

NORWAY - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The social security system was reformed at 1 January 2011. The new system applies to people born in 1963 or later. There are transitional arrangements for people born between 1953 and 1963, and the old system applies to people born in 1953 or earlier. The normal retirement age of 67 was replaced by flexible retirement, with the opportunity to take all or part of pension from age 62 and remain in employment until age 75. The state retirement pension is based on the accumulated pension entitlement, converted to pension by an annuity factor that reflects life expectancy. The pension entitlement for each year is 18.1% of pensionable income up to a ceiling of 7.1 times the base amount (G), which was NOK 79,216 from May 2011. The state also provides survivors' pensions, disability pensions and medical care.
Typical New Pension Plan	From July 2006, all employers must provide a company pension plan. A defined contribution plan must have a minimum employer contribution of 2% of earnings between 1 and 12 times G. A defined benefit plan must offer benefits of at least the same value. Most new plans are defined contribution. Most existing plans are defined benefit and typically provide a pension of 60% to 70% of final pay after a full career, integrated with the state pension. Most employers also provide a lump sum death benefit of one or two times earnings and disability benefits. Private medical insurance is not normally provided but the market for medical insurance is increasing.
Typical Costs	Employers contribute 14.1% of payroll for state benefits plus an additional 12.5% on earnings over 16 times G; employees contribute 7.8% of all earnings. In defined contribution plans, employers typically contribute up to 5% of earnings between 1 and 6 G and 8% of earnings above 6 times G. Most pension plans do not require employee contributions. If employees are required to contribute, the contribution is typically 1% or 2% of earnings.
Tax Implications	Employer contributions to private plans are tax deductible for the employer and not taxable to the employee. Employee contributions are tax deductible within set limits. For defined contribution plans the limit is 5% of earnings between 1 and 6 times G, and 8% of earnings between 6 and 24 times G. Pensions are taxed as income. Lump sum benefits are tax free.
Labour Law Issues	All pension plans are regulated by law. There are separate regulations for defined benefit plans and defined contribution plans. All benefits must be vested after one year.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements. There is a high pooling potential for risk benefits.
International Financial Reporting	EU/EEA rules apply. For listed companies, International Financial Reporting Standards (IFRSs) apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in both consolidated and separate company statements.
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