Chapter 35

Sweden

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Abstract Extended working life in Sweden is discussed using the old age pension reform of 2001 and debates and policies following this reform as a starting point. Extended working life is also discussed in relation to flexible work, unpaid care-giving, employers' attitudes toward older workers and working environment. The implications of different outcomes of an extended working life for men and women and possible health effects are considered. Several issues with gender as well as health implications have to be further analyzed and evaluated to ensure not only financial sustainability of the pension system but also equal opportunities for men as well as for women both in an extended working life and in life after retirement.

Introduction

This chapter focuses on extended working life (EWL) in Sweden outlining the old age pension reform of 2001 and debates and policies following this reform. Furthermore, implications on different outcomes for men and women and possible health effects are considered. Sweden has reached a point in time where evaluation and a better comprehension of the consequences of the 2001 reform is possible.

The Swedish Pension System

A state pension system was implemented in Sweden in 1913 for people once they turn 67. The retirement age remained unchanged in the first major pension reform in 1959 when the *Allmän Tillägspension* (Supplementary Pension) (ATP) system was implemented. The old-age pension from 1913, based on a flat rate, was now

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complemented by income-related benefits. The pension system was based on pay-as-you-go (PAYG) principles where current pension contributions, collected through payroll taxes, financed current pension expenditure (Sundén 2006).

In the 1980s and early 1990s, the pension system became prioritised on the political agenda and led to a new pension reform, implemented in 2001. It was framed by concerns about financial sustainability problems with the benefit-based pension schemes due to demographic developments with greater life expectancy and the young starting employment later than before. The new pension system was still based on PAYG, however on a so-called life-long principle, to achieve better financial sustainability due to a strong link between contributions and benefits. For those with low lifetime earnings, the pension system includes a minimum guaranteed benefit as a poverty safety net. With regard to EWL, the system includes measures to prolong working life, for example, a raised minimum age for pension eligibility and higher gross replacement rate when retiring after 65 years of age (SOU 2012).

Forecasts of the new pension system predicted that women would have higher replacement rates than men (Ståhlberg et al. 2006). However, later studies showed that women received a lower pension in relation to final income than men. Women also to a higher degree than men receive the minimum guaranteed pension. In 2014, 56% of women with pensions received a full or part-guaranteed pension, compared to 16% among men (Swedish Pensions Agency 2016). Explanations are lower wages and that part-time work is more common among women (Öjemark 2016).

Even if the pension reform in 2001 seemed to contribute to an increasing retirement age, it was in political debate judged as not being enough. A new commission of inquiry, the Government Commission for Longer Working Life and Retirement Age, was formed in 2011 with the explicit objective of analysing age limits in the pension system and opportunities of extending the working life (Committee Directive 2011). The media debate was limited until February 2012 when the prime minister claimed that there was a need to work until age 75 (Dagens Nyheter 2012-02-07) which led to several articles and replies from societal actors. Several trade unions replied that their members were not even able to work until the present retirement age and how were they then supposed to work until 75?

In 2013 the Government Commission for Longer Working Life and Retirement Age presented its final report suggesting raising the minimum age limit in the pension system from 61 to 62 in 2015 and to 63 in 2019; raising the age limit for guarantee pension from 65 to 66 in 2019; and raising the age limit in the Employment Protection Act (LAS) from 67 to 69 in 2016. They also proposed a recommended retirement age following the development of average life expectancy. Generally, the consulted stakeholders agreed upon the need to extend working life. However, there were many critical standpoints. Trade unions and pensioner organisations pointed out that the report was too restricted in focus on the latter part of life course since extended working life also need to be discussed in relation to labour market entry, work environment and opportunities of full-time work (Ministry of Health and Social Affairs 2013-11-29). The main pensioner organisations maintained that “Before the proposal of raising the retirement age is implemented we find that measures in the work environment must be taken in order to enable all to work until the present

norm of retirement age” (PRO et al. 2013-08-30). Several organisations noted a lack of gender perspective and of gender analysis of the consequences of the proposals (Ministry of Health and Social Affairs 2013-11-29).

The proposals from the final report were handled in a multi-party Pension group. In 2015 an inquiry on gender inequality was initiated, resulting in an action plan (Government 2017-01-23); for example a proposal to the Pension group on a raise of the guarantee pension (Government 2018-03-06). In late 2017 the Pension group had agreed upon a proposal raising the minimum age limit from 61 to 62 in 2020, to 63 in 2023 and 64 in 2026. The age limit of LAS will be raised from 67 to 69 (Tidningarnas telegrambyrå 2017-12-14). Once again, criticisms were made by some trade unions and pensioner organisations due to inequalities between different groups of workers. However, political agreement on raising the retirement age among the involved parties resulted in a Government bill in 2018. In October 2019 the parliament finally decided that the retirement age will be raised, starting 1 January 2020 with a change of the lower age limit from 61 to 62, continuing with a change to 63 in 2023. A new age concept (“benchmark age for pensions”) relating to the developments of the average age expectancy was introduced. From 2026 onwards increases to the retirement age should be related to the benchmark age (Government 2018-05-23). To summarise the Swedish debate; the process ending in an increase in the retirement age was anything but smooth. Even if there was initially a consensus among most political parties in Sweden on the need to raise the retirement age, the political proposals were severely challenged by several stakeholders resulting in modifications of the proposals and new inquiries. The reform was delayed but nevertheless finalized in the end.

Sweden has a high average age of retirement compared to the EU. The actual average retirement age among people aged 50–69 was 64 years in Sweden in 2012 (Statistics Sweden 2014b). For the EU the average was 59 years. In the age group 50–64 years Sweden had the third lowest percentage of retirees among European countries. The proportion was 13.8% in Sweden, while the EU average was 27.9% (Statistics Sweden 2014b). The retirement age has also been rising, from 61,8 years for women and 62,7 years for men in 1998 to 62,7 and 63,7%, respectively in 2008 (Klevmarken 2010). Despite these high numbers and an increasing retirement age, it was stated by a commission of inquiry that the retirement reform in 2001 has not created sufficient incentives for individuals to retire later (SOU 2013). More efforts are claimed to be needed in order to motivate and facilitate older people to work. It is also stated that an increasing number of older people both have the ability and want to do so. However, older workers are not a homogenous group and there are groups which already have difficulties reaching today’s normal retirement age such as certain groups of women in sectors of care and generally professions with a tough physical and psychosocial work environment (for discussion see Krekula et al. 2017).

Research on retirement has for instance focused on the transition into retirement in terms of well-being and health. Nordenmark and Stattin (2009) concluded that those who were forced to retire, e.g. due to health reasons or labour market factors, showed less psychosocial well-being than others, particularly for men. Halleröd et al. (2013) showed that individuals depending on income from the welfare system, e.g. health insurance, part-time pension or unemployment insurance, prior to retirement

experienced a considerably lower sense of well-being also as pensioners. Statistical analyses show that health and wellbeing for pensioners is related to the accumulation of positive and negative factors during the life course rather than the retirement transition itself (cf. Hult et al. 2010).

SOU (2012: 28) presents poor health, reduced work ability, having straining or monotonous work tasks, the retirement of a close family member and the wish to have more leisure time and time with family and friends as factors leading to early retirement. Strong traditional norms on when to retire can be seen in that an overwhelming majority continue to retire at the age of 65 despite that this retirement age was abolished more than 10 years ago.

EWL and Flexible Work

Research focusing specifically on late work conditions and flexible work opportunities during the transition to retirement is still very limited in Sweden. There are some studies investigating which factors may extend working life. Klevmarken (2010) notes that the increase in employment among older people which has been noticeable since the start of the 21st century can be explained, for example, by better health and a higher educational level, and by political decisions having made it profitable from an economic perspective to postpone retirement. He concludes by adding that entrepreneurs, highly-qualified people, single people, people with low incomes and more men than women tend to work after age 65. In addition, a study from Arnek (2012) suggests that economic incentives, opportunities for part-time and flexible working hours may contribute to postponed retirement, and that a lot of people (41%) continue to work because they find it stimulating. However, the possibility to extend working life is also related to whether an individual is caring for close family members. There are clear gender differences in this regard with more women working part time or leaving work to care for an older family member (Szebehely 2014).

Studies note that the opportunity to work until age 65 and beyond is unequally divided between men and women. People with professions requiring a lot of social contact with caregivers or clients, so called contact professions, run a greater risk of leaving the labour market early due to heavy workloads, strain and lack of control over their work situation (Wall 2014; see also Anxo et al. 2014). Within the municipal sector, part-time and temporary employment have become close to normative within female dominated care and welfare professions, which can lead to a weaker connection with the labour market and greater difficulties in remaining in working life in the long term (Wall 2014).

Two committees on flexible employment have recently been formed by the Swedish government. The first concerning flexible measures to improve the ability for people with disabilities to get and maintain a job (Committee directive 2017a). The other commission concerns safety and development in employment with regard to working hours and time off from work (Committee directive 2017b). In the directive,

it is mentioned that an ageing population puts higher demands on society's ability to utilize the full potential of the workforce throughout its working life. Against this background, measures that can contribute to facilitate further education and career changes in later life is emphasized.

Age Discrimination/Ageism

In the current Government Commission for Longer Working Life and Retirement Age (SOU 2013), age discrimination is explicitly related to the issue of EWL. The report stresses the necessity of measures against age discrimination, for example, through tougher legislation. Research on Swedish working life displays that discrimination against older workers seems to be widespread (Stålhammar 2009; Krekula 2011; Arnek 2012). A survey of 1,053 persons applying for jobs in Sweden showed that a third of those experienced that their age was an issue, this was especially pronounced among the youngest and oldest applicants (Mild Nygren and Sjöberg 2012). Other studies have discussed age discrimination in working life in relation to age codings, i.e. the assumption that age groups are more or less suitable for different work tasks. Age codings function as a basis to organise the workplace resulting in age-segregated workplaces (Krekula 2010, 2011). With regard to EWL there is still little knowledge on how age discrimination and ageism affect retirement behavior (Krekula et al. 2017).

Caregiving

Swedish research on the consequences of family care for individuals' health, their connection with the labour market and retirement behaviour is limited (Sand 2014; Szebehely 2014). Studies show that family care in Sweden today has great consequences for the caregivers' well-being, gainful employment and economy (Szebehely et al. 2014). A survey of the age group 45–66 showed that it is equally common among men and women to provide care for a close family member at least once a month. This applies to 42% of both women and men. However, closer comparisons reveal gender differences in terms of how often men and women act as caregivers. It is more common among the women to provide care for a close family member every day; 6% of women and 4% of the men provided care on a daily basis. On average, female caregivers provided assistance 5.4 h per week, whereas male caregivers provided assistance 3.8 h per week (Szebehely et al. 2014).

Women were also affected negatively by their role as caregivers to a greater extent, i.e. when it comes to their own well-being and participation in working life (ibid). More than half of female caregivers stated that the caregiver role was psychologically stressful, compared to a third of the men. Almost twice as many women as men stated that it was physically demanding (27 and 15% respectively). The connection between

the extent of family care and its consequences is described as very strong; the more care an individual provides for a family member, the greater the likelihood that the well-being, gainful employment and economy is affected negatively. Women also risk ending up in a situation in the later part of their working life where family care has significant consequences for their gainful employment to a greater extent than men. This is related to the cuts in publicly funded geriatric care, resulting in older people having less access to assistance.

Employer's Attitudes to EWL

A few studies have been conducted on employer's attitudes towards older workers or EWL in Sweden. The studies have explored the relationships between managers' attitudes and retirement. Nilsson et al. (2011) investigated managers' attitudes among other factors in a study with 1,792 older respondents and the results showed that managers' attitudes to older workers is an important factor that influences whether older workers want to work until age 65 or beyond. Another study, shows how the managers' attitudes to older workers retirement time is connected to their own retirement planning (Nilsson 2018). Those managers who plan to work beyond age 66 were more positive to older workers extending their working life than managers who were planning to retire at age 66. The study also showed both positive and negative attitudes towards older workers. They are viewed as more careful, experienced and skilled and able to guide younger employees. On the other hand, negative views were also common, for example that older people are resistant to change and slower.

Working Environment

Working environment has been presented as central in relation to extended working life (SOU 2013). Recently the Swedish Work Environment Authority conducted a knowledge compilation called *Healthy workplaces for men and women of all ages* (2016) focusing on older workers and EWL. Inequality in health has increased in Sweden in relation to education and gender. Data from Statistics Sweden show that the gap between groups with secondary and tertiary education levels in average life expectancy at age 30 has increased from 4.1 years to 5.4 years for women and from 4.6 years to 5.8 years for men. Women have more health problems and a higher amount of sick leave than men. One explanation is the gendered labour market where female-dominated sectors often perform tasks leading to sustaining repetitive strain injuries. In addition, tools, protective equipment and workstations are usually designed for men, not women. Psychosocial stress is more common among women as they work more often than men in occupations that include encounters with other people.

Conclusion

The Swedish pension reform of 2001 aimed at establishing a financially sustainable old age pension system. Benefits were closely linked to contributions to achieve this but also economic incentives for an extended working life was an important feature introduced to achieve sustainability. However, there was soon a broad political consensus that these measures were not enough, resulting in new inquiries and proposals focusing on raising the retirement age. Critique from several stakeholders caused delays of the reform, which after some modifications was put into practice 1 January 2020.

Several issues related to gender and health implications need to be further analyzed and evaluated to ensure not only financial sustainability but also equal opportunities for men as well as for women both in an extended working life and in life after retirement. Among these issues can be noted the working environment in a gender segregated labour market, the division of unpaid care between men and women and the normative approach to retirement age among both employers and employees.

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