

DENMARK - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	Retirement age is 65, increasing to 67 over an eight year period from 2017. From 2025 the retirement age will be linked to life expectancy. The basic state pension (Folkepension) is a flat-rate pension of DKK 65,376 a year (2010) after 40 years' residence. The pension may be reduced by earned income over DKK 277,700 a year. All employees must also participate in the Labour Market Supplementary Pension Scheme (ATP), which provides a full pension of up to DKK 23,000 a year. The Special Pension Savings Scheme, which was based on contributions to individual accounts, was closed in 2010. Pensions are reduced by earned income over a threshold. The state also provides disability benefits, but no survivors' pensions. The National Health Programme provides either free medical treatment (group 1) or a rebate of scheduled fees (group 2). Most people choose group 1.
Typical New Pension Plan	Most employees are members of private plans under collective agreements. Most plans are based on defined contributions to insurance contracts and provide a lump sum on retirement, which can be converted to pension. They may also provide benefits on death or disability on a cafeteria basis. Private medical insurance may also be provided.
Typical Costs	State benefits are financed through taxation. Contributions to ATP are up to DKK 2,160 a year by employers and DKK 1,080 a year by employees, with lower contributions for part-time employees. Contributions to private plans are set by collective bargaining and are typically 10% by the employer and 5% by the employee.
Tax Implications	Combined employer and employee contributions to lump sum benefit plans are tax deductible up to a maximum of DKK 44,5000 (2008). Lump sum benefits are taxed at 40%. Pensions are taxed as income.
Labour Law Issues	Benefits and contributions under private plans are usually set by collective bargaining.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	EU/EEA rules apply. For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in consolidated statements but are prohibited in separate statements.
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