



Denmark – an overview of employee benefits

State and Mandatory Benefits	Retirement age is 65, increasing to 67 by 2017. The basic state pension (folkepension) is a flat-rate pension of DKK 61,152 a year (2008), which is reduced by earned income. 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, and the Special Pension, which is based on contributions to an individual account. The state also provides disability benefits, but no death benefits. The National Health Programme provides either free medical treatment (group 1) or a rebate of scheduled fees (group 2). Most people have chosen group 1.
Typical New Private 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 at retirement, which may 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 DKK 162.60 a month by employers and DKK 81.30 a month by employees, with lower contributions for part-time employees. There is also a contribution of 1% of earnings for the Special Pension, which was suspended from 2004 to 2008. Contributions to private plans are set by collective bargaining and may be up to 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 44,500 (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	For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, International Financial Reporting Standards are permitted in both consolidated and separate company statements.
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