

## Denmark

Exchange rate: US\$1.00 = 6.86 kroner.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 2009 (ATP pension) and 2015 (disability pension, universal pension, and social services).

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

#### Coverage

**Universal pension:** Residents of Denmark.

**Labor-market supplementary pension (ATP):** Employed persons, including recipients of disability pensions granted before 2003 and cash sickness, maternity, unemployment, and social assistance benefits.

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

Exclusions: Employed persons working less than nine hours a week.

#### Source of Funds

##### Insured person

*Universal basic pension:* None.

*ATP:* Up to 1,135.80 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 pays contributions monthly or quarterly.

##### Self-employed person

*Universal basic pension:* None.

*ATP:* Up to 3,408 kroner a year.

Self-employed persons pay contributions quarterly.

##### Employer

*Universal basic pension:* None.

*ATP:* Up to 2,272.20 kroner a year (for a full-time worker) for each employee.

The employer pays contributions quarterly.

#### Government

*Universal basic pension:* The total cost.

The government pays contributions monthly or quarterly.

#### Qualifying Conditions

##### Old-age pension

*Universal old-age basic pension (Folkepension, earnings tested):* Age 65 (gradually rising to age 67 from 2019 to 2022 and to age 68 by 2030) with at least three years of residence from ages 15 to 65 (Danish nationals) or at least 10 years of residence including the last five years before the normal retirement age (foreign nationals). The full pension is paid with at least 40 years of residence from ages 15 to 65.

*Partial pension:* Meets the age requirement for the universal basic pension and has less than 40 years of residence.

*Earnings test:* The benefit is reduced for annual earnings (from work) greater than 310,000 kroner for an unmarried pensioner.

Benefits are payable abroad.

*Universal old-age pension supplement (income-tested):* Age 65 (gradually rising to age 67 from 2019 to 2022 and to age 68 by 2030) with at least three years of residence from ages 15 to 65 (Danish nationals) or at least 10 years of residence including the last five years before the normal retirement age (foreign nationals).

*Income test:* The supplement is reduced for total income greater than 64,900 kroner a year for an unmarried pensioner or 137,300 kroner a year for each person in a married or cohabitating couple.

*Deferred universal old-age pension (basic and supplement):* The pension can be deferred for up to 10 years after the normal retirement age. Must work at least 750 hours a year.

*ATP:* Age 65 (gradually rising to age 67 from 2019 to 2022 and to age 68 by 2030). The full 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 can be deferred for up to 10 years after the normal retirement age.

Benefits are payable abroad.

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

##### Disability pension

*Disability (anticipatory) pension (income tested):* The insured is assessed with a permanently reduced working capacity (which cannot improve through rehabilitation or other measures) and cannot assure his or her own subsistence from any kind of paid work. Must have at least three years of residence from ages 15 to 65 (Danish nationals) or at least 10 years of residence or be covered by a reciprocal agreement (foreign nationals).

Income test: The pension is reduced for annual income exceeding 74,300 kroner for unmarried persons (117,700 kroner if married or cohabitating).

Following a medical assessment, nonmedical staff of the municipality assesses the working capacity. If the working capacity of the insured has improved, a medical re-assessment is required.

At the normal retirement age, the disability 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 6,288 kroner a year or 524 kroner a month. There is no income test.

*Anticipatory senior pension:* Paid to insured persons with at least 25 years of full-time work who stop working five years before the normal retirement age as a result of physically demanding jobs and work-related health problems.

Benefits are payable abroad.

### Survivor pension

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

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

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

*Dependent spouse's pension:* Paid when one spouse or cohabiting partner (same sex or opposite sex) dies and both received a universal pension.

*Dependent spouse's allowance (income tested):* Paid to a surviving spouse or partner (same sex or opposite sex) who lived with the deceased for at least three years.

Income test: A reduced benefit is paid if the annual income of the surviving spouse or cohabitating partner exceeds 234,895 kroner; no benefit is paid if annual income exceeds 367,021 kroner.

*ATP:* Paid to a surviving spouse (same sex or opposite sex) and each child younger than age 21 if the deceased had at least two years of contributions since 2002; to each child younger than age 19 if the deceased had contributions before 2003 only.

### Old-Age Benefits

**Universal old-age basic pension (Folkepension, earnings tested):** 72,756 kroner a year is paid to unmarried, married, or cohabiting pensioners with at least 40 years of residence in Denmark before the normal retirement age.

Partial pension: The pension is proportionally reduced according to the number of years of residence in Denmark before the pensionable age.

**Universal old-age pension supplement (income tested):** 76,788 kroner a year is paid for an unmarried pensioner; 37,632 kroner a year for a married or cohabitating pensioner.

Income test: The supplement is reduced by 32% for annual income over 68,400 kroner for unmarried persons (137,300 if married or cohabiting), up to 310,000 kroner.

Deferred universal old-age pension (basic and supplement): The pension is increased for each month of deferral. The increment for deferring the pension for a year is based on the ratio of the period of deferral to the average life expectancy at the time the pension is taken.

**ATP pension:** The amount paid is based on the insured's length of coverage and the number of contributions paid.

The maximum annual pension is approximately 25,000 kroner.

Pensions under 2,500 kroner are paid as a lump sum.

Deferred ATP pension: The pension is increased by 5% for each year of deferral.

Benefit adjustment: ATP pensions are adjusted depending on the financial resources of the system.

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

### Permanent Disability Benefits

**Disability (anticipatory) pension (income tested):** 217,464 kroner a year is paid to an unmarried person; 184,848 kroner a year is paid to a married or cohabiting person.

Income test: The pension for an unmarried person is reduced by 30% of income exceeding 74,300 kroner; 117,700 kroner if married or cohabitating.

Disability supplement: 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):** A lump sum of up to 10,550 kroner is paid (8,850 kroner if the survivor is younger than 18).

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

**Dependent spouse's pension:** The old-age or disability pension the deceased received or was entitled to receive is paid for three months.

**Dependent spouse's allowance (income tested):** A lump sum of up to 14,268 kroner is paid.

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Income test: A reduced benefit is paid if the annual income of the surviving spouse or cohabitating partner exceeds 234,895 kroner; no benefit is paid if annual income exceeds 367,021 kroner.

**ATP:** With at least two years of contributions after 2002, a lump sum of 50,000 kroner is paid; 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://bm.dk>) provides general supervision and national administration.

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

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

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1892.

**Current laws:** 2010 (health) and 2015 (maternity).

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

#### Coverage

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

**Medical benefits:** Residents of Denmark.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** Voluntary contributions (cash benefits).

**Employer:** The total cost of cash benefits. None for medical benefits.

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

**Government:** Local (municipal and county-level) government pays the total cost of cash benefits. 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 benefits:** Must have at least 74 hours of work in the previous eight weeks (employer-financed

benefit); or have at least 120 hours of work in the 13 weeks before the incapacity began or 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 benefit). Self-employed persons must have at least six months of work in the last 12 months, including the month before the incapacity began.

**Seriously ill child benefit:** Cash sickness benefits are paid to a parent to care for a seriously ill child younger than age 18, where the child needs to stay in the hospital for more than 12 days. The insured must have worked for at least 13 weeks as an employee or six months as a self-employed person.

**Cash maternity benefits:** Must have at least 120 hours of work in the 13 weeks before the maternity leave begins or be in paid vocational training, in flexible employment with a public- or private-sector employer, receiving unemployment benefits, have just completed vocational training for 18 months (local government-financed benefit), is a paid trainee in a government-regulated training program, or works in a job for people with reduced capacity to work. Self-employed persons must have at least six months of work in the last 12 months, including the month before the maternity leave begins.

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

#### Sickness and Maternity Benefits

**Sickness benefit:** Up to 4,180 kroner a week is paid, based on the insured's hourly wage; for employed persons, the benefit is paid from the first day of incapacity; for self-employed persons, from the third week of incapacity (may insure voluntarily for the first two weeks). The benefit is paid for 22 weeks within any nine-month period; may be extended under specific circumstances.

Local government assesses the incapacity every eight weeks.

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

**Maternity benefit:** Up to 4,180 kroner a week is paid for up to 52 weeks, including four weeks before the expected date of childbirth and 14 weeks after childbirth for the mother and, concurrently, two weeks for the father. After the 14th week, both parents may share a 32-week leave period that must be taken before the child's ninth birthday.

For the adoption of a child, the benefit is paid for a 46-week leave period beginning from the date the parent takes guardianship of the child. After the 14th week, both parents may share a 32-week leave period that must be taken before the child's ninth birthday.

Seriously ill child benefit: 4,180 kroner a week is paid for up to 52 weeks (may be extended for up to three months 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 935 kroner a year for 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**

Medical benefits for dependents are the same as those for the insured.

### **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 (<http://www.sum.dk>) provides general supervision and national administration.

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

## **Work Injury**

### **Regulatory Framework**

**First law:** 1898.

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

**Type of program:** Universal (medical benefits and cash benefits) system, social insurance system, and employer liability system through a private carrier (work injury and occupational diseases).

### **Coverage**

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 self-employed persons and their spouses.

Special system for military personnel.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Voluntary contributions.

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

**Government:** See source of funds under Sickness and Maternity.

### **Qualifying Conditions**

**Work injury benefits:** The insured must have at least a 15% (temporary) or 5% (permanent) loss of work capacity. 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 4,180 kroner a week is paid, based on the insured's hourly wage; for employed persons, the benefit is paid from the first day of incapacity; for self-employed persons, from the third week of incapacity (may insure voluntarily for the first two weeks). The benefit is paid for 22 weeks within any nine-month period; may be extended under specific circumstances.

Local government assesses the disability every eight 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%), 83% of the insured's earnings in the previous year is paid.

The minimum annual earnings used to calculate benefits are 189,000 kroner.

The maximum annual earnings used to calculate benefits are 505,000 kroner. The maximum earnings are adjusted annually.

For an assessed loss in earning capacity of less than 50%, the insured may choose a monthly pension or a lump sum.

The National Board of Industrial Injuries assesses the loss of earning capacity, which may be reviewed at any time in the first five years after the award is made if the insured's condition changes. Appeals may be made to the National Social Appeals Board within four weeks of receiving the decision.

The pension is replaced by the old-age pension at the normal retirement age.



**Permanent injury compensation:** For a total disability (100%), a lump sum of 841,500 kroner is paid; up to 1,009,800 kroner in certain cases.

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 provided under ordinary sickness insurance).

### **Survivor Benefits**

**Spouse's pension:** 30% of the insured's annual earnings paid for up to 10 years to the surviving spouse or to a cohabiting partner (same sex or opposite sex) who lived with the deceased for at least two years. The pension is paid if the survivor (re)marries.

The maximum annual benefit is 139,380 kroner.

The survivor pension ceases at the normal retirement age.

**Orphan's pension:** 10% of the deceased's annual earnings, up to 46,460 kroner, is paid to each orphan up to age 18 (age 21 if a student); 20% of the deceased's annual earnings, up to 92,920 kroner, is paid to each full orphan.

**Transitional allowance:** If the insured's death is the result of a work injury or an occupational disease, a lump sum of 158,500 kroner is paid to a spouse, cohabiting partner (same sex or opposite sex), or certain 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**

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### **Regulatory Framework**

**First law:** 1907.

**Current laws:** 2014 (unemployment insurance).

**Type of program:** Subsidized voluntary insurance system.

Note: If an unemployed person is ineligible for benefits and has no means of support, the local (municipal) government may provide social assistance.

### **Coverage**

Employed persons, self-employed persons, persons with at least 18 months of vocational training, central and local government officials, and persons in military service. Must be members of an approved unemployment fund established voluntarily by trade unions.

### **Source of Funds**

**Insured person:** 8% of monthly gross salary or earnings (to the Labor Market Fund for unemployment insurance and voluntary early retirement). Contributions to an unemployment insurance fund vary according to the fund (unemployment insurance and voluntary early retirement).

**Self-employed person:** 8% of monthly gross salary or earnings (to the Labor Market Fund for unemployment insurance and voluntary early retirement). Contributions to an unemployment insurance fund vary according to the fund (unemployment insurance and voluntary early retirement).

**Employer:** Certain employers pay contributions for their employees who are members of an unemployment fund.

**Government:** Provides a subsidy.

### **Qualifying Conditions**

**Unemployment benefit:** Must have been a member in the unemployment fund during the last 12 months and have at least 52 weeks (1,924 hours) of insured employment in the last three 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:** Must have been a member in the unemployment fund during the last 12 months and have at least 34 weeks (1,258 hours) of insured employment in the last three years.

**Voluntary early retirement pay scheme:** Age 62 and six months (gradually rising to age 64 by 2023) and a resident of Denmark, with at least 30 years of paid voluntary early retirement contributions since age 30 (several transitional rules require shorter contribution periods).

### **Unemployment Benefits**

**Unemployment benefit:** 90% of the insured's average earnings in the previous 12 weeks is paid from the fourth day of unemployment (based on a five day work week) for up to two years; for unemployed persons aged 55 to 59, the benefit may be paid until age 60. The employer pays a

benefit for the first three days of full or partial unemployment. Self-employed persons have a three-week waiting period.

The maximum unemployment benefit is 4,280 kroner a week (3,430 for young unemployed persons who complete vocational training or military service and 2,090 for persons younger than age 25 without an education.)

**Part-time unemployment benefit:** Up to 2,785 kroner (66.7% of the maximum unemployment benefit) is paid.

**Voluntary early retirement pay scheme:** Up to 91% of the maximum unemployment benefit is paid for up to five years (gradually decreasing to three years from 2018 to 2023). Workers who continue to work for two years after age 60 receive a reduced benefit depending on the amount of work they have and their earnings. A tax-free bonus is paid when the insured reaches the normal retirement age.

The maximum unemployment benefit is 4,280 kroner a week (3,430 for young unemployed persons who complete vocational training or military service and 2,090 for persons younger than age 25 without an education.)

### **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**

#### **Regulatory Framework**

**First law:** 1952.

**Current law:** 2011 (child benefits) and 2014 (child benefits).

**Type of program:** Universal system.

#### **Coverage**

Resident citizens of Denmark for at least a year (at least three years for a special supplement), foreign nationals 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.

**Multiple-births grant:** Paid for the birth of at least two children at the same time.

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

### **Family Allowance Benefits**

**Family allowances:** 17,880 kroner is paid for each child up to age 2; 14,148 kroner for each child aged 3 to 6; and 11,136 kroner for each child aged 7 to 17.

Single parent's supplement: 5,432 kroner a year is paid for each child.

Orphan's supplement: 30,924 kroner a year is paid to full orphans; 15,684 kroner a year to half orphans.

Children of pensioners supplement: 13,884 kroner a year is paid to one pensioner parent; 15,684 kroner a year to two pensioner parents.

Study supplement: 7,132 kroner a year is paid for each parent who is a student.

All benefits and supplements are paid quarterly.

**Multiple-births grant:** 8,956 kroner a year is paid for multiple births.

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

**Adoption grant:** A lump sum of 51,583 kroner is paid.

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

Some benefits for the cost of child care, education, and parental leave periods are provided.

### **Administrative Organization**

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

Danish Agency for Labour Market and Recruitment administers the program.