

## Denmark

Exchange rate: US\$1.00 equals 5.17 kroner.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 2005 (partial early retirement pension), 2006 (ATP pension), 2007 (social pensions), and 2007 (anticipatory pensions).

**Type of program:** Universal and social insurance.

Note: The Special Pensions Savings Scheme (SP) was closed on April 30, 2010 and account balances are being distributed. Contributions to the SP had been suspended since 2004.

#### 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 disability (voluntary for disability pensions granted before 2003) cash sickness, maternity, unemployment, and social assistance benefits.

Voluntary coverage for persons previously insured for at least 3 years who begin nonsalaried or self-employed work and for recipients of disability pensions (mandatory for disability pensions granted as of 2003), or early retirement benefits (see Unemployment).

Exclusions: Employees working less than 9 hours a week.

#### Source of Funds

##### Insured person

*Universal basic pension:* None.

*ATP:* Up to 1,080 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.

##### Self-employed person

*Universal basic pension:* None.

*ATP:* Up to 3,240 kroner a year.

##### Employer

*Universal basic pension:* None.

*ATP:* Up to 2,160 kroner (for a full-time worker) per employee per year.

Contributions are paid quarterly.

#### Government

*Universal basic pension:* The total cost.

*ATP:* Up to 2,160 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.

#### Qualifying Conditions

##### Old-age pension

*Universal basic pension (earnings-tested):* For Danish nationals, from age 65 with at least 3 years of residence between ages 15 and 65. For foreign nationals, at least 10 years of residence including the last 5 years before the pensionable age.

For the full pension, the insured must have at least 40 years of residence between ages 15 and 65; benefits are proportionately reduced with fewer years of residence.

Earnings test: The benefit may be reduced for annual earnings (from work) greater than 277,700 for an unmarried pensioner.

Benefits are payable abroad.

*Universal pension supplement (income-tested):* For Danish nationals, from age 65 with at least 3 years of residence between ages 15 and 65. For foreign nationals, at least 10 years of residence including the last 5 years before the pensionable age.

Income test: The supplement is reduced for total income greater than 61,300 kroner a year for an unmarried pensioner or 123,000 kroner a year for each person in a married couple.

Deferred universal old-age pension (basic and supplement): If the insured works at least 1,000 hour a year, the pension and supplement may be deferred until age 75.

*ATP:* Age 65. The benefit is actuarially related to the individual's contributions. 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: The pension may be deferred until age 75.

Benefits are payable abroad.

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

##### Disability pension

*Disability (anticipatory) pension (income-tested):* The insured has an assessed, permanent reduced working

capacity and cannot assure his or her own subsistence from any kind of paid work. (No pension is awarded if it is likely that the insured's assessed working capacity can be improved through rehabilitation or other measures.)

Danish nationals must have at least 3 years of residence between ages 15 and 65. Foreign nationals must have at least 10 years of residence or be covered by a reciprocal agreement. The pension is first paid from the month following the award.

**Income test:** The pension is reduced for annual income exceeding 66,500 kroner for unmarried persons (105,500 kroner if married or cohabitating); no pension is paid if the unmarried insured's annual income exceeds 701,600 kroner (1,185,200 kroner if married or cohabitating).

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.

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

**Disability supplement:** Paid 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.

### Survivor pension

**Universal pension:** No statutory benefits are provided for a surviving spouse; benefits are paid 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.

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

**Dependent survivor's pension:** Paid 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):** Paid to a surviving spouse or cohabitant (including a same-sex partner) who lived with the deceased for at least 3 years.

**Income test:** A reduced benefit is paid if the annual income of the surviving spouse or cohabitation partner exceeds 211,070 kroner; no benefit is paid if annual income exceeds 329,793 kroner.

**ATP:** If the deceased had at least 2 years of contributions after 2002, a benefit is paid to a surviving spouse (including a same-sex partner) and each child younger than age 21. If the deceased had contributions before 2003 only, a benefit is paid to a surviving spouse (including a registered same-sex partner) and each child younger than age 19.

## Old-Age Benefits

### Universal old-age basic pension (earnings-tested):

65,376 kroner a year is paid for unmarried, married, or cohabiting pensioners with at least 40 years of residence in Denmark before the pensionable age. The full amount is reduced by 2.5% for each year of residence in Denmark less than 40.

### Universal old-age pension supplement (income-tested):

67,896 kroner a year is paid for an unmarried pensioner; 32,820 kroner a year for a married or cohabitating pensioner.

**Income test:** If annual earnings are above the limit, the supplement is reduced by 32% of the amount that exceeds the limit.

**Deferred universal old-age pension (basic and supplement):** The pension is increased for each month of deferral from age 65 to 75.

**ATP pension:** The pension is calculated based on the individual's contribution record.

The maximum annual pension is approximately 23,000 kroner.

Pensions under 1,240 kroner are paid as a lump sum.

**Deferred ATP pension:** The pension is increased for each month of deferral from age 65 to 75.

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

**Supplementary pension benefit (income-tested):** A supplementary benefit is paid. (Old-age pensioners may also claim additional social benefits to help meet daily living and housing costs.)

## Permanent Disability Benefits

### Disability (anticipatory) pension (income-tested):

195,420 kroner a year is paid for an unmarried person; 166,104 kroner a year is paid for a married or cohabiting person.

The minimum pension is 7.5% of the full amount.

**Income test:** The pension for an unmarried person is reduced by 30% of income exceeding 66,500 kroner; 105,500 kroner if married or cohabitating.

**Disability supplement:** The amount is set according to individual circumstances, taking into account expected extra costs. The minimum monthly supplement is 1,500 kroner.

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

## Survivor Benefits

**Death grant (means-tested):** Depending on the deceased's assets and liabilities, a lump sum is provided under Sickness and Maternity.

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

**Dependent survivor's pension:** The deceased's pension(s) is paid to the survivor for 3 months.

**Dependent survivor's allowance (income-tested):** A lump sum of 12,840 kroner is paid to an eligible spouse.

Income test: A reduced benefit is paid if annual income exceeds a certain amount.

**ATP:** With at least 2 years of contributions after 2002, a lump sum of 50,000 kroner is paid to an eligible spouse and orphans; with contributions before 2003 only, a lump sum based on the deceased's accrued rights is paid.

## Administrative Organization

### Universal pension

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

Local (municipal) governments administer pensions.

National Pension Board administers universal pensions paid abroad.

### ATP

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

Danish Financial Supervisory Authority (<http://www.finanstilsynet.dk>) supervises the program.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1892.

**Current laws:** 2005 (health) and 2006 (maternity).

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

### Coverage

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

**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 at least 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.

**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.

### Qualifying Conditions

**Cash sickness and maternity benefits:** For employer-financed sickness benefits, the insured must have at least 74 hours of employment in the previous 8 weeks. For local government-financed sickness and maternity benefits, the insured 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. Self-employed persons must have at least 6 months of work in the last 12 months, including the month before the incapacity began.

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

**Medical benefits:** The insured 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 3,760 kroner a week is paid, based on the insured's hourly wage; for employees, the benefit is paid from the first day of incapacity; for self-employed persons, the benefit is paid 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 paid 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.

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**Death grant (means-tested):** Depending on the deceased's assets and liabilities, a lump sum of up to 8,850 kroner (7,400 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 3,760 kroner a week is paid. For employees, the benefit is paid 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 32-week leave period that may be split between them or postponed but must be taken before the child's 9th birthday.

For the adoption of a child, the benefit is paid 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; may be 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 congenital disease.

### **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 greater than 850 kroner a year of most prescribed drugs, free maternity care from a midwife or doctor, home nursing, chiropractic, physiotherapy, 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 greater than 850 kroner a year of most prescribed drugs, free maternity care from a midwife or doctor, home nursing, chiropractic, physiotherapy, 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 Employment (<http://www.bm.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 regional governments administer medical benefits at the local level.

## **Work Injury**

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### **Regulatory Framework**

**First law:** 1898.

**Current law:** 2006 (occupational injury).

**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 impairment resulting from the work or employment history of either parent.

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

Special system for military personnel.

### **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. 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.

### **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 3,760 kroner a week is paid, based on the insured's hourly wage. For employees, the benefit is paid from the first day of incapacity; for self-employed persons, the

benefit is paid 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 (except for the benefit paid for the first day of incapacity).

The benefits provided under the national cash benefit program are paid 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 80% of the insured's earnings for the previous year.

The minimum annual earnings used to calculate benefits are 168,000 kroner. The maximum annual earnings used to calculate benefits are 451,000 kroner. The maximum earnings are adjusted annually.

For an assessed loss in earning capacity of 15% to 50%, a lump sum is paid. If the loss in earning capacity is 50% or less, 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 based on a 50% loss in earning capacity).

The National Board of Industrial Injuries assesses the degree of disability, which 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 752,000 kroner is paid; may be higher in special cases, up to 902,400 kroner.

Benefit adjustment: Benefits are adjusted annually.

### **Workers' Medical Benefits**

Benefits include the cost of prostheses, 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 to the surviving spouse or to a cohabiting partner (including a same-sex partner) who lived with the deceased for at least 2 years. The pension is paid if the survivor (re)marries.

The maximum annual benefit is 135,300 kroner.

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

**Transitional allowance:** If the insured's death is the result of a work injury or an occupational disease, a lump sum of 141,500 kroner is paid 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 Diseases 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 laws:** 2005 (unemployment insurance) and 2008 (unemployment insurance).

**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 63, self-employed persons, persons who have completed at least 18 months of vocational training, persons holding public office in central or local government, and persons in military service. Must be members of an approved unemployment fund established voluntarily by trade unions.

#### **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.

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(All employed persons, regardless of membership with an unemployment fund, 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.

(All self-employed persons, regardless of membership with an unemployment fund, 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.

**Employer:** Certain employers make contributions.

**Government:** Provides a subsidy.

### Qualifying Conditions

**Unemployment benefit:** Membership in the unemployment fund during the last 12 months 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 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 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 and a member of an unemployment fund for at least 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; 10 of the last 15 years if born before March 1, 1952.

### Unemployment Benefits

**Unemployment benefit:** The benefit is 90% of average earnings in the previous 12 weeks, up to 3,760 kroner a week. (Young unemployed persons who complete a period of vocational training or military service receive up to 3,085 kroner a week.) The benefit is paid 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 66.7% of the maximum unemployment benefit.

**Voluntary early retirement pay scheme:** The maximum benefit is 91% of the highest unemployment benefit, but not more than 3,420 kroner a week. Additional incentives apply to workers staying in the labor market for at least a 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.

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

### Family Allowances

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#### Regulatory Framework

**First law:** 1952.

**Current law:** 2004 (child benefits).

**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 supplement) or 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.

**Birth grant:** Paid for multiple births.

**Adoption grant:** Paid for the adoption of a foreign child.

#### Family Allowance Benefits

**Family allowances:** The basic annual allowance is 16,998 kroner for each child up to age 2, 13,448 kroner for each child aged 3 to 6, and 10,580 kroner for each child aged 7 to 17.

Single parent's supplement: 4,868 kroner a year is paid for each child (for example, in the case of a family with a single breadwinner). Eligibility is assessed annually.

Orphan's supplement: Full orphans receive 28,080 kroner a year; half orphans receive 14,040 kroner a year.

Children of pensioners supplement: Children of pensioners receive 12,432 kroner a year (one pensioner parent) or 14,080 kroner a year (two pensioner parents).

Study supplement: 6,388 kroner a year is paid for each parent who is studying.

All benefits and supplements are paid quarterly.

**Birth grant:** 8,024 kroner a month is paid for the second and each subsequent child.

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

**Adoption grant:** A lump sum of 46,214 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 Social Welfare (<http://www.social.dk>) provides general supervision and national administration.

Local (municipal) governments administer the program.