

## **Take a Chance on Me – Can the Swedish Premium Pension Serve as a Role Model for Germany’s Riester Scheme?**

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In the course of the ongoing debate regarding the critique of the German Riester pension the Swedish premium pension has often been referred to as a role model regarding potential amendments and reforms. The Swedish pension reform of 1998 has led to a reorganization towards a stratified scheme, consisting of a pay-as-you-go and a fully funded element. The mandatory implementation of the Swedish premium pension has proved to be the major difference in comparison to the voluntary German Riester pension. In addition, numerous differences between the two systems can be outlined, of which most are due to the differing methods of implementation in the country’s old age provision system. This paper draws a comparison between the two systems with a special focus on the cost structure and evaluates the possibilities and limitations that arise from a complete adaptation of the Swedish premium pension (German premium pension) as well as a partial modification of the existing Riester scheme (Swedish-Riester). It becomes evident that costs are significantly lower in the Swedish system thanks to a rebate system and the centralization of administrative tasks within the Swedish Pensions Agency. However, despite systematic differences between the two schemes, the German Riester pension can particularly benefit from the Swedish premium pension with regard to transparent, coherent and consistent product information.

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