Fiscal Sustainability Report 2025

Public finances remain strong in light of demographic developments

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The National Institute of Economic Research (NIER) is a Swedish government agency accountable to the Ministry of Finance. We produce forecasts to support decisions on economic policy in Sweden, analyse economic developments and conduct economic research.

In the **Fiscal Sustainability Report**, we analyse the long-term sustainability of public finances.

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Preface

According to the National Institute of Economic Research's (NIER) directive in Act (2007:759), the agency shall carry out long-term projections of public finances and assess the long-term sustainability of public finances. In light of this mandate, NIER publishes a report on the sustainability of public finances.

Participants in the work on this year's report have been David Candelöf, Sebastian Escobar-Jansson, Erik Glans, Valter Hultén, Elin Ryner and Anton Sundberg. The report has been prepared under the leadership of Hanna Ågren, Head of Unit, and Svante Midander.

Stockholm, February 26, 2025.

Albin Kainelainen
Director-General

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Summary

Sweden has strong public finances, with substantial financial assets and low debt. In this report, the National Institute of Economic Research analyses the long-term sustainability of public finances. The sustainability calculations aim to assess whether the tax revenues generated under current tax regulations are sufficient to finance public expenditures over time, considering the demographic developments. To evaluate the fiscal sustainability, the report examines the long-term evolution of the public sector's financial assets and liabilities. The assessment is based on projections up to 2060, complemented by an analysis of developments extending to 2100.

Public finances are assessed to be sustainable in the long term. Tax revenues are expected to increase in the near term as household consumption picks up during the economic recovery and will continue to grow, slightly faster than GDP. Sweden's population is projected to grow at a relatively slow pace in the coming years, characterised by increasing life expectancy and, compared to recent decades, lower birth rates and reduced net migration. Rising life expectancy leads to more elderly individuals postponing their retirement. This development, and fewer children in schools and preschools compared to previous years, result in a decline in public expenditure as a share of GDP over the next decade. However, in the longer term, an ageing population will lead to higher costs for healthcare and elderly care, causing public expenditure to rise. The surplus accumulated when expenditure initially declines contributes to an increase in the public sector's net financial assets, leading to gradually higher capital income. This, in turn, helps to strengthen public finances even as expenditures rise in the long run.

According to Statistics Sweden's latest population projections, fewer children will be born, and fewer people will immigrate to Sweden compared to the previous projection. This report contains an analysis of the impact of these revised projections on the sustainability of public finances. Up to 2060, Statistics Sweden's latest projections indicate that public finances will strengthen compared to previous projection. The calculations show that fewer children and young people in schools and preschools will result in savings, particularly over the next two decades. In the longer term, however, lower birth rates contribute to a growing proportion of elderly people. The initial savings lead to increased net financial assets and thus higher net capital income, which offsets the rising costs associated with an ageing population in the long run. The downward revision of population growth suggests that public finances will remain strong even when developments up to 2100 are considered.

The calculations indicate that demographic changes take a long time to impact public finances. At the same time, it is important to acknowledge that these projections are subject to uncertainty, and that the level of uncertainty increases over time.

Analyses of Fiscal Sustainability

The National Institute of Economic Research's sustainability calculations examine whether the revenues generated under current tax regulations are sufficient, over time, to finance the expenditures associated with today's public commitments, considering the demographic developments.

These calculations should not be regarded as a forecast of public finances, but rather as an assessment of potential imbalances between revenues and expenditures that may erode public finances in the long run. Since the purpose of these calculations is to highlight such imbalances, no consideration is given to the fiscal policy framework designed to counteract them. If the fiscal policy framework is maintained in the long term, public finances will always be sustainable, regardless of demographic trends.

There are different ways to define sustainable public finances. The National Institute of Economic Research's assessment of sustainability is based on calculations of the public sector's net financial position (financial assets minus liabilities) and the consolidated gross debt, also known as the Maastricht debt. According to the agency's definition, public finances are considered sustainable if the net financial position and the Maastricht debt do not display a persistent deteriorating trend as a share of GDP over the studied period. However, this assumes that the net position is not deemed too low or that the Maastricht debt is not considered too high at the outset.[1]

In these calculations, it is assumed that replacement rates in transfer systems and staffing levels in public services are maintained at their initial levels.[2] As a result, public expenditures are largely determined by the size and composition of the population.

The calculations do not take behavioural changes into account and are based on long-term assumptions regarding macroeconomic and demographic developments. These assumptions carry significant uncertainty, which increases over time. At the same time, it may take a very long time before the effects of demographic changes, for example, materialise in public finances. The choice of time horizon is therefore crucial in the assessments. The National Institute of Economic Research has chosen to focus on a time horizon of approximately 40 years in its main analysis, supplemented by an analysis extending to around 80 years.

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[1] See the National Institute of Economic Research (2025) for a discussion on the definition of long-term fiscal sustainability.

[2] The assumptions also imply a certain standard improvement, as the cost shares for personnel, consumption, and capital are assumed to remain constant. For a description of this and other calculation assumptions, see the National Institute of Economic Research (2025).

Assessment of Fiscal Sustainability

The long-term development of public finances largely depends on demographic trends. This chapter presents how public finances are expected to evolve until 2060, based on current tax regulations and a demographic projection of today's public expenditures. Given demographic and economic developments up to 2060, public finances are assessed to be sustainable. Tax revenues are projected to grow slightly faster than GDP in the coming years. Initially, demographic trends lead to a decrease in public expenditures as more older individuals postpone retirement and the number of children in schools and preschools declines. Over time, however, an ageing population will result in increased expenditures. Public sector net capital income contributes to strengthening public finances even as expenditures rise in the long term.

The sustainability of public finances is influenced by how revenues and expenditures develop relative to GDP, which in these calculations is largely determined by demographic trends. The number of people of working age is crucial for determining employment levels, which in turn affects the size of tax revenues. The number of children determines the need for schools and preschools, while the number of older individuals determines the need for healthcare and social care. Macroeconomic trends are also central to these calculations, as they impact public revenues and expenditures while the sustainability assessment considers how the public sector's financial assets and liabilities develop in relation to GDP.

Long-term Sustainable Public Finances Despite Demographic Challenges

INCREASING PROPORTION OF OLDER PEOPLE IN THE POPULATION

Sweden's population is expected to grow at a steady but relatively slow pace until 2060. The future demographic trend is characterised by low birth rates, increasing life expectancy, and lower net migration (see the box "Statistics Sweden's Population Projection").[3] Population growth will primarily result from positive net migration, as the contribution from natural population increase (births minus deaths) is weak or negative (see diagram 1). The combination of low birth rates, longer life expectancy, and low immigration means that the proportion of older people

[3] Statistics Sweden (2024). See also the chapter "Weaker Finances with the Previous Population Projection" for a discussion on the population projection and a comparison with a scenario based on Statistics Sweden's previous population projection.

Statistics Sweden's Population Projection

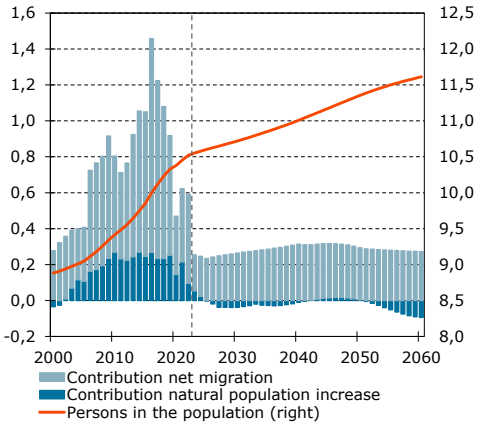
Each spring, Statistics Sweden publishes the population outcome for the previous year along with a new population projection. The latest population projection from 2024 covers the period 2024–2070, but in the Statistical Database, trends are projected up to 2120.

In the population projection, the population grows at a slower rate than in previous years. This development is due to fewer births and more deaths, as an increasing number of people reaches ages where mortality is higher. Fewer people are also expected to immigrate, while emigration is projected to increase compared to previous years.

Future population trends are thus characterised by low birth rates, increased life expectancy, and lower net migration than in previous years. The number of children aged 6–15 is expected to decline during the projection period compared to today. The proportion of people aged 85 or older is projected to increase from less than three per cent of the population today to six per cent by 2070. Emigration is expected to rise, while immigration in the long run is expected to align with the average levels of the 2000s, resulting in lower net migration going forward.

Diagram 1 Population

Percentage change and millions

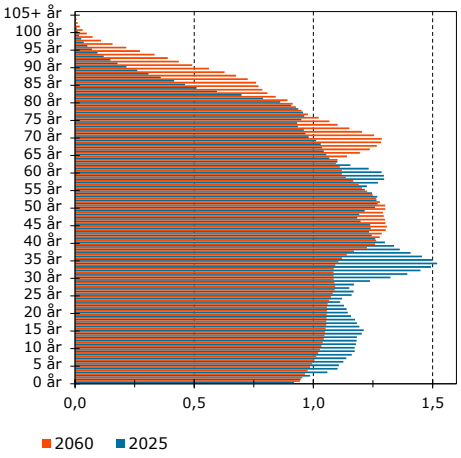


Note. Natural population increase refers to the number of births minus number of deaths annually. Net migration is number of immigrants minus the number of emigrants during a year.

Source: Statistics Sweden.

Diagram 2 Population age distribution

Percent of total population



Source: Statistics Sweden.

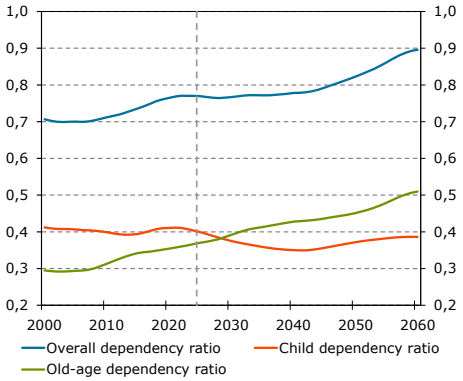
in the population will increase, which will have a significant impact on public finances (see diagram 2). Longer life expectancy leads to greater demand for healthcare and social care. At the same time, it is assumed that the overall health of the population will improve gradually, reducing the need for elderly care services at any given age.

Changes in the age composition of the population can be illustrated by the demographic dependency ratio, which shows the proportion of children and older individuals relative to the population in ages 20–64 years, typically considered the primary working years today (see diagram 3). Although the proportion of older people is increasing, the demographic dependency ratio remains relatively stable until 2040. This is due to declining birth rates, which reduce the child dependency ratio. However, from 2040 onwards, the child dependency ratio stops declining, and together with the rising elderly dependency ratio, this leads to a sharp increase in the total demographic dependency ratio.

The share of the population that is employed depends on the age structure, overall health, and labour market participation. As indicated by the demographic dependency ratio, the proportion of people aged 20–64 remains relatively stable until 2040. At the same time, the average exit age from the labour force is expected to increase as a consequence of rising life expectancy and increasing age limits in the pension system.[4] This leads to a decline in the economic dependency ratio—the ratio of non-employed individuals to employed individuals—until 2040 (see diagram 4). The economic dependency ratio provides a simplified indication of how many people pay wage taxes (the primary source of tax revenue for the public sector) compared to those who do not and who may also require higher levels of transfers, education, healthcare, and social care. After 2040, the economic dependency ratio begins to rise, but the number of employed individuals remains higher than the number of non-employed individuals until 2060.

Diagram 3 Demographic dependency ratio

Ratio

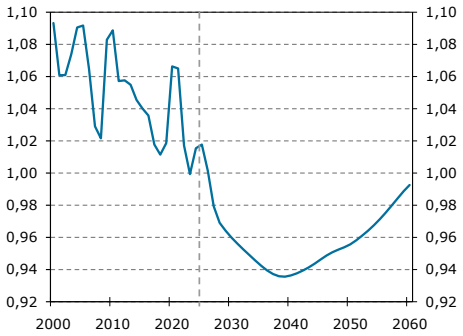


Note. The overall dependency ratio can be divided into the share of children (people aged 19 and under) and elderly (people aged 65 and over) in relation to the population in ages 20-64 years old.

Source: Statistics Sweden.

Diagram 4 Economic dependency ratio

Ratio



Note. The ratio between the non-working population and the number of employed.

Sources: Statistics Sweden and NIER.

STRONG GROWTH AS THE ECONOMY RECOVERS

The economy is expected to recover after experiencing a recession in 2025 and 2026, resulting in relatively strong GDP growth in the near term. Household consumption is projected to increase as a share of GDP in line with the economic recovery, following a period of suppression during the recession. In the long term, macroeconomic development will be determined by the number of employed individuals and their productivity.[5] An increasing share of employed people in the population up to

[4] The development implies that a 65-year-old in 2050 is assumed to have the same labour market behaviour as today's 62-year-olds. After 2050, behavioural changes are assumed to slow somewhat, in line with the assumption that approximately two-thirds of the increase in life expectancy will be spent working. See the National Institute of Economic Research (2025) for a description of the assumption regarding increased labour market participation.

[5] See further details on the macroeconomic scenario in the National Institute of Economic Research (2024a).

2040 will contribute to higher GDP growth. After that, as the share of employed individuals declines, GDP growth will be negatively affected.

AN AGEING POPULATION LEADS TO HIGHER PRIMARY EXPENDITURES AS A SHARE OF GDP IN THE LONG TERM

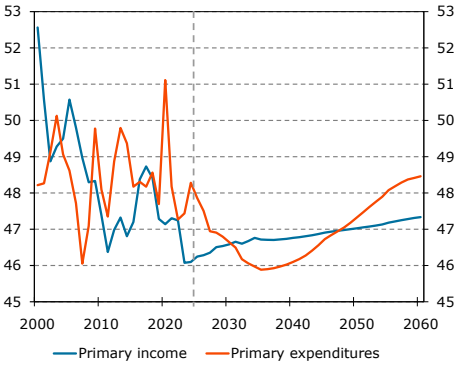
Primary expenditures decline relatively quickly as a share of GDP from 2025 until around 2035 (see diagram 5).[6] This is primarily due to weak growth in transfers and government consumption, while GDP increases at a relatively strong pace. Thereafter, the share of primary expenditures rises again until 2060.

The development of transfers is mainly explained by the pension system and the central government's transfers to households.[7] As the economy recovers after 2026, GDP initially grows faster than disbursements from the public pension system. Additionally, rising life expectancy and pension system regulations are assumed to encourage more older individuals to remain in the workforce and delay drawing their income pension. As a result, transfers decrease as a share of GDP until 2035 (see diagram 6). Under the current pension system, surpluses and assets in the system grow significantly. To prevent the assets in the pension system's buffer fund from increasing excessively, they are assumed to stabilise as a share of GDP in the long term through a balancing mechanism (or so called "accelerator") in the pension system, starting from 2035.[8] This mechanism entails extra payments to pensioners when the system's assets become large, leading to a faster increase in income pensions from 2035 onwards (see diagram 7).[9]

Central government transfers to households, which include, among other things, the guarantee pension, child allowance, and sickness benefits, decrease as a share of GDP until the 2030s. This is partly due to low birth rates reducing expenditures on parental benefits and child allowances. At the same time, central government transfers to households are assumed to be indexed to prices and wages, which are expected to grow more slowly than GDP. However, this decrease is counteracted by the increasing number of elderly individuals, which leads to higher payments for benefits such as the guarantee pension and

Diagram 5 Primary income and expenditures

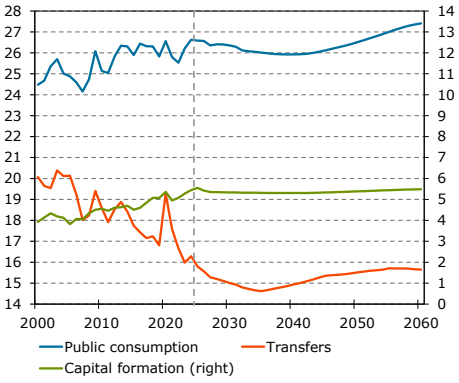
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 6 Government consumption, capital formation and transfers

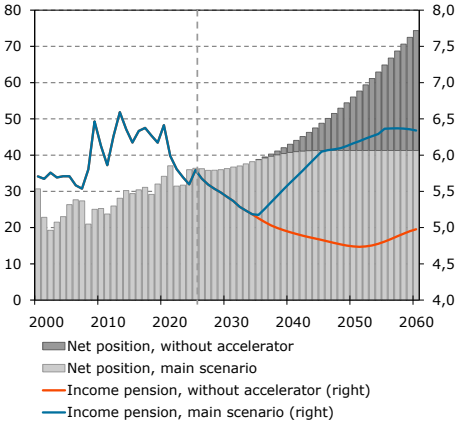
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 7 Old-age pension system with and without the assumption of an accelerator

Percent of GDP



Sources: Statistics Sweden and NIER.

[6] Public sector revenues and expenditures can be divided into primary revenues and expenditures, which stem from core activities, and capital revenues and expenditures, which are linked to financial assets and liabilities.

[7] The calculations assume a maintained replacement rate in transfer systems. See the National Institute of Economic Research (2025) for further details.

[8] The "accelerator" is a technical calculation assumption and is not currently part of the regulatory framework for old-age pensions. There are ongoing discussions within the parliamentary Pension Group on whether an "accelerator" should be introduced and how it should be structured if so. The National Institute of Economic Research's assumption regarding an accelerator should not be seen as a forecast of how such a mechanism would be designed or implemented. See the National Institute of Economic Research (2025) for a further description of this assumption.

[9] See NIER (2024b) for alternative assumptions regarding an accelerator in the pension system.

housing supplements. Overall, central government transfers to households remain relatively stable as a share of GDP from around 2030 onwards.

Government consumption declines slightly as a share of GDP until around 2040 (see diagram 6). This is partly due to lower birth rates reducing municipal expenditures on schools and preschools. However, this decline is somewhat offset by rising expenditures on healthcare and social care, as a longer-living population results in a growing elderly demographic.[10] From around 2040 onwards, the impact of a growing elderly population outweighs the effect of low birth rates, leading to an increase in Government consumption expenditures as a share of GDP. This occurs despite assumed improvements in health, which are expected to moderate expenditure growth.[11]

Public investments have increased as a share of GDP over the past 20 years (see diagram 6). In the projections, they decline slightly after a temporary peak in the near term but then grow relatively steadily until 2060. This development reflects an initial decline in the need for schools and healthcare facilities in the municipal sector, followed by an increase in line with demographic trends. Government investments are assumed to remain constant at just under 3 per cent of GDP.

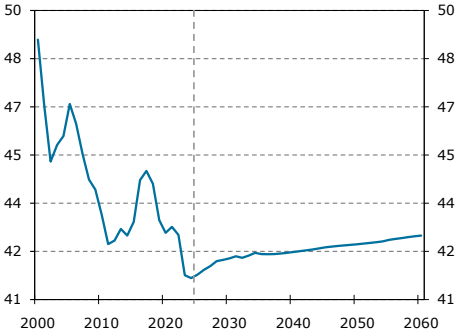
PRIMARY REVENUES INCREASE AS A SHARE OF GDP

Primary revenues increase as a share of GDP until around 2030, after which their growth slows until 2060 (see diagram 5). The rise in primary revenues is mainly due to increasing tax revenues, as illustrated by the so-called tax ratio, which measures tax revenues as a share of GDP. Under current tax regulations, the tax ratio is just over 41 per cent in 2025 but then rises to just under 42 per cent of GDP by 2030. Thereafter, the tax ratio continues to rise, but at a slower pace (see diagram 8).

The development of the tax ratio depends on how different tax bases evolve relative to each other.[12] The near-term increase in the tax ratio is primarily due to household consumption, which is taxed relatively heavily through VAT compared with other tax bases, having been subdued during the ongoing economic downturn. As the economy recovers, household consumption grows faster than GDP (see diagram 9). After 2034, the increase is instead mainly driven by income pensions growing faster than GDP. The rapid growth in pension payments is based on the assumption of a balancing mechanism in income pensions (see diagram 7). This mechanism causes the tax base to

Diagram 8 Tax-to-GDP Ratio

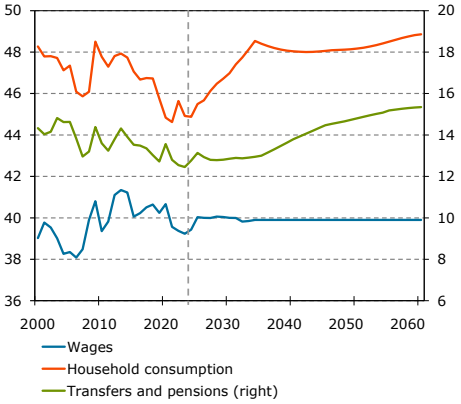
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 9 Tax bases

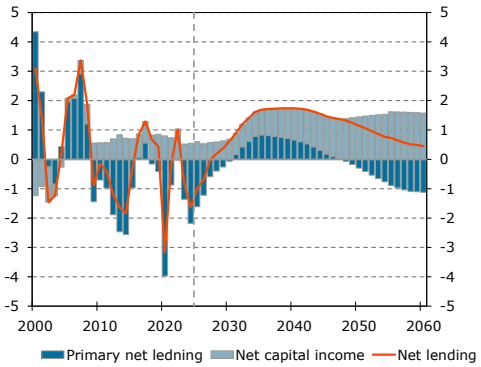
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 10 Net lending

Percent of GDP



Sources: Statistics Sweden and NIER.

[10] Wages, capital, and input goods are simultaneously assumed to constitute constant cost shares in the production of welfare services, which implies a form of standard improvement and higher costs for government consumption. See the National Institute of Economic Research (2025).

[11] For a discussion, see the grey box "The Assumption of Improved Health Affects the Cost Development for Healthcare and Social Services" in the National Institute of Economic Research (2024c).

[12] See the National Institute of Economic Research (2025).

expand more rapidly than GDP from 2035 onwards (see diagram 9). Towards 2060, the growth rate of income pension payments slows relative to GDP.

NET CAPITAL INCOME CONTRIBUTES TO A SURPLUS IN PUBLIC FINANCES THROUGHOUT THE PERIOD

The combined development of primary expenditures and revenues results in an improvement in the primary balance, shifting from today's deficit of approximately 2 per cent of GDP to a surplus throughout the 2030s and up to the mid-2040s (see diagram 10). However, from the late 2040s, primary expenditures exceed revenues, and the primary net lending continues to weaken until 2060 (see also the grey box "The Changing Age Structure with More Elderly People Weakens Primary Balance" for a description of how demographic shifts affect primary savings). Financial savings, however, are supported by positive contributions from net capital income, which refers to the net lending of capital revenues and expenditures arising from financial assets and liabilities. Implicit interest rates and direct returns on public sector assets and liabilities are expected to increase over time.[13] Combined with an increasingly strong net financial position, this leads to a growing contribution from net capital income.

Overall, this development shifts public sector financial savings from today's deficit of around 1 per cent of GDP to a surplus from the late 2020s onwards (see diagram 10). Net lending then remain in surplus throughout the period, despite the primary net lending turning negative in the long run. However, the financial surplus gradually declines during the 2050s as the primary net lending weakens, though it continues to be supported by net capital income.

The Changing Age Structure with More Elderly People Weakens Primary Savings

Demographic developments result in a shift in age composition, with a rising proportion of elderly individuals. To illustrate how this changing age structure affects public finances, the development of primary savings in the baseline scenario is compared with an alternative scenario in which total population growth remains the same, but the age structure is held constant.

With an unchanged age structure, the demographic dependency ratio remains constant. The economic dependency ratio declines, driven by the assumption that working life gradually extends. This results in a higher proportion of employed individuals compared with the baseline scenario

[13] They rise towards long-term equilibrium levels and are assumed to reach these by 2055. See the National Institute of Economic Research (2025).

The Interest-Growth Differential

The financial net position can increase or decrease over time even if primary savings are zero, depending on interest rates and economic growth. The relationship between interest rates and growth is captured by the so-called interest-growth differential.

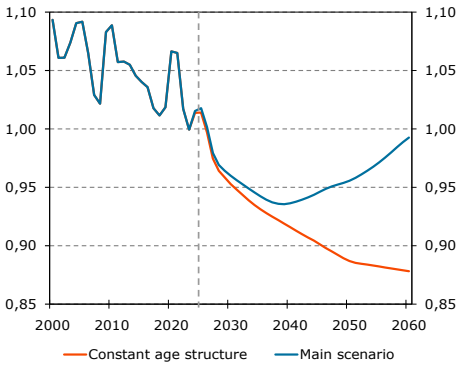
The interest rate level affects the consequences of primary surpluses or deficits in public finances. A high interest rate, for example, amplifies primary deficits, leading to higher debt and increased interest expenses, which in turn contribute to further deficits, resulting in even higher debt, and so on.

At the same time, the public sector's debts and assets are assessed in relation to the size of the economy. Nominal GDP growth is therefore important, as high growth has an eroding effect on both the debt ratio and the asset ratio.

If growth exceeds the interest rate, the interest-growth differential is negative. If the public sector has a net debt, a negative interest-growth differential causes the debt ratio to decline over time. Conversely, if the net position is positive, a negative interest-growth differential contributes to a deterioration of the net position, which is the case for Sweden.

Diagram 11 Economic dependency ratio with constant age structure

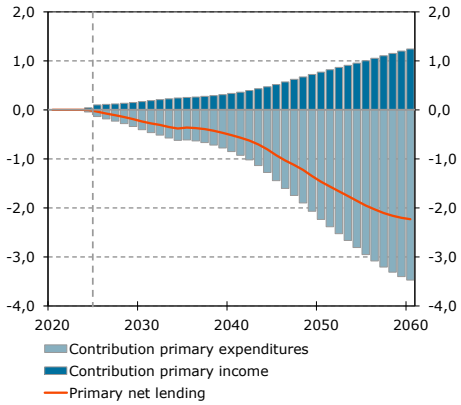
Ratio



Note. The ratio between the non-working population and the number of employed.
Sources: Statistics Sweden and NIER.

Diagram 12 Effect of constant age structure on primary net lending

Percent of GDP



Note. The graph shows the difference in primary net lending between the main scenario and a scenario where the age structure is constant, and the contributions from primary income and expenditures.
Sources: Statistics Sweden and NIER.

and a lower economic dependency ratio (see diagram 11). Higher employment leads to an increase in total hours worked, which in turn drives faster GDP growth.

Since the age structure remains constant, the proportion of elderly individuals is lower than in the baseline scenario, meaning that household consumption does not grow as strongly as GDP.[14] Consequently, government revenues from VAT are lower. A smaller share of elderly individuals in the population also leads to lower pension payments, reducing tax revenues since pensions are subject to taxation. This contributes to a tax ratio and primary revenues that are nearly 1 per cent of GDP lower in 2060 than in the baseline scenario. At the same time, a constant age structure results in significantly slower growth in government consumption compared with the baseline scenario, as the proportion of elderly individuals does not increase. As a result, primary expenditures are nearly 3.5 per cent lower as a share of GDP in 2060. The impact of lower government consumption on primary expenditures thus exceeds the effect of a lower tax ratio on primary revenues. In total, the effect of a changing age structure on primary savings amounts to approximately –2 per cent of GDP in 2060 (see diagram 12)

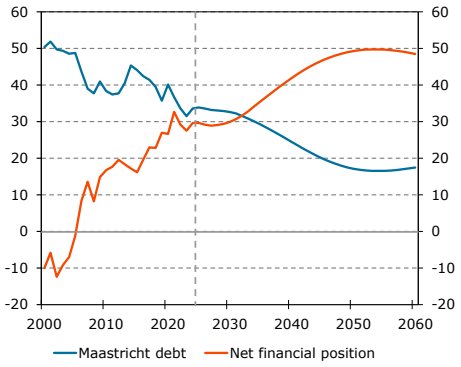
NET FINANCIAL POSITION STRENGTHENS AND MAASTRICHT DEBT DECLINES FROM AN ALREADY LOW LEVEL

The financial net position increases from today's level of approximately 30 per cent of GDP to nearly 50 per cent of GDP during the 2050s (see diagram 13 and diagram 14).[15] This development is driven by the primary surplus during the 2030s and the first half of the 2040s, contributions from net capital income, and a positive revaluation of non-interest-bearing assets. Towards the end of the 2050s, the primary savings deficit results in a slight weakening of the net position. The so-called interest-growth differential remains negative until the mid-2050s, meaning that the strengthening of the net position is weaker than it would otherwise have been (see the margin box "The Interest-Growth Differential"). Over time, the interest-growth differential approaches zero, reducing its negative impact on the development of the net position.

Maastricht debt starts from a low level and continues to decline over the period (see diagram 13). The debt ratio decreases from today's level of approximately 34 per cent of GDP to 18 per cent by the end of the period. This development is explained

Diagram 13 Maastricht debt and net financial position

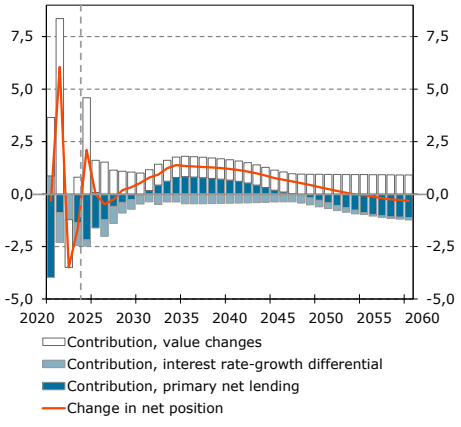
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 14 Contribution to the change in net position

Contribution and change in the net position as a percentage of GDP, respectively



Sources: Statistics Sweden and NIER.

[14] See the grey box "Assumptions in the Alternative Scenario" in the chapter "Weaker Finances with the Previous Population Projection."

[15] See the National Institute of Economic Research (2025) for a description of the assumptions regarding value changes and the development of financial assets and liabilities in the public sector.

by the reduction of central government debt as a share of GDP (see the grey box "The Development of Public Finances in Central Government, Local Government, and the Pension System"). However, as the net position weakens towards the end of the period, Maastricht debt increases slightly.

The Development of Public Finances in Central Government, Local Government, and the Pension System

In the projections, the overall public sector development is primarily driven by the net lending of central government. The financial savings in the local government sector are assumed to remain constant at –0.3 per cent of GDP, which is expected to correspond to a positive overall result for the sector and a stabilisation of its net position as a share of GDP over time.[16] Increased expenditures in the local government sector are financed through higher central government grants.

Central government financial savings initially improve, reaching increasingly larger surpluses until the mid-2040s (see diagram 15). However, after this, local government consumption expenditures rise as a share of GDP due to increasing demand for healthcare and elderly care. This leads to higher central government grants to the local government sector, gradually reducing the central government surplus from the mid-2040s onwards. This development initially strengthens the central government's net position, but it weakens somewhat towards the end of the period (see diagram 16). At the start of the period, central government accounts for approximately 60 per cent of Maastricht debt (see diagram 17). Due to the development of financial savings in each sub-sector, central government debt declines significantly over time, while local government debt increases slightly.

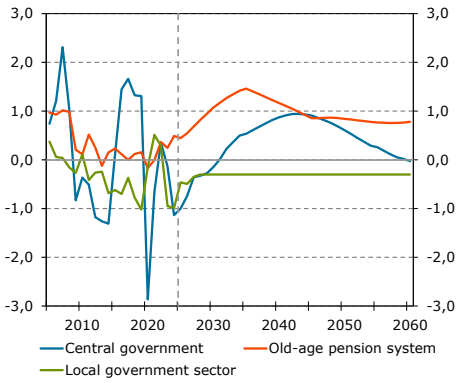
The assumption regarding savings in the local government sector results in a relatively stable development of its net position. Consequently, the local government sector's share of Maastricht debt surpasses that of central government after 2040. By the end of the period, the local government sector accounts for just over 80 per cent of total Maastricht debt, compared with approximately 40 per cent at the beginning.

In the pension system, contributions initially grow faster than income pension payments, strengthening pension system savings (see diagram 15). Capital income increases, contributing to a surplus throughout the period. From 2035, pension payments rise due to the assumption that the so-called balancing mechanism (the accelerator) is

[16] For a description of the various assumptions underlying the development of the sub-sectors, see the National Institute of Economic Research (2025).

Diagram 15 Net lending in subsectors

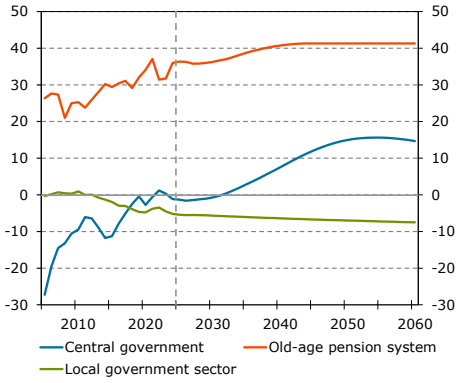
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 16 Net financial position in subsectors

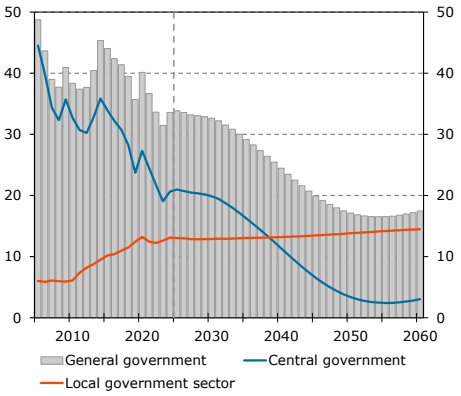
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 17 Maastricht debt in subsectors

Percent of GDP



Sources: Statistics Sweden and NIER.

Note: The Maastritcht debt in the pension system subsector has been negative and is now close to zero.

activated, resulting in lower savings than before. Until 2035, growing surpluses in the pension system lead to an expansion of buffer fund assets and a strengthening of the net position (see diagram 16). Over time, the net position stabilises as a share of GDP as the accelerator leads to increased payments to pensioners.

LONG-TERM SUSTAINABILITY OF PUBLIC FINANCES

The projection of public sector expenditures and revenues suggests a trend-wise strengthening of the financial net position until the end of the 2050s, while Maastricht debt declines (see diagram 13). Public finances are therefore assessed as being sustainable in the long term. Maastricht debt remains below the fiscal framework's debt anchor of 35 per cent of GDP (+/– 5 percentage points) and is significantly lower than the EU's Stability and Growth Pact threshold of 60 per cent of GDP throughout the period. Despite a slight weakening of the net position towards the end of the period, the overall development does not indicate a persistent deterioration over time up to 2060, and public finances are therefore considered to be sustainable in the long term.

Weaker Public Finances with the Previous Population Projection

In Statistics Sweden's previous population projection, birth rates and net migration were higher than in the latest projection. To analyse the consequences of these demographic changes, this chapter presents an alternative scenario based on the previous population projection. A comparison with the calculations in the previous chapter shows that public finances weaken until 2060 in this alternative scenario. The weakening stems from higher birth rates, leading to increased costs for preschool and primary education in the coming decades. However, the higher birth rate also results in a larger working-age population relative to the elderly, which has positive effects on primary savings when extending the time horizon to 2100. Nevertheless, due to weaker public finances over the coming decades, net capital income is lower, and financial savings remain weaker than in the calculations presented in the previous chapter, even when the horizon is extended to 2100.

In this alternative scenario, the calculations are based on Statistics Sweden's 2023 population projection, while other assumptions remain the same as in the main scenario presented in the previous chapter (for a description of the assumptions, see the margin box "Statistics Sweden's Population Projection" in the chapter Assessment of Public Financial Sustainability and the grey box "Assumptions in the Alternative Scenario" below).[17] A comparison between the scenarios illustrates the implications of the revised population development for the sustainability of public finances.

LARGER POPULATION, MORE CHILDREN, AND STRONGER GDP GROWTH

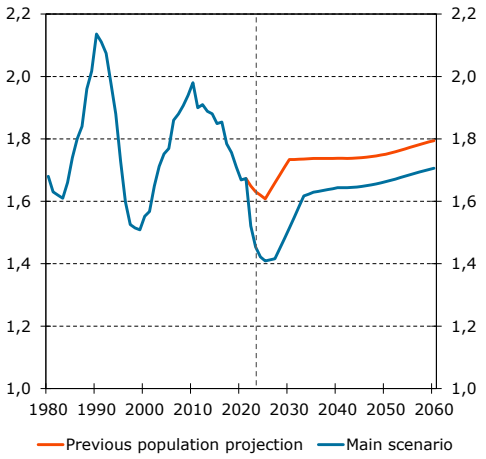
The population projection in the alternative scenario results in a faster-growing population, reaching approximately 600,000 more people by 2060 compared to the main scenario. This difference is primarily due to higher birth rates and higher net migration. Mortality rates are roughly the same in both scenarios.

The higher birth rate is reflected in a higher total fertility rate in the alternative scenario than in the main scenario (see diagram 18). In the alternative scenario, more children are born both in the near term and in the long term, averaging just under 12,000 additional births per year.

The higher net migration is particularly noticeable in the near term (see diagram 19). In 2025, net migration is approximately 13,000 people higher in the alternative scenario than in the main

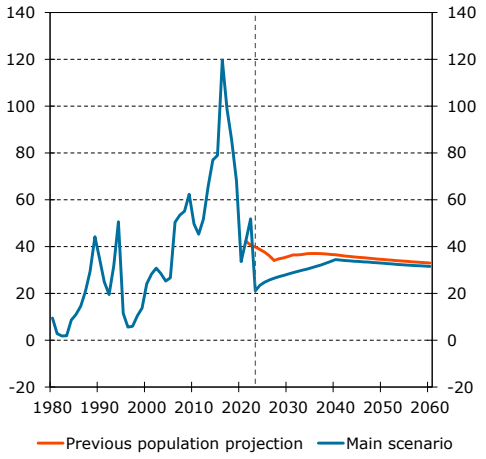
[17] Population projections are updated annually with new outcomes, but demographic assumptions are only revised every three years, most recently in 2024. The assumptions in the 2023 projection, which underpinned the alternative scenario, were from 2021.

Diagram 18 Total fertility rate
Number of children per woman



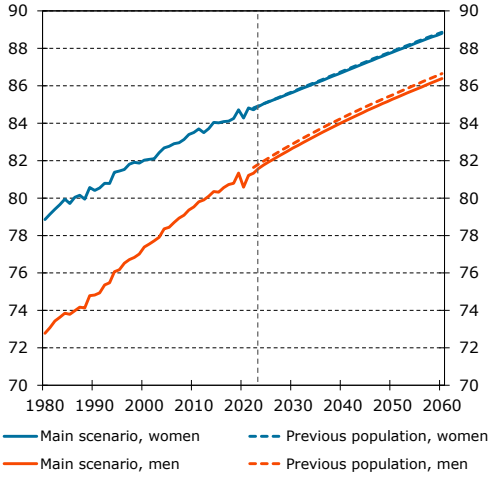
Note. The total fertility rate is defined as the average number of children born per woman over a lifetime, given that fertility (the propensity to have children at different ages) remains the same as in the year the calculation is made.
Source: Statistics Sweden.

Diagram 19 Net migration
Thousands of persons



Note. Net migration is the number of immigrants minus the number of emigrants during a year.
Source: Statistics Sweden.

Diagram 20 Life expectancy at birth
Years



Source: Statistics Sweden.

scenario. By 2040, however, net migration is at nearly the same level in both scenarios and continues to develop at a similar pace until 2060, reaching approximately 32,000 people. On average, net migration is just over 4,000 people higher per year in the alternative scenario until 2060.

Mortality trends are similar in both the alternative and main scenarios. As a result, life expectancy for men born in 2060 is approximately 87 years, and for women born in 2060 approximately 89 years, in both scenarios (see diagram 20).

The differences in birth rates and migration result in a younger population in 2060 in the alternative scenario. The proportion of people under 40 is higher, while the proportion over 40 is lower than in the main scenario (see diagram 21).

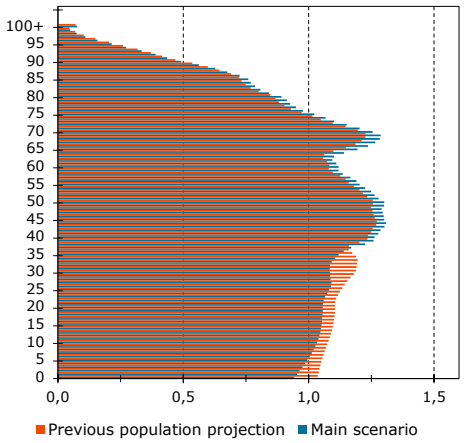
Because of these factors, the demographic dependency ratio is higher in the alternative scenario than in the main scenario until approximately 2050 (see diagram 22). This is because the higher birth rate in the alternative scenario results in more children in the near term. After 2050, these children will have reached the age of 20. Together with the higher net migration, this leads to a larger population aged 20–64, causing the demographic dependency ratio to be slightly lower than in the main scenario from the mid-2050s onwards.

Assumptions in the Alternative Scenario

In the alternative scenario, assumptions about population development have been adjusted compared to the main scenario. Otherwise, it is based on the same regulatory framework, macroeconomic assumptions, and starting point.[18] However, the changed demographics may give rise to certain macroeconomic effects, and a number of assumptions have been made regarding these as well.

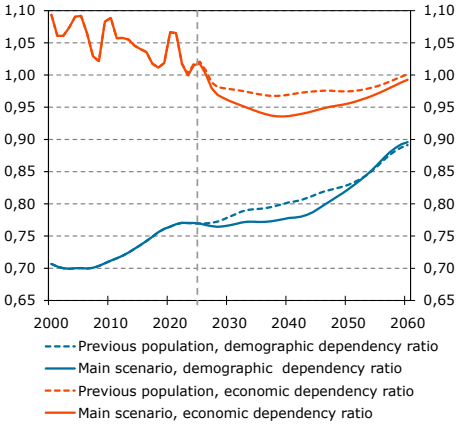
Demographics can affect the composition of the supply and use lending. For example, the share of government consumption or household consumption may be influenced. In this scenario, it is assumed that such effects only arise from changes in the population composition. This means, for instance, that government consumption is affected by the proportion of older or younger people, but potential behavioural effects are not considered. Effects on household consumption in this scenario have been estimated based on Statistics Sweden's data on household expenditures.[19] [20]

Diagram 21 Population age distribution
Percent of total population



Source: Statistics Sweden.

Diagram 22 Dependency ratios
Ratio



Note. See diagram 3 and 4 for a definition of the demographic and economic dependency ratio.
Sources: Statistics Sweden and NIER.

[18] See the National Institute of Economic Research (2025) for a discussion of the assumptions in the main scenario.

[19] Statistics Sweden's Household Expenditure Survey (HUT), https://www.scb.se/he0201. The statistics show consumption patterns across different household groups. This data has been linked to the population based on gender, age, and origin via Statistics Sweden's micro-simulation model FASIT.

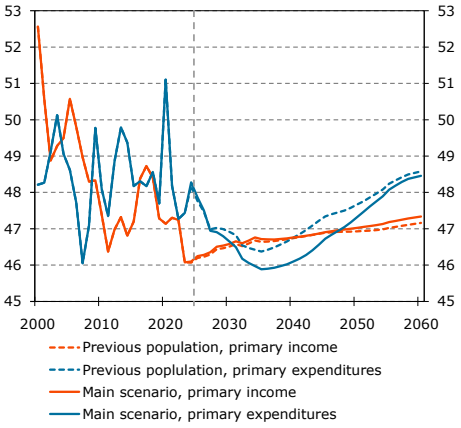
[20] The same assumption regarding improved health and increasing labour market participation from 2050 to 2100 is applied in both the main and alternative scenarios.

Demographics may also impact productivity. In this scenario, the same long-term productivity growth as in the main scenario is assumed. Thus, any effects of a changed GDP composition that could shift production towards sectors with higher or lower productivity levels are disregarded. This means that the effects on GDP size in this scenario solely result from demographic changes affecting the number of hours worked.

In the alternative scenario, GDP develops more strongly than in the main scenario.[21] This is because the population grows more, and employment growth is stronger despite a lower employment rate (see diagram 22). Above all, the higher net migration in the alternative scenario leads to more people of working age, which in turn influences the total number of hours worked in the economy.

Diagram 23 Primary income and expenditures

Percent of GDP



Sources: Statistics Sweden and NIER.

HIGHER EXPENDITURES BUT UNCHANGED REVENUES

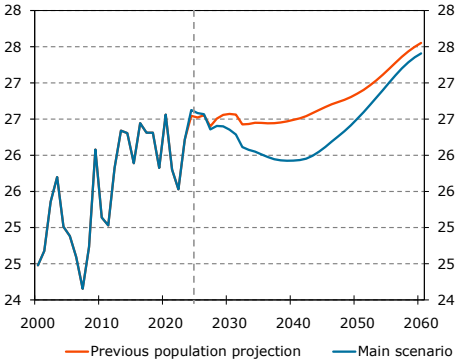
The main difference between the scenarios is that primary expenditures are higher as a share of GDP in the alternative scenario (see diagram 23). The higher primary expenditures are mainly driven by the development of government consumption (see diagram 24). Since birth rates are higher, the demand for preschool, primary school, and, in the longer term, upper secondary school is greater. However, the difference in birth rates is most pronounced in the near term, and the effect gradually diminishes. As a result, government consumption grows more slowly than in the main scenario over time, and the difference in consumption between the scenarios decreases in the long run.

Investment levels and transfers differ less between the alternative scenario and the main scenario. While the higher birth rate leads to increased child allowance and parental leave payments, GDP is also higher in the alternative scenario. Therefore, transfers as a share of GDP are only marginally affected.

As shown in diagram 23, the development of primary revenues as a share of GDP in the alternative scenario is similar to that in the main scenario. This is because tax revenues increase in the alternative scenario due to higher employment. However, more employed individuals also result in higher GDP. Consequently, tax revenues as a share of GDP remain largely unchanged.

Diagram 24 Government consumption

Percent of GDP



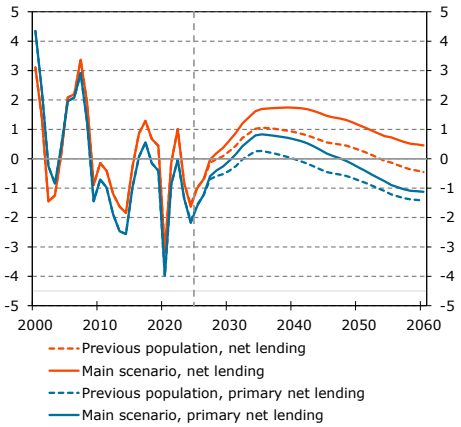
Sources: Statistics Sweden and NIER.

THE CHOICE OF POPULATION PROJECTION DOES NOT AFFECT THE OVERALL ASSESSMENT OF SUSTAINABILITY UNTIL 2060

That primary expenditures as a share of GDP are higher in the alternative scenario leads to weaker primary and financial savings (see diagram 23). This, in turn, results in a lower net financial

Diagram 25 Net lending and primary net lending

Percent of GDP



Sources: Statistics Sweden and NIER.

[21] However, GDP per capita grows slightly slower in the alternative scenario.

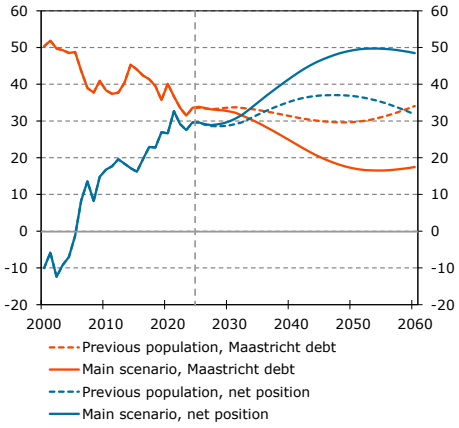
position and a higher debt level compared to the main scenario (see diagram 26). By 2060, the Maastricht debt as a share of GDP is only slightly higher than today's level, remaining in line with the debt anchor. The net financial position is somewhat stronger than today.

Thus, public finances are weaker in the alternative scenario than in the main scenario. The weakening is primarily due to the higher birth rate in the alternative scenario, which leads to increased government consumption expenditures. This, in turn, results in weaker primary and financial savings, a weaker net financial position, and, over time, weaker net capital income, which further deteriorates financial savings.

However, the weaker savings in the alternative scenario does not result in a trend of weakening public finances up to 2060. On the contrary, the net financial position strengthens slightly over the period, and debt levels in 2060 are roughly the same as today. Therefore, public finances are still assessed as sustainable in the alternative scenario.

Diagram 26 Maastricht debt and net financial position

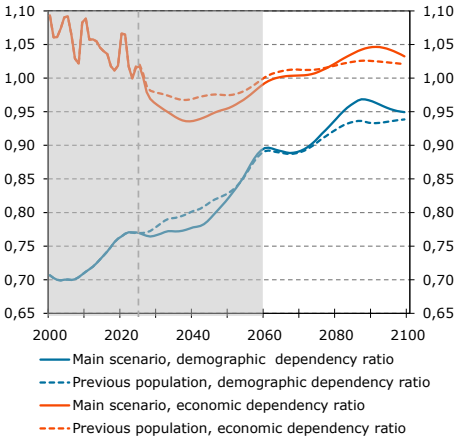
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 27 Dependency ratios

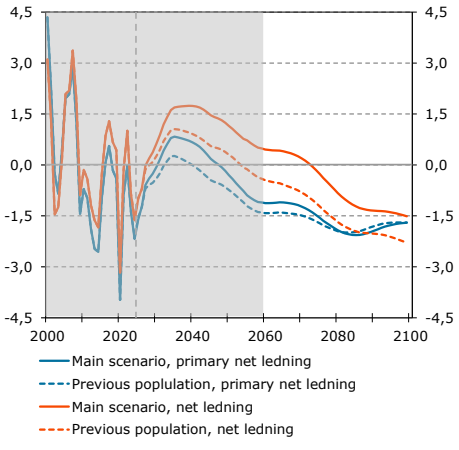
Ratio



Note. See diagram 3 and 4 for a definition of the demographic and economic dependency ratios.
Sources: Statistics Sweden and NIER.

Diagram 28 Primary net lending and net lending

Percent of GDP



Sources: Statistics Sweden and NIER.

Sustainability Challenges Emerge over a Longer Time Horizon

The assessment of fiscal sustainability in this report considers developments up to 2060, which, in this context, is a long-term perspective. However, it takes time for demographic changes to have their full impact. To highlight the longer-term consequences, developments up to 2100 are also described.

In the main scenario, public finances deteriorate after 2060. This is due to primary expenditures increasing at a faster rate than primary revenues, a consequence of the rising share of elderly people in the population. This trend is reflected in the demographic dependency ratio, which rises from 0.90 in 2060 to around 0.95 in 2100 (see diagram 27). The demand for healthcare and elderly care thus increases further compared to the period before 2060. The higher proportion of elderly people also means that, from around 2060, the number of employed persons falls below the number of non-employed individuals in the population, causing the economic dependency ratio to exceed 1 (see diagram 27). Lower net capital income further contributes to the weakening of public finances.

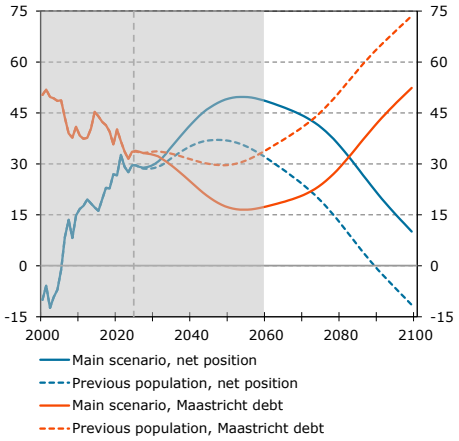
In the alternative scenario, the higher birth rate and higher net migration affect the age composition and employment share after 2060. The demographic dependency ratio is lower in the alternative scenario from 2055, and the economic dependency ratio is lower from around 2080 (see diagram 27). This means that a larger share of the population falls within what is currently considered working age, and a larger proportion of the population is employed. As a result, primary savings as a share of GDP are higher in the alternative scenario than in the main scenario

after around 2080 (see diagram 28). However, financial savings remain lower in the alternative scenario throughout the period up to 2100 (see diagram 28). This is because the lower savings in the alternative scenario before 2060 have led to a higher debt level and a weaker net financial position. The resulting lower net capital income counteracts the stronger primary savings. Over time, the net capital income turns negative, meaning that financial savings fall below primary savings in this scenario. Overall, this leads to a deterioration of public finances after 2060 in the alternative scenario as well.

Developments in both the main and alternative scenarios indicate a trend of weakening net financial position and a rising Maastricht debt from around 2070 onwards (see diagram 29). The trajectory of public finances over this time horizon suggests a sustainability challenge. This is not due to the absolute levels of the net financial position, Maastricht debt, or financial savings, but rather the trend as such. In the main scenario, the net financial position remains positive in 2100. The Maastricht debt remains below the 60 percent threshold set by the EU's Stability and Growth Pact but exceeds the debt anchor in the fiscal policy framework. However, developments from 2060 onwards show a significant deterioration of approximately 1 percent of GDP per year in both debt and net financial position, with a similar trend in the alternative scenario. In the alternative scenario, the trend is comparable, but by 2100, the net financial position turns negative, and Maastricht debt as a share of GDP exceeds the EU's threshold.

Diagram 29 Maastricht debt and net financial position

Percent of GDP



Sources: Statistics Sweden and NIER.

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The National Institute of Economic Research (2024c), "Hållbarhetsrapport 2024 för de offentliga finanserna" (in Swedish), Specialstudie, februari 2024, dnr 2024-090.

The National Institute of Economic Research (2025), "The National Institute of Economic Research's Fiscal Sustainability Projections – A Method Description", Occasional studies, dnr 2025-083.

Statistics Sweden (2024), "The future population of Sweden 2024-2070", Demographic reports 2024:1.

Appendix 1: Comparison with the 2024 Fiscal Sustainability Report

Compared to the 2024 report, the development of public finances is somewhat weaker.[22] However, public finances are still assessed as being sustainable in the long run, as was also the case in the previous report.[23] The weaker development of public finances is primarily due to a weaker initial position. Adjusted for the business cycle effects, public sector savings in 2025 are just under 1 percent of GDP lower than the savings were calculated to be in 2024 in the Fiscal Sustainability Report of 2024. The demographic development itself has a positive impact on financial savings compared to last year's population projection up to 2060.

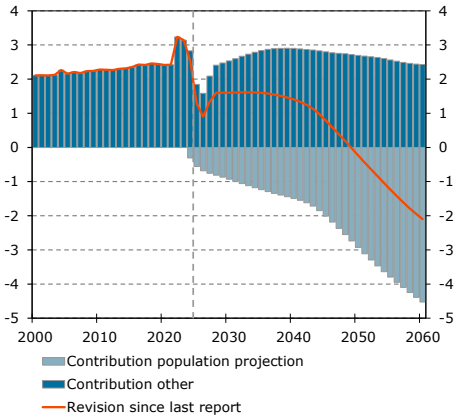
The population growth forecast has been revised downwards compared to the previous population projection, meaning that the number of inhabitants in 2060 will be just over 5 percent lower than in the previous report (see table 1 and table 2). The proportion of people aged 80 or older has been revised upwards by 0.5 percentage points to 10 percent in 2060 (see table 3). At the same time, the proportion of children under the age of five has been revised down by almost the same amount (see table 3).

Lower population growth leads to fewer hours worked. The number of hours worked has been revised downwards in the long term due to the weaker demographic development (see diagram 30). However, before 2050, the number of hours worked has rather been revised upwards. This is due to Statistics Sweden's general review of the national accounts, which takes place every five years.[24] In this review, the number of hours worked has been revised upwards due to changes in data sources and adjustments to labour input in undeclared work.[25] However, in the scenario ahead, the overall number of hours worked develops more weakly than in the 2024 Fiscal Sustainability Report due to both macroeconomic factors and the weaker demographic development.[26]

Fewer hours worked result in lower GDP growth in constant prices. However, growth in GDP per capita in constant prices is

Diagram 30 Revision of hours worked

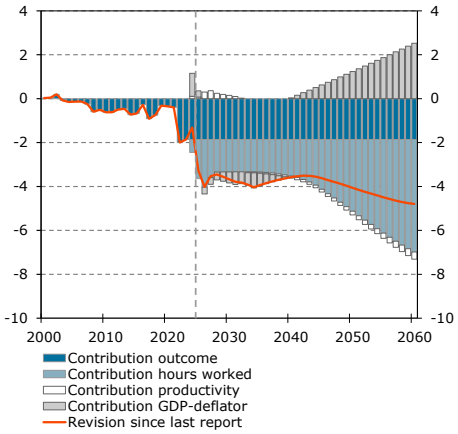
Revision in percent



Sources: Statistics Sweden and NIER.

Diagram 31 Revision of GDP in current prices

Percent and percentage points

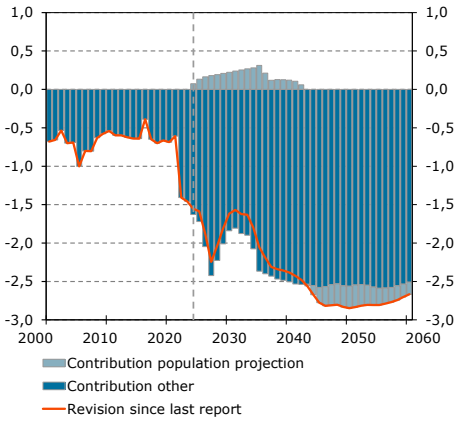


Note. The red line show difference in GDP in current prices compared to previous report in percent. The contributions are approximately calculated. Contribution outcome is the difference up until 2023 and thereafter held constant. Other contributions are calculated based on the growth rates for each variable after 2023.

Sources: Statistics Sweden and NIER.

Diagram 32 Revision of investment share

Percent of GDP



Sources: Statistics Sweden and NIER.

[22] See the Fiscal Sustainability Report on Public Finances, 2024. The macroeconomic scenario aligns with the Long-Term Scenario for the Swedish Economy to 2055.

[23] The time horizon for the assessment in this report has been extended from 2050 to 2060. In the Fiscal Sustainability Report 2024, the assessment of public financial sustainability covered the period up to 2050. However, the underlying calculations were more extensive and covered the whole period up to 2100.

[24] See Eurostat, "Data Revision Policy", 2023, https://ec.europa.eu/.

[25] See General Review of National Accounts 1993–2021, Statistics Sweden (2024).

[26] The contributions from demographic changes have been calculated based on a scenario where the previous population projection was used, with all else being equal. See the discussion and the grey box "Assumptions in the Alternative Scenario" in the chapter "Weaker Finances with the Previous Population Projection."

not significantly different (see table 2). Productivity growth in the current scenario is largely identical to the previous report (see the row 'GDP in constant prices per hour worked' in table 2). The GDP level in current prices has been revised downwards in the current main scenario (see diagram 31). Due to the general review of the national accounts, the initial level has been revised, both in terms of the composition and level of GDP, which explains a significant part of the initial revision. On the other hand, the GDP deflator in the current main scenario rises slightly faster compared to the previous scenario, primarily due to a lower assumed growth rate in import prices. A higher growth rate in the GDP deflator, all else being equal, results in a higher level of GDP in current prices. The effect on the GDP level in current prices is small initially but increases over time. However, up to 2060, the effect of fewer hours worked dominates (see diagram 31).

Statistics Sweden's general review of the national accounts has led to a changed composition of GDP in the starting point of the projection. This change remains throughout and increases somewhat further in the projection. The investment share, which is about 1.5 percentage points lower in the initial stage, is around 2.5 percentage points lower in 2060 in the current projection (see diagram 32). The revision of investments has, in turn, contributed to an upward revision of the private consumption share by between 2 and 2.5 percent of GDP (see diagram 33).

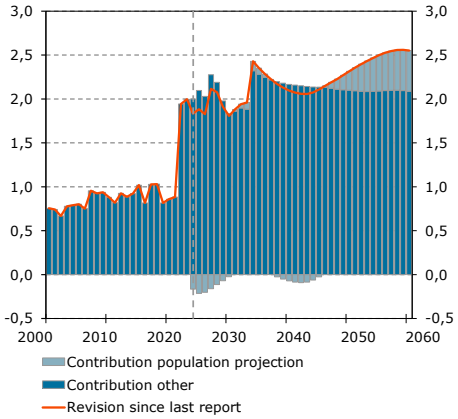
Another significant revision is a slower increase in the total wage sum for 2024–2029 (see table 2). This is due to a lower growth rate for both hours worked and hourly wages (see table 2). Despite the slower increase in the total wage sum, it constitutes a larger share of GDP throughout the scenario period, as GDP has been revised down even more (see table 4).

The economic dependency ratio has been revised since the 2024 Fiscal Sustainability Report (see diagram 34). The ratio is lower, primarily due to the new population projection. The younger group is smaller in relation to those employed throughout the period. However, this is partly offset by the fact that the older group is larger, particularly towards the end of the analysed period. As shown in diagram 34, the revision effect is most favourable from a public finance perspective around 2040 and then diminishes. However, the impact on public finances is, on average, lower from a younger person than from an older person. This means that the revision of the economic dependency ratio, which weights all non-employed individuals equally, is not directly translatable to the revision of public finances, albeit being similar.

The new population forecast thus means that expenditures will be lower in the future (see diagram 35). However, the revision in the forecast for public investments contributes to an

Diagram 33 Revision of households' consumption

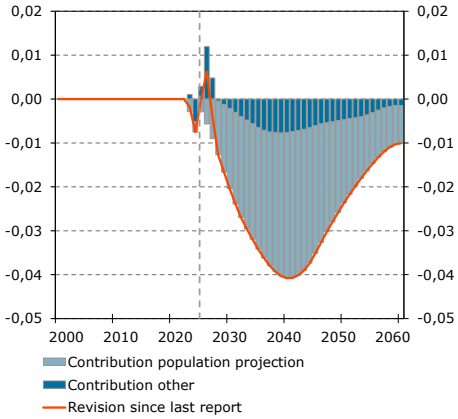
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 34 Revision of economic dependency ratio

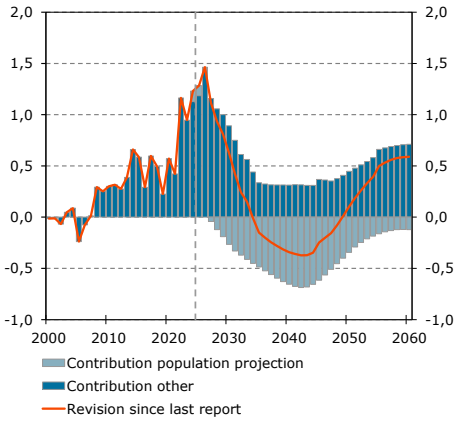
Ratio



Note. The ratio between the non-working population and the number of employed.
Sources: Statistics Sweden and NIER.

Diagram 35 Revision of primary expenditures

Percent of GDP



Sources: Statistics Sweden and NIER.

upward revision of expenditures.[27] This effect is greatest in the near term. The effect of a new population forecast becomes gradually more noticeable and is at its peak in the early 2040s. In the long term, the effect of fewer births diminishes, while the effect of a higher proportion of elderly people increases compared to the 2024 Fiscal Sustainability Report.

Primary revenues, mainly consisting of taxes, have been revised upwards in the near term (see diagram 36). This is due to a more favourable composition of tax bases from a public finance perspective. For example, government VAT revenues increase as a share of GDP because household consumption constitutes a larger share of GDP (see table 4).[28]

The fact that the total wage sum's share of GDP has been revised upwards also has a positive effect on tax revenues, as wages are taxed more heavily than corporate profits and other capital incomes. In the long term, tax revenues as a share of GDP (the tax ratio) stabilise at approximately the same level as in the 2024 Fiscal Sustainability Report, although the evolution over time is slightly different.

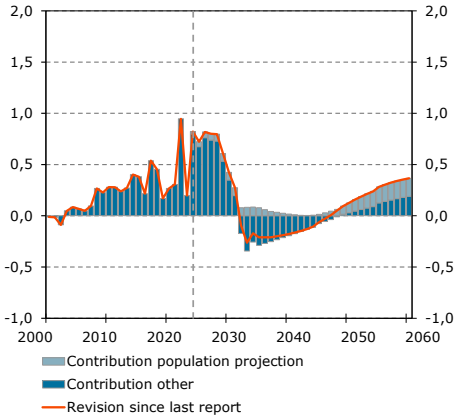
The current population forecast affects the expenditure side more than the revenue side. It is only towards the end of the analysed period that the current population forecast begins to impact primary revenues, due to the development of household consumption in relation to GDP.

Overall, expenditures have been revised more than revenues, and although they have been revised in the same direction, the revisions mean that primary savings have been revised downwards compared to the 2024 Fiscal Sustainability Report. The starting point for the calculations is the current budget year. The budget year in this sustainability report is 2025, and primary savings are lower compared to the budget year in the previous report, which was 2024. Adjusted for the business cycle effects, the difference amounts to just under 1 percent of GDP. In the longer term, primary savings have been revised down by approximately 0.2 percent of GDP (see table 5). Diagram 37 shows that the demographic revision has a positive effect on savings, while other factors, such as macroeconomic developments and the initial position, have a negative effect that outweighs the impact of the new population forecast.

Lower primary savings also lead to lower financial savings, resulting in a downward revision of the financial net position (see diagram 38). As interest rates in the scenario have barely been revised (see table 6), most of the revision is due to savings. Lower savings also contribute to a slightly higher Maastricht

Diagram 36 Revision of primary income

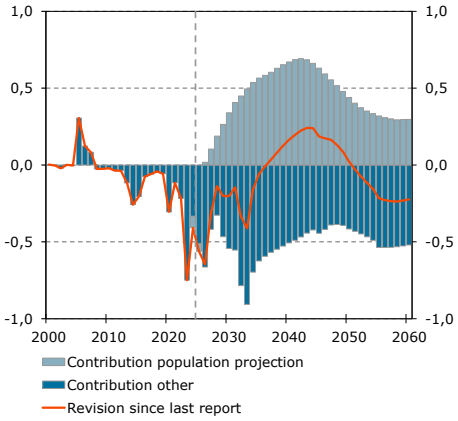
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 37 Revision of primary net lending

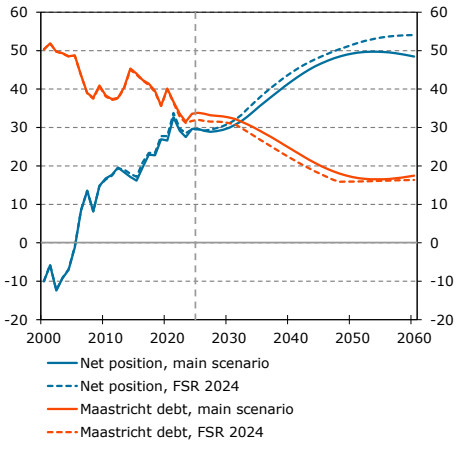
Percent of GDP



Sources: Statistics Sweden and NIER.

Diagram 38 Maastricht debt and net financial position

Percent of GDP



Sources: Statistics Sweden and NIER.

[27] Part of the revision resulted from Statistics Sweden's general review when investment expenditures for the public sector were revised due to the reclassification of Aktiebolaget Storstockholms Lokaltrafik and SL Nya Tunnelbanan AB from the business sector to the public sector.

[28] There have also been revisions in outcomes and in the near term forecast regarding the composition of household consumption. This has led to a revision of the average VAT per consumption unit (the implicit tax rate). As a result, the implicit tax rate on household consumption is slightly higher compared to the Fiscal Sustainability Report 2024.

debt (see diagram 38). At the same time, GDP in current prices has been revised down throughout the period, leading to a slightly higher debt ratio. However, the level of Maastricht debt as a share of GDP in 2060 remains significantly lower than in the starting point of the projection (see table 5).

Table 1 Macroeconomic Variables and Revisions

Percentage unless otherwise stated

	2023	2024	2025	2030	2050	2060
Population[1]	10 537	10 565	10 590	10 707	11 337	11 602
Labour Force Participation[2]	74.9	74.9	74.8	75.4	78.0	76.8
Employment Rate[2]	69.1	68.6	68.4	69.9	72.7	71.6
Average Hours Worked[3]	31.5	31.5	31.4	31.6	31.5	31.3
Hourly Wage[4]	296	308	319	376	756	1 075
GDP in Current Prices[5]	6 208	6 407	6 523	8 041	17 150	24 369
GDP in Current Prices per Capita[6]	589	606	616	751	1 513	2 100
Revision						
Population	–0.1	–0.4	–0.7	–1.9	–4.0	–5.2
Labour Force Participation	0.1	0.3	0.0	0.1	0.3	–0.1
Employment Rate	0.1	0.2	–0.1	0.1	0.7	0.2
Average Hours Worked	3.2	2.6	2.0	2.5	2.7	2.7
Hourly Wage	0.3	0.8	0.6	–1.5	–0.3	0.8
GDP in Current Prices	–1.9	–1.3	–3.3	–3.7	–4.1	–4.8
GDP in Current Prices per Capita	–1.7	–0.9	–2.6	–1.8	0.0	0.4

[1] Thousands, annual average. [2] Percentage of the total population (not the LFS population) in the age group 15–74 years. [3] Hours per week, approximately. [4] Swedish kronor (SEK). [5] Billions of SEK. [6] Thousands of SEK.

Note: The revision refers to the difference between the current main scenario and the main scenario in the Fiscal Sustainability Report 2024. For labour force participation and the employment rate, the revision is shown in percentage points. For other variables, the revision is shown as a percentage of the level in the Fiscal Sustainability Report 2024. A positive value indicates an upward revision. Example: The population level in 2060 has been revised downward by 5.2%. The employment rate has been revised upward by 0.2 percentage points in 2060. Average working hours refer to the calendar-adjusted total number of hours worked in the entire economy according to the national accounts, divided by employment figures from the Labour Force Survey (LFS), approximately converted to hours per week (assuming 52 weeks per year).

Sources: Statistics Sweden and NIER.

Table 2 Macroeconomic Development and Revisions

Average percentage change and difference in percentage points

	1994–2023	2024–2029	2030–2049	2050–2060
Population	0.6	0.2	0.3	0.2
Labour Force (15–74 Years)	0.8	0.4	0.3	0.1
Employment (15–74 Years)	0.9	0.5	0.3	0.1
Hours Worked[1]	0.9	0.6	0.3	0.0
Hourly Wage[1,2]	3.4	3.5	3.5	3.6
Total Wage Sum	4.5	4.1	3.9	3.6
CPI	1.7	1.8	2.1	2.0
Productivity[1]	1.5	1.2	1.3	1.3
GDP at Constant Prices[1]	2.4	1.8	1.6	1.3
GDP at Constant Prices per Capita[1]	1.7	1.6	1.3	1.1
GDP at Current Prices	4.5	3.7	3.9	3.6
GDP Deflator	2.1	1.9	2.2	2.3
Household Consumption at Constant Prices per Capita[1]	1.6	2.1	1.7	1.5
Revision				
Population	0.0	–0.3	–0.1	–0.1
Labour Force (15–74 Years)	0.0	–0.1	–0.1	–0.2
Employment (15–74 Years)	0.0	–0.1	–0.1	–0.2
Hours Worked	0.0	–0.3	–0.1	–0.2
Hourly Wage	0.0	–0.2	0.0	0.1
Total Wage Sum	0.0	–0.5	0.0	–0.1
CPI	0.0	–0.2	0.0	0.0
Productivity	–0.1	0.0	0.0	0.0
GDP at Constant Prices	–0.1	–0.2	–0.1	–0.2
GDP at Constant Prices per Capita	–0.1	0.0	0.0	–0.1
GDP at Current Prices	–0.1	–0.3	0.0	–0.1
GDP Deflator	0.0	–0.1	0.1	0.1
Household Consumption at Constant Prices per Capita	0.1	–0.2	0.1	0.1

[1] Calendar-adjusted values. [2] According to national accounts.

Note: Revisions refer to the current average development minus the average development in the main scenario of the Fiscal Sustainability Report 2024. A positive value indicates an upward revision. Productivity refers to GDP at constant prices per hour worked.

Sources: Statistics Sweden and NIER.

Table 3 Demography and Revisions

Percentage of the population and percentage points.

	2023	2024	2025	2030	2050	2060
0 - 4 years	5.4	5.2	5.0	4.6	5.2	4.8
5 - 14 years	11.9	11.8	11.6	10.7	10.3	10.3
15 - 69 years	67.4	67.5	67.6	68.1	65.3	64.3
70 - 79 years	9.7	9.6	9.5	9.1	9.9	10.6
80 years and older	5.7	5.9	6.2	7.5	9.4	10.0
Revision						
0 - 4 years	0.0	–0.1	–0.1	–0.7	–0.2	–0.4
5 - 14 years	0.0	0.0	0.0	–0.2	–0.5	–0.5
15 - 69 years	0.0	0.0	0.1	0.5	0.0	–0.1
70 - 79 years	0.0	0.0	0.1	0.2	0.4	0.5
80 years and older	0.0	0.0	0.0	0.1	0.3	0.5

Note: The revision refers to the current percentage minus the percentage in the main scenario of the Fiscal Sustainability Report 2024. A positive value indicates an upward revision.

Source: Statistics Sweden.

Table 4 Final use, Imports, Wages and Revisions

Percentage of final use/supply or GDP and percentage points at current prices.

	2023	2024	2025	2030	2050	2060
Government Consumption	17.3	17.7	17.6	17.9	17.9	18.6
Household Consumption	29.7	29.8	30.2	31.9	32.6	33.2
Gross Investments	16.5	16.3	16.1	16.7	15.5	15.4
Exports	36.5	36.2	36.1	33.6	34.0	32.9
Imports	33.9	33.6	33.7	32.2	32.4	32.1
Wage Sum’s Share of GDP	39.2	39.4	40.0	40.0	39.9	39.9
Revision						
Government Consumption	0.0	0.1	–0.1	0.0	–0.2	0.0
Household Consumption	1.0	0.7	0.4	0.9	1.2	1.4
Gross Investments	–1.2	–1.4	–1.5	–1.3	–2.1	–2.0
Exports	0.2	0.6	1.3	0.4	1.2	0.6
Imports	0.8	1.3	1.9	0.7	0.8	0.7
Wage Sum’s Share of GDP	1.4	1.2	1.5	0.9	0.8	0.8

Note: All variables, except for the total wage sum, refer to a percentage of final use/total supply, which is the same as GDP plus imports. The revision is the current percentage minus the percentage in the main scenario of the Fiscal Sustainability Report 2024. A positive value indicates an upward revision.

Sources: Statistics Sweden and NIER.

Table 5 Public Finance Variables and Revisions

Percentage of GDP and percentage points.

	2023	2024	2025	2030	2050	2060
Primary Income	46.1	46.1	46.2	46.6	47.0	47.3
Primary Expenditure	47.4	48.3	47.9	46.6	47.3	48.5
Consumption	26.2	26.6	26.6	26.4	26.5	27.4
Investments	5.2	5.4	5.5	5.3	5.3	5.4
Transfers	16.0	16.3	15.8	15.0	15.5	15.6
Primary Net Lending	–1.4	–2.2	–1.6	–0.1	–0.3	–1.1
Net Capital Income	0.5	0.6	0.6	0.7	1.4	1.6
Net Lending	–0.8	–1.6	–1.0	0.6	1.1	0.5
Net Financial Position	27.5	29.6	29.6	29.9	49.3	48.5
Maastricht Debt	31.5	33.6	33.8	32.6	17.1	17.5
Revision						
Primary Income	0.2	0.8	0.7	0.4	0.1	0.4
Primary Expenditure	0.9	1.2	1.3	0.6	0.1	0.6
Consumption	0.3	0.7	0.5	0.2	0.0	0.3
Investments	0.3	0.4	0.5	0.5	0.5	0.6
Transfers	0.3	0.2	0.3	–0.1	–0.4	–0.3
Primary Net Lending	–0.7	–0.4	–0.6	–0.2	0.0	–0.2
Net Capital Income	0.0	0.0	0.0	–0.1	–0.4	–0.4
Net Lending	–0.7	–0.5	–0.6	–0.3	–0.4	–0.6
Net Financial Position	–1.0	0.1	0.1	–1.2	–2.3	–5.6
Maastricht Debt	0.3	1.9	1.8	1.5	1.2	1.1

Note: The revision refers to the current percentage minus the percentage in the main scenario of the Fiscal Sustainability Report 2024. A positive value indicates an upward revision. Investments refer to gross fixed investments, inventory investments, and purchases of fixed assets from other sectors of the economy.

Sources: Statistics Sweden and NIER.

Table 6 Interest Rate Assumptions and Revisions Compared to the Previous Report

Percentage points

	2023	2024	2025	2030	2050	2060
10-year bond	2.51	2.19	2.09	3.00	4.01	4.30
5-year bond	2.63	2.11	1.92	2.84	3.74	4.00
Treasury bill	3.57	3.47	1.72	2.55	3.43	3.70
Revision						
10-year bond	–0.01	–0.13	–0.42	0.15	–0.29	0.00
5-year bond	–0.01	–0.16	–0.42	0.19	–0.26	0.00
Treasury bill	0.00	–0.25	–0.86	0.25	–0.27	0.00

Note: The revision refers to the current interest rate minus the interest rate in the main scenario of the Fiscal Sustainability Report 2024. A positive value indicates an upward revision.

Sources: The Riksbank. Macrobond and NIER.

Appendix 2: Tables on Public Finances

Table 7 General Government Finances in the Main Scenario

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	46.2	46.6	46.8	47.0	47.3	47.3	47.5	47.7	47.5
Taxes and Duties	41.3	41.8	42.0	42.2	42.5	42.5	42.6	42.7	42.6
Primary Expenditure	47.9	46.6	46.1	47.3	48.5	48.6	49.5	49.6	49.2
Consumption	26.6	26.4	25.9	26.5	27.4	27.5	28.2	28.4	28.1
Income Pensions	5.9	5.5	5.7	6.2	6.4	6.4	6.4	6.4	6.3
Transfers (Excluding Income Pensions)	6.2	5.7	5.4	5.5	5.4	5.5	5.6	5.5	5.5
Investments	5.6	5.3	5.3	5.4	5.5	5.5	5.6	5.6	5.5
Primary Net Lending	−1.6	−0.1	0.7	−0.3	−1.1	−1.2	−1.9	−1.9	−1.7
Net Capital Income	0.6	0.7	1.1	1.4	1.6	1.4	1.1	0.6	0.1
Net Lending	−1.0	0.6	1.7	1.1	0.5	0.2	−0.8	−1.3	−1.5
Net Financial Position	29.6	29.9	41.9	49.3	48.5	44.1	35.0	21.1	9.0
Maastricht Debt	33.8	32.6	24.5	17.1	17.5	20.9	29.3	42.4	53.4

Source: NIER.

Table 8 Central Government Finances in the Main Scenario

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	23.9	24.3	24.2	24.2	24.4	24.4	24.4	24.5	24.4
Primary Expenditure	24.9	24.3	23.4	24.0	24.8	25.0	25.7	25.9	25.6
Of Which: Local Government Sector Transfers	4.6	4.1	3.6	4.0	4.6	4.7	5.2	5.3	5.1
Primary Net Lending	−1.0	0.0	0.8	0.2	−0.5	−0.6	−1.3	−1.4	−1.2
Net Capital Income	0.0	−0.1	0.1	0.4	0.4	0.3	0.0	−0.5	−1.0
Net Lending	−1.0	−0.1	0.9	0.6	0.0	−0.3	−1.3	−1.9	−2.1
Net Financial Position	−1.3	−0.7	7.5	15.0	14.7	10.6	1.7	−12.1	−24.2
Maastricht Debt	21.0	19.9	11.4	3.4	3.0	6.2	14.3	27.2	38.3

Source: NIER.

Table 9 Local Government Finances in the Main Scenario

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	23.1	22.5	22.2	22.9	23.8	23.8	24.5	24.6	24.3
Of Which: Local Government Sector Transfers	4.6	4.1	3.6	4.0	4.6	4.7	5.2	5.3	5.1
Primary Expenditure	23.4	22.7	22.3	22.8	23.6	23.6	24.3	24.4	24.1
Primary Net Lending	–0.4	–0.1	–0.1	0.1	0.2	0.2	0.2	0.2	0.2
Net Capital Income	–0.1	–0.2	–0.2	–0.4	–0.5	–0.5	–0.5	–0.5	–0.5
Net Lending	–0.5	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3	–0.3
Net Financial Position	–5.4	–5.7	–6.4	–7.0	–7.5	–7.8	–8.0	–8.1	–8.1
Maastricht Debt	13.0	12.9	13.2	13.8	14.5	14.6	15.1	15.2	15.1

Source: NIER.

Table 10 Old Age Pension System Finances in the Main Scenario

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Primary Expenditure	6.0	5.7	5.8	6.4	6.6	6.5	6.6	6.5	6.5
Primary Net Lending	–0.2	0.1	–0.1	–0.6	–0.8	–0.7	–0.8	–0.7	–0.7
Net Capital Income	0.7	1.0	1.2	1.5	1.6	1.6	1.6	1.6	1.6
Net Lending	0.4	1.1	1.2	0.8	0.8	0.8	0.8	0.9	0.9
Net Financial Position	36.4	36.3	40.7	41.3	41.3	41.3	41.3	41.3	41.3
Maastricht Debt	–0.2	–0.1	–0.1	–0.1	0.0	0.0	0.0	0.0	0.0

Source: NIER.

Table 11 General Government Finances with the Previous Population Projection

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	46.2	46.5	46.7	46.9	47.2	47.1	47.2	47.3	47.2
Taxes and Duties	41.3	41.7	42.0	42.2	42.4	42.4	42.4	42.4	42.4
Primary Expenditure	47.8	46.9	46.8	47.7	48.6	48.6	49.2	49.1	48.9
Consumption	26.5	26.6	26.5	26.9	27.6	27.6	28.1	28.0	27.9
Income Pensions	5.8	5.4	5.7	6.2	6.4	6.3	6.4	6.3	6.3
Transfers (Excluding Income Pensions)	6.2	5.8	5.5	5.6	5.5	5.5	5.6	5.5	5.5
Investments	5.5	5.3	5.3	5.4	5.4	5.4	5.5	5.5	5.5
Primary Net Lending	–1.6	–0.4	0.0	–0.7	–1.4	–1.5	–2.0	–1.8	–1.7
Net Capital Income	0.6	0.7	0.9	1.0	1.0	0.7	0.3	–0.2	–0.6
Net Lending	–1.0	0.3	0.9	0.3	–0.5	–0.8	–1.7	–2.0	–2.3
Net Financial Position	29.6	28.8	35.4	36.8	31.8	23.8	12.3	–1.2	–12.6
Maastricht Debt	33.6	33.7	31.3	29.7	34.1	41.1	51.6	64.2	74.7

Source: NIER.

Table 12 Central Government Finances with the Previous Population Projection

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	23.9	24.2	24.2	24.2	24.3	24.3	24.3	24.4	24.3
Primary Expenditure	24.8	24.6	24.1	24.5	25.1	25.3	25.7	25.7	25.5
Of Which: Local Government Sector Transfers	4.6	4.3	4.1	4.3	4.8	4.9	5.3	5.2	5.1
Primary Net Lending	−1.0	−0.4	0.1	−0.3	−0.8	−1.0	−1.4	−1.3	−1.2
Net Capital Income	0.0	−0.1	−0.1	0.0	−0.2	−0.5	−0.9	−1.3	−1.8
Net Lending	−1.0	−0.6	0.0	−0.3	−1.0	−1.4	−2.3	−2.6	−3.0
Net Financial Position	−1.2	−1.8	0.8	2.1	−2.5	−10.3	−21.5	−35.0	−46.4
Maastricht Debt	20.8	20.8	17.9	15.9	19.7	26.5	36.8	49.3	59.8

Source: NIER.

Table 13 Local Government Finances with the Previous Population Projection

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	23.0	22.7	22.7	23.2	23.8	23.9	24.3	24.2	24.1
Of Which: Local Government Sector Transfers	4.6	4.3	4.1	4.3	4.8	4.9	5.3	5.2	5.1
Primary Expenditure	23.4	22.8	22.8	23.1	23.7	23.7	24.1	24.0	23.9
Primary Net Lending	−0.4	−0.1	−0.1	0.1	0.2	0.2	0.2	0.2	0.2
Net Capital Income	−0.1	−0.2	−0.2	−0.4	−0.5	−0.5	−0.5	−0.5	−0.5
Net Lending	−0.5	−0.3	−0.3	−0.3	−0.3	−0.3	−0.3	−0.3	−0.3
Net Financial Position	−5.4	−5.6	−6.4	−6.9	−7.3	−7.5	−7.7	−7.8	−7.9
Maastricht Debt	13.0	12.9	13.4	13.9	14.4	14.6	14.9	14.9	14.9

Source: NIER.

Table 14 Old Age Pension System Finances with the Previous Population Projection

Per cent of GDP

	2025	2030	2040	2050	2060	2070	2080	2090	2100
Primary Income	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Primary Expenditure	6.0	5.6	5.8	6.3	6.5	6.5	6.5	6.4	6.5
Primary Net Lending	−0.2	0.2	−0.1	−0.5	−0.8	−0.7	−0.7	−0.7	−0.7
Net Capital Income	0.7	1.0	1.3	1.5	1.6	1.6	1.6	1.6	1.6
Net Lending	0.5	1.1	1.2	0.9	0.8	0.9	0.9	0.9	0.9
Net Financial Position	36.2	36.3	41.0	41.6	41.6	41.6	41.6	41.6	41.6
Maastricht Debt	−0.2	−0.1	−0.1	−0.1	0.0	0.0	0.0	0.0	0.0

Source: NIER.

Table 15 The S2 Indicator and Its Components

	S2	Interest on initial net debt	Effect of primary deficits until 2100	Effect of primary deficits after 2100
Main Scenario	1.71	–0.01	0.02	1.70
Previous Population Projection	1.70	–0.01	0.03	1.69

Note: The S2 indicator in the second column is the sum of columns three to five. The S2 indicator indicates the permanent adjustment to primary savings required today to stabilize the financial net position at some point in the future. An S2 indicator of, for example, 1.0 means that primary financial savings need to be permanently increased by 1.0% of GDP.

Source: NIER.