

Denmark

Exchange rate: US\$1.00 equals 6.31 kroner.

Old Age, Disability, and Survivors

Regulatory Framework

First laws: 1891 (old-age) and 1921 (disability).

Current laws: 1964 (ATP pension), with 1998 (SP pension) amendment; 1984 (universal pensions), with amendments; and 1986 (partial early retirement pension).

Type of program: Universal, social insurance, and mandatory individual account system.

Coverage

Universal pension: Citizens residing in Denmark and noncitizens meeting the minimum residency requirements or covered by reciprocal agreements.

Labor-market supplementary pension (ATP): Employees aged 16 to 65, including recipients of cash sickness, maternity, unemployment, or social assistance benefits.

Exclusions: Employees working less than 9 hours a week.

Voluntary coverage for persons previously insured for at least 3 years who begin a nonsalaried or self-employed activity and for recipients of disability pensions or early retirement benefits (see Unemployment, below).

Special pension savings scheme (SP): Employees aged 16 to 65, including persons on parental leave, recipients of cash sickness or unemployment benefits, and self-employed persons.

Source of Funds

Insured person

Universal basic pension: None.

ATP: Up to a maximum of 975 kroner a year for a full-time worker. Recipients of sickness and maternity benefits, unemployment benefits, and certain vocational training benefits pay double contributions.

The insured's contributions are paid monthly or quarterly.

SP: 1% of gross income. (Contributions are suspended until 2008.)

Self-employed person

Universal basic pension: None.

ATP: Up to a maximum of 975 kroner a year.

SP: 1% of gross income. (Contributions are suspended until 2008.)

Employer

Universal basic pension: None.

ATP: Up to a maximum of 1,949 kroner (for a full-time worker) per employee per year.

Contributions are paid quarterly.

SP: None.

Government

Universal basic pension: The total cost.

ATP: Up to a maximum of 1,949 kroner (for a full-time worker) a year for recipients of social assistance benefits. Double contributions are paid for recipients of sickness and maternity benefits, unemployment benefits, or certain adult education benefits.

Contributions are paid monthly or quarterly.

SP: None.

Qualifying Conditions

Old-age pension

Universal basic pension (earnings-tested): For Danish nationals, from age 65 with at least 3 years' residence between ages 15 and 65 (age 67 for those who reached age 60 before July 1, 1999). For foreign nationals, a minimum of 10 years' residence including the last 5 years before the pensionable age.

Full pension: Must have 40 years' residence between ages 15 and 65 (benefits are proportionately reduced with fewer years of residence).

Benefits are payable abroad.

Universal pension supplement (income-tested): For Danish nationals, from age 65 with at least 3 years' residence between ages 15 and 65 (age 67 for those who reached age 60 before July 1, 1999). For foreign nationals, a minimum of 10 years' residence including the last 5 years before the pensionable age.

Partial early retirement pension: Aged 60 to 65 (age 67 for those who reached age 60 before July 1, 1999), residing in Denmark, employed full-time for at least 10 of the last 20 years, and continuing to work for 12 to 30 hours a week. Employees must have participated in the ATP scheme for at least 10 of the last 20 years and worked at least 18 of the last 24 months in Denmark. A self-employed person must have worked full-time during the last 5 years, been self-employed in Denmark for at least 4 of the last 5 years (including 9 of the last 12 months), and must reduce working hours on average to 18.5 hours a week.

ATP: Age 65. The benefit is actuarially related to the individual's contributions and contribution record. The full ATP pension requires a full and continuous contribution record since the start of the program in 1964 (or from age 16 if later).

Deferred ATP pension: A deferred pension is possible until age 70.

Benefits are payable abroad.

SP: Age 65. The benefit is based on the capital accrued in the individual's account.

Benefits are payable abroad.

Supplementary pension benefit (income-tested): Payable to needy pensioners.

Disability pension

Disability (anticipatory) pension (income-tested): Working capacity is permanently reduced to the extent that the individual cannot assure his or her own subsistence from any kind of paid work. (If the insured's assessed working capacity can be improved through rehabilitation or other measures to the extent that it is likely that the insured will be capable of work, no pension is awarded.)

Danish nationals must have at least 3 years' residence between ages 15 and 65 (age 67 for those who reached age 60 before July 1, 1999). Foreign nationals must have a minimum of 10 years' residence or be covered by a reciprocal agreement. The pension is first payable from the month following the award.

Income test: The pension for a single person is reduced by 30% of income exceeding 59,000 kroner. If the annual income of a single person exceeds 622,800 kroner, the pension is not payable.

The pension for a married or cohabiting couple is reduced by 30% of income exceeding 93,600 kroner, up to a maximum equal to 20% of the pension. If the annual income of a married or cohabiting couple exceeds 1,052,000 kroner, the pension is not payable.

Following a medical assessment, the working capacity is assessed by nonmedical staff of the municipality. If the working capacity of the insured improves, a medical review is required.

Disability supplement: Payable to help meet extra costs resulting from the assessed disability. Expected extra costs must exceed 6,000 kroner a year or 500 kroner a month. There is no income test.

Benefits are payable abroad.

ATP: No benefit is provided.

SP: No benefit is provided.

Survivor pension

Universal pension: No statutory benefits are provided for a surviving spouse; benefits are payable to a surviving spouse under the old-age pension or disability pension if eligible in his or her own right.

Orphans younger than age 18 are eligible for benefits under Family Allowances, below.

Death grant: A lump sum is provided under Sickness and Maternity, below.

Dependent survivor's pension: Payable when one of two cohabiting spouses or partners (including a same-sex partner) dies and both received a social pension.

Dependent survivor's allowance (income-tested): A lump sum is payable to a surviving spouse or cohabitant (including a same-sex partner) who lived with the deceased for at least 3 years.

Income test: To receive the full lump-sum benefit, the income of the surviving spouse or cohabiting partner must not exceed 187,358 kroner. No benefit is paid if annual income exceeds 292,745 kroner.

ATP: If the deceased had 2 full years of contributions after 2002, a lump sum is payable to a surviving spouse (including a same-sex partner) and each child younger than age 21. If the deceased only had contributions before 2003, a lump sum is payable to a surviving spouse (including a same-sex partner) and each child younger than age 19.

SP: The capital accrued in the individual account of the deceased is transferred to the estate.

Old-Age Benefits

Old-age pension

Universal basic pension (earnings-tested): 4,836 kroner a month is paid for single, married, or cohabiting pensioners with 40 years of residence before the pensionable age. The full amount is reduced by 1/40 for each year of residence less than 40.

Earnings test: The benefit for a single pensioner may be reduced for annual earnings greater than 246,500 kroner; if living with a spouse or partner, the pension may be reduced for annual earnings greater than 167,200 kroner.

Universal pension supplement (income-tested): 4,868 kroner a month is paid for a single pensioner; 2,273 kroner a month for a pensioner living with a spouse or partner.

Earnings test: A single pensioner's annual income must not exceed 54,400 kroner; 109,200 kroner for a pensioner couple (if the spouse is not a pensioner, the first 170,200 kroner of his or her earnings are not earnings-tested).

Partial early retirement pension: The maximum annual pension is 86,892 kroner if work is reduced to 12 hours a week. The maximum annual pension for a self-employed person is 66,372 kroner. The pension is paid monthly.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

ATP: Pension entitlement depends on the individual's contribution record. Lump-sum payments are awarded for pensioners with low account balances.

The minimum annual pension is 1,240 kroner.

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The maximum annual pension for new pensioners who paid full contributions from April 1, 1964, to 2006 is 23,000 kroner.

Deferred ATP pension: The pension is increased for each year of contributions from age 67 to 70.

Benefit adjustment: Accrued pension rights and cash pensions under the ATP may be adjusted, depending on the financial resources of the system.

SP: The pension is based on contributions plus net returns. Benefits are paid in installments over a 10-year period. Lump-sum payments are awarded for pensioners with low account balances.

Supplementary pension benefit (income-tested): Payable to needy pensioners. (Old-age pensioners may also claim additional benefits to help meet daily living and housing costs.)

Permanent Disability Benefits

Disability pension

Disability (anticipatory) pension (earnings-tested): The pension is a taxable allowance that corresponds to the maximum unemployment benefit: 173,472 kroner a year for a single person; 147,444 kroner a year for a married or cohabiting person. The pension is payable for up to 4 years; thereafter, social assistance may be provided.

The minimum pension is 3/40 of the maximum pension.

At the pensionable age, the pension is replaced by the old-age pension.

Disability supplement: The amount is set according to individual circumstances, taking into account expected extra costs. Expected extra costs must exceed 6,000 kroner a year or 500 kroner a month. The minimum monthly supplement is 1,500 kroner. There is no income test.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

ATP: No disability pensions are payable under the ATP program.

SP: No disability pensions are payable under the SP program.

Survivor Benefits

Survivor pension

Universal pension: No pension is provided.

Death grant (means-tested): Depending on the deceased's assets and liabilities, a lump sum (up to a maximum of 8,100 kroner; 6,750 kroner if the survivor is younger than age 18) is provided under Sickness and Maternity, below.

Benefit adjustment: The grant is adjusted annually according to changes in wages.

Dependent survivor's pension: The total amount of the deceased's and the survivor's social pensions are paid to the survivor for 3 months.

Dependent survivor's allowance (income-tested): A surviving spouse or cohabitant who lived with the deceased for at least 3 years may receive the full lump-sum benefit of 11,710 kroner.

Income test: To receive the full lump-sum benefit, the income of the surviving spouse or cohabiting partner must not exceed 187,358 kroner. No benefit is paid if annual income exceeds 292,745 kroner.

ATP: A lump sum of 45,000 kroner is payable to the surviving spouse (if the deceased was older than age 65, the amount is reduced by 1/5 for each year between ages 66 and 70) and to each child younger than age 21.

SP: The capital in the deceased's account is transferred to the deceased's estate.

Administrative Organization

Universal pension: Ministry of Social Affairs (<http://www.social.dk>) provides general supervision and national administration.

Local (municipal) governments administer pensions.

National Social Security Agency administers universal pensions paid abroad.

ATP: Labor Market Supplementary Pension Institution (<http://www.atp.dk>), an independent organization headed by a bipartite board of directors, administers the ATP program.

SP: Labor Market Supplementary Pension Institution (<http://www.atp.dk>), an independent organization headed by a bipartite board of directors, administers the SP program.

Danish Financial Supervisory Authority supervises the SP and ATP programs.

Sickness and Maternity

Regulatory Framework

First law: 1892.

Current laws: 1971 (sickness insurance), with amendments; and 1989 (sickness and maternity benefits), with 2004 amendment.

Type of program: Universal (medical benefits) and employment-related (cash benefits) system.

Coverage

Cash sickness and maternity benefits: All employed and self-employed persons.

There are no special systems for any specified groups of employees.

Medical benefits: All persons residing in Denmark.

Source of Funds

Insured person: None.

Self-employed person: Voluntary contributions to finance cash benefits during the first 2 weeks of incapacity.

Employer: The total cost of cash benefits for the first 2 weeks of incapacity if the employee worked for the same employer for 8 weeks before the incapacity began. No contribution is made for medical benefits.

The employer's contributions also finance temporary disability benefits under Work Injury, below.

Government: Local (municipal) government meets the total cost of cash benefits from the third week (from day 1 if the insured is ineligible for the 2-week benefit from the employer). Local (municipal) government is reimbursed fully by central government up to the end of the fourth week; thereafter, the cost is split equally between local and central governments. Local government (county level) finances the total cost of medical benefits.

Government contributions also finance temporary disability benefits under Work Injury, below.

Qualifying Conditions

Cash sickness and maternity benefits: Must have 74 hours of employment in the previous 8 weeks (employer-financed sickness benefits). Must have at least 120 hours of work in the 13 weeks before the incapacity began and be in paid vocational training, in flexible employment with a public- or private-sector employer, receiving unemployment benefits, or have just completed vocational training for 18 months (local government-financed sickness and maternity benefits). Self-employed persons must have 6 months' work in the last 12 months, including the month before the incapacity began.

Cash sickness benefits are also payable to a parent to care for a seriously ill child younger than age 14.

Medical benefits: Must reside in Denmark; there is a 6-week qualifying period if moving to Denmark from another country.

Sickness and Maternity Benefits

Sickness benefit: Up to 3,332 kroner a week is paid, based on the hourly wage; for employees, the benefit is payable from the first day of incapacity; for self-employed persons, the benefit is payable from the third week of incapacity (may insure voluntarily for the first 2 weeks).

The employer is reimbursed by local government for the cost of sickness benefits paid directly to employees (the benefit paid for the first day of incapacity is not reimbursed.)

The weekly benefits provided under the national cash benefit program are payable for 52 weeks within any 18-month period; may be extended under specified circumstances.

Local government assesses the incapacity every 8 weeks.

Partial benefit: A reduced benefit is paid for a partial incapacity to work.

Death grant (means-tested): Depending on the deceased's assets and liabilities, a lump sum (up to a maximum of 8,100 kroner; 6,750 kroner if the survivor is younger than age 18) is paid.

Benefit adjustment: The grant is adjusted annually according to changes in wages.

Maternity benefit: Up to 3,203 kroner a week is paid. For employees, the benefit is payable for up to 52 weeks, including from 4 weeks before or from 14 weeks after the expected date of childbirth for the mother and, concurrently, 2 weeks paid leave for the father; after the 14th week, both parents may share a 52-week leave period that may be split between them or postponed but must be taken before the child's 9th birthday.

In the event of the adoption of a child, the benefit is payable for a 46-week leave period beginning from the date the parent takes charge of the child. After the 14th week, both parents may share a 32-week leave period that may be split between them or postponed but must be taken before the child's 9th birthday.

Additional leave of up to 3 months is awarded if the child is hospitalized as a result of a disease contracted in connection with birth.

Workers' Medical Benefits

Free service benefits are provided with a restricted choice of doctor, or the patient pays part of expenses with a free choice of doctor. Benefits include general practitioner care, specialist care, treatment by psychologists under special circumstances, hospitalization in a public hospital, 50% to 85% of the cost above 520 kroner a year of most prescribed drugs, free maternity care by a midwife or doctor, home nursing, chiropractic, physiotherapy, the cost of some dental care, and transportation for pensioners.

There is no limit to duration (except for treatment by psychologists, chiropractors, and physiotherapists).

Dependents' Medical Benefits

Free service benefits are provided with a restricted choice of doctor, or the patient pays part of expenses with a free choice of doctor. Benefits include general practitioner care, specialist care, treatment by psychologists under special circumstances, hospitalization in a public hospital, 50% to 85% of the cost above 520 kroner a year of most prescribed drugs, free maternity care by a midwife or doctor, home

nursing, chiropractic, physiotherapy, the cost of some dental care, and transportation for pensioners.

There is no limit to duration (except for treatment by psychologists, chiropractors, and physiotherapists).

Administrative Organization

Sickness and maternity benefits: Ministry of Social Affairs (<http://www.social.dk>) provides general supervision and national administration.

Local (municipal) governments administer sickness and maternity benefits at the local level.

Medical benefits: Ministry of Health provides general supervision and national administration.

Local (municipal) and county governments administer medical benefits at the local level.

Work Injury

Regulatory Framework

First law: 1898.

Current laws: 1933 (accidents), with amendments; 1978 (industrial injuries), with amendment; 1992 (insurance), with amendments; and 2003 (workers' compensation), with amendments.

Type of program: Universal (medical benefits) and direct provision (cash benefits) system, involving compulsory income security provisions through a private carrier (accidents) and the Labor Market Occupational Disease Fund (occupational diseases).

Coverage

All employed persons, persons in vocational training, and persons with a congenital injury or congenital disease resulting from the work or employment history of either parent.

Voluntary coverage for all self-employed persons and their spouses.

Special system for persons in military service.

Source of Funds

Insured person: None.

Self-employed person: Voluntary contributions for benefits in the first 2 weeks of incapacity.

Employer: For temporary disability benefits, see source of funds for sickness benefits under Sickness and Maternity, above. For permanent disability benefits, the total cost of compulsory income security provisions through a private carrier (work injuries) and the Labor Market Occupational Disease Fund (occupational diseases).

Government: See source of funds under Sickness and Maternity, above.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. A claim for a benefit for a work injury or an occupational disease must be made within a year; beyond a year in special circumstances.

Temporary Disability Benefits

Up to 3,113 kroner a week is paid, based on the hourly wage. For employees, the benefit is payable from the first day of incapacity; for self-employed persons, the benefit is payable from the 3rd week of incapacity (may insure voluntarily for the first 2 weeks).

The employer is reimbursed by local government for the cost of sickness benefits paid directly to employees (the benefit paid for the first day of incapacity is not reimbursed.)

The benefits provided under the national cash benefit program are payable weekly for 52 weeks within any 18-month period; may be extended under specified circumstances.

Local government assesses the incapacity every 8 weeks.

Partial benefit: A reduced benefit is paid for a partial incapacity to work.

Permanent Disability Benefits

Permanent disability pension: For a total disability (100%), the pension is equal to 80% of earnings of the previous year. The minimum assessed degree of disability for entitlement to benefits is 15%.

The minimum annual earnings for benefit calculation purposes are 148,000 kroner. The maximum annual earnings for benefit calculation purposes are 396,000 kroner. The maximum earnings are adjusted annually.

For an assessed permanent disability with an assessed loss in earning capacity of less than 50%, a lump sum is paid. If the loss in earning capacity is 50%, the insured may choose a monthly benefit or a lump sum. If the loss in earning capacity is more than 50%, a monthly pension is paid (the insured may receive part of the total benefit as a lump sum calculated on the basis of a 50% loss in earning capacity).

The degree of disability is assessed by the National Board of Industrial Injuries and may be reviewed at any time in the first 5 years after the award is made if the insured's condition changes.

The pension ceases at age 65.

Permanent injury compensation: For a total disability (100%), a lump sum of 659,500 kroner is paid; may be higher in special cases, up to a maximum of 791,400 kroner.

Benefit adjustment: Benefits are adjusted annually.

Workers' Medical Benefits

Benefits include the cost of prostheses, artificial limbs, orthopedic equipment and wheelchairs, and some specialist care (most medical services are obtained under ordinary sickness insurance).

Survivor Benefits

Survivor pension: 30% of the insured's annual earnings are paid for up to 10 years. The pension is payable to the spouse or to a cohabiting partner (including a same-sex partner) who lived with the deceased for at least 2 years. The pension is payable if the survivor (re)marries.

The survivor pension ceases at age 65.

Orphan's pension: Each orphan up to age 18 (age 21 if a student) receives 10% of the deceased's annual earnings, up to a maximum of 40%. Each full orphan up to age 18 (age 21 if a student) receives 20% of the deceased's annual earnings, up to a maximum of 50%.

Transitional allowance: If the insured's death is the result of a work injury or an occupational disease, a lump sum of 124,000 kroner is payable to a spouse or cohabiting partner (including a same-sex partner) or, depending on circumstances, other persons.

Benefit adjustment: Benefits are adjusted annually.

Administrative Organization

Ministry of Employment (<http://www.bm.dk>) provides general supervision.

Danish Financial Supervisory Authority (<http://www.ftnet.dk>) provides direct supervision of private carriers for work accidents and the Labor Market Occupational Disease Fund.

National Board of Industrial Injuries (<http://www.ask.dk>) assesses entitlements for insured persons and survivors.

Labor Market Occupational Disease Fund (an independent self-governing institution) administers the employer-funded programs for occupational diseases.

Unemployment

Regulatory Framework

First law: 1907.

Current law: 1970 (unemployment insurance), with amendments.

Type of program: Subsidized voluntary insurance system.

Note: If an unemployed person is not eligible for benefits and has no means of support, local (municipal) government may provide social assistance.

Coverage

Employees aged 18 to 65, self-employed persons, persons who have completed at least 18 months of vocational training, and persons holding public office in central or local government. Covered persons must be members of an approved unemployment fund established voluntarily by trade unions (for instance, in industry, commerce, office work, agriculture, handicrafts, catering, transport, or quarrying).

Source of Funds

Insured person: Membership contributions to an unemployment insurance fund consists of a variable contribution toward financing the fund (rates vary according to fund), a mandatory fixed contribution toward the payment of unemployment insurance, and a voluntary fixed contribution toward payment of early retirement pay.

Employees pay 8% of their monthly gross salary or earnings toward the Labor Market Fund to cover state expenditure on unemployment insurance benefits and voluntary early retirement pay.

Contributions are paid monthly, quarterly, or annually, depending on the unemployment insurance fund.

Self-employed person: Membership contributions to an unemployment insurance fund consist of a variable contribution toward financing the fund (rates vary according to fund), a mandatory fixed contribution toward payment of unemployment insurance, and a voluntary fixed contribution toward payment of early retirement pay.

A self-employed person pays 8% of gross salary or earnings toward the Labor Market Fund to cover state expenditure on unemployment insurance benefits and voluntary early retirement pay.

Contributions are paid monthly, quarterly, or annually, depending on the unemployment insurance fund.

Employer: Certain employers make contributions.

Government: Provides a subsidy.

Qualifying Conditions

Unemployment benefit: Membership in the unemployment fund during the last 12 months (self-employed persons included) and 52 weeks (1,924 hours) of insured employment in the last 3 years.

Unemployment must not be due to voluntary leaving, misconduct, a labor dispute, or the refusal of a suitable job

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offer. The claimant must be registered for employment and capable of, and willing to, work.

Part-time unemployment benefit: Membership in the unemployment fund during the last 12 months (self-employed persons included) and 34 weeks (1,258 hours) of insured employment in the last 3 years.

Voluntary early retirement pay scheme: Persons residing in Denmark aged 60 to 65 (including self-employed persons) and a member of an unemployment fund for 25 of the last 30 years (including contributions paid to finance early retirement pay); 20 of the last 25 years if born before July 1, 1964 but after February 29, 1952; or 10 of the last 15 years if born before March 1, 1952.

Unemployment Benefits

The benefit is equal to 90% of average earnings of the previous 12 weeks, up to 3,335 kroner a week. (Young unemployed persons who complete a period of vocational training or military service receive up to 2,735 kroner a week.) The benefit is payable from the first day of unemployment (5 days a week) for up to 4 years. Self-employed persons have a waiting period of 3 weeks.

If the unemployed person is aged 55 to 59, the period may be extended until the 60th birthday to allow entitlement to the voluntary early retirement pay scheme.

Part-time unemployment benefit: The maximum benefit is equal to 2/3 of the maximum unemployment benefit, above.

Voluntary early retirement pay scheme: The maximum benefit is equal to 91% of the highest unemployment benefit, but not more than 3,035 kroner a week. Certain favorable conditions apply to workers staying in the labor market for a minimum period of 2 years after age 60.

Administrative Organization

Ministry of Employment (<http://www.bm.dk>) and the National Directorate of Labor provide general supervision.

Recognized unemployment funds (with at least 10,000 members) administer the program nationally, collect contributions, and pay benefits.

Family Allowances

Regulatory Framework

First law: 1952.

Current law: 1986 (family allowance), with amendments.

Type of program: Universal system.

Coverage

Danish citizens residing in Denmark, noncitizens residing in Denmark for a year or more (3 years for a special supple-

ment) or noncitizens covered by a reciprocal agreement, and refugees.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowances: The child must be younger than age 18 and reside in Denmark. The parent must pay taxes in Denmark.

Family Allowance Benefits

Family allowances: The basic annual allowance is 13,640 kroner for each child up to age 2, 12,234 kroner for each child aged 3 to 6, and 9,696 kroner for each child aged 7 to 17.

Benefits are paid quarterly.

Single parent's supplement: 4,324 kroner a year is paid for each child (for example, in the case of a family with a single breadwinner). Eligibility is assessed annually.

Benefits are paid quarterly.

Orphan's supplement: Full orphans receive 24,912 kroner a year; half orphans receive 12,456 kroner.

Children of pensioners supplement: Children of pensioners receive 11,040 kroner a year (one pensioner parent) or 16,780 kroner a year (two pensioner parents).

Study supplement: A total of 5,672 kroner is paid a year for each parent who is studying.

The supplement is paid quarterly.

Birth grant: For multiple births, 7,120 kroner is paid a year for the second and each subsequent child.

The grant is paid quarterly until the children are age 7.

Adoption grant: For the adoption of a foreign child, a lump sum of 41,022 kroner is paid.

Benefit adjustment: Benefits are adjusted annually according to changes in wages.

In addition, some child care and educational costs and parental leave periods are provided.

Administrative Organization

Ministry of Consumer and Family Affairs provides general supervision and national administration.

Local (municipal) governments administer the program.