

Swedish Social Insurance

Financial Review 2000

Survey of activities	3
Costs and financing of social insurance	4
<i>Costs of social insurance</i>	<i>4</i>
<i>Expenditure in current and fixed prices</i>	<i>4</i>
<i>Financing of social insurance</i>	<i>5</i>
<i>Expenditure as a proportion of GNP</i>	<i>5</i>
<i>Social insurance administration, financial summary</i>	<i>9</i>
Financial Sections	11
Statements of income and expenditure	12
Balance sheet	13
Accounting principles	14

Survey of activities

Area of activity

Financial support to families

General child allowance	Child's pension
Maintenance support	Pregnancy allowance
Family allowance (for conscripts etc)	Parental allowance
Housing allowance	Temporary parental allowance
Adoption expenses grant	Care allowance for handicapped child

Benefits to people with disabilities

Disability allowance	Attendance allowance
Car allowance for the disabled	

Benefits to people unfit for work and action against ill health

Sickness allowance	Disability pension
Small business insurance	Temporary disability pension
Holiday wage cost insurance	Work injury sickness allowance
Voluntary insurance	Work injury annuity inc. funeral expenses grant
Closely related person's allowance	Industrial injury insurance
Disease carrier's allowance	Dental care
Rehabilitation allowance	EU care
Technical aids for the disabled	Medication

Coordinated rehabilitation
Preventive measures

Benefits in old age

Old age pension	Part-pension
Widow's pension	Housing supplement to pensioners including wife's supplement
Adjustment pension	Voluntary insurance
Special survivor's pension	

Other payments

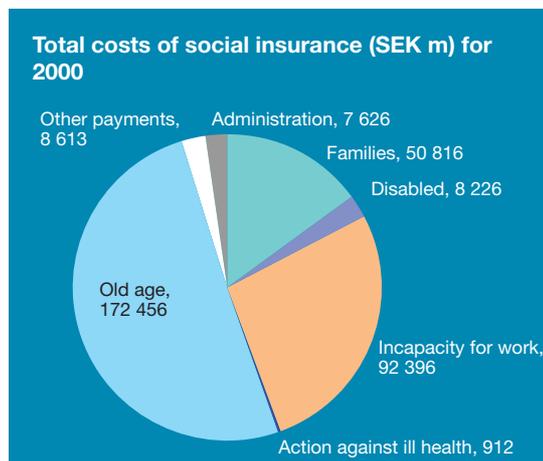
Daily cash benefit to conscripts	Activity grant
Disabled person's travelling expenses	Generation allowance
	Financing allowance

Costs and financing of social insurance

Costs of social insurance

Swedish social insurance in 2000 cost a total of SEK 341 000 m. This is equivalent to 16 per cent of the gross national product. Social insurance is very important both to individuals and to the national economy in general. Of SEK 100 spent on private consumption an average of SEK 25 after deduction of tax comes from social insurance.

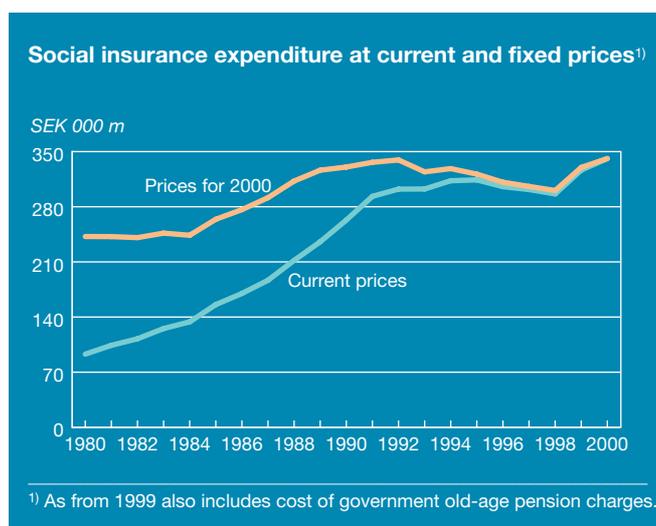
The purpose of the social insurance system is to give financial security to families, to disabled people, to people unfit for work, and in old age. Benefits in old age account for half of the total cost of social insurance. Just over one-quarter is accounted for by benefit to people unfit for work, including costs of action against ill health, and almost 15 per cent relates to financial support for families. The remainder consists of benefits paid to disabled people, payments in the labour market area (through the social insurance offices) and social insurance administration.



Expenditure in current and fixed prices

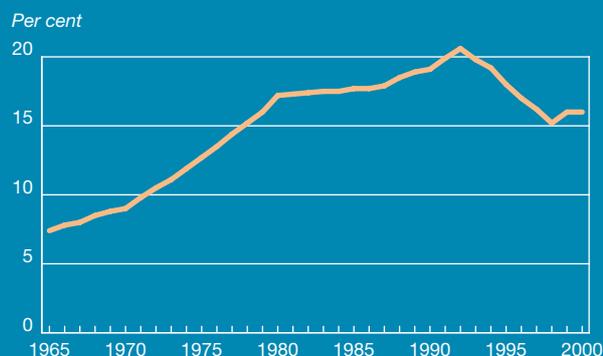
In current prices expenditure has risen from SEK 93 000 m in 1980 to SEK 341 000 m in 2000. The increase was particularly rapid during the period 1985–1991. The rate of increase slowed in the early 1990s and in the years 1996–1998 expenditure fell, primarily as a result of reduced levels of benefit in the sickness and parental insurance schemes and transfer of responsibility for costs of medication to the National Board of Health and Welfare. In 1999 expenditure rose quickly again, mainly due to the new old age pension charges but also because of the sharply increased expenses for sickness insurance and the increase in supplementary pensions. Sickness insurance expenditure has continued to rise steeply, which has meant that total expenses also rose quite sharply in 2000.

Expressed in monetary values for 2000 social insurance expenditure today is SEK 99 000 m, or just over 40 per cent higher than it was in 1980. Expenses rose dramatically between 1984 and 1992. This was followed by a reduction until 1998, with expenditure again rising steadily since 1999.



Expenditure as a proportion of GNP

Social insurance sector payments as percentage of GNP



Note: As from 1999 also includes cost of government old-age pension charges. The method of calculating GNP was slightly changed as from 1993, which reduces the proportion accounted for by social insurance by just under one percentage point.

Social insurance payments form a significant part of the national economy. Up to and including 1992 payments as a proportion of GNP rose steadily. The significance of social insurance grew particularly rapidly up to and including 1980, as is shown by the accompanying diagram. A number of cost-reducing changes to the rules – reduced benefit levels, a sick pay period and waiting days in the sickness insurance system – have since resulted in a decrease in the proportion of a growing GNP represented by social insurance. In 2000 the share accounted for by social insurance was 16 per cent, which is the same level as in the late 1970s.

Social insurance as a proportion of total public transfers to households declined during the period 1990–1998 by nine percentage points to just under 75 per cent. The proportion rose to almost 77 per cent in 1999, principally due to the increase in expenditure on sickness insurance and the national supplementary pension, ATP. The continued rapid rise in expenditure on sickness insurance meant that the proportion grew to just over 78 per cent in 2000.

Financing of social insurance

The social insurance scheme provides the greater part of the insurance cover of the individual. It covers the whole population and is intended to create financial security in different situations in life. Social insurance is of major importance not only to the security and welfare of the individual but also to the national economy. The system redistributes money between different periods of life and between individuals and groups in society by giving income-related compensation for loss of income, and also allowances in other situations.

It can be difficult to draw a clear boundary between what are insurance-financed benefits and what are allowances in the form of grants. Sickness allowance, disability pension, work injury benefit and old age pension are examples of benefits with a largely actuarial design where both the payment and the benefit are in relation to salary. Child allowance, disability allowance and housing allowance are examples of allowances. Some allowances are means-tested.

The value of insurance lies in the feeling of security in the knowledge that as an individual one is adequately insured if income fails to materialize – for example in connection with ill health, accident and old age.

Social insurance is financed largely with compulsory charges in relation to earned income, but also from general taxation. There is a certain element of saving, namely through the National Pension Insurance Fund in the national supplementary pension scheme. Otherwise the charges paid in are used to make ongoing payments of benefit to those who need to use the insurance. In the new old age pension system a small part of the charges will also be funded.

The Social Security Charges Act (1981:691) contains provisions concerning charges for financing of the national insurance and old age pension schemes. The charges consist of employers' and self-employed persons' contributions. Old age pensions are also financed by general pension charges and government old age pension charges. General pension charges are paid by salaried employees and government old age pension charges are paid by the state for certain social insurance benefits etc. which are pensionable.

The social insurance benefits which are financed primarily from charges are the following: sickness insurance (including income-based disability pension), parental insurance, work injury insurance, survivor's pension and the income-based old age

pension. Most allowances are financed with government grants. These include child allowance, housing allowance, disability allowance, care allowance for handicapped children, disabled person's car allowance and certain medical care benefits. The local authorities contribute to the financing of attendance allowance and, to a small extent, the financing of housing supplement to pensioners. Persons liable for maintenance pay a part of the maintenance support. Otherwise these latter benefits are also state-financed.

In 2001 this act (1981:691) has been replaced by two new acts, a new Social Security Charges Act (2000:980) and the Social Security Charges

Distribution Act (2000:981). The Social Security Charges Act contains provisions on liability for contributions, basis for calculating contributions and percentages for the various charges. The Social Security Charges Distribution Act shows which benefits the different charges are to finance.

Most social security charges are assigned to revenue headings in the national budget without a direct link to the benefits they are to finance. However the greater part of the old age pension charge goes to the National Pension Insurance Fund and the premium pension system. Expenditure on the income-related old age pension is financed in full outside the national budget.

Financing of social insurance 2000, SEK m							
	Expenditure		Income				
	Benefit/allowance	Administration	Soc. sec. charges	Govt. grants	Financial income	Other funds supplied	Surplus/deficit for year
Incapacity for work and action against ill health							
Sickness insurance/disability pension	83 854	3 150	74 273	7 506	15	31	-5 179
Work injury insurance	7 314	377	12 290	76	48	20	4 743
Medical care benefits	2 140	212		2 294	3	55	0
TOTAL Incapacity for work action against ill health	93 308	3 739	86 563	9 876	66	106	-436
Disabled persons	8 226	249		6 821		1 654	0
Old age							
Old age pension	149 738	834	144 405	10 842	55	-2	4 728
of which, income-based	138 824	834	144 375				4 717
Survivor's pension, adults	12 865	56	13 779	13			871
Part-pension	211	21	40	192			0
Housing supplement to pensioners	9 642	293		9 913		22	0
TOTAL Old age	172 456	1 204	158 224	20 960	55	20	5 599
Families							
Children's allowance etc	18 932	124		19 056			0
Maintenance support	4 481	474		3 105		1 850	0
Parental insurance	16 844	835	19 442	95			1 858
Child's pension	941	15	1 010	2			56
Care allowance, handicapped child	1 986	152		2 138			0
Housing allowance to families etc	4 283	509		4 792			0
Other	3 349	14		3 276		87	0
TOTAL Families	50 816	2 123	20 452	32 464	0	1 937	1 914
Other payment	8 613	311		8 916		8	0
TOTAL	333 419	7 626	265 239	79 037	121	3 725	7 077

The table above shows in outline how the social insurance system is financed in 2000. Government grants are shown net after deduction from incoming charges. A part of the administration costs of the social insurance offices is financed with social security charges, while the administration costs of the National Social Insurance Board are largely financed from government grants and the National Pension Insurance Fund.

The following tables show income and expenditure in 1999 and 2000 for the charge-financed social insurance schemes. From the tables it will be seen which benefits are financed from each charge. The tables also show that the percentages for several charges have been adjusted between 1999 and 2000. The total level of the employer's contribution is virtually unchanged, however. This was 33.06 per cent in 1999 and 32.92 per cent in 2000.

The National Social Insurance Board enters the charges in all cases in the year when they are recorded with the National Social Insurance Board, irrespective of the year to which they relate.

Sickness insurance

The employer's social security charge for sickness insurance was 7.5 per cent in 1999 and 8.5 per cent in 2000. For self-employed persons the percentages differ according to the number of waiting days they choose.

Expenditure and income		
	2000	1999
Expenditure, SEK m		
Sickness allowance ¹⁾	33 408	25 264
Rehabilitation ¹⁾	2 993	2 541
Closely related person's allowance ¹⁾	57	50
Pregnancy allowance ¹⁾	356	323
Disability pension/ temporary disability pension ²⁾	40 754	39 576
Administration costs ³⁾	2 500	2 360
Total expenditure	80 068	70 114
Income, SEK m		
Charges ⁴⁾	74 574	62 271
Deficit in charges	-5 494	-7 843

¹⁾ Incl. government old-age pension charges.
²⁾ Relates to supplementary pension and national basic pension for disability pensioners with supplementary pension and part of government old age pension charges for disability pension.
³⁾ Social insurance office administration costs for corresponding benefits.
⁴⁾ Incl. final payment of general sickness insurance charge.

Despite the raised level of charges, charges were considerably lower than expenditure in 2000. The employer's contribution has therefore been raised again in 2001 to 8.8 per cent. Under Section 19 of the National Insurance Act a government grant may be given equal to a certain part of the costs of sickness insurance benefits. It is therefore not possible to state that the insurance is underfinanced although the charges are not sufficient to cover the expenditure.

As is shown in Note 2, only a part of the disability pension is to be financed from the sickness insurance charge. Other disability pensions are financed from taxation and not included in the table above.

Work injury insurance

The work injury charge was 1.38 per cent in both 1999 and 2000. The charge finances benefits under the Industrial Injuries Compensation Act (LAF) and corresponding earlier benefits, e.g. the Industrial Injuries Insurance Act (YFL). However certain benefits under these acts are paid from other sources, e.g. public enterprises and restructured former public enterprises. These expenses are not included in the table below. In this context the State Personal Injuries Guarantee Act may also be mentioned, which pays out benefit to individuals injured while doing national service etc. These benefits are financed by the government.

Expenditure and income		
	2000	1999
Expenditure, SEK m		
Annuities etc. LAF	4 626	4 593
Annuities etc. YFL ¹⁾	915	956
Sickness allowance/care LAF + YFL	42	54
Government old age pension charges	1 570	1 433
Administration costs ²⁾	298	276
Total expenditure	7 451	7 312
Income, SEK m		
Charges	12 290	11 579
Charge surplus	4 839	4 267

¹⁾ Relates to injuries before July 1977.
²⁾ Social insurance administration costs for corresponding benefits.

In both 1999 and 2000 charge income was considerably higher than the expenditure.

Old age pension

The table below shows the income and expenditure of the National Pension Insurance Fund in 1999 and 2000. The National Pension Insurance Fund finances the part of the old age pension system which is known as the distribution system. The premium pension, which is also financed with charges, has not been included in the table. In the premium pension system the charges are reservations for future payments. Future payments are related to the charges. It is not therefore appropriate to speak of a surplus if the income exceeds the expenditure in a particular year. The Seventh National Pension Insurance Fund is not included in the table below as it belongs to the premium pension system.

The old age pension charge was 6.4 per cent in 1999 and 10.21 per cent in 2000. The same percentages applied for government old age pension charges with regard to transfers. For pensionable amounts, however, the government old age pension charge was 18.5 per cent. The general pension charge was 6.95 per cent in 1999 and 7.0 per cent in 2000. There are also percentages regulating the

proportions of the old age pension charges that are to go to the National Pension Insurance Fund, the premium pension system and the government.

Expenditure and income		
	2000	1999
Expenditure, SEK m		
Old age pension, supplementary	96 481	93 234
Old age pension, national basic ¹⁾	42 359	41 727
Transfer to national budget	45 000	45 000
Settlement of premium pension charges	1 583	3 542
Administration costs ²⁾	1 500	1 183
Total expenditure	186 923	184 686
Income, SEK m		
Social security charges	62 500	33 625
General pension charge	63 734	59 552
Government old age pension charges	19 596	15 569
Interest, exchange differences etc (net)	53 000	53 660
Total income	198 830	162 406
Change in fund	+11 907	-22 280
Fund balance 31/12 (book value)	631 097	619 190
¹⁾ Relates to national basic pension for pensioners who have supplementary pension.		
²⁾ National Pension Insurance Fund payments to the government and the social insurance offices and its internal administration costs.		

In 1999 and 2000 SEK 45 000 m per year was transferred from the National Pension Insurance Fund to the national budget. The transfers contributed in part to a reduction in the Fund in 1999 and a moderate increase in 2000. On 1 January 2001 a further SEK 155 000 m was transferred from the National Pension Insurance Fund to the national budget.

Survivor's pension

As from 1999 there has been a separate social insurance charge for survivor's pension. This is 1.7 per cent. At present the charge finances both national basic pension and supplementary pension benefits.

Expenditure and income		
	2000	1999
Expenditure, SEK m		
Child's pension	941	938
Widow's pension	12 575	12 379
Adjustment pension etc ¹⁾	290	280
Administration costs ²⁾	49	50
Total expenditure	13 855	13 647
Income, SEK m		
Charges	14 790	12 730
Difference charges/expenditure	+935	-917
¹⁾ Incl. extended adjustment pension and special survivor's pension.		
²⁾ Social insurance office administration costs for corresponding benefits.		

The reason that the charge income was lower than the expenses in 1999 was that the charge was introduced in that year. Some of the charges for 1999 will be received in 2000 and 2001. Had the charges been assigned to the correct year there would have been a charge surplus in 1999 also. In 1999 national basic pension charges of SEK 5 926 m were received relating to previous years. Some of these charges will finance survivor pensioning in accordance with the rules applying to this charge.

Parental insurance

As from 1999 there is a separate social security charge for parental insurance. This is 2.2 per cent. The charge finances parental allowance and temporary parental allowance. Pregnancy allowance on the other hand is financed from the sickness insurance charge.

Expenditure and income		
	2000	1999
Expenditure, SEK m		
Parental allowance	11 850	11 382
Temporary parental allowance	3 132	3 033
Government old age pension charges	1 506	857
Administration costs ¹⁾	603	578
Total expenditure	17 091	15 850
Income, SEK m		
Charges	19 141	16 476
Difference charges/expenditure	+2 050	+626
¹⁾ Social insurance office administration costs for corresponding benefits.		

In both 1999 and 2000 the charge income was higher than the expenditure.

Summary

Totalling the difference between income and expenditure for sickness insurance, work injury insurance, survivors' pensions and parental insurance gives a surplus of approx. SEK 1 700 m. If in addition income for 2000 from the national basic pension charge and the part-pension charge (relating to previous years) is totalled, the surplus becomes over SEK 3 000 m. As the charges are not funded this money from charges has in practice been tax, which has been used for purposes other than those intended.

It is not relevant to include the old age pension in this reasoning as any surplus is funded. However the old age pension, too, has helped to strengthen the national budget in 2000, SEK 7 700 m of the old age pension charge being contributed to the national budget. In addition SEK 45 000 m has been contributed from the National Pension Insurance Fund to the national budget in 2000. This is a stage in the introduction of the new pension system in accordance with the rules applying to this charge.

Social insurance administration, financial summary

The administration of the social insurance scheme includes the activities of both the social insurance offices and the National Social Insurance Board. Activities are financed primarily from appropriations in the national budget, but also from charge income relating to specific areas of results:

- administration of income-based old age pension (ATP)
- administration of family allowance

- administration of small business insurance etc
- administration of the Insurance Medical Centre (FMC).

The following table is intended to give a coherent picture of the financial position of the National Social Insurance Board and the social insurance office by also showing the results for appropriations and appropriation-financed activities.

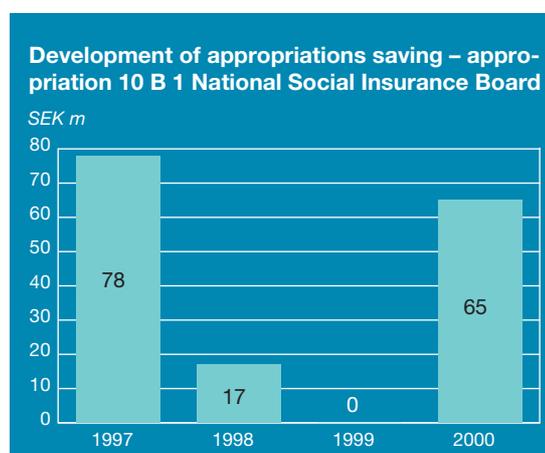
Financial position of the National Social Insurance Board and the social insurance offices 2000, SEK 000						
	Own areas of results					
	Appropriation	Old age pension/ Board ¹⁾	Old age pensions/ Offices	Family allowance	Small business ins.	FMC financing
Surplus/deficit brought forward ²⁾	117 089	-12 074	5 559	-7 183	-22 978	0
Income						
Appropriations	5 782 481					
Charge income		365 500	303 000	7 500	20 690	
Other income	68 197					58 379
Total	5 850 678	365 500	303 000	7 500	20 690	58 379
Costs	-6 836 077	-359 253	-257 357	-6 498	-8 105	-56 880
Net profit for year	-985 399	6 247	45 643	1 002	12 585	1 499
Correction periodized costs	1 037 377					
Surplus/deficit carried forward ³⁾	169 067	-5 827	51 202	-6 181	-10 393	1 499

¹⁾ Writedowns on the old age pension system and payments from the National Government Pension Fund for these writedowns are not included.

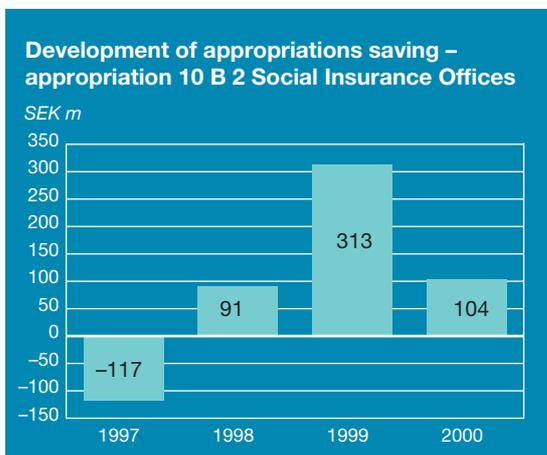
²⁾ Relates to opening appropriations saving/credit 2000 and capital change brought forward for the areas of results from 1999.

³⁾ Of the surplus on appropriation-financed activities SEK 64 589 000 relates to the Board and SEK 104 478 000 to the offices.

The National Social Insurance Board and the social insurance offices have available for their activities the appropriation 10 B 1 National Social Insurance Board and 10 B 2 Social Insurance Offices together with resources for administration of rehabilitation and coordination, appropriation 10 A 1, part of appropriation item 2. The accumulated saving on appropriations over the last four years is shown below, adjusted for periodization between the years. e.g. when appropriations are allocated one year but may not be used for activities until the next.



The reason for the saving on appropriations is that certain activities and the expenditure associated with them, which are for the most part linked with the extension of IT support, have been delayed. This means that the expenditure does not arise until 2001 instead of in 2000 as planned.



During the period 1997–1999 the social insurance offices’ saving on appropriations increased. This was partly attributable to a conscious effort on the part of the social insurance offices to meet the reorganization costs expected in connection with the introduction of new IT systems and user support for case processing. In 2000 saving on appropri-

ations has decreased, however, partly because the government decided in March 2000 that SEK 144.2 m of the saving on appropriations in 1999 should be placed at the government’s disposal. Another reason for the saving on appropriations having to decrease is that the social insurance offices have had to meet increases in volume in the sickness insurance area.

For the area of results Administration of income-based old age pension the social insurance offices report a relatively sizable surplus for 2000.

The deficit for the National Social Insurance Board at the start of the year has fallen to approx. SEK 6 m. The content of the area of results was enlarged in 2000 and now includes efforts to inform the public concerning the new pension system and other implementation costs in the area of results. This part of the activities was financed in 1999 with non-recurring resources under appropriations.

Activities within Family Allowances and Small Business Insurance etc are areas of results only at the social insurance offices. The result for the year in the case of Family Allowances is positive, but the closing balance shows a deficit. Small Business Insurance etc shows a large positive result for the year but a negative closing balance. The large positive result for the year is attributable to the fact that extra resources were allocated for the year to deal with a part of the previous deficit.

Financial Sections

- Statements of income and expenditure
- Balance sheet
- Accounting principles

STATEMENTS OF INCOME AND EXPENDITURE

STATEMENTS OF INCOME AND EXPENDITURE (SEK m) Period 1 January–31 December	National Social Insurance 2000	Social Board (RFV) 1999	Board and social insurance offices 2000	1999
Operating income				
Income from appropriations	687	888	5 783	5 886
Income from charges and other payments	712	238	993	478
Income from contributions	1	2	65	81
Financial income	19	26	8	16
Total income	1 419	1 154	6 849	6 461
Operating expenses				
Staff costs	-323	-278	-5 530	-4 592
Accommodation costs	-52	-47	-518	-511
Other operating costs	-567	-587	-1 091	-1 153
Financial expenses	-62	-58	-65	-61
Depreciation and writedowns	-281	-259	-422	-384
Total expenses	-1 285	-1 229	-7 626	-6 701
Result of operations	134	-75	-777	-240
Revenue				
<i>Income</i>				
Interest etc. not available to the authority	23	20	46	31
Social security charges	286 835	269 734	286 835	269 734
General pension charge	63 734	59 610	63 734	59 610
Government old age pension charge	22 813	18 872	22 813	18 872
Taxes	4 580	3 697	4 580	3 698
Other revenue etc	1	0	1	0
	377 986	351 933	378 009	351 945
<i>To be deducted</i>				
Revenue contributed to national budget	-212 058	-223 613	-212 076	-223 622
Paid into Nat. Pension Insurance Fund	-144 375	-104 865	-144 375	-104 865
Transfer to premium pension system	-21 555	-23 528	-21 555	-23 528
	-377 988	-352 006	-378 006	-352 015
Balance, revenue	-2	-73	3	-70
Transfers				
<i>Income</i>				
Received from national budget	132 382	128 092	190 761	180 549
Received from other authorities	93	107	126	150
Other funds received for financing of allowances	1 872	1 735	3 701	3 552
Received from National Pension Insurance Fund	138 817	134 939	138 817	134 939
Transfers written off by social insurance offices	-187 401	-183 090	-	-
Financial income	125	117	144	129
Financial expenses	-22	-67	-26	-72
	85 866	81 833	333 523	319 247
Transfers to/utilization of reserves etc.	-18	32	-29	26
<i>Costs</i>				
Area of activity 1				
Payment of benefits				
Financial support to families	-5 332	-4 436	-50 816	-47 909
Financial support to the handicapped	-143	-139	-8 226	-7 239
Benefits in case of incapacity for work	-17 584	-15 779	-92 396	-82 765
Benefits in old age	-62 412	-60 488	-172 456	-169 505
Other payments	-89	-382	-8 613	-10 683
Action against ill health	-44	-3	-912	-941
Transfers to social insurance office operations	-297	-567	-	-
	-85 901	-81 794	-333 419	-319 042
Balance, transfers	-53	71	75	231
Change in capital for the year	79	-77	-699	-79

BALANCE SHEETS (SEK m)	National Social Insurance Board (RFV)		Board and social insurance offices	
	31 Dec. 2000	31 Dec. 1999	31 Dec. 2000	31 Dec. 1999
ASSETS				
Intangible assets				
Computer program costs brought forward etc	748	600	748	600
Tangible assets				
Buildings and land	–	–	285	284
Improvement of non-owned property	2	1	31	21
Machinery and equipment	148	171	356	397
	150	172	672	702
Financial assets				
Shares in subsidiaries	27	27	–	–
Long-term claims against social insurance offices	267	254	–	–
Other long-term receivables	62	65	66	69
	356	346	66	69
Receivables				
Accounts receivable	3	3	4	5
Due from social insurance offices	3 858	3 355	–	–
Due from other authorities	56	60	120	146
Other current receivables	423	433	2 586	2 616
	4 340	3 851	2 710	2 767
Accruals and deferrals				
Prepaid costs	43	36	147	143
Accrued contribution revenue	–	–	6	4
Other accrued revenue	47	54	81	89
	90	90	234	236
Settlement with Government				
Settlement with Government	–639	–460	4 721	3 979
Short-term investments				
Bonds and other securities	1 361	1 286	1 501	1 425
Cash at bank and in hand				
Balance in interest account with National Debt Office	12	–	344	409
Other credit balances with National Debt Office	–	–	–	–
Cash at bank and in hand etc.	58	103	324	283
	70	103	668	692
TOTAL ASSETS	6 476	5 988	11 320	10 470
CAPITAL AND LIABILITIES				
Government capital				
State	60	60	60	60
Donations	–	0	5	4
Change in capital brought forward	–372	–295	–6 577	–6 497
Change in capital as per statement of income and expenditure	79	–77	–699	–79
	–233	–312	–7 211	–6 512
Reserves				
Reserves	793	752	1 105	1 053
Provisions				
Provision for pensions and similar commitments	2	0	8 710	7 817
Provision for voluntary pension insurance	735	758	735	758
	737	758	9 445	8 575
Liabilities etc				
Loan from National Debt Office	1 374	1 119	1 374	1 119
Other loans	–	–	47	48
Interest account credit, National Debt Office	–	66	–	–
Due to other authorities	56	56	112	109
Accounts payable	209	191	538	564
Other liabilities	3 218	3 076	5 152	4 762
	4 857	4 508	7 223	6 602
Accrual and deferral items				
Accrued costs	321	281	754	749
Unutilized contributions	1	1	2	2
Other prepaid revenue	–	–	2	1
	322	282	758	752
TOTAL CAPITAL AND LIABILITIES	6 476	5 988	11 320	10 470
Assets pledged	None	None	59	83
Contingent liabilities				
Other contingent liabilities	None	None	42	32

General

The Annual Report of the National Social Insurance Board (RFV) is drawn up as prescribed in the Ordinance (1996:882) on Annual Accounts of Public Authorities etc., with the accompanying directives and the requirements for feedback set out by the Government in spending authorizations.

The Balance Sheet and Statement of Income and Expenditure agree with the annual accounts drawn up in compliance with the Accounting Ordinance (1979:1212). Under the guidelines given by the Government earlier, the Account of Appropriations and Statement of Changes in Financial Position are drawn up for the Board and the social insurance offices together, whereas the Balance Sheet and the Statement of Income and Expenditure are drawn up both for the Board separately and for the Board and the social insurance offices together.

The national budgetary year is the calendar year. The comparative figures in the Statement of Income and Expenditure are the figures for 1999 and in the Balance Sheet the balances as at 31 December 1999. These are shown in a separate column or in brackets. The accounts are in SEK m owing to the size of the balance sheet total.

The costs of transfers are shown for the most part under the social insurance office where the recipient of payment resides, whereas financing with appropriations etc is normally shown by the Board. The transfers which are not shown for the social insurance offices are retroactive pensions and payments of national basic pension via the National Salary and Pensions Board and Kommunsektorns Pension AB, which are accounted for by the Board.

The various part-documents contain, in compliance with the National Financial Management Authority directives on the Accounting Ordinance and the Annual Accounts of Public Authorities Ordinance, certain departures from the prescribed layout owing to the nature and scope of the activities. This applies primarily to subdivisions of the transfer and revenue sections, which have been made in order to ensure that the accounts give the necessary information. The Statement of Changes in Income and Expenditure is also of special design.

Method of drawing up joint accounts of the National Social Insurance Board and the social insurance offices

The Statement of Income and Expenditure, the Balance Sheet, the Statement of Changes in Financial Position and the Account of Appropriations shown jointly for the Board and the social insurance offices represent a summary of the accounts of the Board and of the offices. In the joint account internal claims and debts have been eliminated, as have internal revenue and costs.

Riksförsäkringsverkets sjukhus i Nynäshamn avveckling AB and subsidiaries

The joint accounts include the activities of RFV:s sjukhus i Nynäshamn avveckling AB and its subsidiaries. Details of the companies are not reported in the RIKS account to the National Financial Management Authority, but consolidated only in the annual accounts. The activities of the companies ceased on 31 December 1999. Application was made for the liquidation of the companies on 26 May 2000. It is anticipated that they will be finally wound up in the spring of 2001.

In the Balance Sheet and Statement of Income and Expenditure and the notes concerned, the company is shown in the column for the Board and the social insurance offices. The company's income relates almost exclusively to payment for liquidation costs. The company's expenses are shown under Transfers – Action against Ill Health.

The costs consist largely of salaries, social security charges and pension costs. The company's net income in 2000 totalled SEK 2 m.

The company's information on staff and on operating cost per full-time employee/year is not shown in the Summary of essential information. The average number of employees of the Group during 2000 according to the annual report was 0 (361), of whom 0 (295) were women. Costs of salaries and other emoluments including social security charges were SEK 27 (118) m.

Changed accounting principles

The National Social Insurance Board and the social insurance offices have changed the accounting principles compared with the Annual Report for 1999 as follows.

- Claims relating to maintenance support were shown in full in previous years by the National Social Insurance Board. As from 31 December 2000 claims have been estimated and entered by the social insurance office concerned. The claim is entered to the amount which is expected to accrue. The level of incoming payment for the whole country has been used in valuing the claim. The comparative figures have also been adjusted to show the claim estimated at the social insurance offices. Change in capital brought forward and change in capital as per the Statement of Income and Expenditure have also been adjusted applying the same principles.
- Revenue from contributions by government authorities where the payment had not been received by 31 December 2000 has been allocated to periods in the Statement of Income and Ex-

penditure irrespective of the size of the amount. The corresponding claim in the Balance Sheet has been transferred from due from other authorities to accrued revenue. The comparative figures for 31 December 1999 have been adjusted in such a manner that an amount corresponding to what relates to accrued contribution revenue has been transferred from due from other authorities to accrued contribution revenue.

The comparative figures for preceding years have where applicable been recalculated in accordance with the National Financial Management Authority directives to § 7 of the Annual Accounts of Public Authorities Ordinance.

Financing and periodization principles

Both administration and insurance activity are financed largely with social security charges received and self-employed persons' contributions or with national budget appropriations, but also with money from other authorities on whose behalf disbursements etc are made, payments received from persons liable for contributions and payments received from municipalities. The majority of the activities therefore always show a zero result.

The major part of the money for financing and expenditure is shown as income when it is received and as a cost when it is paid out. Therefore income from social security charges and transfers to individuals are not periodized but shown at the time when they are paid.

However certain items of income and expenditure, such as financial items relating to the Board's and the social insurance offices' different funds, are periodized. Administration expenses are also periodized, as are costs and income relating to medical care within the EU. In addition certain purchases of services and payments to carers are periodized by the respective social insurance offices in the joint Statement of Income and Expenditure when the service is visibly attributable to a specific period.

Sickness insurance, disability pension, parental insurance, work/industrial injury insurance and survivor's pension are as from 1999 applied to appropriations, while social security charges are by law posted to the government by revenue heading to finance the different benefits.

Income-based old-age pension and supplementary pension are financed with social security charges, government old-age pension charge and general charges via the National Pension Insurance Fund. For 2000 18.5 % of supplementary pension charges paid in have been transferred to the future individual premium reserve in the new pension system, which has reduced the amount posted to the 1st-

3rd National Pension Insurance Fund and current pension payments.

National Social Insurance Board funds are accounted for by the Board.

As from 1999 administration is the responsibility of the Legal, Financial and Administrative Services Agency, which submits an annual report on capital administration to the government in consultation with the Board. At the social insurance offices there is the reserve for voluntary sickness insurance and in certain cases there are independent reserves. These reserves are mainly interest-bearing and give a surplus or deficit which is funded.

The following principles apply to administration. Right of utilization which is paid for in December is applied against appropriations the following year if the period of the right of utilization falls in full within the coming year. This is used primarily for expenditure of substantial sums as rent for premises. In such cases application against appropriations takes place during the first month of the period of the right of utilization.

In cases where an invoice or similar has arrived after the prescribed cut-off day, 10 January, or when the amount of the receivable or the debt is not exactly known when the annual accounts are drawn up, it is entered under accruals and deferrals (pre-paid or accrued costs or revenue). After the cut-off day a monetary limit has been applied.

Change in capital at the Board and the social insurance offices is attributable to periodization principles applied by the Board and the offices and to surplus and deficit in charge-financed activities, repayments and writedown of expenses previously set up as assets for the new pension system etc. The change in capital is greatly affected by the change in pension provision.

Valuation and classification of receivables and liabilities

Receivables are entered to the amount which is expected to be received. Claims are shown as accounts receivable where there is any sort of customer relationship. Claims associated with a service provided by law or similar are entered among other current receivables. The corresponding procedure applies to accounts payable.

In cases where an account receivable/payable is with another government authority it is shown under due to/from other authorities. This also applies, under the principles applicable to government authorities, to accrued employers' charges at the Board and the social insurance offices.

Securities

Holdings of securities by the Board consist of assets belonging to the funds managed by the Legal, Financial and Administrative Services Agency. Real-return and mortgage bonds are entered as current assets and valued on the lower of cost and market principle.

Direct lending to municipalities etc, where the loans usually remain for the full term, is entered at acquisition value.

Computer program costs brought forward

For the setting up of expenses as assets to be considered, § 19 of the Accounting Ordinance (1979:1212) applies, i.e. expenditure for research or similar may be entered as a fixed asset if it is calculated to be of significant value to operations in the following year. The asset is shown at acquisition value. Acquisition value, writeoffs and writedowns are determined where applicable in accordance with § 17 of the Accounting Ordinance and implementing regulations. The development of the Board's computer programs falls into three phases.

1. Preparatory stage.
2. Development of computer program (applications)
3. After implementation the system is commissioned.

Different principles apply to the setting up of expenses as assets depending on the phase to which the activity belongs. In general only costs relating to phase 2, development of computer program, may be set up. When the program goes into service, depreciation of the asset begins. As a general rule, a depreciation time of 5 years applies.

Machinery and equipment

Machinery and equipment with an acquisition value exceeding SEK 10 000 and an economic life of more than three years are shown as assets under the provisions of the Accounting Ordinance. As a general rule a depreciation period of 5 years applies, which is considered to represent average economic life. For computer equipment a depreciation period of 3 years applies. Office furniture with an acquisition value of under SEK 10 000 is entered as an asset in the case of large purchases.

Items of equipment which are functionally connected with each other are treated as a functional unit and shown as an asset if together they exceed SEK 10 000. Assets held under a financial leasing agreement are shown as fixed assets.

The assets are valued at acquisition value minus accumulated planned depreciation. Straight-

line depreciation is calculated on the original acquisition value. The machinery and equipment of the National Social Insurance Board consist primarily of the computer installation in Sundsvall.

Buildings

Buildings are entered at acquisition value with a deduction for accumulated depreciation according to plan. Straight-line depreciation is calculated on the original acquisition value of the building. Buildings are depreciated over the number of years which is calculated to represent their technical and economic life.

Provisions – pension liabilities

The social insurance offices are themselves responsible for their service pension costs, unlike ordinary government authorities which pay pension charges to the National Government Employee Pensions Board. As from 1998 provision for pension liabilities is shown in the balance sheet for the Board and the social insurance offices. Salary tax on provision for pensions is entered as Provision for pensions and similar commitments. The provisions are entered at the actuarial value of all contractual and voluntary pension commitments calculated with the aid of the model used by the Government Contractual Pensions Board. The social insurance office assesses the pension liability on the basis of calculations by the National Government Employee Pensions Board. Pensions are financed from appropriations in connection with future payment.

Account of appropriations

The Account of Appropriations is made up of the Board's and the social insurance offices' applications against the national budget. All the expenditure appropriations are shown for the Board and the social insurance offices in total.

Income from charges under the Charges Ordinance § 4 or special provisions which does not relate to particular areas of results is assigned to the administration appropriation and is available to the social insurance office or the Board in accordance with the spending authorization. This also applies to financial income attributable to the interest account.

For charge income relating to own areas of results the budget is determined in the government's spending authorization and distributed to the social insurance offices and the National Social Insurance Board. Against this is set the whole cost of the activities carried out in the area. Surplus may be carried forward within certain limits, which are calculated both for each social insurance office in-

dividually and for all social insurance offices together.

Specifications are shown in the account of the financial position of the Board and the social insurance offices and in a note to the Statement of Income and Expenditure: Income from charges and other payments and a note to the Balance Sheet: Change in capital as per Statement of Income and Expenditure.

Accounting per revenue heading is for the Board and the social insurance offices in total. Expenses per revenue heading consist primarily of payments to the National Pension Insurance Fund. The SEK 283 000 (267 000) m debited to revenue heading 1299 Settlement social security charges and the SEK 69 000 (64 000) m debited to revenue heading 1111 Individuals' tax on income are equivalent to credits of equal amount with the Tax Administration and are not therefore an actual expenditure.