

Denmark

Exchange rate: US\$1.00 equals 6 kroner.

Old Age, Disability, and Survivors

Regulatory Framework

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

Current laws: 1964 (labor-market supplementary pension, ATP), with 1998 amendment (special pension savings scheme, SP) implemented in 1999 and 2000 amendment implemented in 2002; 1984 (universal old-age and disability pensions), with amendments; and 1986 (partial early retirement pension), with amendments.

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

Coverage

Universal pension: Resident citizens aged 16 to 66 (aged 16 to 69 from July 2004); noncitizens meeting the minimum residency requirements or covered by reciprocal agreements.

Labor-market supplementary pension (ATP): Employees aged 16 to 66 (aged 16 to 69 from July 2004), including persons on parental leave and recipients of cash sickness or unemployment benefits. Coverage is optional for the self-employed and for recipients of disability pensions or early retirement benefits (see Unemployment, below).

Special pension savings scheme (SP): Employees aged 16 to 66 (aged 16 to 69 from July 2004), including persons on parental leave, recipients of cash sickness or unemployment benefits, and the self-employed.

Source of Funds

Insured person

Universal basic pension: None.

ATP: Up to a maximum of 894 kroner a year for a full-time worker. Recipients of unemployment benefits, sickness and maternity benefits, and certain vocational training benefits pay double contributions.

SP: 1% of gross income. (Contributions are suspended for 2004 and 2005.)

Employer

Universal basic pension: None.

ATP: Up to a maximum of 1,788 kroner (for a full-time worker) per employee per year.

SP: None.

Government

Universal basic pension: Total cost.

ATP: Up to a maximum of 1,788 kroner (for a full-time worker) a year for recipients of social assistance benefits. Recipients of unemployment benefits, sickness and maternity benefits, or certain vocational training benefits pay double contributions.

SP: None.

Qualifying Conditions

Old-age pension

Universal basic pension (earnings-tested): From age 67 (from age 65 from July 2004) with at least 3 years' residence between ages 16 and 66 (between ages 16 and 64 from July 2004).

Full pension: Forty years' residence (benefits are proportionately reduced with fewer years of residence).

Deferred pension: A deferred pension is possible until age 70 (from July 2004).

The pension is payable abroad.

Universal pension supplement (income-tested): From age 67 (from age 65 from July 2004) with at least 3 years' residence between ages 16 and 66 (between ages 16 and 64 from July 2004).

Partial early retirement pension: Aged 60 to 65, 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. The self-employed 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 (age 67 if born before July 1, 1939). 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). From July 2004, the pensionable age is 65 for all covered persons.

The pension is payable abroad.

SP: Age 65 (age 67 if born before July 1, 1939). The benefit is based on the capital accrued in the individual's account. From July 2004, the pensionable age is 65 for all covered persons.

The pension is payable abroad.

Disability pension

Disability (anticipatory) pension: The basic disability pension (income-tested) and the disability supplement (income-tested) are payable from ages 18 to 64 (age 66 if aged 60 before July 1, 1999) with at least 3 years' residence from age 15 and if working capacity is reduced and the person cannot assure his or her subsistence.

Disablement supplement: A cash benefit for the partial compensation of additional expenses arising from the disability.

ATP: No benefit is provided.

SP: No benefit is provided.

Survivor pension

Universal pension: Abolished in 1984, benefits are payable to a surviving spouse under old-age or disability pensions if eligible in his or her own right.

Eligible survivors include spouses, cohabitants, divorced partners (under certain conditions), and children under age 21. The deceased must have had 10 years of coverage (including 2 years under the changes implemented January 1, 2002) and been married for at least 10 years to the survivor. The surviving spouse must have been married or cohabiting 2 years immediately prior to the insured's death. For a divorced spouse, the deceased must have paid a maintenance grant just prior to death, and the marriage must have lasted 5 or 10 years.

Orphans under age 18 are eligible for benefits under Family Allowances.

ATP: A lump sum is payable to a surviving spouse and each child under age 18 (old scheme) or under age 21 (new scheme).

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): 4,648 kroner a month.

Universal pension supplement (income-tested): 4,512 kroner a month (single pensioners); 2,184 kroner a month (others).

Partial early retirement pension: The maximum pension is 86,892 kroner a year if work is reduced to 12 hours a week.

Deferred pension: Higher pensions are paid for years worked beyond age 65 (from July 2004).

Benefit adjustment: Pensions and benefits are adjusted annually according to wage growth.

ATP: Pension entitlement depends on the individual's contribution record.

The maximum annual pension for new pensioners who paid full contributions from 1964 to 2004 is 22,000 kroner.

Benefit adjustment: Accrued pension rights and cash pensions under the ATP are adjusted through bonus allowances.

SP: Pension entitlement depends on the individual's contribution record. The capital in the individual SP accounts is adjusted annually according to the SP's investment return. Benefits are paid in installments over a 10-year period. Lump-sum payments are awarded for pensioners with low account balances.

Permanent Disability Benefits

Disability pension

Disability (anticipatory) pension: The maximum pension is 13,895 kroner a month for single persons; 11,810 kroner for those not living alone.

Disability supplement (income test): The amount is set according to individual circumstances, taking into account expected expenses. The minimum supplement is 6,000 kroner a year.

Benefit adjustment: Benefits are adjusted annually according to wage growth.

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

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

Survivor Benefits

Survivor pension

Universal pension: No pension is provided.

Death grant: A lump-sum payment (up to a maximum of 8,000 kroner; 6,750 kroner if under age 18), depending on the deceased's assets and liabilities, is provided under the National Health Security Act.

Benefit adjustment: The grant is adjusted annually according to wage growth.

Dependent survivor's allowance (income-tested): A spouse or cohabitant who lived with the deceased for at least 3 years may receive a lump sum of up to 11,255 kroner, depending on income and assets. No benefit is paid if income exceeds 281,374 kroner a year.

ATP: A lump sum of 40,000 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 under 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 provides general supervision and national administration.

Local (municipal) governments administer pensions.

National Directorate of Social Security and Assistance administers universal pensions paid abroad.

ATP: The Labor-Market Supplementary Pension Institution, an independent organization headed by a bipartite board of directors, administers the ATP program.

SP: The Labor-Market Supplementary Pension Institution, an independent organization headed by a bipartite board of directors, administers the SP program.

Sickness and Maternity

Regulatory Framework

First law: 1892.

Current laws: 1971 (medical benefits), with amendments; and 1989 (cash benefits), with amendments.

Type of program: Universal (medical benefits) and direct provision (cash benefits) system.

Coverage

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

Medical benefits: All residents.

Source of Funds

Insured person: None (cash and medical benefits). Self-employed persons may voluntarily contribute for cash benefits to insure against the first 2 weeks of incapacity.

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

Government: Local 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 government (county level) finances the total cost of medical benefits.

Qualifying Conditions

Cash sickness and maternity benefits: Must have 74 hours of employment in the preceding 8 weeks.

Medical benefits: Resident of Denmark. If moving from another country, there is a 6-week qualifying period.

Sickness and Maternity Benefits

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

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

Maternity benefit: Up to 3,203 kroner a week. For employees, the benefit is payable for up to 52 weeks, including from 4 weeks before and 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 up or postponed but must be taken before the child's 9th birthday.

In case of adoption, 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 up or postponed but must be taken before the child's 9th birthday.

Additional leave of up to 3 months is granted 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, 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 on duration (except for treatment by psychologists, chiropractors, and physiotherapists).

Dependents' Medical Benefits

Same as for the family head.

Administrative Organization

Sickness and maternity benefits: Ministry of Social Affairs provides general supervision and national administration.

Municipal governments administer sickness and maternity benefits at the local level.

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

Municipal and county governments administer medical benefits at the local level.

Work Injury

Regulatory Framework

First law: 1898.

Current law: 1998.

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

Employed and self-employed persons in fishing and shipping.

Coverage is extended to persons with a congenital injury or congenital disease resulting from the work or employment history of either parent.

Source of Funds

Insured person: Employees, none. Self-employed persons, the total cost of insurance.

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

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

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

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

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

Permanent Disability Benefits

Permanent disability pension: If totally disabled, 80% of earnings of the preceding year. The minimum assessed degree of disability for benefit entitlement is 15%.

The maximum annual earnings for benefit purposes are 379,000 kroner. The maximum earnings are adjusted annually for changes in average wages.

Partial disability: For an assessed degree of disability of between 50% and 99%, a percentage of the full pension in proportion to the loss of earning capacity. For an assessed degree of disability of between 15% and 49%, a lump sum equal to the commuted value of the partial pension.

For those who reached age 60 before July 1, 1999, the pension ceases at age 67, and a lump sum of 2 years' benefit is paid.

For those who reached age 60 on July 1, 1999, or later, the pension ceases at age 65, and a lump sum of 4 years' benefit is paid.

Compensation for a long-term incapacity to perform daily routine tasks: 430,000 kroner if 100% incapacitated; compensation is reduced for lower degrees of incapacity.

Benefit adjustment: Benefits are adjusted according to changes in the average wage.

Workers' Medical Benefits

The cost of prosthesis, artificial limbs, orthopedic equipment and wheel chairs, and some specialist care (most medical services are obtained under ordinary sickness insurance).

Survivor Benefits

Survivor pension: 30% of the insured's earnings is paid for up to 10 years. The pension is payable to the spouse or to a cohabitant of at least 2 years at the time of death. The pension is payable if the survivor remarries. At age 67, the survivor pension is discontinued and a lump sum of 2 years' benefit is paid.

Orphan's pension: 10% of the insured's earnings for each orphan and 20% for each full orphan, up to a maximum of 50%. The pension is payable through age 18 (age 21 if a student).

The total maximum survivor and orphan's pension is 70% of the insured's earnings.

Special death benefit: A lump sum of 119,000 kroner is payable to a spouse or to a cohabitant of at least 2 years at time of death.

Benefit adjustment: Pension and benefits are adjusted annually according to wage growth.

Administrative Organization

Ministry of Social Affairs provides general supervision.

National Board of Industrial Injuries provides direct supervision of private carriers for work accidents.

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: 1970 (employees) and 1976 (self-employed).

Type of program: Subsidized voluntary insurance system.

Coverage

Employees aged 18 to 65, the self-employed, and persons who have completed at least 18 months of vocational training.

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

Employer: A part of the supplementary 3% value-added tax base of the enterprise.

Government: Any cost above the insured person's and employer/employee contributions.

Qualifying Conditions

Unemployment benefit: Membership in an unemployment fund during the last 12 months (self-employed included) and 52 weeks of employment in 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.

Voluntary early retirement pay scheme: Resident and aged 60 to 65 (including the self-employed) and a member of an unemployment fund for 25 of the last 30 years; 20 of the last 25 years if born before July 1, 1964; or 10 of the last 15 years if born before March 1, 1952.

Unemployment Benefits

90% of average earnings of the previous 12 weeks, up to 3,205 kroner a week. The benefit is payable from the first day of unemployment (5 days a week) for an initial period of 1 year (job-seeking period). The self-employed have a waiting period of 4 weeks. The initial benefit period may be followed by a second period of 3 years. If the unemployed person is aged 55 to 59, the second period may be extended until the 60th birthday to allow entitlement to the voluntary early retirement pay scheme.

Voluntary early retirement pay scheme: The maximum benefit is 91% of the highest unemployment benefit, but not more than 2,916 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 and Directorate of Labor provide general supervision.

Recognized unemployment funds (with at least 5,000 members) administer the program nationally.

Union officials usually manage funds.

Local branches of the unemployment funds collect contributions and pay benefits.

Family Allowances

Regulatory Framework

First law: 1952.

Current law: 1986.

Type of program: Universal system.

Coverage

Resident citizens, noncitizens resident in Denmark for 1 year or more (3 years for a special supplement), or noncitizens covered by reciprocal agreements.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances: The child must be under age 18.

Family Allowance Benefits

Family allowances: The basic annual allowance is 13,204 kroner for each child up to age 2; 11,932 kroner for each child aged 3 to 6; 9,388 kroner for each child aged 7 to 17.

General supplement: 4,156 kroner a year for each child (for example, in the case of a family with a single breadwinner).

Extraordinary supplement: 4,228 kroner a year for a single-parent household (only one supplement is provided per household regardless of the number of children).

Special supplement: Full orphans receive 23,952 kroner a year; half-orphans receive 8,384 kroner; children of pensioners receive 10,608 kroner a year (one pensioner parent) or 16,448 kroner a year (two pensioner parents); in cases of multiple births, 6,840 kroner a year for each child between ages 0 and 6; for the adoption of a foreign child, a one-time grant of 39,492 kroner.

Benefit adjustment: Allowances and supplements are adjusted annually according to changes in wages.

Administrative Organization

Ministry of Social Affairs provides general supervision and national administration.

Local (municipal) governments administer the program.