

## Denmark

Exchange rate: U.S.\$1.00 equals 8.34 kroner.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1964 (labor-market supplementary pension, ATP) and 1998 amendment (special pension savings scheme, SP, effective January 1999), 1984 (universal old-age and disability pensions) and amendments, and 1986 (partial early retirement pension) and amendments.

**Type of program:** Dual universal and social insurance systems.

#### Coverage

**Universal basic and universal supplement pensions:**

Resident citizens aged 16 to 66 years; aliens meeting the minimum residency requirements or covered by reciprocal agreements.

**Labor-market supplementary pension (ATP):** Employees aged 16 to 66 (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 (including persons on parental leave, recipients of cash sickness or unemployment benefits), and the self-employed.

#### Source of Funds

##### Insured person

*Universal basic and universal supplement pensions:* None.

*ATP:* Up to the 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 (effective January 2001).

##### Employer

*Universal basic and universal supplement pensions:* None.

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

*SP:* None.

##### Government

*Universal basic and universal supplement pensions:* Total cost.

*ATP:* Up to a maximum of 1,788 kroner (for a full-time worker) per year for recipients of social assistance benefits. Contributions are paid in doubled amounts for recipients of unemployment benefits, sickness and maternity benefits, and certain vocational training benefits.

*SP:* None.

#### Qualifying Conditions

##### Old-age pensions

*Universal basic and universal supplement pensions:* The universal basic old-age pension (earnings-tested) and the universal old-age supplement (income-tested) are payable from age 67; at least 3 years' residence from age 16 through age 66.

Full pension: 40 years' residence (benefits prorated if fewer years of residence). Payable abroad.

Universal partial early retirement pension: Aged 60 to 66, employed full time for at least 10 out of the last 20 years; must continue to work for 12 to 30 hours a week.

*ATP:* Payable at age 67. Benefits are actuarially related to the individual's contributions and contribution record. No earnings or income test. Full ATP pension requires a full and continuous contribution record since the start of program in 1964 (or from age 16 if later). Payable abroad.

*SP:* Payable at age 67. Benefits are based on the capital accrued in the individual's account. No earnings or income test. Payable abroad.

##### Disability pensions

*Universal disability (anticipatory) pensions:* The universal basic disability pension (income-tested) and the universal disability supplement (also income-tested) are payable at ages 18 to 66 with at least 3 years' residence from age 15, if working capacity is reduced by at least 50% due to physical, mental, or social reasons (including age, education, occupation, employment history, and marital status).

Full pension: Residence for at least 4 to 5 of the years between age 15 and the day the pension payment is expected.

Disablement supplement (no test): Partial compensation of special expenses for physical or mental impairment calculated in terms of reduced working capacity.

Unemployment supplement (no test): Partial compensation for total loss in earning capacity due to 100% physical or mental impairment.

Permanent total (maximum) disability pension: 100% disabled due to physical or mental impairment. Benefit is payable through age 66 if initial claim for pension takes place between ages 18 and 59 (see permanent severe disability, below, if initial claim takes place between ages 60 and 66).

Permanent severe (medium) disability pension: 2/3 disabled due to physical or mental impairment if initial claim takes place between ages 18 and 59; 100% disability if initial claim takes place between ages 60 and 66.

Partial (low or early) disability pension: At least 50% disabled due to physical, mental, or social reasons; aged 18 to 66.

Early pension supplement to partial disability (no income test): Partial compensation for expected higher living expenses for younger pensioners. Benefit is payable at ages 18 to 59 if work capacity is reduced by at least 50% due to physical, mental, or social reasons (income test required if disability is caused by both health and social reasons or by social reasons only). Payable abroad.

**Disability allowance (no income test):** Aged 18 to 66 years, ineligible for a pension due to high earnings, but medically certified to have at least a 2/3 loss in work capacity and deafness resulting in serious communication problems.

**Outside assistance allowance (no income test):** Aged 18 to 66 years and requiring personal assistance by a third person and in cases of blindness or severe vision impairment.

Constant-attendance allowance (no income test): Aged 18 to 66 years and requiring constant care or care by a third person.

*ATP:* Not payable for disability.

*SP:* Not payable for disability.

### Survivor pension

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

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.

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

### Old-Age Benefits

**Universal old-age pension:** The universal basic old-age pension (earnings-tested) is 4,377 kroner a month.

The universal old-age supplement (income-tested) is 4,406 kroner a month (single pensioners); 2,056 kroner a month (others).

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

Benefit adjustment: Automatic annual adjustment of pensions and benefits based on wage growth.

**ATP:** Pension entitlement depends on the individual's contribution record. The maximum annual pension for new pensioners having paid full contributions from 1964 to 2002 is 21,000 kroner.

Benefit adjustment: Accrued pension rights and payable 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 in accordance with the SP's investment return. Benefits are paid in installments over a 10-year period.

Lump-sum payments are awarded for pensioners with relatively modest capital balances.

### Permanent Disability Benefits

#### Universal disability (anticipatory) pensions

Permanent total (maximum) disability pension: If 100% disabled, the benefits payable are:

- Universal basic disability pension (income test) of 4,377 kroner a month,
- Universal disability supplement (income test) of 4,406 kroner a month,
- Disablement supplement (no income test) of 2,129 kroner a month,
- Unemployment supplement (no income test) of 2,939 kroner a month.

Permanent severe (medium) disability pension: If work capacity is reduced by at least 2/3, the benefits payable are:

- Universal basic disability pension (income test) of 4,377 kroner a month,
- Universal disability supplement (income test) of 4,406 kroner a month,
- Disablement supplement (no income test) of 2,129 kroner a month.

Partial (low or related to early retirement) disability pension: If work capacity is reduced by at least 1/2, the benefits payable are:

- Universal basic disability pension (income test) of 4,377 kroner a month,
- Universal disability supplement (income test) of 4,406 kroner a month,
- Early retirement supplement for partial disability (no income test) of 1,113 kroner a month payable to persons aged 18 to 59.

**Disability allowance:** 2,142 kroner a month.

**Outside assistance allowance (no income test):** 2,224 kroner a month.

Constant-attendance allowance (no income test): 4,439 kroner a month.

Benefit adjustment: Automatic annual adjustment of pension and benefits based on 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 pensions):** Eliminated as of 1984.

**Funeral grant:** A lump-sum payment (maximum of 7,600 kroner, depending on the assets of the deceased) is provided under

the National Health Security Act and adjusted annually based on wage growth.

**ATP:** A lump sum is payable to the surviving spouse and each child under age 18. The lump-sum amounts are related to the accrued pension rights or the pension of the deceased.

**SP:** The capital in the account of the deceased is payable to the estate.

### **Administrative Organization**

**Universal pensions:** 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 is an independent organization headed by a bipartite board of directors. The institution administers the ATP program.

**SP:** The Labor-Market Supplementary Pension Institution also administers the SP program.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law:** 1892.

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

**Type of program:** Dual universal (medical benefits) and direct provision (cash benefits) systems.

#### **Coverage**

**Medical benefits:** All residents.

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

#### **Source of Funds**

**Insured person:** Cash and medical benefits, none. (Self-employed persons may voluntarily contribute to cash benefit insurance against initial 2 weeks of incapacity.)

**Employer:** The total cost of cash benefits for the first 2 weeks if the same employer has employed the employee for 8 weeks prior to the absence from work.

Medical benefits, none.

**Government:** Local government meets the total cost of cash benefits from the third week (beginning on day 1 if ineligible for the 2-week benefit from employer).

Local government (county level) meets the total cost of medical benefits.

### **Qualifying Conditions**

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

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

### **Sickness and Maternity Benefits**

**Sickness benefit:** Up to 3,016 kroner a week, based on the hourly wage; for employees, benefit is payable from the first day of illness; for the self-employed, benefit is payable from the third week of illness (may insure voluntarily for the first 2 weeks).

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

**Maternity benefit:** Up to 3,016 kroner a week; for employees, 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 paternity leave;

An extension of another 10 weeks after the date of childbirth for either the mother or the father;

An additional 2 weeks for fathers only.

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

### **Workers' Medical Benefits**

Free service benefits with restricted choice of doctor, or patient pays part of expenses with free choice of doctor. Benefits include general practitioner care, specialist care, treatment by psychologists under special circumstances (60% of expenses), hospitalization in public hospital, 50% to 85% of the cost above 510 kroner a year of most prescribed drugs, maternity care by midwife or doctor, home nursing, chiropractic (30% of expenses), physiotherapy, limited dental care (40% of most expenses), and transportation (pensioners only). There is no limit on duration (except for treatment by psychologists, chiropractors, and physiotherapists).

### **Dependents' Medical Benefits**

Same as for family head (see Workers' Medical Benefits, above).

### **Administrative Organization**

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

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

**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.

## **Work Injury**

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### **Regulatory Framework**

**First law:** 1898.

**Current law:** 1998.

**Type of program:** Dual universal (medical benefits) and direct provision (cash benefits) systems; compulsory income security provisions through private carrier (accidents) and the Labor-Market Occupational Disease Fund (occupational diseases).

### **Coverage**

Employed persons; self-employed persons in fishing and shipping. Coverage is extended to persons with a congenital injury or congenital disease contracted as a consequence of the work or employment history of either parent.

### **Source of Funds**

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

**Employer:** Cash benefits, same as for sickness benefit under Sickness and Maternity, above.

Permanent disability pension; total cost of compulsory income security provisions through a private carrier (accidents) and the Labor-Market Occupational Disease Fund (occupational diseases).

**Government:** See Sickness and Maternity, above.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

See cash sickness benefit under Sickness and Maternity, above.

### **Permanent Disability Benefits**

**Permanent disability pension:** If totally disabled, 80% of earnings of the preceding year.

Maximum yearly earnings: 355,000 kroner, adjusted annually for changes in average wages.

Partial disability: If between 50% and 99% disabled, a percentage of the full pension proportional to the loss of earning capacity is paid. If between 15% and 49% disabled, a lump sum equal to the commuted value of the partial pension is awarded.

At age 67, the disability pension is discontinued and a lump sum of 2 years' benefit is paid.

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

Benefit adjustment: Automatic adjustment of benefits to changes in the average wage.

### **Workers' Medical Benefits**

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

### **Survivor Benefits**

**Survivor pension:** 30% of the earnings of the insured, paid for up to 10 years. The pension is payable to the spouse or to a cohabitant of at least 2 years. The pension is not discontinued in the event of remarriage.

At age 67, the survivor pension is discontinued and a lump sum of 2 years' benefit is paid.

**Orphan's pension:** 10% of the earnings of the insured 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 value of survivor and orphans' pensions payable is 70% of the earnings of the insured.

**Special death benefit:** A lump sum of 112,000 kroner is payable to a spouse or to a cohabitant of at least 2 years.

Benefit adjustment: Automatic annual adjustment of pensions and benefits based on 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**

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### **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, with membership 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 contribution to unemployment insurance fund consists 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.

Employees and the self-employed pay 8% of their gross income 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 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 offer. The claimant must be registered for employment, capable of, and willing to, work.

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

### **Unemployment Benefits**

90% of the average earnings of the preceding 12 weeks, up to 604 kroner a day or 157,040 kroner per year. Benefit is payable from the first day of unemployment (5 days a week) for an initial period of 1 year (job-seeking period). The initial period may be followed by a second period of 3 years. If the unemployed person is aged 55 to 59 years, the second period may be extended until the 60th birthday to allow entitlement for voluntary early retirement benefit.

Voluntary early retirement benefit: The maximum is 91% of the highest unemployment benefits, but not more than 2,750 kroner per week or 143,000 kroner per year. 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, aliens having resided in Denmark for 1 year or more (3 years for a special supplement), or aliens covered by reciprocal agreements.

#### **Source of Funds**

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

#### **Qualifying Conditions**

**Family allowances:** Child must be under age 18.

#### **Family Allowance Benefits**

**Family allowances:** Basic annual allowance is 11,300 kroner for each child up to 2 years old; 12,500 kroner for each child aged 3 to 6 years; 8,900 kroner for each child aged 7 to 17 years.

General supplement: 3,916 kroner a year per child (for example, in the case of a family with a single breadwinner or a parent who is a pensioner).

Extraordinary supplement: 3,980 kroner a year for a single-parent household (only one supplement per household regardless of the number of children).

Special supplement: 19,968 kroner a year (orphans) or 9,984 kroner (children of pensioners and children with only one parent); in cases of multiple births, 6,440 kroner a year per child between ages 0 and 6; for the adoption of a foreign child, a one-time grant of 37,130 kroner.

Benefit adjustment: Allowance and supplements 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.