

SUMMARY OF REPORT 2017:12

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## Child pension and surviving children's allowance

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Swedish Social Insurance Inspectorate

[www.inspsf.se](http://www.inspsf.se)

Stockholm 2017

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# Summary

## Child pension and surviving children's allowance

The Swedish Social Insurance Inspectorate (Inspektionen för social-försäkringen, ISF) is an independent supervisory agency for the Swedish social insurance system. The objectives of the agency are to strengthen compliance with legislation and other statutes, and to improve the efficiency of the social insurance system through system supervision and efficiency analysis and evaluation.

The ISF's work is mainly conducted on a project basis and is commissioned by the Government or initiated autonomously by the agency. This report has been initiated by the agency.

When a child loses one or both of their parents as a result of a fatality, the State offers financial support to partially compensate for the loss of income this gives rise to. The starting point is that children of a deceased parent should in principle be given the same basic financial protection as children of parents living separately. In cases where the deceased parent had little or no income, a surviving children's allowance is granted to the child. The surviving children's allowance should guarantee a certain minimum financial standard for the child. If the parent's income exceeds a given level, a child pension is paid out to the child. The child pension is thus intended to cover parts of the loss of income that the parent's decease entails.

The total social expenses for these allowances have decreased in fixed prices from nearly 1.2 billion SEK to just under 950 million SEK. The reason for this is that the number of children with either child pension or surviving children's allowance had gradually been decreasing up through 2013. Since 2013, the number of child pension recipients has continued to decrease at approximately the same rate as previously, while the number of children with surviving children's allowance began to increase. Even though there are demographic reasons for the number of surviving children decreasing, it does not explain the relatively large decrease in the number receiving child pensions. The increase in surviving children's allowances since 2013 is due in part to immigration having increased.

This report analyses the rules for surviving children's allowances in relation to the rules for maintenance support, which is an allowance for children with parents living separately that also is to guarantee a certain level of support. These allowances cannot be granted simultaneously, but both are intended to provide children with basic financial security. In most cases, there is no question of which allowance is to be granted, since information on a possible fatality of one or both parents is automatically sent to Pensionsmyndigheten, the Swedish Pensions Agency, via the Swedish Population register. This creates the proper conditions for determining when

surviving children's allowances should replace any maintenance support, or alternately maintenance allowance. But in certain situations where fatalities – and, in certain situations, kinship – is difficult to determine and the question of whether the child is regarded as having the right to maintenance support or surviving children's allowance therefore needs to be investigated, problems with drawing a boundary can arise. Cases in which determining whether to grant maintenance support or surviving children's allowance is more complicated are relatively few, but have increased over the past few years as a consequence of increased immigration to Sweden. Moreover, the rules for maintenance support and surviving children's allowance differ when children have their needs met through housing placement by social services, despite the child's maintenance being provided for through the placement. Since the levels of compensation differ, this discrepancy – in these situations – can create motives to submit incorrect information to government agencies.

Since child pensions compensate for loss of income, and men on average have a stronger position in the labour market than women, compensation in the form of child pension is both more common, and on average higher, for children who have lost their fathers than those who lost their mothers. But the differences decreased during the period studied.

The Government has now proposed decreasing the retroactive period for compensation in the form of surviving children's allowance. The purpose was to adjust the rules of surviving children's allowance so that children whose parent or parents are deceased and children whose parents do not live together are given more equitable financial support.