**	1.25**	1.22	1.42**
College/university (ref)	1	1	1	1

** Significant 1%-level, * Significant 5%-level.

Note: Note: The regression models control for age within the age group, gender, civil status, children living at home, education, type of employment, sector, physical work environment, social support and body mass index (BMI).

SOURCE: HALS 2005 AND THE NATIONAL BOARD OF HEALTH AND WELFARE LS SURVEYS

Risk for long-term sickness absence (at least 60 days) Logistic regression. Odds ratios

The significance of working life conditions

As noted in the chapter *Young people in the labour market and in social insurance*, young people's labour market conditions have changed over recent decades. These changes reflect partly an increased demand for education, partly the fact that young people nowadays work in other sectors and industries. Youth unemployment has been higher during the 1990s and the first decade of the new millennium than during previous decades. The types of employment among young people have shifted towards jobs of a more temporary nature. This section studies labour-market-related factors and their significance for sickness absence. According to the questionnaire survey HALS 2005, a higher proportion of young women than young men tend to blame working conditions for their sickness absence. On the other hand, there are no significant differences between younger and older people.

	Women		Men	
	20–34 yrs	35–64 yrs	20–34 yrs	35–64 yrs
Yes, wholly or partly	51	46	42	47
No	49	54	58	53
	100	100	100	100

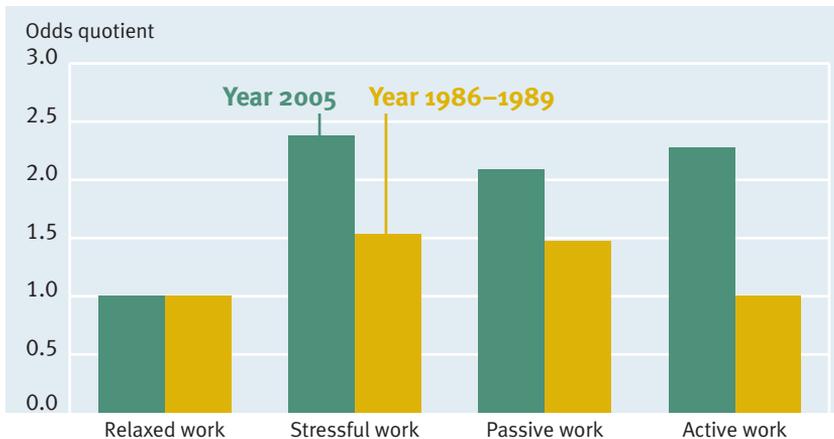
SOURCE: HALS 2005

Perception that sickness absence is caused by conditions at work. Per cent

The sick leave diagnosis of the individual has significance for whether she or he perceives the sickness absence as being related to the workplace. Of the young people on sick leave for mental disorders, 76 per cent claim that conditions at work lie behind their sickness absence. The corresponding figure for young people with musculo-skeletal and conjunctival diseases is

62 per cent. Young people with other illnesses state to a much lower degree that sickness absence is caused by working conditions. Young people on sick leave with the diagnosis mental disorders report a poorer psychosocial work environment than young people on sick leave with other diagnoses.

Young people who experience a difficult psychosocial work environment have a considerable risk for sickness absence. In keeping with the so-called demand-control model (Karasek and Theorell 1990), both young and older people with stressful jobs (high demand and low control over the work situation) have a clear risk for sickness absence. Among young people, on the other hand, there is also a higher risk for sickness absence in active (high demand and high control) and passive (low demand and low control) work situations. It is not obvious how this is to be interpreted. That unsatisfactory working conditions are to blame is naturally one point of departure. As for passive work situations, it is possible that work is perceived as failing to provide sufficient challenge and stimulation. For young people in active jobs, the reverse may be true: the challenges and demands are too high and difficult to handle. It is more usual for young people to have to combine gainful employment with care of small children. It is possible that a negatively perceived psychosocial work situation in combination with demands from children and family result in the individual being unable to continue working, at least in the short term.



Note: The regression models control for age within the age group, gender, civil status, children living at home, education, type of employment, sector, physical work environment, social support and body mass index (BMI).

SOURCE: HALS 2005 AND LS SURVEYS.

Psychosocial work environment and sickness absence of at least 60 days among young people (aged 20–34)

The way individuals report their psychosocial work environment may be significantly influenced by a general sense of insecurity concerning their

position in the labour market and by being in their first "real" workplace where they are put through their paces. Psychosocial work conditions seem to have greater significance for young people's sickness absence in the 2000s than in the late 1980s. This may be due to changes that have taken place in the labour market over the last few decades.

	20–34 years old			35–64 years old		
	Odds ratios	Per cent		Odds ratios	Per cent	
		Sick-listed	Population		Sick-listed	Population
Physical work environment						
Good (ref)	1	57	73	1	66	76
Bad	1.42	43	27	1.63**	34	24
		100	100		100	100
Demand - control						
High-strain work	3.16**	23	14	1.55**	14	8
Active work	2.47**	48	41	1.15	51	51
Passive work	2.77**	10	9	1.15	8	7
Low-strain work (ref)	1	19	36	1	27	34
		100	100		100	100
Social support						
Good (ref)	1	85	92	1	89	93
Bad	1.07	15	8	1.31*	11	7
		100	100		100	100

** Significant 1%-level, * Significant 5%-level.

Note: Separate regressions have been made for persons aged 20–34 and for persons aged 35–64. The regressions include controls for gender, age within the age group, children living at home, income, number of working hours a week, work environment factors, body mass index (BMI).

SOURCE: HALS 2005

Risk for sickness absence (of at least 15 days) in 2005

Social support from work colleagues and superiors is seen in this context as a protective factor that may soften the negative effects of a poor psychosocial work environment (Karasek and Theorell, 1990). If the analysis is broken down by gender, we see that young women lacking social support at work have a higher risk for sickness absence. A poor physical work environment admittedly means an enhanced risk for both young and old but it is only statistically significant for older people. This should not be interpreted to mean that young people are immune against poor physical work environments. Young people can possibly stand more physical strain in general, at least in the short term, but in the long term their health will also be affected negatively by a poor physical work environment.

The significance of conditions in private and family life

In all probability, older people on sick leave enjoy a more stable private and family life than younger people since many young people in the 20–34 age group find themselves in their establishment phase. More young people than older people say private and family life played a role in their sickness absence. It is first and foremost young singles who consider conditions in private or family life are linked to sickness absence. Of young single women with children, just over 50 per cent state this to be the case. The questionnaire survey HALS 2005 also reveals that there is a co-variation between having main responsibility for home and family and stating that family life has played a role in taking sick leave.

	Women		Men	
	20–34 yrs	35–64 yrs	20–34 yrs	35–64 yrs
Yes, wholly or partly	29	18	23	12
No	71	82	77	88
	100	100	100	100

SOURCE: HALS 2005

Perception that sickness absence is caused by conditions in private or family life. Per cent

Earlier studies fail to reveal any conclusive link between family conditions, such as civil status or having a child living at home, and sickness absence. Results concerning family conditions are generally varied (The Swedish Council on Technology Assessment in Health Care (SBU), 2003). The fact that earlier studies fail to show any unambiguous connection between having children living at home and sickness absence is, according to an SBU survey of the literature, mainly the result of two methodological shortcomings. On the one hand, there are background factors that many of the studies have not taken into account. On the other hand, there is often a sampling problem. Samples may consist of persons with relatively weak health who choose to work less when they have children. In such cases, workforce samples will consist of people who would anyway have an enhanced risk for sickness absence (SBU, 2003). This is probably a minor problem in the present context, since the employment rate for women and men with children in Sweden is high.



	20–34 years old			35–64 years old		
	Odds ratios	Per cent		Odds ratios	Per cent	
		Sick-listed	Population		Sick-listed	Population
Civil status						
Married/cohabiting	0.91	70	60	0.86	73	76
Single (ref)	1	30	40	1	27	24
		100	100		100	100
Children living at home						
0–6 years	1.49*	42	24	0.96	11	14
7 years or older	1.76*	17	9	0.91	43	44
No (ref)	1	52	72	1	53	49
		100	100		100	100

** Significant 1%-level, * Significant 5%-level.

Note: Separate regressions have been made for persons aged 20–34 and for persons aged 35–64. The regressions include controls for gender, age within the age group, income, type of employment, work environment factors, number of working hours a week, sector, medical history, body mass index (BMI).

SOURCE: HALS 2005

Risk for sickness absence (at least 15 days) in 2005

But there is another aspect that has significance for why previous studies have failed to discover any clear-cut link between children living at home and sickness absence, and that is the fact that there are differences between younger and older people. Older people less frequently have children living at home. If sickness absence where older people are over-represented is analyzed, it will by definition be hard to find a link. This statistical analysis shows that the link between having children living at home and taking sick leave is clearly visible in the case of young people. Having children who live at home significantly increases the risk, especially for young women, of sickness absence. Among older people, there is no connection. Towards the end of the 1980s, young people with children living at home also had an enhanced risk for sickness absence lasting longer than 60 days.



Children living at home	In 2005		In 1986–1989	
	20–34 yrs	35–64 yrs	20–34 yrs	35–64 yrs
Yes	1.64**	0.87	1.87**	0.89
No (ref)	1	1	1	1

** Significant 1%-level, * Significant 5%-level.

Note: The regressions include controls for age within the age group, gender, civil status, children living at home, education, type of employment, sector, physical work environment, social support and body mass index (BMI).

SOURCE: HALS 2005 AND THE NATIONAL BOARD OF HEALTH AND WELFARE LS SURVEYS

Risk for sickness absence lasting at least 60 days in 2005 and in the years 1986–1989. Odds quotients

The questionnaire survey HALS also reveals that 31 per cent of young women feel they have the main responsibility for home and family, while only ten per cent of young men feel the same way. It may be that the combination of demands from both family and work leads to commitments and role conflicts that are difficult to manage. Naturally, young men may also experience such conflicts. In the focus groups that the Swedish Social Insurance Agency conducted with young people, many of young parents said they thought it could be very stressful having responsibility for small children while setting out on the careers. A young father who had recently got a job in a newspaper editorial office said:

The worst thing is that I've just landed a great job. There are fantastic prospects for promotion in the company, but at the same time I want to be at home with my child, and my girlfriend wants to have a life too. So I've got to combine everything, fetch the child from nursery school in the middle of trying to meet a deadline – I don't want to bring a whole newspaper process to a halt just because I've got to... You see, it doesn't make life easier.

Role conflicts arising from different commitments in working life and family life can increase the risk for negative health effects (Social Insurance Book 2004). They can be especially difficult to handle for young people setting out to establish themselves in the central arenas of adult life. It is a well-established fact that conditions in private life have a bearing on how well people are able to cope with strains or stress at work (Salomon and Grimsmo, 1994).

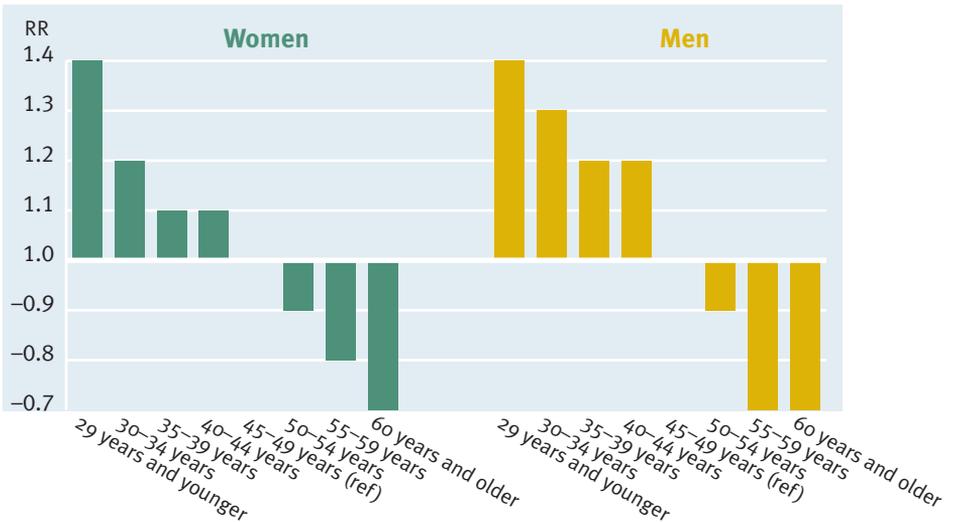
Rehabilitation and return to work

In recent years, many young people have been on long-term sick leave or been granted disability pension. If too much time passes without these young people succeeding in returning to their studies or working life, the task will become progressively harder for them, and this will have a sig-

nificant effect on their living conditions. Since compensation is paid out over a considerable period of time, it also involves costs for society in the form of a huge future financial commitment, lost production and reduced tax revenue. Therefore, it is in the best interests of society to ensure that as many as possible of these young people are able to return to work or are given the chance to enter the labour market. In this connection, it is of interest to study more closely rehabilitation programmes aimed at helping individuals return to work.

Relative risks (RR)

In the diagrams on pages 106 and 110, different events during the progress of a sickness absence case are studied with the help of so-called Cox regression. The event may, for example, be an initiated rehabilitation measure. In such regression analyses, it is possible to test how specific factors affect the events under study, while several other factors are kept under control. By dividing the persons on sick leave into different age groups, it is possible to study whether the probability (risk/hazard) differs between the various age groups. Often, one age group comprises a reference group and is assigned the value 1 (1). The risk in the other age groups is related to the reference group and is therefore called relative risk, abbreviated RR. An RR in an age group of 1.5 means that the relative risk is 50 per cent higher than in the reference group, and an RR of 0.75 indicates a 25 per cent lower relative risk.



SOURCE: ANALYSERAR, 2006:10, SWEDISH SOCIAL INSURANCE AGENCY. THE MODEL CONTROLS FOR CIVIL STATUS, FOREIGN-/NATIVE-BORN, DIAGNOSIS, SCALE OF SICKNESS ABSENCE, MEDICAL HISTORY, ADDICTION, TYPE OF SICKLISTING DOCTOR, WAITING TIMES WITHIN MEDICAL CARE, EMPLOYMENT AND YEAR.

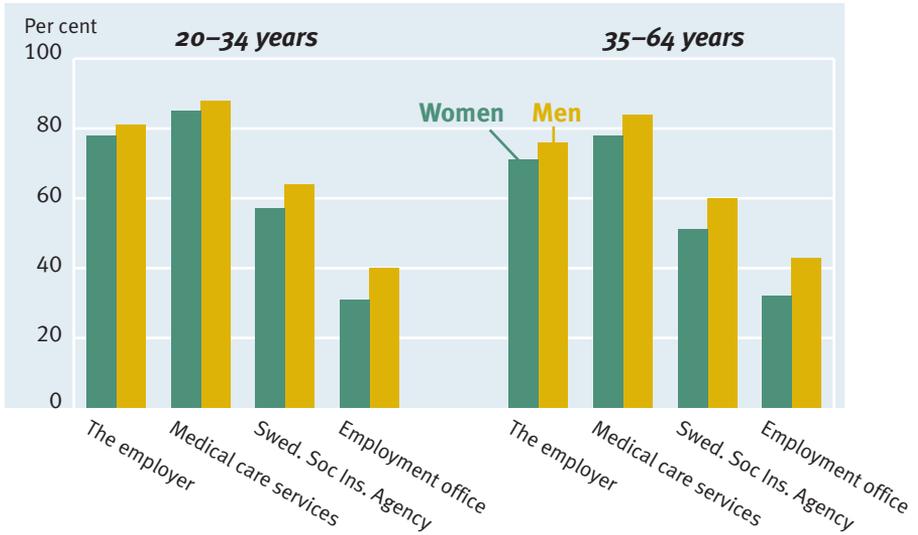
Likelihood (RR) of a return to work among different age groups

It is important to point out that young people on sick leave have a relatively good chance of returning to work. Young people below the age of 30 who have been on sick leave for 60 days or longer have approximately 40 per cent higher probability of regaining their full work capacity than 45–49-year-olds. Compared with individuals over 55 years of age, young people have 70 per cent higher probability of returning to work. However, to facilitate a return to work, it is essential for the individual to receive any help deemed necessary. It is vital that the period of sick leave does not become longer than necessary. Sometimes, relatively simple measures on the part of the employer or Swedish Social Insurance Agency have positive effects on the return to work. For example, a review meeting attended by the person on sick leave and other involved parties may hopefully improve the person's chances of returning to work.

Rehabilitation from the perspective of the individual

For a person on sick leave to be able to return to work, it may sometimes be necessary to have several different rehabilitation measures from several different providers. It may be the health and medical care services, corporate health and medical care, the employer, labour market authorities, the Swedish Social Insurance Agency or social welfare services. It is important that the various agents cooperate and fulfil their responsibility for helping the person on sick leave to return to work.

The HALS survey reveals that somewhat more sicklisted men (irrespective of age group) than sicklisted women feel they require assistance from various agents in order to be able to return to work. Eight out of ten young people on sick leave feel they require assistance from their employer in order to be able to start working again. An almost equal proportion of older people feel the same way. For example, the employer can help by adjusting the number of working hours per day or week, by reducing work tempo for the employee or by allowing the individual to perform changed and adjusted work tasks. The employer has primary responsibility for the employee's workplace and need of occupational rehabilitation.



SOURCE: HALS 2005

Proportion of people on sick leave (at least 15 days) saying they require assistance from different providers in order to be able to return to work

However, the most important agent for both younger and older sicklisted people when it comes to providing help and support for a possible return to work is the health and medical care services. Health and medical care services are responsible for providing the medical rehabilitation aimed at restoring as far as possible the individual’s functional capacity. An important question is whether sicklisted persons who say they require help also feel they receive the help they need. The table shows that a high proportion of sicklisted persons feel they do not receive adequate help and support.

	Yes, to high degree/ certain extent		No	
	20-34 yrs	35-64 yrs	20-34 yrs	35-64 yrs
The employer	70	70	30	30
Medical care services	80	80	20	20
Swed. Soc Ins. Agency	50	40	50	60
Employment office	19	13	81	87

Note: The table is based solely on individuals who say they require help from the agents.

SOURCE: HALS 2005

Perception of receiving the help necessary for a return to work. According to people on sick leave (at least 15 days). Per cent

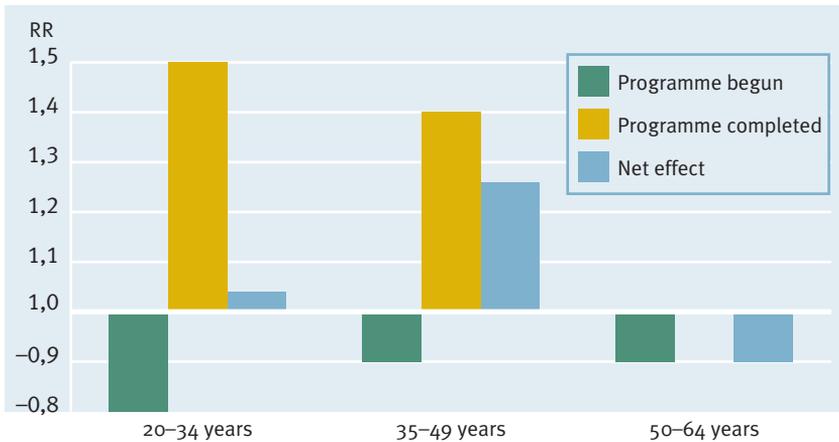
Young and older people on sick leave are most satisfied with their employer and with health and medical care services. Nevertheless, only 36 per cent of young people with psychological disorders (41 per cent among older people)

state that they have to a great extent received help from health and medical care services (HALS 2005). The Swedish Social Insurance Agency and, in particular, the Swedish Employment Service receive the lowest marks when it comes to helping sicklisted persons return to work. A change of workplace is for many sicklisted persons a change that could facilitate a return to work. The Swedish Employment Service could play an important role in this connection. A change of workplace is more important for young people than for older people. Of sicklisted young people, 25 per cent say that a change of workplace is of great or decisive importance for being able to return to work (HALS 2005). Inadequate support for a return to work is a general problem for people on sick leave irrespective of age (Social Insurance enquiry, 2006). But the consequences of young people not receiving the help they need to return to work can be more serious, since society's support obligations may become more long-term.

Measures from the Swedish Social Insurance Agency

Individuals who receive rehabilitation measures co-ordinated by the Swedish Social Insurance Agency are often significantly further removed from work than sicklisted people in general. Young people who are on long-term sick leave generally have the same chance of participating in an active programme as do older people on sick leave. For young men, the chances are even somewhat better. By active programmes is meant such things as education, work practice and work adjustment. As noted above, young people are often sicklisted for reasons of psychological ill health. Individuals who are long-term sicklisted for mental disorders or musculo-skeletal and conjunctival diseases are offered programmes co-ordinated by the Swedish Social Insurance Agency to a greater extent than sicklisted people with other physical complaints (Analyserar, 2006a).

The results of active programmes vis-à-vis the probability of a return to work are most positive for middle-aged people in the 35–49 age group: 40 per cent. In general, this age group also has the strongest position in the labour market. Among the youngest in the 20–34 age group, there are also positive effects, although less pronounced. Different types of programmes have different levels of effectiveness in different age groups. Among middle-aged people, it is first and foremost work practice that results in a return to work. Some positive effects of work practice are also found among young people, but for young people it is education that increases the probability of a return to work most of all. Many young long-term sicklisted people have a low level of education, which may be the reason why educational programmes in particular increase their chances of supporting themselves again through their own work. If this interpretation is correct, the next question is why these young people have to take the roundabout way via long-term sick leave in order to “find their bearings” in the labour market.



SOURCE: ANALYSERAR, 2006:10, SWEDISH SOCIAL INSURANCE AGENCY. THE MODEL CONTROLS FOR CIVIL STATUS, FOREIGN-/NATIVE-BORN, DIAGNOSIS, EXTENT OF SICKNESS ABSENCE, MEDICAL HISTORY, ADDICTION, TYPE OF SICKLISTING DOCTOR, WAITING TIMES WITHIN MEDICAL CARE, EMPLOYMENT AND YEAR.

Likelihood of return to work after commenced/completed programme in various age groups

In summary, the results show that young people have a higher likelihood than older people of regaining full work capacity. Young people who take part in educational programmes have good prospects of returning to work, which suggests that many young people on sick leave lack a sufficiently high level of education to compete in the current labour market. High proportions of people on sick leave plead for rehabilitation interventions from, for example, medical care services and employers to enable them to return to work. However, a significant proportion feel they do not receive the necessary help. Virtually all agents with responsibility for rehabilitation of people on sick leave fail to fulfil their commitments (Social Insurance Report, 2006). For example, employers who have the primary responsibility for rehabilitation all too seldom conduct the obligatory rehabilitation investigation. The Swedish Social Insurance Agency also reveals flaws in its work with the rehabilitation of people on sick leave (Social Insurance Report, 2006).

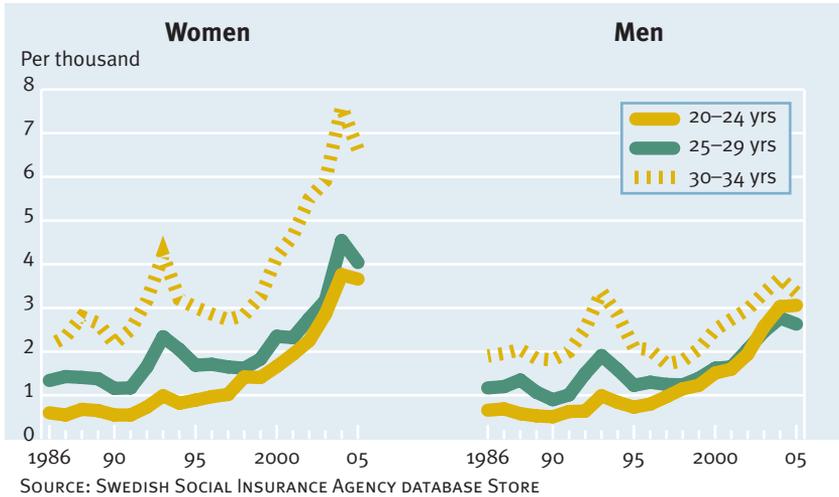
Young people's disability pension

Young people's disability pension has recently come under increased scrutiny. This is partly because the people granted these forms of compensation usually exit working life permanently. This section describes developments leading up to the present situation. The development of diagnoses for newly granted disability pensions is also traced.

Disability pension and temporary disability pension (Sickness compensation and activity compensation)

Insured persons whose work capacity has been reduced by at least one-fourth due to illness or other reduction in their physical or psychological ability to perform are entitled to sickness compensation or activity compensation (disability pension) if the reduction is likely to last for at least one year. On 1 January 2003, the rules governing disability pension and temporary disability pension ceased to apply. These benefit categories were replaced by sickness compensation and activity compensation. The work-capacity assessment of the right to sickness compensation and activity compensation is the same as it was for disability pension. However, the minimum age of eligibility for the compensation was raised from 16 to the mid-point of the year the individual reaches 19. Insured persons in the age groups 30–64 may be granted sickness compensation. If work capacity is reduced for a limited time, (at least one year) the insuree may receive time-limited sickness compensation. Insurees in the age group 19–29 may receive activity compensation. Activity compensation is always time-limited and may be granted for between one and three years at a time. Insured persons who have not yet completed their education at basic or upper secondary school level due to disability are entitled to full activity compensation during the time it takes to complete the education. Sickness compensation and activity compensation is payable partly as income-related compensation, partly as guarantee compensation for those who have had no gainful employment.

The number of newly-granted disability pensions has increased since the mid-1990s among young people of both sexes, but especially among young women. In 1995, approximately 1,900 persons aged 20–29 were granted disability pension. In 2005, the corresponding figure was approximately 3,600 persons. The increase over recent years seems to be partly the result of people transferring from long-term sick leave to disability pension to a greater extent than previously. In 2005, however, there were fewer newly-granted compensations in all age groups. Mental disorders, especially depression and stress-related disorders, have become more common among young recipients of disability pension.



Number of newly-granted disability pensions per 1,000 in the population

The majority of young people granted disability pension receive it in full. This is because many have congenital illnesses or disabilities resulting in total loss of work capacity. The form of compensation differs between young women and young men. Of men aged 25–29 who were granted disability pension in 2005, 41 per cent received the compensation at guarantee level. For women in the same age group, the corresponding figure was 22 per cent. Compensation at guarantee level is payable when the individual lacks previous income from work. The guarantee compensation varies with the age of the individual and is tied to the price base amount (SEK 39,400 in 2005). A 25-year-old granted disability pension at guarantee level in 2005 received compensation equivalent to 2.25 times the price base amount, that is, SEK 88,650. Compensation is SEK 7,388 per month before tax. That young women receive compensation at guarantee level to a lesser extent is due to their having been on long-term sick leave to a greater extent than young men prior to receiving disability pension and thus to some degree have had income from paid work.

The SA ratio is a measure of paid net days with disability pension per person in the population during a calendar year. The table on page 113 shows the percentage change in the number of net days per person in various age groups since the end of the 1990s. The SA ratio is seen to have risen most in recent years among young people. For women in the 20–24 age group, the SA rate increased by 18 per cent in 2004 and by 13 per cent in 2005. For women in the 35–64 age group, the increase is considerably lower.

	1998	1999	2000	2001	2002	2003	2004	2005
Women								
20–24 yrs	4.6	8.2	6.6	7.4	9.0	23.4	18.1	12.6
25–29 yrs	4.3	3.1	13.9	5.7	9.1	16.0	13.6	9.4
30–34 yrs	0.7	1.6	10.6	5.5	9.2	9.2	10.5	10.2
35–64 yrs	-1.0	-1.0	2.5	3.4	5.7	5.6	6.2	3.6
Men								
20–24 yrs	6.1	6.3	9.6	4.5	9.4	23.3	16.3	9.5
25–29 yrs	2.2	4.6	7.0	7.3	7.5	15.6	12.2	9.8
30–34 yrs	-0.9	0.8	6.8	3.4	6.8	6.4	8.4	5.2
35–64 yrs	-2.4	-3	0.4	0.8	3	3.9	4.1	1.8

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE (ADAPTED)

Annual change in per cent of SA rate

Since the SA rate is rising most among young people, the average age of people with disability pension is falling. Meanwhile, those in the 20–29 age group receiving disability pension are few compared with those in the 30–64 age group. It is mainly middle-aged individuals with newly-granted compensations that influence the average age. One consequence of more young people being granted disability pension is that the state commitment to pay compensation becomes enormous. Young people granted these benefits at an early age are likely to be present in the system over a long period of time. The cost of state commitment for those with disability pensions at the end of 2004 is approximately SEK 680 billion (Analyserar, 2005a).

The following table shows the proportion of the population with disability pension during the years 1998–2005. Disability pension is much more common among older than younger people. But among young people in the 20–29 age group, the proportion with disability pension has risen every year since 1998. In 1998, approximately 12,600 persons in the 20–29 age group received disability pension. In 2005, the number was approximately 21,400 persons.

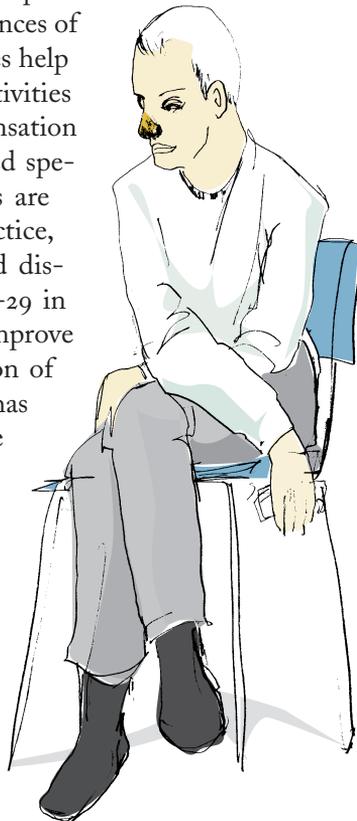
	1998	1999	2000	2001	2002	2003	2004	2005
Women								
20–24 yrs	1	1	1.1	1.2	1.3	1.4	1.6	1.9
25–29 yrs	1.3	1.3	1.4	1.5	1.7	1.8	2.1	2.2
30–34 yrs	2.1	2.2	2.3	2.5	2.7	2.8	3.1	3.3
35–64 yrs	13.2	13.2	13.7	14.1	15.0	15.7	16.7	17.2
Men								
20–24 yrs	1.1	1.1	1.2	1.3	1.4	1.6	1.8	2.0
25–29 yrs	1.2	1.2	1.3	1.4	1.5	1.6	1.8	2.0
30–34 yrs	1.7	1.8	1.8	1.9	2.0	2.1	2.2	2.3
35–64 yrs	10.1	9.9	9.9	10.1	10.5	10.7	11.1	11.2

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE (ADAPTED)

Proportion of the population with disability pension. Per cent

Disability pension for people aged 20–29 (so-called activity compensation) is always time-limited. The thought behind disability pension for young people is to stimulate the individual to activity and thus by extension avoid "being trapped" in the system. Therefore, in addition to financial compensation, disability pension means that the young person will be helped by the Swedish Social Insurance Agency to participate in activities that increase the chances of improved work capacity. This includes help with planning and coordinating activities and, in some cases, financial compensation for the cost of the activities, so-called special compensation. Typical activities are courses, sports activities, work practice, etc. Less than half of those granted disability pension in the age group 20–29 in 2003 participated in an activity to improve work capacity. Individuals' perception of the meaningfulness of the activities has proven to be varied. The efforts of the Swedish Social Insurance Agency to coordinate activities for persons with disability pensions do not always seem to function satisfactorily (Analyserar, 2005b, 2005c).

The fact that more young people receive disability pension is in contradiction to its long-term aim of preventing people from getting trapped in the system. In an interview survey that the Swedish



Social Insurance Agency conducted with young recipients of disability pension (Analyserar, 2005c), some respondents expressed their fear of becoming trapped in the system. For example, there was a young man who suffered from severe depression and who immediately before the interview had transferred from sickness cash benefit to disability pension:

I'd like to do something, become really good at something. I'd give anything to feel better and get a normal job. Just to go on like this would be a nightmare.

A young woman who had received a whiplash injury in a car accident expressed similar anxiety:

I've been asked if I want to be a sickness pensioner or disability pensioner or whatever they call it. No! I want to have a family, a house, a life. Please help me to get well instead. I don't want to be someone people feel sorry for.

Sickness absence before disability pension

The majority of those in the 20–24 age group who are granted temporary disability pension (activity compensation) do not have a long period of sickness absence behind them. This is because most of the recipients of the benefit at this age have newly acquired disabilities. Nevertheless, the proportion in the population with severe disabilities is relatively constant over time. As the table on page 116 shows, it became more common during 2004–2005 to have been on (long-term) sick leave before receiving disability pension. In 2000, more than two out of ten women aged 20–24 had been on sick leave prior to receiving disability pension. In 2005, the figure was almost five out of ten. An examination of the statistics by the Swedish Social Insurance Agency revealed that 82 per cent of these women (83 per cent of the men) had been on sick leave for at least one year before receiving disability pension. One reason for the increase in disability pension over recent years thus seems to be that individuals with sickness cash benefit have been transferring to disability pension.

	1998	1999	2000	2001	2002	2003	2004	2005
Women								
20–24 yrs	25	19	22	23	26	29	42	48
25–29 yrs	71	69	69	69	64	67	77	86
30–34 yrs	80	84	80	85	83	86	90	93
35–64 yrs	84	87	87	88	89	89	94	97
Men								
20–24 yrs	15	12	18	17	15	17	26	34
25–29 yrs	56	54	54	54	46	52	63	68
30–34 yrs	66	68	71	72	69	74	79	87
35–64 yrs	76	80	83	82	82	80	90	94

SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE (ADAPTED)

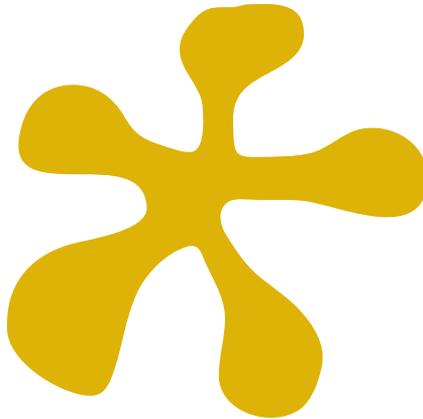
Newly-started disability pensions following a period of sick leave. Per cent

Given the fact that many young people granted disability pension come straight from long-term sick leave, it is interesting to refer back to earlier sections of this chapter. Increased knowledge of the causes of sickness absence leads to increased understanding of disability pension. The section on sickness absence shows that approximately half of the young people on sick leave feel that work conditions are wholly or partly responsible for their



sickness absence. Approximately 25 per cent state that conditions in private and family life are to blame. The young people who risk being sicklisted are primarily low-educated young people who report a relatively worse psychosocial work environment and young women with children living at home. A significant proportion of those on sick leave, irrespective of age, feel they do not receive the help they need to facilitate a return to work.

Granting a person disability pension may have negative consequences both for the individual and for society. For example, mortality is higher for persons with these forms of compensation. This is true even after taking into account several background factors along with sickness diagnosis, smoking and alcohol consumption. The higher mortality rate, according to a recent study, may be traced primarily to a reduced feeling of self-worth and lack of context (Wallman et al., 2006). There may also exist – as has



been the case earlier – a long-term ‘poverty trap’ for recipients of disability pension. This is due to the fact that the compensation is adjusted upwards to match the general price level in the national economy and not to match a possible improvement in the standard of living of the gainfully employed population. Since the mid-1990s, wages have risen significantly more than the general price level. Thus, given a real wage growth in the economy, there is a risk of society acquiring a new group of “poverty pensioners” with very limited financial resources (Analyserar, 2006). This poverty trap risks affecting first and foremost those individuals receiving disability pension at an early age. Meanwhile, enormous costs to society are associated with the increase in the number of people receiving these benefits. The increase

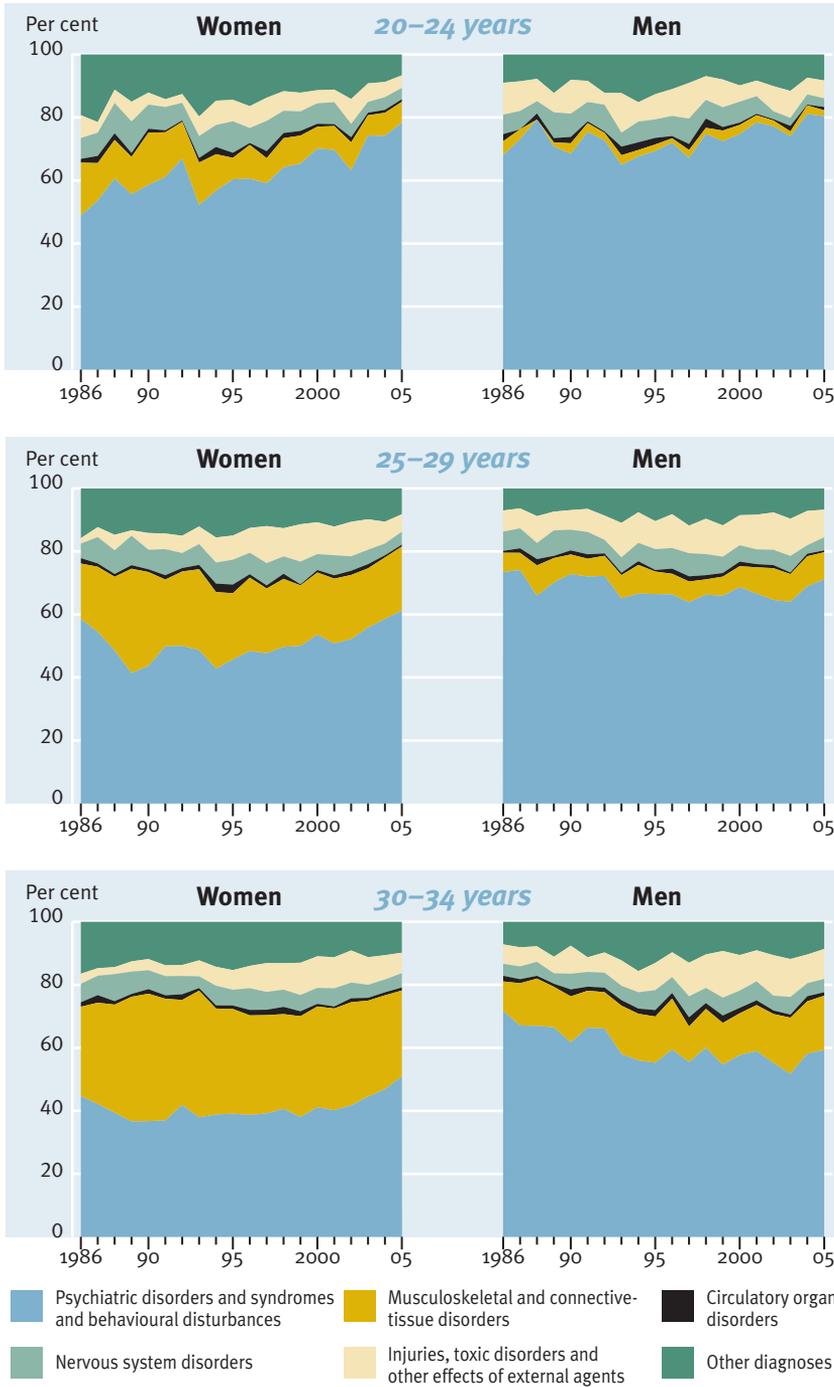
in the number of those receiving disability pension imposes a strain on the national economy.

The development of diagnoses

Mental disorders are the most common cause of disability pension for young people. Historically, this is most clearly seen in the case of young men. It probably has to do with the fact that men to a greater extent have congenital disorders and disabilities. Meanwhile, disorders of the nervous system – for example, multiple sclerosis, cerebral palsy and epilepsy – have come to account for a smaller share in the distribution of diagnoses over time. Congenital deformities have also diminished, from 6.3 per cent among 16–29-year-olds in 2002 to 1 per cent in 2004 (Statistik, 2005).

One difference between women and men is the higher proportion of young women diagnosed with disorders of the musculoskeletal system. Disorders of the musculoskeletal system are often a question of pain in the neck, shoulders, back and hips. This difference between the sexes is found in the very youngest age group but is even more striking in the 25–29 age group. It is clear that disorders of the musculoskeletal system become more common with age.

Women in the 20–29 age group who were granted disability pension in the 1990s show a shift towards psychiatric diagnoses, similar to that seen in sickness absence. Among mental disorders, there is an increase in diagnoses of neurotic syndrome (phobias, anxiety/depression and stress) and affective syndrome (depression). For example, these two diagnostic groups accounted for 24 per cent of psychiatric diagnoses for women aged 20–24 in 1997. In 2005, the figure was 46 per cent. This development is in line with the deterioration in self-reported psychiatric health among young people (Statistics Sweden, 2005).



SOURCE: SWEDISH SOCIAL INSURANCE AGENCY DATABASE STORE

Distribution of newly-granted disability pensions by diagnosis

However, among newly granted disability pensions for men aged 20–29, the proportion with psychiatric diagnoses is relatively constant over time. For men aged 30–34, there is a marked decline in the proportion with psychiatric diagnoses. But among psychiatric diagnoses for young men, a clear shift is observable towards a higher proportion of depression and stress-related disorders. Thus, depression and stress-related disorders have become more common among both young women and young men.

The development described above suggests that illnesses due to the social environment and the individual's life conditions are those that are increasing among recipients of newly-granted disability pension, while grave congenital disabilities seem to be declining. In the main, the increase relates to various types of depression and stress-related disorders. These results concerning young people's diagnoses that lead to disability pension tally with the development of diagnoses that lead sickness absence. It has also become more common for young people to transfer from a long-term sick leave to disability pension.

Young people's ill health – a disturbing development

The living conditions and life circumstances of young people during their establishment phase differ from those of older, established people. This applies to work, housing and family conditions. The situation of young people in working life is characterized by the problem of establishing a foothold in the workforce. This difficulty affects finances, family formation and health. That young people live under different conditions is reflected in the fact that they take sick leave on partly other grounds than older people. This has previously gone unnoticed, doubtless because young people are under-represented among those on sick leave. Young people themselves state that their sickness absence stems to a larger extent from problems in private and family life. Educational level and psychosocial work environment are factors of greater importance for young people's sickness absence. The results suggest that many young people on sick leave have an unsatisfactory working life situation. The chapter *Young people's family formation* shows that young women with children have a low level of education and generally weak finances. Young women with children have a heightened risk for sickness absence.

At the same time, the pattern of sickness absence of young people has largely echoed that of older people over the past ten years. The sickness absence rate increased sharply at the end of the 1990s, after which it began to fall some years into the new millennium. These fluctuations in the incidence of sickness absence demonstrate that there is no clear link between the health of young people and the ill health compensated through social

insurance. There are some differences between young and older people. For young people under the age of 30, the proportion on sick leave is back to levels typical of the mid-1990s. For women over the age of 30, the sickness absence ratio continues to be at a higher level. A new phenomenon is the fact that sickness absence has grown significantly longer, affecting the number of people granted disability pension. The proportion of young people in the population receiving disability pension has almost doubled since 1998. Very few individuals leave the disability pension system. Is this development a temporary aberration? Or does it mean young people's sickness absence has become more permanent?

The number of newly-granted disability pensions among young people has increased since the mid-1990s, especially among women in the 30–34 age group. It has become more usual to have been on long-term sick leave, and thus to have worked to a certain extent, before shifting to disability pension. Relatively few young people are granted disability pension compared to older people. But the average age of recipients of these benefits is falling. Young people's sickness absence is also affected by business cycles and institutional factors. The sickness absence of young women, and to some extent that of young men, co-varies with cyclical variations in the economy. This is no doubt due to the behaviour of individuals, but it also stems from the design and application of the insurance. Work incapacity due to illness should be assessed without reference to the labour market situation, but it is no secret that unemployment and sickness absence are communicating vessels.

The psychiatric ill health of young people has been noted. The gradual deterioration in self-reported psychiatric health parallels the shift in distribution of



diagnoses for sickness absence. Psychiatric diagnoses for sick leave and disability pension are increasing among young people. This development is especially alarming in the case of young women. There are no obvious explanations as to why psychiatric diagnoses and self-reported psychiatric ill health are on the increase. Usually, attention is drawn to the fact that it has become more difficult for young people to find work (National Board of Health and Welfare, 2006a; Swedish Government Report, 2006:77). But more knowledge is needed in this area. The increase may also depend on altered attitudes, increased awareness of ill health or changed diagnostication.

In general, young people on sick leave have a good chance of returning to work. In such cases, it is important that the individual receives the treatment necessary to achieve this at an early stage of sick leave. Lack of support for a return to work is a general problem for people on long-term sick leave, irrespective of age. But the consequences of failing to give young people adequate help to return to work are more serious since the burden of support on society may be longer. It is in the best interests of society to ensure that as many as possible are able to return to work or are given the opportunity to enter the workforce. Enormous costs, both for the individual and for the national economy, are associated with putting young people on the sicklist and granting them disability pension, and risking that they will exit working life permanently.

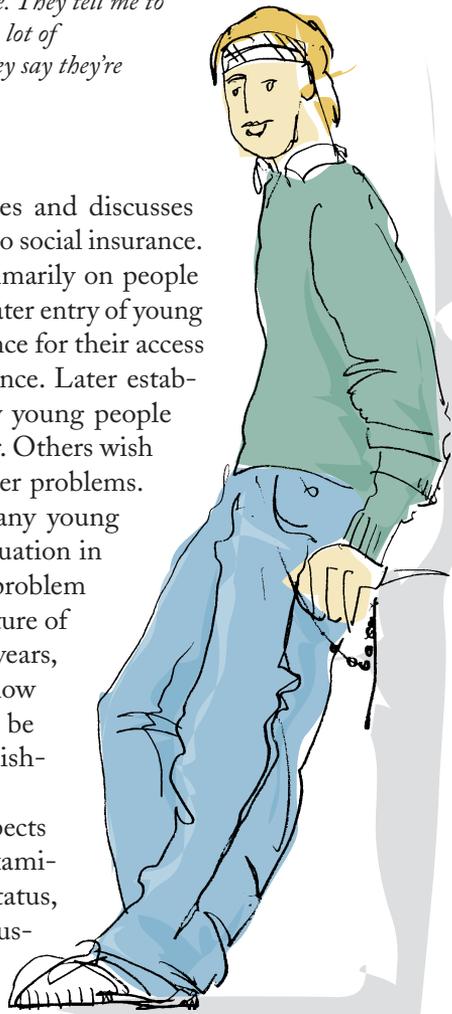
A winding road to adulthood

I've just become unemployed. I had a part-time job for seven months that I got through some contacts after a year out of work. Up to then I had been studying – upper secondary school and three years at college. Which then turned into four years, as I sensed there were no jobs going, so I thought that instead of sitting at home twiddling my thumbs I might as well continue my education. Academic qualifications ought to result in a job – but as you see, that wasn't the case.

I moved back to my parents again, sat around for a year looking for a job – without success. I've been on lots of labour market programmes, been to the employment office. They tell me to send off a lot of applications so I send off a lot of applications. Either you get no reply or they say they're looking for a person with experience.

The Social Insurance Book 2006 describes and discusses young people's conditions today, in relation to social insurance. Our national insurance system is based primarily on people having a job and an income. Therefore, the later entry of young people into the labour market has significance for their access to the income-related part of social insurance. Later establishment is not in itself a problem. Many young people actively choose to establish themselves later. Others wish to establish themselves earlier but encounter problems. The obstacles to establishment facing many young people today are largely traceable to the situation in the labour market and are not primarily a problem for social insurance. However, given the nature of developments over the past ten to fifteen years, it feels relevant to pose the question as to how far social insurance is adapted, or ought to be adapted, to young people's delayed establishment.

This year's theme section studies two aspects of the conditions of young people. An examination of young people's labour market status, financial situation and family formation illustrates the significance of social insurance for their establishment process. For example,



it emerges that family policy benefits have great significance for the finances of many young families with children. Another important question concerns young people's ill health that is compensated through social insurance. Sickness absence has grown ever longer, resulting in more and more young people being granted disability pensions. Mental disorders have become more prevalent as grounds for sick leave. There are many gaps in our knowledge when it comes to explaining possible links between changed establishment patterns and the development of ill health among young people. However, there is evidence indicating that young people's difficulties in finding work significantly affect their mental health.

Different patterns of establishment and compensated ill health

Getting established in adult life is for many young people today a phase of life that lasts for over a decade. Value patterns and lifestyles of young people change and interact with the overarching development of society. The labour market anticipates a larger share for the production of services as well as changed work conditions. Formal education has become more important for many jobs and the period of education has lengthened for most young people. Such trends gained momentum during the economic crisis in Sweden in the early 1990s. The structural effects of this development constitute the framework for opportunities and obstacles facing the young people of today.

- Every tenth pupil leaving basic school lacks the basic qualifications for entry to upper secondary school. Every tenth student leaving upper secondary school lacks the basic qualifications for entry to university. More people study at higher ages and large differences between different social classes are seen in the transition to university. One consequence of large numbers of young people pursuing higher studies is postponement of their establishment in the labour market.
- Social background, educational level, contacts and experience of working life are highly significant in the transition to the labour market. Unemployment and financial difficulties in the 20–24 age group can have long-term consequences. Every fourth young person aged between 20 and 24 has no fixed labour market attachment. Such people are either unemployed, find themselves in intervention programmes or pursue higher studies in spite of really preferring to work. Labour market policy interventions for young people do not lead to regular work to a sufficiently high extent.

- As a result of young people's postponed establishment in the labour market, their connection to social insurance and the composition of their incomes has changed. Between 1986 and 2004, the proportion of young people with income qualifying for sickness cash benefit (SGI) fell from 90 to 80 per cent among young people in the 20–24 age group and from 75 to 50 per cent in the 16–19 age group. Also persons who have earned an SGI but have low incomes from gainful employment receive a low level of compensation from social insurance. The differences in income level have increased both between young and older people, and within the group of young people itself. The share of disposable income made up of gainful employment has diminished for young people.
- The establishment of an independent household has shifted upwards in age, as has family formation. The responsibility of parents to support their offspring has in practice been extended. The average age at which young people have their first child has increased over time. In 2005, the average age at the birth of the first child was 29 for women and 31 for men. That is a difference of three years for women and two years for men compared with the situation in 1990, and of five and four years respectively compared with 1974. Young families with children, where the parents are younger than 25, have a worse financial situation compared with, on the one hand, peers without children, on the other hand, older families with children. Family policy interventions are of great significance for young families with children. Young single mothers have a particularly difficult financial situation.

All in all, it is more difficult for young people today to enter and gain a foothold in the labour market. Those who succeed in making an entry are often confronted by a relatively tough labour market – and this at an age when they are forming a family and having children. It can be hard to shoulder the responsibility for small children when working life is full of high demands or characterized by insecure conditions of employment. The increasing difficulty of establishing themselves in the labour market impacts other areas of their life.

- The proportion of young people on sick leave rose sharply towards the end of the 1990s, but has since decreased again over the past few years. What is new is that the cases of sickness absence have become significantly longer. There are risks associated with long-term sickness absence early on in life. Young people on long-term sick leave report weakened self-confidence and a more difficult financial situation. There has been a strong diagnostic shift towards psychiatric diagnoses, especially among young women.

- Young people risk being sicklisted for partly different reasons compared to older people. The perceived psychosocial work environment plays a more important role for young people. There is also a difference between young and older people concerning the role of family life in sickness absence. Young women with children living at home have a higher risk for sickness absence.
- The rehabilitation process is problematical for people on long-term sick leave, irrespective of age. Both young and older people believe they do not receive sufficient help with rehabilitation from the health and medical services, the Swedish Social Insurance Agency, employers and others. But the consequences of young people failing to receive sufficient help to return to work may be more serious. Society's support commitment for a young person may become more long-term, while the finances and lifestyle of the individual suffer greatly.
- The proportion of young people in the population with disability pension has almost doubled over an eight-year period. The average age of persons with disability pension (SA) is falling. Newly-granted disability pensions are preceded by long-term sickness absence to an ever greater extent. This means that the individual has to some extent been active in working life but left it again early on in life. Depression and stress-related diagnoses are on the increase among young people who are granted disability pension, especially among young women. There is a risk of 'being trapped' in the sickness insurance system. The design of the SA system may in the long run prove to be a 'poverty trap' for people who receive the benefit at an early age. This may create a new group of 'poverty pensioners'.

Differences within the group of young people

Throughout this theme section, results are presented subdivided by sex. It may be observed that young women and young men still have partly different conditions and that their establishment patterns are partly different. Young women cope with school and studies better than young men do. Men are still employed to a greater extent than women. However, since the beginning of the 1990s, differences between the sexes have diminished among young people aged between 20 and 24, and young men have approached the lower employment rate of young women. The fact that education has become more essential for an individual's prospects in the labour market and that young women generally succeed in their studies better than young men may possibly have an effect on women's and men's future participation in the labour market.

A larger proportion of the income of young men comes from gainful employment compared with women, who derive a larger proportion of their income from various benefits and student assistance. Young mothers'

uptake of parental cash benefit days is significantly greater than that of young fathers. Young parents split up more frequently than older parents. Single parents among young people, just as among older people, are more often than not women. "Traditional" gender patterns seem in many respects to be the rule also among young people, despite the fact that young people of both sexes view equality as an ideal.

This year's theme section also shows that social background and educational level have a decisive influence on young people's prospects and the choices they make. The examination of young people's conditions with regard to education, work, finances, family life and health reveals alarming discrepancies between different groups of young people. As early as basic school and upper secondary school, certain young people are excluded. Typically, children from working class homes with no study tradition are the ones who do badly at school, while there is an over-representation of young people from white-collar homes in the transition to tertiary education.

This polarization between different groups of young people that takes place during the study period greatly influences the nature of their opportunities later in life. Even though it has become more difficult also for high-educated young people to find work, they manage in the labour



market much better than low-educated young people. Low-educated people are over-represented among the unemployed. Educational level also affects where a person ends up in the labour market. Among young people with jobs, many of the low-educated work in areas such as staff-intensive services characterized by relatively insecure conditions of employment and large staff turnover.

Labour market status has obvious consequences for income level as well as for access to social insurance and unemployment benefit. Young people who do not have access to the income-related part of social insurance or do not qualify for unemployment benefit only have recourse to means-tested support. This may be support from social insurance, such as housing allowance, or support from outside the insurance system, such as social assistance. Someone with a low income level receives compensation at a low level from social and unemployment insurance schemes in the event of illness or unemployment. In the long-term perspective, low incomes spell low pensions.

The conditions for starting a household of one's own are less favourable for anyone who has failed to secure a relatively permanent position in the labour market. A regular income is often a prerequisite for obtaining a lease or a housing loan. It is also true that personal contacts play an important role in both the labour market and the housing market. Having parents who can provide suitable contacts or financial assistance can make a big difference to a young person's prospects – a recurrent theme in the focus groups that the Swedish Social Insurance Agency conducted with young people.

Among young parents, those with a low level of education are over-represented. Many have not had time to finish their studies or establish themselves in the labour market. This means they are only entitled to the basic level in parental insurance and generally have weak finances. Therefore, the means-tested housing allowance is of great significance for many young families. The financial situation of young families with children is an important issue not least from the perspective of the child.

Finally, concerning young people's ill health compensated through social insurance, there is once again a sharp dividing-line between people with different educational backgrounds. Young people with a low educational level are over-represented both among those on sick leave and those with disability pensions. Especially young people with only basic school education have an increased risk for sick leave. On the other hand, a person's educational level seems to have less significance for how long a person remains on sick leave.

The significance of educational level and social background is thus crucial in all the areas under discussion in this year's theme section. Those who have experienced difficulties in education or in the labour market also risk facing difficulties in other areas of life. Problems early on in life may

also have long-term repercussions on a person's finances, health and other living conditions.

Consequences of postponed establishment

This year's theme section demonstrates that the postponed establishment of young people is a universal phenomenon. As noted in previous chapters, this is not in itself a problem but may, on the contrary, be a positive development for many young people. Nevertheless, two important distinctions are to be drawn. Firstly, is the postponed establishment voluntary or not? If a young person chooses to study at university or to travel or live abroad for a spell, this scarcely presents a problem either for the individual or for society. However, if a young person wants to get a job, buy a house and start a family but is prevented from doing so for the lack of means, both the individual and society are likely to suffer.

The second distinction concerns how long the condition of being "not established" lasts. For example, the fact that young people have poor finances during their study period need not be a problem if they then go on to establish themselves in the labour market. By contrast, it can be a major problem if young people with poor finances due to involuntary unemployment fail to find a way out of their difficulties year after year. The effects of postponed establishment on the rest of life vary according to the underlying causes. While higher studies may lead to more successful establishment at some point in the future, unemployment or sickness absence early on in life may produce problems that carry over into adulthood.

At the individual level, an unwanted extension of the establishment phase may be an obstacle to achieving an independent life, free from parental authority. The chance to create a new household or raise a family on one's own terms may be curtailed. Those who, nevertheless, go ahead and have children before being established in the labour market risk ending up in a difficult financial situation. Early parenthood may also result in a continued low financial standard, since interrupted or postponed studies will be an obstacle to entry into the labour market.

The fact that people who become parents at an early age before establishing themselves in the labour market often live in poor financial circumstances relative to other households with children has consequences for their children. The financial standard of parents establishes the framework of the conditions under which the children grow up. Weaker finances may affect the child's home environment, future education, leisure activities and, to some extent, health. Poor finances or difficulties in combining working life with family life may also affect the health of young parents.

The establishment process and health

Being in the midst of an establishment phase may affect a person's health in various ways. It may be a matter of doubts concerning education, family and work. In reports on the increase in psychiatric ill health among young people, the common denominator is labour market change over the past fifteen years. Young people about to enter working life were hit hard by the economic crisis of the 1990s. Since the crisis, it has become harder to find regular work, and large groups have been referred to labour market policy programmes or to further studies, even though they would have preferred a job. It has also been debated whether greater freedom of choice and individualization in society have caused expectations on life to grow faster than real-life opportunities. When individuals are confronted by a reality where opportunities are not what was expected, well-being and health may suffer.

Difficulties in the labour market may significantly affect young people's uptake of sickness insurance. Most of all, this seems to be reflected in the increase of psychiatric diagnoses in cases of sickness absence. Stress-related diagnoses and depressions account for the greatest increase. Reports of an increase in perceived psychiatric health among young people tally with the shift in diagnoses in cases of sickness absence. Postponed establishment due to unemployment can influence the sickness rate. For a particular individual, long-term unemployment itself may constitute a health risk. It has



already been shown that unemployment increases the risk for psychiatric ill health. Having a job not only affects an individual's financial standard but also contains a social dimension. A job may provide meaning, a sense of cohesion and participation in the surrounding society. Lack of work may generate exclusion and ill health.

Risk of being trapped in the support system

Both long-term unemployment and long-term sickness absence involve a risk of 'locking-in' effects that make it increasingly difficult for individuals to return to working life the longer they are away from it. The interventions aimed at helping individuals back to working life from unemployment or sickness absence, that is, labour market policy programmes and rehabilitation measures, do not seem to function well for all people. Rather, it seems that in many cases there is a risk that interventions contribute to the individual's becoming 'locked-in'. For young people who still have their whole life ahead of them, this risk is particularly serious.

The increase in the proportion of people on long-term sick leave suggests there is a 'locking-in' effect at work in the sicklisting process, causing individuals to remain within the sickness insurance system. One cause seems to be a lack of the right kind of help, support and rehabilitation at the right time in the sickness case. The increase in activity compensation (temporary disability pension) is in turn due to sick leave periods growing longer in the late 1990s. This trend has continued. Two out of ten people in the 25–29 age group who were sicklisted for 1–2 years in 2005 transferred to time-limited activity compensation.

An important aim of activity compensation is to stimulate to activity. Apart from financial compensation, it allows insureds access to support from the Swedish Social Insurance Agency to participate in activities designed to improve their chances of enhancing their work capacity. However, less than half of those with activity compensation participate in any activity. Nor is it known whether such activities actually lead to improved chances of enhancing work capacity. Under such circumstances, it is highly probable that young individuals will exit working life for good after having been granted activity compensation. Bearing in mind that the goal of activity compensation is to prevent young people from becoming trapped in the benefit system and to help them to a more active and independent life, it must be admitted that so far it has not worked as planned.

Pensions and the national economy

Irrespective of whether later establishment is involuntary or something people choose themselves, the finances of the individual are impacted in the long term through its effects on old-age pension. The pension system is built on life-long income. Therefore, the only way to achieve a pension above the guarantee level in spite of having had a postponed establish-

ment is to extend one's working life by postponing retirement until a higher age. In order to receive a pension equivalent to 55–60 per cent of final salary, it is normally necessary to have been gainfully employed for 40 years. This means that a person who is close on 30 years old at the time of establishment in the labour market needs to work up to the age of 70 in order to have the time to accumulate a reasonable pension. This in turn requires that the individual is healthy enough to cope with working at a more advanced age and that the employer makes it possible for the person to stay on at the workplace. Of course, a pension is also affected by an individual's income level, which depends on conditions of employment, number of working hours, etc. In other words, today's pension system is designed for a somewhat different labour market in that it assumes relatively early establishment and many years of gainful employment in a steady full-time job.

That a person is able to work for a relatively large number of years is not only important from the individual's perspective. From a societal perspective, the later establishment of many young people puts a greater strain on the economic resources of state and municipality. When young people have no income from paid work, there is an increased need for financial assistance in the form of means-tested allowances, student assistance or compensation for participation in labour market policy programmes. Nor do young people generate any tax revenue during this time. The financial strength of the social insurance system is based on the assumption that the majority of people have relatively many years of gainful employment during which they contribute to the insurance. This is particularly important in a situation like the one today, when the proportion of older people in the population is growing relative to the gainfully employed and longevity is increasing. Thus, the postponed establishment of young people has implications for the national economy.

Yoyo establishment in a linear system

Hmm, the future... I haven't planned much... I take it month by month, see what happens. After upper secondary school I'll work up to the winter season. Then I'll be off and work in Sälen, go skiing and so on. Return when the winter season's over, work summer and autumn, travel down to France and go skiing and work there ... After that, I don't know.

This year's theme section reveals that the proportion of young people with access to the income-related part of social insurance has decreased, that income differences between younger and older people – as also between young people themselves – have increased, and that the proportion of young people's disposable income derived from paid work has decreased.

These results are largely due to the changed behaviour of young people, adopted freely by the young people themselves. However, the changed conditions and behaviour of young people underline the importance of a continued discussion of the role of social insurance.

Many young people in the labour market are to be found in sectors that are characterized by change, comparatively insecure terms of employment and high staff mobility. This may be advantageous to young people, in that employee mobility facilitates the entry of newcomers into the labour market. Temporary employment may function as a springboard to working life. However, in order for a flexible labour market to function well also for employees, it is necessary that they feel secure enough to invest in other aspects of their lives even without a permanent job. That is to say, the welfare system should to a certain extent "compensate" the increased insecurity in the forms of employment of young people until such time as the young people gain a firmer foothold in the labour market.

Social insurance is a substantial part of the overarching welfare system and it interacts both with the labour market and other parts of the system. The fact that the relationship of young people to the labour market and social insurance system is changing does not in itself mean they are left without security or livelihood. However, when a smaller proportion of the income of young people stems from paid work or income-related support from social insurance, the significance of other means of support increases. Many young people of today support themselves for a number of years on student assistance. Another possible source of income is unemployment insurance or compensation for participation in labour market policy programmes, while young people who cannot support themselves in any other way may apply for social assistance.

The Swedish social insurance system is based on the 'work strategy' and is designed to encourage young people to start a household and form a family only after they have found regular work and gained a relatively firm foothold in the labour market. Meanwhile, changes in the labour market have led many young people to consider other sources of income such as loans, compensations and allowances for a number of years. This development has resulted in a kind of inverse establishment as far as earning a living is concerned. Instead of starting out by getting a job, earning an income of one's own and later being entitled to income-related compensation when work is interrupted due to sickness, parenthood, etc, many young people today first live off various benefits for a number of years, later establishing themselves in the labour market and gaining an income of their own. Partly, this means that many young people fail to contribute to the financing of social insurance over a period of several years. Partly, it means they only have access to the means-tested parts of the insurance and possibly to basic level in income-related benefits.

Thus, greater mobility in the labour market and postponed establishment of young people in some ways speak against continued implementation of the work strategy. At the same time, the work strategy is a prerequisite for a common social insurance system. This circumstance spells future challenges for social insurance. Regulatory changes are continually made in social insurance in step with changes in the labour market and people's behaviour. An example of this is the possibility to retain a previously accumulated sgi (sickness-cash-benefit-qualifying income) even after a period of studies and after receiving child supplement for students. To a certain extent, adjustments have been made to the pension system, making it possible to earn pension rights during periods of study and during the time parents forsake the workforce in order to take care of children.

Meanwhile, some parts of the social insurance system perform less than satisfactorily. The possible 'locking-in' effects of sickness insurance have been discussed. If young people risk becoming entangled permanently in a system that is meant to be a temporary safety-net, this is a problem both for the trapped individual and for society. Benefits such as housing allowance, based on the individual's own estimation of future income, function badly for young people with uncertain incomes and they involve a risk of later repayment.



Thus, the changed establishment patterns of young people influence the way they relate to social insurance. For most of us, gainful employment extending over many years has been a precondition both for our personal financial security and for the financial strength of the system. It is therefore essential that new generations understand and are willing to contribute to our common insurance system.

The knowledge and trust of young people – prerequisites for a common security system

The Swedish Social Insurance Agency's focus groups with young people reveal that many of them have only a limited knowledge of social insurance. Current benefits are regarded not so much as insurance earned through work as a safety net of last resort, rather like social assistance. The young people participating in the survey make it clear they wish to support themselves by their own efforts. Compensation from social insurance is seen as a possible source of support in a temporary situation, but it is "not anything you can count on", as one young man put it.

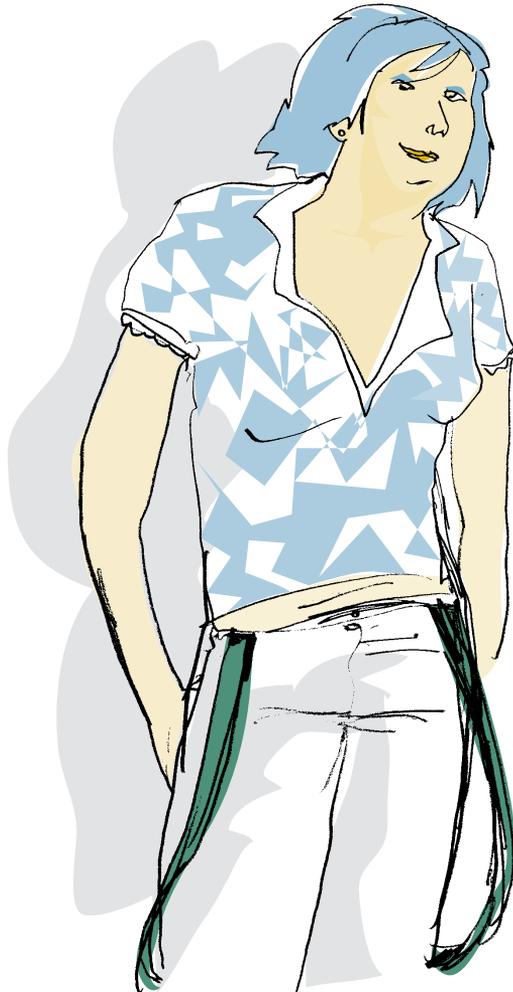
The postponed and complex labour market establishment patterns of young people mean that many of them never come into contact with the parts of social security based on the concept of 'insurance'. A person standing on the sidelines of the labour market or working only sporadically has no access to sickness insurance and is entitled only to the basic level of parental insurance. In 2005, among young parents aged between 20 and 24, 43 per cent of SGI days claimed were at basic level.

One effect of a weak attachment to the insurance system is that the interface with society's welfare system is limited to student assistance, labour market policy programmes and, to some degree, means-tested support within social policy and family policy. The notion that social insurance is a last-ditch safety net rather than an insurance that you yourself influence is thus likely to be reinforced. So long as awareness of the 'insurance' element and the loss-of-income principle is limited, there will be little incentive to see to it that one is insured through work. Lacking this insight, it may be difficult for many young people to understand the repercussions of sickness or parenthood on their financial situation. There is also a risk that faith in the insurance system and the will to contribute to the common welfare may diminish.

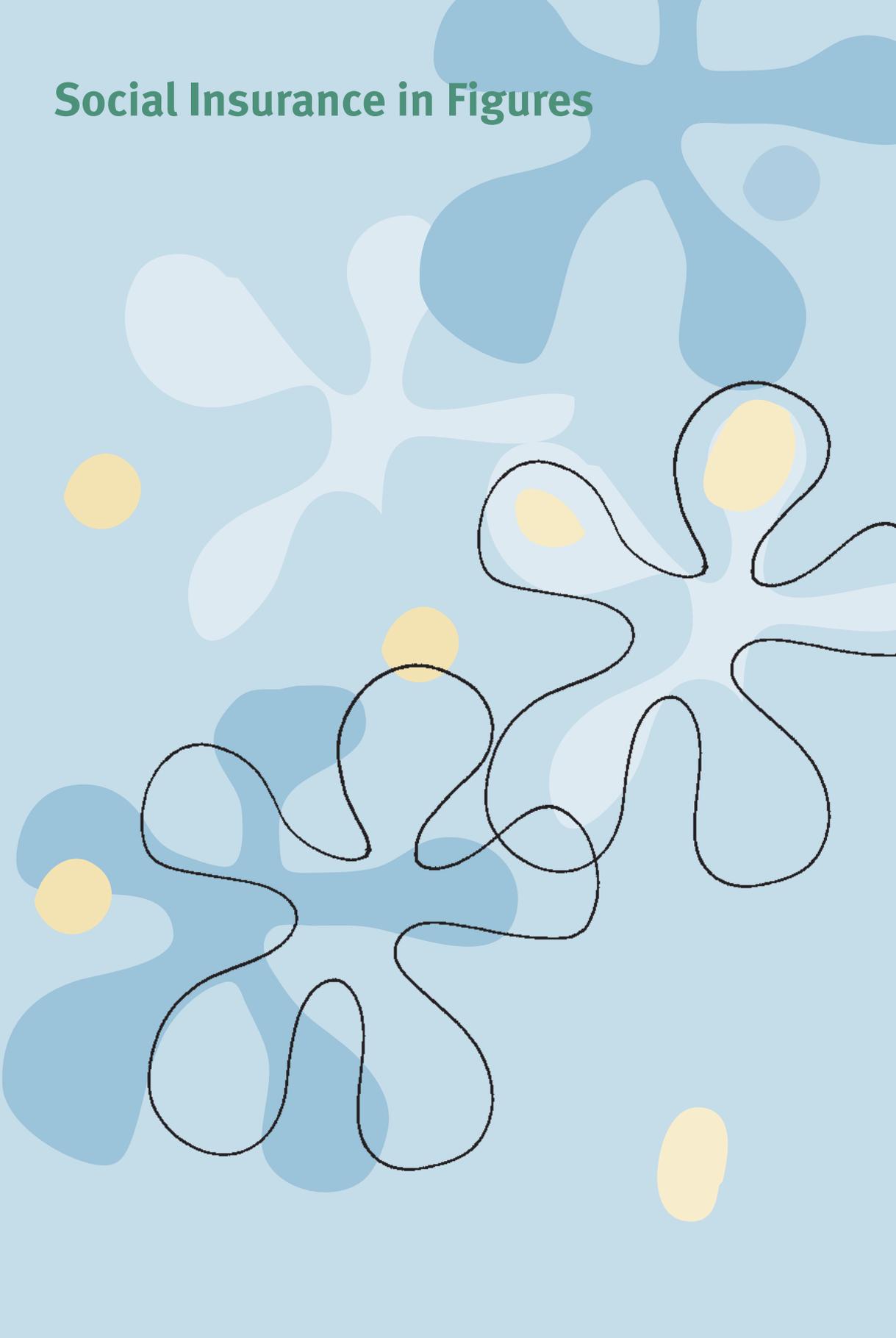
The need for insurance solutions is probably minimal during the period of youth and if establishment is postponed rather than prevented, negative effects may be limited. However, the role of the Swedish Social Insurance Agency as a communicator of information needs to be developed so that it disseminates the facts and creates an incentive among young people to gain access to insurance cover. Meanwhile, it is probably necessary soon to modify those parts of social insurance poorly adapted to a changeable labour market and to the variations in young people's establishment patterns.

In a longer perspective, this is necessary both for young people themselves and for the future viability of our common insurance system.

An ambitious social insurance system requires a major part of the population to be gainfully employed. At the same time, social insurance may be seen as part of the social infrastructure providing people with security so that they are able to, dare to, and have the energy to pursue their life projects. Financial security is the crucial prerequisite for a well-functioning society with potential for growth.



Social Insurance in Figures



Social Insurance in Figures

The financial scope of social insurance 139

- Social insurance expenditure **139**
- How social insurance is financed **146**

Financial security for families and children 151

- Parental cash benefit for the birth of a child **151**
- Temporary parental cash benefit **154**
- Father days **156**
- Pregnancy cash benefit **157**
- Child allowance **158**
- Care allowance **159**
- Child pension and surviving children's allowance **161**
- Maintenance support **162**
- Housing allowance **164**

Financial security in case of sickness and disability 166

- Sickness cash benefit **166**
- Vocational rehabilitation **168**
- Sickness compensation and activity compensation **170**
- Work injury compensation **174**
- Disability allowance **176**
- Assistance allowance **178**
- Allowance for care of close relatives **179**
- Car allowance **180**
- Dental care **181**

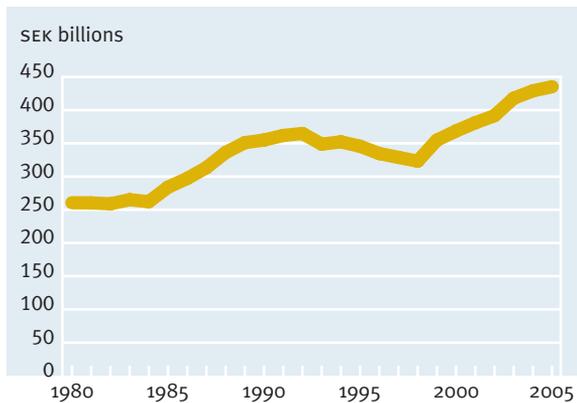
Financial security in old age, etc. 182

- Old-age pension **182**
- Maintenance support for the elderly **185**
- Housing supplements for pensioners, etc **186**
- Survivor's pension for adults **189**
- Earned pension base **192**

The Financial Scope of Social Insurance

Social insurance expenditure

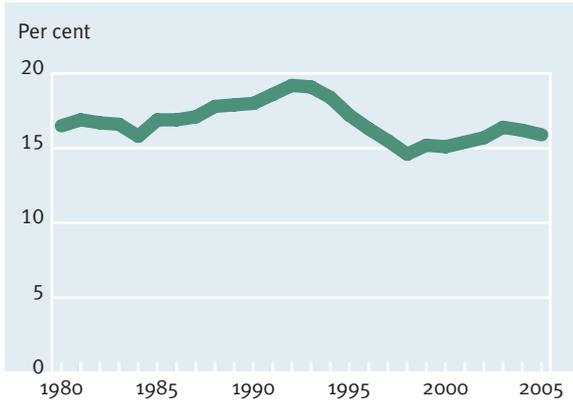
In 2005, social insurance expenditure totalled just over SEK 435 billion, representing almost one-sixth of the Gross National Product (GNP) and half of expenditure below the expenditure ceiling set by the Swedish Parliament. For every SEK 100 spent on private consumption, SEK 25 come from social insurance. Since 1980, expenditure has risen by 67 per cent expressed in fixed prices. However, in relation to GNP, expenditure is somewhat less than it was in 1980.



Social insurance expenditure in 2005 prices. The long-term trend for social insurance expenditure is upwards, mainly due to ever-increasing old-age pension payments.

The second half of the 1980s saw a dramatic rise in expenditure. Later, from 1992 to 1998, total expenditure in fixed prices declined, mainly due to cost-cutting regulatory changes. These included reduced levels of compensation and the introduction of a sick-pay period and a qualifying day in sickness insurance. Greatly increased expenditure from 1999 onwards was mainly due to a sharp rise in the cost of health insurance and old-age pensions. In 1999, a number of major changes were made to the social insurance system, including the introduction of national old-age pension contributions. Many of the insurance schemes, such as sick-

ness cash benefit and parental cash benefit, rank as pension-qualifying income. In addition, care of young children qualifies for pension rights. Since 1999, the state has paid old-age pension contributions equivalent to the pension rights for this, amounting to more than SEK 24 billion for social insurance in 2005. The introduction of national old-age pension contributions thus means that a previously hidden item of expenditure is now reported openly and does not represent any additional commitments.



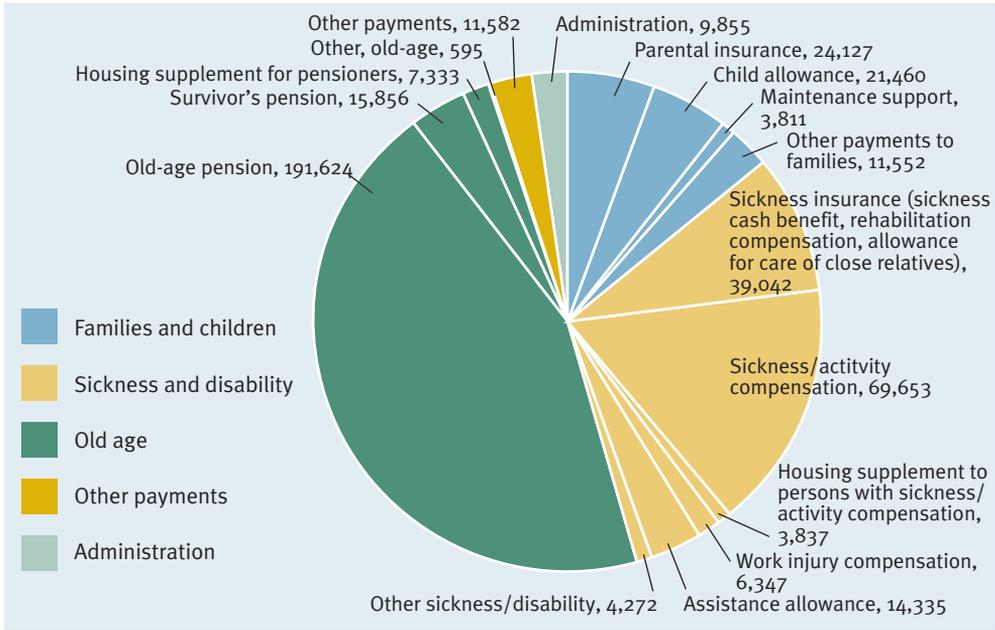
Social insurance expenditure in relation to GNP. In relation to GNP, expenditure has been more cyclical in its development since 1980, without any long-term highs or lows.

Social insurance payments play a significant role in the national economy. In 2005, they equated to just over 16 per cent of GNP – somewhat lower than during the 1980s and greater part of the 1990s. After rising in a virtually unbroken curve, total social insurance payments reached a peak in 1992 of almost 20 per cent of GNP. During the remainder of the 1990s, social insurance payments relative to GNP fell even faster than their value in fixed prices.

Seen in a longer perspective, social insurance expenditure relative to GNP – after the expansive trend of the 1960s and 1970s – has become more cyclical in character since the beginning of the 1980s.

Type of insurance/benefit	2003	2004	2005
Financial security for families and children			
Parental insurance	21,970	23,469	24,127
Child allowance	20,956	20,873	21,460
Housing allowance for families with children and for young people	3,595	3,614	3,605
Care allowance for disabled children	2,232	2,415	2,541
Maintenance support	4,127	3,968	3,811
Child pension, etc.	1,045	1,060	1,048
Pension right for childcare years	3,831	4,051	4,319
Adoption allowance	41	38	39
Subtotal	57,797	59,489	60,949
Financial security in case of sickness and disability			
Sickness insurance	48,552	44,107	39,042
Medical care benefits, etc.	2,829	3,425	2,743
Sickness/activity compensation	58,527	64,202	69,653
Housing supplement for disability pensioners	3,370	3,522	3,837
Disability allowance	1,200	1,205	1,173
Work injury compensation	6,371	6,487	6,347
Car allowance	215	222	347
Assistance allowance	11,165	12,748	14,335
Other benefits	27	11	9
Subtotal	132,255	135,929	137,486
Financial security in old age, etc.			
Old-age pension	180,046	186,557	191,624
Survivor's pension	15,611	15,927	15,856
Housing supplement for pensioners	7,607	7,442	7,333
Maintenance support for the elderly	634	587	483
Part-time pension	104	37	-4
Other pensions	61	2,042	116
Subtotal	204,064	212,592	215,407
Other payments			
Activity support	9,684	9,745	11,515
Daily cash benefit to conscripts, etc.	5	5	4
Family allowance to conscripts	78	67	37
Other	37	38	27
Subtotal	9,804	9,854	11,582
Administration	10,565	9,378	9,855
Total	414,485	427,242	435,279

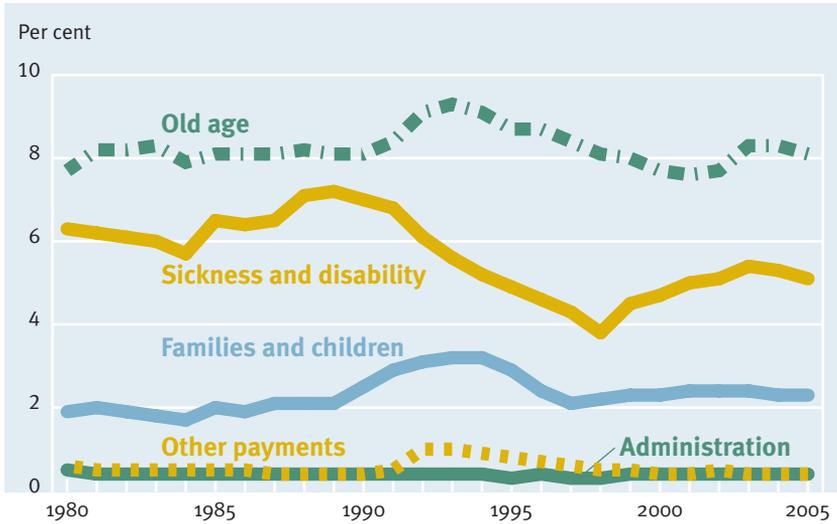
Social insurance expenditure 2003–2005 in SEK million, including old-age pension contributions paid by the state.



Distribution of expenditure for 2005.

Half of social insurance expenditure (50 per cent or SEK 215 billion) went to old-age pensioners and recipients of survivor's pension. A little under one-third (32 per cent or SEK 137 billion) went to the sick and disabled. Support

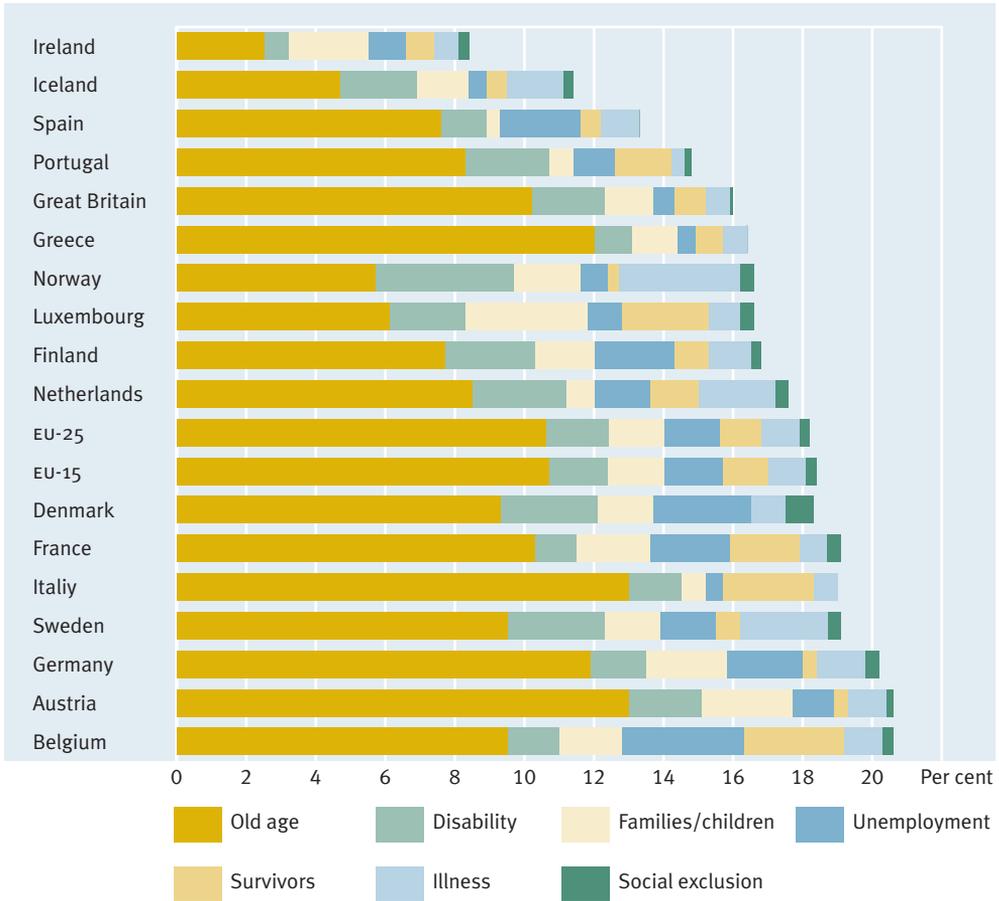
to families with children amounted to 14 per cent (SEK 61 billion). In addition, there were various other benefits, primarily within the labour market area (just under SEK 12 billion). The remainder comprised administrative costs (almost SEK 10 billion).



Payments from the main social insurance categories in relation to GNP.

Expenditure in the area of financial security in old age is relatively stable in relation to GNP and accounts for approximately half of all social insurance expenditure. Expenditure in the area of financial security in case of sickness and disability has shown considerably more variation. After a rapid increase in expenditure for both sick leave and work injury in the second half of the 1980s, expenditure fell sharply from 7.2 per cent of GNP in 1989 to 3.8 per cent in 1998. The drop was the combined result of less sickness absence, a new sick-pay period, the reduction of compensation levels and the transfer of responsibility for medicine costs to the county councils. Between 1998 and 2003, expenditure relative to GNP rose as a result of increasing sickness absence. In 2004 and 2005, expenditure in the area of financial security in case of sickness and disability decreased relative to GNP. The development of expenditure in the area of financial security for families with children primarily reflects the larger cohorts of children in the late 1980s and early 1990s.





Source: Eurostat (2006) Social Expenditure Database

Public transfers in relation to GNP in 2003 in Sweden and other European countries. Public transfers to households equate to a larger share of GNP in Sweden than in most other EU countries, especially in the areas of disability and ill health.

International comparisons of what is known in Sweden as social insurance may include data on public transfers to households. These transfers include, in addition to Swedish social insurance, unemployment benefit, financial assistance, etc. As regards the share of GNP represented by public transfers, Sweden holds fourth place in the EU (EU-15) after Belgium, Austria and Germany. Differences between Western European countries in the scope of total public transfers relative to GNP are moderate. With the exception of Ireland, Iceland and Spain, between 15 and 21 per cent of GNP is redistributed via public transfers to households in the remaining European countries.

On the other hand, there are more pronounced differences between countries when it comes to the distribution between the various types of transfers. The Nordic countries turn out to be very similar in this respect. In these countries, public old-age pension and survivor's pension systems correspond to a smaller share of GNP than the EU average. However, the Nordic countries spend more on benefits aimed at people with disabilities. The proportion of benefits aimed at families and children in Nordic countries is roughly equal to the EU average. However, in the matter of transfers within the ill-health category – corresponding in Sweden to sickness insurance – Norway and Sweden rank highest of all reported countries while Finland and Iceland lie near the EU average and Denmark ranks considerably lower. Transfers aimed at the unemployed also reflect very different proportions of GNP in the various Nordic countries.



How social insurance is financed

Social insurance benefits are financed primarily through social insurance contributions from employers and self-employed people, a general pension contribution, national old-age pension contributions, tax revenue and yield from funds.

Certain insurance benefits are financed entirely out of national funds. These include child allowance, housing allowance and some other allowances for families with children, certain benefits for people with disabilities, and housing supplement for pensioners and people receiving sickness or activity compensation. Expenditure for maintenance support not covered by payments from parents liable for maintenance is paid out of tax revenue. Assistance allowance is partly financed by the municipalities.

Five categories of insurance are financed wholly or in part through general social insurance contributions. These are parental insurance, sickness insurance, work injury insurance, survivor's pension and old-age pension. There is a fundamental difference between the old-age pension system, which is contribution-based, and other insurance categories which are benefit-based. The reformed old-age pension system is financed by various contributions paid by employers, self-employed persons, the state and individuals themselves. These contributions are fixed and pension payments are adjusted to what is possible using available resources. By contrast, contribution rates for other insurance categories are adjusted, if necessary, to changes in expenditure. Moreover, the proportion to be covered by contributions varies according to the particular insurance category.

A further difference between the old-age pension system and other insurance categories is that the pension system is autonomous from the national budget, contributions being transferred to the AP Funds and the Premium Pension System. Contributions for other benefits are not transferred to a specific fund but go instead into the national budget, from which social insurance benefits are paid out. The link between incoming contributions and financing of the benefits they are intended for is thus relatively tenuous. In the following table, since contributions are intended by statute to finance particular benefits, we report all contributions and benefits side by side in the manner of a more autonomous financial system.

	Income				Expenditure			Surplus/ deficit
	Contributions	Statutory Govt. funding	Other	Total	Payments	Administration	Total	
Parental insurance ¹	23,504	0	–	23,504	23,687	945	24,632	–1,128
Child allowance	–	21,546	–	21,546	21,460	86	21,546	–
Housing allowance to families with children, etc.	–	3,944	–	3,944	3,605	339	3,944	–
Care allowance for disabled children	–	2,693	–	2,693	2,541	152	2,693	–
Maintenance support	–	2,356	1,875	4,231	3,811	421	4,231	–
Pension rights for childcare years	–	4,319	–	4,319	4,319	..	4,319	–
Sickness insurance ²	110,341	13,969	–	124,310	109,134	3,903	113,037	11,273 ³
Health care benefits	–	2,995	–	2,995	2,743	252	2,995	–
Disability allowance	–	1,272	–	1,272	1,173	99	1,272	–
Activity support	11,515	200	–	11,715	11,515	200	11,715	–
Work injuries	7,266	133	–	7,399	6,347	396	6,743	656
Car allowance	–	372	–	372	347	25	372	–
Assistance allowance	–	11,454	2,987	14,441	14,335	106	14,441	–
Old-age pension	0	0	0	0	0	0	0	–
To/from AP Fund	179,552	–	114,598	294,150	169,128	2,032	171,160	122,990
To/from national budget	11,352	11,139	–	22,491	22,449	42	22,491	–
Premium P. Scheme	23,805	–	–	23,805	105	252	357	..
Survivor's pensions	18,164	1,052	–	19,216	16,903	119	17,022	2,193
Housing suppl. (BTP)	–	11,620	–	11,620	11,170	451	11,620	–
Maintenance support for the elderly	–	503	–	503	483	19	503	–
Part-time pension	–	–4	–	–4	–4	0	–4	–
Other benefits	31	90	64	185	173	12	185	–
Non-apportioned administration	–	3	–	3	–	3	3	–
Total 2005	385,530	89,655	119,525	594,710	425,423	9,855	435,279	..

¹ Excluding pregnancy cash benefit, which is financed through sickness insurance contributions.

² Includes sickness and rehabilitation cash benefit, sickness and activity compensation, pregnancy cash benefit, and allowance for care of close relatives.

³ The difference between incoming sickness insurance contributions and the expenditure they are intended to finance by statute.

Social insurance income and expenditure in 2005, in SEK million. Social insurance is financed primarily through social contributions, a general pension contribution, national old-age pension contributions, tax revenue and yield from funds.

According to statutory financing regulations, costs should be partially covered by social insurance contributions and the general pension contribution. However, the actual proportion for any one year is only approximate. The law does not specify for every insurance scheme the extent to which it is to be financed by contributions.

In 2005, income from social insurance contributions, national old-age pension contributions, general pension contributions and exchange rate differences, interest, etc, totalled SEK 500 billion. State funds added SEK 90 billion. In total, this meant that income exceeded expenditure by just over SEK 160 billion. In 2003 and 2004, income likewise exceeded expenditure by more than SEK 100 billion, while in 2002, income fell short of expenditure by approximately SEK 35 billion.

In 2005, the part financed by tax revenue as per statutory regulations was just over 20 per cent of expenditure. Payments from municipalities, parents liable for maintenance, etc, made up one per cent.

Positive developments on the stock exchange meant that exchange rate differences and interest, etc, from the AP Fund gave a plus of SEK 115 billion.

In 2005, of those insurances financed by contributions, sickness and work injury insurance and survivor's pensions produced a combined surplus of SEK 14 billion. After several years with sickness insurance contributions failing to cover expenditure, sickness insurance produced a significant surplus in 2003, 2004 and 2005. Work injury insurance has produced a surplus over a number of years, gradually wiping out previous deficits. In 2005, the surplus was just over SEK ½ billion. The part of old-age pension financed via the AP Fund gave a surplus of SEK 123 billion.

Since income in the premium pension scheme – SEK 24 billion – is made up of reserve funds, it is impossible to say exactly what proportion of total expenditure for old-age pensions was covered by contributions.



Premium rates in per cent	2000	2001	2002	2003	2004	2005	2006
Old-age pension ¹	10.21	10.21	10.21	10.21	10.21	10.21	10.21
Survivor's pension ¹	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Sickness insurance							
– Employer's contribution	8.5	8.8	8.8	11.08	11.08	10.15	8.64
– Self-employed	9.23	9.53	9.53	11.81	11.81	11.12	9.61
Parental insurance contrib. ¹	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Work injury contribution ¹	1.38	1.38	1.38	0.68	0.68	0.68	0.68
Labour market contribution							
– Employer	5.84	5.84	5.84	3.7	3.7	4.45	4.45
– Self-employed	3.3	3.3	3.3	1.16	1.16	1.91	1.91
General salary contribution ¹	3.09	2.69	2.69	3.25	3.13	3.07	4.4
Total employer contribution	32.92	32.82	32.82	32.82	32.7	32.46	32.28
General salary contribution	31.11	31.01	31.01	31.01	30.89	30.89	30.71

¹ Same premium rate applies to employers and self-employed.

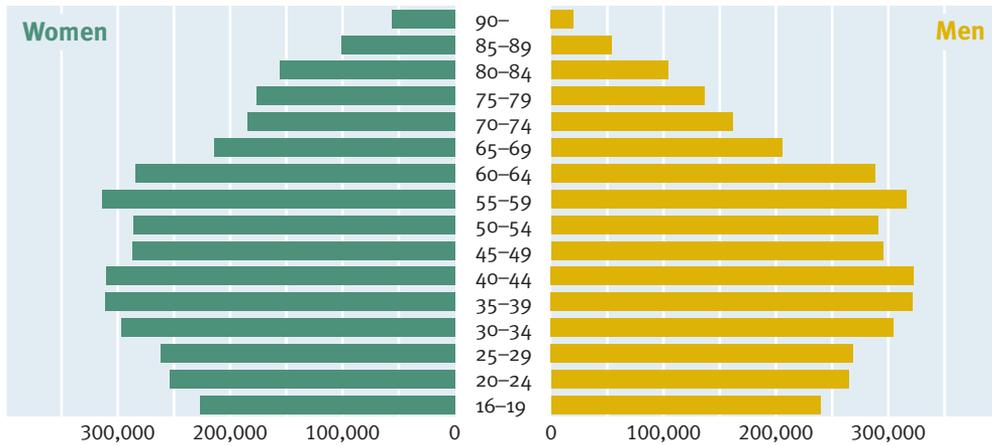
Statutory contributions to social insurance as a percentage of chargeable

income. Social insurance contributions are based on the salaries of employees and self-employed persons. They are paid by employers and self-employed persons respectively.

The general pension contribution is paid by employed persons. It is based on earned income and other income such as sickness cash benefit, parental cash benefit, unemployment insurance, etc, up to a maximum of 8.07 times the income base amount, during one year.

Between 1999 and 2001, changes were frequently made to contributions. In 1999, contributions for basic pension and part-time pension were discontinued and contributions for parental insurance and survivor's pension were introduced. Contributions for sickness insurance and old-age pension were adjusted. Cuts and increases in contribution rates have been instantly compensated by corresponding increases and cuts in the general salary contribution so that the overall premium rate has remained relatively constant.

Registered insured persons



Registered insured persons in 2005.

Regulations 2005

Swedish citizens and foreign nationals resident in Sweden are insured under the National Insurance Act (AFL). All insured persons aged 16 and over and resident in Sweden are regis-

tered at the Swedish Social Insurance Agency. Persons leaving Sweden are still considered to be residents of Sweden providing their stay abroad does not exceed one year.

Age	Women	Men	Total
16-19	227,122	239,625	466,747
20-29	515,876	533,497	1,049,373
30-39	607,912	626,309	1,234,221
40-49	597,066	617,901	1,214,967
50-59	599,704	606,702	1,206,406
60-69	499,219	493,310	992,529
70-79	361,401	297,305	658,706
80-89	257,475	157,711	415,186
90-	55,754	20,010	75,764
Total	3,721,529	3,592,370	7,313,899

Registered insured persons in 2005.

Regulations 2005

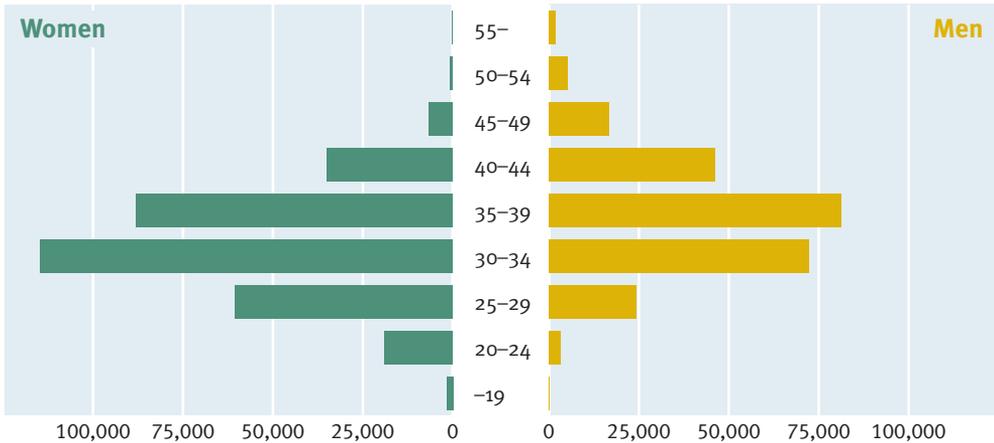
Sickness cash benefit insurance covers all registered insured persons whose estimated annual earned income amounts to at least 24 per cent of the base amount. In 2005,

this was the equivalent of SEK 9,500. Income qualifying for sickness cash benefit is at most 7.5 times the price base amount per annum (SEK 295,500 in 2005).

Financial security for families and children

Parental cash benefit for the birth of a child

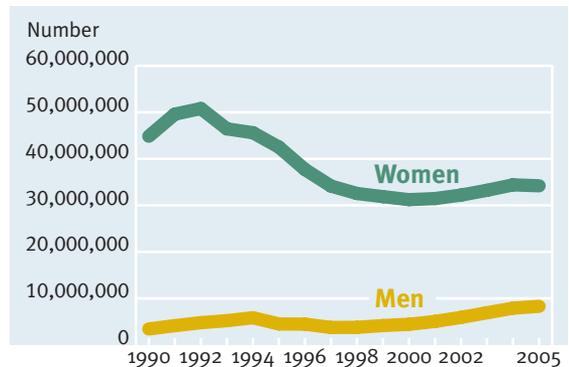
Parental insurance is intended to help both parents combine parenthood with gainful employment.

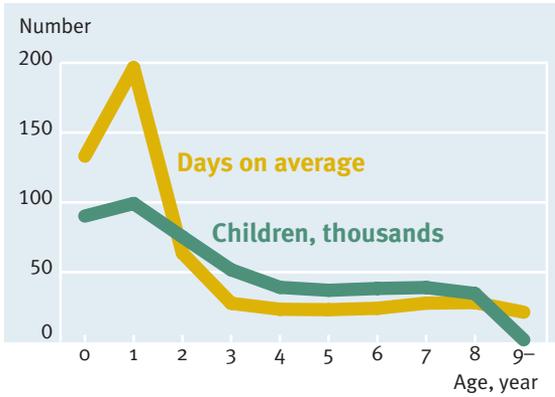


Persons with parental cash benefit in 2005. Women have consistently used parental insurance to a greater extent than men. 577,000 persons received

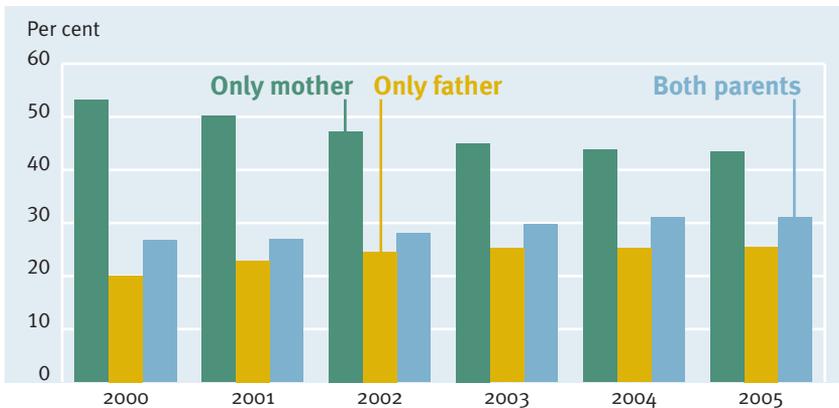
parental cash benefit in 2005. Women made up 56 per cent, and men 44 per cent. 40 per cent of women and 60 per cent of men were aged 35 or older.

Number of days with parental cash benefit. Of 42 million parental cash benefit days paid out in 2005, 80 per cent went to women. The number of days claimed peaked in 1992, subsequently declining in following years as the birth rate fell. Following a new increase, there has been stagnation in recent years. The number of days claimed by men is greater than ever before. Thus, men have increased their share of days claimed from 10 per cent in 1997 to 20 per cent in 2005.





Children for whom parents used parental cash benefit in 2005. The largest number of days with parental cash benefit was claimed for children up to the age of one. For children between three and eight years old, the average number of days remained relatively constant at around 25–30.



Number of children according to how parents have claimed parental cash benefit, irrespective of the age of the child. The number of children whose fathers claimed parental insurance – either as “father alone” or as “both

parents” – increased from 47 per cent in 2000 to 56 per cent in 2005. The number of children whose fathers claimed parental insurance varies from 21 per cent for infants to 69 per cent for 2–3 year-olds.

Regulations
2005

Parental cash benefit for the birth or adoption of a child is available for a total of 480 days per child. For 390 days, the benefit is based on parents' income, though the minimum amount payable is SEK 180 per day. For the remaining 90 days, everyone receives the minimum amount of SEK 60 per day.

If the parents have joint custody of the child, each of them is entitled to half the total number of parental cash benefit days. However, one of the parents may transfer the right to parental

cash benefit to the other parent, with the exception of the 60 days known as the "father / mother months".

The benefit is payable for different portions of a day – whole, three-quarters, half, quarter or eighth. Parental cash benefit can normally be claimed up to the child's eighth birthday or the completion of its first year of school. The level of compensation is 80 per cent of the income qualifying for sickness cash benefit. In 2005, the maximum parental cash benefit was SEK 648 per day.



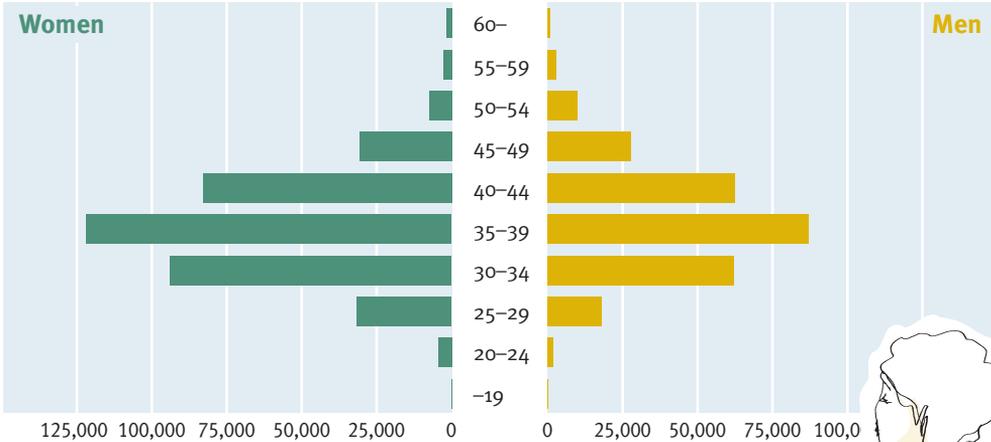
Age	Number of recipients		Average number of days		Average amount over the year, SEK	
	Women	Men	Women	Men	Women	Men
-19	1,685	62	165	72	28,659	14,847
20-24	18,847	3,354	157	43	43,291	16,878
25-29	60,416	24,263	133	39	50,547	18,133
30-34	114,649	72,372	110	36	47,850	18,451
35-39	87,959	81,277	88	31	37,342	15,754
40-44	34,991	46,305	68	29	26,448	13,794
45-49	6,523	16,801	45	29	14,617	13,003
50-54	673	5,255	41	29	12,053	12,513
55-	31	1,940	41	36	7,879	13,964
Total	325,774	251,629	105	33	42,108	16,148

Parental cash benefit for the birth of a child in 2005. Out of a total of SEK 17.7 billion paid out in parental cash benefit

for the birth of a child in 2005, 77 per cent went to women and 23 per cent to men.

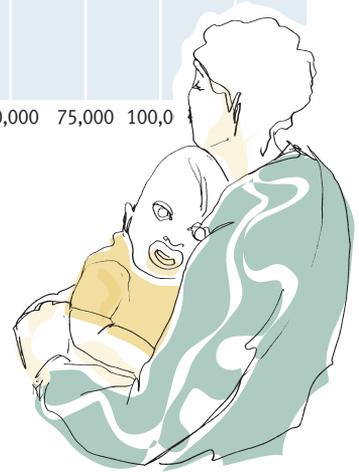
Temporary parental cash benefit

Temporary parental cash benefit enables parents to stay home from work when their child is sick, among other things.



Persons with temporary parental cash benefit for the care of a child in 2005.

In 2005, temporary parental cash benefit was claimed by 651,000 persons. The majority were women, who accounted for 58 per cent. Men made up 42 per cent, which is a little less than the proportion of men claiming parental cash benefit for the birth of a child. Distribution according to age and sex for both types of benefit is similar.



Days with temporary parental cash benefit for the care of a child.

Out of a total of 4.4 million days paid in 2005, women received 64 per cent. The proportion of payments made to men declined for several years in succession but in recent years has risen slightly, reaching 36 per cent in 2005.

Regulations
2005

If a parent has to give up paid employment because a child is sick or infected, or the child's normal custodian is sick or infected, or a visit must be paid to the community preventive health service, etc., the parent may claim temporary parental cash benefit. This applies to children under 12 and in certain cases older children. Normally, compensation is paid for 60 days per child and year. A further 60 days may be claimed if the child is sick or a visit must be paid to the community preventive health service. The right to temporary parental cash benefit may in certain circumstances be transferred to another person who stays at home from work to care for the child in place of the parent.

Parents of children covered by the Swedish Act on Support and Service for Certain Functionally Disabled Persons (LSS) may receive compensation for the care of a sick child aged between 16 and 21 (sometimes older).

In addition, the parent of a child who is under 16 and covered by LSS is also entitled to ten so-called contact days per child and year. These days may be used for parental training courses, settling the child in or visiting the child during pre-school or after-school recreational activities.

The benefit is payable for different portions of a day – whole, three-quarters, half, quarter or one-eighth. The level of compensation is 80 per cent of the income qualifying for sickness cash benefit.

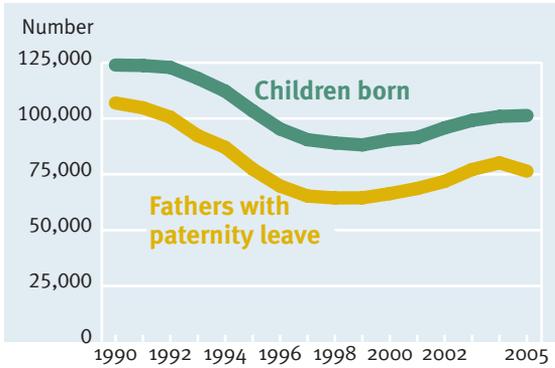
Age	Number of recipients		Average number of days		Average amount over the year, SEK	
	Women	Men	Women	Men	Women	Men
-19	22	8	8.8	4.9	3,451	2,816
20-24	4,421	1,859	9.3	7.5	4,951	5,201
25-29	31,523	17,970	9.2	7.2	5,603	5,488
30-34	93,880	62,258	8.4	6.5	5,580	5,180
35-39	121,879	87,220	7.5	5.9	5,169	4,755
40-44	82,958	62,607	6.6	5.4	4,638	4,346
45-49	30,744	27,941	5.9	5.1	4,140	4,041
50-54	7,476	9,802	5.2	4.8	3,688	3,759
55-59	2,770	2,980	3.4	4.8	2,381	3,727
60-	1,721	838	2.7	4.2	1,845	3,054
Total	377,394	273,483	7.5	5.9	5,039	4,684

Temporary parental cash benefit for the care of a child in 2005. In 2005, out of a total of approximately SEK 3.2 billion paid out in temporary parental

cash benefit for the care of a child, 60 per cent went to women and 40 per cent to men.

Father days

Father days enable the father to be present at the birth of his child, manage the home and take care of children during a childbirth.



Father days. The number of children born and the number of fathers claiming father days peaked in 1990, when approximately 86 per cent of fathers claimed father days. During the greater part of the 1990s, the number of father days declined as fewer children were born and the proportion of new fathers taking advantage of their 10 allowed days dropped to 72 per cent. In 2001, the trend was once again reversed. The number of children born annually is again approximately 100,000, and just over 75 per cent of fathers claimed father days in 2005.

Regulations 2005

In connection with the birth of a child, a father has the right to temporary parental cash benefit for 10 days per child if he takes time off from gainful employment. In certain circumstances, these days may be transferred to someone other than the father. In the case of adoption,

parents are entitled to five days each. The benefit must be claimed within 60 days of the arrival of the child in the home or the assumption of custody of the child by the adoptive parent. The compensation level is 80 per cent of the income qualifying for sickness cash benefit.



Age	Number of recipients		Average number of days		Average amount over the year, SEK	
	Women	Men	Women	Men	Women	Men
-19		24		10.2		4,543
20-24	9	2,353	8.9	9.6	3,570	6,750
25-29	44	13,507	6.5	9.7	4,874	7,531
30-34	68	29,079	7.9	9.7	5,769	7,930
35-39	104	20,160	7.4	9.6	5,585	7,945
40-44	121	7,801	7.8	9.6	6,172	7,770
45-49	72	2,073	7.6	9.5	6,127	7,540
50-54	69	615	8.7	9.4	6,383	7,375
55-59	69	178	7.5	9.5	5,545	6,953
60-	23	54	8.2	8.9	6,030	6,689
Total	579	75,844	7.7	9.6	5,819	7,791

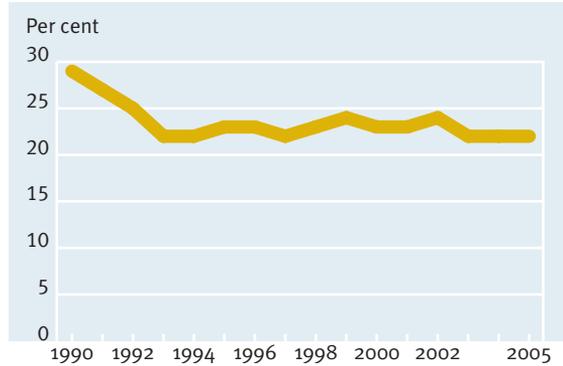
Father days in 2005. During 2005, approximately SEK 590 million was paid

out in father days. Just over 3 million of this amount was paid out to women.

Pregnancy cash benefit

Pregnancy cash benefit enables pregnant women who are unable to continue working to take time off to rest.

Number of women with pregnancy cash benefit. During the later stages of pregnancy, many women receive social insurance compensation in the form of pregnancy cash benefit, sickness cash benefit or parental cash benefit. The proportion of women receiving pregnancy cash benefit generally increased throughout the 1980s, reaching a peak of almost 30 per cent in 1990. After a noticeable decline in the early 1990s, the proportion has remained fairly constant at around 22–23 per cent.



A pregnant woman with a physically taxing job may receive pregnancy cash benefit if the employer is unable to provide her with more suitable alternative employment toward the end of her pregnancy. The woman may receive pregnancy cash benefit for a maximum of 50 days during the last two months of pregnancy. If a particular kind of work is prohibited

during pregnancy under the Work Environment Law, a woman is entitled to pregnancy cash benefit for each day that the ban applies.

The compensation level is 80 per cent of the income qualifying for sickness cash benefit. In 2005, the maximum pregnancy cash benefit was SEK 648 per day.

Regulations 2005

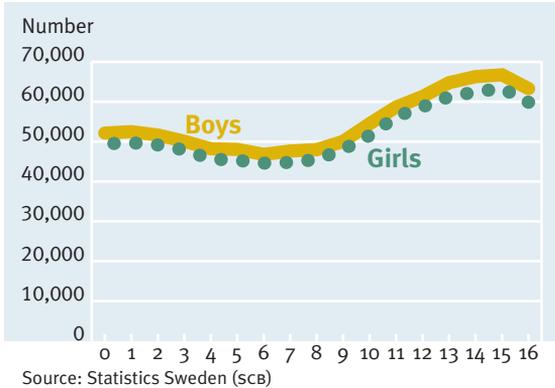
Age	Number of recipients	Average number of days	Average amount over the year, SEK
<19	29	38	10,853
20–24	2,444	39	16,456
25–29	7,656	39	17,987
30–34	7,794	38	18,551
35–39	3,393	38	18,785
40–44	615	37	17,946
45–49	27	41	19,395
Total	21,958	38	18,131



Pregnancy cash benefit in 2005. In 2005, SEK 397 million was paid out in pregnancy cash benefit to almost 22,000 women.

Child allowance

Child allowance is designed to even out financial disparities between families with and without children and over the life cycle.



Number of children in 2005. At the end of 2005, there were 884,000 girls and 931,000 boys in the 0–16 age group. The very large cohorts of children born around 1990 had reached the age of fourteen or fifteen by 2005. After peaking in 1990, the number of births successively decreased but the past few years have seen a small increase. The number of children born in 2005 (zero years in the figure) was 20 per cent lower than the number born in 1990.

Regulations 2005

Child allowance includes basic child allowance, extended child allowance and large-family supplement.

All parents are entitled to basic child allowance for children resident in Sweden, up to the quarter when the child reaches the age of 16. After that, the parent may receive so-called extended child allowance for as long as the child attends compulsory school or the equivalent.

A parent who receives basic child

allowance, extended child allowance or study grants for three or more children also receives a large-family supplement. Child allowance is tax-exempt.

Child allowance is SEK 950 per child and month (SEK 1,050 as of October 2005). Large-family supplement is SEK 254 a month for the third child, SEK 760 for the fourth child and SEK 950 for the fifth and each additional child.

	Monthly amount, SEK		Total	Yearly amount, SEK
	Child allowance	Large-family supplement		
1 child	950	–	950	11,400
2 children	1,900	–	1,900	22,800
3 children	2,850	254	3,104	37,248
4 children	3,800	1,014	4,814	57,768
5 children	4,750	1,964	6,714	80,568
For each additional child	950	950	1,900	22,800

Amounts for child allowance in 2005.

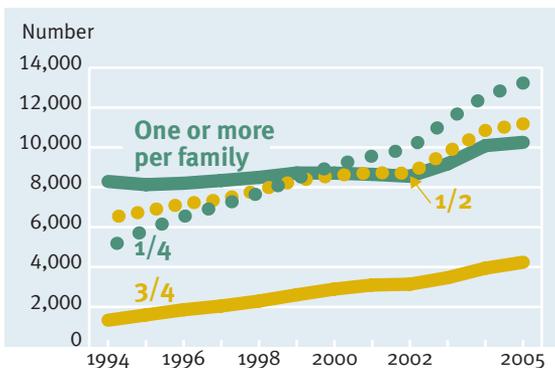
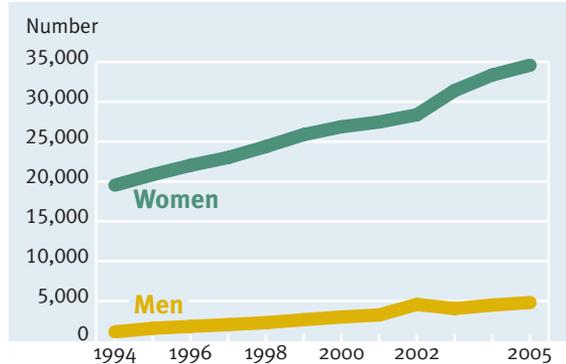
In 2005, SEK 21.5 billion was paid out in child allowance. Child allowance was raised by SEK 100 a month in October

2005. Large-family supplement was also raised and thereafter the second child received an extra SEK 100 per month.

Care allowance

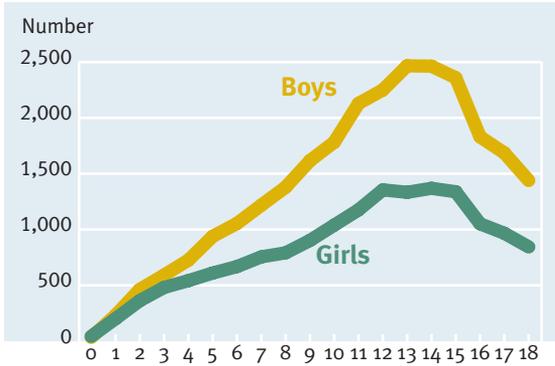
Care allowance helps parents give a sick or disabled child the care, attention and support it needs to develop optimally.

Recipients of care allowance. The number of parents with care allowance has increased by approximately 90 per cent since the mid-1990s. It is primarily children with psychological diagnoses that account for this increase. As of 2003, care allowance may be granted for children up to the age of 19, which helps explain the increased number of care allowance recipients. The proportion of fathers among recipients is small but has nevertheless risen from just over 5 per cent to almost 12 per cent.



Care allowance according to level. In 1988, one-fourth compensation was introduced and in 1992 three-quarters compensation was added. More people could now be granted care allowance

than previously, and today the lowest level has become the most common. Psychological diagnoses have increased and there has been a shift from younger to older children.



Children with care allowance in December 2005. Of the children receiving care allowance in December 2005, girls accounted for approximately 37 per cent and boys 63 per cent. Boys dominated all age groups. The proportion of girls was highest in the lower age groups, accounting for 40–45 per cent.

Regulations 2005

Parents may receive care allowance for their child if the child is in need of special supervision or care for a period of at least six months. This applies up to and including the month of June in the year the child reaches 19. The need for special supervision or care must be the result of illness, learning difficulties or other functional disabilities. The parent may also receive care allowance if the child’s sickness or disability results in increased expenses (additional costs).

If the parent takes care of several sick or disabled children in the specified age group, the right to care allowance is based on the total need of supervision and care and on the extent of increased expenses.

Care allowance is payable at 100, 75, 50 or 25 per cent of the full benefit rate. Full care allowance is 2.5 times the price base amount per annum, which in 2005 amounted to SEK 8,208 per month. Care allowance is taxable and qualifies for pension. However, care allowance for increased expenses is exempt from tax.

Under certain circumstances, compensation for additional costs may be paid out on top of the normal full-benefit amount. A care allowance may be granted even if there is only a need of compensation for additional expenses. In such cases, care allowance is 36 or 62.5 per cent of the price base amount per annum depending on the size of the additional expenses.

Age	All children		Children in families with care allowance for one child	
	Girls	Boys	Girls	Boys
0–2	607	728	544	630
3–5	1,633	2,257	1,303	1,839
6–8	2,214	3,651	1,706	2,879
9–11	3,117	5,527	2,337	4,334
12–15	5,395	9,538	4,180	7,563
16–19	2,861	4,954	2,332	4,065
Total	15,827	26,655	12,402	21,310

Children with care allowance in December 2005. Approximately one fifth of the children were in families receiving care allowance for more than one child. Approximately 18 per cent of both girls

and boys with care allowance were aged 16–19, the age group that was added by the new rules in 2003 and has grown from approximately 14 per cent in 2004.

Care allowance in December 2005.

A total of SEK 2.3 billion in care allowance was paid out during 2005, of which 89 per cent went to women and 11 per cent to men.



Age	Number of recipients (parents)		Average amount per month, SEK	
	Women	Men	Women	Men
-24	172	5	5,133	3,078
25-29	1,200	50	4,719	3,776
30-34	4,803	371	4,651	4,182
35-39	9,364	986	4,586	3,944
40-44	9,974	1,365	4,595	3,907
45-49	5,939	1,122	4,562	3,960
50-54	2,462	580	4,719	4,048
55-	661	336	4,902	4,266
Total	34,575	4,815	4,616	3,988

Child pension and surviving children's allowance

A child is entitled to a child pension and surviving children's allowance if one or both of its parents are deceased.

Children under 18 are entitled to receive a child pension. A child who is studying and is entitled to extended child allowance or a study grant (in principle, for basic or high school studies) may continue to receive the pension up to the end of June in the year the child turns 20.

The size of child pension depends

primarily on the parent's income and the number of children in the family. As a supplement to or substitute for child pension, the child can in certain circumstances receive surviving children's allowance. This amounts to 40 per cent of the price base amount for each deceased parent, equivalent to SEK 1,313 per month during 2005.

**Regulations
2005**

Age	Number of recipients		Average amount per month, SEK	
	Girls	Boys	Girls	Boys
0-4	432	446	2,351	2,373
5-9	1,901	1,941	2,370	2,377
10-14	5,297	5,566	2,518	2,501
15-19	8,110	8,640	2,639	2,648
Total	15,740	16,593	2,558	2,560

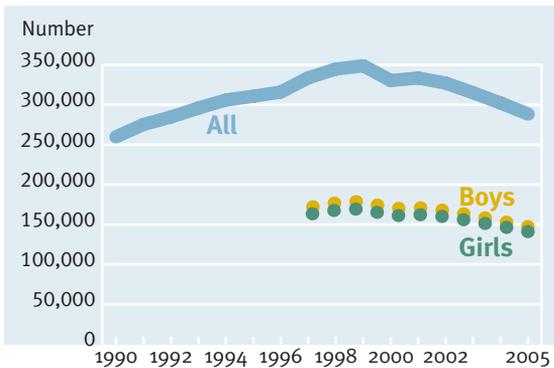
Child pensions in December 2005.

Out of a total of just over SEK 1 billion paid out in child pension and surviving children's allowance in 2005, roughly 49 per cent went to girls and 51 per cent

to boys. Surviving children's allowance made up approximately ten per cent of the amount and was paid out to just under one quarter of the children.

Maintenance support

Through maintenance support society guarantees that children of separated parents receive a certain amount of maintenance even when parents responsible for paying maintenance default on their obligations.



Children with maintenance support or maintenance advance. In December 2005, the Swedish Social Insurance Agency paid maintenance support to approximately 288,000 children and

young people up to the age of 20. This was a little under 13 per cent of all children in this age group. The increased number of children receiving maintenance support or maintenance advance during the 1990s was due both to an overall increase in the number of children and to a larger proportion receiving these benefits. Moreover, extended maintenance support was introduced in 1997. The higher proportion was a consequence of the national economic crisis and more divorces. Since 2000, both numbers and proportion have diminished. The birth rate has fallen, parents' ability to pay has improved and the frequency of separations is lower than before.

Regulations 2005

Parents have a maintenance obligation towards their children until the child turns 18, or longer if the child continues in school. When a child lives permanently with only one parent, the other parent must contribute towards the child's upkeep by paying maintenance support. The level of maintenance is determined by mutual agreement or court of law, based on the child's needs and the parents' combined financial means.

A child is entitled to maintenance support from the Swedish Social Insurance Agency if:

- the parent liable for maintenance support fails to pay or pays less than SEK 1,273 a month
- paternity has not been established
- the child has been adopted by only one parent.

Maximum maintenance support is SEK 1,273 per month and child. Extended maintenance support can be paid for a child pursuing studies which qualify for extended child allowance or a study grant, but not beyond June of the year in which the child turns 20.

Maintenance support may be granted in the form of full or supplementary maintenance support. When full maintenance support is granted, the parent liable for maintenance must repay, either in full or in part, the costs borne by society for the maintenance support paid to the other parent. The repayment liability is set at a percentage of the income the person had in his/her latest tax return.

Children with maintenance support in December 2005. In each reported age group, it is almost equally common for girls to receive maintenance support as boys. The proportion is highest for those aged 12–17.

Age	Number of recipients		Proportion of each age group, per cent	
	Girls	Boys	Girls	Boys
0–2	5,373	5,864	3.6	3.8
3–5	12,047	12,299	8.7	8.4
6–8	16,832	17,691	12.5	12.4
9–11	24,521	25,341	15.7	15.5
12–14	34,158	35,654	18.7	18.5
15–17	37,913	39,331	20.9	20.5
18–	10,196	11,210	6.3	6.6
Total	141,040	147,390	12.8	12.7

Maintenance support in December 2005. In 2005, SEK 3.8 billion was paid out in maintenance support, of which 85 per cent went to women and 15 per cent to men.

Age	Number of recipients		Average amount in December, SEK	
	Women	Men	Women	Men
–24*	14,635	10,460	1,194	1,132
25–29	12,237	728	1,546	1,366
30–34	25,492	2,119	1,782	1,530
35–39	40,362	4,791	1,896	1,647
40–44	38,851	6,587	1,784	1,624
45–49	22,243	4,524	1,589	1,575
50–54	8,701	2,422	1,426	1,511
55–59	2,036	988	1,276	1,469
60–	241	473	1,205	1,469
Total	164,798	33,092	1,689	1,438

* Including recipients of extended maintenance support.

Age	Number of parents liable to pay		Number with debts		Average debt* in December, SEK	
	Women	Men	Women	Men	Women	Men
–24*	815	2,373	45	467	3,301	5,516
25–29	2,383	6,939	296	2,467	5,103	7,256
30–34	5,664	15,267	1,184	6,109	6,275	9,950
35–39	9,685	29,469	2,639	12,400	7,906	13,006
40–44	9,481	38,571	3,182	17,136	8,630	14,649
45–49	4,758	30,083	1,937	14,044	8,765	14,692
50–54	1,692	18,310	777	8,953	8,429	13,980
55–59	413	9,020	226	4,420	7,878	12,956
60–	49	4,664	24	2,363	7,282	12,633
Total	34,940	154,696	10,310	68,359	8,041	13,344

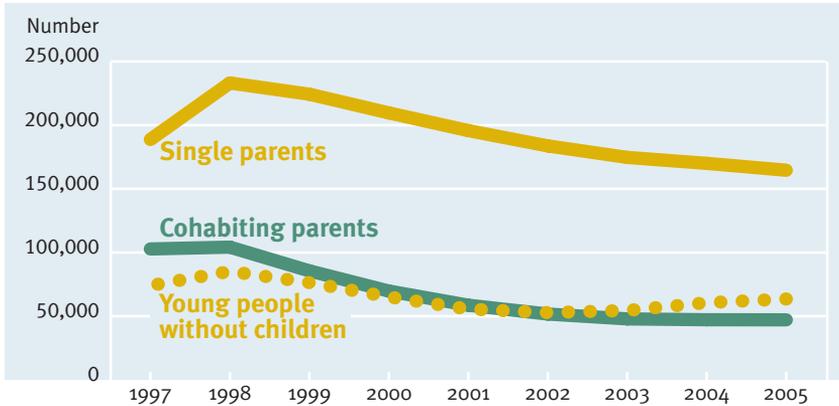
* The average debt is calculated on the basis of parents liable for maintenance who owe money to the Swedish Social Insurance Agency.

Parents liable for maintenance in December 2005. Of the 190,000 parents liable for maintenance in December 2005, 18 per cent were women and 82 per cent men. 30 per cent of the women were in debt to the Swedish Social Insurance Agency as opposed to 44 per cent of the men. Out of the total debt of

approximately SEK 1 billion, women accounted for 8 per cent and men 92 per cent. If a debt is not settled within five months, it is passed on to the enforcement service. The total amount owed was approximately SEK 2 billion at the end of 2005.

Housing allowance

Housing allowance is designed to enable financially weak households to live in good-quality and sufficiently spacious accommodation.



Households with housing allowance during the year. The number of households receiving housing allowance has decreased over the past few years as

a result of changes in the regulations. There has been a slight increase in the number of households consisting of young persons without children.

Regulations 2005

Families with children and young households without children (aged 28 and younger) may receive a housing allowance.

The amount of allowance depends on the composition of the household, cost of accommodation, size of dwelling and size of income.

Those applying for a housing allowance are required to estimate their income for the calendar year or years for which they are applying. On the basis of this information, a preliminary housing allowance is calculated. After notice of final taxation for the year of the allowance, final housing allowance is determined. The decision on final housing allowance for 2005 will be announced in 2007. Households receiving too large a preliminary allowance must repay the difference.

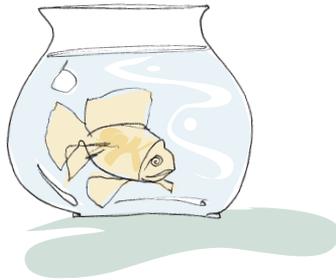
If the difference exceeds SEK 2,500, an additional fee is charged. On the other hand, if a household has received too little preliminary allowance, the difference is made up with interest.

For married or cohabiting couples with children, the housing allowance is means-tested individually. The benefit is reduced for either partner if their individual annual income exceeds SEK 58,500.

For single parents, housing allowance is reduced if their annual income exceeds SEK 117,000.

For young households without children, the allowance is reduced if the annual income of singles exceeds SEK 41,000 or if the combined income of couples exceeds SEK 58,000.

	Max. housing allowance per month, SEK	Max. living area, m ²	Income limit above which the allowance is reduced, SEK per year		Regulations 2005
			Single-persons	Married/cohabiting couples	
<i>Families with children</i>					
Number of children living at home					
1	2,500	80	117,000	58,500/ applicant	
2	3,100	100	117,000	58,500/ applicant	
3	3,900	120	117,000	58,500/ applicant	
4	3,900	140	117,000	58,500/ applicant	
5 or more	3,900	160	117,000	58,500/ applicant	
<i>Households without children</i>					
18–28 years	1,100	60	41,000	58,000	



Age	Number of households by type			Average amount per month and household, SEK		
	Single persons		Couples	Single persons		Couples
	Women	Men		Women	Men	
–24	21,029	14,652	3,312	913	684	1,125
25–29	14,018	6,112	4,846	1,470	792	1,350
30–34	16,896	1,873	5,559	1,809	1,188	1,597
35–39	25,650	3,425	6,993	1,737	1,224	1,736
40–44	27,833	5,071	7,302	1,605	1,253	1,756
45–49	17,813	4,128	5,632	1,481	1,213	1,775
50–54	7,676	2,719	3,470	1,436	1,260	1,841
55–59	2,168	1,381	1,829	1,488	1,261	1,740
60–	349	896	1,230	1,646	1,295	1,780
Total	133,432	40,257	40,173	1,505	968	1,640

Housing allowance in December 2005.

Housing allowance is mainly paid to single parents, most often women. In December 2005, a total of around 214,000 households received a preliminary housing allowance.

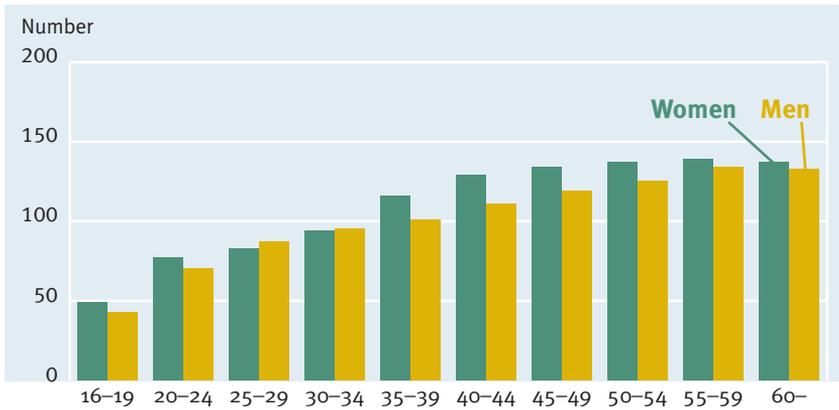
In 2005, a total of SEK 3.6 billion was paid in housing allowances to

approximately 275,000 households. Roughly SEK 2.4 billion went to the approximately 62 per cent of households where a woman was the sole breadwinner. Households where a man was the sole breadwinner amounted to approximately 19 per cent and received SEK 0.4 billion.

Financial security in case of sickness and disability

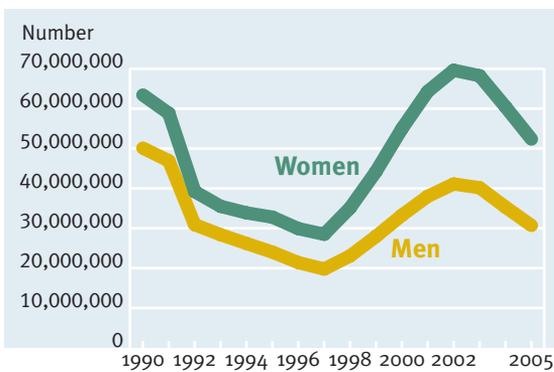
Sickness cash benefit

Sickness cash benefit provides financial security during periods of reduced working capacity due to sickness.



Sickness cash benefit days per recipient in 2005. The number of sickness cash benefit days increases with advancing age for both women and men. This might be interpreted to mean that medical risks increase with age. It may

also indicate an increase in the pressures of working life or that persons who have been professionally active over a long period have also been subjected to greater overall strain.



Paid sickness cash benefit days. After a dramatic increase in sickness absence during the period 1997–2002, the number of sick days paid by social insurance in 2005 dropped below the

1990 level. The causes of the increase in sick leave were many and complex. Some of the explanations that have been offered include public sector cutbacks in the mid-1990s, a deteriorating psycho-social working environment, changes in the age structure of the population and an ever more stressful private life. Women account for just over 60 per cent of sick leave absences. The number of paid sickness cash benefit days peaked in 2002. The subsequent decrease resulted partly from a stricter interpretation of the rules and, in all probability, to changed attitudes in society. Long-term recipients of sickness cash benefit have been more promptly transferred to sickness compensation than was earlier the case.

Regulations
2005

In the event of loss of income due to medical reasons, a person may receive 100, 75, 50 or 25 per cent of sickness cash benefit, depending on the degree to which the person's work capacity is impaired.

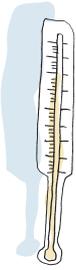
It is also possible to receive sickness cash benefit for medical treatment or medical rehabilitation aimed at preventing sickness or reducing the sickness period.

During the first 14 days of a sickness period, an employed person receives sick pay from the employer excluding the first day which is a qualifying day. If reduced working capacity due to sickness persists after the end of the sick pay period, the employee may receive sickness cash benefit from the Swedish Social Insurance Agency. Self-employed persons

may have a 3-day or 30-day qualifying period.

There is no official limit to how long a person may receive sickness cash benefit but the Swedish Social Insurance Agency must investigate within one year of the day sickness was first reported whether the person should instead receive sickness compensation or, in the case of those under 30, activity compensation.

Full sickness cash benefit is 80 per cent of the income qualifying for sickness cash benefit for all days in the sickness period except the qualifying day. The maximum sickness cash benefit for one day was SEK 648 in 2005. Special rules apply to unemployed persons, and for these the maximum daily compensation was SEK 521.

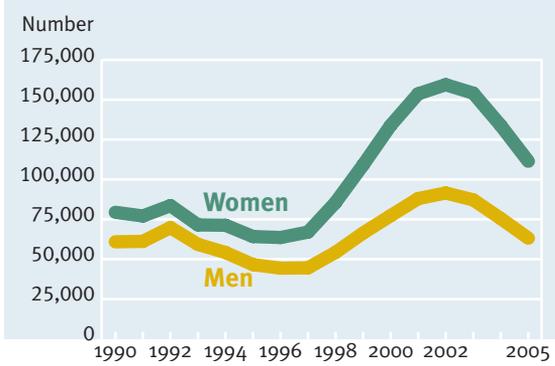


Age	Number of recipients		Average number of days		Average amount over the year, SEK	
	Woman	Men	Women	Men	Women	Men
16-19	541	533	49	43	13,408	14,808
20-24	15,587	10,640	77	70	26,347	29,345
25-29	33,852	16,137	83	87	31,801	39,205
30-34	52,855	22,794	94	95	36,726	42,824
35-39	56,165	28,818	116	101	44,140	45,420
40-44	54,929	33,570	129	111	47,896	49,199
45-49	51,943	33,095	134	119	48,578	51,920
50-54	53,820	35,726	137	125	48,776	53,934
55-59	59,518	42,540	139	134	48,832	57,510
60-	52,116	42,124	137	133	47,566	57,423
Total	431,326	265,977	121	115	44,234	50,380

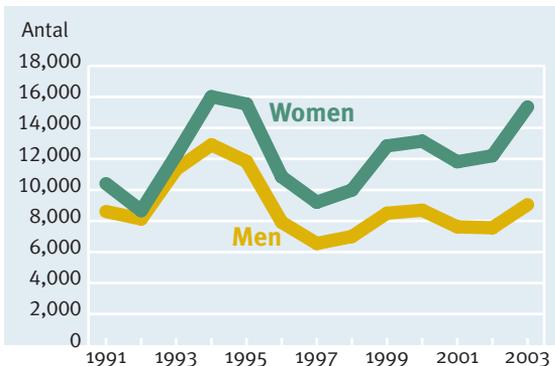
Sickness cash benefit in 2005. Out of a total of approximately SEK 32.5 billion paid out in sickness cash benefit in 2005, 59 per cent went to women and 41 per cent to men.

Vocational rehabilitation

Various rehabilitation programmes exist to help the long-term sick to return to work.



Long-term sickness. Long-term sickness here refers to cases of sickness lasting at least 60 days. Between 2003 and 2005, the number of persons on long-term sick leave fell from 241,000 to 175,000. This happened after a dramatic increase from 108,000 in 1996. The greatest increase has been among women. The proportion of women among the long-term sick rose from 59 to 64 per cent during the period 1996–2004.



Purchase of rehabilitation services. The number of purchases for women has consistently remained at a significantly higher level than for men, which is explained by the fact that the majority of cases of long-term sickness are also found among women. The purchase of rehabilitation services is dependent on the allocation of resources and thus the development of the number of purchases does not follow the curve for the number of cases of long-term sickness.

Data not available for 2004 and 2005.

Regulations
2005

Trial work experience, work training, assessment by the Labour Market Institute (AMI) and further education courses are examples of programmes offered by vocational rehabilitation.

In connection with vocational rehabilitation, an individual may receive rehabilitation cash benefit to compensate loss of income and a special allowance to cover certain so-called additional costs arising from rehabilitation activities (e.g. travelling

expenses). In addition, the Swedish Social Insurance Agency may offer allowances for work aids and provide compensation for travel to and from work instead of sickness cash benefit.

Rehabilitation cash benefit is payable at 100, 75, 50 or 25 per cent of the full rate. Full rehabilitation cash benefit is 80 per cent of the income qualifying for sickness cash benefit. In 2005, the maximum rehabilitation cash benefit per day was SEK 648.

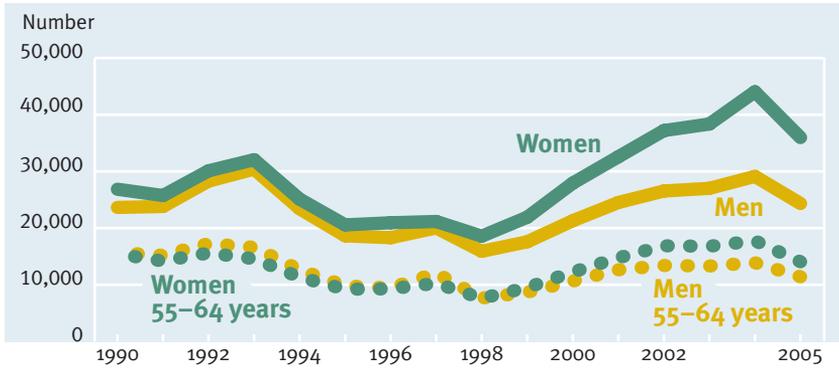


Age	Number of recipients		Average number of days		Average amount over the year, SEK	
	Women	Men	Women	Men	Women	Men
16-19	4	5	61	87	17,620	36,052
20-24	555	365	99	98	36,390	42,180
25-29	1,684	972	100	104	41,156	48,228
30-34	3,608	1,708	98	100	41,680	49,568
35-39	5,310	2,180	95	99	40,550	49,441
40-44	5,961	2,562	93	99	39,417	49,597
45-49	5,332	2,308	89	96	37,568	47,013
50-54	4,963	2,307	86	91	36,667	45,236
55-59	4,313	2,152	76	84	32,210	41,179
60-	2,009	1000	67	73	28,495	36,102
Total	33,739	15,559	89	94	37,603	46,246

Rehabilitation cash benefit in 2005. Out of a total of SEK 2 billion for rehabilitation cash benefit in 2005, 64 per cent went to women and 36 per cent to men.

Sickness compensation and activity compensation

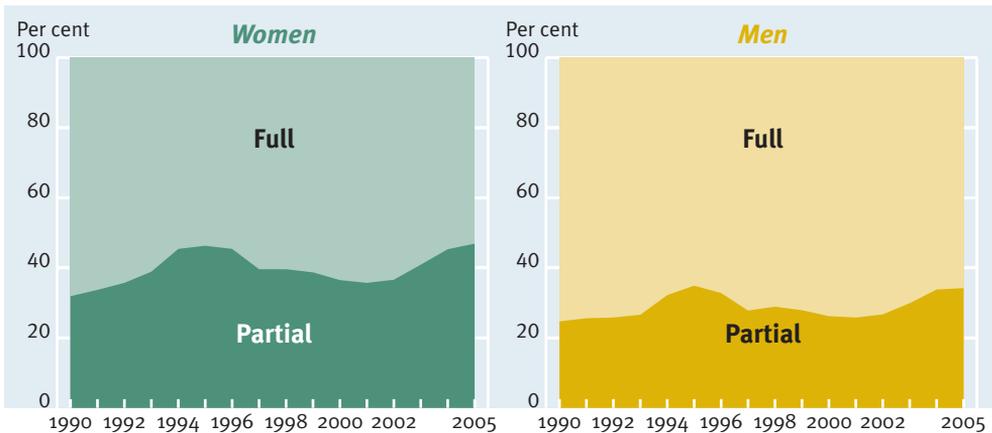
Sickness compensation and activity compensation provide financial security in cases of long-term reduction in work capacity.



Newly granted sickness and activity compensation (permanent and temporary disability pensions before 2003).

Cases of long-term sickness increased dramatically between 1996 and 2002. This led to the granting of a record number of new disability pensions in recent years, particularly in 2004, when there were over 73,000. But the decline

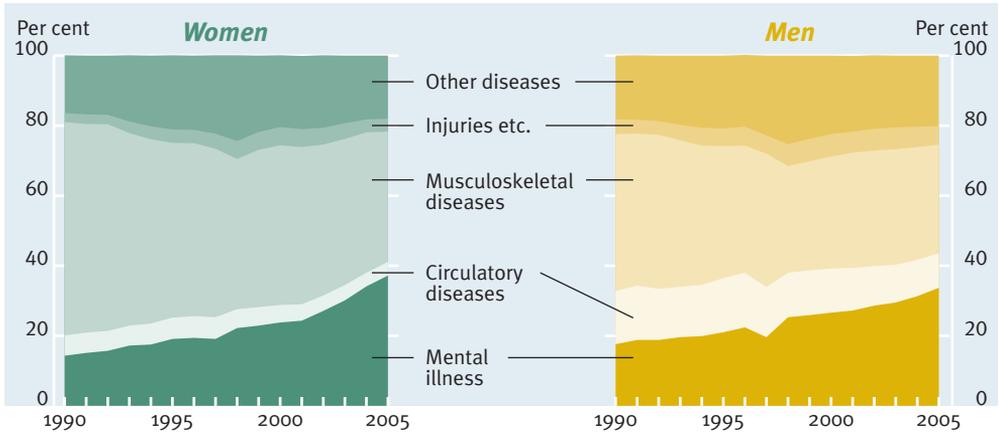
in long-term sickness that has been noted is now beginning to be seen also in the granting of new compensation. The age distribution has undergone a strong shift from older to younger people. The average age of those with newly granted compensation has fallen from just under 55 in the late 1980s to approximately 49 today.



Newly-granted sickness and activity compensation according to level (permanent and temporary disability pensions before 2003).

Partial compensation is more common among women than men. The proportion of partial benefits rose steadily during the second half of the 1980s and the

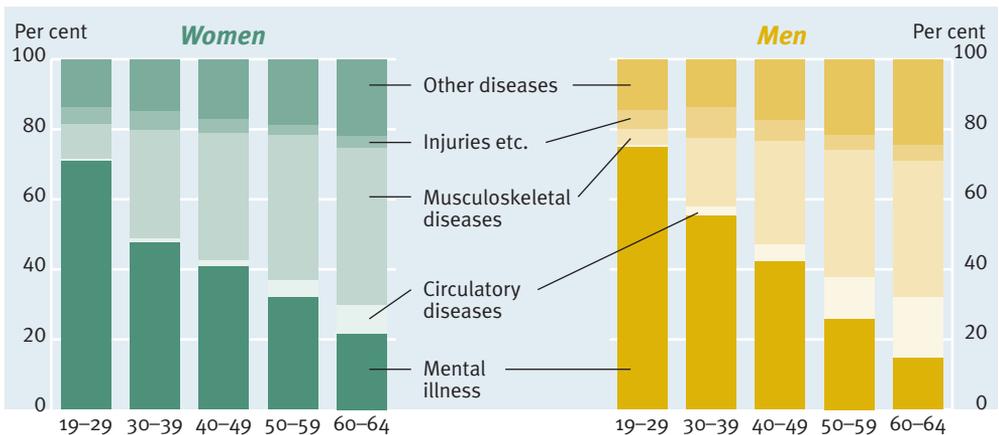
first half of the 1990s. In 1995, a peak was reached, when 46 per cent of the women and 35 per cent of the men were granted partial compensation. The levels are again equally high in 2005, due to the fact that cases of partial sickness cash benefit have increased.



Newly-granted sickness and activity compensation according to diagnostic group (permanent and temporary disability pensions before 2003).

Psychological illnesses have increased among people with sickness compensation / activity compensation in all ages. Previously, muscular, skeletal and

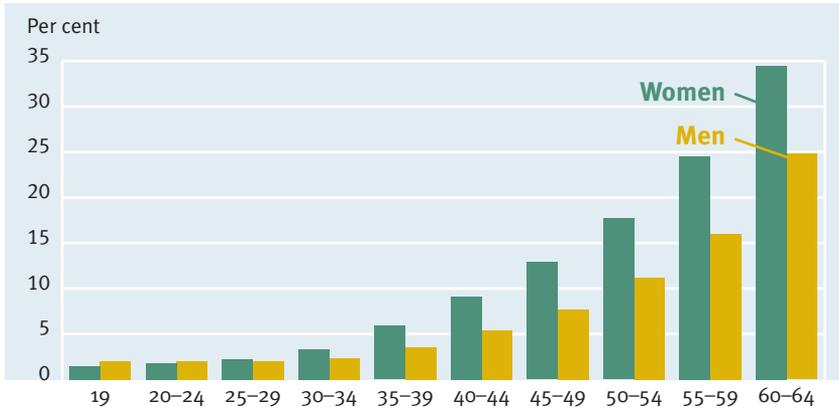
connective-tissue illnesses have been the dominant diagnostic group overall. But in 2005, among men with newly-granted compensation, the group with psychological illnesses was somewhat larger, while among women both groups were equally large.



Newly-granted sickness compensation and activity compensation according to age and diagnostic group in 2005.

Musculoskeletal and connective-tissue disorders still dominated age groups from 50 years upwards but psychological illnesses increased among these groups too. This development, coupled

to the higher proportion of newly-granted compensation among younger age groups, meant that psychological illness accounted for approximately 36 per cent of all newly-granted compensation in 2005, with musculoskeletal and connective-tissue disorders making up approximately 35 per cent.



Proportion of the population with sickness and activity compensation in 2005. In December 2005, there were 556,000 persons with sickness or activity compensation – 331,000 women and 225,000 men. This means that just over 10 per cent of the population of working age have for health reasons wholly or

partially left working life with sickness or activity compensation, and the proportion rises with increasing age. In all age groups over 25, more women than men have compensation. In the age groups 60–64, the proportion receiving sickness compensation is as high as 30 per cent.

Regulations 2005

Sickness or activity compensation may be granted to those aged 19–64 who for medical reasons have a working capacity reduced by at least 25 per cent for a period of at least one year. There are four levels of compensation: 100, 75, 50 or 25 per cent of the full rate.

Activity compensation is granted to persons aged 19–29. It is always granted for a limited time only. Activity compensation may be combined with participation in various activities aimed at utilizing the individual’s potential for development and work during youth. Young people who have not yet completed their basic or secondary education due to functional

disability are entitled to full activity compensation for the duration of their studies.

Sickness compensation is granted to persons aged 30–64. The compensation may be limited in time for cases of long-term but non-permanent reduction in working capacity.

Sickness or activity compensation may be paid in the form of income-based compensation and guarantee compensation. Income-based compensation is tied to earned income. Guarantee compensation is granted to persons with low earnings. It is at most 2.4 price base amounts, which was equivalent to SEK 7,880 per month in 2005.

Most recipients of sickness compensation are people who have been forced by ill health to leave the labour market after a long working life. This group receives compensation proportional to previously earned income.

The overwhelming majority of those receiving compensation at very young ages have severe congenital disabilities

or disabilities contracted early on in life. The majority have had no opportunity via gainful employment to build up their own insurance protection in the pension system and therefore receive basic level compensation. 74 per cent of those with activity compensation received guarantee-level compensation in 2005.

Age	Number of recipients		Average amount per month, SEK		Proportion of population, %	
	Women	Men	Women	Men	Women	Men
19	305	398	7,936	7,940	0.6	0.7
20–24	1,051	1,410	7,864	7,896	0.4	0.5
25–29	1,747	2,207	7,592	7,753	0.7	0.8
30–34	10,013	7,084	7,452	8,076	3.3	2.3
35–39	18,412	11,237	7,536	8,453	5.9	3.5
40–44	28,225	17,464	7,575	8,622	9.1	5.4
45–49	37,023	22,944	7,630	8,750	12.9	7.7
50–54	50,918	32,596	7,761	8,997	17.7	11.2
55–59	77,041	50,686	7,957	9,329	24.5	16.0
60–64	98,384	71,398	8,349	10,138	34.5	24.8
Total	323,119	217,424	7,933	9,313	12.1	7.9

Sickness compensation in December 2005. Pensions for people receiving permanent or temporary disability pensions prior to 2003 were recalculated as sickness compensation regardless of age. The number of people receiving

sickness compensation in age groups under 30 decreased from approximately 16,000 in 2003 to 7,000 in 2005. At the same time, the number of those receiving activity compensation increased from just under 6,000 to 16,000.

Age	Number of recipients		Average amount per month, SEK		Proportion of population, %	
	Women	Men	Women	Men	Women	Men
19	534	727	6,871	6,888	1.0	1.3
20–24	3,709	3,952	6,890	6,975	1.4	1.5
25–29	4,118	3,206	7,258	7,700	1.5	1.2
Total	8,361	7,885	7,070	7,262	1.4	1.3

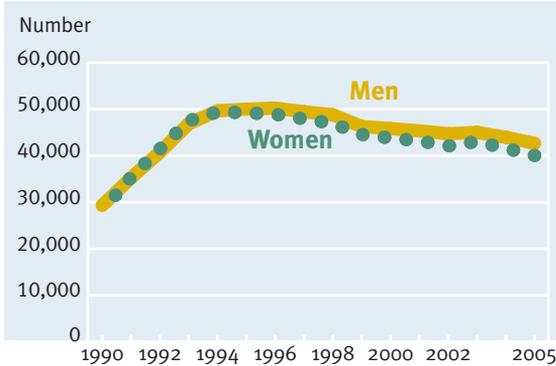
Activity compensation in December 2005. Out of a total of SEK 56.8 billion in sickness compensation and activity compensation in 2005, 56 per cent went to women and 44 per cent to men.

SEK 46.8 billion was paid out as income-based compensation. Women

made up 61 per cent of those with income-based compensation and received 56 per cent of the total paid out, while men made up 39 per cent of those with income-based compensation and received 44 per cent of the total.

Work injury compensation

Work injury compensation provides financial security when a person's working capacity is reduced due to a work injury.



Number of individual life annuities according to the work injury insurance in December.

At the beginning of the 1990s, the number of work injury claims assessed by the regional social insurance offices increased sharply. At the same time, the number of cases where actual work injury was confirmed also increased. The decline after 1993 was due to the introduction of much stricter criteria for approval of a work injury.

Regulations 2005

All persons with gainful employment in Sweden are insured against work injury. The term work injury refers to injury resulting from accidents or harmful influences at work. Compensation may be paid for loss of income, cost of dental care, cost of medical care abroad, sickness cash benefit in certain cases, and costs for special aids. There is also compensation for survivors and for help with funerals. The largest form of compensation paid out from work injury insurance is an annuity. This is only payable if an approved work injury has caused a lasting reduction in a person's earning ability. While still suffering from the immediate effects of an injury, employees receive regular sick pay

or sickness cash benefit. People with injuries that appeared on 1 January 2003 or later receive compensation for qualifying days when granted an annuity. The annuity compensates the recipient for all remaining loss of income. In order to calculate the size of the annuity, the income the person would have been likely to earn if the accident had not occurred is compared with the income the person is likely to receive after the accident. The annuity provides compensation for the entire difference, but may not exceed 7.5 times the price base amount per year, which was equivalent to roughly SEK 24,600 per month in 2005.

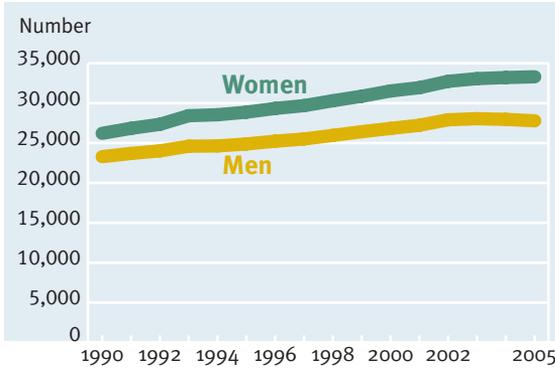
Work injury annuities in December 2005. Out of a total of SEK 5 billion in work injury annuities in 2005, women received 41 per cent and men 59 per cent.

Age	Number of recipients, individual annuities		Average amount per month, SEK	
	Women	Men	Women	Men
20-24	12	17	7,795	12,897
25-29	71	144	7,464	8,841
30-34	253	484	6,492	8,032
35-39	932	1,290	5,835	6,526
40-44	1,702	2,709	5,082	6,017
45-49	2,579	3,790	4,742	5,714
50-54	4,416	5,391	4,454	5,585
55-59	8,353	8,862	4,351	5,738
60-64	11,654	12,453	4,377	5,936
65-	10,079	7,530	1,024	944
Total	40,051	42,670	3,644	5,009



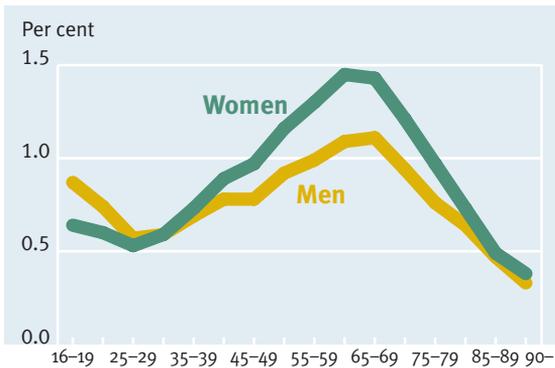
Disability allowance

Disability allowance provides financial security for people with functional disabilities who need the help of another person or have additional costs due to their disability.



Persons with disability allowance.

The numbers have increased steadily since the beginning of the 1990s and up to 2003–2004 but seem now to have stabilized. In 2004, there were 24 per cent more people receiving disability allowance than in 1990.



Proportion of persons in the population with disability allowances in 2005.

Generally, disability allowances are more common among women than men, though not among younger people due to the fact that more boys are born with disabilities. The proportion is greatest in the age group 60–69 years.

Regulations 2005

Persons who suffer from reduced functional ability over a significant period of time and thus need time-consuming help from other persons in order to cope with life at home or at work are entitled to disability allowance. It is also possible for them to receive a disability allowance if they have significant additional costs due to their functional disability. Disability allowance may be granted to persons between the ages of 19–65 who have become functionally disabled (pay-

able from July of the year the person reaches 19).

There are three compensation levels: 36, 53 and 69 per cent of the base amount per year, depending on the assistance required and the size of the additional costs. In 2005, these three levels corresponded to SEK 1,182, SEK 1,740 and SEK 2,266 per month. The blind and the deaf always receive allowances if their disability arose before the age of 65.

Disability allowance in December 2005. Out of a total of SEK 1.2 billion in disability allowance in 2005, 54 per cent went to women and 46 per cent to men.

Age	Number of recipients		Average amount per month, SEK	
	Women	Men	Women	Men
-19	358	502	1,524	1,521
20-29	2,956	3,576	1,499	1,511
30-39	4,045	4,084	1,527	1,565
40-49	5,582	4,865	1,539	1,564
50-59	7,389	5,812	1,532	1,584
60-69	7,198	5,435	1,498	1,526
70-79	3,951	2,546	1,444	1,444
80-89	1,625	907	1,359	1,353
90-	205	65	1,297	1,283
Total	33,309	27,792	1,502	1,535



Assistance allowance

Being able to employ personal assistants gives functionally disabled people an opportunity to live normal lives.



Persons with assistance allowance. Assistance allowance was introduced in 1994. Over the following twelve years, the numbers of recipients increased steadily. Male recipients have always outnumbered women.

Regulations 2005

Assistance allowance is available to persons suffering from autism, learning difficulties, significant functional disorders after brain damage or other major and lasting functional disabilities not due to normal ageing. However, persons living in sheltered group accommodation are not entitled to assistance allowance. In special circumstances, the allowance may be paid for a brief spell while the person is in hospital.

The allowance from the Swed-

ish Social Insurance Agency to the functionally disabled is to be used for the employment of personal assistants (carers) who can help them with activities of daily living. Functionally disabled persons may themselves hire one or more assistants directly or use those available from the municipality or other agencies.

Assistance allowance is paid at a standard rate per hour. In 2005, it was SEK 212.



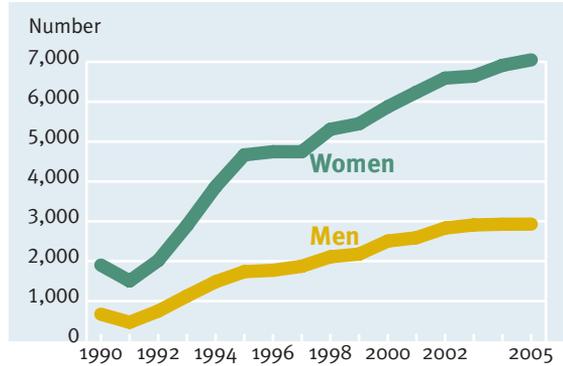
Assistance allowance in December 2005. Out of a total of SEK 14.3 billion in assistance allowance in 2005, approximately 46 per cent went to women and 54 per cent to men. The municipalities provided SEK 3 billion.

Age	Number of recipients		Average number of hours per month	
	Women	Men	Women	Men
0-14	757	1,003	355	363
15-19	456	590	390	405
20-24	389	567	484	497
25-29	374	500	517	531
30-34	399	463	485	519
35-39	379	477	472	491
40-44	433	480	475	497
45-49	437	454	437	494
50-54	566	514	448	470
55-59	710	659	431	450
60-64	824	777	424	432
65-	642	610	362	373
Total	6,366	7,094	430	450

Allowance for care of close relatives

The allowance for care of close relatives enables a person to stay home from work to look after a seriously ill member of the family.

Persons with an allowance for care of close relatives. The allowance for care of close relatives was introduced in mid-1989. In 1991, the level of compensation was lowered, which may explain the decrease in the number of people receiving the allowance that year. The following year, the rules were changed so that also a person looking after a seriously ill relative in hospital or other institution (i.e. not only in the home) was entitled to receive the allowance. The steady increase since 1991 can partly be attributed to increased public awareness of the existence of such an allowance but the most important factor is the ageing population. Women



look after relatives to a far greater extent than men do. Among those receiving such care, however, the sexes are evenly represented.

Persons staying home from work to look after a seriously ill person in the home or in a care institution are entitled to receive an allowance for care of close relatives. Generally, the allowance is payable for a maximum of 60 days for each person cared for.

The allowance is payable at 100, 50 or 25 per cent of the full rate. The full compensation rate is 80 per cent of the income qualifying for sickness cash benefit.

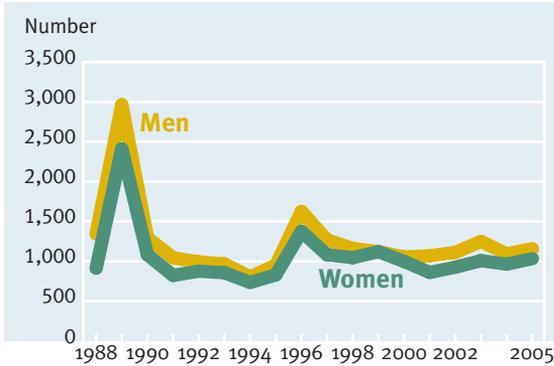
**Regulations
2005**

Age	Number of recipients		Average number of days		Average amount over the year, SEK	
	Women	Men	Women	Men	Women	Men
-24	63	48	10	9	5,302	5,241
25-29	208	101	10	10	6,607	7,185
30-34	398	261	10	10	6,110	7,253
35-39	760	388	10	8	6,213	6,326
40-44	1,054	498	9	9	6,412	6,753
45-49	1,295	467	9	9	6,309	6,777
50-54	1,306	454	10	10	6,927	7,088
55-59	1,195	430	13	13	7,998	9,166
60-	770	284	14	17	9,339	11,830
Total	7,049	2,931	11	11	7,035	7,633

Allowance for care of close relatives in 2005. Out of a total of approximately SEK 72 million in allowance for care of close relatives in 2005, 69 per cent went to women and 31 per cent to men.

Car allowance

Car allowance is to help people with permanent functional disabilities who have difficulty moving around from place to place.



Granted car allowances. Car allowances were introduced in October 1988, and the majority were granted when the benefit was new. Since it is possible to get a new car allowance every seventh year, there are recurrent peaks in demand, though these become less pronounced with time. Means-tested allowance for the purchase of a car have mainly gone to women. On the other hand, costs for adapting cars have been higher for men.

Regulations 2005

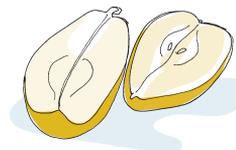
Car allowance for the purchase of a car may be granted every seventh year. Car allowance may also be granted for adapting a vehicle and in certain cases for driving lessons. Car allowance is granted mainly for cars but also for other vehicles such as motorbikes and mopeds. The basic prerequisite for receiving a car allowance is that the individual has a permanent functional disability that presents significant difficulties in getting around or in using public transport. The following groups are entitled to a car allowance providing they meet the basic requisites:

- A person under 65 who is reliant on a motor vehicle for work purposes or for rehabilitation/training.
- A person under 65 who has been granted a car allowance according to the rules for the preceding group, but who has subsequently received sickness or activity compensation.
- Another person aged between 18 and 49 who will be the actual driver of the vehicle.
- A parent with children under 18.
- Parents whose children fulfil the basic requisites.

Age	Number of recipients		Average amount, SEK	
	Women	Men	Women	Men
0-15	213	305	76,915	80,678
16-19	58	78	89,976	99,103
20-24	42	64	155,351	170,434
25-29	33	60	173,165	159,239
30-34	72	90	142,033	158,333
35-39	110	118	109,573	150,823
40-44	169	172	139,660	142,814
45-49	193	178	121,022	117,995
50-54	147	156	120,328	127,290
55-59	137	136	121,842	147,925
60-	139	159	120,858	143,730
Total	1,313	1,516	117,486	127,468

Car allowances granted in 2005.

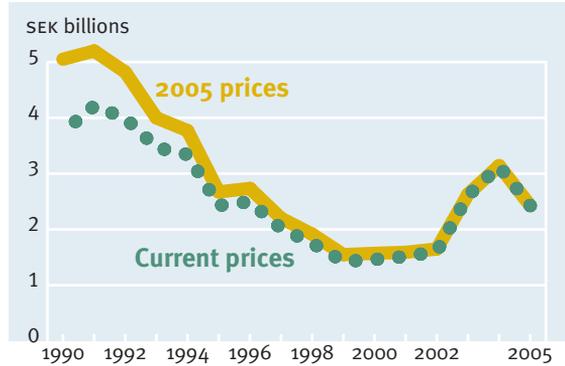
Out of a total of SEK 347 million in car allowances in 2005, 44 per cent went to women and 56 per cent to men.



Dental care

The aim of dental care insurance is to ensure a high level of dental health irrespective of personal incomes.

Amount paid for dental care. Compensation regulations have been progressively revised, obliging patients to pay an ever larger share. Costs for dental care insurance thus decreased between 1992 and 1999, but regulatory changes during 2002 led to a steep rise in costs. In January 2004, certain restrictions were introduced leading to a certain reduction in costs.



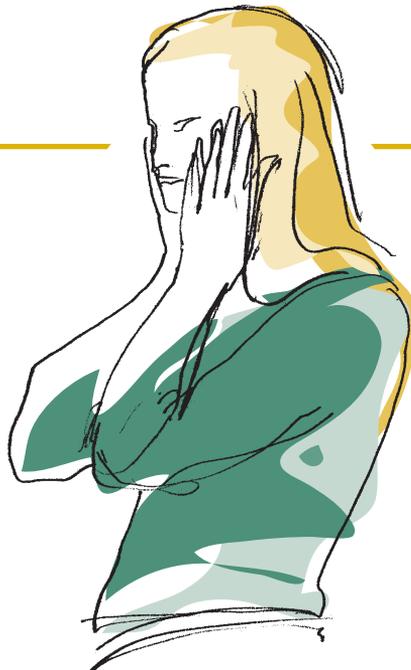
Dental care for children under 20 is free of charge.

All adults receive financial support for everyday health-promoting dental care, that is, basic dental care. This includes preventive treatment, fillings, root treatment and suchlike.

For crowns, braces and suchlike, as well as for orthodontic treatment, there is high-cost protection for patients in acute need of treatment.

As of July 2002, special compensation rules apply to all insured persons aged 65 and over. But as of January 2004, certain restrictions apply to compensation for prosthetic dental care for people aged 65 or older.

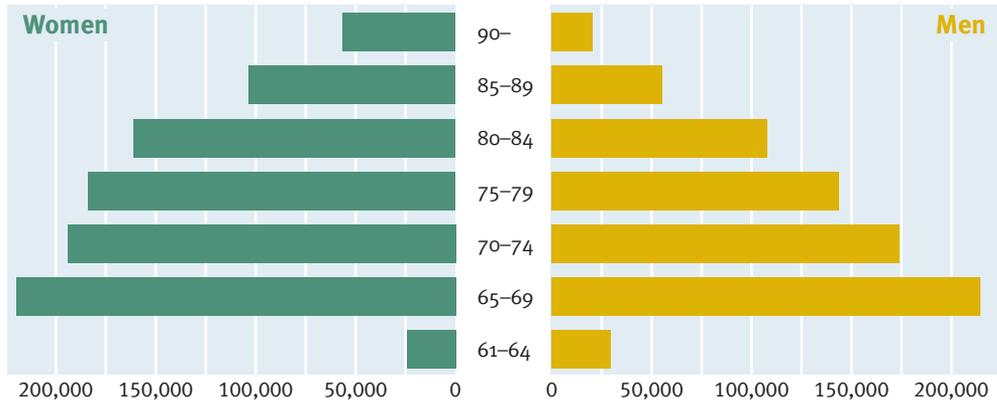
**Regulations
2005**



Financial security in old age, etc.

Old-age pension

Old-age pension provides security in old age. It consists of income pension, premium pension and guarantee pension.



Old-age pensioners in 2005. Among old-age pensioners there are significantly more women than men, since women as a group live longer than men. Only among pensioners in the

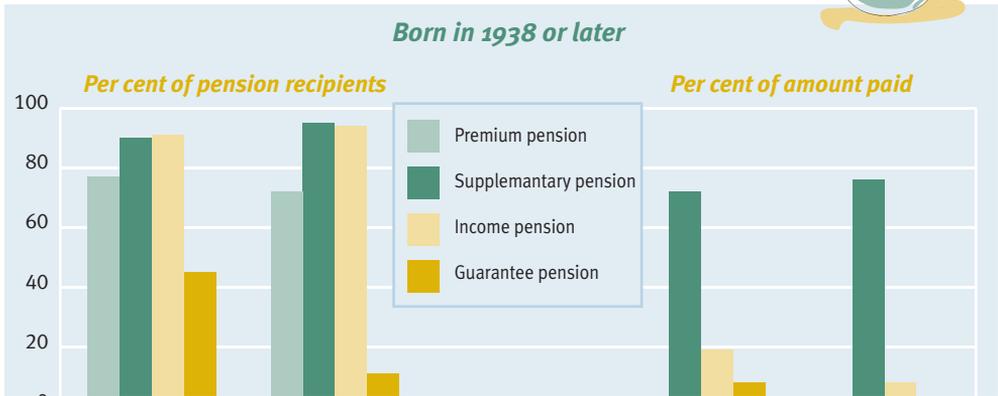
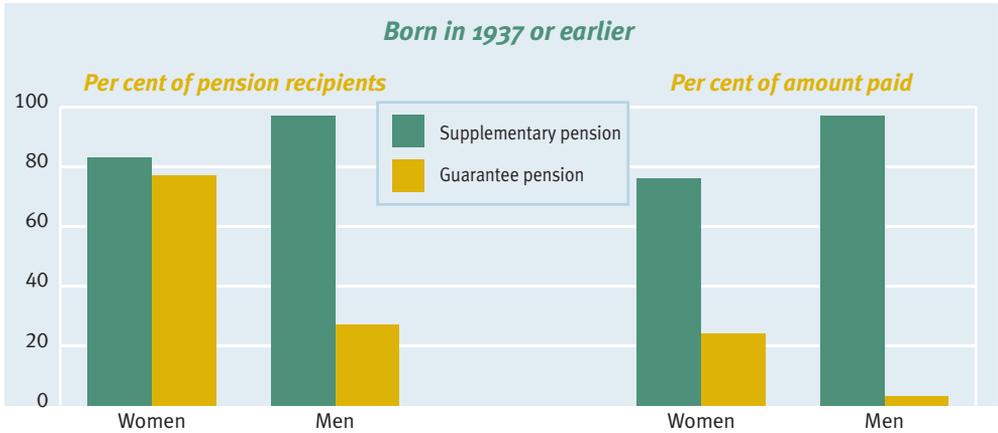
age group 61-64 do men outnumber women. Early withdrawal of old-age pension has increased over recent years – by 40 per cent between 2004 and 2005 alone.



'Guarantee pension' means that the recipient receives guarantee pension alone or in combination with one or more of the other types of pension. 'Other pension' indicates that the recipient does not receive guarantee pension but one or more of the other types of pension.

Old-age pensioners with and without guarantee pension in 2005. The increased participation of women in working life during the latter part of the twentieth century is clearly illustrated.

The proportion with guarantee pension increases progressively with increased age, from 54 per cent to 96 per cent for women. Similar patterns are discernible for men but at a much lower level.



The different types of pension in 2005. Persons aged 68 and older (that is, those born in 1937 or earlier) can only receive guarantee pension and supplementary pension. 77 per cent of the women and 27 per cent of the men received guarantee pension. Out of a total of 782,000 women, 137,000 received guarantee pension alone, while out of a total of 582,000 men only 18,000 received guarantee pension alone. This reflects the different earning patterns of men and women for these generations. In December 2005,

321,000 pensioners were covered by the new income pension scheme. In addition to guarantee pension and supplementary pension, these could also receive income pension and premium pension. 77 per cent of the women and 72 per cent of the men had premium pension but the amounts involved so far are insignificant. 45 per cent of the women and 11 per cent of the men received guarantee pension, while 4 per cent of women and just under 2 per cent of men received guarantee pension alone.

Regulations 2005

Old-age pension must be applied for, though not before the age of 61. People may postpone claiming old-age pension as long as they like and the pension increases in value the longer a person waits. Old-age pension is payable as a full, three-quarters, one-half or one-quarter benefit. As of January 2003, pensions are taxed in the same way as earned income.

The right to old-age pension is earned primarily through gainful employment. Earned income – together with certain so-called pensionable amounts – forms the basis of the individual pension. People accumulate pensionable amounts, for example, while receiving sickness or activity compensation or parenting small children. The pension right amounts to 18.5 per cent of the pension base.

The earned parts of the pension are paid out in the form of income

pension and premium pension. The pension right for the income pension is 16 per cent of the base while the remaining 2.5 per cent is placed in funds for the premium pension. If earned pension falls below a certain basic security level, it is supplemented by guarantee pension.

The general old-age pension has recently been reformed and applies to all those born in 1938 or later. Persons born earlier receive their old-age pension in the form of supplementary pension and, possibly, guarantee pension. Supplementary pension largely equates to the earlier basic pension and general supplementary pension (ATP) based on pension points in the old scheme. Persons born in the period 1938–1953 also receive their earned pension to varying degrees in the form of supplementary pension.

Age	Number of recipients		Average amount per month, SEK	
	Women	Men	Women	Men
61–64	24,276	29,312	3,930	7,083
65–69	219,866	214,656	9,034	11,829
70–74	194,158	173,998	8,586	12,004
75–79	183,621	143,859	7,918	11,923
80–84	160,930	107,896	7,283	11,795
85–89	103,303	55,321	6,864	11,631
90–	56,424	20,457	6,445	10,454
Total	942,578	745,499	7,901	11,644

Old-age pensions in December 2005. SEK 191.6 billion was paid out in old-age pension in 2005, approximately 46 per cent to women and 54 per cent to men. Of the recipients, women made up 56 per cent, men 44 per cent.

Supplementary pension accounted for SEK 162.6 billion of the total

amount. Women made up 49 per cent of old-age pensioners with supplementary pension while 41 per cent of the amount went to women. Men made up 51 per cent of this group and received 59 per cent of the amount.

Maintenance support for the elderly

Maintenance support for the elderly allows persons with a low old-age pension or no pension at all the chance to support themselves.

Maintenance support for the elderly is payable to persons resident in Sweden who have reached the age of 65. The benefit is means-tested and its aim, like that of the special housing supplement to pensioners, is to guarantee the individual a reasonable standard of living. The standard of living level corresponds to a set financial minimum level and the cost of reasonable accommodation. In 2005,

reasonable cost of accommodation was up to SEK 5,870 kronor per month for single persons and SEK 2,935 for couples. The reasonable standard of living level was approximately SEK 4,200 per month for single persons and approximately SEK 3,500 for married couples. The benefit is granted for a maximum of twelve months at a time.

**Regulations
2005**



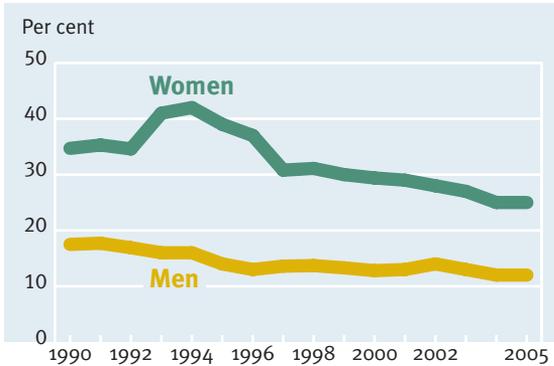
Age	Number of recipients		Average amount per month, SEK	
	Women	Men	Women	Men
65–69	2,702	2,294	3,020	2,285
70–74	1,095	1,221	5,288	2,594
75–79	897	765	5,696	3,215
80–84	545	378	4,143	2,695
85–89	298	140	3,110	2,219
90–	142	60	3,250	3,592
Total	5,679	4,858	3,998	2,555

Maintenance support for the elderly in December 2005. In 2005, SEK 483 million was paid out in maintenance

support for the elderly, of which approximately 65 per cent went to women and 35 per cent to men.

Housing supplements for pensioners, etc

Housing supplements enable pensioners and certain other low-income groups to live in good-quality accommodation without sacrificing their standard of living in other ways.



Proportion of persons with housing supplement. Women have lower pensions than men on average and have a lower financial standard also in other respects. The proportion of women with housing supplement is twice that of men.

Regulations 2005

The housing supplement consists of

- housing supplement for pensioners (BTP)
- special housing supplement for pensioners (SBTP)

BTP may be granted to persons with full old-age pension, widows' pension, special survivor's pension, wives' supplement, sickness compensation, activity compensation or EU pension equivalent to Swedish benefits. BTP is not granted for old age pension taken out before the age of 65 (early withdrawal).

The size of the housing supplement depends on the cost of the accommodation and the income and assets of the individual. In 2005, the maximum BTP was 91 per cent of reasonable accommodation costs. Reasonable accommodation costs for persons aged 65 or older was up to SEK 5,870 a month for single

persons and SEK 2,935 for married persons. For other eligible recipients, the amounts were SEK 5,700 and SEK 2,850 respectively. BTP is a tax-free form of support which the individual must apply for.

SBTP is a form of support designed to guarantee individual pensioners a reasonable standard of living, corresponding in principle to a fixed minimum financial level and the cost of adequate accommodation. The highest acceptable cost of accommodation is SEK 5,870 per month. To qualify for SBTP, a person must already have been granted BTP. In addition, the person's income after deductions for reasonable housing costs must fall below a certain fixed minimum level. The supplement is paid in the form of a supplementary amount bringing the income level up to the minimum income level.

Age	Number of recipients		Average amount ¹ per month, SEK	
	Women	Men	Women	Men
19	221	287	2,103	2,242
20–24	2,507	2,851	2,706	2,653
25–29	3,208	3,385	2,733	2,782
30–34	4,250	3,921	2,548	2,674
35–39	6,044	5,136	2,280	2,437
40–44	8,540	7,057	2,155	2,313
45–49	10,137	8,108	2,167	2,229
50–54	12,355	9,453	2,201	2,188
55–59	14,947	9,942	2,200	2,113
60–64	15,632	9,218	2,145	2,028
65–69	27,372	11,358	1,876	1,805
70–74	33,288	9,871	1,873	1,698
75–79	43,162	10,299	1,953	1,558
80–84	54,635	10,052	2,068	1,473
85–89	46,615	6,564	2,213	1,468
90–	34,407	4,711	2,492	1,697
Total	317,320	112,213	2,126	1,971

¹ The average amount includes both BTP and SBTP.

Housing supplement in December 2005. In 2005, SEK 11.2 billion was paid out in housing supplement. Approximately 75 per cent of this was paid to women and 25 per cent to men.



Age	Number of recipients		Average amount ¹ per month, SEK	
	Women	Men	Women	Men
65-69	27,339	11,346	1,876	1,806
70-74	33,254	9,848	1,872	1,697
75-79	43,123	10,286	1,953	1,557
80-84	54,592	10,039	2,068	1,473
85-89	46,576	6,559	2,213	1,467
90-	34,390	4,708	2,492	1,696
Total	239,274	52,786	2,087	1,622

¹ The average amount includes both BTP and SBTP.

Housing supplement for old-age pensioners in December 2005. Housing supplement for old-age pensioners was approximately SEK 7.3 billion in 2005, of which 85 per cent went to women and 15 per cent to men.

Age	Number of recipients		Average amount ¹ per month, SEK	
	Women	Men	Women	Men
19	221	287	2,103	2,242
20-24	2,505	2,851	2,706	2,653
25-29	3,205	3,383	2,734	2,782
30-34	4,246	3,916	2,548	2,675
35-39	6,030	5,129	2,280	2,437
40-44	8,491	7,044	2,154	2,313
45-49	10,059	8,094	2,167	2,228
50-54	12,236	9,432	2,196	2,186
55-59	14,720	9,924	2,194	2,113
60-64	15,010	9,193	2,127	2,028
Total	76,723	59,253	2,239	2,281

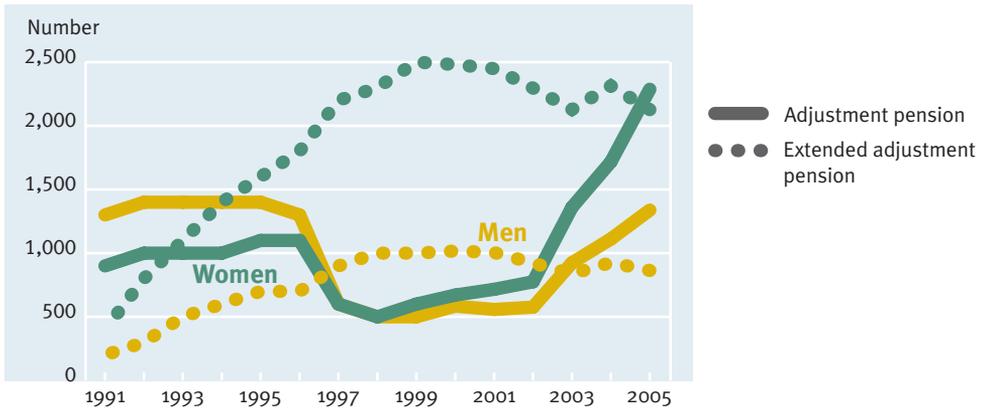
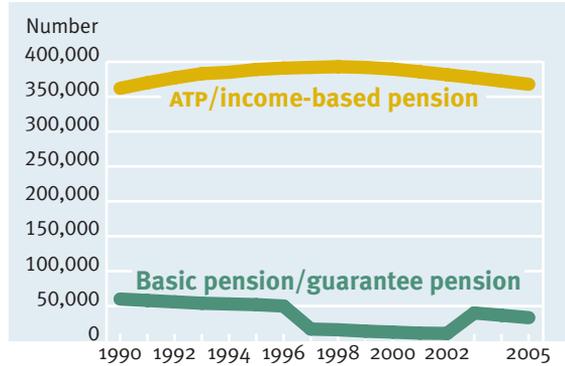
¹ The average amount includes both BTP and SBTP.

Housing supplement for persons with sickness compensation or activity compensation in December 2005. Housing supplement for persons with sickness or activity compensation was approximately SEK 3.8 billion. Of this, 56 per cent was paid to women and 44 per cent to men.

Survivor's pension for adults

Survivor's pension provides financial security to persons whose close relatives have died.

Women with widow's pensions. The widow's pension was abolished in 1990 but due to transitional regulations the number of women receiving widows' pensions from the ATP scheme actually increased for a while. However, the number receiving basic pensions fell dramatically due to the introduction of means-testing in April 1997. Means-testing has been abolished in the new pension scheme and the number of widows with guarantee pensions in 2003 was almost on a par with the number of basic pensioners in 1996 (that is, before means-testing was introduced). But widow's pension is being slowly phased out.



Adjustment pensions and extended adjustment pensions. The period for which an adjustment pension is payable was reduced from one year to six months in 1997, which meant the number of persons receiving the benefit at any one time was halved. At the same time, there was an increase in the

number of persons receiving extended adjustment pensions. As of 2003, the period for which an adjustment pension is payable has once again been increased, as reflected in the statistics. More than twice as many women as men receive extended adjustment pensions.

Regulations 2005

The survivor's pension for adults includes

- adjustment pension
- extended adjustment pension
- special survivor's pension (no longer granted after 2002)
- widow's pension.

These benefits are paid as a form of income-based pension, determined by the previous income of the deceased. As a supplement to or substitute for the income-based pension, it is possible under certain circumstances to receive guarantee pension. It is 2.13 times the price base amount, which was SEK 6,994 per month in 2005. As of January 2003, pensions are taxed in the same way as earned income.

The surviving spouse (or equivalent) may receive an **adjustment pension** if he/she is younger than 65 and

- was at the time of the death permanently cohabiting, with children under 18, or
- had cohabited continuously with the deceased for a period of at least five years prior to the time of the death.

The adjustment pension is payable for twelve months and its size is based on the deceased person's accumulated income pension or pension points for supplementary pension. The adjustment pension is payable concurrently with a person's own pension.

If the survivor has custody of children under 18 years of age, he/she receives an **extended adjustment pension** for 12 months or until the youngest child reaches the age of twelve. The right to extended adjustment pension is forfeited if the survivor remarries.

The right to **widow's pension** and the size of widow's pension depends on the age of the woman, on whether the couple were married or in an equivalent relationship at the close of 1989 and on the husband's years with pension points (ATP points). The pension is coordinated with sickness compensation, activity compensation and old-age pension. Widow's pension is no longer payable if the widow remarries.

Age	Number of recipients Women	Average amount per month, SEK Women
–39	120	2,140
40–49	2,985	3,740
50–59	16,815	5,767
60–64	21,870	7,182
65–69	27,351	2,598
70–74	43,438	3,002
75–79	67,633	3,450
80–89	151,208	3,158
90–	39,389	2,198
Total	370,809	3,410

Widow's pensions in December 2005.

The majority of women receiving a widow's pension are themselves old-age pensioners, but approximately 6 per cent are still of working age. In 2005, just under four out of ten female old-age pensioners also received widows' pension. Since 2003, a so-called basic pension supplement has been included in the average amount up to the age of 65, which accounts for the high amounts for these age groups.

Out of a total of SEK 15.3 billion in widow's pensions in 2005, 79 per cent went to widows who were 65 or older. Guarantee pension was SEK 764 million and was paid out to 33,000 widows.

Age	Number of recipients		Average amount per month, SEK	
	Women	Men	Women	Men
-29	39	5	6,731	6,301
30-34	38	17	6,758	6,895
35-39	108	43	6,646	6,819
40-44	175	77	6,688	6,954
45-49	249	100	6,749	6,635
50-54	485	183	6,769	6,792
55-59	852	376	6,878	6,860
60-64	341	537	6,873	6,844
Total	2,287	1,338	6,810	6,830

Adjustment pensions in December 2005. As a result of transitional regulations, the majority of women over 60 receive widow's pensions instead of

adjustment pensions. Out of a total of SEK 314 million in adjustment pensions in 2005, 63 per cent went to women and 37 per cent to men.



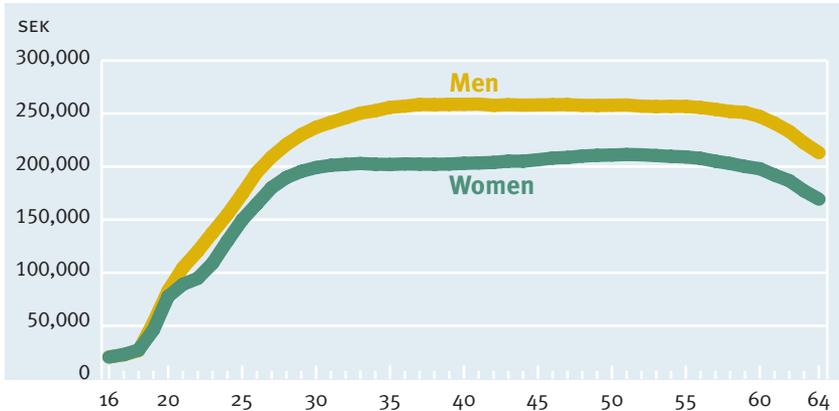
Age	Number of recipients		Average amount per month, SEK	
	Women	Men	Women	Men
-29	92	7	6,735	6,454
30-34	256	52	6,544	6,669
35-39	506	151	6,739	6,919
40-44	589	245	6,812	6,867
45-49	441	199	6,616	6,685
50-54	196	136	6,515	6,704
55-59	45	53	6,892	6,210
60-64	2	21	4,543	6,145
Total	2,127	864	6,691	6,735

Extended adjustment pensions in December 2005. Out of a total of SEK 258 million in extended adjustment pensions in 2005, 71 per cent went to

women and 29 per cent to men. SEK 79 million consisted of guarantee pension and was paid to 94 per cent of pension recipients.

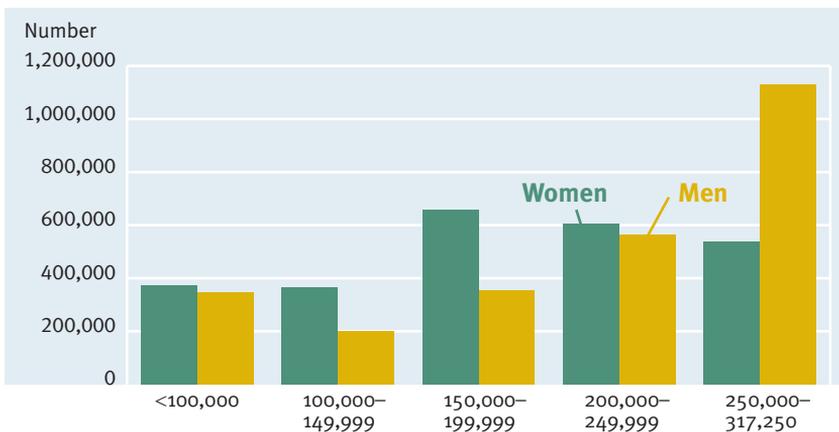
Earned pension base

The earned pension base according to the reformed pension system rules is shown here for persons aged 16–64.



The median pension base in 2004 may be seen as a picture of the expected average lifetime-income profile for each yearly cohort. The differences in income between men and women are considerable. The earned pension base for women is approximately 80 per cent of that for men. The disparity is largely explained by wage differences between the sexes and shorter working hours for women in paid employment. Approximately half the younger women receive

pensionable amounts for childcare years. The pension base increases with age. For men, however, the level remains almost constant between the ages 35 and 55. But in higher age groups, the pension base diminishes as working hours are reduced. A greater incidence of long-term sick leave and retirement with disability pension further lowers the median for the pension base at more advanced ages.

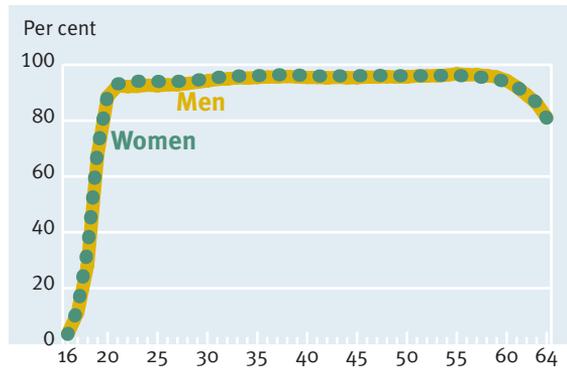


Number of persons by earned pension base in 2004. The income differences between men and women are clearly

seen. Women are over-represented in the lower income brackets as are men in the higher ones.

Proportion of the population with a pension base in 2004. Almost 95 per cent of the population aged 21–60 have earned a pension base. The high proportion is explained by the fact that the pension base is calculated not only on salary but also on sickness or activity compensation, sickness cash benefit, parental cash benefit and unemployment benefit.

For the oldest groups, the proportion of individuals with a pension base is lower, primarily due to early retirement.



The pension base is the sum of pensionable income and pensionable amounts up to 7.5 income base amounts. Pensionable income includes income from employment, self-employment and social insurance payments (sickness cash benefit, parental cash benefit, unemployment benefit, etc).

Pensionable amounts are calculated for sickness compensation and activity compensation (disability pension), compulsory service, studies

and childcare years. Pension rights are then calculated as 18.5 per cent of the pension base. The pension right for income pension is 16 per cent and the pension right for premium pension is 2.5 per cent of the pension base for persons born in 1954 or later. For those born between 1938 and 1953, a lower percentage is allocated to income pension and premium pension based on the number of twentieth parts in the reformed pension scheme.

Regulations 2005

Age	Number of persons with pension base		Proportion of population, %		Pension base median, SEK	
	Women	Men	Women	Men	Women	Men
16-19	64,049	62,570	29.1	27.0	34,100	36,700
20-24	237,727	244,349	93.0	91.7	97,400	114,300
25-29	252,336	258,435	94.1	93.1	176,950	208,100
30-34	288,415	295,451	95.7	94.9	201,500	245,500
35-39	306,710	318,278	96.3	95.7	202,300	257,700
40-44	289,853	299,708	96.1	95.4	204,000	258,400
45-49	277,835	284,441	96.2	95.6	208,700	258,000
50-54	277,699	282,839	96.1	96.0	210,700	257,100
55-59	305,620	311,041	95.6	96.3	205,000	253,800
60-64	238,653	241,512	89.1	89.2	186,300	233,100
Total	2,538,897	2,598,624	89.7	89.0	191,500	235,700

Earned pension base in 2004. The proportion of women who had earned a pension base was 89.7 per cent and the proportion of men was 89.0 per cent.

Half the women had a pension base higher than SEK 191,500 and half the men had a pension base higher than SEK 235,700.



More statistics

Additional statistical details are available on the Swedish Social Insurance Agency's homepage (address: www.forsakringskassan.se/omfk/analys).

You may also address questions about statistics directly to the Swedish Social Insurance Agency by contacting the following people:

The scope of the social insurance schemes:

Kent-Rune Sjöholm, tel: +46 8 786 92 24, e-mail: kent-rune.sjoholm@forsakringskassan.se

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Britt-Marie Winnberg, tel: +46 8 786 95 46, e-mail: britt-marie.winnberg@forsakringskassan.se

Financial security in case of sickness and handicap:

Ola Rylander, tel: +46 8 786 95 37, e-mail: ola.rylander@forsakringskassan.se

Financial security in old age:

Lars Oderbeck, tel: +46 8 786 95 84, e-mail: lars.oderbeck@forsakringskassan.se

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