SWEDISH HOUSE OF FINANCE | STOCKHOLM SCHOOL OF ECONOMICS

Newsletter October 2025

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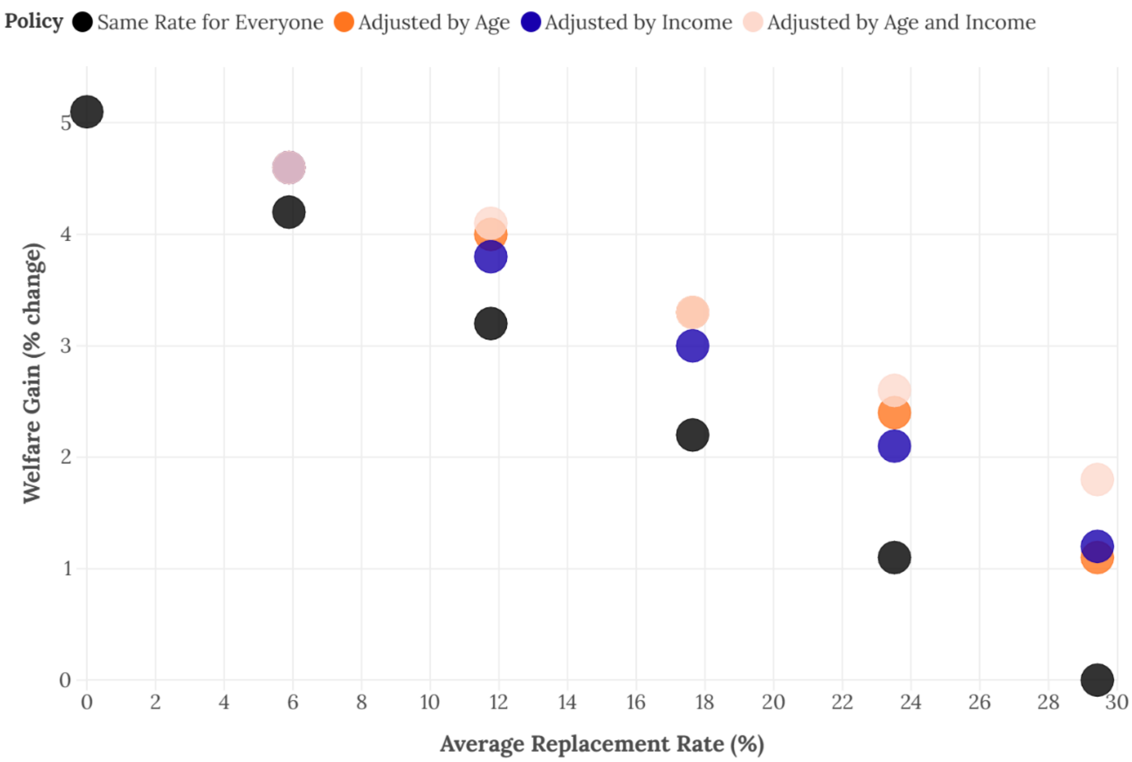
Rethinking Rigid Pension Contributions

A new study by **Roine Vestman** (SHoF/Stockholm University) **Kathrin Schlafmann** (Copenhagen Business School), and **Ofer Setty** (Tel Aviv University) challenges long-held assumptions about mandatory pension contributions. The research shows that rigid rules—designed to promote savings—can have unintended effects, especially for low-income workers facing short-term financial constraints. Vestman’s findings suggest that allowing greater flexibility could improve both welfare and economic efficiency.

Welfare Gains Across Pension Contribution Rules



Source: Vestman, Roine; Schlafmann, Kathrin; and Setty, Ofer. Flexible Retirement Contributions: Age, Income, and Welfare. • This chart shows how different pension contribution rules affect people's overall wellbeing in retirement. The horizontal axis ("Average Replacement Rate") measures how generous the pension system is — the share of income people receive after retiring. The vertical axis ("Welfare Gain") shows how much better off people are, on average, under each rule, measured as an improvement in living standards. Higher points mean greater overall wellbeing.

Key Findings:

- Fixed contribution rates may reduce short-term consumption without improving long-term savings.
- Flexible pension designs could better align with households' financial realities.
- Policymakers should weigh the trade-offs between paternalism and financial autonomy.

Read the full study

NEWS

Former Riksbank Chief Ingves: Banks Must Adapt as Money Goes Digital

As digital currencies reshape the financial landscape, **Stefan Ingves** (SHoF) argues that banks must adapt or risk losing relevance. Speaking to Bretton Woods Committee's Money Matters podcast on the sidelines of the BIS Innovation Summit in Basel, Ingves emphasized the need for proactive regulation and innovation to safeguard stability in an increasingly cashless economy.

Read more

Meet Jan Starmans: “I Can’t Imagine Doing Anything Else”

For **Jan Starmans** (SHoF/SSE), finance is about understanding the incentives and frictions that drive human behavior. In this interview, the SHoF researcher reflects on his path from academia to finance and why he finds the field endlessly fascinating.

Read more

VIDEO INTERVIEWS

How Does Climate Policy Affect Trucking in Sweden?

Christian Thomann (SHoF/KTH) discusses how rising fuel prices and environmental regulations are reshaping Sweden’s trucking sector by boosting efficiency but challenging smaller firms.

Watch here

Private Capital, Public Inequality: How the Wealthy Are Reshaping Markets

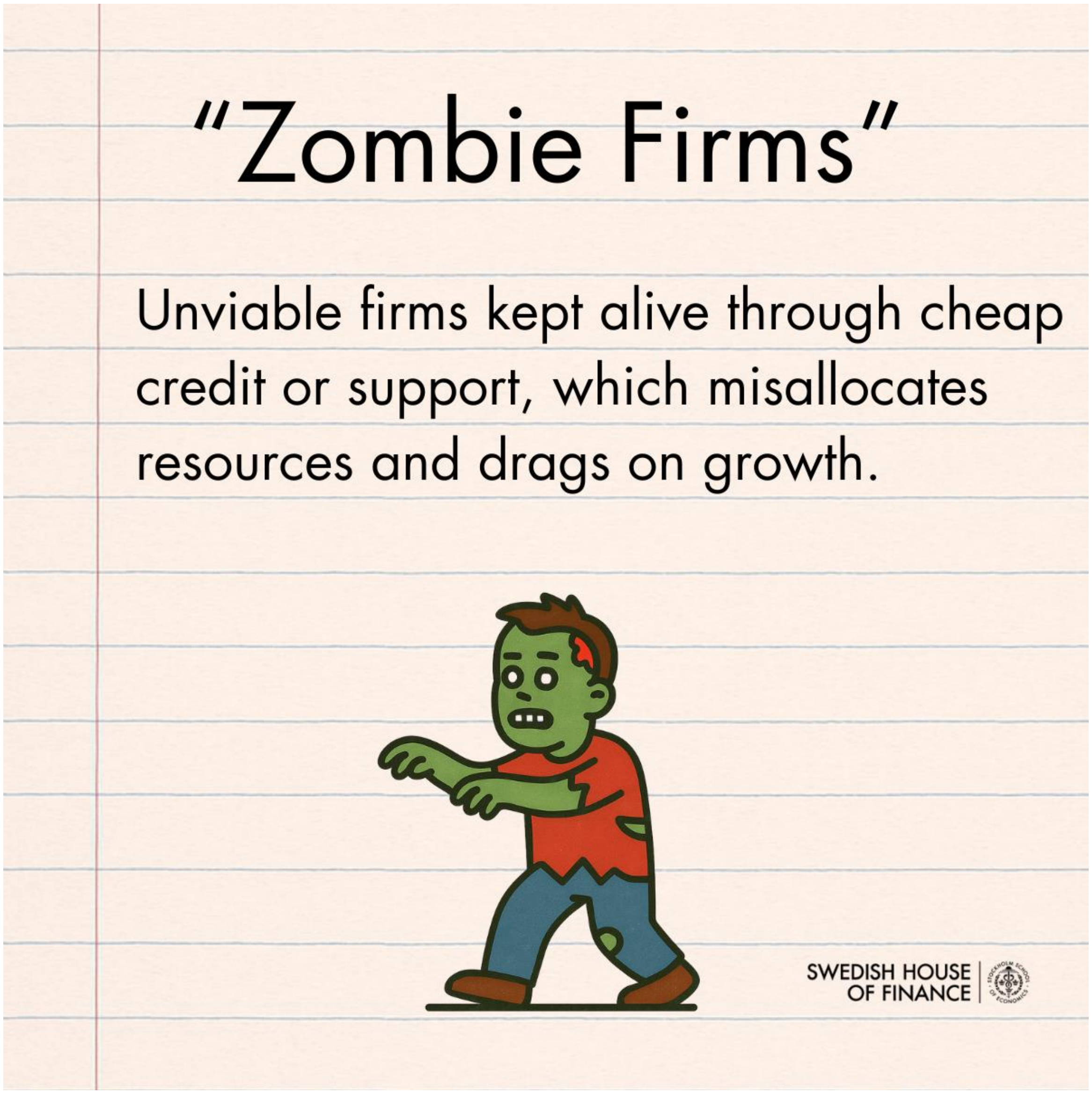
Clara Martínez-Toledano (Imperial College London) explains how the rise of private capital markets is widening inequality and shifting economic power.

Watch here

FINANCE UNPACKED

Zombie Firms: Companies That Just Won’t Die

Some companies can cover their interest payments but never repay their debt or grow. These “zombie firms” survive thanks to cheap credit, bailouts, or persistently low rates. This month’s Finance Unpacked examines how they distort competition, drag down productivity, and pose long-term risks for financial stability.



PAST EVENT

Is Europe Getting the Balance Right on Green Regulation?

At a recent conference hosted by SHoF, and GaPP, researchers, policymakers, and industry leaders debated whether Europe's green policies are driving sustainability or overburdening firms. **Mariassunta Giannetti** (SHoF/SSE) chaired the event, which highlighted the need for coordinated policy frameworks that balance environmental goals with competitiveness.

Read more

Many companies now have woken up to the fact that EU regulation can actually disappear"

— Catharina Belfrage Sahlstrand

IN THE PRESS

[The Dire Effects of the Stegra Crisis: “The Most Serious Consequence”]

2025-10-26 • Swedish • Aftonbladet

Anders Anderson (SHoF/SSE) warns that the Stegra crisis could further erode trust in Sweden’s pension system and fuel skepticism towards green investing.

[Criticism: PE for Private Customers "Just Doesn't Work"]

2025-10-20 • Swedish• FinansWatch

Per Strömberg (SHoF/SSE) discusses the trend of private equity firms targeting wealthy individuals.

[High Fuel Prices Have Made the Trucking Industry More Productive]

2025-10-20 • Swedish • Hållbart Byggande

SHoF’s **Gustav Martinsson** (Stockholm University), **Per Strömberg** (SSE), and **Christian Thomann** (KTH) discuss how Sweden’s trucking firms have adapted to higher fuel costs through innovation and efficiency.

[PE’s Liquidity Solution May Be Building in Risk]

2025-10-08 • Swedish • FinansWatch

Per Strömberg (SHoF/SSE) comments on how liquidity mechanisms in private equity could be amplifying systemic risk.