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AN AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SUPPLEMENTARY AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND SWEDEN ON SOCIAL SECURITY SIGNED IN STOCKHOLM ON JUNE 24, 2004, PURSUANT TO 42 U.S.C. 433(d)(1)

MARCH 20, 2007.—Referred to the Committee on Ways and Means and ordered to be printed

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To the Congress of the United States

Pursuant to section 233(e)(1) of the Social Security Act, as amended by the Social Security Amendments of 1977 (42 U.S.C. 433(d)(1)), I transmit herewith the Supplementary Agreement on Social Security between the United States of America and the Kingdom of Sweden. The Supplementary Agreement was signed in Stockholm on June 22, 2004, and is intended to modify certain provisions of the original United States-Sweden Agreement, which was signed May 27, 1985, and that entered into force January 1, 1987.

The United States-Sweden Agreement, as revised by the Supplementary Agreement, remains similar in objective to the social security agreements that are also in force with Australia, Austria, Belgium, Canada, Chile, Finland, France, Germany, Greece, Ireland, Italy, Korea, Luxembourg, the Netherlands, Norway, Portugal, Spain, Switzerland, and the United Kingdom. Such bilateral agreements provide for limited coordination between the United States and foreign social security systems to eliminate dual social security coverage and taxation, and to help prevent the loss of benefits that can occur when workers divide their careers between two countries. The United States-Sweden Agreement, as revised by the Supplementary Agreement, contains all provisions mandated by section 233 and other provisions that I deem appropriate to carry out the purposes of section 233, pursuant to section 233(c)(4).

I also transmit for the information of the Congress a report prepared by the Social Security Administration explaining the key points of the Supplementary Agreement with a paragraph-by-paragraph explanation of the provisions of the Supplementary Agreement. Annexed to this report is the report required by section 233(e)(1) of the Social Security Act on the effect of the Supplementary Agreement on income and expenditures of the U.S. Social Security program and the number of individuals affected by the Supplementary Agreement and a composite text of the United States-Sweden Agreement showing the changes that will be made as a result of the Supplementary Agreement. The Department of States and the Social Security Administration have recommended the Supplementary Agreement and related documents to me.

I commend to the Congress the Supplementary Agreement to the United States-Sweden Social Security Agreement and related documents.

GEORGE W. BUSH.

THE WHITE HOUSE, *March 20, 2007.*

REPORT TO CONGRESS TO ACCOMPANY THE SUPPLEMENTARY AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND SWEDEN ON SOCIAL SECURITY

INTRODUCTION

The proposed supplementary Social Security agreement between the United States and Sweden is intended to modify certain provisions of the original U.S.-Swedish Social Security agreement (TIAS 11266) that entered into force on January 1, 1987. The supplementary agreement, like the original agreement, was negotiated under authority of section 233 of the Social Security Act. The supplementary agreement also amends the administrative arrangement in force since January 1, 1987, for implementation of the principal agreement.

U.S.-SWEDISH SOCIAL SECURITY AGREEMENT

The Social Security agreement between the United States and Sweden is one of 20 bilateral agreements the United States has concluded with foreign countries to provide limited coordination of the U.S. old-age, survivors, and disability insurance (OASDI) program with the comparable programs of those countries. Like the other agreements, the U.S.-Swedish agreement has three main purposes. First, it eliminates dual Social Security coverage and taxation, the situation that occurs when a worker from the United States or Sweden works in the other country and is required to pay Social Security taxes to both countries on the same earnings. The agreement includes rules that assign a worker's Social Security coverage and tax liability to just one country.

The second purpose of the agreement is to help prevent gaps in Social Security benefit protection for workers who divide their careers between the two countries. Under the agreement, workers may qualify for partial U.S. or Swedish benefits based on "totalized" (i.e., combined) work credits from both countries. When a person qualifies for U.S. or Swedish benefits based on totalized credits, the benefit amount is proportional to the amount of coverage credit earned in the paying country.

The third purpose of the agreement is to eliminate restrictions that either country might impose on benefit payments based on residence in the other country.

SUPPLEMENTARY AGREEMENT

The proposed supplementary agreement would amend the original U.S.-Swedish agreement to update and clarify several of its provisions. The primary purpose of the supplementary agreement, however, is to take account of recent changes to Swedish law. The supplementary agreement would also conform the original agreement more closely to later Social Security agreements that the

United States and Sweden have each concluded with other countries.

New Swedish Social Security Laws

When the original agreement was concluded, Sweden had a two-tier Social Security system that consisted of an earnings-related, defined-benefit program and a residence-based, flat-rate benefit program. Recent Swedish legislation restructured the system. People born after 1953 are now covered by a program consisting of three components. It includes an earnings-related, defined-contribution benefit program administered by the government, a program of individual investment accounts, and a guaranteed minimum pension payable if income-based pensions and certain other income fall below specified levels. People born before 1938 remain covered entirely under the old system, while those born between 1938 and 1953 are covered partially under the old system and partially under the new system according to a sliding scale that varies with the person's year of birth.

Supplementary Agreement Provisions

Under the original agreement, a person who has not worked long enough or recently enough to qualify for Swedish benefits can have his or her U.S. and Swedish coverage credits "totalized," i.e., combined, in order to meet the applicable eligibility requirements and qualify for prorated Swedish benefits. Other provisions in the agreement allow a person to become eligible for prorated U.S. benefits based on totalized credits. The supplementary agreement revises the Swedish benefit provisions to allow people to qualify for benefits under the new Swedish system based on totalized credits. It also revises the U.S. benefit provisions by specifying that SSA will count periods under Sweden's new system (but only periods under the *earnings-related* program). The supplementary agreement makes no other changes in the U.S. benefit provisions of the agreement.

The new Swedish social security law allows people to qualify for most benefits with very little coverage credit. It is not expected, therefore, that many people will need to have their U.S. and Swedish coverage credits totalized to become eligible for most Swedish benefits. For example, a person can qualify for old-age and survivors benefits under the new earnings-related pension program with just one year of Swedish coverage, and a contributor to an individual investment account under the new system is immediately vested. On the other hand, the Swedish program still includes recent-coverage requirements for entitlement to disability benefits, and it is expected that the totalization provisions of the supplementary agreement will be especially important for purposes of meeting these requirements. In addition, the supplementary agreement provides that U.S. Social Security benefits will not be counted in applying pension offsets that normally reduce the amount of Swedish disability benefits. Thus, the supplementary agreement will provide U.S. workers enhanced disability benefit protection under the Swedish system at little, if any, additional cost to the U.S. Social Security system.

Under the supplementary agreement's transitional provisions, people who have been partially or fully covered by the old Swedish pension program will still be able to qualify for benefits under the old system based on totalization. The transitional provisions will also allow people with coverage credits under Sweden's old pension program to qualify for U.S. benefits based on totalization.

ANNEX A

AGREEMENT	ANNOTATIONS AND COMMENTS

**SUPPLEMENTARY AGREEMENT
ON SOCIAL SECURITY
BETWEEN THE UNITED STATES OF AMERICA
AND THE KINGDOM OF SWEDEN**

The Government of the United States of America
and
The Government of the Kingdom of Sweden,

HAVING CONSIDERED the Agreement on Social Security which was signed on their behalf at Stockholm on May 27, 1985—hereinafter referred to as the "Agreement"—as well as the Administrative Arrangement for the Implementation of the Agreement, also signed on May 27, 1985—hereinafter referred to as the "Administrative Arrangement";

BEING DESIROUS of continuing their cooperation in the field of social security, taking into account changes to their respective social security laws since the Agreement and Administrative Arrangement were signed;

HAVE DECIDED to conclude a Supplementary Agreement and, to this end,

HAVE AGREED as follows:

The original U.S.-Swedish Social Security agreement was signed on May 27, 1985, and entered into force on January 1, 1987. The primary purpose of the Supplementary Agreement is to adjust the original agreement to take into account major changes to the Swedish Social Security program that were implemented through recent legislation. The agreement also updates and clarifies the intent of several other provisions of the original agreement, as well as the administrative arrangement for implementation of the original agreement, which also entered into force on January 1, 1987.

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Article I

Article 1 of the Agreement shall be amended as follows:

(a) In paragraph 1, the word "and" between the words "Guam" and "American Samoa" shall be replaced by a comma (","), and the words "and the Northern Mariana Islands" shall be added immediately after "American Samoa".

(b) In paragraph 4, the words "Secretary of Health and Human Services" shall be replaced with "Commissioner of Social Security".

(c) In paragraph 6, the words "a period of residence," shall be inserted immediately after "self-employment,".

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The definition of United States "territory" in Article 1.1 of the original U.S.-Swedish Social Security Agreement is identical to the definition of "United States" in title II of the U.S. Social Security Act. That definition includes the 50 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam and American Samoa, but not the Northern Mariana Islands (NMI). However, the Covenant establishing the NMI Commonwealth in political union with the United States provides that the U.S. Social Security program is to apply in the NMI as it applies in Guam. Because all U.S. Social Security agreements apply to Guam, the U.S. Social Security Administration (SSA) began applying the agreements to the NMI as of January 1, 1987, when the U.S. Social Security program was first extended there. Article I(a) makes clear that the definition of United States "territory" includes the NMI.

Article I(b) revises the definition of "Competent Authority" in Article 1.4 of the original Agreement. The term refers to the Government entity in each country with ultimate responsibility for administering the Social Security program, including the provisions of the Agreement. The revision takes into account the enactment of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296) which removed SSA from the Department of Health and Human Services and established it as an independent agency effective March 31, 1995. The revision makes no change in the definition of "Competent Authority" as the term applies to Sweden.

Article 1.6 of the original agreement includes a definition of "period of coverage". This is a term used in the agreement to describe the periods that are taken into account under the laws of each country for purposes of determining eligibility for that country's Social Security benefits. The Swedish authorities requested that this definition include a reference to periods of residence because, under Swedish law as in effect both before and after the recent reforms, a person can qualify for

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Article II

Article 2 of the Agreement shall be amended as follows:

(a) In paragraph 1.a (ii), "1954" shall be replaced with "1986".

(b) Paragraph 1.b shall be revised to read as follows:

"b. As regards Sweden, the laws governing

(i) sickness compensation and activity compensation;
(ii) guaranteed pensions and income-based old-age pensions; and
(iii) survivors pensions and surviving children's allowance;

provided, however, that this Agreement shall not affect coverage or the liability to pay contributions under branches of social security other than those referred to in this subparagraph."

(c) The existing paragraph 2 shall be redesignated as paragraph 3 and the following new paragraph 2 shall be inserted immediately after paragraph 1:

"2. This Agreement shall also apply to future laws and regulations which extend the laws of a Contracting State

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certain benefits based on the length of time the person resided in Sweden. (However, see Article IV of this Supplementary Agreement for a description of the Swedish periods of coverage that SSA will take into account for purposes of determining entitlement to U.S. Social Security benefits.)

Article 2.1.a.ii of the original Agreement makes clear that the Social Security tax provisions of the U.S. Internal Revenue Code of 1954 are among the laws to which the Agreement applies. Article II (a) of the Supplementary Agreement merely conforms this designation to the current title of the U.S. tax law.

Article 2.1.b of the original Agreement describes the Swedish Social Security laws to which the Agreement applies. Article II(b) of the Supplementary Agreement revises this description to reflect the changes brought about by major Swedish pension reform legislation. (See the annotations to Article V.)

Besides old-age, survivors and disability benefits, Sweden's Social Security system also provides other types of benefits, such as sickness, work injury and family allowance benefits. Like the original agreement, the revised agreement excludes these other programs.

The agreement will automatically apply to any future U.S. or Swedish legislation which creates new categories of beneficiaries or new benefits unless the country enacting the legislation excludes it from the scope of the Agreement by giving written notice to the other country within 3 months of the legislation's official publication.

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specified in paragraph 1 to new categories of beneficiaries or to new benefits unless an objection on the part of that State has been communicated to the other State not later than three months following the entry into force of such future laws and regulations."

Article III

(a) Article 7, paragraph 2, shall be amended to read as follows:

"2. (a) If a person normally in the service of an employer having a place of business in the territory of one Contracting State is sent by that employer to the territory of the other Contracting State for a period not expected to exceed 60 months, he shall be subject to the laws of only the first Contracting State as if he were still employed in the territory of the first Contracting State.

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Article 7.1 of the original Agreement provides that a person who works in the United States or Sweden will generally be subject to Social Security coverage only in the country in which the work is performed. Article 7.2 of the Agreement contains an exception to the "territoriality" rule in Article 7.1. This exception provides that an employee working for an employer in the United States or Sweden who is transferred to work in the other country for the same employer for a period of five years or less will continue to be covered by the country from which the employee has been sent.

Article III(a) of the Supplementary Agreement amends Article 7.2 to make clear that, in order for the exception to apply, the employee who is being transferred must normally have been working on a regular basis for the sending employer in the territory of the first country immediately before being sent to the other country. This change is intended to clarify application of the rule in situations where the employee does not have a current connection to the labor market in the first country. For example, the rule in Article 7.2 would generally not apply to a person who is working in another country and not covered under U.S. Social Security, and who is brought briefly to the United States to sign an employment contract with a U.S. employer before being temporarily transferred to Sweden. In this case, Article 7.2 would not apply since the individual did not have a current connection to the U.S. economy; rather, the territoriality rule in Article 7.1 would apply so that the worker would be subject to Swedish laws. This change is a clarification intended to reflect both countries' current practice.

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(b) For purposes of applying the preceding subparagraph, an employer and an affiliated or subsidiary company of the employer (as defined under the laws of the Contracting State from which the person was sent) shall be considered one and the same, provided that the employment in the territory of the other Contracting State would have been covered under the laws of the Contracting State from which the person was sent in the absence of this Agreement.

(c) A person who is sent by an employer located in the territory of one Contracting State to the territory of the other Contracting State, and who is subject to the laws of the first State according to the provisions of subparagraph (a), shall be considered resident in only the first State for purposes of Swedish laws designated in Article 2.1.b. as shall be the spouse and children under the age of 18 who accompany that person for any period in which they are not engaged in employment subject to the laws of the other State."

(b) Article 7 is further amended by adding the following paragraph 3 at the end thereof:

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The new Article 7.2(b) makes clear that the provision regarding temporarily transferred workers in Article 7.2(a) also applies in the case of certain employees who are sent by their employer in one country to work for a subsidiary or other affiliate of that employer in the other country. U.S. law permits American companies to extend U.S. Social Security coverage to U.S. citizens and resident aliens employed by an affiliated company in another country. To do this, the parent company in the United States must enter into an agreement with the Internal Revenue Service (IRS) to pay Social Security contributions on behalf of all U.S. citizens and residents employed by the foreign affiliate. Under Article 7.2(b), U.S. citizens or resident aliens who are sent by an American employer to work for an affiliated Swedish company for 5 years or less will continue to be covered by the United States and exempt from Swedish coverage and contributions, provided the affiliate is covered by an IRS agreement. The new provision reflects current U.S. practice.

For ease of reading, paragraph 7.2(c) has replaced the last two sentences of Article 7.2 in the original agreement. The provision has been slightly modified to refer to the new Swedish legislation described in the revised Article 2.1.b. It provides that where a worker transferred by his employer in one country to the other is subject only to the laws of the first country by virtue of this article, the worker will be considered a resident of the first country for purposes of determining rights to Swedish pensions that are based on residence in Sweden, such as the guaranteed old-age pension (see Article V). A spouse or children under age 18 who accompany the worker to the other country will also be considered resident in the first country under Swedish pension laws for any period during which they do not work in covered employment in the other country.

Under the new Article 7.3, the provisions regarding temporarily transferred workers in Article 7.2 will apply even if an employee has

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"3. Paragraph 2 of this Article shall apply where a person who has been sent by his employer from the territory of one Contracting State to the territory of a third State, and who is insured under the laws of that Contracting State while employed in the territory of the third State, is subsequently sent by that employer from the territory of the third State to the territory of the other Contracting State."

Article IV

Article 12 shall be amended as follows:

(a) In paragraph 1, the words "supplementary pension insurance" shall be replaced with "income based old-age pension".

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not been sent directly from one country to the other but is first assigned to work in a third country, provided that the worker was covered under the program of the first country when working in the third country. This change is a clarification intended to reflect current U.S. practice.

Article 12 of the original agreement sets out rules to determine U.S. benefit eligibility and amounts for people who have periods of Social Security coverage in Sweden and at least 6 quarters of coverage in the United States, but who do not have enough U.S. coverage to qualify for U.S. benefits. In these cases, the original agreement provides that SSA will determine benefit eligibility by "totalizing," i.e., combining, U.S. periods of coverage with periods of coverage under Sweden's "supplementary pension program." This is a work-related pension program that existed prior to Sweden's major pension reform legislation. If a person is entitled to a U.S. benefit based on combined U.S. and Swedish credits, the person receives a partial benefit that is proportional to the number of credits earned in the United States.

Because of the recent changes to the Swedish Social Security system, the supplementary pension is now paid only on a transitional basis. The pension is being replaced by another earnings-related pension, known as the "income-based old-age pension". Under the revised paragraph 12.1, SSA will count Swedish periods of coverage under the new earnings-related pension program for purposes of determining eligibility for U.S. totalization benefits. (See the annotations to Article V for a more complete description of Swedish benefit provisions both before and after the pension reform.) SSA will not

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(b) In paragraph 2, the words "pension point year" shall be replaced with "creditable year of coverage".

Article V

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count Swedish periods of coverage under other Swedish programs, including periods based solely on Swedish residence that can be used to qualify for Swedish guaranteed pensions (see Article V).

Article 12.2 of the original agreement establishes the procedure to be followed in converting periods of coverage under the old Swedish supplementary pension program into equivalent periods under the U.S. system. Periods of coverage under the U.S. system are measured in terms of calendar quarters while periods of coverage under the supplementary pension program were measured in yearly increments called pension point years. Under Article 12.2 of the original agreement, the United States credits four quarters of coverage for each Swedish pension point year. Because recent Swedish legislation eliminated the concept of "pension point year," Article IV(b) of the Supplementary Agreement replaces this term with "creditable year of coverage". In accordance with Article 12.1 of the revised principal agreement, a creditable year of coverage means a year that is creditable under Sweden's new income-based old-age pension system.

Beginning in 1998, Sweden enacted a series of laws which replaced the prior Social Security pension system with an entirely new program.

The old program provided old-age, survivors, and disability benefits on the basis of a two-tier structure. The first tier was a flat-rate benefit called the "basic pension." The second tier was an earnings-related benefit called the "supplementary pension" (or "ATP" pension, after its Swedish acronym). A person qualified for the basic pension by having 3 years of Swedish residence between the ages of 16 and 65, or 3 years of earnings-related coverage under the ATP pension program. The basic pension amount was proportional to the duration of Swedish residence or ATP coverage. A person qualified for the ATP pension if the person had credit for at least 3 years between the ages of 16 and 65 during which covered earnings equaled at least a specified minimum known as the "base amount". (The base amount, which is a concept

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that continues to be used under Sweden's new pension program, is adjusted annually when the general price level changes. It has been set at 39,300 Swedish kroner in 2004.) Although the basic pension is no longer paid, the supplementary pension continues to be paid on a transitional basis to beneficiaries born before 1954 and includes a component that corresponds to the old basic pension.

The new old-age pension program: The program consists of a contributory income-based pension administered by the government and individual investment accounts (which generate what are known as "prefunded" pensions). If a person's income-based pension and other income fall below specified levels, the person may also receive a guaranteed pension.

Under the new income-based old-age pension program, an employee and his employer contribute a percentage of the worker's earnings (a total of 16% in 2004) to his account. The monthly benefit at retirement (as early as age 61) is based on total contributions, adjustments based on growth in national wages, and average life expectancy when the worker attains age 65.

A combined employer and employee contribution of 2.5% (in 2004) of the worker's wages is made to the person's individual investment account. The worker is free to invest these amounts in as many as 5 funds (out of 500 available). The benefit is based on the total contributions plus the return on investments. At retirement (as early as age 61), the worker can purchase a fixed or variable annuity with the proceeds from the account.

The government-funded guaranteed pension program protects those with little or no income. A resident of Sweden who is age 65 may qualify for a guaranteed pension if he has resided in Sweden for at least 3 years between ages 16 and 65. A full guaranteed pension is based on 40 years of residence in Sweden between ages 25 and 65. A full

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guaranteed pension for a single person is 2.13 times the base amount and 1.9 times the base amount per person for a married couple. If a person does not have 40 years of residence, the benefit is prorated based on the length of Swedish residence.

The guaranteed old-age pension may be reduced for any Swedish or foreign government-sponsored income-based pension the worker receives. Pension amounts up to 1.26 times the base amount (1.14 per person for a married couple) are deducted in full; however, only 48% of pension amounts over these limits is deducted.

People born before 1938 continue to be eligible for the supplementary (ATP) pension, which now includes a replacement for the basic benefit, so that they receive the same amount as they would under the law as in effect prior to enactment of the new legislation.

Transitional provisions apply to people born in the years 1938 through 1953. They contribute to both the old and new programs and become entitled to benefits from both systems based on a sliding scale and their date of birth. For example, a person born in 1938 contributes 4/20 of his contribution to the new program and 16/20 to the old program. A person born in 1939 contributes 5/20 to the new program and 15/20 to the old. Finally, a person born in 1953 pays 19/20 into the new system and 1/20 into the old program. Benefits are apportioned in a similar way.

The new survivors benefit program: This new program applies in the case of deaths after 2002. A short-term "adjustment allowance" is paid to the worker's surviving spouse and benefits are also paid to the worker's children. The adjustment allowance is paid for 10 months to surviving spouses without children. For those with a child from age 12-18 living at home, it is paid for 22 months (but not past the child's 18th birthday). For surviving spouses with a child under age 12, the adjustment allowance is paid until the child reaches age 12.

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The adjustment allowance is 55% of the amount the deceased would have received if he had lived long enough to receive an old-age pension.

To be entitled to a surviving child benefit, the child must generally be under age 18. A benefit for a child under 12 years of age is 35% of the amount the deceased parent would have received at retirement age and 30% for children 12–18. If both parents are deceased, the child, irrespective of age, receives 35% of the projected retirement pension from each parent's account.

A guaranteed pension may be paid to low-income surviving spouses and children. The survivor must be a resident of Sweden. The surviving spouse's guaranteed pension is computed in the same way as the old-age guaranteed pension. The minimum benefit for a surviving child, including the income-based benefit, is 40% of the base amount (see above). The survivor guaranteed pension is completely offset by any government-sponsored income-based benefit, including the adjustment allowance and worker's compensation benefits.

The old rules continue to apply for deaths that occurred before 2003.

The new disability program: Beginning in 2003, disability benefits are paid under the sickness insurance system. As under the old basic and ATP programs, benefits are paid to those whose ability to work is reduced because of a mental or physical illness. Benefits continue to be paid for long-term (a year or more) disability and for partial and full disability. The benefit paid to disabled workers who are aged 30-64 is known as "sickness compensation," while the benefit paid to those aged 19-29 is called "activity compensation."

To become entitled to sickness or activity compensation, a person must be covered on the date of onset (or be entitled to a Social Security benefit) and must have at least one year of covered earnings. Activity

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compensation may be granted for a maximum of three years, while sickness compensation may be granted for either an indefinite or specific period. If sickness or activity compensation is awarded for a specific period, the beneficiary must be reevaluated at the end of the entitlement period to determine if he still qualifies for benefits.

The amount of a person's sickness or activity compensation is based on his "qualifying income." Qualifying income is defined as the average of the person's three highest years of earnings in a time frame of 3-8 years (depending on the person's age) in the case of sickness compensation and the two highest years out of 3 in the case of activity compensation. Both sickness and activity compensation amounts are 64% of the person's qualifying income, with a maximum of 7.5 times the base amount.

A minimum benefit amount, known as "guaranteed compensation" is provided for low-income persons with disabilities. To be entitled, an individual must be a resident of Sweden and must have resided in Sweden for at least 3 years. To receive guaranteed activity compensation, a person who is not a Swedish national must have resided in Sweden for at least 5 years.

As with the guaranteed old-age pension, a person must have been resident in Sweden for 40 years to receive the full amount of guaranteed sickness or activity compensation. For those with a shorter period of residence, the benefit is reduced proportionately. The full benefit varies between 2.1 and 2.4 times the base amount, depending on the beneficiary's age. Those under age 21 receive 2.1 times the base amount, gradually increasing to 2.4 times the base amount for those age 30 or older.

Portability of benefits: Income-based benefits are payable to beneficiaries residing outside of Sweden. Guaranteed pensions and guaranteed compensation are generally not payable outside of Sweden.

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Article 13 shall be revised to read as follows:	
"1. Unless otherwise provided in this agreement, if a person is not eligible for a benefit because he has not accumulated sufficient periods of coverage under the laws of Sweden, the eligibility of that person for the benefit shall be determined by totalizing the periods of coverage accumulated in both Contracting States. When applying the provisions in this paragraph, four quarters of coverage under United States laws shall be considered as a year creditable under the Swedish laws.	Under Article 13.1, as revised by the Supplementary Agreement, a person may meet the eligibility requirements for Swedish benefits based on combined, or totalized, periods of coverage from both countries. For this purpose, the Swedish agency will consider 4 U.S. quarters of coverage equivalent to one year of coverage under the Swedish system.
"2. The totalizing provisions of paragraph 1 of this Article shall not apply to the basic requirement of three years of residence in Sweden for entitlement to a guaranteed pension or to sickness or activity compensation in the form of guaranteed compensation.	To be eligible for the guaranteed old-age or survivors pension or the guaranteed sickness or activity compensation, a person must generally have been a resident of Sweden for at least 3 years. Article 13.2 clarifies that totalization, i.e., the combining of periods of U.S. and Swedish coverage, cannot be used to meet this 3-year residency requirement.
"3. When determining the right to sickness or activity compensation, coverage under United States laws shall be considered the same as coverage under Swedish laws. For purposes of the preceding sentence, a person shall be considered to be covered under United States laws if the person is eligible for a benefit under such laws or has credit for at least 4 quarters of coverage under such laws during a period of 8 calendar quarters ending with the calendar quarter in which the person became disabled according to Swedish laws.	To become entitled to income-related sickness and activity compensation, a person must have had Swedish coverage within the year preceding the date of onset. Under article 13.3, a person who has 4 U.S. quarters of coverage out of the 8–quarter period ending with the quarter in which the disability began will be considered to meet this requirement. A person can also meet this requirement if he is eligible for a U.S. Social Security benefit at the time of disability onset.

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When computing the amount of income-related sickness or activity compensation, only income earned during periods when Swedish laws were applicable shall be taken into account. Benefits under the laws of the United States shall not affect the amount of such compensation.	Only income earned under the Swedish program can be used to compute the amount of the income-related sickness or activity compensation. Under Swedish law, income-related sickness or activity compensation is normally reduced by the full amount of any other income-related benefit, whether from Sweden or another country. However, under Article 13.3, this reduction will not be applied for a U.S. Social Security benefit.
"4. The provisions of Articles 5 and 6 shall not apply to surviving children's allowance. Neither shall they apply to guaranteed pensions, nor to sickness or activity compensation in the form of guaranteed compensation."	Article 5 provides that, where the laws of either country require that a person be resident or present in that country to qualify for or receive benefits, the person may also qualify for and receive benefits during periods of residence in the other country. Article 6 provides that each country will pay benefits to nationals of the other country residing in a third country on the same basis as they would pay their own citizens. Under the Swedish program, the surviving children's allowance, as well as guaranteed old-age and survivors pensions and the guaranteed sickness or activity compensation, are funded from general tax revenues and are reduced by the amount of any other income-related pension. Under Swedish law, these benefits can only be paid to residents of Sweden, and Article 13.4, as revised by the Supplementary Agreement, clarifies that these new benefits will continue to be paid only to Swedish residents.
Article VI	
Article 5 of the Administrative Arrangement shall be amended by replacing the words "is credited with pension points" with "has creditable periods of coverage".	Article 5 of the original Administrative Arrangement provides that, when necessary to establish entitlement to a U.S. totalization benefit, the Swedish agency will furnish to SSA a record showing the years in which a person had credit for covered earnings under the old Swedish supplementary pension program. These earnings credits are known as "pension points." Because recent Swedish legislation has eliminated the concept of pension points, Article VI of the Supplementary Agreement replaces the reference to "pension points" with the more

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general term "creditable periods of coverage." In accordance with Article 12 of the revised principal agreement, creditable periods of coverage include only periods of coverage under the income-based old-age pension system.

Article VII

(a) This Supplementary Agreement shall enter into force on the first day of the third month following the month in which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of this Supplementary Agreement.

Each country will follow its own procedures for approval of the Supplementary Agreement. Once each country has completed its internal approval process, the two Governments will exchange formal instruments of approval. The Supplementary Agreement will enter into force on the first day of the third calendar month after each Government has received the notification of approval from the other Government.

(b) The application of this Supplementary Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to its entry into force.

Paragraph (b) guarantees that benefits which are already being paid at the time the Supplementary Agreement becomes effective will not be reduced as a result of its entry into force.

(c) The Agreement as in force prior to the entry into force of this Supplementary Agreement shall continue to apply in regard to rights to benefits which can be established through the application of the Agreement as in force prior to the entry into force of this Supplementary Agreement.

Once the Supplementary Agreement enters into force, people who acquired coverage credits under the old Swedish pension program will still be able to qualify for benefits based on the provisions of the Agreement as originally worded. For example, a person born before 1938 cannot be covered under the new Swedish pension program. If this person has credit for 9 years of coverage under the U.S. Social Security program and 2 years under the old Swedish program, the person will still be able to qualify for a partial U.S. benefit based on the combined credits and the provisions of the original agreement. The person will also be able to qualify for partial benefits under the old Swedish program based on the combined periods.

AGREEMENT	ANNOTATIONS AND COMMENTS
(d) This Supplementary Agreement shall remain in force for the same period as the Agreement.	The Supplementary Agreement shall have the same period of validity as the original Agreement.
IN WITNESS WHEREOF, the undersigned have signed this Supplementary Agreement. Done *at Stockholm, this 22nd day of June, 2004, in the English and Swedish languages, both texts being equally authentic.* For the Government of the United States of America: M. Teel Bivins For the Government of the Kingdom of Sweden: Staffan Bengtsson	The Supplementary Agreement was signed on June 22, 2004, in Stockholm by the U.S. Ambassador to Sweden, M. Teel Bivins, and State Secretary to Sweden's Minister for Children and Families, Staffan Bengtsson.

ANNEX B

REPORT TO CONGRESS ON THE FINANCIAL EFFECT OF THE SUPPLEMENTARY AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND SWEDEN ON SOCIAL SECURITY

The original totalization agreement between the United States and Sweden has been in force since 1987. The agreement was designed to eliminate dual coverage and taxation of the same work, and to help prevent gaps in benefit protection for those who have worked in each country. The supplementary agreement has several purposes. The primary purpose of the supplementary agreement is to update the original agreement to recent changes in Swedish Social Security law. The new agreement also makes several technical changes in the provisions of the original agreement that eliminate dual coverage and taxation of the same work. These changes are primarily clarifications intended to reflect the current practice in implementing the provisions. The supplementary agreement also conforms the agreement more closely to later Social Security agreements that the United States and Sweden have each concluded with other countries. For the purpose of these estimates, we assume that the U.S.-Swedish supplementary agreement will enter into force on July 1, 2005.

In 1999, legislation restructured the Swedish Social Security system. When the original agreement was concluded, Sweden had a two-tier system. The first tier was a residence-based flat-rate benefit program. The second tier was an earnings-related defined-benefit program. The new Swedish system consists of three components: 1) an earnings-related, defined-contribution benefit program administered by the government, 2) a program of individual investment accounts, and 3) a guaranteed minimum pension payable if income-based pensions and certain other income fall below specified levels.

The supplementary agreement should have little, if any, effect on tax revenues to the Swedish system. It should also have little, if any, effect on tax revenues to or benefit payments from the U.S. Social Security program and is expected to have a negligible effect (that is, less than 0.005 percent of taxable payroll) on the long-range (75-year) actuarial balance of the OASDI program.

With regard to Swedish totalized benefits, it is our understanding that the supplementary agreement codifies current practice under the old system, and establishes benefit provisions under the new system. The major codification of current practice under the old system involves transitional provisions that apply to individuals born in 1938 through 1953. Specifically, beneficiaries born in these years receive a benefit from both systems based on a sliding scale and their year of birth. However, as compared to the original totalization agreement, which did not contain these transitional provisions, the provisions would result in a small decrease in totalized benefit payments over the next few years.

A person can qualify for old-age and survivors benefits under Sweden's new earnings-related pension program with just 1 year of "coverage" (versus 3 years of coverage—though defined in a different way—under the old earnings-related program), and a contributor to an individual investment account under the new system is immediately vested. Since a person can qualify for most benefits under the new Swedish system with very little coverage credit, frequently less than under the old system, it is not expected that the totalization provisions will apply in many cases under the new Swedish system. However, the new totalization provisions will help to meet certain recency-of-coverage requirements for entitlement to Swedish disability benefits. Thus, over time, as the transitional provisions of the old system no longer apply, totalized benefit payments under the Swedish system would be a small fraction of payments made under the original totalization agreement. During the first several years the agreement is in force, however, we estimate that the decrease in Swedish totalized benefit payments would be small.

Overall, we estimate that, compared to Swedish totalized benefit payments paid under the original agreement, the decrease in totalized benefit payments would be less than $500,000 each year for the first several years the supplemental agreement is in force.

Social Security Administration
Office of the Chief Actuary
August 2, 2004

ANNEX C

AGREEMENT
BETWEEN THE UNITED STATES OF AMERICA
AND THE KINGDOM OF SWEDEN
ON SOCIAL SECURITY

Agreement signed at Stockholm May 27, 1985; entered into force January 1, 1987.
Administrative Arrangement signed at Stockholm May 27, 1985; entered into force January 1, 1987.

The following is a composite version of the U.S.-Swedish Social Security Agreement, marked to show revisions made by the Supplementary Agreement signed June 22, 2004. Text in underline bold italics has been added; text in brackets with strikeout has been deleted.

AGREEMENT
BETWEEN THE UNITED STATES OF AMERICA
AND THE KINGDOM OF SWEDEN
ON SOCIAL SECURITY

The Government of the United States of America and the Government of the Kingdom of Sweden

BEING DESIROUS of regulating the relationship between their two countries in the field of Social Security, have agreed to the following provisions:

PART I
General Provisions

Article 1

For the purpose of this Agreement:

1. "Territory" means,

   as regards the United States, the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam [~~and~~], American Samoa, ***and the Northern Mariana Islands,***

   as regards Sweden, the territory of the Kingdom of Sweden;

2. "National" means,

   as regards the United States, a national of the United States as defined in Section 101, Immigration and Nationality Act of 1952, as amended, and

   as regards Sweden, a person of Swedish nationality;

3. "Laws" means,

   the laws and regulations concerning the systems of social security specified in Article 2;

4. "Competent Authority" means,

   as regards the United States, the [~~Secretary of Health and Human Services~~] ***Commissioner of Social Security***, and

   as regards Sweden, the Government or the Authority nominated by the Government;

5. "Agency" means,

   as regards the United States, the Social Security Administration, and

   as regards Sweden, any agency or authority responsible for implementing the laws specified in Article 2, paragraph 1 (b);

6. "Period of coverage" means,

   a period of contributions, a period of earnings from employment or self-employment, ***a period of residence*** or any similar period recognized as a period of coverage, according to the laws under which it was completed; and

7. "Benefit" or "Pension" means,

any old-age, dependent, survivor or disability pension or benefit provided for in the laws of either Contracting State.

Article 2

1. The purpose of this Agreement, the applicable laws concerning benefits and contributions are:

a. As regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:

(i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A and 228 of that title and regulations pertaining to those sections,

(ii) Chapter 2 and Chapter 21 of the Internal Revenue Code of [~~1954~~] ***1986*** and regulations pertaining to those chapters;

b. As regards Sweden, the laws governing

(i) [~~basic pension,~~] ***sickness compensation and activity compensation;***

(ii) [~~supplementary pension~~] ***guaranteed pensions and income-based old-age pensions; and***

(iii) survivors pensions and surviving children's allowance;

provided, however, that this Agreement shall not affect coverage or the liability to pay contributions under branches of social security other than those referred to in this subparagraph.

2. ***This agreement shall also apply to future laws and regulations which extend the laws of a Contracting State specified in paragraph 1 to new categories of beneficiaries or to new benefits unless an objection on the part of that State has been communicated to the other State not later than three months following the entry into force of such future laws and regulations.***

~~2.~~3. Unless otherwise provided in this Agreement, laws within the meaning of paragraph 1 shall not include treaties or other international agreements concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.

Article 3

Unless otherwise provided in this Agreement, this Agreement shall apply to:

(a) nationals of the Contracting States,

(b) refugees and stateless persons within the meaning of the Convention Relating to the Status of Refugees, dated July 28, 1951, and the Protocol to that Convention, dated January 31, 1967, and the Convention Relating to the Status of Stateless Persons, dated September 28, 1954,

(c) other persons with respect to the rights they derive from a national of either Contracting State, from a refugee or from a stateless person, and

(d) nationals of a State other than a Contracting State who are not included among the persons referred to in paragraph (c) of this Article.

Article 4

Unless otherwise provided in this Agreement, the persons designated in Article 3(a), (b), or (c) who reside in the territory of a Contracting State shall, in the application of the laws of that Contracting State, receive equal treatment with the nationals of that Contracting State.

Article 5

Unless otherwise provided in this Agreement, the laws of a Contracting State under which entitlement to or payment of benefits is dependent on residence or presence in the territory of that Contracting State shall not be applicable to the persons designated in Article 3(a), (b) or (c) who reside in the territory of the other Contracting State.

Article 6

Unless otherwise provided in this Agreement, benefits payable under the laws of one of the Contracting States shall be paid to nationals of the other Contracting State, who are resident in the territory of a third State, on the same terms and to the same extent as to the nationals of the first Contracting State resident in the territory of this third State.

PART II

Applicable Laws on Coverage

Article 7

1. Unless otherwise provided in this Agreement, a person employed within the territory of one of the Contracting States shall, with respect to that employment, be subject to the laws of only that Contracting State.

2. ***(a)*** If a person ***normally*** in the service of an employer having a place of business in the territory of one Contracting State is sent by that employer to the territory of the other Contracting State for a period not expected to exceed 60 months, he shall be subject to the laws of only the first Contracting State as if he were still employed in the territory of the first Contracting State.

~~[A person who is sent by an employer located in the territory of one Contracting State to the territory of the other Contracting State, and who is subject to the laws of the first State according to the provisions of the preceding sentence, shall be considered resident in the first State for purposes of Swedish laws on pensions. The spouse and children who accompany the person shall also be considered resident in the first State for purposes of Swedish laws on pensions for any period in which they are not engaged in employment subject to the laws of the other State.~~]

(b) ***For purposes of applying the preceding subparagraph, an employer and an affiliated or subsidiary company of the employer (as defined under the laws of the Contracting State from which the person was sent) shall be considered one and the same, provided that the employment in the territory of the other Contracting State would have been covered under the laws of the Contracting State from which the person was sent in the absence of this Agreement.***

(c) ***A person who is sent by an employer located in the territory of one Contracting State to the territory of the other Contracting State, and who is subject to the laws of the first State according to the provisions of subparagraph (a), shall be considered resident in only the first State for purposes of Swedish laws designated in Article 2.1.b. as shall be the spouse and children under the age of 18 who accompany that person for any period in which they are not engaged in employment subject to the laws of the other State.***

3. ***Paragraph 2 of this Article shall apply where a person who has been sent by his employer from the territory of one Contracting State to the territory of a third State, and who is insured under the laws of that Contracting State while employed in the territory of the third State, is subsequently sent by that employer from the territory of the third State to the territory of the other Contracting State.***

Article 8

A person who would otherwise be covered under the laws of both Contracting States with respect to self-employment performed in either Contracting State and who is a resident of one Contracting State shall be subject to the laws of only the Contracting State of which he is a resident.

Article 9

1. If a person is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and is covered under the laws of both Contracting States, the person shall be subject to the laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the laws of the United States.

2. A person who would otherwise be covered under the laws of both Contracting States with respect to employment as an officer or member of a crew on an aircraft shall, with respect to that employment, be subject only to the laws of Sweden if he resides in the territory of Sweden, and only to United States laws if he resides in the territory of the United States.

Article 10

1. This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

2. Nationals of one of the Contracting States who are employed by that State in the territory of the other Contracting State but who are not exempt from the laws of the other Contracting State by virtue of the Vienna Conventions mentioned in paragraph 1 shall be subject to the laws of only the first Contracting State. Employment by the United States shall mean employment by the United States Government or an instrumentality thereof.

Article 11

1. The Competent Authorities of the two Contracting States may agree on exceptions to Articles 7, 8, 9, and 10, with respect to persons or categories of persons, provided that the affected persons shall be subject to the laws of one of the Contracting States.

2. Where a person covered under the laws of a Contracting State in accordance with this Agreement is also covered under the laws of the other Contracting State or a third State in accordance with the provisions of an agreement between either Contracting State and a third State, the Competent Authorities of the two Contracting States may agree to exclude the person from the application of Part II of this Agreement.

PART III

Provisions on Benefits

Chapter I

Provisions Applicable to the United States

Article 12

1. Where a person has completed at least six quarters of coverage under United States laws, but does not have sufficient quarters of coverage to satisfy the requirements for entitlement to benefits under United States laws, the agency of the United States shall take into account, for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under Swedish laws on [~~supplementary pension insurance~~] ***income based old-age pension*** and which do not coincide with periods of coverage already credited under United States laws.

2. In determining eligibility for benefits under paragraph 1 of this Article, the agency of the United States shall credit four quarters of coverage for each [~~pension point year~~] ***creditable year of coverage*** certified by the agency of Sweden; however, no quarter of coverage shall be credited for any calendar quarter already credited as a quarter of coverage under United States laws. The total number of quarters of coverage to be credited for a year shall not exceed four.

3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1, the agency of the United States shall compute a pro rata primary insurance amount in accordance with United States laws based on (a) the person's average earnings credited exclusively under United States laws and (b) the ratio of the duration of the person's periods of coverage credited under United States laws to the duration of a coverage lifetime as determined in accordance with United States laws. Benefits payable under United States laws shall be based on the pro rata primary insurance amount.

4. Entitlement to a benefit from the United States which results from paragraph 1 shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provision of paragraph 1.

5. Articles 4, 5 and 6 of the Agreement shall be applied by the United States in a manner consistent with section 233 (c)(4) of the United States Social Security Act.

Chapter II

Provisions Applicable to Sweden

Article 13

~~[1. Nationals of the United States as well as the persons designated in Article 3 (b) and (c) who do not fulfill the conditions of the Swedish laws which apply to them as regards entitlement to a basic pension shall, whether they reside in Sweden or not, be entitled to a basic pension in accordance with the provisions applicable to Swedish nationals resident outside of Sweden.~~

~~2. Disability benefits which are not supplements to a basic pension, care allowances for handicapped children, pension supplements and income-tested pension benefits shall be granted to persons designated in paragraph 1 who are residing in Sweden, appropriately applying the rules contained in that paragraph.]~~

~~3. Where a person designated in Article 3 (a), (b) or (c) does not have sufficient Swedish periods of coverage to satisfy the requirements for entitlement to a basic pension in accordance with the provisions applicable to Swedish nationals resident outside of Sweden, periods of coverage completed under United States laws shall be taken into account insofar as they do not coincide with Swedish periods of coverage.~~

~~4. Where periods of coverage have been completed under both the Swedish laws on supplementary pension insurance and United States laws, those periods shall, when necessary, be added together for the acquisition of a right to supplementary pension insofar as they do not coincide.~~

~~5.When computing the amount of a supplementary pension, only periods of coverage creditable under Swedish laws shall be taken into account.~~

~~6.When applying paragraphs 3 and 4 of this Article, four quarters of coverage under United States laws shall be considered equal to one calendar year for which pension points have been credited under Swedish laws.~~

~~7.Article 4 of this Agreement shall not result in an extension in the application of the transitional provisions of Swedish laws concerning:~~

~~a)the right to a basic pension for Swedish nationals born before 1930 residing outside Sweden, and~~

~~b)the calculation of a supplementary pension for Swedish nationals born before 1924.~~

~~8.Article 5 of this Agreement does not affect the provisions of Swedish laws concerning the right of Swedish nationals residing outside of Sweden to a basic pension.~~]

1. Unless otherwise provided in this agreement, if a person is not eligible for a benefit because he has not accumulated sufficient periods of coverage under the laws of Sweden, the eligibility of that person for the benefit shall be determined by totalizing the periods of coverage accumulated in both Contracting States.

When applying the provisions of this paragraph, four quarters of coverage under United States laws shall be considered as a year creditable under the Swedish laws.

2. The totalizing provisions of paragraph 1 of this Article shall not apply to the basic requirement of three years of residence in Sweden for entitlement to a guaranteed pension or to sickness or activity compensation in the form of guaranteed compensation.

3. When determining the right to sickness or activity compensation, coverage under United States laws shall be considered the same as coverage under Swedish laws. For purposes of the preceding sentence, a person shall be considered to be covered under United States laws if the person is eligible for a benefit under such laws or has credit for at least 4 quarters of coverage under such laws during a period of 8 calendar quarters ending with the calendar quarter in which the person became disabled according to Swedish laws.

When computing the amount of income-related sickness or activity compensation, only income earned during periods when Swedish laws were applicable shall be taken into account. Benefits under the laws of the United States shall not affect the amount of such compensation.

4. The provisions of Articles 5 and 6 shall not apply to surviving children's allowances. Neither shall they apply to guaranteed pensions, nor to sickness or activity compensation in the form of guaranteed compensation.

PART IV

Miscellaneous Provisions

Article 14

1. The Competent Authorities shall make all necessary administrative arrangements for the application of this Agreement.

2. Liaison agencies for the implementation of this Agreement shall be:

   a) for the United States, the Social Security Administration;

   b) for Sweden, the National Social Insurance Board.

Article 15

1. The Competent Authorities and the agencies of the Contracting States, within the scope of their respective authority, shall assist each other in implementing this Agreement. This assistance shall be free of charge subject to exceptions to be agreed upon in an administrative arrangement.

2. Correspondence between the Competent Authorities and agencies, communications from individual persons, and applications or documents may be in English or Swedish.

Article 16

The Competent Authorities shall inform each other as soon as possible of any amendments to the laws specified in Article 2 which may affect the application of this Agreement.

Article 17

The Competent Authorities shall keep each other informed of the measures taken for the application of this Agreement.

Article 18

Any exemption granted by one of the Contracting States from fees or charges, including stamp duties or notarial or registration fees, in respect of certificates and documents required to be submitted to its Competent Authority or an agency shall also apply to certificates and documents which for the purposes of this Agreement must be submitted to the Competent Authority or an agency of the other Contracting State. Documents and certificates which are presented for purposes of this Agreement shall be exempted from requirements for authentication by diplomatic or consular authorities.

Article 19

An application, appeal, or other document which according to the laws of a Contracting State must be submitted to an agency of that Contracting State within a specified period shall be considered to have been timely filed if it is submitted within the same period to an agency of the other Contracting State. In such case, the agency with which the application, appeal, or document has been filed shall indicate the date of receipt on the document and transmit it without delay to the liaison agency of the other Contracting State.

Article 20

1. A written application for benefits filed with an agency of one Contracting State shall protect the rights of the claimants under the laws of the other Contracting State if the applicant (a) requests that it be considered an application under the laws of the other Contracting State or (b) in the absence of a request that it not be so considered, provides information at the time of application indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Contracting State.

2. An applicant may request that an application filed with an agency of one Contracting State be effective on a different date in the other Contracting State within the limitations of and in conformity with the laws of the other Contracting State.

Article 21

1. Payments under the Agreement may be made in the currency of the Contracting State making the payment.
2. Should currency restrictions be introduced by either of the Contracting States, the two Governments shall immediately decide on the necessary steps to insure the transfer of amounts owed by either Contracting State in conformity with the provisions of this Agreement.

Article 22

1. Disagreements arising in connection with the application of this Agreement shall, as far as possible, be resolved by mutual agreement between the Competent Authorities of the Contracting States.

2. If any such disagreement has not been resolved within a period of six months, either Contracting State may submit the matter to binding arbitration by an arbitral body whose composition and procedure shall be agreed upon by the Contracting States.

Article 23

1. This Agreement may be amended in the future by supplementary agreements which, from their entry into force, shall be considered an integral part of this Agreement. Such supplementary agreements may be given retroactive effect if they so specify.

2. The Competent Authority of either Contracting State may call a meeting for the consideration of a supplementary agreement.

PART V

Transitional and Final Provisions

Article 24

1. This Agreement shall apply to events which occurred prior to its entry into force insofar as they are relevant to rights under the laws specified in Article 2. However, no benefits shall be payable under this Agreement with respect to any period prior to its entry into force, and no lump sum death benefit shall be payable if the person died before its entry into force. Periods of coverage completed before the entry into force of this Agreement shall be taken into account in order to determine the right to benefits under this Agreement.

2. The provisions of Part III of this Agreement shall apply only to an application for benefits which is filed on or after the date this Agreement enters into force. Where no final decision has been made on an application filed before the date this Agreement enters into force, the application shall be considered to have been filed on that date.

3. Determinations made before the entry into force of this Agreement shall not affect rights arising under it. This Agreement shall not result in the reduction of cash benefit amounts because of its entry into force.

4. Provisions of Swedish laws limiting retroactivity of the right to benefits shall not apply to rights arising as a result of the entry into force of this Agreement, provided that the claimant submits an application for benefits within one year after the date of entry into force of this Agreement.

5. The period of work referred to in Article 7.2 shall be measured beginning on or after the date on which this Agreement enters into force.

Article 25

1. This Agreement may be denounced by either of the Contracting States. If the Agreement is denounced it shall remain in force and effect until the expiration of one calendar year following the year in which written notice of its denunciation is given by one of the Contracting States to the other Contracting State.

2. If this Agreement is terminated by denunciation, its provisions shall continue to apply to benefits which have already been awarded. Rights in the process of being acquired by virtue of this Agreement shall be settled by special arrangement between the Contracting States.

Article 26

This Agreement shall enter into force on the first day of the third month following the month in which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of the Agreement.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at Stockholm on May 27, 1985 in duplicate in the English and Swedish languages, both texts being equally authentic.

For the Government of the United States of America:	For the Government of the Kingdom of Sweden:
Margaret M. Heckler	Sten Andersson
Franklin S. Forsberg	

ADMINISTRATIVE ARRANGEMENT FOR THE IMPLEMENTATION OF THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY

The Government of the United States of America and the Government of Sweden,

In conformity with Article 14, paragraph 1, of the Agreement between the United States of America and the Kingdom of Sweden on Social Security of this date, hereinafter referred to as the "Agreement," have agreed as follows:

Chapter 1

General Provisions

Article 1

Terms used in this Administrative Arrangement shall have the same meaning as in the Agreement.

Article 2

The liaison agencies designated in Article 14, paragraph 2, of the Agreement shall agree upon joint procedures and forms necessary for the implementation of the Agreement and this Administrative Arrangement.

Chapter 2

Provisions on Coverage

Article 3

1. In cases referred to in Article 7, paragraph 2, of the Agreement, the application of the laws of a Contracting State shall be proved by a certificate. In other appropriate cases referred to in Part II of the Agreement, such a certificate may also be issued.

2. The certificate referred to in paragraph 1 shall be issued upon request

   — In the United States

   By the Social Security Administration

   — In Sweden

   By the National Social Insurance Board or, after authorization, its delegate.

Chapter 3

Provisions on Benefits

Article 4

1. The agency of the Contracting State with which an application for benefits is first filed in accordance with Article 20 of the Agreement shall inform the agency of the other Contracting State of this fact without delay, using forms established for this purpose. It shall also transmit documents and such other available information as may be necessary for the agency of the other Contracting State to establish the right of the applicant to benefits according to the provisions of Part III of the Agreement. In the case of an application for disability benefits it shall, in particular, transmit all relevant medical evidence in its possession concerning the disability of the applicant.

2. The agency of a Contracting State which receives an application filed with an agency of the other Contracting State shall without delay provide the agency of the other Contracting State with such evidence and other available information as it may require to complete action on the claim.

3. The agency of the Contracting State with which an application for benefits has been filed shall verify the accuracy of the information pertaining to the applicant and his family members. The types of information to be verified shall be agreed upon by the liaison agencies.

Article 5

In the application of Article 12 of the Agreement, the Swedish agency shall notify the United States agency of the years in which a person [~~is credited with pension points~~] ***has creditable periods of coverage*** under Swedish laws.

Article 6

In the application of Article 13 of the Agreement, the United States agency shall when necessary notify the Swedish agency of the periods of coverage which a person has completed under the laws of the United States.

Chapter 4

Miscellaneous Provisions

Article 7

In accordance with measures to be agreed upon pursuant to Article 2 of this Administrative Arrangement, the agency of one Contracting State shall, upon request of the agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement or the laws specified in Article 2, paragraph 1, of the Agreement.

Article 8

Copies of documents which are certified as true and exact copies by the agency of one Contracting State shall be accepted as true and exact copies by the agency of the other Contracting State, without further certification. When applying its laws, the agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 9

The liaison agencies of the two Contracting States shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement for each calendar year in a form to be agreed upon. The data shall include the number of beneficiaries and the total amount of benefits, by type of benefit.

Article 10

1. Where administrative assistance is requested under Article 15 of the Agreement, expenses other than regular personnel and operating costs of the agencies providing the assistance shall be reimbursed.

2. Where the agency of a Contracting State requires that a claimant or beneficiary submit to a medical examination, such examination, if requested by that agency, shall be arranged by the agency of the other Contracting State in which the claimant or beneficiary is present, in accordance with the rules of the agency making the arrangements and at the expense of the agency which requests the examination.

3. Upon request, the agency of either Contracting State shall furnish without expense to the agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

4. Amounts owed under paragraphs 1 and 2 shall be reimbursed upon presentation of a detailed statement of expenses.

Article 11

Where the Agreement or this Administrative Arrangement provides for communication between agencies of the Contracting States, the agencies may communicate either directly or through the liaison agencies.

Article 12

Unless authorized by the national statutes of a Contracting State, information about an individual which is transmitted in accordance with the Agreement to that Contracting State by the other Contracting State shall be used exclusively for purposes of implementing the Agreement. Such information received by a Contracting State shall be governed by the national statutes of that Contracting State for the protection of privacy and confidentiality of personal data.

Article 13

This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and shall have the same period of validity.

Done at Stockholm on May 27, 1985 in duplicate in the English and Swedish languages, both texts being equally authentic.

For the Government of the United States of America:	For the Government of the Kingdom of Sweden:
Margaret M. Heckler	Sten Andersson
Franklin S. Forsberg	

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