

Guidelines for Salary Exchange to Occupational Pension at Karolinska Institutet

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Introduction

These guidelines regulate the benefit of salary exchange for occupational pension for employees at Karolinska Institutet.

Purpose

Salary exchange for pension means saving for additional retirement benefits in a simple, individual, and advantageous way. It involves a voluntary deduction from gross salary, within specified limits. The funds are placed in the selectable part of the PA16 pension agreement. Employees may choose the fund manager. If no choice is made, the funds are placed in a traditional insurance without repayment cover at Kåpan Pensioner (Kåpan Valbar). See www.spv.se for more information.

Salary exchange is beneficial as it reduces gross income, resulting in lower income tax and employer contributions. In addition to the tax savings, the employee receives a 4% top-up on the exchanged amount, as the employer's reduced cost is passed on to the employee.

Eligibility

All employees working 20% or more and receiving their salary from KI are eligible for salary exchange.

Employees covered under PA16 section I may salary exchange up to the age of 69.

Employees under PA16 section II who are members of OFR/S, P, O, and Seko may exchange salary until the end of the month in which they turn 67. Those covered by Saco-S may do so until the end of the month in which they turn 69.

Impact on Other Benefits

Salary exchange may reduce the basis for other benefits (e.g. in case of illness). Therefore, employees whose base salary would fall below certain thresholds after exchange are advised not to proceed.

Potentially affected benefits include:

- National pension
- Parental allowance

- Sick pay and sickness compensation
- Unemployment insurance (a-kassa)

Procedure

To initiate salary exchange, the employee must fill out an agreement in the PA-web system, acknowledging the information in these guidelines. This creates an individual agreement between the employee and Karolinska Institutet.

The agreement is valid until further notice, with one month's notice period. Salary exchange takes effect the month following submission. The premium is paid in advance, meaning deductions start from the first month, and payment to the pension provider begins in the second month. The employer contributes monthly with the agreed amount plus the 4% supplement.

If the employee changes roles within KI, the agreement remains in effect. The minimum monthly amount is SEK 500.

Legal and Financial Limits

According to the Swedish Income Tax Act, Chapter 59, Section 5, total pension contributions may not exceed 35% of gross income. KI contributes 5–6% by default. Employees born in 1965 or earlier may salary exchange up to 30%, and those born in 1966 or later may exchange up to 29% of salary paid by KI.

Interruptions in Salary Exchange

Salary exchange is only possible when full salary deductions can be made. Situations such as parental leave, unpaid leave, or sick leave may prevent full deduction.

Termination of Agreement

The agreement may be terminated:

- At the employee's request during ongoing employment
- If employment at KI ends
- At the employer's request due to changes in tax law or other relevant circumstances

Amending the Amount

To change the salary exchange amount, the employee must submit a new agreement, which replaces the previous one.

One-Time Pension Contribution

Employees may request a one-time payment to the selectable part of PA16, even during ongoing salary exchange, by submitting a separate request according to current procedures.