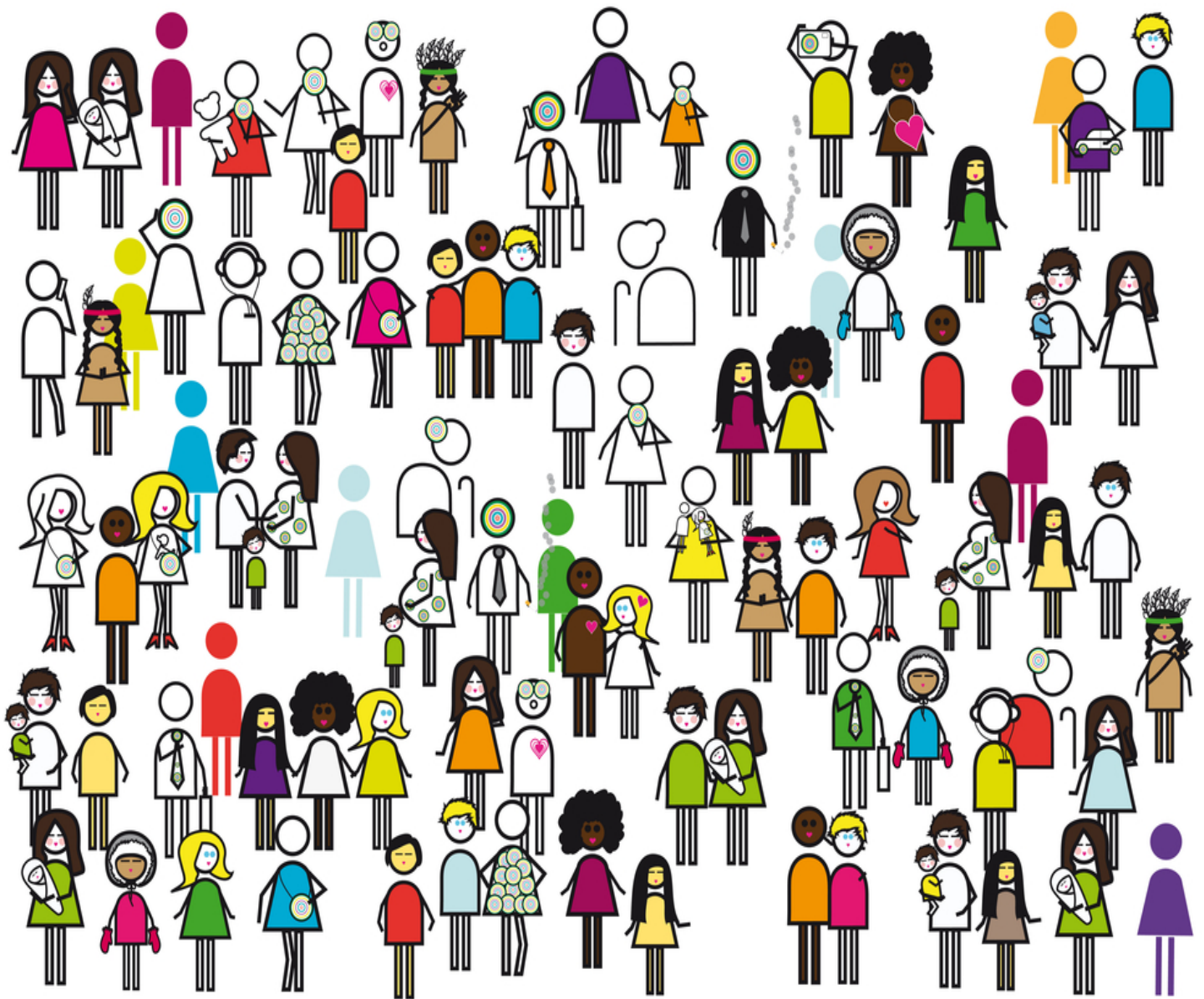


# Social Protection in the Nordic Countries

Scope, Expenditure and Financing





## Social Protection in the Nordic Countries 2012/2013



# Social Protection in the Nordic Countries 2012/2013

*Scope, Expenditure and Financing*

**Social Protection in the Nordic Countries 2012/2013**  
***Scope, Expenditure and Financing***

Version 58:2014

© Nordic Social Statistical Committee 2015

Published by the Nordic Social Statistical Committee (NOSOSCO)

Artillerivej 5, DK-2300 Copenhagen S

Tel. +45 32 68 51 48

E-mail: [nom-nos@ssi.dk](mailto:nom-nos@ssi.dk)

Website: [nowbase.org](http://nowbase.org)

Editor: Jesper Munk Marcussen

Layout and Graphics: Lene Kokholm

Translation: Lone Dalgaard

ISBN 978-87-90248-66-6



# Preface

The Nordic Social Statistical Committee (NOSOSCO) is a committee under the Nordic Council of Ministers, the purpose of which is partly to coordinate social statistics from the Nordic countries, partly to compare analyses and descriptions of the scopes and contents of social welfare measures.

The Committee is composed in such a way that each country has three representatives and a number of substitutes. The chairmanship rotates among the countries and follows the chairmanship sequence in the Nordic Council of Ministers. In the period 2014-2015, Denmark chairs the Committee.

In its report, *Social Protection in the Nordic Countries*, NOSOSCO publishes its findings regarding the current social development. In 2005, the Faroe Islands gained full membership of the Committee, and data from the Faroe Islands have been included in this publication as from the 2003 publication.

As a result of their EU membership or participation in the EEA cooperation, the Nordic countries are obliged to report data on social protection to EUROSTAT, the EU statistical office. Consequently, NOSOSCO has decided to adopt the specifications and definitions used in ESSPROS, EUROSTAT's nomenclature.

The data in this report are the most recent ones available in the spring of 2014, i.e. data are, where possible, from 2013 and otherwise from 2012. In respect of legislation and benefit rates, reference is made to current legislation and rates applying in 2013.

To assist the Committee Secretariat in its preparation of the present report, NOSOSCO set up an editorial group. Besides, a working group has contributed calculations regarding typical cases and income distribution. See [nowbase.org](http://nowbase.org) for an overall view of the members and working groups of NOSOSCO.



# Contents

The Purpose and Structure of This Book .....	8
Short Introduction to Concepts Used in This Book .....	9
Data Sources.....	10
Chapter 1. Changes in the Nordic Social Policies in 2012 and 2013 .....	11
Chapter 2. Population and Income Distribution .....	21
Chapter 3. Families and Children .....	37
Chapter 4. Unemployment .....	75
Chapter 5. Illness .....	103
Chapter 6. Old Age, Disability and Surviving Relatives .....	129
Chapter 7. Housing Benefits .....	197
Chapter 8. Other Social Benefits.....	207
Chapter 9. Social Expenditure.....	225
Appendix 1. Method .....	247
Appendix 2. Basis for the Adjustment of Social Benefits.....	257
Appendix 3. Nordic Social Policies.....	261
Appendix 4. Further Information.....	265
Publications by NOSOSCO .....	267

## *Symbols Used in the Tables:*

Data not available	..
Data non-existent	.
Less than half of the used unit	0 eller 0,0
Nil	-

# The Purpose and Structure of This Book

The fundamental purpose of Social Security in the Nordic Countries is to provide an overview of available statistics covering the social area in a form that makes it possible to compare the countries. The social systems of the Nordic countries can basically be seen as variations of the same model, and that is precisely why a lot can be learned from comparing the countries.

## Introductory Chapters

After the present section follow two equally short texts on concepts and data sources, respectively. They are meant as an introduction to this book and aim to make it easier for the reader to make the most of the following Tables and Figures.

Chapter 1 provides an overview of changes in the Nordic social policy since the last edition.

Chapter 2 shows data concerning population and income distribution as the basis of the description of the social systems in the following chapters.

## ESSPROS

The framework of the rest of the book is the nomenclature of EUROSTAT, ESSPROS (European System of integrated Social PROtection Statistics). All Nordic countries with the exception of the Faroe Islands report data on social protection to EUROSTAT, and consequently ESSPROS is an established common basis. This makes it possible to compare expenditures in different areas.

The classification in the book from Chapters 3 to 8 thus follows the sub-chapters in the ESSPROS. The sequencing of Social Protection is, however, traditionally different, as Families and Children and Unemployment are dealt with first. Chapter 6 gathers the three groups Elderly, Disabled and Surviving Relatives in order to gather all descriptions of pensions in one chapter.

In the chapters, the rules applying to and the rate of the social benefits in each area, statistics on recipients as well as the countries' expenditure on these are described.

Chapter 9 covers the total expenditure.

## Appendices

In the Appendices, a more exhaustive method description is given, followed by two appendices with an overview of the basis used by the countries in order to currently regulate the social benefits. Then follows a general description of the Nordic social policy, how it is organized in each Nordic country, and finally a list of the key relevant institutions in the individual countries on the websites of which further information can be found.

# Short Introduction to Concepts Used in This Book

This is meant as a short introduction to important concepts to facilitate use of this book. A detailed description of methods can be found in Appendix 1.

## Social incidents

A large part of this book deals with different social incidents - birth, unemployment, illness, incapacitation and old age. The individual chapters describe rules and social benefits in connection with such incidents.

## Compensation rates in typical cases

For each of the social incidents, a compensation rate has been calculated in typical cases. The compensation level is the income following the social incident in percentage of the income prior to the social incident - for example, how much does one earn in case of unemployment in relation to how much one earned prior to becoming unemployed.

The typical cases are named according to the size of the household. It may for example be the compensation rate applying to a single person with no children in case of unemployment, or a couple with two children in case of illness.

In the event of childbirth, an equalized compensation rate is used - taking into account the size of the household as the household is larger after the childbirth.

## AW

Moreover, the typical cases are graduated according to earnings prior to the social incident. The concept *Average Wage Earner (AW)* is used. AW is defined as the average income for a wage earner. Compensations are calculated in connection with earnings of different percentages of AW. Consequently, AW 75 per cent of earnings (prior to the social incident) is 75 per cent of an AW. (See explanation in the section on income distribution in Chapter 2.)

## Disposable income in PPP

The compensation rate can be used to compare social benefits and income from work. But as the basic earned income level varies among the countries, also purchasing power parities, PPP, are used. PPP expresses the purchasing power of each individual currency. The disposable income converted into PPP can therefore be used to compare the purchasing power of the social benefits. We use the EU standard PPP-Euro in which the total purchasing power for the EU equals 1. Also here, equivalent data are used in some cases taking into account the size of the household in order to compare conditions of the various types of households.

# Data Sources

Generally, NOSOSKO's data come either directly from the national authorities in the various countries or from the international databases to which all countries report.

The Nordic countries have a strong basis of documentation and strong, central statistics authorities. Also the receipt of government benefits is thoroughly registered forming the basis of much of the data.

Furthermore, the existence of personal identification numbers in the Nordic countries is a strong aspect. They make it possible to group the benefits according to gender and age. At the same time, the tax systems make it possible to use statements of income distribution and calculation of the average income.

NOSOSKO's calculation of social benefits in typical cases is central data. They are based directly on the legislation of the countries defining the benefits.

Finally, data concerning social benefits come from the national accounts.

The links below give access to further data or background data for NOSOSKO's calculations.

[EUROSTAT - database](#)

[EU-SILC database](#)

[Society at a Glance - OECD Social Indicators](#)

[Backgroundtables](#) nowbase.org (Compensation rates in typical cases and Social expenditure)

## Chapter 1

# Changes in the Nordic Social Policies in 2013 and 2014

### DENMARK

**Economy:** In 2012, growth was negative at -0.4 per cent, while it in 2013 was 0.4 per cent. In 2014, a growth rate of 1.4 per cent is expected, while it in 2015 is expected to be 2 per cent.

The employment rate increased by 10 000 people from 2012 to 2013. In 2014 and 2015, the employment rate is expected to increase by 16 000 - 17 000 people a year. The increase in the employment figures is expected mainly in the private sector. The increase in the employment rate has contributed to the unemployment rate being the lowest in four years. The unemployment rate in per cent of the labour force decreased from 7.7 per cent in 2012 to 7.1 per cent in 2013.

The public finance deficit decreased from DKK 71.9bn (3.9 per cent of the GDP) in 2012 to DKK 15.8bn (0.9 per cent of the GDP) in 2013. The large difference from 2012 to 2013 should be seen in connection with the extraordinary recovery of voluntary early retirement contributions, which amounted to DKK 28bn. The deficit is expected to amount to 1.3 per cent of the GDP in 2014 and 2.9 per cent of the GDP in 2015. Inflation dropped from 2.4 per cent in 2012 to 0.8 per cent in 2013, which was the lowest level since 1953. Inflation is expected to increase in 2014 to somewhere between 1 and 2 per cent.

**Social policy/welfare policy:** In 2012-2013, many changes took place in the social area and in the employment area in Denmark.

As part of the implementation of the budget agreement for 2013, a number of socio-political changes were adopted. Changes have for example been made to the act on child allowance and to the act on child and youth allowance, so that children of sole providers by choice as from 2014 can draw a special child supplement on equal terms with children of other sole providers, whether or not the role of sole provider is voluntary. Besides, an adaptation was made of the accumulation principle for the entitlement to child and youth allowance and child supplement with effect from January 2013. This means that refugees are exempt from the accumulation principle and that periods of residence or employment in Greenland and the Faroe Islands count as periods of residence or employment in Denmark in relation to the accumulation principle.

It has also become possible to obtain an increased supplement for dental care for those of few means as well as support towards payment of rent for tenants at risk of

being evicted. The support must, however, be temporary, and consequently cannot be a permanent rent subsidy.

As part of the execution of the national budget agreement for 2014, a majority in the Danish Parliament (*Folketinget*) has earmarked DKK 280mn on the National Budget for the period 2014-2017 for preventive initiatives to ensure an early and goal-oriented action for children and young people growing up in vulnerable families.

In June 2013, the Danish Parliament adopted the Act on Social Supervision that came into force on 1. January 2014. The law is to ensure a better quality at residential locations, housing units and other social residential units for vulnerable people and disabled children and adults. The supervision is carried out by five supervisory municipalities who have the authority to approve foster families and activities in the social sector as well as the supervision of the daily running. As part of the law, the National Board of Health and Welfare (*Socialstyrelsen*) has a special audit function that is meant to ensure that the Board performs in accordance with the purposes of the law.

In September 2013, the Government proposed nine social goals for 2020, which are to function as objectives in the social area up until 2020. Four of the objectives are aimed at vulnerable children and youths, and five of the objectives are aimed at vulnerable adults. The objectives are to create a common focus on the social efforts of Central Government, local authorities, regions, organizations, institutions, social actions and voluntary operators. Apart from the nine objectives, the Government has made objectives for the reduction of force in the psychiatry and launched a project to improve the data quality in the treatment of alcoholism with a view to setting goals for the action. Moreover, efforts have been initiated to improve the data basis in the area of prostitution with a view to considering setting long-term goals in that area.

In December 2012, the Danish Parliament adopted an act on amendment of the act on an active employment effort, the act on the responsibility for and the management of the active employment effort, the act on an active social policy, the act on social pension and several other acts (reform of disability pension and flexi-jobs, including the introduction of resource periods, rehabilitation teams, flexi-wage supplements, etc.), which entered into force on 1 January 2013. According to the new rules, disability pension will in principle not be awarded to people under the age of 40 years. To prevent award of disability pension, a resource period is initiated consisting of an individually adapted holistic and interdisciplinary measure, which is to bring the person concerned closer to the labour market. The rules on flexi-jobs have also been changed to the effect that people with only little capacity for work left can be referred to flexi-jobs and so avoid disability pension. Rehabilitation teams in the municipalities consisting of representatives from the employment sector, the health sector, the social sector, the education sector (in relation to people under the age of 30 years) and a health coordinator prepare recommendations concerning measures for the individual people, on the basis of which the local authorities make decisions.

As part of the implementation of the agreement on the financial act for 2012, the lowest benefits in the cash assistant system (including the start assistance, the cash assistance ceiling, the 225-hour-rule and the introduction benefit) were abolished with effect from the 1 January 2012. Besides, the ceiling of the child and youth allowance was abolished.

In April 2013, a political majority agreed on a new cash assistance reform with effect from 1 January 2014. The reform is to contribute to an efficient employment measure that aims to get more unemployed people started in training and jobs. The reform entails among other things abolition of the match categories in favour of a new way of categorizing referral groups. Moreover, young people under the age of 30 years with no education shall in future be granted education assistance, corresponding to the State Education Grant, rather than cash assistance with the purpose of getting them started in education and training. Already on 1 October 2013, the local authorities commenced placing all cash assistance recipients in the new referral groups and make decisions as to the individual's benefit rate as from 1 January.

In May 2013, a new phasing in of the unemployment benefit reform from 2010 entered into force, which means that the special education allowance was extended to the end of 2013, and that a temporary labour market benefit was introduced in continuation thereof. The temporary labour market benefit shall be gradually phased out towards the second half of 2016.

**Organizational changes:** In November 2012, an agreement was reached on a new structure in the Administration, which entered into force on 1 July 2013. The new structure is to ensure uniform casework and quicker decisions. The five existing regional Administrations were closed down in favour of one common management and administration distributed on nine divisions around the country. Besides, the social boards and the employment boards were closed down as instances of complaints, and all complaints regarding municipal decisions are in future gathered under the National Social Appeals Board (*Ankestyrelsen*).

In 2012 and 2013, a number of local authority tasks in the social area were combined administratively in the newly established authority Payment Denmark (*Udbetaling Danmark*). Rules on the future administration in case-handling areas in which decisions are made mainly on the basis of objective criteria were laid down. The combination in Payment Denmark includes retirement pension, housing benefits, maternity benefits, child allowance, child and youth benefit as well as payment/recovery of child maintenance paid in advance, etc. To these should be added payments of disability pensions as award of disability pensions still rest with the local authorities.

As at 1 June 2013, the authority tasks that until then were the responsibility of the Pension Agency were transferred to Payment Denmark. These are, among others, handling of specific cases concerning Danish pension abroad and foreign pension in Denmark; handling of cases concerning social security when working abroad and participation in discussions on preparation and implementation of agreements on social security with other countries. The Pension Authority was consequently shut down.

## THE FAROE ISLANDS

**Economy:** The Faroese economy shows progress, measured by the development of the GDP. The development shows a growth rate of 5 per cent from 2012 to 2013, and there is every indication that this development shall continue, but to a lesser degree. The unemployment rate is generally also low at the present level of 4.2 per cent of all employees. The Faroe Islands have contrary to the other Nordic countries had a youth unemployment rate since 2008-2009 that was at the same level as the general unemployment rate. A possible reason for the generally low unemployment rate can be found in the fact that about 3 000 Faroese work abroad, which corresponds to a little less than 1 in 6 households in the country.

A challenge to the country's economy is the development in the composition of the population. Simultaneously with an increase in the share of elderly citizens, the country has experience a stagnation and drop in the total number of capita. From 2011 to 2013, there was a decrease in the number of inhabitants at the beginning of the year of almost 1 per cent, and the data for 2014 so far shows an increasing trend. The development is being followed politically, and several initiatives to change that development have been launched.

**Social policy/welfare policy:** In 2013, a new law on affiliation to the labour market was adopted. The law dealt with employment-promoting measures and gathers and regulates activities aimed at people who need to enhance their affiliation to the Faroese labour market. At the same time, net benefits were changed into gross benefits so that they can be compared to the wage level. The daily cash benefit rate is in principle used in connection with benefits in both cases.

A reform of the general pension scheme has been underway for some years, and part of this effort was implemented with effect from 2014. This was a comprehensive change of the way in which the Faroese population accumulates contributions for their pensions. The scheme results in a compulsory minimum rate for the saving up of income from work, and it is *inter alia* required that the savings must be placed in a national pension fund or financial institution. The minimum rate increases by 1 per cent to 15 per cent in 2028. The majority of the professional organizations already have agreements on pension savings with higher rates than the present minimum rates, whereas especially hourly paid workers and part of the private labour market do not have fixed agreements on pension savings.

The law on compulsory pension savings results in a change in the taxation of pension savings so that they are taxed at 40 per cent when deposited and subsequently paid out as a net benefit.

In 2014, an amendment was implemented resulting in the maternity period for both parents being extended.

**Organizational changes:** In 2014, legislation that is necessary for the reorganization of the care sector for the elderly to the local authorities was implemented. The amendment of the law shall enter into force at the beginning of 2015. The amendments form the basis of the local authorities' administration and management of the



care for the elderly and in some cases require that the local authorities form cooperative units to be able to perform the task.

**Economy:** The volume of the GDP decreased by 1.2 per cent in 2013. In 2012, the GDP decrease was 0.8 per cent. The recession continues with a slight increase of 0.2 per cent in 2014 and then 1.4-1.6 per cent per year until 2016. Inflation was 1.6 per cent in 2013 and expected to be about 1.5 per cent in coming years.

The employment rate was somewhat lower in 2013 than in 2012. The labour force was reduced by 27 000 people but increased by 10 000 in the age group 60+. The number of long term unemployed people continued to increase steeply by one fourth. The annual average of the unemployment rate was 8.2 per cent (7.7 the year before). The unemployment rate among young people aged 15-24 years remained high, and the annual average was just over 19 per cent.

The social expenditure in 2013 was approximately 63bn, which is 3 per cent higher than the year before, taking the inflation into account. The expenditure also increased in relation to the GDP and reached almost 31 per cent.

**Social policy/welfare policy:** The three priority areas in the government programme 2012-2015 include a cross-sectorial action programme to reduce social exclusion, poverty and health problems. The programme creates a permanent activity model in the present government term to promote the integration of health and welfare as well as measures against inequality in all social decision making. The programme constitutes an umbrella for more than 30 projects that support these goals in the statement of Government Policy.

The Ministry of Social and Health Affairs implements the national KASTE programme that was approved by the Government. This programme for the social and health sector consists of six sub-programmes and contains the key goals for the activities, their financing and other means to reach those goals. The differences in the welfare and health of the population must be reduced, and the structures and services in the social and health sector must be set in a client-oriented way.

One of the Government's key projects is the social guarantee for young people, which is aimed at improving employment and prevent social exclusion of young people. The reform came into force at the beginning of 2013 and entails that all young people under 25 years and newly graduated youths under 30 years are offered a place in work, job practice, study, youth workshop or rehabilitation no later than three months from their signing up as unemployed job seekers. The youth guarantee also comprises an education guarantee, which guarantees a place in education or training to all young people who recently concluded basic training.

Minor technical changes were made in the area of income protection for the unemployed in 2013 to simplify the legislation and increase the incentive to accept work in case the unemployed draw a minor social security benefit.

The Act on support towards the functional capacity of the elderly population and on social and health services for the elderly (the so-called act on services for the elderly) entered into force on 1 June 2013. The Act improves the elderly's possibilities of influencing and enhancing their entitlement to high quality care services.

The Government's proposal to the Parliament for cross-border healthcare in accordance with the EU patient directive was considered in the autumn of 2013, and the act entered into force on 1 January 2014.

A comprehensive review of the social services was prepared in 2013 to complete the work in three steps. In the spring of 2014, the bill for a new social security law was circulated for comment. At the beginning of the autumn, the proposal was presented to Parliament together with amendments to the Child Welfare Act. A reform of the legislation concerning the disabled was prepared before the end of the year.

In November 2013, the Government decided to initiate a comprehensive structural policy programme to reduce government expenditure, streamline activities and reduce the so-called long-term sustainability gap in the public finances. The Ministry of Health and Social Services plays an important part in the implementation of the programme when it comes to the prolongation of participation in work and to streamline the organization of the health care services.

**Organizational changes:** At the beginning of 2013, the responsibility for the administration of day care and early childhood education was transferred to the Ministry of Education and Culture. As a result of the transfer of the administrative area, day care is no longer a social service. Benefits under the day care system (benefits for minding children at home and benefits for private minding) are, however, still administered by the Ministry of Social Affairs and Health.

The preparation of the legislation on the organization, development and supervision of social and health services has progressed as a comprehensive whole in the present government term. One of the main goals of the reform is a comprehensive integration of health care, so that the basic services and the special services form a whole. In the new model, the organizing and the production of services are separated. The responsibility for organizing the health care rests with five different health care areas (care areas that geographically are based on five receiving areas of the largest university hospitals). The responsibility for the production of care rests with a municipality or a joint municipality. The care sector - the purchasers of services - can also buy services, for example from enterprises and organizations and by means of service vouchers.

The municipalities finance the activities of the care areas according to the capacity principle (number of capita), taking into account needs-related factors, such as age structure and morbidity. The care areas in turn finance the production of the services. The governmental management is enhanced by the fact that a negotiation procedure is created between the Ministry of Social Affairs and Health and the care areas in which the parties agree on the implementation and follow-up of the services. In this negotiation procedure, the ministry confirms the decision of the care area on the organization of care. The bill has been sent in consultation, and the proposal will be submitted to the Parliament in the autumn of 2014. The law is to enter into force in 2015.

## **ICELAND**

**Economy:** In 2013, economic growth in Iceland was higher than had been seen since 2007, and also in comparison to 2012. Inflation increased slightly at the same time.

There has been a recession in Iceland from the beginning of the financial crisis in October 2008, but in 2013 economic growth was 3.3 per cent compared with 1.6 per cent in 2012. Inflation was 4.2 per cent in 2013, less than in 2012, when it was 4.8 per cent on average compared with 4.0 per cent in 2011 and 5.4 per cent in 2009. In 2014, inflation is expected to be 2.5 per cent.

The GDP is expected to increase by 3.1 per cent in 2014, which is more than in 2013 and one of the signs of Iceland being on its way out of the crisis. Insecurity after the crisis has resulted in the economy growing very slowly, and private consumption has grown slowly, 1.2 per cent in 2013, due to a high level of debt among Icelandic families and businesses and insecurity in the economy. The investment level has been very low and decreased by 3.4 per cent in 2013 and is not expected to increase much in 2014.

Traditionally, Iceland has had a low unemployment rate, even in comparison to the other Nordic countries. The unemployment rate changed immensely after the financial crisis in 2008 from being 1 per cent or lower to 8 per cent in 2009 when it was at its highest. The unemployment rate has decreased slowly again, and in 2013, it was 4.4 per cent on average after being 6 per cent in 2012. The unemployment rate seems to be on its way down, although it is still very high in comparison to what is usual in Iceland. Although the unemployment rate is still highest in the age group 24 years and younger, it is 1.9 per cent lower in 2013 than in 2012. There was no difference in the unemployment percentages regarding women and men in 2013. The unemployment rate is higher in Reykjavik and the capital region than in other parts of the country, and people with a low level of education make up the main part of those without a job. Many projects and programmes have been launched in cooperation with local authorities, unions and the labour market parties to counteract unemployment and to facilitate education of unemployed groups.

The Welfare Watch was established after the crisis to monitor welfare and to find out how the crisis has influenced families and individuals. It is still in function and recently new members were elected for the Welfare Watch Board. There is a special focus on children and families and the most vulnerable groups in society. The Welfare Watch published "Social Indicators" in 2011, which measure the social and health status in the country and function as an Icelandic welfare barometer. Hagstofa Íslands (Statistics Iceland) is responsible for maintaining and updating the indicators. "Social Indicators" are considered an important socio-political tool that is to be published regularly just as the financial indicators.

The Government has presented action plans concerning initiatives to ease the debt burden of individuals and families after the financial crisis. The last plan, which was presented in May 2014, regards indebted people who have loans with intrinsic increases due to the price index; they may apply for an annulment of part of their debts according to special rules. The autumn of 2014 will show how many people will be granted an annulment, but this depends on how many applications will be made as a certain sum has been set aside for people applying for an annulment.

The cost of living in Iceland has been increasing in recent years measured as price indexation, and the real income increased by 2 per cent between 2012 and 2013, compared with a decrease of 0.1 per cent between 2011 and 2012.

**Social policy/welfare policy:** In 2013, all social benefits were increased by 3.6 per cent to follow the price index increases.

In July 2013, the legislation was amended to the effect that employment pension savings will no longer be deducted from the basic pension, neither in the case of disability pensioners nor retirement pensioners, so that pensioners' and disability pensioners' basic supplement from the social security fund (*Trygdeetaten*) will not deteriorate due to payments from pension funds. The reform also allows pensioners to have other income without the income reducing the pension supplement. Pensioners are now allowed to have higher incomes from work, without it influencing the pension amount payable by the State. There were otherwise no large changes in the welfare system in 2013, but a working group under the Ministry of Welfare is working on a proposal for a pension system reform.

**Organizational changes:** In an election in Iceland in June 2013, a new Government was elected, and the Ministry of Social Welfare that has dealt with welfare and health from 1 January 2011 with a Minister for Social Welfare, now has two ministers, a Minister for Welfare and Housing and a Minister for Health.

## NORWAY

**Economy:** Norway has an open economy, a highly educated population and vast natural resources. In the long run, it is especially the growth ability in the mainland economy that determines the development of welfare in Norway. The value of future labour efforts constitutes the largest part of the national fortune.

Since the turn of the millennium, growth in the Norwegian economy has been high compared to most other industrial countries. The price of oil and other goods that are sold abroad has increased steeply. At the same time, the prices of many of the imported goods have been low. This enhancement of the terms of trade with other countries has contributed to a high growth rate in the Norwegian real income and made it easier for enterprises to live with a higher level of costs than those of Norway's trade partners. Besides, demand has increased as a result of low real interest rates and a long term borrowing trend in the households.

The growth rate of the Norwegian mainland economy decreased in 2013. As to 2014, a growth rate in the mainland Norway GDP is expected to reach a little less than 2 per cent, which is almost in line with the result of last year. The turn towards a stronger economic development of several of Norway's trading partners may contribute to the growth rate increasing slightly in 2015. The prospects of growth in the Norwegian economy are somewhat smaller than anticipated in the autumn of last year and below the average of the past 40 years. The employment rate is expected to increase more moderately in the next couple of years. The unemployment rate may increase slightly this year and next year, from 3.5 per cent now to about 3.75 per cent. That is almost 0.5 percentage point lower than the average of the past 25 years.

**Social policy/welfare policy:** The labour effort is important for the economic growth and the lift in the public finances. Norway has a high employment rate, but the average working time is low, so that the labour effort per capita is no higher than the average of the EU countries. At the same time, many people receive transfer incomes in Norway. The share of people who are not part of working life due to illness and reduced capacity for work is higher in Norway than in many other countries.

Ageing of the population will in future result in decidedly higher expenditure on pensions and health care. Only a small part of the increased expenditure can be financed by the revenue from the pension fund. The pension reform, which aims at generating considerable long term savings and an increased number of jobs, is insufficient to close the gap between the government expenditure and the revenue in the long run.

A high employment rate and a low unemployment rate are key objectives. The Government is currently reviewing laws and legislation to include more people in working life and increase the labour effort, i.a. by means of simplification and increased flexibility. In the course of the year, an expert committee is to evaluate the work of the NAV with a view to making the administration more transparent and user-friendly. In the new agreement on an inclusive working life that was concluded this year, the rules applying to the follow-up on people on sick leave have been simplified.

**Organizational changes:** The government policy is based on the most efficient use of the community resources. An efficient use of resources is to do the right things and to do them in the right way. This requires a reform of the municipal structure in Norway. The municipal reform will be described further in 2015.

## SWEDEN

**Economy:** After a very feeble development of the economic growth in 2012, the growth rate increased further in 2013, but remained at a low level. The first preliminary data show an increase of the GDP of 1.5 per cent in 2013. The increase of households expenditure on consumption was the strongest contribution to the positive development in the GDP. Of the household expenditure it was the expenditure on housing, personal services and consumption abroad that increased the most. The Swedish economy is highly dependent on export, which decreased at the beginning of 2013. At the end of the year, exports increased, however, and in the second half of 2013, it was positive. The export was, however, negative for the entire year 2013.

On average 4 705 000 people aged 15 to 74 years were in work in Sweden in 2013, which is an increase of 48 000 people compared to 2012. It is first and foremost among people born abroad and young people that the increase is highest. The increase in the number of employed people was somewhat higher among men than among women. The unemployment rate was 8.0 per cent in 2013, which is not a statistically significant difference compared to 2012. The unemployment rate was somewhat higher among men than among women, and among people born abroad than among people born in Sweden. About 30 per cent of the unemployed were long-term unemployed, i.e. unemployed for at least six months.

**Social policy/welfare policy:** The number of whole-year equivalents that are supported by social compensations and contributions such as sickness benefits, sickness and activity allowance, labour market support and financial assistance increased by 2.5 per cent in 2013. That happened after three years with decreasing numbers of whole-year equivalents. A whole-year equivalent corresponds to a person receiving full compensation for a whole year, i.e. two people, who have been unemployed for six months each, will, put together, become one whole-year equivalent. The level of the number of whole-year equivalents is, however, still historically low since the data were first reported in 1990. The number of people drawing sickness benefits increased for the third consecutive year, this time by 9.7 per cent. Compensation in case of unemployment and financial assistance also increased somewhat in 2013. The sickness and activity allowance decreased in 2013 at 4.1 per cent.

The tax in respect of pensioners was lowered as from 1 January 2013 in that the basic tax allowance was increased. This meant tax relief of between SEK 45 and 60 per month. Single pensioners got a further tax relief through an increase of the housing supplement of SEK 170 per month.

The parental social insurance was changed in respect of those who have no income or have earned less than SEK 106 000 in a year. Their allowance was increased from SEK 180 to 225 per day at sickness benefit level.

The Social Services Act was amended to the effect that part of the income is not included in the calculation of transfer income. This applies to both cash assistance recipients and children living at home in order to encourage more work.

The price base amount was increased by SEK 500 to SEK 44 500, which results in i.a. increases of sickness benefits, parental benefits, care allowances and pensions.

**Organizational changes:** The authority the Health and Social Care Inspectorate (IVO) was set up in 2013. The authority supervises businesses dealing with social services and health care as well as health care staff. The Health and Social Care Inspectorate is also responsible for a certain degree of authorization in these areas. The authority has about 600 employees and consists of six regional offices in Sweden and three global offices in Stockholm. In 2013, also the Compensation Board (ersättningsnämnden) was set up, which is an authority examining entitlement to compensation for those who were children and were taken into social care between 1920 and 1980, and who then fell victims of serious abuse or neglect.



## Chapter 2

# Population and Income Distribution

**Table 2.1 Total fertility rate in the EU, Faroe Islands, Iceland and Norway, 2012**

Denmark	1.73	Austria	1.44	Hungary	1.34	Portugal	1.28
Faroe Islands	2.53	Belgium	1.79	Ireland	2.01	Romania	1.53
Finland	1.80	Bulgaria	1.50	Italy	1.43	Slovakia	1.34
Iceland	2.04	Cyprus	1.39	Latvia	1.44	Slovenia	1.58
Norway	1.85	Estonia	1.56	Lithuania	1.60	Spain	1.32
Sweden	1.91	France	2.01	Luxembourg	1.57	The Czech Republic	1.45
		Germany	1.38	Malta	1.43	The Netherlands	1.72
		Greece	1.34	Poland	1.30	United Kingdom	1.92

Source: EUROSTAT; Statistics Faroe Islands 5-yearly average

## Population

The demographic composition of the populations varies from one country to another, which is significant in relation to the need for child-minding facilities, activities for children and adolescents, the number of unemployed people and their age groups, the number of retirement pensioners, as well as the need for care and nursing of the oldest age groups.

The overall fertility rate, which can be seen in Table 2.1 above, has been relatively stable in the Nordic countries during recent years, with the Faroe Islands and Iceland having the highest fertility rates.

At the same time, the number of people in the oldest age groups has increased in all the countries and consequently also the need for care and nursing. There are, however, marked differences among the various countries and between the two genders. In all the countries, there are more women than men in the oldest age groups, which results in many older women living alone during the last years of their lives.

Of the Nordic countries, Sweden and Finland have the oldest population and Iceland and the Faroe Islands the youngest.

The development of fertility, average life expectancy and migration appears from Table 2.3. It should be noted that there are differences in the premises applied by the individual countries in the calculation of the figures in Table 2. Figure 2.1 shows the development of the Nordic populations until 2050 based on the national population projections.

**Table 2.2 Mean population by gender and age, 2013**

	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent
<i>Men</i>												
0-6 Years	226	8	2	9	217	8	16	10	225	9	412	9
7-17 "	380	14	4	16	334	12	23	14	352	14	585	12
18-24 "	259	9	2	10	242	9	17	10	242	9	468	10
25-49 "	923	33	8	31	877	33	54	34	904	35	1 604	33
50-64 "	535	19	5	19	562	21	29	18	470	18	878	18
65-79 "	374	13	3	12	352	13	16	10	279	11	655	14
80- "	86	3	1	3	89	3	7	4	81	3	188	4
Total	2 783	100	25	100	2 673	100	161	100	2 551	100	4 790	100
<i>Women</i>												
0-6 Years	215	8	2	9	207	8	17	10	213	8	390	8
7-17 "	362	13	4	16	320	12	24	15	335	13	553	11
18-24 "	249	9	2	9	231	8	17	11	230	9	445	9
25-49 "	910	32	7	30	838	30	55	34	855	34	1 545	32
50-64 "	537	19	4	19	573	21	29	18	454	18	870	18
65-79 "	407	14	3	12	414	15	15	9	301	12	698	15
80- "	147	5	1	6	181	7	5	3	140	6	310	6
Total	2 826	100	23	100	2 765	100	162	100	2 528	100	4 810	100
<i>Men and Women</i>												
0-6 Years	441	8	4	9	424	8	32	10	438	9	802	8
7-17 "	742	13	8	16	653	12	47	15	686	14	1 138	12
18-24 "	508	9	4	9	473	9	34	10	472	9	912	10
25-49 "	1 833	33	15	31	1 716	32	109	34	1 760	35	3 149	33
50-64 "	1 071	19	9	19	1 135	21	58	18	924	18	1 748	18
65-79 "	781	14	6	12	767	14	31	9	580	11	1 352	14
80- "	233	4	2	4	271	5	12	4	221	4	498	5
Total	5 609	100	48	100	5 439	100	324	100	5 080	100	9 600	100

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

**Table 2.3 Outline of the background for the population projections in the Nordic countries**

	Denmark <sup>1)</sup>		Faroe Islands		Finland		Iceland		Norway		Sweden	
	2013	2050	2013	2050 <sup>2)</sup>	2013	2050	2013	2050	2013	2050	2013	2050
<i>Average life expectancy</i>												
- Men	78.0	85.8	79.6	..	77.8	85.7	80.9	86.7	79.7	84.8	80.2	85.7
- Women	81.9	87.9	84.6	..	83.8	89.9	83.9	88.1	83.6	88.0	83.9	87.9
<i>Fertility rate</i>												
Number of children born, in 1 000	1.7	1.9	2.5	..	1.8	1.8	2.1	2.0	1.8	1.9	1.9	1.9
<i>Net migration in 1 000</i>												
	55.9	67.7	1	..	58.0	62.0	4.6	4.9	59.0	76.3	113.6	131.7
	29.9	8.2	0	..	18.0	17.0	0	0.8	40.0	11.7	61.0	17.0

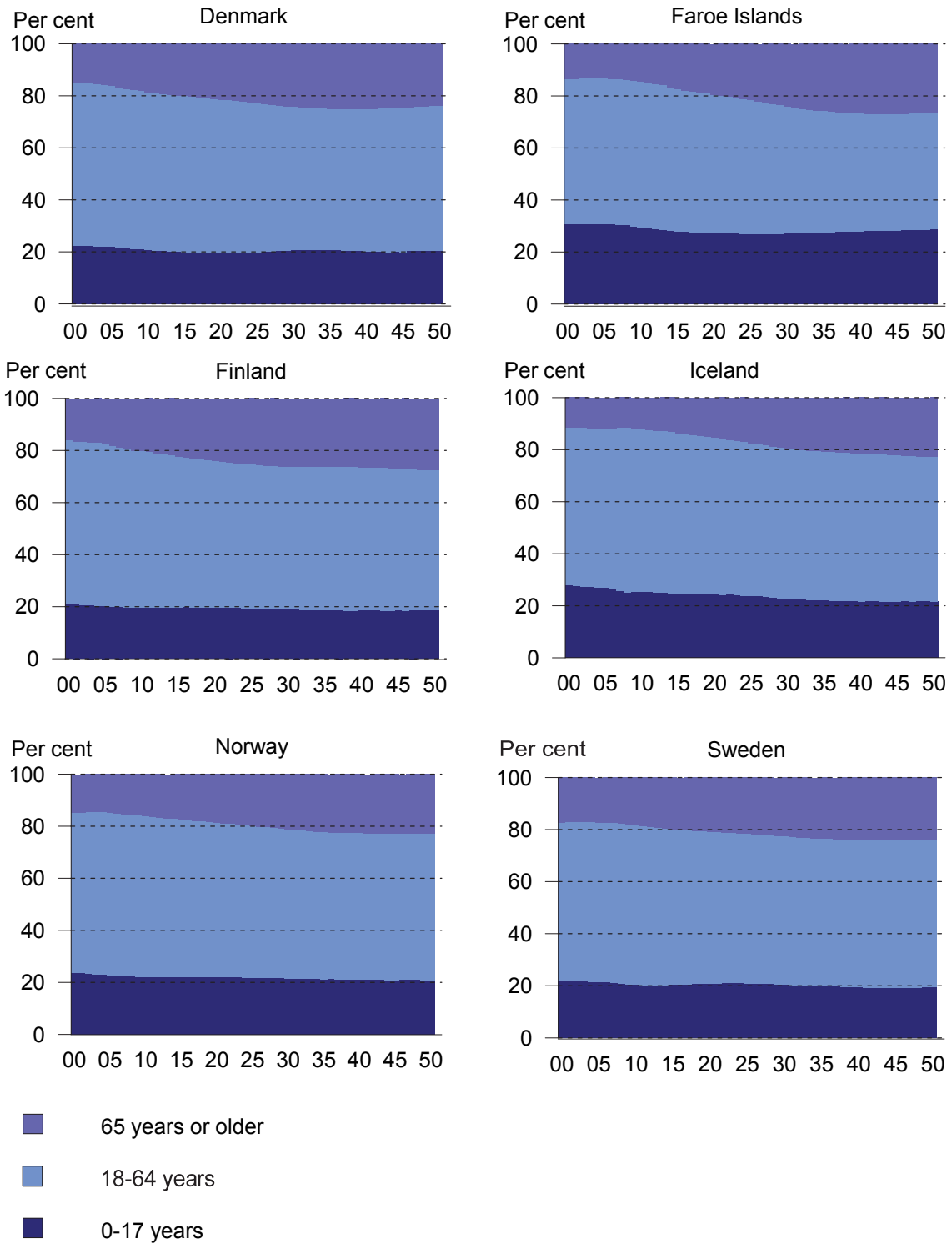
Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Fertility in respect of people of Danish origin only

2 Data basis for population projection not available for the Faroe Islands



**Figure 2.1 Mean populations in percentages broken down by age groups 2000-2014 and projections 2014-2050**



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

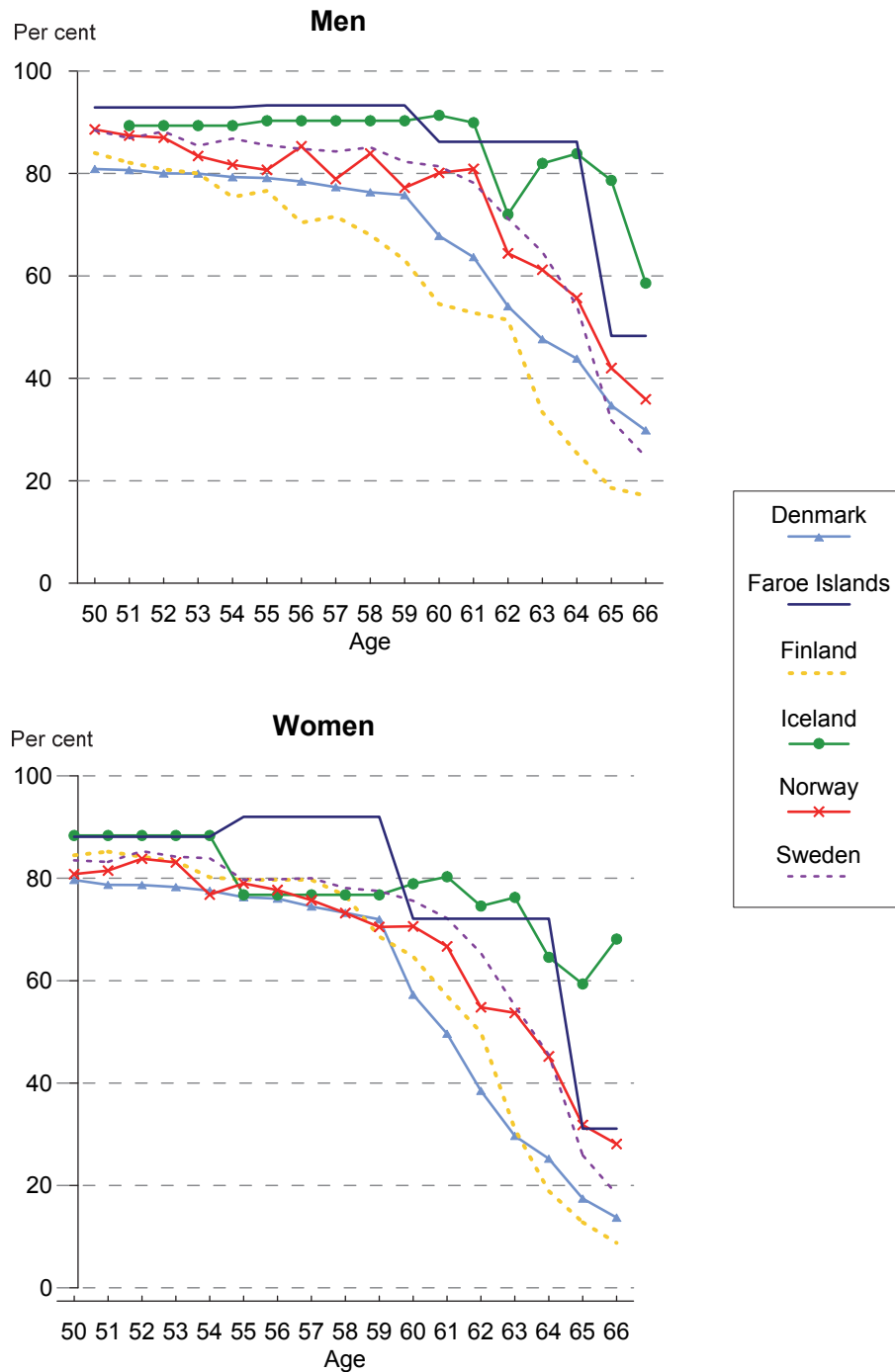
## Early Retirement from the Labour Market

A significant issue in relation to the expenditure on the elderly and the disabled is particularly the length of time for which people remain in active employment in the labour market.

Figure 2.2 shows the employment rate for men and women in the age group 50-66 years in 2013, and Figures 2.3 and 2.4 show the development in the employment rate for 60- and 64 year-old men and women, respectively, in the period 2000-2013.

As it appears from Figure 2.2, men have a higher employment rate in general than do women. In all the Nordic countries, the employment frequency declines markedly with age in respect of both men and women. There are, however, also large differences from one country to another. The reasons for such differences are mainly to be found in different occupational structures, with the resulting different consequences to the health of the labour force and differences in the unemployment patterns. Significant are also differences in the possibilities of retiring early from work with public income-substituting benefits, including the current pensionable age in the various countries.

**Figure 2.2** People in employment as percentages of the population, broken down by age and gender 2013<sup>1, 2)</sup>



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

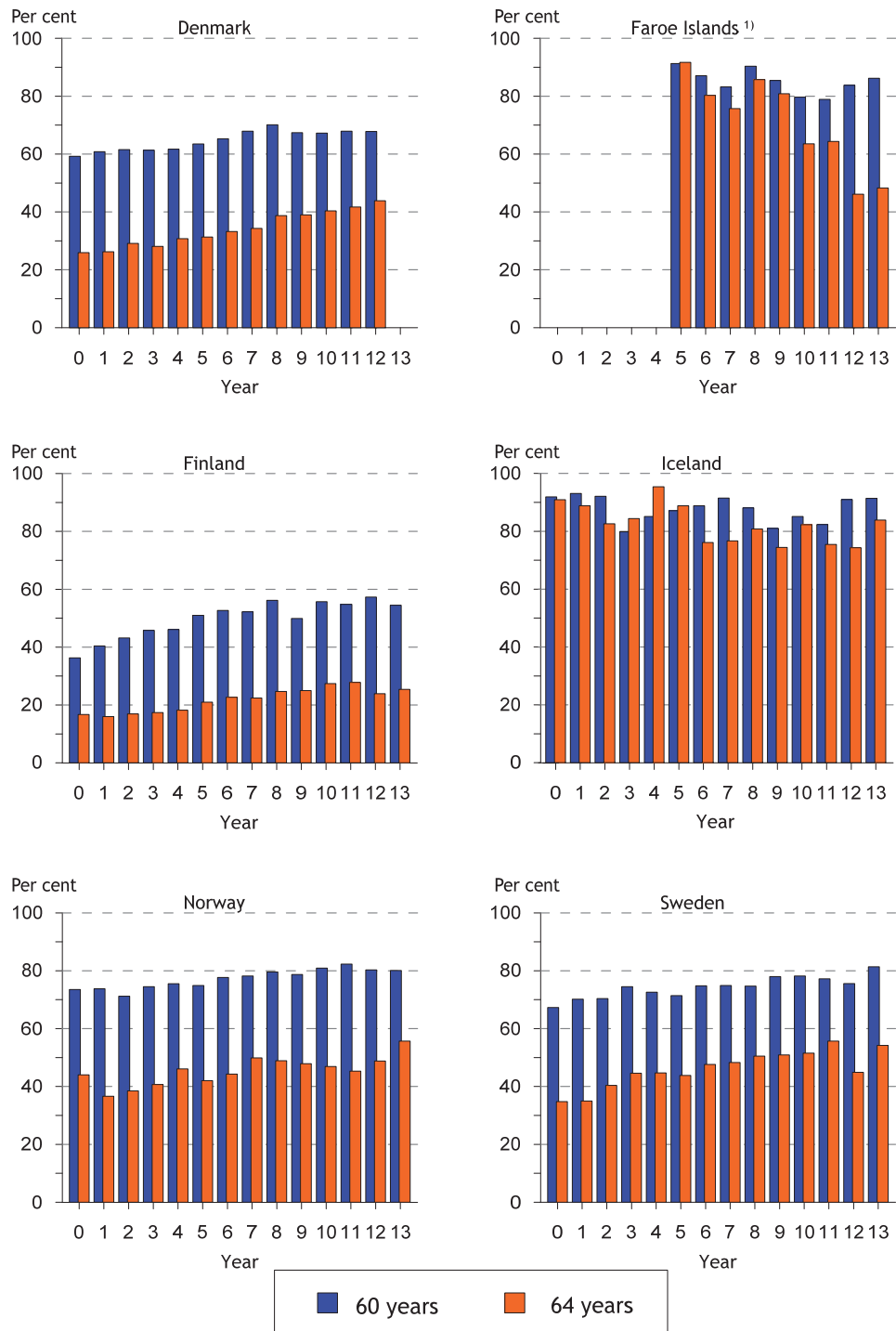
1 Denmark 2011

2 Faroe Islands: Data concerning 2011 are from the census. Data from 2012 onwards are from after the AKU adjustment of the calculation method

Early retirement from the labour market is most common in Denmark and Finland. These two countries have the most comprehensive public retirement schemes. In the Faroe Islands, there are no other public retirement schemes than health-related disability pension. In Iceland, there is no other public retirement scheme than health-related disability pension, with the exception of sailors who are granted public pension from the age of 60 years. Sweden holds a position in between in respect of retirement age.

As it appears from Figures 2.3 and 2.4, there are marked differences among the countries as to the employment frequency of the 60- and 64 year-old men and women. The development in the period 2000-2012 also differs from one country to another. Particularly in Finland, Denmark and Sweden, there has in recent years been an increasing employment frequency for the 60 year-olds and to a lesser degree for the 64 year-olds. This applies to both men and women. The development in Norway turned out to be more even, whereas it in Iceland and the Faroe Islands shows large fluctuations. In Iceland, especially elderly women were affected in the years 2008-2009.

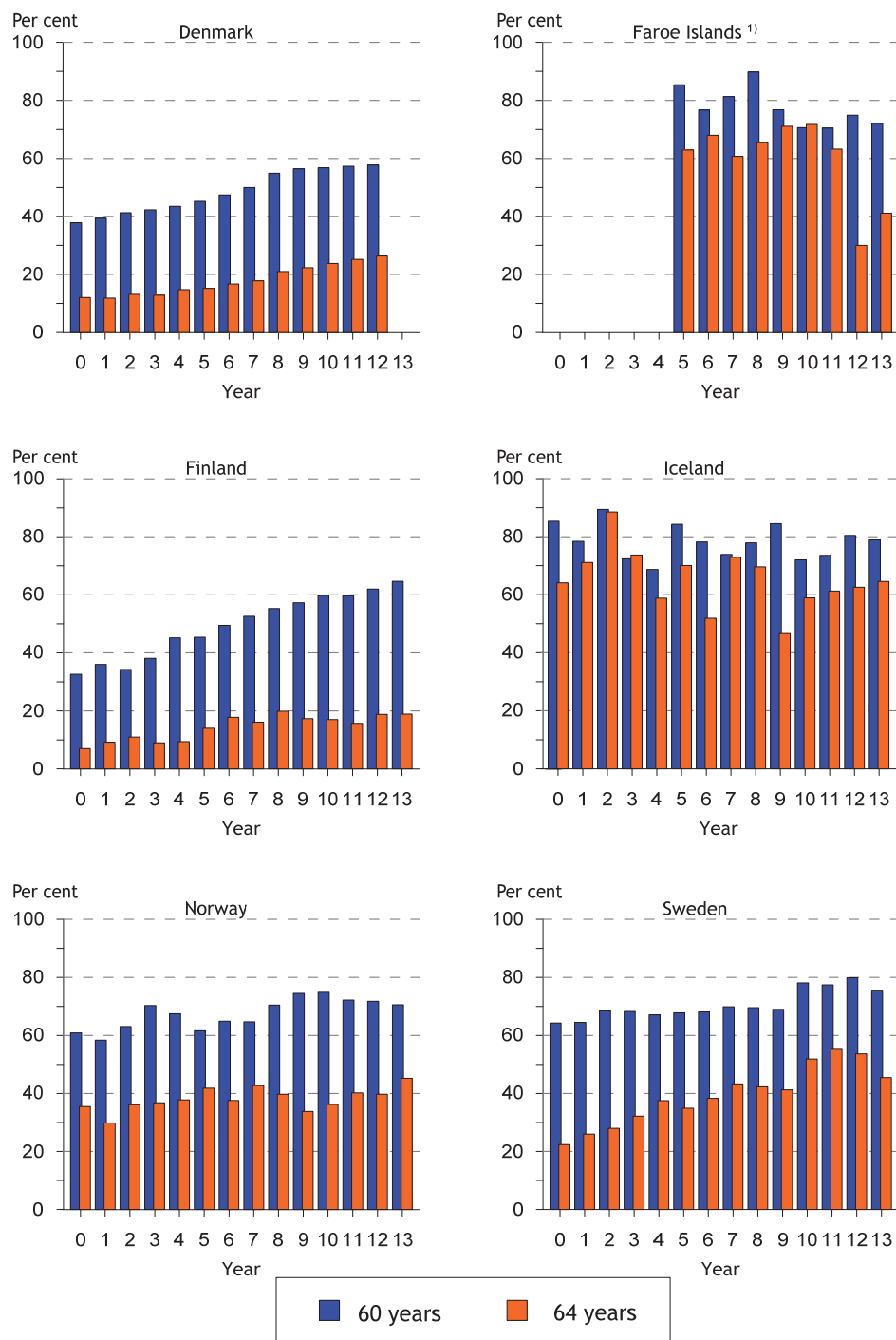
**Figure 2.3 Share of men of the ages 60 and 64 years in employment. Per cent 2000-2013**



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Data concerning 2011 are from the census. Data from 2012 onwards are from after the AKU adjustment of the calculation method

**Figure 2.4 Share of women of the ages 60 and 64 years in employment. Per cent, 2000-2013**



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Faroe Islands: Data concerning 2011 are from the census. Data from 2012 onwards are from after the AKU adjustment of the calculation method

## Income Distribution

In the following chapters, there will be repeated sections describing the compensation rates concerning social benefits in respect of various family types and income levels. The income level is here measured in relation to the AW, which is the average wage for a wage earner working full-time in the private sector. From the illustration it appears that we use a compensation rate of 75 per cent of the AW for single people, and 75 per cent/100 per cent of the AW for couples as a "standard measurement" for social benefits. Data concerning the distribution of income from work in society indicate that the majority of wage earners earn between 50 and 100 p.c. of the AW. Consequently, we estimate that 75 p.c. of the AW is the most representative rate for the part of the population at whom the benefits are aimed. That it is not 100 p.c. of the AW is partly a result of the AW being calculated for full-time work, partly that the AW is an average calculation. High incomes consequently increase the AW, even if there are rather few of them.

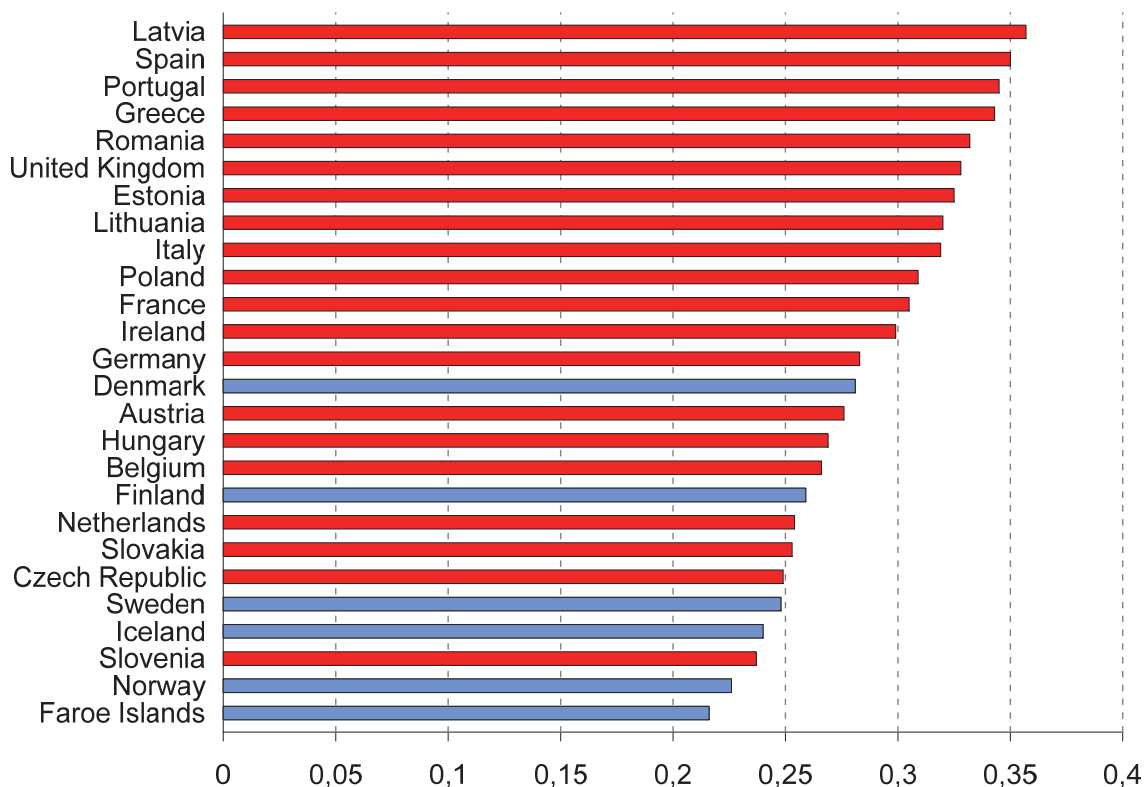
We would like to publish the wage distribution data that form the basis of this estimate, but have so far decided against it due to uncertainty as to the exact comparability among the countries. However, the trend points without doubt towards 75 p.c. of the AW as the best standard measure.

Figure 2.5 shows the income distribution expressed by way of Gini coefficients for the Nordic countries and selected EU countries in 2012 (the Gini coefficient is a measure of dispersion for the degree of inequality in for example income distribution. In case of a completely equal distribution, the value is 0, and in the case of the most unequal distribution it is 1).

Compared with other countries, the differences in the income levels in the Nordic countries are small. The differences are smallest in the Faroe Islands, Norway, Iceland and Sweden and somewhat larger in Finland and especially in Denmark.

The similarities in the income distribution in the Nordic countries are results of many different factors. Undoubtedly, income transfers and taxation are significant factors for the similarities

**Figure 2.5 Gini coefficients for the Nordic countries and selected EU countries in 2012<sup>1,2)</sup>**



Source: EU- SILC; FO, Statistics Faroe Islands

1 The actual income is from 2011, as data from 2012 are based on incomes from 2011

2 The Faroe Islands 2011

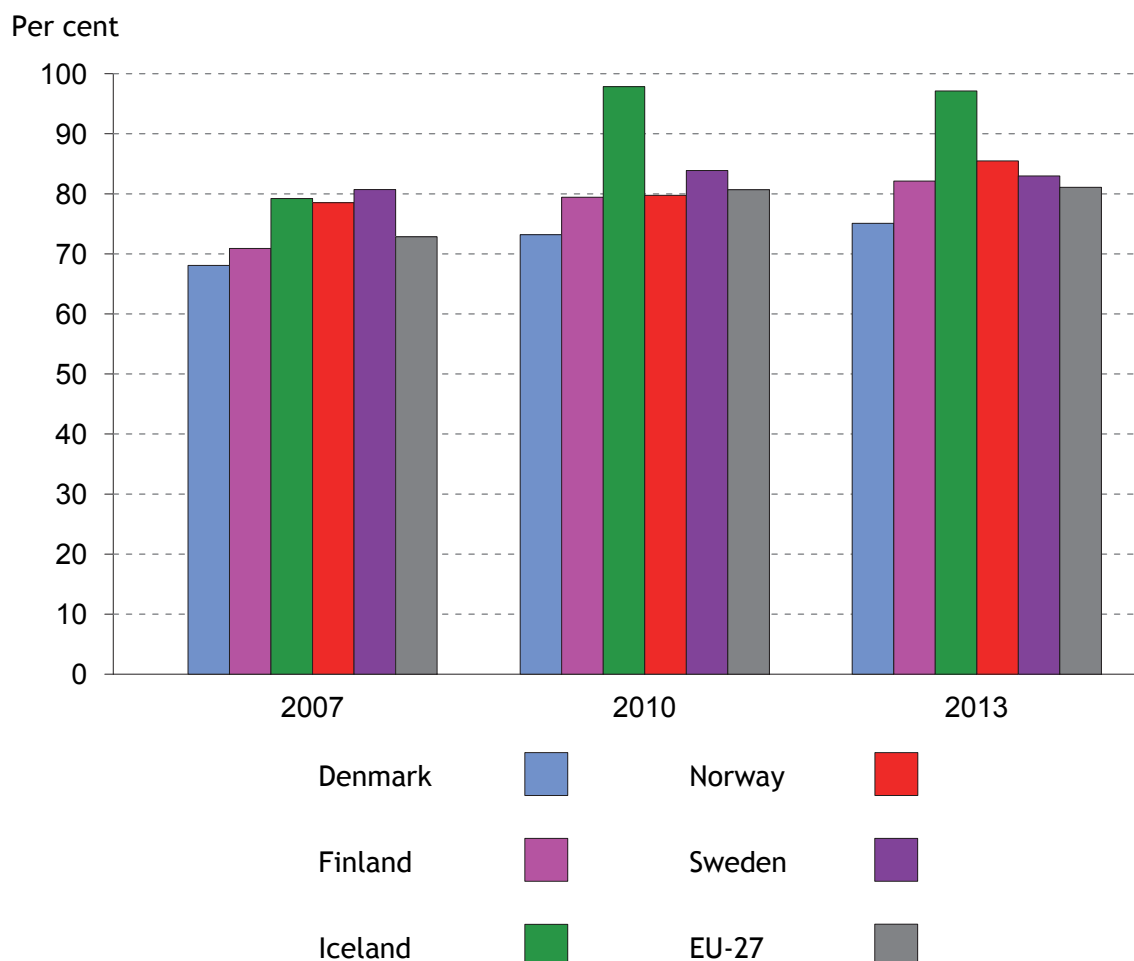


## Pensioners' Incomes Compared with Other Households

Figure 2.6 shows the disposable incomes for couples, where at least one person in the household is 65 years or older. The income is shown as a percentage of the disposable income for a couple younger than 65 years.

As can be seen from Figure 2.6, couples who are 65 years or older have a lower disposable income on average in all the Nordic countries than have couples younger than 65 years. It can also be seen that the incomes of couples older than 65 years in recent years have come closer to the incomes of couples younger than 65 years, particularly in Iceland.

**Figure 2.6** Incomes of couples 65+ years as percentages of the incomes of couples younger than 65 years, 2007-2013<sup>1)</sup>



Source: EU- SILC

1 The calculation basis for each year is the income in the previous year

## Risk of Poverty

The income method is the internationally most acknowledged method to measuring risk of poverty across the borders. It is a calculation of disposable household incomes, and the income consequently basically puts an upper limit to the consumption options of the household and so the welfare level of the household. Traditionally, the Nordic countries have calculated 50 p.c. of the median equivalent disposable income, whereas the EU has used 60 per cent of the median in their analyses.

Tables 2.4 and 2.5 show the ratio of the population living in households with an income of less than 50 and 60 per cent, respectively, of the equivalent disposable income median in 2012.

It should be mentioned, however, that calculations of poverty risks are susceptible to the definitions used. The largest differences among the countries and in relation to the EU average are in particular to be found in connection with single parents, single elderly people and couples of whom at least one party has turned 65 years

There are challenges connected with measuring the risk of poverty by means of the income method. Analyses based on this method show above all that some families have lower incomes than others. Whether or not families living below the level of the poverty risk live a reasonable life is not shown by this method. Similarly, debt and property are not used in the calculation, and therefore the method does not show how these factors affect the families' possibilities of living reasonable lives.

The income method is suitable to compare risks of poverty among the countries, as the equivalent income is measured in relation to the median in each country. However, other methods of measuring the risk of poverty must be used when comparing standard of living or the fulfilment of social needs. Those methods are not described here.

**Table 2.4 Share of people living in households with an income of less than 50 per cent of the median equivalent disposable income, per cent 2012<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden	EU27
Single parents	9.9	25.4	8.3	16.3	8.5	19.6	19.8
Single people younger than 65 years	23.9	14.4	17.0	18.1	20.6	16.4	19.3
Couples younger than 65 years	4.0	4.4	5.2	4.4	3.6	4.5	7.2
<i>Couples with dependent children</i>							
- couples with one dependent child	3.0	2.3	2.8	4.3	3.2	4.6	7.8
- couples with two dependent children	1.7	3.5	2.3	3.6	1.0	4.1	9.8
Single people 65+	5.4	4.0	12.3	4.4	3.7	13.0	11.8
Couples, of whom at least one part is 65+ years	2.4	2.1	1.3	1.8	0.8	2.0	6.1
All households	7.5	4.2	6.0	5.4	5.7	7.6	10.3

Source: EU-SILC

1 The actual income is from 2011, as data from 2012 are based on incomes from 2011

The income method generally shows the effect of the systems in the Nordic countries, where especially vulnerable groups can get financial support. One of the purposes of financial redistribution in the welfare states is to reduce the share of the population in a financial vulnerable position, although only a few of the countries have prepared measurements to further define the risk of poverty.

Table 2.4 shows that single parents in all countries are below the EU average, while the figure is somewhat higher in the Faroe Islands, as against to the group of single people younger than 65 years which in several Nordic countries is above the EU average. Support schemes aimed at families with children, as described in Chapter 3, explain part of that difference.

Besides, Table 2.4 shows that there in Finland and in Sweden are higher shares of single elderly people in households with low incomes. Circumstances that may explain this fact are further described in Chapter 6.

Generally, the calculation shows that the share of households consisting of couples is low in all Nordic countries.

**Table 2.5 Share of people living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent 2012<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden	EU27
Single parents	20.8	46.5	21.9	28.4	19.1	35.9	34.5
Single people younger than 65 years	30.3	20.9	29.3	25.2	27.3	26.7	27.1
Couples younger than 65 years	6.3	7.9	8.8	5.8	5.2	7.3	10.9
<i>Couples with dependent children</i>							
- couples with one dependent child	5.4	4.8	6.6	6.8	6.0	8.6	12.7
- couples with two dependent children	4.6	5.9	6.2	6.9	2.9	6.6	15.9
Single people 65+	20.6	50.3	38.4	7.7	26.8	35.7	23.7
Couples, of whom at least one part is 65+ years	11.2	4.3	6.3	2.7	1.4	6.6	12.6
All households	13.0	9.3	13.7	9.2	10.5	14.0	16.8

Source: EU-SILC; FO, Statistics Faroe Islands

1 The actual income is from 2011, as data from 2012 are based on incomes from 2011

The share of households, as shown in Table 2.5, represents a larger income group than is the case in Table 2.4, and consequently also a larger share of the households in the Nordic countries. In respect of the group single parents, the shares in the Faroe Islands and in Sweden are higher than the EU average, and the other countries are somewhat lower. In respect of the group single people younger than 65 years, all countries are about the EU average, with the exception of the Faroe Islands which find themselves below, and Denmark and Finland which are placed above the EU average.

In comparison to Table 2.4, there is in Table 2.5 not the same difference between the two types of household, and that can only to some extent indicate that social transfers to families and children can explain this. As to the Faroe Islands, the effect of free places in children's institutions contributes to this circumstance.

In the Nordic countries, the share of households of couples at risk of poverty is low compared to the EU average.

A special group are single people over 65 years, in which there are large differences among the countries. The Faroe Islands is the highest, and Iceland the lowest. The other countries are placed at about or above the EU average. The rule description in Chapter 6 concerning elderly people can to some extent explain this factor, including the calculation of the share of elderly people in the Nordic countries receiving the lowest amount of social pension.

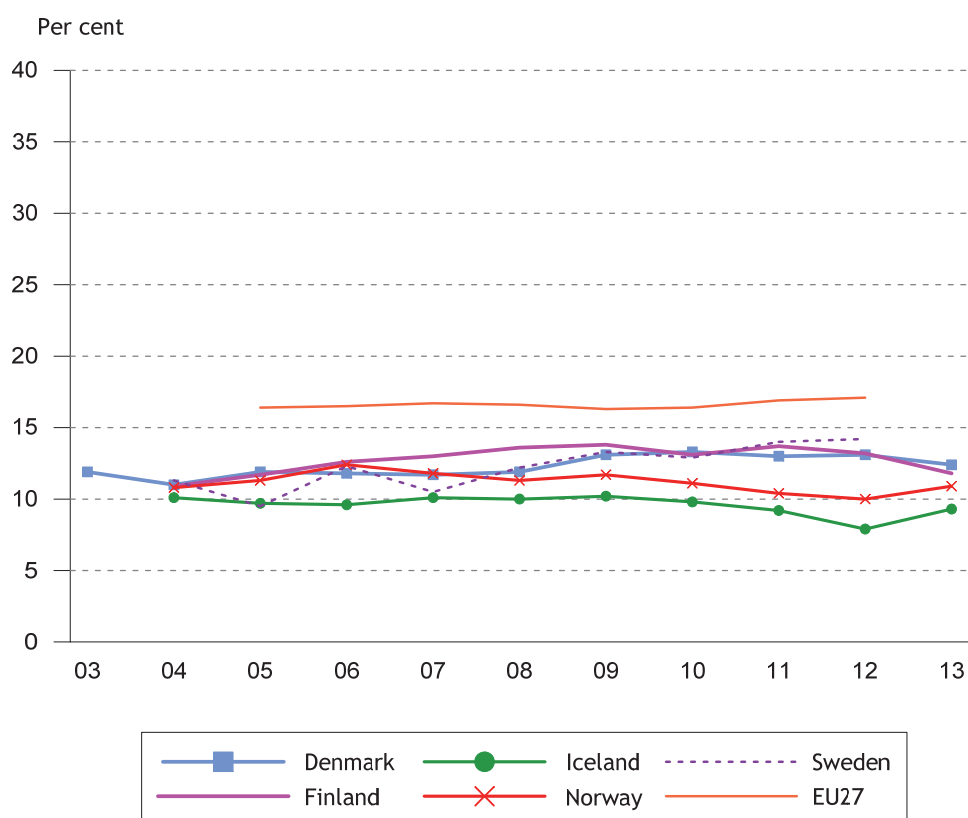
**Figure 2.7** Single parents living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2003-2013



Source: EU-SILC

For households at the same income level consisting of single parents only, the development in Figure 2.7 shows a similar stable level in Denmark and Finland. On the other hand, the level in Sweden has increased steeply and is at level with the average in the EU countries and consequently with the highest share of all Nordic countries. The development in Norway and Iceland has shown a decreasing trend in recent years and as a result a reduction in the number of affected households.

**Figure 2.8** Share of the total population living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, Per cent, 2003-2013



Source: EU-SILC

The development shown in Figure 2.8 for households with equivalent disposable households of less than 60 per cent of the median income in the Nordic countries shows that all countries are below the general level in the EU, and so there are fewer households at risk of becoming poor. In Denmark, Finland and Sweden, the level is almost stable, but in Norway and Iceland, it has been decreasing since 2009.



## Chapter 3

# Families and children

This chapter deals with the family composition in the Nordic countries as well as rules on and number of recipients of various benefits in connection with child birth. Besides, the various types of minding of children of pre-school and school ages.

While the Nordic countries spend almost identical ratios of the total social expenditure in per cent of the GDP on families and children, there are somewhat larger differences in the spending patterns of the EU countries.

**Table 3.1 Expenditure on families and children as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	4.1	Austria	2.8	Greece	1.8	Malta	1.2
Faroe Islands	5.5	Belgium	2.2	Hungary	1.2	Poland	1.3
Finland	3.3	Bulgaria	1.9	Hungary	2.8	Portugal	1.2
Iceland	2.8	Cyprus	2.0	Ireland	3.4	Romania	1.5
Norway	3.1	Czech Republic	1.2	Italy	1.4	Slovakia	1.8
Sweden	3.1	Estonia	2.0	Latvia	1.1	Slovenia	2.2
		France	2.5	Lithuania	1.7	Spain	1.4 <sup>1)</sup>
		Germany	3.1	Luxembourg	3.6	United Kingdom	1.9 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

The Nordic countries differ from the other European countries in that women have a high participation rate (cf. Chapter 4), which increases the need for child-minding options during parents' working hours. Moreover, child minding falls under the educational system in the rest of Europe, and so the figures in Table 3.1 are not quite comparable.

One characteristic trait of Nordic families is that there are relatively many single parents. In all the countries, the number of single mothers is considerably higher than that of single fathers. The large number of one-parent families reflects the frequent changes in family structures.

**Table 3.2** Number of households broken down by family type, 2013

	Denmark <sup>4)</sup>	Finland	Iceland <sup>1)</sup>	Norway	Sweden <sup>2,3)</sup>
<i>Number of household with children aged 0-17 years (1 000)</i>	771.9	575.7	49.0	636.0	1 113.2
- in per cent of all families	26.5	19.1	39.2		19.4
Of whom (per cent)					
- Married	59.1	60.5	56.3	53.7	77.5
- Cohabiting	17.3	19.0	24.3	24.8	
- Single	23.6	20.6	19.5	21.5	22.5
Total	100.0	100.0	100.0	100.0	100.0
<i>Distribution of children (per cent)</i>					
1 child	41.9	43.5	40.8	45.1	43.4
2 children	42.3	38.3	38.9	39.0	42.0
- 3 or more children	15.8	18.2	20.2	15.9	14.5
Average number of children per household	1.8	1.8	1.6	1.7	1.7
<i>Number of childless households(1 000)</i>	2 128.8	2 437.7	75.2	1 722.0	4 623.3
Of whom (per cent)					
- Married	26.7	25.2	46.5	29.7	26.8
- Cohabiting	8.6	9.0	5.2	7.5	
- Single	64.7	65.8	48.3	62.9	73.2
Total	100.0	100.0	100.0	100.0	100.0
<i>Single parents (p.c.)</i>					
Men	18.1	13.7	8.9	19.9	23.0
Women	81.9	86.3	91.1	80.1	77.0
Total	100.0	100.0	100.0	100.0	100.0
<i>Single people with no children (p.c.)</i>					
Men	50.5	51.2	49.3	49.6	49.0
Women	49.5	48.8	50.7	50.4	51.0
Total	100.0	100.0	100.0	100.0	100.0
<i>Average number of people per household</i>	1.9	1.8	2.5	2.2	1.7

Source: DK, Statistics Denmark; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

- 1 Figures taken from Statistics Iceland committee survey on living conditions (EU SILC)
- 2 Figures projected by means of the simulation model FASIT and based on Statistics Sweden's committee survey of household economies
- 3 Cohabiting individuals counted as married people
- 4 Furthermore, there are 15 940 families consisting of children under the age of 18 living away from home. Children of the ages of 0-24 years living at home

Figure 3.1 shows the average disposable incomes broken down by family types and measured in PPP-Euro in 2012. The incomes have been adjusted (equivalent incomes) in relation to household size and composition in order to make household sizes more comparable (see Appendix 1).

The purpose of Figure 3.1 is to compare different households according to family types, and the Figure thus shows the disposable incomes of the adults in the house-

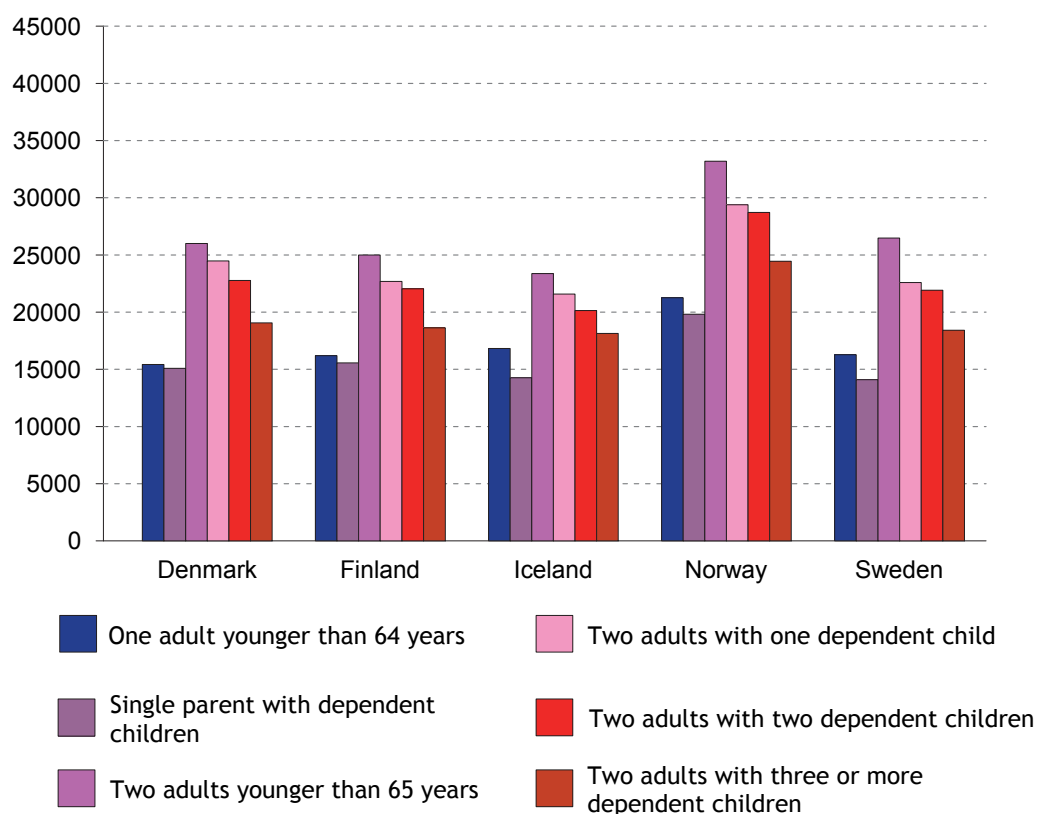


hold, for which reason households without children include only households without elderly members. Especially the category “single-adult households” includes many students and others who are not in permanent employment. This partly explains the relatively low incomes for single-adult households. In all the countries, single providers have the lowest incomes.

In all the countries, couples with many children have lower incomes than have couples with no children or couples with one child. The number of children increases the divisor used for the calculation of equivalent income.

Besides, several other factors contribute to the levels of income of the various households according to family types. Employment rates and levels of education vary in respect of the various households according to family types, just as the average earnings increase with age.

**Figure 3.1** Equivalent average disposable incomes broken down by family types, PPP Euro 2012<sup>1)</sup>



Source: EU SILC data. Average equivalent net income in PPP

1 The actual income is from 2011, as data from 2012 are based on incomes from 2011

2 2010

# Cash Benefits to Families and Children<sup>1</sup>

## Daily Cash Benefits in Connection with Childbirth and Adoption

In all Nordic countries, compensation is granted to cover any loss of income in connection with childbirth during the last few weeks prior to and at least the first months after childbirth. In all the countries, a similar benefit is payable in the event of adoption.

In all the countries, the benefit amount depends on any previous income but also on the length of the leave period.

In all countries, employees may receive their pay in full according to collective agreements.

In Denmark, a prerequisite for obtaining the benefit is that one complies with the employment requirement, i.e. either by having worked for 120 hours within the latest 13 weeks; by being entitled to daily cash benefits; or by having concluded a vocational qualification course of a duration of at least 18 months within the past month; or by being an apprentice in paid trainee service.

In the Faroe Islands, it is also a condition for receiving the benefit that one is affiliated with the labour market by way of employment or by being self employed, or that one draws unemployment benefit. Other people are entitled to means-tested social assistance.

In the other Nordic countries, people who are not affiliated with the labour market also qualify for a benefit. In Finland, Iceland and Sweden, only a small amount is awarded (a basic amount), however, and in Norway, the benefit is a non-recurrent payment which is mainly payable to mothers.

In all the countries, mothers are entitled to compensation for any lack of income if they are forced to terminate their work early in their pregnancy period due to work that could be detrimental to the foetus or in case of a difficult pregnancy. The rules governing such incidents show variations from one country to another in that in some countries maternity benefits shall be payable, whereas sickness benefits or a special benefit shall be payable in others.

---

<sup>1</sup> Benefits payable to children who have lost one or both parents are described in Chapter 6.4. Special benefits granted as supplemented social benefits to families and children are described in Chapter 8

**Table 3.3 Rules governing award of income-substituting cash benefits in the event of childbirth, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits	Barsels dagpenge	Barsils gjald	Föräldradagpenning		Foreldre-penger ved fødsel	Föräldrapening
<i>Gainfully employed (employees)</i>						
Maximum period (weeks) in which maternity benefit shall be payable	50 <sup>2)</sup>	52	53	39	49/59 <sup>4)</sup>	69
Maternity benefit to mothers before birth (weeks) <sup>1)</sup>	4	4-8	5-8	4	3	9
Maternity benefits (weeks):						
- Mother only	18	14	18	13	14	8
- Father only	.	4	9	13	14	8
- Either mother or father	32 <sup>2)</sup>	30	26 <sup>3)</sup>	13	18/28	52
<i>Additionally:</i>						
Father together with mother	2	2	3	-	2 <sup>5)</sup>	2 <sup>7)</sup>
Benefits subject to tax?	Yes	Yes	Yes	Yes	No	Yes
<i>Not gainfully employed</i>						
Maximum number of weeks in which maternity benefit shall be payable	..	..	53	39	59	69
Benefits subject to tax?	..	..	Yes	Yes	No <sup>6)</sup>	Yes
Leave period sharable with father?	..	..	Yes, for a maximum of 26 weeks	Yes	4)	Yes

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Kela; IS, Directorate of Labour; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The total number of reimbursable weeks includes the number of weeks, in which mothers are entitled to benefits prior to giving birth
- 2 The common leave period of 32 weeks may be prolonged by 8 or 14 weeks to 40 or 46 weeks. The total leave period will consequently be 58 or 64 weeks. When a leave period is prolonged, the daily cash benefits will be reduced accordingly, so that the total amount for the 40 or 46 weeks equals the amount payable for 32 weeks.
- 3 In the event of multiple births, the maternity-benefit period shall be extended by 60 days for the second child and each subsequent child.
- 4 49 weeks at a compensation level of 100 per cent, or 59 weeks at a compensation level of 80 per cent.
- 5 Fathers are entitled to two weeks of unpaid leave in connection with childbirth. The two weeks may either be taken just before the child is born or immediately thereafter. In the public sector and in large parts of the private sector, there are, however, collective agreements granting compensation for those two weeks.
- 6 In case the mother has not accumulated any right to maternity benefits, a non-recurrent amount shall be payable, which is exempt from tax. The father is entitled to a non-recurrent amount if the mother has died, and/or he has assumed sole custody of the child
- 7 Parents may draw maternity benefits at the same time for 4 weeks, but the days will be included in the total number of days with maternity benefits. Besides, an insured person other than the mother can draw benefits for 2 extra weeks in connection with the birth of a child

**Table 3.4 Amount of income-substituting cash benefits in the event of child-birth, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits	Barselsdagpenge	Barsilsgjald	Föräldradagpenning		Foreldrepenge ved fødsel	Föräldrapenning
<i>Gainfully employed (employees)</i>						
Amount of maternity benefits (per week) as percentages of any previous income	100 <sup>2)</sup>	100	70-90 <sup>4)</sup>	75-80 <sup>5)</sup>	80/100	77.6/80 <sup>10)</sup>
Income ceiling per week for full Compensation, national currency <sup>1)</sup>	No maximum	6 250	No maximum	89 147		8 534
Income ceiling per week for full compensation in PPP-Euro <sup>1)</sup>				488.43		721.52
Minimum amount per week, national currency			143	22 079 <sup>6)</sup>	820 <sup>8)</sup>	1 260 <sup>11)</sup>
Minimum amount per week, in PPP Euro			115.05	120.97	63.50	106.53
Maximum amount per week, national currency	4 005	6 250 <sup>3)</sup>		81 395	9 836 <sup>9)</sup>	6 623
Maximum amount per week, in PPP Euro	371.63			489.79	761.70	559.9
<i>Not gainfully employed</i>						
Maximum amount per week, national currency			143	13 352 <sup>7)</sup>	<sup>8)</sup>	1 260
Amount of daily cash benefits per week, in PPP Euro	115,05			73,16		106,53

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Kela; IS, Directorate of Labour; NO, NAV (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The income ceiling is the income maximum (previous income) in relation to which maternity benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 When the joint leave period of 32 weeks is extended to 40 or 46 weeks, daily cash benefits shall be reduced accordingly, so that they correspond to 80 per cent for 40 weeks and to about 70 per cent for 46 weeks.
- 3 The maximum amount per week is less contribution of 12 per cent payable to the holiday account.
- 4 90 per cent of an earned income up to a maximum of EUR 54 552 per year for the first 56 days of the maternal leave period. For incomes exceeding EUR 54 552, it is 32.5 per cent. For the following 49 days, it is 70 per cent of an earned income of up to EUR 35 457 per year.
- 5 Income in the last 12 months prior to birth determines the level of cash benefits in the following way: They amount to 80 per cent of the income from work up to ISK 46 512 per week, but 75 per cent of weekly wages above that amount and up to the income ceiling (ISK 69 767).
- 6 The minimum amount is payable when the employment has been between 25 and 49 per cent. The minimum amount payable at employment between 50 and 100 per cent is ISK 29 637 per week. ISK 29 637 per week is payable to full-time students.
- 7 Shall also be payable when the employment is less than 25 per cent.
- 8 For mothers who have not earned a right to maternity benefits, a non-recurrent payment of NOK 35 263 may be granted per child.
- 9 Calculated as maternity benefits for mothers in work, the maximum amount will be NOK 9 836 per week at a 100 per cent compensation for 49 weeks, or NOK 7 869 at an 80 per cent compensation for 59 weeks.
- 10 The compensation level is 80 per cent, but a conversion factor for the income on which the compensation is based makes the compensation level 77.6 per cent
- 11 Benefits at the lowest level (for a total of 90 days) apply to parents in and out of employment, respectively

In the Faroe Islands, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of weeks immediately after childbirth, at the same time as mothers draw maternity benefits. In Norway, fathers are entitled to two weeks of unpaid leave in connection with childbirth. In the public sector and in large parts of the private sector, there are, however, collective agreements granting compensation for those two weeks.

In Denmark, fathers are entitled to two weeks of leave with daily cash benefits in continuation of the birth or reception of the child. Those two weeks can, however, be postponed in agreement with the employer and be held at a later date within the first 14 weeks after the birth.

In Finland, paternity leave is a maximum of 54 working days, i.e. about 9 weeks. Fathers may go on leave for 1-18 days (about 3 weeks) at the same time as mothers draw maternity or parental benefits. The rest may be used after the maternity benefit period. Paternal leave must be taken before the child turns two years. Either the mother or the father of the child can go on parental leave.

In Iceland, 13 weeks of the parental leave is reserved for fathers and 13 weeks for the mothers, and another 13 weeks may be divided freely between them.

In Norway, 14 weeks are reserved for the father.

As to children born on 1 July 2013 or later, the maternity benefit period has been increased to 49 weeks at coverage of 100 per cent, or 59 weeks at coverage of 80 per cent. A tripartite division of the maternity benefit period was introduced at the same time. This implies that each parent is entitled to 14 weeks after the birth (mother and father quota). The parents decide the distribution of the rest of the time after the birth (18 or 28 weeks, depending of choice of coverage level).

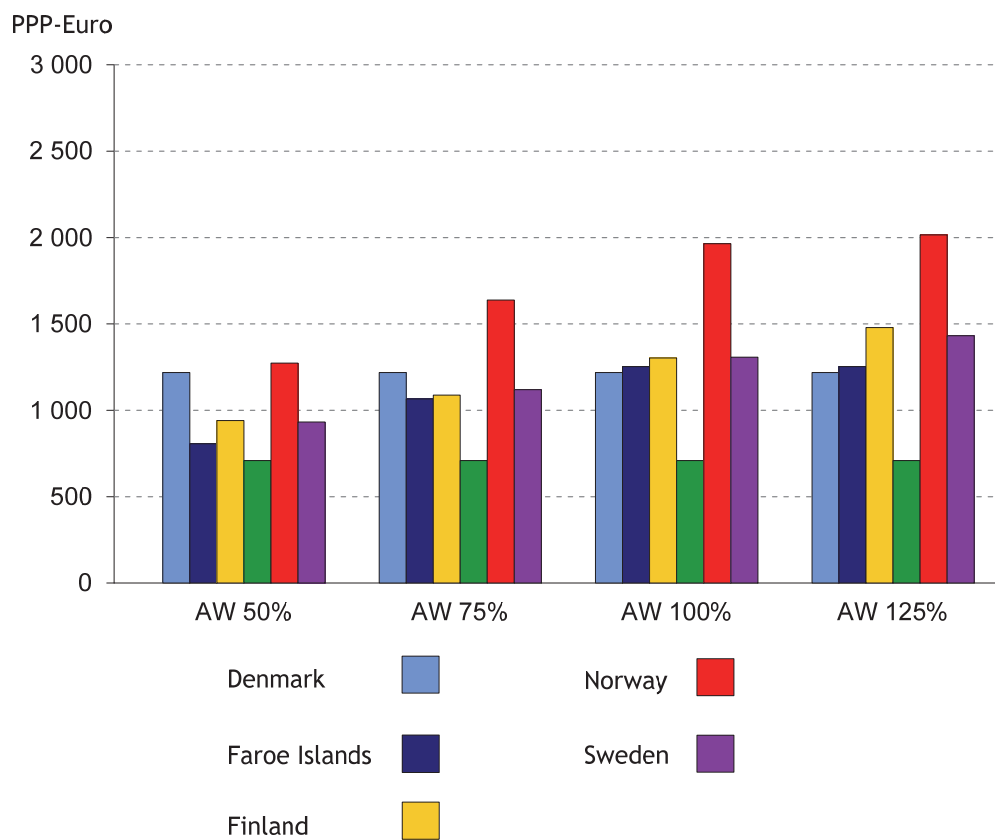
The period, in which daily cash benefits are payable in connection with birth and adoption is generally relatively long in the Nordic countries. Maternity leave is, however, significantly longer in Sweden than in the other countries. The number of days with parental benefits is 480 days per child. If parents mind the child jointly and equally, each parent will be entitled to half of those days.

In Denmark, maternity leave is one year and very flexible. Parents may, for example, divide the last 32 weeks of leave between them and may take turns to go on leave, or they may do it one after the other or at the same time. The 32 weeks may be extended by eight or 14 weeks, but the total amount of daily cash benefit will not be changed. Parents may furthermore postpone parts of the leave period till later and use them before the child turns 9 years.

### *Equivalent Disposable Income and Compensation Grades when Receiving Maternity Benefit*

Figure 3.2 shows the equivalent disposable income at four different income levels for a single parent with a new-born who draws maternity benefits. The figure shows that a single parent with a new-born child receives the highest rate of maternity benefits in Norway. In all the countries, with the exception of Denmark and the Faroe Islands, the rate of maternity benefits increases with the income level.

**Figure 3.2** Equivalent disposable income for a single parent drawing maternity benefits, per month 2013, in PPP-Euro



**Figure 3.3** Equivalent disposable income for a couple when the one earning the least before the birth draws parental benefits, per month 2013, in PPP-Euro

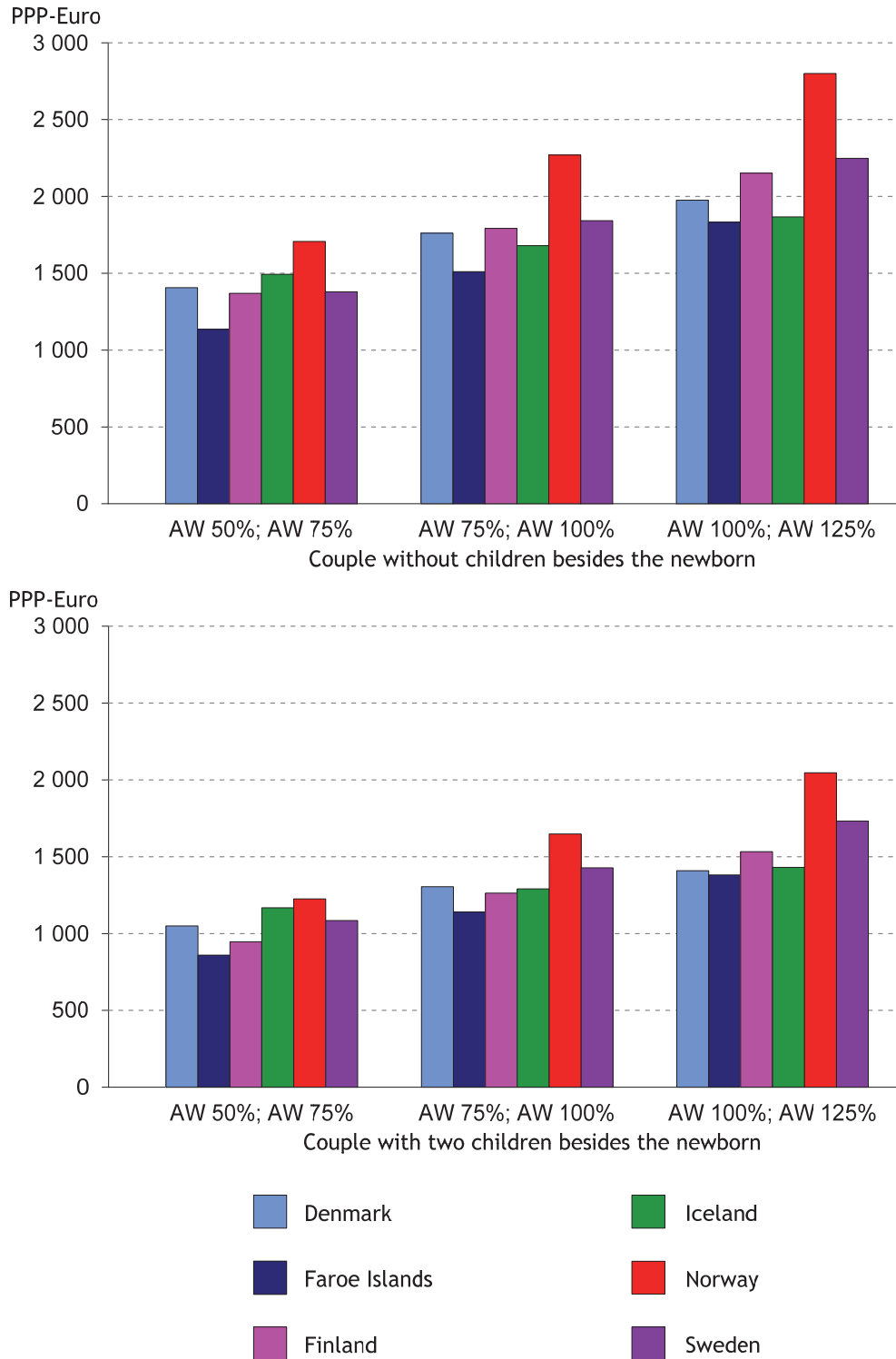
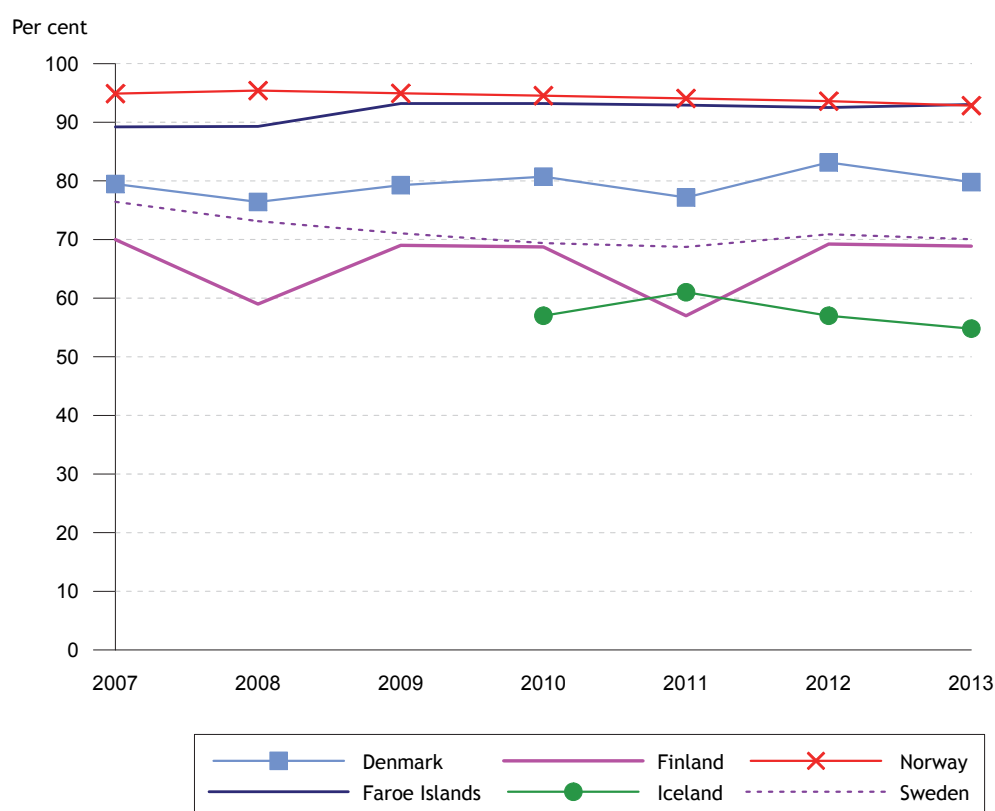


Figure 3.3 shows the equivalent disposable income at three different income levels for a couple with no other children than the new-born, and for a couple who already has two children, respectively. Definition of the equivalent incomes appears from Annex 1. The Figure shows that in all the countries the equivalent income is lower for the couple with 2 children apart from the new-born than for the couple with only the new-born child. The couple AW50/AW75 with 2 children apart from the new-born and the couple with only the new-born child have an equivalent income at about the same level in all the countries. The couple AW100/AW125 has a higher equivalent income in Norway compared to the other Nordic countries.

**Figure 3.4** Equivalent compensation rate for a single parent with a new-born when drawing parental benefits, AW 75 per cent 2007-2013<sup>1)</sup>



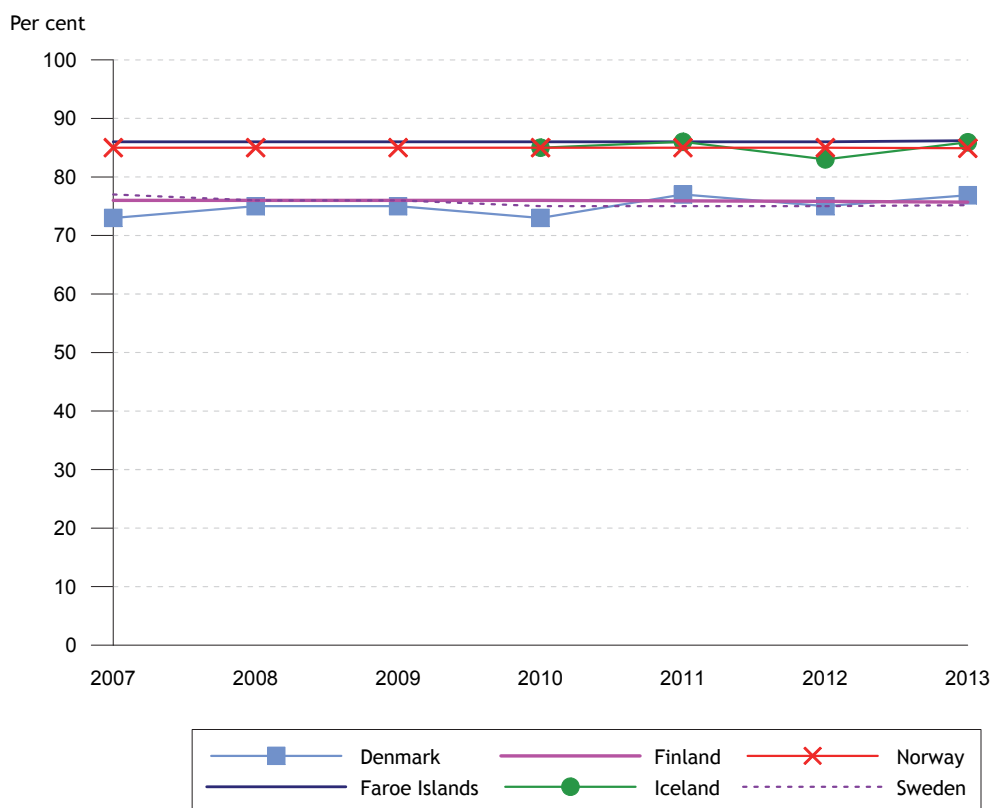
1 AW 75 per cent is used as a norm for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

Figures 3.4 and 3.5 show the development in the compensation levels in the latest years.

As can be seen from Table 3.5, the compensation payable to a single parent receiving maternity benefit differs somewhat in the Nordic countries. The higher compensation payable in Denmark, the Faroe Islands and Norway for an AW (the average pay for a blue-collar worker) = 75 per cent is primarily due to the child allowance payable for the new-born child, but also to the housing benefit being higher for families with children than it is for childless families.



**Figure 3.5** Equivalent compensation rate for a couple with two children apart from the new-born when drawing parental benefits, AW 75/100 per cent, 2007-2013<sup>1)</sup>



1 AW 75/100 per cent is used as a norm for couples when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Table 3.5** Equivalent compensation rates per month for a single parent with no other children than the new-born when drawing maternity benefits, as percentages of disposable income from work, 2013

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%	101	100	80	74	102	85
AW 75%	80	93	69	55	93	70
AW 100%	64	84	66	43	87	63
AW 125%	53	67	63	36	74	58

**Table 3.6** Equivalent compensation rates for a couple drawing parental benefits as percentages of disposable income from work, when the partner earning the least before the birth draws benefits, 2013

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couple with no other children than the new-born</i>						
AW 50%; AW 75%	67	87	75	99	85	77
AW 75%; AW 100%	77	86	76	86	85	75
AW 100%; AW 125%	69	83	75	78	85	74
<i>Couple two children apart from the new-born</i>						
AW 50%; AW 75%	77	91	72	105	90	82
AW 75%; AW 100%	68	90	75	94	89	80
AW 100%; AW 125%	64	87	75	86	89	79

### *Men and Women's Use of the Daily Cash Benefit Schemes*

It is characteristic that more and more men make use of the daily cash benefit schemes in connection with childbirth and adoption. However, both the number of recipients and the number of days in which maternity benefits are payable vary considerably from one country to another.

**Table 3.7** Number of days with daily cash benefits in connection with pregnancy, childbirth and adoption during the year, 2000-2013

	Denmark <sup>1,2)</sup>	Finland	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>Number of days (1 000) in which maternity benefits were drawn</i>					
2000	13 150	15 232	696	10 910	37 100
2005	20 281	15 751	1 122	11 017	44 254
2010	21 238	16 668	1 236	12 748	51 451
2012	19 582	16 627	1 067	12 784	52 496
2013	16 538	16 445	1 062	12 763	53 189
<i>Of which men in per cent</i>					
2000	5.5	4.2	2.9	6.9	13.7
2005	5.9	5.5	32.7	8.8	20.5
2010	7.1	7.1	31.7	14.5	23.9
2012	..	8.7	28.4	19.8	25.1
2013	10.2	8.8	28.5	21.2	25.5
<i>Number of days in which maternity benefits were drawn per new-born</i>					
2000	196	268	161	184	410
2005	316	273	262	194	463
2010	335	273	252	207	508
2012	336	279	235	212	469
2013	296	283	246	216	468

Source: DK, Statistics Denmark; FI, Kela; IS, Directorate of Labour; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The latest amendment of the legislation was made in 2002
- 2 Data relate to net days with parental benefits, maternity benefits and temporary parental benefits in connection with birth and adoption. The Table has been recalculated for the years 2000-2013.
- 3 The number of days as to the years 2010 and 2011 has been revised and consequently reduced by about 8 p.c. Data relate to net days with parental benefits in connection with birth and adoption
- 4 Data relate to net days with parental benefits, maternity benefits and temporary parental benefits in connection with birth and adoption

This reflects partly differences in the coverage of the schemes, partly in the duration of the period in which one is entitled to the benefit. In Denmark, maternity leave was extended to one year in 2002. In Iceland, the new law on parental leave, which took effect in 2001, was fully developed in 2003, granting fathers the same independent entitlement to parental leave for 13 weeks as mothers enjoy. These changes can be seen from the statistics, which reveal that there are significantly more men than before drawing paternity benefits.

In Norway, the scheme giving fathers an exclusive right to part of the benefit period (father quota) was prolonged from four to five weeks in 2005, six weeks in July 2006, 10 weeks in July 2009 and 12 weeks in July 2011. As from 1 July 2013, the quota is 14 weeks. So far, the prolongation appears from the statistics in that fathers take more days with paternity benefits. Fathers' entitlement to paternity benefits, apart from the father-quota, still depends on mothers being gainfully employed after childbirth; receiving publicly approved education; or depending on assistance to take care of the child due to illness or injury.

The Swedish figures are not comparable with those from the other countries, as the benefits are payable for more days per child than is the case in any of the other

countries. Besides, parental daily cash benefits may be payable until a child reaches the age of eight years.

## Adoption Allowances

Adoptive parents are by and large granted the same benefits as are biological parents. If a child is adopted from another country, an allowance shall be granted to partly cover the expenses connected with the adoption. The adoption allowance is a tax free non-recurrent payment and varies from one country to the next.

There are, however, some differences among the Nordic countries, but in all the countries parents are approved for adoption by a public authority.

In Denmark, an adoption subsidy is granted if the child was adopted from abroad through one of the approved adoption organisations, and if one is permanently resident in Denmark.

In the Faroe Islands, the High Commissioner (the *Rigsombudsman*) is responsible for adoption cases. The adoption allowance is payable by the Faroese social administration when documentation for the arriving at the home is available. The allowance is payable only to people residing in the Faroe Islands.

In Finland, it is possible to apply for an adoption subsidy when an international adoption institute has selected a child under 18 years for placement with adoptive parents, and the adoption board has approved the adoption. To obtain the adoption subsidy the adoptive parents must be resident in Finland.

In Iceland, it is a precondition that the child has been born by foreign citizens who are not resident in Iceland at the time of adoption. The adoptive parents must be resident in Iceland, and the child must not be related to them.

In Norway, one has to be approved by the Norwegian authorities in order to adopt from abroad. The approval, which is called a prior consent, is given for a period of three years with the possibility of a prolongation of up to one year. The prior consent can only be given for children up to five years. The adoption of children over five years must be evaluated by a professional committee.

In Sweden, it is a precondition that the child has been born by foreign citizens who are not resident in Sweden at the time of adoption. Moreover, the child must not yet have turned 10 years.

**Table 3.8 Newly adopted children during the year receiving adoption allowance, 2005-2013**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway	Sweden
2000	..	7	..	..	..	1.000
2005	625	9	..	..	607	976
2010	397	11	161	31	344	692
2012	253	6	179	35	264	484
2013	212	3	140	33	171	378

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Kela; IS; Directorate of Labour; NO, Nav (Work in Norway); SV, Försäkringskassa

1 Parents with newly adopted children. Note: The figures from previous years have been altered due to a new calculation method

**Table 3.9 The amount of the adoption allowance, 2013, in national currency**

	Denmark	Faroe Islands	Finland <sup>1)</sup>	Iceland <sup>2)</sup>	Norway	Sweden
Total	49 233	75 000	4 136	590 871	45 330	40 000
PPP	4 568	6 959	3 328	3 237	3 510	3 382

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Kela; IS; Directorate of Labour; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 In Finland, the adoption allowance depends on the country of origin of the child. Parents adopting children from Estonia get EUR 1 900; from China, Colombia, South Africa and Kenya EUR 4 500; from Ethiopia, the Philippines and Russia EUR 3 800, and parents adopting children from any other country get EUR 3 000 adoption allowance
- 2 In Iceland, the adoption subsidy is payable as a lump-sum subsidy on application. If several children are adopted at the same time, an adoption subsidy amounting to 20 p.c. of this is payable for each additional child

## Cash Benefits to Parents Minding Children

In Denmark, the rules applying to child-minding leave were revoked with effect from 2011 in connection with the extension of the maternity leave to one year in 2002.

In the Faroe Islands, there are no schemes for parental benefits in connection with child minding.

In Finland, parents may after a period of receiving parental daily cash benefits choose between a place in a municipal day care institution or an allowance for the minding of young children. The allowance may be granted as a supplement towards payment for child minding in the home or as a supplement towards payment for private child minding. The allowance towards child minding in the home may be granted if a family has a child under the age of three years.

Parents may also choose to work reduced hours if they have children under the age of three. They will then be awarded a reduced minding allowance of EUR 96 per month.

In Norway, it is possible to receive a graded parental benefit amount. The scheme applies in the event of childbirth or adoption and makes it possible to claim part of the maternity benefits in combination with income from work for a period exceeding the standard period. The parental benefits must be used within three years of the childbirth or after taking over the care by adoption.

Cash benefits are payable for children not attending a kindergarten on a full-time basis. On 1 August 2012, cash benefits for two-year-old children lapsed. The rate for full cash benefits is NOK 5 000 per month for children aged 13-18 months. The rate for full cash benefits has been increased to NOK 3 303 per month for children aged 19-23 months. The benefit is neither needs- nor income-tested and is tax free. Half the amount is payable if a child attends kindergarten on a part-time basis of up to 19 hours per week.

A voluntary municipal minding contribution was introduced on 1 July 2008. Local authorities may grant a minding contribution of a maximum of SEK 3 000 for children between one and three years who are not making use of any child-minding schemes. The minding contribution cannot be combined with parental benefits for the recipient or his/her cohabiting partner or spouse. The minding contribution is tax free.

Moreover, there are schemes in Norway, Finland and Sweden entitling parents to stay at home without pay to take care of their children.

**Table 3.10 Rules applying to leave schemes concerning child minding as per December 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits			Hemvårdsstöd		Forældrepenge	Vårnadsbidrag
Leave schemes for people in gainful employment?	No <sup>1)</sup>	No	Yes	No	Yes	Yes
Length of leave period	-	-	Until the child turns 3 years	-	<sup>1)</sup>	From the child turns 1 year to it turns 3 years
Amount of user charges in national currency	-	-	337 per month + 101 for additional children under 3 years + 65 for each additional child under 7 years + income-tested supplement of a maximum of 180	-		Up to 3 000 per month per child
The amount of the supplement in PPP			419; 126; 81; 224			254
Number of children covered by the scheme	<sup>2)</sup>		92 210			7 473 <sup>3)</sup>

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Kela; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The parental benefits period may be prolonged until the child has turned three years in combination with part-time work
- 2 Days can be taken until the child turns 8 years or finishes the first grade
- 3 Number of children receiving municipal care during 2012

## Minding of Ill Children

In all Nordic countries, parents are to some extent entitled to stay at home to mind an ill child. In Norway and Sweden, this right is governed by law and in the other countries by collective agreements.

In all the countries, parents themselves decide whether the mother or the father shall stay at home to mind a child. In Sweden, it is also possible for an insured person other than one of the parents to take time off to mind an ill child and to draw daily

cash benefits. In Norway, single providers are entitled to 20 days of absence and couples to 10 days of absence each to mind an ill child.

As to the length of the period in which one is entitled to stay at home to mind an ill child, the scheme is most generous in Sweden, allowing 120 days per year per child, and least so in Denmark, the Faroe Islands and Iceland.

In Denmark, the Faroe Islands, Iceland and Norway, full pay compensation is made, however, in connection with child minding during short-term illness.

In Finland, the same rules apply as to sickness benefits. In some business sectors, full compensation is payable when minding children suffering from short-term illness.

In Sweden, a compensation corresponding to not quite 80 per cent of one's income from work is payable up to a certain income level (corresponding to the upper limit for sickness benefits).

In all the countries, there are furthermore special rules applying to the minding of chronically or seriously ill children.

## Child Allowance

In all the countries, an allowance is payable for children. The allowances are tax free and independent of parents' income, with the exception of Iceland, where the child allowance is income-tested. In Iceland, a fixed amount is payable irrespective of income as from 2001, however, as an extra supplement for all children under the age of seven. In Denmark, the Faroe Islands, Iceland and Norway, the allowance is payable until a child reaches the age of 18; in Finland, until a child reaches the age of 17; and in Sweden, until a child reaches the age of 16 years - 20 years, however, if a child receives education. In all the countries, with the exception of the Faroe Islands, child allowances are financed by Central Government. In the Faroe Islands, local authorities finance just under half of the expenditure on child allowances by way of a deduction from one of the parents' income. This will be in the form of a tax deduction for one of the parents. If the deduction is not used in full, the residual amount shall be payable to the parent concerned.

**Table 3.11 Rules applying to child allowance, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Børne- og ungedydelse (børne-check)	Barna-afdráttur	Barnbidrag	Barna-bætur	Barne-trygd	Barnbidrag
Child allowance income-tested?	No <sup>1)</sup>	No	No	Yes	No	No
Child allowance exempt from tax?	Yes	Yes	Yes	Yes	Yes	Yes
Equal allowances granted for children of all age groups?	No/Yes <sup>2)</sup>	Yes	Yes	No	Yes	Yes
Supplements payable for any additional children?	No	No	Yes	Yes	No	Yes
Extra child allowance payable to single parents?	Yes	Yes	Yes	Yes	Yes	No
Special child allowances granted to special groups?	Yes <sup>3)</sup>	No	No	No	No <sup>4)</sup>	No

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, Kela; IS, Statistics Iceland; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The special child allowance, which will be granted where one or both a child's parents have been granted disability pension before 1 January 2003 or retirement pension, is, however, income-adjusted. Child allowances to special groups of children receiving education are also income-adjusted
- 2 The child and youth allowance is age-dependant; other child allowances are not age-adjusted.
- 3 Supplement for multiple children born in multiple births
- 4 A special supplement to the child allowance is payable in Norway for children residing in the Finnmark, a few municipalities in the northernmost part of Troms and on Svalbard



**Table 3.12 The annual amount of child allowance, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK <sup>(1)</sup>	DKK	EUR	ISK <sup>(2)</sup>	NOK <sup>(3)</sup>	SEK
Couples with:						
1 child	13 608	12 616	1 250	-	11 640	12 600
2 children	27 216	25 232	2 632	57 959	23 280	27 000
3 children	40 824	37 848	4 395	133 790	34 920	45 048
Single parent with:						
1 child	24 076	19 144	1 833	302 490	23 280	12 600
2 children	42 868	38 288	3 797	563 245	37 920	27 000
3 children	61 660	57 432	6 143	824 001	46 560	45 048
<i>Allowance in PPP-EURO</i>						
Couples with:						
1 child	1 263	1 171	1 006	-	901	1 065
2 children	2 525	2 341	2 118	318	1 803	2 283
3 children	3 788	3 512	3 536	733	2 704	3 809
Single parent with:						
1 child	2 234	1 776	1 475	1 657	1 803	1 065
2 children	3 978	3 553	3 055	3 086	2 937	2 283
3 children	5 722	5 329	4 942	4 515	3 606	3 809

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, Kela; IS, Statistics Iceland; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 Calculations were made on the basis of a family allowance for 3-6 year-olds of DKK 13 500 per year to both single parents and couples. The allowance for the 0-2 year-olds amounted to DKK 17 064 per year, and to DKK 10 632 per year for the 7-14 year-olds. The youth allowance for the 15-17-year-olds amounted to DKK 10 632
- 2 In Iceland, the amount of the allowance is subject both to the number of children in a family and to the family income. The maximum allowance to a couple with one child aged 1-18 years is ISK 167 564 and ISK 279 087 to single parents. For each child in addition to the first one, a maximum of ISK 199.455 is payable to cohabiting couples and ISK 286 288 to single parents. Besides, a supplement of ISK 100 000 is payable for children between 0 and 6 years, irrespective of income. Where a couple's annual income (in 2012) exceeds ISK 4 800 000 and that of a single parent ISK 2 400 000, the allowance will be reduced by 3 per cent of the earnings exceeding the maximum amount for one child, 5 per cent for two children and 7 per cent for three or more children. The reduction of the allowance for children aged 1-6 years is 3 per cent and for one child 6 per cent. For two children and 9 per cent. For three or more children. All calculations in the Table were made for one child under 7 years and the average annual income for couples with children and for single parents
- 3 Single providers with young children aged 0-3 years are granted a supplement (Barnetrygd) of NOK 7 920 irrespective of the number of their children. In addition, NOK 3 840 are payable per child to recipients living in Northern Troms, the Finnmark and on Svalbard

## Advance on Maintenance Allowance for Children

For children whose parents do not live together, a maintenance allowance will normally be payable by the parent not living with the child. A maintenance allowance for children will be fixed in connection with dissolution of marriage and as part of the legal proceedings in connection with birth of a child out of wedlock. The allowance will be fixed either according to agreement between the parents, by way of a court decision or a decision rendered by the local authorities.

In Denmark, Finland and Sweden, people with high incomes may be ordered to pay a higher amount than the standard allowance.

In Norway, the allowance is based on the principle that the mother and the father share the expenses for the maintenance of the child in relation to their financial abilities. The division between the parents takes into consideration the time the contributor spends with the children so that parents spending a lot of time with the children pay a smaller contribution. Entitlement to advances on the maintenance allowance depends on the recipient's income level.

Where the party liable to pay does not comply on time, the public authorities may in all the Nordic countries pay the party entitled to the allowance in advance. In Denmark, the Faroe Islands, Iceland and Finland, only an amount equalling the ordinary allowance shall be payable in advance. In Norway, the allowance advance is income-adjusted. The age limit for entitlement to payment in advance of the maintenance allowance is 18 years. In Iceland, Finland and Sweden, the period may be extended to 20 years if a child is receiving education.

**Table 3.13 The amount of the maintenance allowance advances 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway <sup>1)</sup>	Sweden
Maximum amount per child per year, national currency	14 964	12 888	1 822	302 100	17 220	15 276
Maximum amount per child per year in PPP Euro	1 389	1 196	1 466	1 655	1 334	1 291

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, Kela; IS, Social Insurance Administration; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

1 Maximum maintenance allowance advances (annual average). There are three different advance rates depending on the recipient's income. National term: "barnebidrag"

**Table 3.14 Number of children receiving maintenance allowance advances as percentages of the population under 18 years, 2000-2013**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>2)</sup>
2000	14	9	10	19	18	16
2005	13	9	9	19	14	13
2010	17	8	9	18	11	12
2012	17	..	9	18	10	11
2013	.	12	9	18	10	11

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Kela; IS, Social Insurance Administration; NO, Nav (Work in Norway); SV, The Swedish Social Insurance Agency

1 The statistics include only the number of children under 18 years. The statistics on child allowance was discontinued as from 2012

2 Number of children under 19 years

## Other Social Benefits

In Norway, tax relief for minding children supplements the ordinary child allowance. The expenditure on this relief is, however, not included in the social expenditure statistics. The social security fund may also grant single providers a so-called transi-

tion allowance for maintenance, financial support towards child minding and education grants.

Child pension is payable to children who have lost one or both parents.

In Finland, Iceland, Norway and Sweden, a child pension has been introduced in the form of a basic pension and a supplementary/employment pension. In Denmark, a special child allowance is payable. Child pension is described in detail in Chapter 6.

## Services to Families and Children

In the Nordic countries, it has been decided to provide children and families with an extensive service on a daily basis. The responsibility for the operation of such services rests basically with the local authorities who provide day-care institutions for children and adolescents, pre-school classes, family day care, child-minding in the homes as well as child and youth welfare schemes.

Children who are physically or mentally disabled will, as far as possible, be integrated in the general care schemes.

In all the countries, families with children may, in exceptional cases, be granted home help. This applies for example where the person taking care of the home and the children is unable to do so due to illness, childbirth or the like.

Families may furthermore be granted assistance in order to avoid that children and adolescents be placed away from their homes.

### Day Care Institutions and Family Day Care

#### *Day care institutions for pre-school children*

Children of pre-school age are received in day care institutions. In all the countries, both full-time and part-time places are available.

In Denmark, Finland and Norway, parents may, according to slightly dissimilar rules, be granted a cash amount for minding their children in their own homes.

In all the countries, local authorities must ensure that there are a sufficient number of places available. There are, however, also private minding schemes.

In Denmark, a national child-minding guarantee was adopted in 2004 to the effect that local authorities are obliged to supply places in day care facilities adjusted to the children's ages to all children from the age of 26 weeks and until school start.

Moreover, parents are entitled to choose a place in a day care facility in another municipality. Local authorities may, however, decide to close the waiting lists for admission of children from other municipalities for capacity reasons.

In the Faroe Islands, local authorities are not obliged by law to supply all children with a kindergarten place.

In Finland, all children under seven years are entitled to a place in a municipal day care institution or in family day care. Parents may also have their children looked after in a private home with municipal subsidies. The Social Insurance Institution

pays the amount direct to the institution/private individual looking after the child/children.

In Iceland, some municipalities subsidize minding of small children in family day care, if they are waiting for a place in a municipal day care institution. Rules and amounts vary.

In Norway, the local authorities are obliged to provide places in kindergartens. Children turning one year before the end of August are upon application entitled to a place in a kindergarten from the month of August that year. The child is entitled to a place in the municipality in which it lives.

In Sweden, pre-school activities include all activities for children from one year to school age. The activities may be “pre-school” family day care or day-care institutions with pre-school activities. The municipalities are obliged to provide pre-school activities or family day care to:

- children, whose parents work or study
- children, whose parents are unemployed or on parental leave. In such cases, children must be offered at least three hours per day or 15 hours per week
- children, who are in need of such activities

A place must be provided without any unnecessary delay, i.e. within four months after parents have enrolled a child. Local authorities must take into due consideration parents’ wishes as to type of minding, and the place should be provided as close to a child’s home as possible. Moreover, all children must be offered at least 525 hours free of charge at a pre-school from the autumn in which they turn three (the so-called ordinary pre-school). From 1 July 2009, family day care homes shall be replaced by educational care. This will be a total concept for family day care in several varieties.

### ***Family day care***

Municipal family day care exists in all Nordic countries. These schemes mainly cover pre-school children. Municipal child-minders are employed and paid by the local authorities and receive children in their homes. As is the case with places in day care institutions, parents pay for having their children minded in family day care. In all the countries, there is also private family day care run without any subsidies from public authorities, with the exception of Norway. These types of child-minding are not included in the Nordic social statistics, but such statistics exist in Sweden.

### ***Pre-school classes***

In several of the countries, special classes preparing young children for school have been established but according to somewhat different rules. After school hours, children may participate in after-school clubs or day care institutions.

In Denmark, the pre-school class is subject to compulsory education. The annual number of lessons is at least 600 class hours, corresponding to 20 hours a week in lessons of 45 minutes spread over 200 school days.

In Denmark, Iceland and Norway, the compulsory school age is 6 years. On the Faroe Islands, in Finland and Sweden, it is 7 years.

In the Faroe Islands, only a few schools provide pre-school classes.

In Finland, 6 year-olds are entitled to a pre-school place free of charge. The scheme comprises 700 hours per year. The scheme is not compulsory, but almost all 6 year-olds participate in measures preparing them for school.

In Sweden, the local authorities are obliged to provide all 6 year-olds with a minimum of 525 hours in a pre-school class. In the autumn 2013, 96 per cent of all 6-year-olds attended pre-school classes, whereas 1 per cent had already started in primary school. All 6 year-olds are entitled to start school if their parents so wish. After school, children from pre-school classes and primary school may stay in the after-school clubs.

### ***Children of school age***

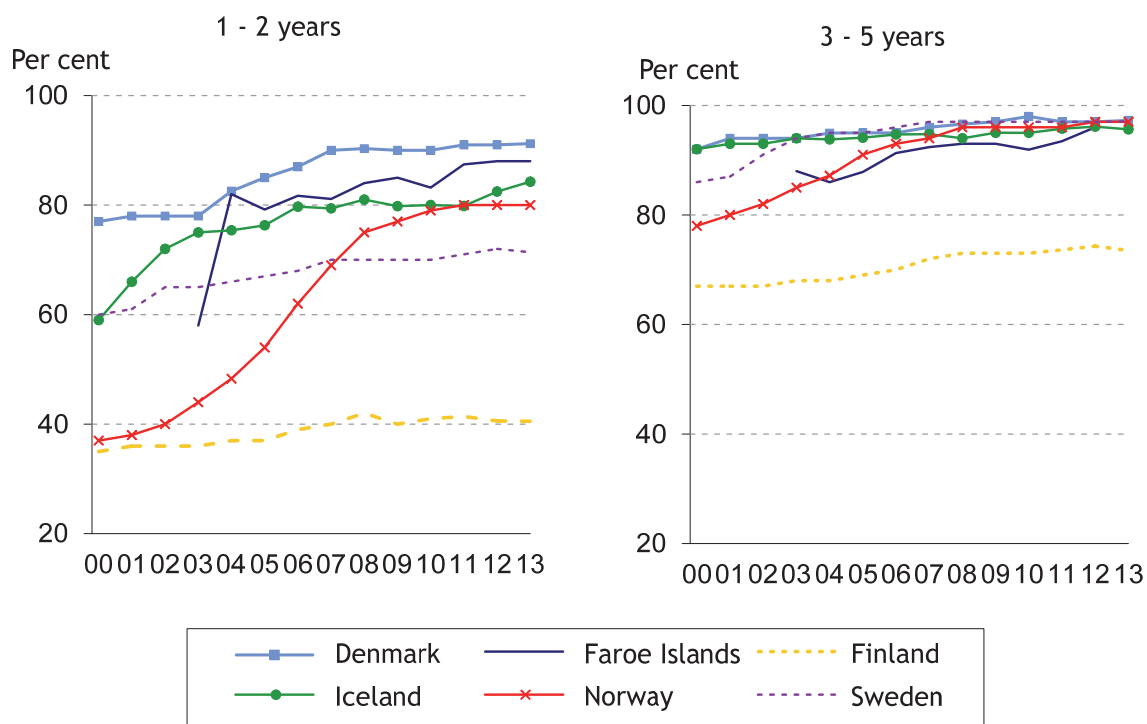
In all the countries, there are day-care options for children of school age. Minding may either take place in special youth centres for children of school age or be integrated in the minding of pre-school children in day-care institutions. In Norway, the responsibility for the development of after-school clubs is placed with the school sector. This also largely applies in Denmark, Iceland and Sweden. The range of offers varies from one municipality to another.

There are different upper age limits to entitlement to places at youth centres/after-school clubs. In Denmark, the age limit is 10 years in some municipalities and 14 years in others. In principle, a Danish after school club scheme may include children of all age groups at the school in question, i.e. also club-like activities for the older pupils. In the Faroe Islands, the largest municipalities provide after-school clubs up to and including 2nd grade. In smaller municipalities, day-care schemes are applied until the corresponding age level. In Finland, there is normally no age limit, but in special cases it may be 10 years. In Iceland, it is 9 years, in Norway 10 years and in Sweden 12 years. In Norway, local authorities must provide after-school clubs for children in the 1st to the 4th grade and for children with special needs from 1st to 7th grade.

### ***Children enrolled in day care institutions and publicly financed day care***

The number of children who are covered by day care schemes in day care institutions and family day care varies significantly from one country to another. Some of the reasons for this are the extent of the unemployment and the fact that the youngest pupils in pre-school classes in Denmark also spend time in youth centres and after-school club schemes after, and in many places also before, the start of the daily school education. The low figures for the 1-2 year-olds in Finland are a result of the home-care allowance option. In Sweden, the long maternity-leave period also plays a significant part.

**Figure 3.6 Children 1-5 years enrolled in day care institutions and publicly financed day care as percentages of the age group, 2000-2013**



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Statistics Finland and Kela; NO, Statistics Norway; SV, The Swedish National Agency for Education

- 1 For Denmark and Finland, the figures include children in privately and non-profit publicly subsidized minding facilities
- 2 For Denmark, it applies that children in day schools, after-school clubs and youth clubs are also included
- 3 The Norwegian figures include children in public and private kindergartens

**Table 3.15 Rules applying to child minding in public day care institutions and family day care, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this table	Dagtilbud	Foreldragjald	Barndagvården		Foreldrebetaling i barnehage	Föräldrabavgift
<i>Children of pre-school age</i>						
All children entitled to a place in a day-care institution/ family day care?	Yes	No	Yes	No	Yes <sup>5)</sup>	Yes <sup>2,4)</sup>
Centrally laid down rules governing user payment?	Yes	Yes	Yes	No	Yes	Yes
Upper limit to the user-payment amount? If yes, amount should be stated.	Yes	No	Yes	Yes	Yes <sup>6)</sup>	Yes
Option of full-time or part-time places free of charge?	Yes	Yes	Yes	No	Yes	Yes
<i>Children of school age</i>						
All children entitled to a place in a youth club/after-school club scheme?	Yes <sup>1)</sup>	No	No	Yes	No	Yes <sup>3)4)</sup>
Centrally laid down rules governing user payment?	Yes	Yes	Yes	No	Only actual expenses will be covered	Yes
Upper limit to the user-payment amount?	Yes	No	Yes	No	Decided by the local authorities	Yes
Option of full-time or part-time places free of charge?	Yes	Yes	Yes	Decided by the local authorities	Decided by the local authorities	Yes
Age limit to minding of children of school age	Until 14 years	None	The special needs of children must be met	6-9 years	Up to and including 10 years and 12 years for children with special needs	6-12 years

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Nav (Work in Norway); SV, The Swedish National Agency for Education

- 1 All children are entitled to be registered for a place, and the local authorities must provide an adequate number of places, but there is no minding guarantee as for children aged 0-6 years
- 2 Must be provided for children whose parents work, study, are on parental leave or are unemployed. Children who for physical, mental or other reasons need special support in their development must also be provided with places in children's institutions
- 3 Must be provided if the parents work or study
- 4 Must be provided if the child have special needs due to the families' situation in general, or if the child for physical, mental or other reasons needs special support in its development
- 5 For children turning 1 year before the end of august of the year in which an application is submitted for kindergarten place
- 6 2 330 per month for the first child in the family, 70 p.c. of that amount for the second child and 50 p.c. for the third or any subsequent children in the family

**Table 3.16 Children enrolled in day care institutions and municipal family day care as percentages of the age group, 2000-2013**

	Denmark <sup>1)2)</sup>	Faroe Islands	Finland <sup>1)</sup>	Iceland <sup>1)</sup>	Norway <sup>3)</sup>	Sweden
<b>2000</b>						
< 1 Year	15	..	2	7	2	.
1-2 Years	77	..	35	59	37	60
3-5 Years	92	..	66	92	78	86
0-5 Years Total	75	..	46	68	52	66
6 Years	90	..	67	.	.	77
0 - 6 Years Total	77	..	49	.	.	68
7-10 Years	63	..	3	.	.	51
<b>2005</b>						
< 1 Year	15	21	1	6	3	-
1-2 Years	85	79	37	76	54	67
3-5 Years	95	88	69	94	91	95
0-5 Years Total	79	74	47	73	64	71
6 Years	88	83	67	.	.	84
0-6 Years Total	80	75	50	.	.	73
7-10 Years	63	28	1	.	.	61
<b>2010</b>						
< 1 Year	17	15	1	7	4	.
1-2 Years	90	83	41	80	79	70
3-5 Years	98	92	73	95	96	97
0-5 Years Total	82	76	50	75	75	74
6 Years	92	98	71	.	.	86
0-6 Years Total	84	79	53	.	.	75
7-10 Years	76	32	3	.	.	69
<b>2012</b>						
< 1 Year	19	23	1	7	4	.
1-2 Years	91	88	41	82	80	72
3-5 Years	97	96	74	96	97	97
0-5 Years Total	83	82	51	77	76	75
6 Years	94	94	71	.	.	86
0-6 Years Total	85	84	54	.	.	77
7-10 Years	78	37	2	.	.	71
<b>2013</b>						
< 1 Year	19	20	1	6	3	0
1-2 Years	91	88	41	84	80	71
3-5 Years	97	95	74	96	97	97
0-5 Years Total	83	81	51	78	76	75
6 Years	94	.	71	.	.	85
0-6 Years Total	85	.	54	.	.	76
7-10 Years	78	38	2	.	.	71

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Statistics Finland and Kela; IS, Statistics Iceland; NO, Statistics Norway; SV, The Swedish National Agency for Education

- 1 Figures are including children in subsidised private day care and non-profit child-minding
- 2 Children in day schools, after school clubs and youth clubs are also included
- 3 Includes children in public and private kindergartens



**Table 3.17 Children enrolled in day care institutions and municipal family day care (1 000), 2000-2013**

	Denmark <sup>1 2)</sup>	Faroe Islands	Finland <sup>1)</sup>	Iceland <sup>1)</sup>	Norway <sup>3)</sup>	Sweden
<b>2000</b>						
< 1 year	10	..	1	0	1	-
1-2 years	103	..	40	5	44	111
3-5 years	192	..	122	12	144	242
0-5 years Total	306	..	163	17	189	353
6 years	65	..	44	.	.	81
0 - 6 years Total	370	..	207	.	.	434
7-10 years	171	..	8	.	.	255
<b>2005</b>						
< 1 year	10	0	1	0	2	-
1-2 years	110	1	41	7	62	136
3-5 years	189	2	117	12	159	271
0-5 years Total	310	3	159	19	223	407
6 years	60	1	38	.	.	76
0 - 6 years Total	369	4	197	.	.	484
7-10 years	176	1	3	.	.	238
<b>2010</b>						
<1 year	11	0	1	0	3	.
1-2 years	118	1	49	8	99	158
3-5 years	192	2	131	13	175	317
0-5 years Total	322	3	180	21	277	475
6 years	61	1	41	.	.	91
0-6 years Total	382	4	222	.	.	566
7-10 years	202	1	2	.	.	275
<b>2012</b>						
<1 year	11	0	1	0	2	.
1-2 years	114	1	50	8	100	166
3-5 years	192	2	135	14	183	331
0-5 years Total	316	3	185	22	286	497
6 years	62	1	43	.	.	95
0-6 years Total	378	4	228	.	.	592
7-10 years	202	1	1	.	.	300
<b>2013</b>						
<1 year	11	0	1	0	2	0
1-2 years	109	1	50	8	99	163
3-5 years	191	2	136	14	186	339
0-5 years Total	311	3	185	22	287	503
6 years	61	.	43	.	.	96
0-6 years Total	372	.	228	.	.	599
7-10 years	205	1	1	.	.	309

Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI, Statistics Finland and Kela; IS, Statistics Iceland; NO, Statistics Norway; SV, The Swedish National Agency for Education

- 1 Figures are including children in subsidised private day care and non-profit child-minding
- 2 Includes children in public and private kindergartens
- 3 Children in after school clubs and youth clubs are also included

## Child and Youth Welfare

In all the Nordic countries, various forms of preventive measures are taken to further the upbringing of children and adolescents in safe and comfortable environments. These may comprise both general measures and measures specifically aimed at individual children or adolescents.

Legislation in the various countries also allows the public authorities to step in lending support or to place a child in care if the circumstances so warrant.

### *Preventive measures*

Preventive measures exist in all the Nordic countries either focusing on the family or the child. Preventive measures may be taken by way of advisory services, practical educational support in the homes, family treatment, stays in residential institutions for both parents and children, contact or support persons for the entire family, or financial support with a view to avoiding placement of children away from their homes.

**Table 3.18** Children and adolescents receiving support measures during the year

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>2)</sup>	Norway <sup>3)</sup>	Sweden <sup>2)</sup>
	2013	2013	2012	2013	2012	2013
0-17 years	12 493	348	77 577	4 358	33 866	24 784
in p.c. of the age group	1.0	2.8	7.2	5.0	3.0	1.3
18-22 years	2 050	76	9 619	111	2 122	4 302
in p.c. of the age group	0.6	2.2	4.8	1.0	0.6	1.2

Source: DK, Statistics Denmark; FO, Government Agency for Child Protection; FI National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, The National Board of Health and Welfare

1 Include children (net), who have only received preventive measures

2 Years: 0-17, 18-20

3 Figures for Norway show support measures for children not placed in care. No age data have been provided for 24 people

### *Placement away from home*

In all the countries, it may become necessary to place a child away from its home. The reason may be that parents need help to bring up the child, or that the child's health or development is threatened due to neglect. Measures may also be taken if young people themselves expose their health or development to grave danger, e.g. through alcohol and/or drug abuse or crime.

Most placements of children away from their homes take place with the consent of the children's parents. Formally, most of the placements in Norway are involuntary as they are performed by the county authorities.

In all the countries, children may also be placed away from their homes without the consent of their parents. In Finland and Sweden, this is done following a court decision. In Denmark and Iceland, special municipal child and youth committees decide whether or not a child is to be placed away from its home. In Norway, the gov-

ernment committees decide whether the Child Welfare Service must assume care of a child and place it away from its home, but the law also allows for a child to be placed away from its home without any decision being made by the welfare service as to assumption of care. In the Faroe Islands, the National Child Welfare Service makes the decision upon recommendation from the local child welfare service.

The number of children placed away from their homes varies from one country to another, and the ratio has gone up in recent years for Finland, Norway and Sweden. In Finland, the placement frequency is somewhat higher than in the other Nordic countries.

Especially in the older age groups, more boys than girls are placed away from their homes, whereas the differences within the younger age groups are considerably smaller.

In Denmark, there is a variety of placement facilities, and one fifth of the children and adolescents aged 0-17 years in care are placed at facilities other than foster care and residential institutions. Such other facilities mainly consist of socio-educational facilities but also rooms, boarding schools, lodgings, continuation schools, etc.

In the Faroe Islands, the authorities use placement facilities in Denmark. The share of Faroese children and youth that is placed in institutions in Denmark makes up about 2 per cent of the total amount, cf. Table 3.20.

That also applies to some extent to Finland and Sweden. In the category Other facility is also included placement in one's own home and in one's own room with support in Finland and in one's own home, own room or child-psychiatric clinic in Sweden.

**Table 3.19** Children and adolescents placed away from their homes, by age and per 1 000 inhabitants in the respective age groups, 2000-2012

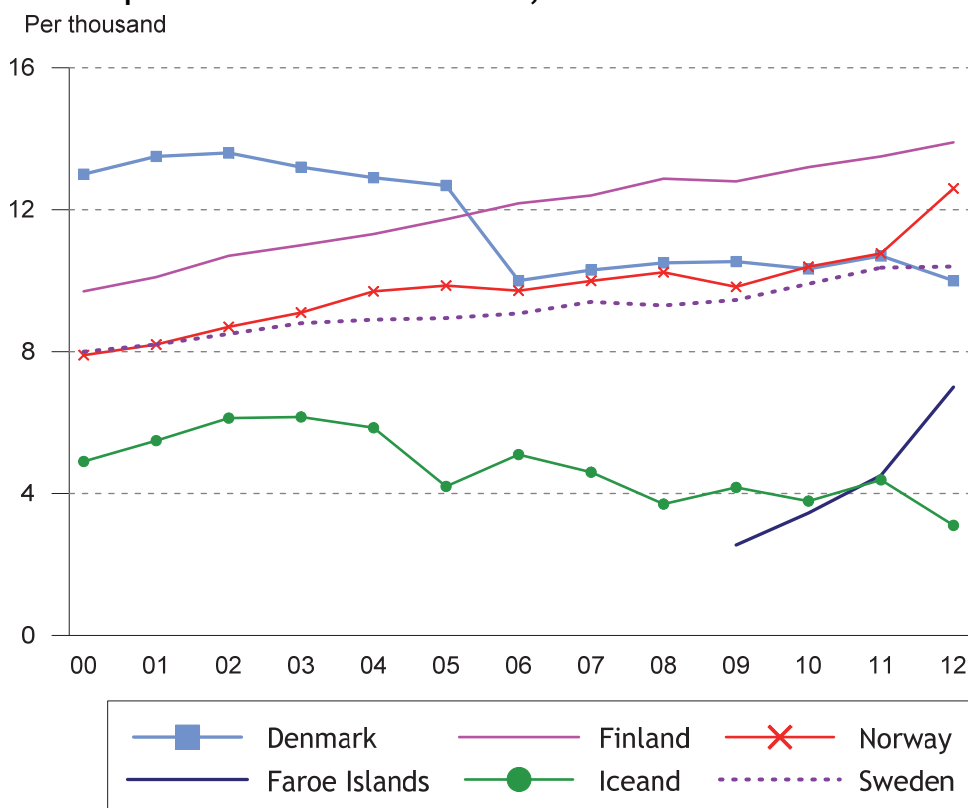
	2000	2005	2010	2012		
				Total	Boys	Girls
<i>Denmark<sup>1)</sup></i>						
0-6 years	4.0	3.3	4.2	4.1	4.2	4.1
7-14 years	11.6	10.9	10.7	9.8	10.5	9.1
15-17 years	26.8	25.9	26.0	22.8	23.8	21.6
0-17 years	10.6	10.3	10.9	10.0	10.5	9.4
<i>Faroe Islands</i>						
0-6 years	..	..	0.6	3.5	3.8	3.2
7-14 years	..	..	4.0	7.5	9.0	5.8
15-17 years	..	..	8.1	8.5	7.3	9.8
0-17 years	..	..	3.4	7.0	7.8	6.0
<i>Finland</i>						
0-6 years	5.7	6.7	7.3	7.5	7.7	7.2
7-14 years	9.6	11.1	13.2	13.8	15.1	12.6
15-17 years	16.1	20.9	25.9	28.7	27.7	29.8
0-17 years	9.2	11.4	13.2	13.9	14.3	13.5
<i>Iceland<sup>2)</sup></i>						
0-6 years	2.5	0.6	0.5	1.2	1.1	1.2
7-14 years	4.5	2.9	3.0	2.6	2.6	2.6
15-18 years	8.3	12.5	15.7	11.6	10.8	11.2
0-20 years	4.8	4.1	3.8	3.1	3.0	3.0
<i>Norway</i>						
0-6 years	3.6	4.1	4.8	6	5.8	5.7
7-14 years	7.9	8.8	10.5	12	12.1	10.8
15-17 years	17.4	18.0	22.5	23	23.5	21.4
0-19 years	..	..	..	13	13.3	11.7
<i>Sweden</i>						
0-6 years	3.6	3.9	4.1	4.6	4.6	4.6
7-14 years	7.1	7.7	8.4	9.0	9.5	8.5
15-17 years	16.8	17.1	24.6	33.9	43.4	23.8
0-17 years	..	..	..	10.4	11.7	9.0

1 Including children and adolescents with reduced physical and/or mental abilities. The figures have been calculated on the basis of the number of children and adolescents who have been placed away from their homes as per 31 December and the population figures as per 1 January the following year. Figures for 2007 and later are not comparable with figures from previous years due to use of a different calculation method

2 Before 2008, the age groups are 0-6 years, 7-14 years, 15-18 years and 0-18 years

Source: DK, The National Social Appeals Board and Statistics Denmark; FO, Government Agency for Child Protection; FI, National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, The National Board of Health and Welfare

**Figure 3.7** Children and adolescents aged 0-17 years placed away from their homes per thousand of total number, 2000-2012<sup>1)</sup>



Source: FO, Government Agency for Child Protection; FI, National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection

1 Iceland 0-20 years, Norway 0-19 years

**Table 3.20** Children and adolescents in placements per 31 December in the year, broken down by placement facility, as percentages

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway <sup>3,4)</sup>	Sweden <sup>5)</sup>
	2013	2013	2012	2012	2012	2013
Family care	58	77	59	54	69	61
Residential institution	21	23	31	24	15	37
Other place	21	0	10	25	16	2
Total	100	100	100	100	100	100

Source: DK, The National Social Appeals Board; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, The National Board of Health and Welfare

1 Preliminary figures for the third quarter of 2013

2 Iceland during the year

3 As from 2007, own accommodation/room and accommodation with follow-up services are included in the category "Other facility"

4 Norway 0-22 years

5 1 November 2012. Family care includes standby homes and network homes. Residential institutions include care homes and homes with special supervision

## Expenditure on and Financing of Cash Benefits and Services to Families and Children

### *Differences and similarities in the expenditure on families and children*

The amounts spent by the Nordic countries on families and children in PPP per child 0-17 years vary highly. Denmark and Norway spend the most and Finland, Iceland and Sweden spend the least. It should be mentioned, however, that only Finland and the Faroe Islands have included salaries and wages in connection with childbirth and adoption in the social expenditure.

A more detailed picture appears from the distribution on the individual benefit areas.

Sweden and Norway, who have the largest expenditure on daily cash benefits in connection with childbirth and adoption, also have the longest leave schemes. In Denmark, cash benefits to parents minding children cover leave schemes for child-minding; in Finland, allowances for minding children in the home. In Norway, the amount covers expenditure on a child-minding scheme. This is a scheme aimed at granting single providers a subsidy towards child minding to enable them to be professionally active. Similar allowances do not exist in the other countries.

Expenditure on other cash benefits mainly consists of the public authorities' advance payment of maintenance allowances to children, where Iceland spends the most.

In Denmark, the expenditure on day care institutions and residential institutions, preventive measures, etc., is considerably higher than in the other countries. There are certain parallels in the expenditure on day care institutions and the degree of coverage in the various countries. As the expenditure on after-school-club schemes is not included in the social expenditure, there is no direct connection between expenditure and the degree of coverage.

That the expenditure on residential institutions, preventive measures, etc., in Denmark is considerably higher than in the other countries is a result of the number of children and adolescents placed away from their homes being relatively high.

### *Changes in the social expenditure on families and children from 2011 to 2012*

In Denmark, the expenditure on both cash benefits and services decreased from 2011 to 2012. The total decrease was about DKK 1 656bn, equalling a decrease of 2.2 per cent. The steepest decrease took place in the expenditure on services which decreased by DKK 1 035bn, equalling a decrease of 2.3 per cent. Particularly the expenditure on maternity benefits has decreased. The expenditure on cash benefits decreased by DKK 622mn, equalling a decrease of 2.1 per cent. The decrease particularly occurred in the expenditure on day care institutions and family day care.

In the Faroe Islands, the social expenditure on families and children decreased from 2011 to 2012 by 1.6 per cent, equalling a decrease of DKK 12mn. This decrease covered an increase in the expenditure on daily cash benefits and maintenance sup-

plement, equalling a drop in the expenditure on day care institutions and family day care

In Finland, the expenditure increased by 1.9 per cent at constant prices. The expenditure on cash benefits decreased by 0.3 per cent, while the expenditure on services increased by 4.1 per cent.

In Iceland, the social expenditure on families and children decreased by 4.1 per cent from 2011 to 2012 at constant prices. The expenditure on cash benefits decreased by 8.7 per cent at constant prices, which was a result of both a decrease in the daily cash benefits payable in connection with childbirth of 8.7 per cent and a decrease in the supplement towards providing for children of 11.2 per cent. The expenditure on cash benefits decreased by 0.6 per cent.

In Norway, the expenditure on families and children increased by 5.5 per cent from 2011 to 2012 at constant prices. Cash benefits amounted to 41.1 per cent of the total expenditure on families and children in 2012. The expenditure on daily cash benefits in connection with childbirth and adoption increased by 5.2 per cent. The increase in the expenditure on services (day care institutions and family day care) was 6.0 per cent.

In Sweden, the expenditure on families and children increased by 2.2 per cent at constant prices. Cash benefits increased by 0.5 per cent, the expenditure on daily cash benefits to parents in connection with birth and adoption increased, while the expenditure on supplements towards providing for children decreased. Between 2011 and 2012, the expenditure on services increased the most, by 3.7 per cent at constant prices.

**Table 3.21 Expenditure on and financing of cash benefits and services to families and children, 2012, in national currency**

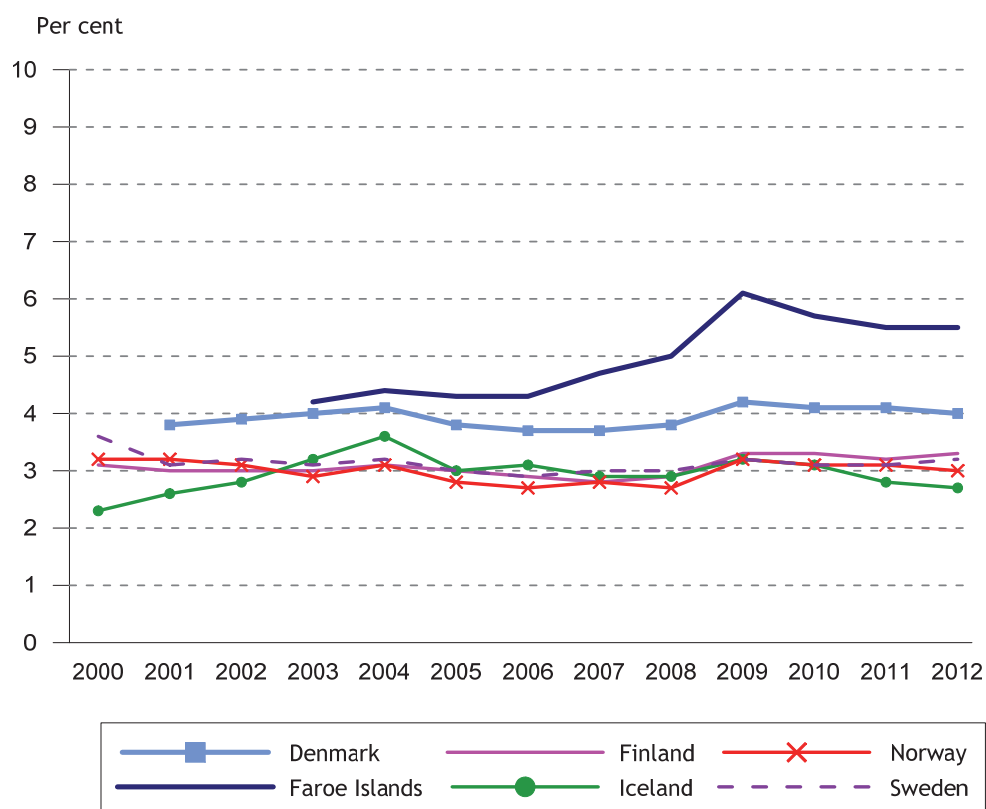
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Daily cash benefits in connection with childbirth and adoption	9 220	196	1 082	7 786	16 090	26 541
B. Birth allowances	-	0	12	-	352	19
C. Parental benefits when mind-ing children (leave schemes, etc.)	55	-	386	-	1 265	130
D. Family or child allowances	19 379	145	1 490	8 561	15 059	24 281
E. Supplements	-	-	-	-	-	-
F. Other	559	13	86	2 809	3 463	2 064
a. of which advances on maintenance allowances to children	-	2	86	1 183	474	2 064
Cash benefits, total	29 213	355	3 061	19 156	36 229	53 035
<i>Services, million</i>						
A. Day care Institutions and family day care	26 506	297	2 195	16 315	35 796	38 711
B. Residential institutions (child and youth welfare)	8 972	89	663	4 264	9 548	11 188
C. Home help to families	-	-	23	476	1 281	3 118
D. Other	8 787	7	447	6 007	5 388	5 909
Services, total	44 265	392	3 327	27 062	52 012	58 926
Total expenditure, million	73 479	748	6 388	46 218	88 240	111 961
Expenditure as percentage of GDP	4.0	5.5	3.3	2.7	3.0	3.2
<i>Financed by (per cent)</i>						
- Public authorities	100.0	86.0	84.1	78.4	83.7	75.5
- Employers	0.0	6.8	11.6	21.6	9.5	23.8
- The insured (contributions and special taxes)	0.0	7.3	4.3	0.0	6.7	0.8
<i>Changes 2011-2012 in terms of 2012 prices</i>						
- Million	-1 656	-12	121	-1 999	4 190	2 364
- Per cent	-2.2	-1.6	1.9	-4.1	5.0	2.2

Source: DK, Statistics Denmark; FI National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden



**Table 3.22 Expenditure on cash benefits and services to families and children, PPP, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	485	683	463	339	572	474
- Per child 0-17 years	2 265	2 649	2 319	1 364	2 561	2 347
Services, total per capita	735	754	503	480	821	527
- Per child 0-17 years	3 432	2 926	2 520	1 927	3 677	2 608
Families and children, total per capita	1 219	1 437	966	819	1 393	1 001
- Per child 0-17 years, in total	5 697	5 575	4 839	3 291	6 238	4 955

**Figure 3.8 Expenditure on benefits to families and children, 2000-2012, per cent of GDP**

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

### *User charges payable for child-minding*

In all the Nordic countries, parents pay part of the costs for having their children minded in day-care institutions and day care. When parental charges are calculated, a family's income is normally taken into account, and discounts are given for siblings if parents have several children in day care, youth club or after school club. Children of parents who have a very low income may in all the countries, with the exception of Sweden, be granted a place free of charge, so that the place in a day care institution or day care is free of charge. In none of the countries may payment exceed the actual costs of a place.

In all the countries, with the exception of Iceland, centrally laid down rules govern user payment for child minding.

In Faroe Islands, the national authorities lay down rules applying to as well as the level of award of places free of charge, and the municipalities administer and finance the scheme.

In Finland, the local authorities decide whether or not they will grant places free of charge.

In Iceland, user payment for places in the municipal day care institutions amounted to 15.4 per cent of the total running costs, and user payment for after-school clubs amounted to about 35,5 per cent of the total running costs.

Private and municipal kindergartens in Norway are financed in a slightly different way. Parental payments amount to 14 per cent of the expenditure in public kindergartens, while they amount to 17 per cent of the financing in the private ones.

In Sweden, parents pay a rate as a rule which takes into account both incomes and the time, which a child spends in the institution, but a fixed rate may also apply, irrespective of income and time spent. User payment for minding in one of the private minding schemes should in principle be the same as in the municipal ones. Local authorities are free to lay down their own rules within the framework laid down by Central Government.

In Denmark, user charges for day care institutions and day care amount to a maximum of 25 per cent of the budgeted gross running costs. For children in youth clubs, user charges are max. 30 per cent of the budgeted gross running costs. No ceiling for after-school club schemes, however.

**Table 3.23 Rules and amounts applying to user payment, 2013, in national currency**

	Denmark	Faroe Islands	Finland	Iceland <sup>3)</sup>	Norway	Sweden
Laid down centrally or locally?	Centrally	Centrally	Centrally	Local authorities	Centrally	Centrally
Amount of maximum user payment	In day care institutions and day care, a maximum of 25 per cent of the budgeted gross running costs. For children in youth clubs, user charges amount to a maximum of 30 per cent of the budgeted gross running costs <sup>1)</sup> .	.	EUR 264 per month for the family's first child and for subsequent children EUR 238 per child per month in municipal day care	.	NOK 2 330 per month	SEK 1 260 per month for the family's first child in pre-school and SEK 840 per month for the family's first child in a youth centre
Amount means-tested?	No. Yes for a partly or wholly free place	No. Yes for a partly or wholly free place	Yes	.	No <sup>4)</sup>	Yes
Discount for siblings?	Yes	Yes	Yes	.	Yes	Yes
Free places available?	Yes	Yes	Yes	.	Yes	No
Ratio of user charges of the total operating	22 p.c. <sup>2)</sup>	30 p.c.	14 p.c.	15 p.c.	14 p.c.	7 p.c.

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Ministry of Children, Equality and Social Inclusion; SV, The Swedish National Agency for Education

- 1 No ceiling for after-school club schemes
- 2 Includes day care; nursery; kindergarten; age-integrated institutions; after-school club schemes and youth centres
- 3 The share of parental charges of the total expenditure in 2012
- 4 But all municipalities must have schemes providing low-income families with children with a reduction or exemption from paying parental charges



## Chapter 4

# Unemployment

This chapter describes how large a part and which part of the population is unemployed, as well as the development over time. It describes the rules governing support to the unemployed as well as the kind of support to which they are entitled. A presentation is also given as to which extent such activities are used, both in the form of services and cash benefits.

The rules applying to both income-substituting benefits to the unemployed and the extent of activating measures for the unemployed vary considerably from one country to another. Consequently, there is no direct correlation between the extent of unemployment and the expenditure on unemployment.

**Table 4.1 Expenditure on unemployment as percentages of the GDPs in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	1.8	Austria	1.5	Greece	2.1	Netherlands	1.5
Faroe Islands	3.0	Belgium	3.7	Hungary	0.8	Poland	0.3
Finland	2.1	Bulgaria	0.6	Ireland	3.7	Portugal	1.4
Iceland	1.6	Cyprus	1.2	Italy	0.8	Romania	0.3
Norway	0.7	Czech Republic	0.7	Latvia	0.7	Slovakia	0.8
Sweden	1.2	Estonia	0.5	Lithuania	0.6	Slovenia	0.8
		France	1.9	Luxembourg	1.2	Spain	3.7 <sup>1)</sup>
		Germany	1.3	Malta	0.5	United Kingdom	0.7 <sup>1)</sup>

1 Preliminary data

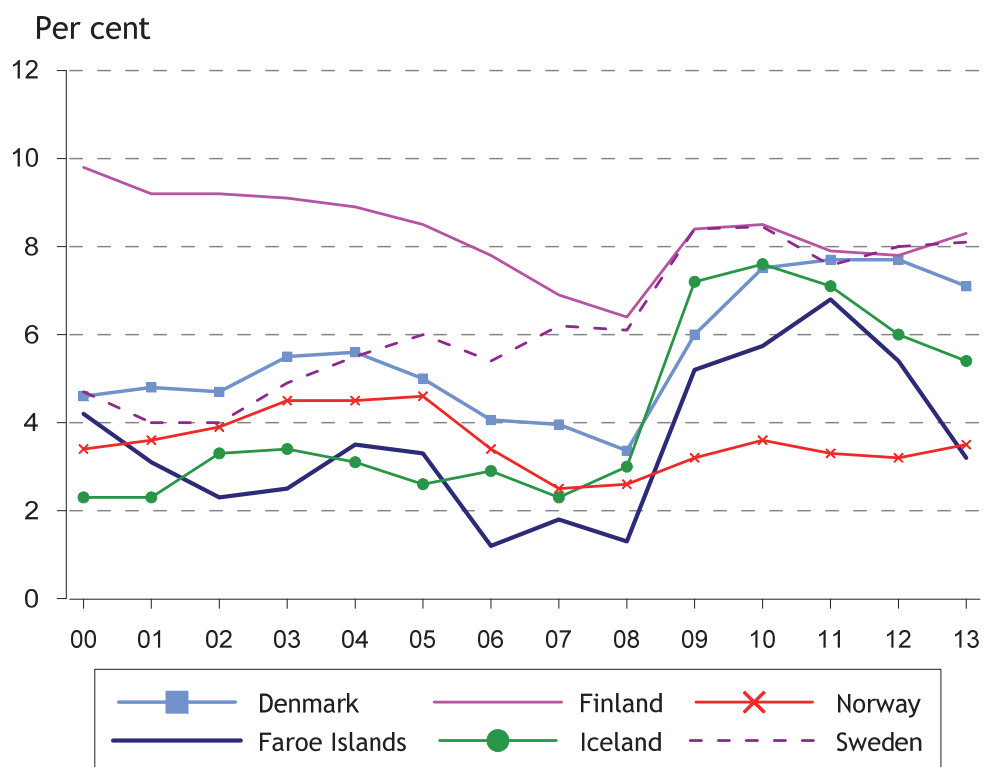
Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

Generally, there are high participation rates in the Nordic countries, but there are significant dissimilarities among the countries, cf. Table 4.2.

After a decline in the unemployment rates in most countries, the unemployment rate rapidly increased from 2008. From 2010 to 2011, the unemployment rate seemed to stabilize or decline. Finland and Sweden have high unemployment rates. In all the countries, with the exception of the Faroe Islands, the unemployment rates for the 16-24 year-olds are considerably higher, however, than for the remaining part of the population, cf. Table 4.3.

In all the Nordic countries, labour markets are undergoing radical changes, for which reason enhanced demands are made on the qualifications, flexibility and mobility of the labour forces.

Figure 4.1 Development in the unemployment rate, 2000-2013<sup>1)</sup>



Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 In 2005, a new EU-harmonized labour survey (AKU) was introduced in Sweden. Consequently, data from 2005 and before are not completely comparable. In 2007, the official unemployment definition was changed. As in the EU regulations, also full-time students are now included as job-seekers in the group of unemployed

**Table 4.2 Population aged 16-64 years broken down by gender and activity, 2013**

	Denmark	Faroe Islands <sup>1)</sup>	Finland <sup>1)</sup>	Iceland	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>Men</i>						
aged 16-64 years (1 000)	1 822	15	1 775	101	1 717	3 058
Of which in per cent:						
Employed, total	75.0	88.3	69.2	79.0	77.0	77.5
- Full-time	64.0	73.5	63.0	52.0	67.0	67.6
- Part-time	11.0	14.8	6.1	27.0	10.0	9.8
Unemployed	5.6	3.8	6.9	5.0	3.0	7.1
Not gainfully employed	19.4	7.9	24.0	16.0	20.0	15.4
Total	100	100	100	100	100	100
<i>Women</i>						
aged 16-64 years (1 000)	1 795	14	1 733	104	1 632	2 960
Of which in per cent:						
Employed, total	70.0	84.4	67.8	83.0	74.0	73.5
- Full-time	45.5	36.6	54.6	73.0	45.0	45.9
- Part-time	24.5	47.8	13.2	10.0	29.0	27.6
Unemployed	5.6	2.5	5.6	6.0	3.0	6.3
Not gainfully employed	24.4	13.1	26.6	11.0	24.0	20.2
Total	100	100	100	100	100	100
<i>Men and Women</i>						
aged 16-64 years (1 000)	3 616	29	3 508	204	3 349	6 018
Of which in per cent:						
Employed, total	72.6	86.5	68.5	82.0	76.0	75.5
- Full-time	54.8	55.8	58.9	63.0	56.0	56.9
- Part-time	17.7	30.7	9.6	19.0	19.0	18.6
Unemployed	5.6	3.1	6.2	5.0	3.0	6.7
Not gainfully employed	21.9	10.4	25.3	13.0	22.0	17.8
Total	100	100	100	100	100	100

Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Population 15-64 years

2 In 2007, the official Swedish definition in the labour force survey was changed. In accordance with EU regulations, also full-time students seeking work are now included in the group 'Unemployed' and consequently in the labour force. Previously, they were included in the group 'Outside of the labour force'

**Table 4.3 Development in the unemployment rate by gender, 2000-2013**

	Average number of unemployed	Expenditure as percentage of the labour force					
		Total	Men	Women	16-24-year-olds		
					Total	Men	Women
<i>Denmark<sup>1)</sup></i>							
2000	131 000	4.6	4.0	5.2	6.5	6.5	6.5
2005	143 000	5.0	4.6	5.5	8.6	8.5	8.8
2010	218 347	7.5	8.3	6.6	13.7	15.7	11.6
2012	218 412	7.7	7.7	7.7	14.1	14.7	13.5
2013	201 951	7.1	6.9	7.4	13.0	14.2	11.8
<i>Faroe Islands<sup>2)</sup></i>							
2000	1 000	4.2	2.5	6.6	..	..	..
2005	930	3.3	2.9	3.9	9.5	9.2	9.8
2010	374	1.3	1.0	1.7	1.0	0.9	1.1
2012	1 490	5.4	4.8	6.3	5.5	5.3	5.7
2013	1 213	3.2	2.5	3.9	4.1	3.2	5.2
<i>Finland<sup>3)</sup></i>							
2000	253 000	9.8	9.1	10.6	21.4	21.1	21.6
2005	220 000	8.5	8.3	8.7	20.1	20.6	19.5
2010	224 000	8.5	9.3	7.7	21.4	23.8	19.0
2012	206 000	7.8	8.5	7.1	19.0	19.9	18.0
2013	219 000	8.3	9.0	7.6	19.9	22.9	17.1
<i>Iceland<sup>4)</sup></i>							
2000	3 700	2.3	1.8	2.9	4.7	5.7	3.6
2005	4 300	2.6	2.6	2.6	7.2	8.5	6.0
2010	13 700	7.6	8.3	6.7	16.2	18.4	14.1
2012	10 900	6.0	6.4	5.7	13.6	14.7	12.4
2013	10 000	5.4	5.1	5.7	10.7	7.8	13.6
<i>Norway<sup>5)</sup></i>							
2000	81 000	3.4	3.6	3.2	10.2	9.9	10.6
2005	111 000	4.6	4.8	4.4	12.0	12.5	11.5
2010	94 000	3.6	4.1	3.0	9.3	10.8	7.7
2012	86 000	3.2	3.6	2.7	8.6	10.0	7.2
2013	95 000	3.0	3.7	3.3	9.2	10.6	7.7
<i>Sweden<sup>6)</sup></i>							
2000	203 100	4.7	5.0	4.2	8.1	8.6	7.4
2005	270 400	6.0	6.2	5.7	14.3	15.9	12.7
2010	408 800	8.4	8.6	8.3	25.0	26.4	23.4
2012	393 600	8.0	8.4	7.7	23.2	24.8	21.7
2013	403 000	8.1	8.4	7.9	23.3	24.6	21.8

Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

- 1 Data based on the labour force surveys covering the 15-66 year-olds
- 2 Data from 2005 are based on the annual labour force survey in November. Cover 16-64 year-olds
- 3 For Finland, the age group is the 15-24 year-olds instead of the 16-24 year-olds
- 4 Data based on the labour market surveys (AKU)
- 5 Data based on the labour market surveys (AKU). As from 2006, the minimum age limit for participation in the AKU was lowered from 16 to 15 years
- 6 In 2007, the official Swedish definition in the labour force survey was changed. In accordance with EU regulations, also full-time students seeking work are now included in the group 'Unemployed' and consequently in the labour force. Previously, they were included in the group 'Outside of the labour force'



# Cash Benefits in the Event of Unemployment

It is a common trait to all the Nordic countries that labour market policies have played important parts in the general economic policies in which a high employment rate and a low unemployment rate have been important goals as well as a prerequisite for the Nordic welfare states. When unemployment arises, it is either due to a generally low demand in the economy or the fact that the labour market does not function well enough, a phenomenon known as structural unemployment. The labour market policies in the Nordic countries must in particular contribute to the reduction of structural unemployment by way of active measures rather than passive provision for the unemployed.

However, the ways in which the individual countries have designed their labour market initiatives concerning active measures (employment measures, etc.) and passive measures (unemployment benefits and the like) vary considerably.

Unemployment benefits are in all the Nordic countries statutory benefits payable to people who become unemployed. The benefits are payable as compensation for lost income and to contribute to the maintenance of a reasonable standard of living for people, who have lost their jobs. The compensation level and the limited payment period must at the same time ensure that unemployed people are encouraged to seek and take up new employment. Consequently, the benefit schemes also have a labour market policy function. In all the countries, there are obligations connected with the award of benefits. Recipients must be available to take on work, must be active in their job search, and must accept offers of activation and work provided for them.

## *Unemployment Benefits*

It is a characteristic of the Nordic countries that most unemployed people are entitled to cash benefits when they become unemployed. In the Faroe Islands and Norway, unemployment insurance is compulsory for wage earners. In Iceland, all wage earners and self-employed people are statutorily insured against unemployment. Unemployment benefits are administered by the labour market administration and are fully financed by social insurance fees payable by the employers. In all three countries, there are, however, certain requirements that must be met in order for a person to be awarded benefits. Those not meeting the requirements may be awarded income-tested social assistance.

In Denmark, Finland and Sweden, unemployment insurance is voluntary. In those countries, non-insured unemployed people are, however, entitled to cash benefits that are usually lower than unemployment benefits. In Denmark, non-insured individuals may be awarded cash assistance (social assistance) managed by the unemployment funds.

In the Faroe Islands, self-employed people and others may take out voluntary insurances. Unemployment benefits are administered by a fund into which 1 per cent of income from work and payroll costs, respectively, is payable.

In Iceland, the unemployment insurance scheme is managed by the *Arbejdsetaten*. There is a fixed basic amount that depends on the previous labour market participation, from 25 to 100 per cent's participation. Without insurance, one is not entitled to unemployment benefits. Unemployment benefits are based on previous pay in a certain period of time prior to the unemployment, but the benefits shall never exceed 70 per cent of any previous income from work. In Iceland, self-employed people are entitled to unemployment benefits if they have wound up their businesses, paid tax of their incomes and comply with other requirements which unemployed people must comply with to get unemployment benefits.

In Finland, unemployment benefits consist of a basic amount (basic daily cash benefits) and a benefit based on previous income (income-related daily cash benefits). The income-based benefit is payable by the unemployment insurance funds whereas the basic amount is payable by the Social Insurance Institution. Non-insured people in Finland and people, who have received income-related daily cash benefits or the basic amount for the maximum period, are entitled to a so-called labour market support based on income, but principally the amount is the same as the basic amount of the daily cash benefit scheme. The basic amount is financed via the national budget. Daily cash benefits are financed via insurance scheme contributions based on previous income and are voluntary.

In Norway, the unemployment-insurance scheme is financed by the national budget and administered by the Ministry of Labour and Social Inclusion.

In Sweden, unemployment insurance consists of basic insurance and voluntary unemployment insurance. Non-insured people who otherwise meet the requirements (and who are 20+ years old) are entitled to a basic amount. Both the basic amount (basic insurance) and the income-dependent amount (unemployment insurance) are administered by the unemployment insurance funds. The paid unemployment insurance amounts are financed by way of the membership contributions of the unemployment insurance funds, through financing and unemployment scheme contributions to the State and by the labour market contribution payable by employers and self-employed people by way of the employer contributions payable to the State.

### ***Qualifying for Daily Cash Benefits***

The conditions of being granted daily cash benefits from an unemployment insurance fund vary from one country to another:

In Denmark, one year's membership of an unemployment fund is required. The first time, a full-time insured member applies for benefits, he/she must have worked as an employee for 1 924 hours (corresponding to 52 weeks of full-time employment) within the past three years prior to becoming unemployed, or for a similar period have run his/her own business to a considerable extent. The part-time insured must have had work as an employee for 1 258 hours. The benefit period is two years in a period of three years. Entitlement to a new period of unemployment benefits is accumulated, when a member has had 1 924 hours of new employment in the period of unemployment benefit, or in a similar period has been self-employed to a considerable degree. The part-time insured must have had another 1 258 hours of new em-

ployment in the unemployment benefit period. Graduates are entitled to daily cash benefits at a special rate if they become members of an unemployment fund no later than 14 days after graduation.

In the Faroe Islands, unemployment benefits are based on an average of a person's earnings from the preceding 12 months, and thus no membership or period of employment is required. The total benefit period is 648 days within the past three years, after which one is not entitled to unemployment benefits for the subsequent 24 months. Employees in the fishing industry working on land are subject to special conditions to the effect that they shall be paid unemployment benefits in special cases in case of temporary unemployment. A scheme has been introduced entitling fishermen to unemployment benefits in the event that fishing boats with fishing licences have been laid up due to repairs.

In Finland, unemployment benefits are payable to people who have been in work for at least 34 weeks in the past 28 months and have worked for a minimum of 18 hours a week. The same applies if one has been self-employed for at least 18 months in the past 48 months. In order to draw income-related unemployment benefits, an unemployed person must be a member of an unemployment insurance fund. Unemployment benefits are payable for a maximum of 500 calendar days

Unemployed people born from 1950 to 1954 may have the benefit prolonged until the age of 65 years, if they turn 59 years before their benefit entitlement expires, and they have been in work for at least five years in the past 20 years. Unemployed people born in 1955 or later may have the benefit prolonged until the age of 65 years, if they turn 60 years before their benefit entitlement period expires, and they have been in work for at least five years in the past 20 years. Instead of unemployment benefits the person in question may choose to retire with pension when they turn 62 years. In such cases, there is no early retirement deduction from the pension.

In Iceland, one must have worked full-time for at least three months during the past 12 months to be entitled to unemployment benefits. After 12 months of full-time employment, one is entitled to the full daily cash benefit amount. The benefit is payable for working days. Unemployment benefits are payable for a maximum period of three years.-The first period in which unemployment benefits are payable is based on previous regular work. A person may qualify for a new unemployment-benefit period by means of activities that may be equalled to work. This may be labour-market training, a period of voluntary work, employment with a temp subsidy, or a period in which a person has received a subsidy in order to set up a business of his/her own.

In Norway, a prerequisite for qualifying for unemployment benefits is an earned income in the past calendar year or in the past three years, cf. Table 4.4 for minimum income from work. The maximum benefit period varies according to the amount of any previous income. Basically, the benefit period is 104 weeks, depending on previous income from work, 52 weeks, however. To be entitled to unemployment benefits, one must have worked hours that were reduced by at least 50 per cent of the normal working hours prior to becoming unemployed.

In Sweden, as from 1 January 2007 one must have been employed for at least six months and been working for at least 80 hours per calendar month, or have been employed for at least 480 hours in a consecutive period of six calendar months and been working for at least 50 hours per month during all six months within a 12 months' period in order to become entitled to unemployment benefits (the so-called employment requirement). Since July 2007, the benefit period has been 300 days for childless people and 450 days for parents, who at the end of the unemployment benefit period have children under the age of 18 years. As from April 2008, a new rule limits the award of unemployment benefits in connection with part-time work. Benefits may be payable for a maximum of 75 days per period in connection with part-time work (part-time unemployment). Remaining days may only be used for weeks in which no work is carried out.

Apart from the rules mentioned above, entitlement to unemployment benefits is in all countries subject to a person being registered with the employment service as seeking employment and being able to take on work. In addition, some of the countries have a waiting period during which unemployment benefits shall not be payable.

In Denmark and Iceland, there are no waiting days; in the Faroe Islands, there are 1-10 waiting days, depending on previous income; in Norway there are three waiting days, while there are seven in Finland and Sweden.

**Table 4.4 Rules applying to payment of cash benefits in the event of unemployment as per December 2013, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Dagpenge	Arbeidsloysisstuðul	Inkomstrelaterad dagpenning och grunddagpenning (fosikrede); Arbetsmarknadsstöd (ikke-forsikrede)		Dagpenger Under arbeidsløshet	Arbetslöshet-sersättning
<i>Insured individuals</i>						
Necessary conditions of award of unemployment benefits	1 924 hours of work within 3 years. 1 year's membership of an unemployment insurance fund. 1 258 hours for part-time employees	Average of salary/wages from the previous 12 months. No membership or employment period required	At least 34 weeks of work (at least 18 hours per week) in the preceding 28 months	Employment for at least 25 p.c. for at least 3 months during the past 12 months. After 12 months of full-time employment, one is entitled to the full daily cash benefit amount	A decrease in the working hours of at least 50 p.c. and an annual income of at least 127 868 in the last years or at least 255 735 in the last three calendar years	At least 6 months of work at a minimum of 80 hours per month, or at least 480 consecutive hours of work in that period as well as work for at least 50 hours a month. After at least 480 consecutive hours of work in the period and work for at least 50 hours a month. This requirement applies to the 12 months prior to becoming unemployed
Age limit for entitlement to unemployment benefit	19-64 years <sup>1)</sup>	16-66 years	17-67 years <sup>2)</sup>	18-69 years	16-66 years	16-64 years <sup>3)</sup>
Waiting period (days)	-	10	7	-	3	7 days
Maximum number of unemployment benefit days	520 within 3 years (5 benefit days per week for 2 years)	648 within the past 3 years (5 benefit days per week)	500 (5 benefit days per week)	260 days per year for 3 years	52/104 weeks of 5 days	300/450 <sup>4)</sup>
Benefit re-obtainable?	Yes	Yes	Yes	Yes	Yes	Yes

***To be continued***

**Table 4.4 Rules applying to payment of cash benefits in the event of unemployment as per December 2013, in national currency, continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
On which conditions?	By complying with the requirement of 1 924 non-subsidized hours of work in the past 3 years; 1 258 hours for the part-time insured	Will only be awarded benefits after two years and after having worked for the last one of those two years	By complying with the requirement of 34 weeks' work within 28 months	By complying with the requirement of 6 months full-time work within the past 24 months	Reobtained when the insured again comply with the requirement of minimum income	By complying with the new rules (cf. above) during the present benefit period
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>	Cash benefits					
Age limit for entitlement to unemployment benefit	18-64 years	.	17-67 years <sup>2)</sup>	18 years or older	.	20-64 years <sup>3)</sup>
Maximum benefit period	.	.	.	.	.	300/450 <sup>4)</sup>

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; IS, Directorate of Labour; NO, Nav (Work in Norway); SV, IAF

- 1 Individuals between the ages of 18 and 63 years are entitled to join an unemployment insurance fund, but entitlement to unemployment benefits applies to people between 19 and 64 years
- 2 65-67 year-olds who have resigned or whose work has been interrupted by weather conditions or employee conditions other than working conditions
- 3 Entitlement to unemployment benefits ceases at the end of the month before the unemployed turns 65 years
- 4 For people with children under 18 years

**Table 4.5 Amount of cash benefits in connection with unemployment as per December 2013, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Insured: Dagpenge Non-Insured: Kontanthjælp	Arbeiðs- loysisstuðul	Inkomst- relaterad dagpenning och grund- dagpenning		Dagpenger under arbeidsløshet	Arbetslöshets- ersättning
<i>Insured individuals</i>						
Maximum amount (per week)	90 p.c. of previous income from work for 5 days/weeks, but a maximum of 801/day (4 095 /week). Part time insured people 534/day (2 670/week)	75 p.c. of income from work	Income-related benefit: on average 70 per cent of previous income from work. Basic amount: EUR 162.30 + child supplement: 26.20-49.60	Fixed amount for the first 10 days, then benefits (70 per cent of income from work for the past 6 months), then a fixed amount again + child supplement <sup>2)</sup>	62.4 p.c. of income from work, calculation basis limited to 9 836	80 p.c. of income from work <sup>3)</sup> for the first 200 days, then 70 p.c.
Income ceiling per week for full compensation <sup>1)</sup>	4 095	No maximum	No maximum	63 786	9 836	4 250/week for the first 200 days, then 4 857/week
Income ceiling per week for full compensation in PPP-Euro <sup>1)</sup>	379.98			349.48	761.70	359/week first 200 days, then 72/week
Minimum amount per week	3 285			9 957	1 023	1 600 <sup>4)</sup>
Minimum amount per week, in PPP Euro	304.82		-	54.55	79.22	135.27 <sup>5)</sup>
Maximum amount per week	4 095	4 038	-	39 827	6 138	3 400
Maximum amount per week, in PPP Euro	379.98	374.69		218.21	475.33	287.45
<i>Non-insured individuals</i>						
Maximum amount per week	Normal benefit: 2 625, providers: 3 488	Social assistance	162.30 + child supplement 26.20-49.60 per week	Income-tested social assistance	.	1 600 <sup>4),5),6)</sup>

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; IS, Directorate of Labour; NO, Nav (Work in Norway); SV, IAF

- 1 The income ceiling is the income maximum (previous income) in relation to which unemployment benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 Cash assistance increases by 4 per cent for each child under the age of 18 years
- 3 As from July 2009, only certain social-Protection expenses can be included
- 4 Provided the applicant has worked full-time
- 5 Provided the applicant has previously worked full time without absence during the framework period (12 calendar months)
- 6 Minimum age 20 years. 6 months' work prior to becoming unemployed is required. In case of part-time work, a reduced amount shall be payable

### ***Equivalent Disposable Income and Compensation Grades when Receiving Unemployment Benefit***

Figure 4.2 shows the equivalent disposable incomes at two different income levels for a couple when the one earning the least starts drawing unemployment benefits. Figure 4.3 shows the equivalent disposable incomes in the event of unemployment for single people with one child and single childless people, calculated at three different income levels. Figures 4.4, 4.5 and 4.6 show the development in the compensation levels in recent years. In Figure 4.6, the disposable incomes for non-insured individuals are shown. Table 4.6, 4.7 and 4.8 show the compensation grades as percentages of previous earnings from work. As can be seen from the figures and tables, the compensation for insured unemployed individuals is considerably larger than it is for non-insured unemployed individuals. For single parents with one child in the lowest income group, the compensation is, however, slightly lower for insured unemployed individuals than for non-insured unemployed individuals in Iceland. This is due to the calculations concerning insured people taking into account the rate of employment in Iceland. In respect of non-insured people, previous income is not taken into account, as the social assistance is a fixed amount.

The marginally lower compensation for insured unemployed people in Denmark is due to the daily cash benefits amounting to 90 per cent of relatively low wages/salaries and the fact that an insured unemployed person, unlike a non-insured individual, pays contributions to an unemployment fund.

The compensation level for insured people depends first and foremost on the daily cash benefit amount in relation to previous income. It is highest in Denmark and lowest in Iceland. In Iceland, a fixed daily cash benefit amount, irrespective of previous income, is payable for the first 10 days and after that an amount calculated on the basis of previous income up to a certain level for a maximum of three months, followed by another fixed daily cash benefit amount. Besides, compensation levels depend on the maximum amounts, which are highest in Norway. In Finland, there is no upper limit to the amount of daily cash benefits, but where an income exceeds a certain level, compensation shall, however, only amount to 20 per cent. When the income exceeds a certain level, the compensation is, however, only 20 per cent.

As to families with children, it makes a difference whether a supplement is payable for children, which is the case in Finland, Iceland and Norway. In addition, the amount of both housing benefits and charges payable for day care institutions are adjusted in relation to income. This is important in relation to the compensation levels for both insured and non-insured people and contributes in particular to providing single parents with a high level of compensation.



**Table 4.6 Compensation rates for an insured couple of whom the lowest AW draws unemployment benefits, as percentages of disposable income from work, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couples with no children</i>						
AW 50%; AW 75%	86	93	85	82	86	89
AW 75%; AW 100%	99	92	82	83	86	81
AW 100%; AW 125%	91	86	81	80	85	74
<i>Couples with two dependent children</i>						
AW 50%; AW 75%	87	93	84	86	87	89
AW 75%; AW 100%	90	92	79	87	86	81
AW 100%; AW 125%	88	86	79	86	85	74

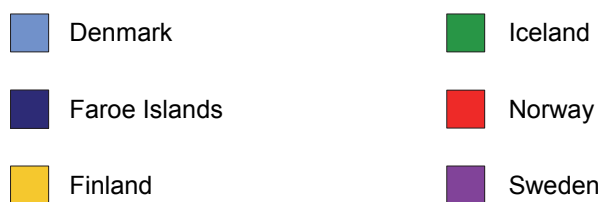
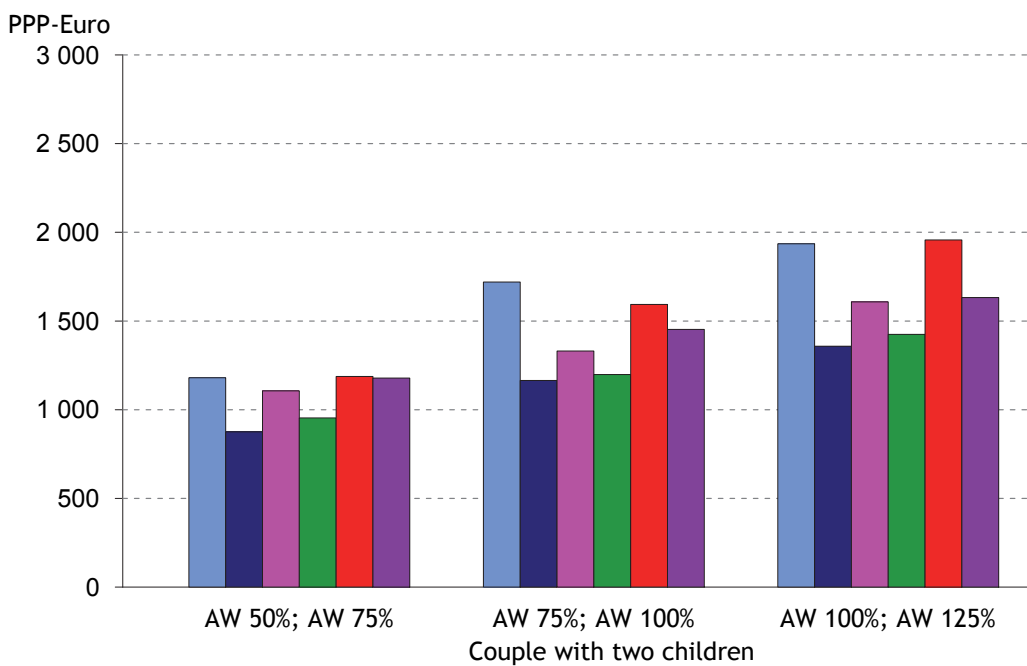
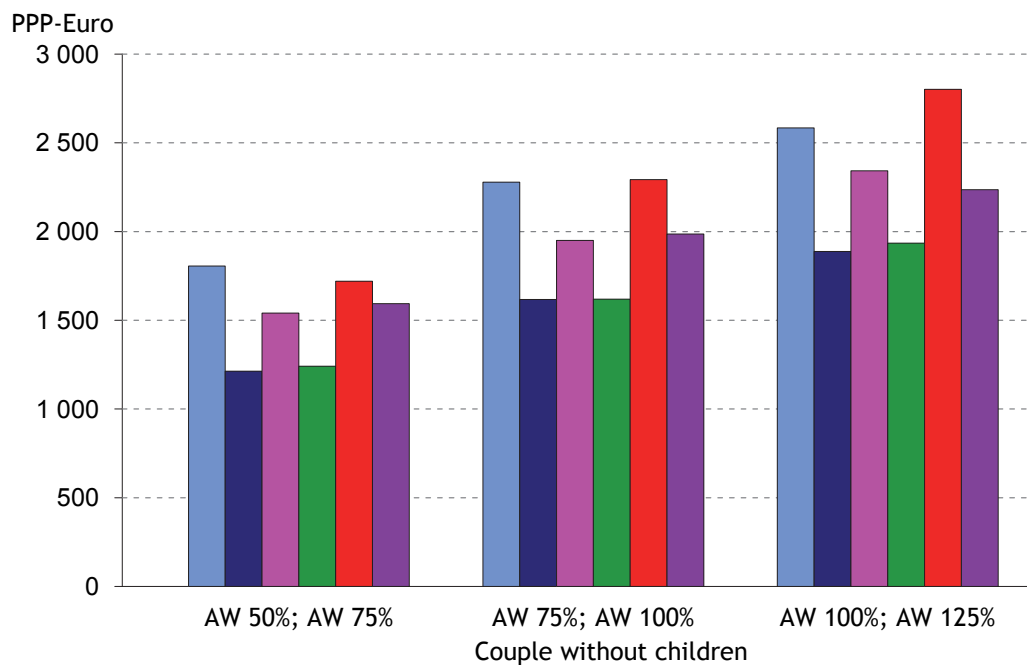
**Table 4.7 Compensation rates for a single person drawing unemployment benefits, as percentages of disposable income from work, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Single person with no children</i>						
AW 50%	92	83	78	66	86	72
AW 75%	73	82	66	66	67	56
AW 100%	58	68	59	59	66	43
AW 125%	48	54	54	42	57	37
<i>Single parent with one child</i>						
AW 50%	102	87	88	72	96	84
AW 75%	84	85	85	71	78	71
AW 100%	69	79	76	64	71	57
AW 125%	59	65	65	50	61	49

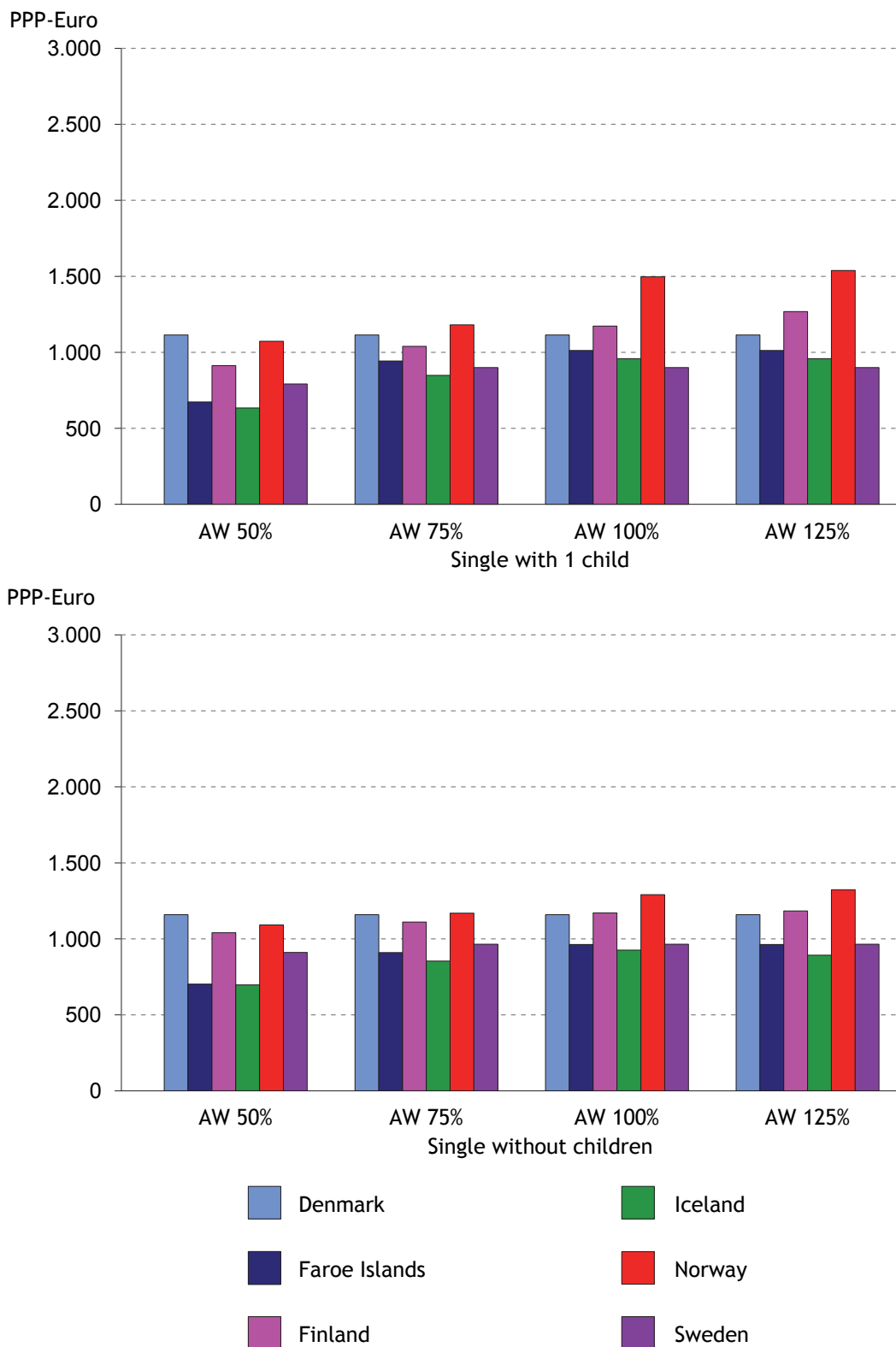
**Table 4.8 Compensation rates for a non-insured single childless person when unemployed, per month 2013**

	Denmark	Faroe Islands	Finland	Iceland	Sweden
AW 50%	60	93	66	85	67
AW 75%	47	66	49	63	46
AW 100%	38	51	39	50	35
AW 125%	31	40	33	35	30

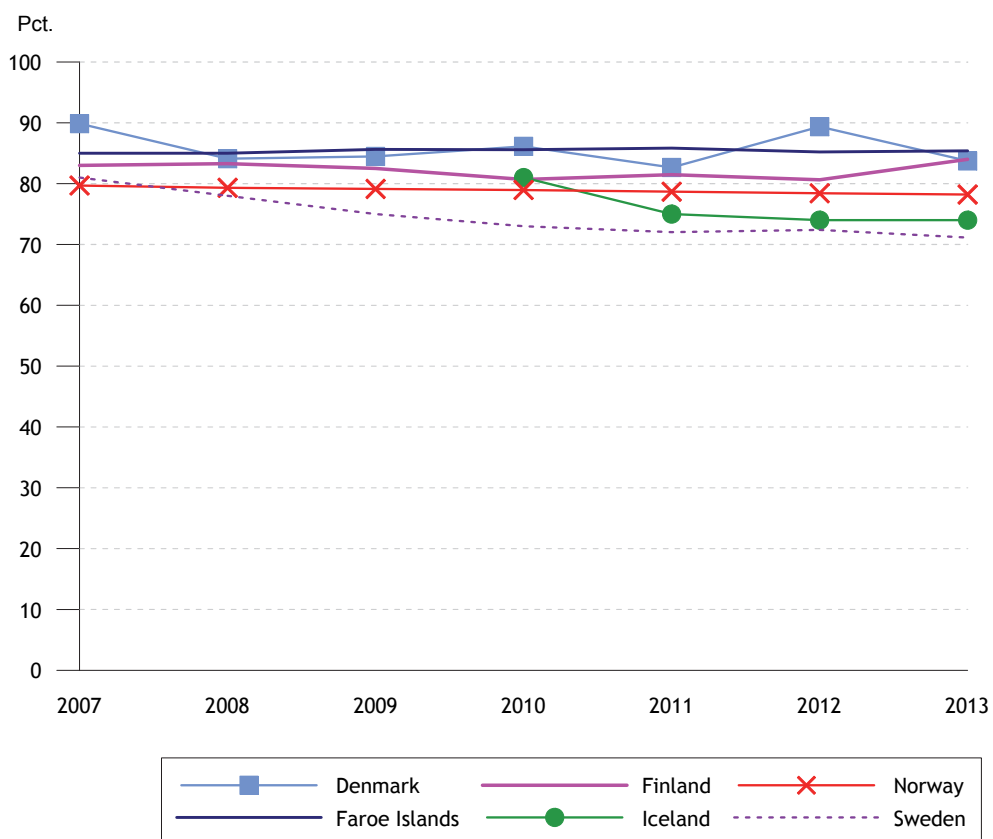
**Figure 4.2** Equivalent disposable incomes per month for an insured couple when the partner earning the least draws unemployment benefits in 2013



**Figure 4.3** Equivalent disposable income for a single person drawing unemployment benefit, per month 2013, in PPP-Euro

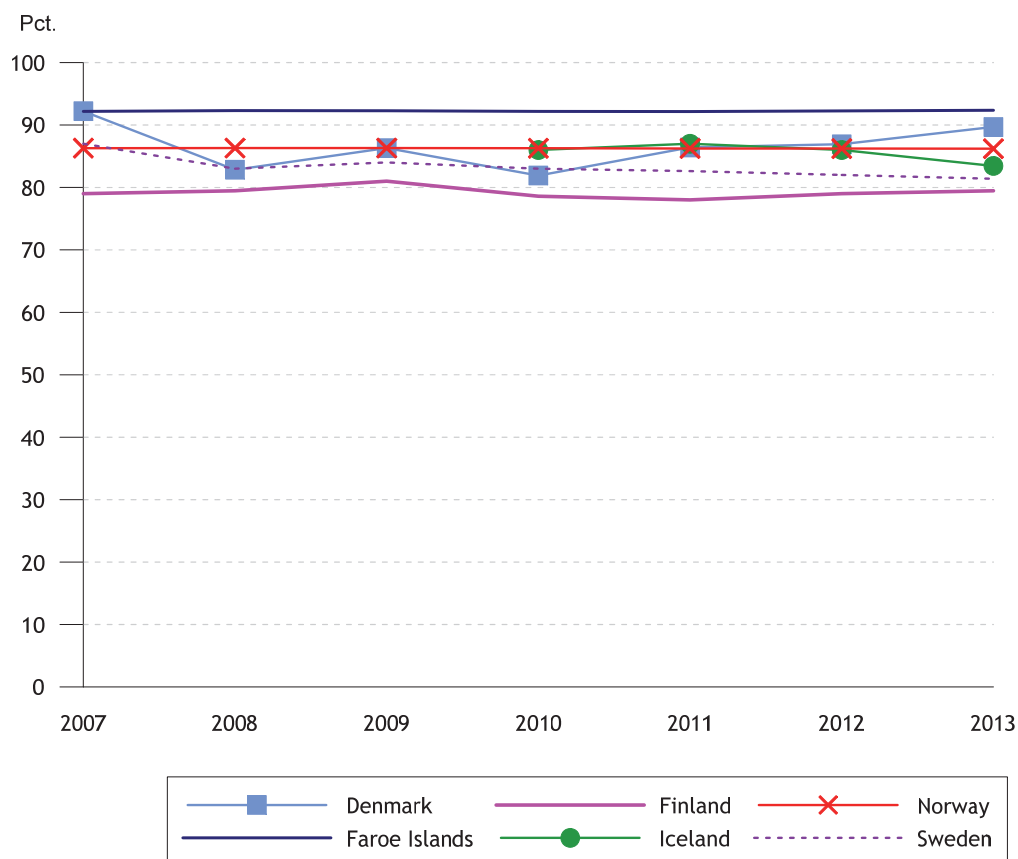


**Figure 4.4 Compensation rate for a single parent with one child when drawing unemployment benefits, AW 75 per cent 2007-2013<sup>1)</sup>**



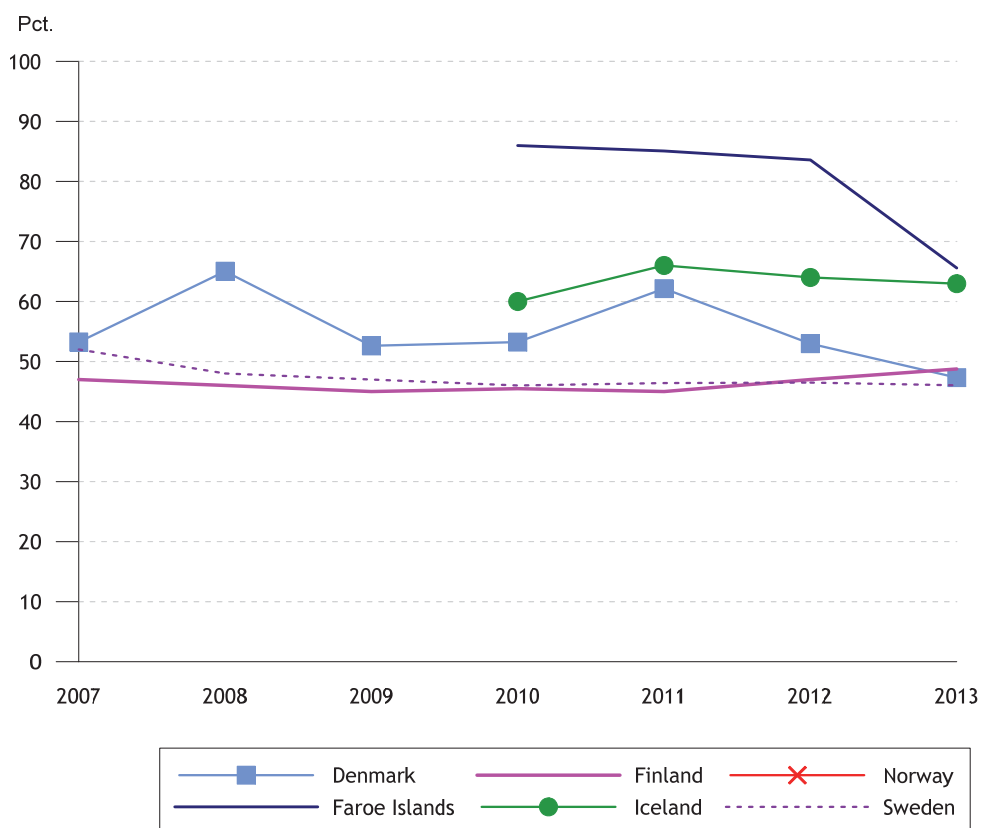
<sup>1)</sup> AW 75 per cent is used as a standard measure for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Figure 4.5 Compensation rate for a couple with two children when the parent with the lowest income draws unemployment benefits, AW 75/100 per cent 2007-2013<sup>1)</sup>**



<sup>1</sup> AW 75 per cent / AW 100 per cent is used as a standard measure for couples when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Figure 4.6 Compensation rate for a non-insured single childless person when unemployed, AW 75 per cent., 2007-2013<sup>1, 2)</sup>**



- 1 AW 75 per cent is used as a standard measure for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2
- 2 In the Faroe Islands, the decrease is a result of the Figure showing a theoretically means-tested maximum benefit until 2012, and subsequently the current taxable benefit for the same group of recipients

Table 4.9 shows the number of people affected by unemployment for at least one day of the respective years. A comparison of the data in Tables 4.3 and 4.9 consequently indicates that a relatively large number of unemployed individuals find work again in less than a year, but there are also differences among the countries in respect of the length of the periods of unemployment.

**Table 4.9 Number of people (1 000) drawing daily cash benefits for at least one day in connection with unemployment, 2000-2013**

	Denmark	Faroe Islands	Finland <sup>1)</sup>	Iceland <sup>2)</sup>	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>2000</i>						
Insured individuals	490	2	340	7	165	629
Non-insured individuals	70	1	287	.	.	65
Total	560	3	603	7	165	681
Total as percentage of the labour force	20	12	23	4	7	16
<i>2005</i>						
Insured individuals	470	3	329	10	172	523
Non-insured individuals	73	0	241	.	.	92
Total	543	3	549	10	172	601
Total as percentage of the labour force	20	10	21	6	7	13
<i>2010</i>						
Insured individuals	330	1	408	27	170	327
Non-insured individuals	95	0	199	.	.	38
Total	421	2	580	27	170	359
Total as percentage of the labour force	16	7	22	15	7	7
<i>2012</i>						
Insured individuals	327	1	333	23	133	254
Non-insured individuals	94	0	217	..	..	39
Total	421	1	522	23	133	286
Total as percentage of the labour force	16	5	20	13	5	6
<i>2013</i>						
Insured individuals	329	1	367	19	132	267
Non-insured individuals	116	-	243	..	..	38
Total	445	1	615	19	132	298
Total as percentage of the labour force	17	5	23	10	5	6

Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI, Kela and Financial Supervisory Authority; IS, Directorate of Labour; NO, Statistics Norway; SV, IAF

- 1 As a result of amendments to the law regarding compensation to unemployed individuals, people partaking in employment-enhancing measures not drawing unemployment benefits are also included in the data from 2010. Previously, only people drawing unemployment benefits (some of whom partook in employment-enhancing measures) were included
- 2 Calculated on the basis of the number of approved unemployment benefit applications
- 3 Calculated on the basis of the number of approved unemployment benefit applications. There is a new group of measures applying from January 2009 with further changes from March 2010
- 4 Double registration may occur, as a person may have been registered as being both insured and non-insured in one and the same year. In 2011, about 6 000 individuals were counted as being both insured and non-insured. In 2012, about 7 000 individuals drew income-related and basic amounts

## Job Training and Activation

In all the Nordic countries, activation is in focus. The lower age limit for use of labour market measures is 18 years in Finland and 16 years in Iceland.

In Norway, the age limit is 16 years with the exception of the use of labour market training, where the age limit is 19 years, and training by way of ordinary education, where the age limit is 26 years. In Denmark, the age limit is 15 years for some measures. In Sweden, the age limit varies depending of type of measure. The purpose of activation is primarily to qualify unemployed people for ordinary employment, but also to motivate them to apply for employment or education and training.

In Denmark, the activation aspects in the labour-market and social policies play an increasingly important part.

Recipients of unemployment benefits younger than 30 years are no later than 13 weeks of unemployment entitled and obliged to accept an employment measure by way of guidance and skills upgrading, job practise or subsidized employment.

Recipients of unemployment benefits between 30 and 60 years are no later than nine months of unemployment entitled and obliged to accept an employment measure by way of guidance and skills upgrading, job practise or subsidized employment. Recipients of unemployment benefits who have turned 60 years are entitled and obliged to accept an employment measure no later than after six months of unemployment. All recipients of unemployment benefits are furthermore entitled to and obliged to accept a new offer of activation when they have received public benefits for a total of six months after termination of the first activation offer. Recipients of cash assistance under the age of 25 years must be ordered to complete training/education on ordinary terms. Cash assistance recipients under the age of 30 years are after a maximum of 13 weeks entitled to and obliged to accept an offer on guidance and upgrading, job practice or subsidized employment. Recipients of cash assistance of 30 years or more must be offered activation no later than 19 months after having been granted cash assistance. All recipients of cash assistance, apart from those over 30 years, who draw benefits, not only due to unemployment, are furthermore entitled to and obliged to accept a new offer of activation when they have drawn cash assistance for six months after termination of the first activation offer.

Benefits payable during the employment measures are daily cash benefits or cash assistance.

In the Faroe Islands, activation has not been available since the mid-1990s, where the unemployment rate exceeded 12 per cent.

In Finland, the active measures aimed at improving the employment situation are an important part of the Finnish labour market policy. By way of such measures, jobs are created, options for the long-term unemployed are enhanced and the possibilities of getting young people into the labour market are improved. Besides, these measures are aimed at preventing long-term unemployment and to reduce the regional differences in the unemployment rates. Unemployed people who want to start their own businesses are also entitled to assistance.

The most important part of the active labour market policy is the services aimed at those available for work. The services provided by the agencies are job provision, information on training and careers, vocational training for adults, information on education, training and various professions as well as occupational rehabilitation.



In Iceland, the Unemployment Insurance Fund grants, apart from performing its main task of paying out unemployment benefits, subsidies towards payment for various courses for unemployed people, activation programmes and special employment measures.

In Norway, the main aim of the labour market policy is to make way for a high participation rate and good use of the labour force by way of a well-functioning labour market and inclusive work. The Ministry of Labour and Social Inclusion is responsible for the implementation of the labour-market measures. The main aim is to provide a uniform follow-up in order to assist people in finding jobs. As to the unemployed, active job seeking during the entire unemployment period is emphasized, and there are a number of service measures for both job-seekers and employers, such as a database of vacant positions, to which job seekers can also upload their CV.

The Ministry of Labour and Social Inclusion assists in the propagation of available jobs as well as information and guidance and follow-up to the individual at the transition to work. The work-directed measures are to ensure that people either find or maintain a job. The measures will usually be implemented if it has not been possible for an individual to obtain an ordinary job and must be adapted to the individual's abilities and needs as well as to the situation in the labour market. Young people must have first priority when it comes to measures in the ordinary labour market. The Ministry of Labour and Social Inclusion has three different guarantee schemes to ensure good measures for young people in respect of follow-up and support.

In Sweden, job and qualifying activities are the most important aspects of the active labour market policy. This implies that an unemployed person, who cannot find work easily, must be offered training or some other relevant measure aimed at enabling that person to take on an ordinary job.

There is a job development guarantee for those who are, or who are at risk of becoming, long-term unemployed. The aim of the job and development guarantee is to considerably improve unemployed people's possibilities of finding proper work in the labour market. Within the guarantee, individual action plans are drawn up specifying which measures the employment service can offer as well as what is expected of the participants.

People in need of occupationally adapted rehabilitation or special guidance can get help from the employment service and a labour market institute. These institutes have special resources and qualifications in labour assessment, practical work orientation, adaptation of work places, etc.

The cyclically dependent programmes and measures that are offered include vocational training, aimed at increasing an unemployed person's possibilities of finding work and at making it easier for the employers to employ people with the relevant skills. There are also work experience schemes that are to provide job-seekers with vocational guidance, in-service training and vocational experience via the employment service. There is a job guarantee for young people between the ages of 16 and 24 years. The purpose of the job guarantee is to provide special measures at an early stage in order for young people to find a job or receive education or training.

Moreover, support is given to employers, aimed at motivating them to hire an unemployed person by partly covering their expenses in connection with the employment of a person who needs extra introduction or training. In addition, people who are unemployed or at risk of becoming so may in some cases be granted subsidies to start their own businesses. For people with reduced working capacities, there are measures enabling them to work in subsidized jobs either with a public or a private employer.

**Table 4.10 Number of people in activation, 2000-2013**

	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		Activation in p.c. of the labour force at the time of calculation/during the year	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Denmark</i>						
Total 2000	221 534	34 828	87 239	10 507	3.2	2.6
Total 2005	244 818	32 041	70 159	7 580	2.5	2.1
Total 2010	392 036	67 607	101 999	16 192	3.8	4.5
Total 2012	406 461	71 399	89 803	15 682	3.4	4.3
Total 2013	374 396	60 642	76 463	13 059	2.9	3.6
Of which:						
- Subsidized employment	168 783	23 590	35 249	4 362	1.3	1.2
- Education/training	303 571	53 375	41 213	8 698	1.6	2.4
- Other <sup>1)</sup>	..	..	..	..	..	..
<i>Finland<sup>2)</sup></i>						
Total 2000	226 077	62 748	83 660	18 873	3.2	5.6
Total 2005	213 683	58 404	79 531	16 152	3.0	5.0
Total 2010	263 249	63 534	100 146	18 118	3.7	5.7
Total 2012	253 967	59 718	107 492	16 829	4.0	5.1
Total 2013	264 185	61 610	107 588	19 083	4.0	5.8
Of which:						
- Subsidized employment	78 532	16 802	31 808	6 474	1.2	2.0
- Education/training	41 423	6 857	26 193	4 368	1.0	1.3
- Other	144 230	37 951	49 587	8 241	1.9	2.5
<i>Iceland<sup>3)</sup></i>						
Total 2000	3 811	764	..	..	2.4	2.6
Total 2005	6 325	1 271	..	..	3.8	4.5
Total 2010	15 208	4 095	..	..	8.4	13.6
Total 2012	15 877	3 609	..	..	8.8	11.6
Total 2013	12 267	1 832	..	..	6.6	5.7
Of which:						
- Subsidized employment	3 044	391	..	..	1.6	1.2
- Education/training	6 537	842	..	..	3.5	2.6
- Other	2 686	599	..	..	1.5	1.9
<i>Norway<sup>4)</sup></i>						
Total 2000	..	..	11 439	3 520	0.5	1.1
Total 2005	59 622	..	13 150	4 087	0.5	1.3
Total 2010	63 555	..	16 119	5 162	0.6	1.4
Total 2012	66 330	..	16 822	5 353	0.6	1.4
Total 2013	63 917	..	16 313	5 036	0.6	1.3
Of which:						
- Subsidized employment	..	..	1 482	..	0.1	..
- Education/training	..	..	4 904	..	0.2	..
- Other	..	..	9 927	..	0.4	..

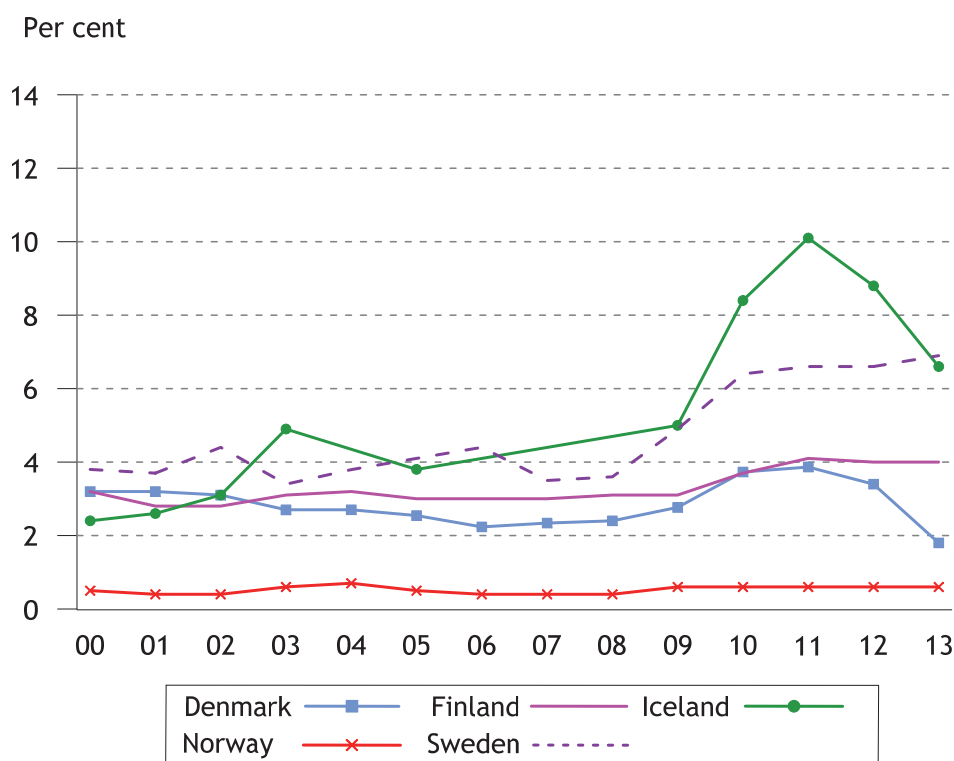
*To be continued*

**Table 4.10** Number of people in activation, 2000-2013, continued

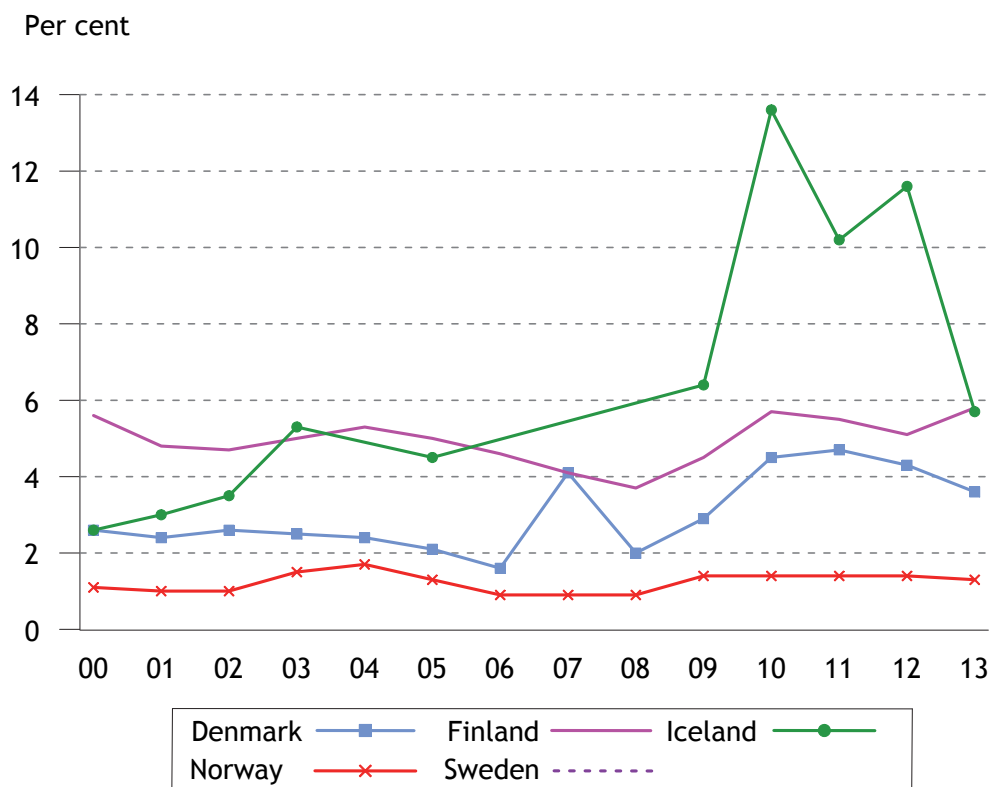
	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		Activation in p.c. of the labour force at the time of calculation/during the year	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Sweden</i>						
Total 2000	470 970	..	166 159	..	3.8	..
Total 2005	595 138	..	185 986	..	4.1	..
Total 2010	..	..	309 679	..	6.4	..
Total 2012	..	..	305 706	..	6.6	..
Total 2013	..	..	403 679	..	6.9	..
Of which:						
- Subsidized employment	..	..	..	..	..	..
- Education/training	..	..	..	..	..	..
- Other <sup>1)</sup>	..	..	..	..	..	..

Source: DK, Statistics Denmark; FI, Ministry of Employment and Economy, and Statistics Finland; IS, Directorate of Labour NO, Statistics Norway; SV, Ministry of Health and Social Affairs

- 1 The groups included under "Other" have been moved to Education and training, as it is no longer possible to break down several of the benefits
- 2 Due to changes in the statistics system, data describing activation measures have changed since 2008. The data from the most recent years provide a better picture as they include activation measures
- 3 Activation in p.c. of the labour force during the year
- 4 As from 2006, the labour force is the 15-24 year-olds. There is a new group of measures applying from January 2009 with further changes from March 2010

**Figure 4.7** Development in the activation as percentages of the labour force at the time of calculation, 2000-2013

**Figure 4.8** Development in activation activities as percentages of the 16-24 year-olds at the time of calculation, 2000-2013



## Cash Benefits in the Event of Unemployment

The services provided in connection with unemployment are first and foremost job provision, but in all the countries, also mobility-promoting benefits are available by way of e.g. relocation assistance and assistance in connection with dual housekeeping.

### Employment Services

In all the Nordic countries, there are employment service centres. They provide services to both job-seekers and employers.

In Denmark, the local authorities are responsible for the running of the job centres that administer employment activities to citizens and businesses. The job centres are a separate part of the local authorities' administration that solely administers the employment activities. At the regional level, it is the task of the employment regions to follow up on the results of the employment activities in the 91 job centres. This is done, among other things, by way of a systematic dialogue with the job centres as well as of cooperation about method development. The overall responsibility for the employment activities rests with the Minister for Employment who draws up the activity framework by means of rules and regulations. The main tasks of the employment services and the job centres (in Denmark) are guidance concerning employment

and training/education, provision of work to the unemployed and other job seekers as well as provision of services to enterprises in connection with recruitment of labour.

In the Faroe Islands, it is the responsibility of the job centres to establish contact between employer and job-seeker.

In Norway, the labour-market, social protection and pension policies all fall under the Ministry of Labour and Social Inclusion as from 2006 together with parts of the municipal services and have been organized into joint NAV centres.

Establishing contacts between the employers and the employees is the task of the NAV centres.

As a rule, the unemployed must register with an employment service, a NAV centre or a job centre, be actively seeking employment and in general be available to the labour market. The unemployed must thus participate in activating measures and accept jobs provided by the employment service, a NAV centre or a job centre in order to maintain entitlement to unemployment benefits or other similar benefits. To the extent that the unemployed are unable to find work, the employment service or job centre will assist them in their job-seeking by for example providing job-seeking courses. The employment service, the NAV centres or the job centre also provides jobs for the unemployed and manages the activation of the unemployed according to the rules applying in the various countries.

As mentioned, it is also an important task of the employment service, the NAV centres or the job centres to help enterprises find individuals with the proper qualifications for vacant positions.

Today, most of the job provision between employer and employee takes place partly by means of the employment service's or Central Government's IT-based job databases, where job seekers may enter their job profiles, partly by means of private job databases with similar job-seeking options.

The vast majority of the job provision takes place, however, directly between enterprises and employees without any involvement of the employment service, the NAV centres or the job centres.

## Expenditure on and Financing of Benefits in Connection with Unemployment

### *Differences and similarities in the expenditure on unemployment*

The expenditure on unemployment reflects partly the extent of the unemployment, partly the amount of the daily cash benefits, and partly the extent of the activating measures provided for the unemployed.

It should be noted, however, that a number of subsidies are payable to employers in Finland in connection with activation. Such expenditure is not included as social expenditure in this report. The high expenditure in Denmark is due to the amount of the daily cash benefits and the scope of the activation/job training. Norway has the lowest unemployment rate followed by the Faroe Islands, which also appears from the low level of expenditure, cf. Table 4.11.

### ***Changes in the Expenditure on Unemployment from 2011 to 2012***

In Denmark, the expenditure increased from 2011 to 2012 by DKK 539mn, corresponding to a growth rate of 1.6 per cent. The increase was primarily due to increased expenditure on daily cash benefits.

In the Faroe Islands, the expenditure decreased from 2011 to 2012 by 22.4 per cent, corresponding to a decrease of DKK 79mn. The reason is a normalization of the unemployment following a couple of years with a high unemployment rate and consequently high expenditures for the unemployment fund. The decrease in expenditure covers a slight increase in public expenditure on unemployment for non-insured people, for people who are not entitled to unemployment benefits.

In Finland, the expenditure on unemployment increased by 1.7 p.c. at constant prices, and the expenditure on cash benefits increased by 3.4 p.c. The unemployment rate was 7.8 per cent in 2011 and 7.7 per cent in 2012. The increase in the expenditure was mainly due to an increase in the basic unemployment benefits and the labour market subsidy. The expenditure on services decreased by 8.5 per cent.

In Iceland, the expenditure on unemployment decreased in total by 13.5 per cent from 2011 to 2012 at constant prices as a result of a decrease in the unemployment rate. The expenditure on cash benefits decreased by 12.3 p.c., and the expenditure on services decreased by 28.3 p.c. from 2011, when the expenditure on activation of young unemployed people was enhanced.

In Norway, the expenditure on unemployment decreased by 4.2 per cent from 2011 to 2012 at constant prices. The expenditure on cash benefits decreased by 7.8 per cent, while the expenditure on services increased by 3.4 per cent. Cash benefits made up 64.4 per cent of the total expenditure on unemployment in 2012 as against 67.0 per cent in 2011. The expenditure on daily cash benefits increased by 8.4 per cent from 2011 to 2012, and in that period the unemployment rate increased from 3.3 per cent of the labour force to 3.2 per cent (the labour market survey AKU).

In Sweden, the expenditure on unemployment increased in 2012. At constant prices, the expenditure increased by 7.1 per cent. Both cash benefits and services increased in 2011 following a steep decrease the year before.

**Table 4.11 Expenditure on and financing of unemployment benefits, 2012, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway <sup>1)</sup>	Sweden
<i>Cash benefits, million</i>						
A. Unemployment benefits	20 067	244	3 189	-	10 221	14 828
B. Partial unemployment benefits	-	-	120	-	-	-
C. Pension for labour market reasons	-	-	135	-	55	-
D. Cash benefits payable during vocational training	-	22	100	-	1 057	15 724
E. Compensating benefits	-	-	-	1 074	-	2 733
F. Other	3 647	-	-	21 954	-	36
Cash benefits, total	23 714	266	3 545	21 954	11 334	33 321
<i>Services, million</i>						
A. Mobility and resettlement	-	-	2	-	-	72
B. Services in connection with vocational training	-	-	351	-	861	6 727
C. Other	9 741	-	159	1 195	5 389	3 529
a. Of which employment services	-	-	159	1 195	5 389	3 397
Services, total	9 741	-	512	1 195	6 251	10 328
Total expenditure, million	33 455	266	4 057	23 149	17 584	43 649
Expenditure as percentage of GDP	1.8	2.0	2.1	1.4	0.6	1.2
<i>Financed by (per cent)</i>						
- Public authorities	65,2	19,6	66,1	0,4	58,2	12,9
- Employers	0,0	0,0	23,7	99,4	24,6	76,6
- The insured (contributions and special taxes)	34,8	80,4	10,1	0,4	17,3	10,5
<i>Changes 2011-2012 in terms of 2012 prices</i>						
- Million	529	-79	69	-3 555	-762	2 904
- Per cent	1.6	-22.9	1.7	-13.3	-4.2	7.1

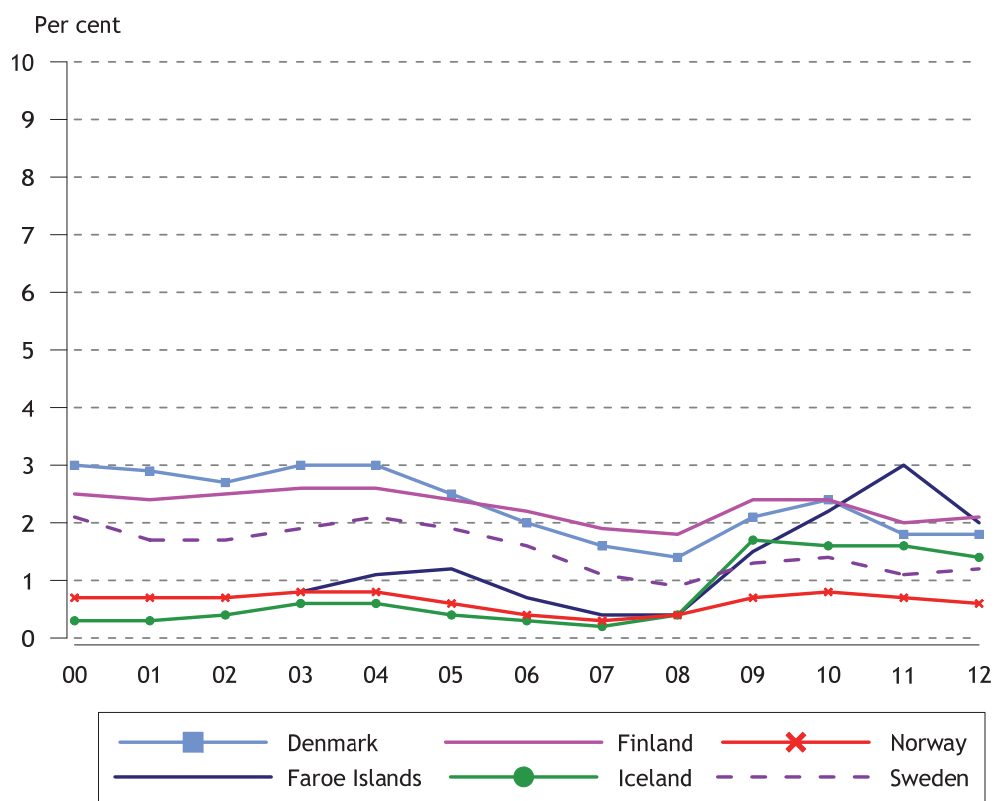
Source: DK, Statistics Denmark; FI, National Institute for Health (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 As from 2008, special labour market measures concerning the disabled have been combined with the ordinary labour market measures. Furthermore, cash benefits in connection with job training are reported under Cash benefits

**Table 4.12 Expenditure on cash benefits in connection with unemployment in PPP, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	417	542	537	369	195	307
- Per person aged 16-64 years	1 948	2 105	2 690	1 483	871	1 518
Services, total per capita	171	-	77	20	107	95
- Per person aged 16-64 years	800	-	388	81	480	471
Expenditure on unemployment, total per capita	588	542	614	389	302	402
- Per person aged 16-64 years	2 748	2 105	3 078	1 563	1 352	1 989

Source: DK, Statistics Denmark; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

**Figure 4.9 Expenditure on benefits to the unemployed, 2000-2012, per cent of GDP**

Source: DK, Statistics Denmark; NO, Statistics Norway; SV, Statistics Sweden



## Chapter 5

# Illness

In this chapter, the rules governing payment of income-substituting benefits in the event of illness are described as well as the amount of the benefits and the number of recipients. Also the rules governing medical and dental treatment are presented.

The ratio of the expenditure on illness measured as percentages of GDP varies considerably.

**Table 5.1 Expenditure on illness as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	6.9	Austria	7.4	Greece	7.5	Netherlands	10.9
Faroe Islands	7.8	Belgium	8.3	Hungary	5.6	Poland	4.3
Finland	7.5	Bulgaria	4.5	Ireland	12.8	Portugal	6.3
Iceland	8.4	Cyprus	5.1	Italy	7.0	Romania	4.1
Norway	7.6	Czech Republic	6.3	Latvia	3.2	Slovakia	5.4
Sweden	7.5	Estonia	4.4	Lithuania	4.5	Slovenia	7.8
		France	9.2	Luxembourg	5.6	Spain	7.1 <sup>1)</sup>
		Germany	9.4	Malta	5.4	United Kingdom	9.0 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

## Paid Absence Due to Illness

The structures of the wage and daily cash benefit schemes concerning illness vary considerably from one country to the next. In principle, everyone in gainful employment is entitled to compensation in case of loss of income. The rules applying to such compensation depend on one's position in the labour market. Employees are usually better covered than are self-employed people, and special rules apply to the unemployed.

**Table 5.2 Rules governing payment of cash assistance<sup>1</sup> to employees and self-employed people in case of illness as per December 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national term for benefits included in this Table	Syge-dagpenge	Sjúkra-dagpening	Sjuk-dagpenning		Sykepenger	Sjuk-ersättning
Employees qualify for sickness benefits on the following conditions:	Daily cash benefits from employer: 8 consecutive weeks of employment with a minimum of 74 hours of work. Daily cash benefits from local authorities: Employment for 26 weeks with a minimum of 240 hours of work <sup>2)</sup>	Paid work for a total of at least 120 hours in a period of 13 weeks. In case of legitimate absence, the past 5 weeks shall be used as a calculation basis	Work for 3 months or 55 days consecutively	Pay during illness depending on period of employment. After 1 year of employment, salary/wage shall be payable for 1 month, increasing to 3 months after 5 years of employment	Qualifying time is 4 weeks. The income basis must amount to a minimum of 50 per cent of the basic amount (cf. Appendix 2) converted into annual income	Insured from the first day of employment and an annual income of at least 10 700
Self-employed people qualify for sickness benefits on the following conditions:	Self-employment to a considerable extent for 6 months in the past 12 months, of which the latest month must be immediately prior to the absence due to illness	Eligibility period is 4 weeks provided annual insurance has been taken out	Same rules as apply to employees	Same rules as apply to employees	Same rules as apply to employees <sup>8)</sup>	Self-employed people choose the number of waiting days and are therefore able to influence their own contributions. The more waiting days, the lower their own contributions
Maximum period of sickness benefit/sick pay:	52 weeks within 18 months <sup>3)</sup>	40 weeks	52 weeks within 2 years <sup>4)</sup>	52 weeks within 2 years	52 weeks within 3 years	364 days at normal level and 550 days at continuation level, then 90 days without sickness benefits
Waiting period?	No	No	No <sup>5)</sup>	Yes <sup>6)</sup>	No	Yes
Length of waiting period:	-	-	-	..	-	1, 7, 14, 30, 60 or 90 days for self-employed people)

*To be continued*

**Table 5.2 Rules governing payment of cash assistance<sup>1</sup> to employees and self-employed people in case of illness as per December 2013, continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Employer period?	Yes	Yes	Yes <sup>5)</sup>	Yes	Yes	Yes
Length of employer period:	30 days	2 days	10 working days	1 month <sup>7)</sup>	16 days	2 weeks <sup>9)</sup>
Wage/salary payable during illness?	Yes, according to the Employees Act or collective agreement	Yes	Yes	Yes	Yes	Yes
Statutory payment of wage/salary during illness?	Yes, according to the Employees Act	No	Yes <sup>5)</sup>	Yes	Yes	Yes
Rules applying to part-time absence due to illness?	Yes	No	Yes	Yes	Yes	Yes
Payment of wage/salary during illness according to agreement?	Yes, in some cases	Yes	Yes	Yes	Yes	Yes

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Kela; IS, Statistics Iceland; NO, NAV (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 Cash assistance means sickness benefits or wage/salary
- 2 Individuals who qualify for unemployment benefits, have completed vocational training for at least 18 months, are apprentices in paid work-training schemes or are employed in a flexi-job, are also entitled to sickness benefits. Before 2 July 2012 the municipal work requirement was employment for at least 13 weeks and work for at least 120 hours
- 3 The sickness benefit period may be prolonged under special circumstances. This applies, for instance, where it is deemed likely that rehabilitation, including job training, can be implemented, when the ill person is receiving or is waiting for medical treatment, or where an application for disability pension has been submitted for consideration. In addition, a benefit period may be prolonged in case of serious illness or industrial injury
- 4 Employers or self-employed people who have already received sickness benefits for the maximum period (52 weeks) may receive benefits for another 50 days due to the same illness after having returned to work for at least 30 consecutive days
- 5 Sickness benefits shall neither be paid for the day on which an employee falls ill nor for the following 9 working days. During that period, employers pay full wages/salaries according to law.
- 6 In the public sickness insurance scheme
- 7 According to law, wages/salaries shall be payable during illness depending on the length of the employment period. After 1 year of employment, salary/ wage shall be payable for 1 month, increasing to 3 months after 5 years of employment. Most collective agreements contain agreements on pay during illness exceeding those three months
- 8 Besides, there are a number of special provisions for self-employed people
- 9 In the employer period, there is a waiting period of one day. This also applies to people who are not employed. The employer period is two weeks as from 1 January 2005

***Employer period at the beginning of the period of absence***

At the beginning of a period of illness, employers in all the Nordic countries have a statutory obligation to pay compensation during the employer period, either by way of statutory sick pay or by way of sickness benefits.

In Denmark, sickness benefits are payable by the employer for the first 30 days if an employee has been working for that employer for the past eight weeks prior to the absence due to illness and during that period has worked for at least 74 hours.

In the Faroe Islands, the public authorities pay sickness benefits from the first day of illness, after which employers reimburse Central Government the two first days of illness.

In Finland, employers pay wages/salaries in full for the first day of illness and for the subsequent nine working days in accordance with the Act on Employment Contracts

In Iceland, all employees have a statutory right to sick pay for a period depending on their seniority. After one year of employment, an employee is entitled to one month's sick pay in case of illness.

In Norway, an employee is entitled to sickness benefits from his employer if he has been employed by him for at least four weeks. The employer period is 16 days.

In Sweden, statutory sick pay is payable for 14 days. However, sick pay will not be payable for the first day of illness. Sick pay corresponds to 80 per cent of the wage/salary.

**Table 5.3 Amount of sickness benefits to employees as per December 2013, national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national term for benefits included in this table	Sygedagpenge	Sjúkradagpening	Sjukdagpenning		Sykepenger	Sjukersättning
Amount of benefits as percentages of income from work	100	100	70 <sup>2)</sup>	100 <sup>4)</sup>	100	80/77.6 <sup>5)</sup>
Income ceiling per week at full compensation <sup>1)</sup>	No maximum	4 008	No maximum	No maximum	9 836	6 400
Income ceiling per week at full compensation in PPP-Euro <sup>1)</sup>	..	372	..	..	762	541
Minimum amount per week	.	.	143 <sup>3)</sup>	.	820	161/147
Minimum amount per week, in PPP Euro	..	..	115	..	64	14/12
Maximum amount per week	4 005	4 008	.	.	9 836	4 963/4 655
Maximum amount per week, in PPP Euro	372	372	..	..	762	420/394

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Kela; IS, Statistics Iceland; NO, NAV (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The income ceiling is the income maximum (previous income) in relation to which sickness benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 70 per cent of the income from work up to EUR 35 457 per year, then 40 per cent of the income between EUR 35 458 and EUR 54.552 per year and after that 25 per cent. Partial sickness benefits amount to 50 per cent of the sickness benefits
- 3 People, who have a small income or none at all, may be awarded minimum daily cash benefits for periods of incapacity for work exceeding 55 days
- 4 Pay during illness depends on period of employment
- 5 People who are off sick get 77.6 per cent for the first 364 days, then 72.5 per cent for a maximum of 550 days. People suffering from long-term illness may be awarded 77.6 per cent without any limitation of time

Sickness benefits payable to employees are taxable in all countries, and there is no supplement for children in any of the countries.

### ***Sick Pay According to Collective Agreements and the Like***

As a supplement to the statutory employer or sick-pay period, wages/salaries are payable during illness according to collective agreements or to special rules governing the public sector. During that period, daily cash benefits shall normally be payable to the employer.

In Denmark, public sector employees will be paid in full during the entire period of illness. Salaried employees in the private sector will typically be paid in full during illness, whereas other private sector employees will be paid during for instance the first nine weeks of their absence due to illness. In some cases, they shall not be paid in full but only up to a maximum amount fixed by the collective agreements.

In the Faroe Islands, public employees and the majority of salaried employees in the private sector shall be paid in full during their absence due to illness.

In Finland, employees in the public sector will be paid in full during the first two months of illness. In the private sector, full pay is payable according to collective agreements for a period of one to three months varying from one industry to another.

In Iceland, employees are ensured pay during illness through collective agreements for a period exceeding the statutory minimum depending on their seniority. Employees working for Central and Local Government are covered by the most favourable rules in that they may be paid in full for an entire year if they have been employed for more than 15 years. Employers in the private labour market are obliged to pay 1 per cent of the wage sum to a supplementary daily cash benefit scheme that is administered by the various unions. From those schemes, daily cash benefits are payable after the employer period, usually for 120-150 days. Due to these schemes, daily cash benefits from the public sickness insurance scheme are of little importance.

According to agreement, all public employees in Norway are paid in full during illness by way of a supplement to the sickness benefits to compensate for the difference between the maximum amount of sickness benefits and their normal wages/salaries. Similar rules apply in the private labour market in a number of cases.

In Sweden, all employees in the public sector shall be paid wages/salaries according to collective agreements as a supplement to sickness benefits. Sickness benefits correspond to a little less than 80 per cent of the income from work up to the income ceiling, and employers pay an additional 10 per cent, so that all employees in that category will receive 90 per cent of their wages/salaries during the first 15-90 days. Those earning more than the income ceiling shall be compensated at an amount corresponding to about 90 per cent of their earnings. In cases, where the period of illness exceeds 90 days, public employees shall be compensated by their employers at about 80 per cent of their wages/salaries, although the employee in question may earn more than the ceiling amount. Also salaried employees in the private sector are ensured compensation from their employers through collective agreements. It applies to this category that employers pay compensation after 90 days, equalling 65 per cent of the earnings exceeding the income ceiling amount of the sickness insurance scheme.

### ***Sickness Benefits***

After the statutory employer period, sickness benefits shall be payable by either the public authorities or the social insurance scheme. Those not entitled to wages/salaries or sickness benefits in the employer period shall be compensated according to the general rules applying to sickness benefits as from the beginning of the period of illness.

In Denmark, employees are entitled to sickness benefits from the local authorities, provided they have been active in the labour market for the past 26 weeks prior to their absence and during that period have been employed for at least 240 hours. Individuals who qualify for unemployment benefits or have completed vocational training for at least 18 months, are in paid work-training schemes or employed in flexi-jobs, are also entitled to sickness benefits from the local authorities. Self-employed people must have worked in their own businesses for at least six months out of the latest 12 months, of which the latest month must be immediately prior to the absence due to illness. For self-employed people, sickness benefits are calculated on the basis of income from work in their own businesses.

In the Faroe Islands, sickness benefits are payable to employees and voluntarily insured people (self-employed people or people working from home). The income basis for employees is usually the average income from the past five weeks prior to their absence. For the self-employed, the income basis is the income from work in their businesses from the past year. In both cases, sickness benefits must not exceed 80 per cent of the current agreement on wages to unskilled labour.

In Finland, sickness benefits are payable both to those in work and to the self-employed, including those who work for themselves (e.g. work from home or study). No income-related sickness benefits shall be payable if the annual income from work amounts to less than EUR 1 361. Up to an annual income of EUR 35 457, the compensation rate is 70 per cent, after which the compensation will be gradually reduced. People with low incomes or none at all will be granted minimum sickness benefits after a waiting period of 55 days.

As mentioned above, the public sickness benefit schemes are of little significance in Iceland. Employees working from home and students have a special right to public sickness benefits. Self-employed people have the same right as have employees to sickness benefits payable by the public authorities but may also take out insurance in case of illness, normally for a period of six months. After that period, payments may be made by the pension schemes.

In Norway, a condition for being awarded sickness benefits from Folketrygden (the National Social Security Fund) is that the person concerned has been in work for at least four weeks immediately prior to falling ill. The income basis for sickness benefits must amount to at least 50 per cent of the basic amount<sup>1</sup> as an annual income. This income limit does not apply to sickness benefits payable in the employer period. The maximum sickness benefit amount payable is six times the basic amount<sup>2</sup>.

Self-employed people have the same right as have employees to sickness benefits if they lose any pensionable income due to lack of working capacity, illness or injuries. A compensation shall be payable from the 17th day of sickness at 65 per cent of the sickness benefit basis, but self-employed people can take out sickness-benefit insurance with coverage of either 65 or 100 per cent as from the first day of illness or 100 per cent from the 17th day of illness. When sickness benefits have been paid for 250 days within the past three years, entitlement shall cease.

### ***Waiting Periods***

The rules applying to waiting periods also vary from one country to another.

In Denmark, there are no waiting periods for employees if a paid employer period exists. As to self-employed people, and people working freelance, there is a waiting period of 14 days, which may, however, be reduced by a voluntary insurance. Voluntary insurance may be taken out in order for a self-employed person to be entitled to sickness benefits from the first or the third day of absence. The insurance premium is higher for self-employed people who wish to receive daily cash benefits from the first day of absence, than it is for self-employed people who wish to receive daily cash benefits from the third day of absence. For self-employed people, who have taken out insurance, daily cash benefits shall amount to at least two-thirds of the maximum amount of daily cash benefits. Self-employed people may take out insurance (at a higher premium) entitling them to the full maximum daily cash benefit amount.

<sup>1</sup> For an explanation of the basic amount, see annex 2, Norway

<sup>2</sup> For an explanation of the basic amount, see annex 2, Norway

In the Faroe Islands, there is no waiting period.

In Finland, there is in the sickness insurance scheme a waiting period of the day on which a person falls ill and the following nine working days, which period equals the statutory period with sick pay for employees. Self-employed people who have pension insurance are entitled to sickness benefits according to the same principles as apply to wage earners. There is, however, a waiting period of the day on which a person falls ill and the following three working days.

Farmers, who are insured in accordance with the Act on Pension to Farmers, are entitled to sickness benefits from and including the fifth working day following the day on which they fall ill.

In Iceland, the public insurance scheme contains a waiting period of two weeks.

In Norway, there is no waiting period. Employees are paid sickness benefits from the first day of illness. Self-employed people can take out sickness-benefit insurance with coverage of either 65 or 100 per cent as from the first day of illness or 100 per cent from the 17th day of illness.

In Sweden, there is a minimum of one waiting day, both in connection with sick pay and sickness benefits. There may, however, be no more than 10 waiting days in a period of 12 months for employees. Self-employed people may choose a waiting period of 7, 14, 30, 60 or 90 days, depending on the nature of the insurance they have taken out.

### ***Other Conditions***

In Denmark, Finland, Iceland and Norway, sickness benefits shall normally be payable for a maximum of one year, and a period may consist of several separate sickness benefit periods. In Finland, it is also possible to be awarded partial sickness benefits for 12-72 working days, if the person concerned works part-time and is on sick leave from a full-time job. Sickness benefits are taxable in all the countries.

In Denmark, sickness benefits are paid and managed by the local authorities. Central Government reimburses local authorities their expenditure on sickness benefits at 100 per cent for the first four weeks, while the expenditure after the four weeks and up to and including the 8th week shall be reimbursed by Central Government at 50 per cent from the 1st day of absence. As from the ninth week up to and including the 52nd week, counted from the first day of absence, Central Government shall reimburse 30 per cent of the expenditure on sickness benefits. If the person who is off sick has gradually returned to work in the above mentioned period, Central Government reimburses 50 per cent of the local authorities' expenditure on sickness benefits from the time when the person in question gradually resumes work. After the 52nd week, all expenditures are covered by the local authorities. In Denmark, the period may, in some cases, be prolonged beyond the 52 weeks.

In the Faroe Islands, sickness benefits shall be payable for a maximum of 40 weeks in a 12 months period, after which social assistance may be payable according to need. As to recipients of disability pension, the maximum period of sickness benefits has been halved to 20 weeks. Recipients of the highest disability pension or retirement pension or people aged 70+ years are not entitled. In the Faroe Islands, sickness benefits are payable by the Faroese social administration.

In Sweden, sickness benefits are usually payable for a maximum of 364 days in a 15 months period. In some cases, the period may be prolonged. The evaluation of re-



duced working capacity and entitlement to sickness benefits is made according to a so-called rehabilitation chain. In the first 90 days, it is made in relation to normal work. After 90 days, entitlement to sickness benefits is evaluated on the basis of the insured's ability to carry out some kind of work for the present employer. After 180 days, the insured shall only be entitled to sickness benefits if s/he is not able to carry out some kind of work in the labour market. It is possible to have the evaluation of the capacity for work deferred if special reasons so warrant, or if it in some other way is unreasonable. As to the self-employed, evaluation is made of the first 180 days. After that, the individual is evaluated in respect of the ordinary labour market. As to unemployed individuals, the capacity for work is evaluated in relation to the entire labour market from the first day.

In Finland, sickness benefits are payable by Folkpensionsanstalten (the Social Insurance Institution); in Iceland, sickness benefits are payable by Socialforsikringen (the National Social Insurance Scheme); in Norway, by Arbeids- og velferdsetaten (the Ministry of Labour and Social Inclusion) and in Sweden, by Försäkringskassan (The Swedish Social Insurance Agency).

### ***Disposable Income and Compensation Levels in Case of Illness***

Figure 5.1 shows the disposable income at three different income levels for a single childless person who draws sickness benefits. Figure 5.2 shows the development in the compensation grade for AW 75 per cent in recent years. Table 5.4 shows the compensation rate at three different income levels for a single childless person. In Iceland, there is full compensation in case of illness (cf. Table 5.3).

As can be seen from Table 5.4, there are considerable differences in the compensation grades in case of illness. In the lowest income brackets, there is full compensation in case of illness both in the Faroe Islands and in Norway. The differences are partly subject to the amount of daily cash benefits in relation to the income from work (they are highest in Denmark, the Faroe Islands and Norway and lowest in Finland), partly by the amount of the maximum amount which is relatively low in Denmark in relation to Sweden and especially Norway. Finally, it is significant that there in Finland is no upper limit to the amount of the daily cash benefits. There is, however, a compensation of only 25 per cent if the annual income exceeds EUR 54 552 (2013).

Figure 5.1 shows that the compensation level in the case of illness is considerably higher in Norway than in the other countries, irrespective of income level. In Finland and Norway, the compensation levels increased with an increasing income level. In the other countries, the compensation ceiling is reached already at AW 75 per cent or AW 100 per cent.

**Figure 5.1** Disposable incomes per month for a single childless person drawing sickness benefits, 2013, in PPP Euro

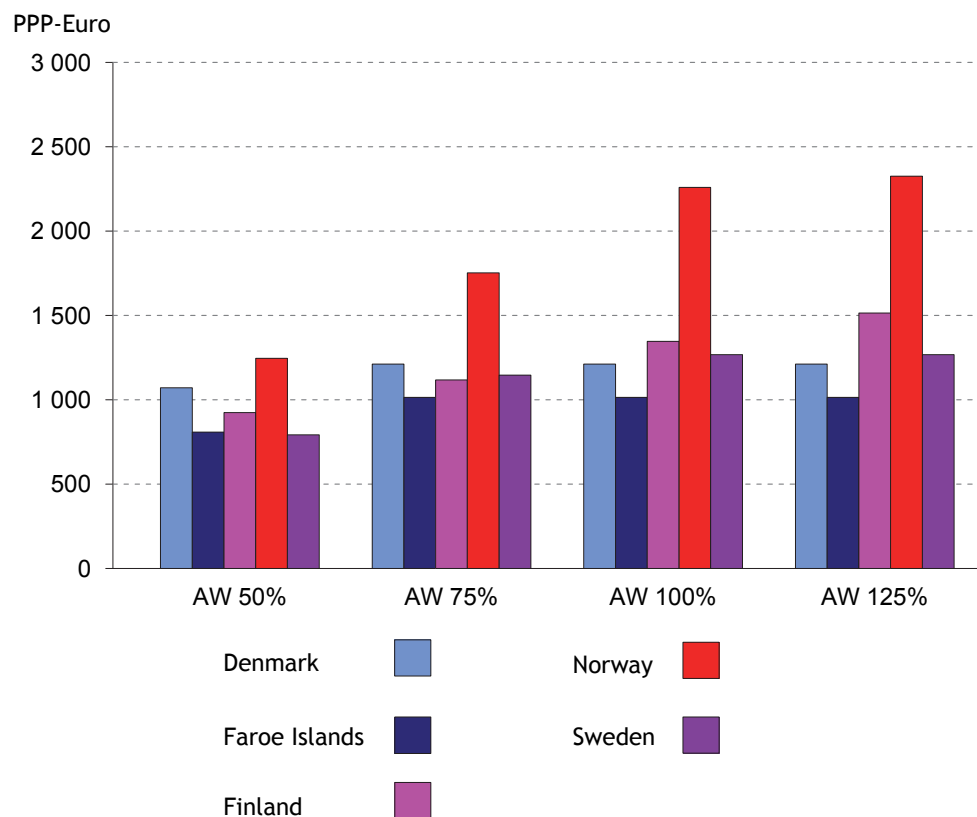
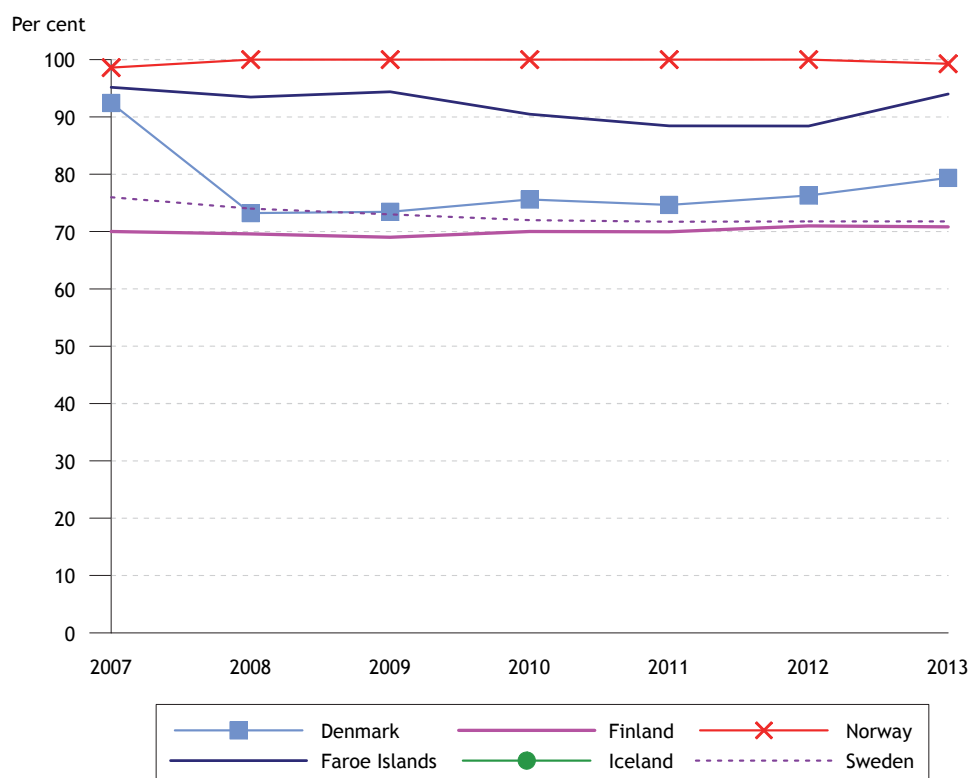


Figure 5.2 shows that the compensation rate in case of illness has hardly changed in recent years in some of the Nordic countries, but the differences among the countries are large. The compensation rate is highest in Norway at almost 100 per cent and lowest in Finland and Sweden at about 70 per cent.

**Figure 5.2 Compensation rate for a single childless person drawing sickness benefits, AW 75 per cent 2007-2013<sup>1)</sup>**



1 AW 75 per cent is used as a standard measure for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Table 5.4 Compensation level for a single childless person drawing sickness benefits as a percentage of disposable income from work, 2013**

	Denmark	Faroe Islands	Finland	Norway	Sweden
AW 50 p.c.	89	100	79	100	72
AW 75 p.c.	79	89	71	99	72
AW 100 p.c.	63	68	68	100	61
AW 125 p.c.	53	55	65	86	52

As can be seen from Table 5.4, the compensation rate in case of illness decreases with an increasing income in all the Nordic countries, but not equally much. The decrease is largest in the Faroe Islands where the compensation rate is 100 per cent at an income of AW 50 per cent and only 55 per cent at AW 125 per cent.

### *Length of Absence Periods*

The extent of the absence due to illness varies considerably from one country to another; it is least pronounced in Iceland, and most so in Norway. In Denmark and Finland, the absence patterns were practically unaltered. Since 2003, there has been a considerable decrease in the absence due to illness in Sweden. The decrease is related to the amendment of the rules and the introduction of a requirement in the sickness benefit scheme for activity. The amendment has resulted in an increase in part-time absence due to illness.

**Table 5.5** Calculated absences due to illness among employees for at least one week as percentages of all employees, 2000-2013<sup>1)</sup>

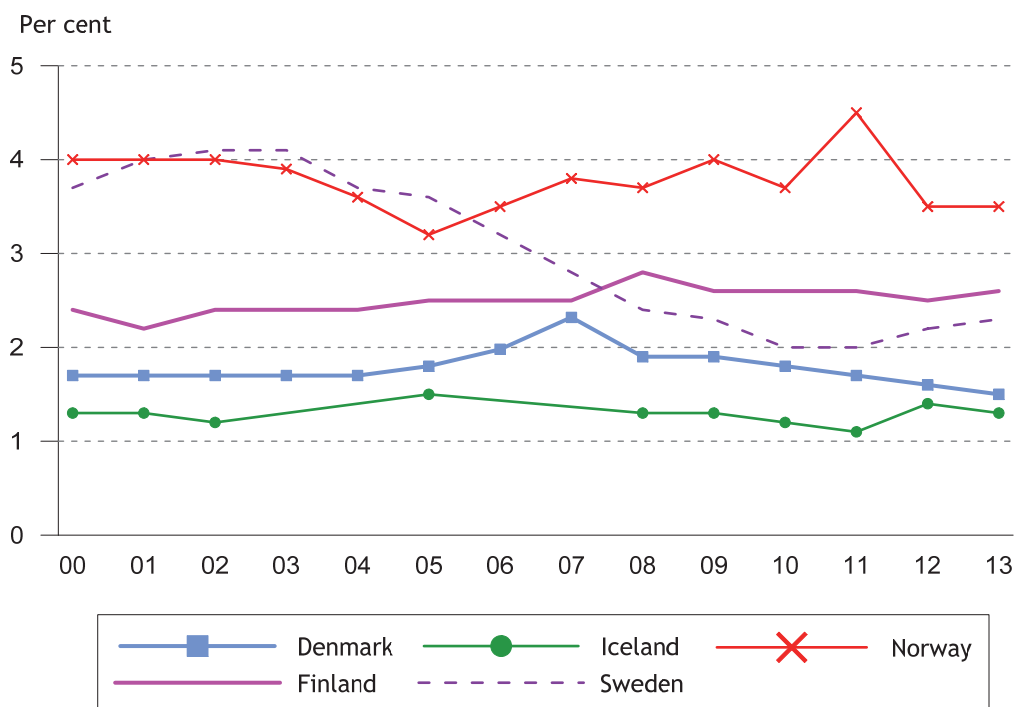
	Denmark <sup>2)</sup>	Finland <sup>2)</sup>	Iceland	Norway	Sweden
<i>2000</i>					
<i>Men</i>	1.4	2.2	1.1	3.4	2.6
<i>Women</i>	2.0	2.5	1.5	4.7	4.9
<i>Total</i>	1.7	2.4	1.3	4.0	3.7
<i>2005</i>					
<i>Men</i>	1.5	2.1	1.2	2.6	2.8
<i>Women</i>	2.2	2.8	1.9	3.9	4.4
<i>Total</i>	1.8	2.5	1.5	3.2	3.6
<i>2010</i>					
<i>Men</i>	1.4	2.4	1.0	3.0	1.5
<i>Women</i>	2.3	2.8	1.5	4.4	2.5
<i>Total</i>	1.8	2.6	1.2	3.7	2.0
<i>2012</i>					
<i>Men</i>	1.3	2.2	1.3	2.8	1.7
<i>Women</i>	2.0	2.9	1.5	4.4	2.7
<i>Total</i>	1.6	2.5	1.4	3.5	2.2
<i>2013</i>					
<i>Men</i>	1.2	2.2	0.9	2.7	1.8
<i>Women</i>	1.7	2.9	1.7	4.3	2.9
<i>Total</i>	1.5	2.6	1.3	3.5	2.3

Source: DK, Statistics Denmark; FI Statistics Finland; IS, Statistics Iceland; NO, NAV (Work in Norway); SV, Statistics Sweden

1 Data calculated on the basis of labour force surveys as an average of the censuses

2 15-64 years-old

**Figure 5.3** Development in employees' calculated absence due to illness for at least one week as percentages of all employed, 2000-2013



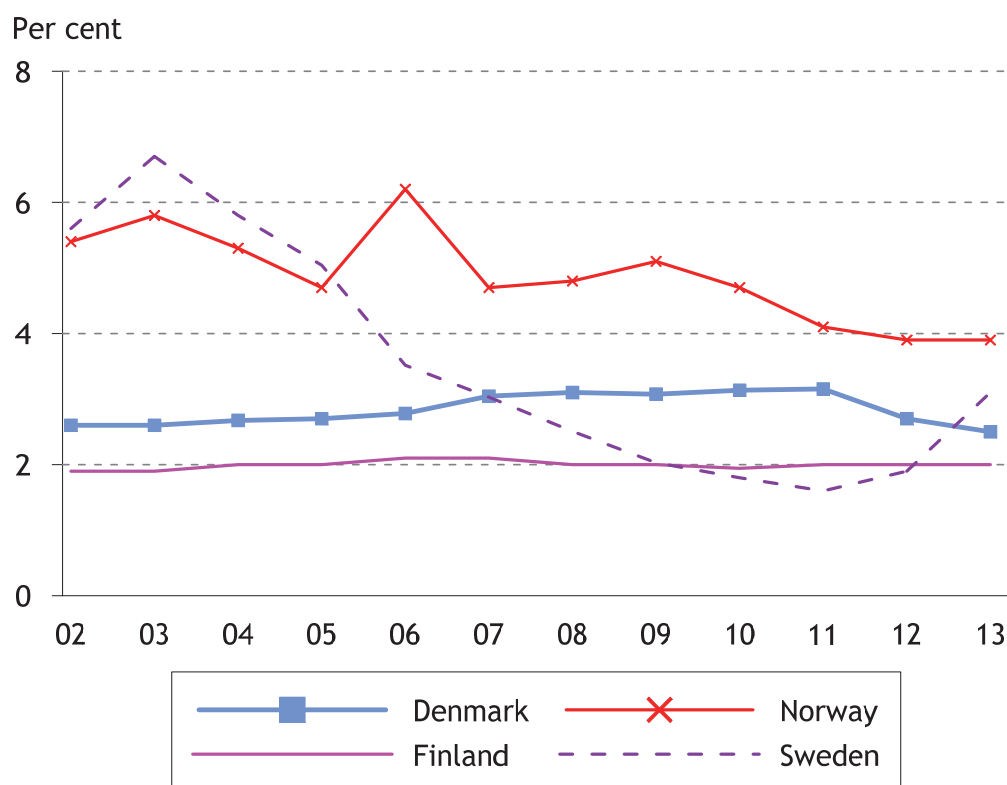
In Table 5.6, the number of days for which sickness benefits have been paid, converted into full-time equivalents and in per cent of the labour force, has been included. Figure 5.4 shows the development over time. The differences among the countries are substantial, with the fewest full-time equivalents of absence in relation to the workforce in the Faroe Islands, Finland and Sweden and with comparatively most in Norway. Converted into full-time equivalents, women draw sickness benefits to the largest extent. There are differences among the countries in how sickness-benefit payments are calculated. In some countries, sickness benefits are payable for 5 days per week, in others for 6 or 7 days per week. This has been taken into consideration in the calculations of full-time equivalents. In some countries, 'part-time illness' also exists, but as this is not registered in the statistics of all the countries, the calculation of full-time equivalents was made from the number of days when sickness benefits were drawn, regardless of whether the individual was considered 'full-time' or 'part-time' ill.

As only days on which sickness benefits have been paid are included, the number of days that can be included varies, as the length of the employer period (in which no sickness benefits shall be payable) varies from one country to another. Besides, the Danish, Norwegian and Swedish data also contain sick-days in connection with industrial injuries, while industrial injuries and accidents are registered in a separate system in the Faroe Islands and Finland.

In Denmark, part-time illness amounted in 2013 to 10.2 per cent of all sickness benefit cases concluded in 2013, or ongoing at year end, of which 11 per cent concerned women and 9.2 per cent concerned men. In Norway, 33.2 per cent of all concluded sickness benefit payments from the National Insurance Scheme in 2011 related to part-

time absence. In Sweden, the absence is calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.

**Figure 5.4** Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force, 2002-2013



Source: DK, Statistics Denmark; FI, Kela; NO, NAV (Work in Norway); SV, Statistics Sweden and The Swedish Social Insurance Agency

**Table 5.6** Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force, broken down by gender, 2013

	Denmark <sup>1, 2)</sup>	Finland	Norway	Sweden <sup>3)</sup>
Men	28 707	23 192	39 298	45 782
Women	33 716	27 894	66 660	77 727
Men and Women	66 416	51 086	105 958	123 509
<i>Per cent of labour force</i>				
Men	2.1	1.8	2.7	2.1
Women	3.0	2.2	5.2	4.3
Men and Women	2.5	2.0	3.9	3.1

Source: DK, Statistics Denmark; FI, Kela; NO, NAV (Work in Norway); SV, Statistics Sweden and The Swedish Social Insurance Agency

1 The register was revised in 2013

2 The period for which the employer must pay for the absence due to illness was prolonged as from 1 January 2012 from 21 days to 30 days. Illness in the employer period is normally not registered

3 Number of people receiving sickness benefits in December 2013. Number of people converted in full-year persons is for all of 2013

**Table 5.7** Number of concluded sickness benefit periods of at least 15 days (per cent), 2013

	Denmark <sup>1,2)</sup>	Finland	Norway <sup>3)</sup>	Sweden
<i>Men</i>				
<i>Duration (days)</i>				
15-29	-	37	35	29
30-89	42	39	33	38
90-179	25	12	14	15
180-359	18	10	11	9
360+	15	3	7	9
Total	100	100	100	100
<i>Women</i>				
<i>Duration (days)</i>				
15-29	-	41	38	30
30-89	39	40	32	37
90-179	26	10	14	14
180-359	20	8	11	9
360+	15	2	6	10
Total	100	100	100	100
<i>Men and Women</i>				
<i>Duration (days)</i>				
15-29	-	39	37	30
30-89	40	39	32	38
90-179	25	11	14	14
180-359	19	9	11	9
360+	15	2	6	10
Total	100	100	100	100

Source: DK, Statistics Denmark; FI, Kela; NO, NAV (Work in Norway); SV, The Swedish Social Insurance Agency

- 1 The period for which the employer must pay for the absence due to illness was prolonged as from 1 January 2012 from 21 days to 30 days
- 2 The table criteria were changed as from 2013
- 3 2012. The data from Norway include sickness benefit periods for all groups of sickness benefit recipients. For employees, only periods of at least 17 days have been registered. For other groups, all sickness benefit periods have been included. These were mainly payable from and including the 15th day of illness

There are some differences as regards the patterns of long-term absence due to illness (for more than two weeks) in the various countries. This reflects inter alia different practices as to when long-term ill people start receiving benefits from other sections of the social system. This applies for instance to the transition to rehabilitation benefits or disability pension.

In Denmark, sickness benefits may in a number of cases be payable after more than one year's absence due to illness.

In Sweden, sickness benefits can as from 1 July 2008 be drawn for 364 days within a period of 450 days (framework period). After that the period may be prolonged to a maximum of 550 days, but at a somewhat lower amount. People suffering from serious illness are exempt from any limitation of time.

In Norway, the share of benefit periods of over 360 days also covers people who are still ill after one year (365 days). They are not entitled to sickness benefits for more than one year, but may instead qualify for a "work clarification" allowance.

Men and women's absence due to illness shows a rather unequal pattern in the various countries. In general, men have the highest absence rate as to the long periods of ab-

sence, with the exception of Denmark, where women range somewhat higher than do men as to periods of absence of more than 180 days. The large number of people with an absence period exceeding one year in Sweden is due to the reform of the disability pension scheme, where many cases were concluded, and many of the people concerned thus transferred to other benefits than sickness benefits or got well again.

### ***Daily Cash Benefits in the Event of Industrial Injury or Work-Related Illness***

In all countries, benefits are payable in the event of industrial injuries or occupational diseases. Short-term benefits may be sickness or equivalent benefits.

In Finland, industrial injury benefits are payable, usually equivalent to the affected person's normal wages.

## Services

Common to the Nordic countries is that they have a well-established service network for both prevention and treatment of diseases. It is, however, an area that varies somewhat from one country to another.

In Denmark, Finland and Sweden, local and/or county/regional authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government and in the Faroe Islands the Government. In Norway, Central Government is responsible for the specialized health sector (first and foremost the hospitals), whereas local authorities are responsible for the primary health sector. In the present system within the primary health sector, practically everyone is attached to a specific general practitioner, as is the case in Denmark and the Faroe Islands.

Occupational health services have been established in Denmark, Norway and Sweden. The purpose of these services is to initiate preventive measures and exercise health control within the framework of the individual work places. In Finland, there is also a statutory occupational health service, which is responsible for preventive measures. Statistical data on this area can be seen in the NOMESCO publication Health Statistics in the Nordic Countries, which can be downloaded from the home page ([www.nowbase.org](http://www.nowbase.org)).

## Hospitals

In all the Nordic countries, there are general hospitals with outpatient clinics/polyclinics and emergency wards. There are also highly specialized hospitals, psychiatric hospitals and, in some of the countries, hospitals providing long-term care. The hospitals are mainly run by Central Government, the regions/counties or the municipalities, but there are also a few private hospitals.

It is very difficult to obtain comparable data in respect of the capacity of the health services in the Nordic countries, as the organization of this area varies considerably from one country to another. There is, however, a general tendency towards the periods of hospitalization becoming still shorter, and towards more and more patients being treated at outpatient clinics.



In all the countries, there has been a tendency towards shutting down psychiatric hospitals and improving treatment of psychiatric patients in their own environments instead.

## Medical Treatment, Etc.

In the Nordic countries, general (primary) medical treatment takes place outside of hospitals. Various forms of preventive health care measures are furthermore linked to the primary health services.

In Denmark, general medical treatment is provided solely by self-employed general practitioners, fully financed by and according to agreements with the public authorities.

In the Faroe Islands, all practitioners are public employees, but are paid a basic amount as well as according to services provided.

About 20 per cent of the general medical treatment as well as treatment by specialists in Finland performed by self-employed doctors. Doctors employed by the public authorities perform the remaining part at public health centres. Besides, the health centres in sparsely populated areas may be equipped with wards.

In Norway, about 95 per cent of the general medical treatment is provided by self-employed general practitioners. This only applies to a slight degree in the other Nordic countries.

In Sweden, it is estimated that self-employed general practitioners perform about 20 per cent of the general medical treatment.

Specialist treatment is available in all the countries. It is performed by specialists according to agreements with the public authorities. These services are provided according to either general or specific rules.

Due to the large differences from one country to another in the organization of the primary health sector, it is very difficult to obtain comparable data concerning the number of medical visits per capita.

Home nursing is available in all the countries, both to families and children and to the elderly and the disabled.

In all the countries, pregnant women and infants are offered public health care. In addition, all the countries provide school health care services. Most children are being immunized according to the recommended immunization programme. Screening programmes to detect e.g. breast cancer, etc., exist to a certain degree in all the countries. In all the countries, transport expenses in connection with illness are subsidized.

## Dental Treatment

Dental treatment is a well-developed service in all the Nordic countries. With the exception of Iceland, treatment of children and adolescents is performed at public clinics, where treatment is completely or partly free of charge. In most of the countries, there are also special discount schemes for the older part of the population. As to the remaining part of the population, citizens pay for the majority of the treatment themselves. Dental treatment of adults is mainly handled by private dentists.

In Finland, the population is entitled to dental treatment, and people may choose between municipal and private dental treatment. The sickness insurance fund reimburses

the expenditure on private treatment. The amount that the patients have to pay themselves for municipal dental treatment is smaller than that payable for private treatment.

In Sweden and Norway, public dental care services are organized by the counties.

## Expenditure on and Financing of Benefits in Connection with Illness

### *Differences and similarities in the expenditure illness*

There are some differences in the expenditure on illness in the Nordic countries measured in PPP per capita, where the Faroe Islands and Finland spend the least and Iceland the most.

In respect of expenditure on paid absence due to illness, Norway spends considerably more than the other Nordic countries, measured in PPP per capita. That is largely due to the amount of the sickness benefits (cf. Table 5.3), but the low unemployment rate in Norway also affects the absence due to illness. It should be noted, however, that only Finland and Iceland include wages and salaries payable during illness in social expenditure.

The expenditure on services (medical treatment), measured in PPP per capita, is lowest in the Faroe Islands and highest in Norway.

What influences the expenditure on medical treatment is patients' payment of user charges for medical treatment and medicine, which is highest in Finland.

Another influential factor is the grey zone between the health sector and treatment of the elderly and the disabled, which is organized in somewhat dissimilar ways in the various countries.

### *Changes in the social expenditure on illness from 2011 to 2012*

In Denmark, the expenditure decreased from 2011 to 2012 by DKK 324 mn, corresponding to a decrease of 0.3 per cent. Cash benefits decreased by a little more than DKK 1 bn, corresponding to a decrease of 5.4 per cent, whereas services increased by DKK 722 mn, corresponding to an increase of 0.7 per cent.

In the Faroe Islands, there was a decrease from 2011 to 2012 of 4.3 per cent, corresponding to DKK 46 mn. That was a slight decrease in public spending on sickness benefits, as well as a reduction in the total expenditure of the health care sector.

In Finland, the social expenditure on cash benefits in connection with illness increased by 1.9 per cent at constant prices. The expenditure on services increased by 2.5 per cent. The expenditure on primary health care increased by 2.6 per cent, while the expenditure on specialized health care increased by 3.0 per cent.

In Iceland, the social expenditure on illness remained almost the same in 2012. The expenditure on services has not changed since 2011; the expenditure on cash benefits increased by 3.7 per cent from 2011, and paid absence due to illness increased by 3.8 per cent. The expenditure on services makes up 82 per cent of the total expenditure on illness.

In Norway, the expenditure on illness increased by 4.7 per cent from 2011 to 2012 at constant prices. Cash benefits increased by 1.0 per cent, while the expenditure on ser-

vices increased by 6.5 per cent. Cash benefits amounted to 30.1 per cent of the total expenditure on health care and illness in 2012.

In Sweden, the expenditure on illness increased by 2.8 per cent from 2011 to 2012 at constant prices. The absence due to illness increased in 2012 which resulted in an increase in the expenditure on cash benefits by 13.0 per cent. The expenditure on services increased by 1.0 per cent in 2012. Apart from treatment of illness, also the expenditure on medication is included.

**Table 5.8 Expenditure on and financing of sickness benefits, 2012, in national currency**

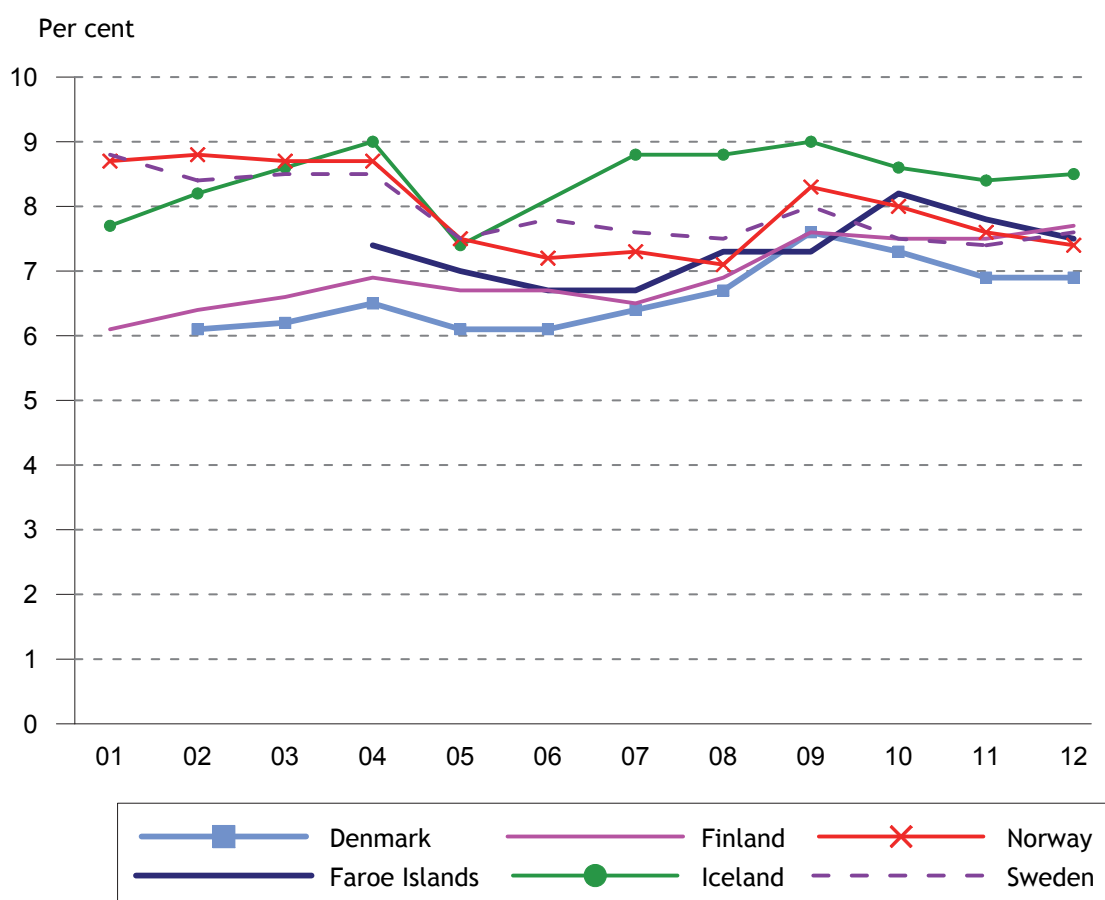
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Paid Absence Due to Illness	18 096	58	2 441	25 152	65 640	44 171
Of which:						-
a. Ordinary sickness benefits	13 981	54	856	1 606	34 824	27 475
b. Daily cash benefits in the employer period	4 115	3	1 393	-	30 816	15 696
c. Sick pay	-	-	40	23 122	-	-
d. Special daily cash benefits in the event of industrial injury or work-related illness	-	4	152	424	-	1 000
B. Other	153	-	-	171	842	141
Cash benefits, total	18 249	62	2 441	25 324	66 481	44 312
<i>Services, million</i>						
Services, total	107 680	965	12 395	119 113	149 688	226 595
Total expenditure, million	125 929	1 027	14 836	144 436	216 169	270 907
Expenditure as percentage of GDP	6.9	7.5	7.7	8.5	7.4	7.6
<i>Financed by (per cent)</i>						
- Public authorities	96.0	88.6	70.2	83.0	66.1	82.7
- Employers	3.9	0.3	20.0	17.0	25.7	17.2
-The insured (contributions and special taxes)	0.1	11.1	9.8	0.0	8.1	0.2
<i>Changes 2011-2012 in terms of 2012 prices</i>						
- Million	-324	-46	281	458	9 736	-263 652
- Per cent	-0.3	-4.3	1.9	0.3	4.7	-100.0

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

**Table 5.9 Expenditure on cash benefits in connection with illness in PPP, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	321	125	370	426	1.141	408
Cash benefits per person of the ages 16-64 years	1 499	486	1 853	1 710	5 110	2 019
Services, total per capita	1 893	1 965	1 877	2 002	2 569	2 086
Expenditure on illness, total per capita	2 214	2 091	2 246	2 428	3 710	2 494

Figure 5.5 Expenditure on sickness benefits, 2001-2012, per cent of GDP



### ***User Charges Payable for Health Services***

The rules governing user charges payable for health services differ somewhat in the Nordic countries. In Finland, Norway and Sweden, there are rules governing maximum payment of user charges for health services. Such rules also exist in Iceland, but patients are only partly exempt from paying. In Denmark, such rules apply only to medicine.

### ***Maximum User Charges***

In Denmark, there is a subsidy system based on need, in which the subsidy depends on an individual's consumption of subsidized medicine. In 2013, subsidies to a consumption of medicine of less than DKK 900 per year shall not be granted, after which the subsidy shall gradually increase to 85 per cent of expenses exceeding DKK 3 180 per year. For children under 18 years, a subsidy of 60 per cent shall, however, be granted to expenditure on medicine of less than DKK 900. For the chronically ill, a 100 per cent subsidy is given to the part of the user charges exceeding DKK 3 710 per year.

In Finland, there is a so-called expenditure ceiling of EUR 636 in the municipal social and health sector. When this ceiling has been reached, treatment is free of charge. The expenditure ceiling applies to medical treatment in the primary health sector at health clinics, physiotherapy, on-going treatment, visits to out-patient clinics, day surgery and short-term stays at institutions within the social and health care

sector. Transport expenses in connection with treatment shall be reimbursed in full, if they exceed EUR 157.25 per year.

In Iceland, the maximum user charge payable for out-patient treatment at hospitals in the primary health care sector and at specialists' is ISK 32 300 per year in 2013 for people in the age group 18-66 years and ISK 9 800 for children under 18 years. For pensioners aged 70 years or more and disability pensioners as well as people who have been unemployed for more than six months, the maximum user charge payable is ISK 8 100. When a patient has reached the maximum amount, s/he only has to pay a small part of the rates. There are also special rules governing payment for physiotherapy, occupational therapy and other therapeutic treatment.

In Norway, there is a maximum user charge for medical treatment, psychological treatment and travel expenses in connection with examinations and treatment as well as subsidized medicine, cf. Table 5.10. Expenditure exceeding the maximum user charge is covered by Central Government. People younger than 16 years are exempt from paying user charges. There is also a user charge ceiling regarding physiotherapy, a few kinds of dental treatment, residential stays at rehabilitation institutions and private rehabilitation institutions that have an agreement regarding regional health measures. This user charge ceiling is somewhat higher than that for medical treatment, cf. Table 5.10. In Sweden, a maximum user charge is payable per year for general medical treatment, physiotherapy, etc., and another maximum user charge for medicine. In case one or both parents jointly have several children younger than 18 years, such children are exempt from paying user charges if the purchase of medicine for them in total exceeds the maximum amount fixed for user charges. As to the municipal care schemes, there are no government rules applying to maximum user charges.

**Medical Treatment, Etc.****Table 5.10 User charges payable for medical visits as at 1 January 2013, in national currency**

	Uniform rules in the entire country?	Amount of user charges	Exceptions
Denmark	Yes	None	A small group that has a free choice of doctor pays minor amounts for medical treatment
Faroe Islands	Yes	None	None
Finland	Yes	Public: 13.80 <sup>1)</sup> - 18.90 for visits between 8 pm and 8 am on week-days and Saturdays, Sundays and Holidays. Private: at least 40 per cent	No payment for children under 18 years
Iceland	Yes	1 000 (daytime)-3 800 (evening and night) for visits to general practitioners; other rules apply to visits to specialists	500 (daytime)-1 850 for children under 18 years and pensioners aged 70 years or older (800 - 3 200 for pensioners aged 67-69 years), disabled or long-term unemployed people, and where pensioners' expenses in a calendar year exceed 7 000 and those of children exceed 8 900, then 400 (daytime) - 900
Norway	Yes	General practitioner/general specialized practitioner 140/186 (daytime), 235/277 (evening and night)	Free after paying user charges up to 2 105 (user charge group 1) and 2 670 (user charge group 2). Children under 16 years are exempt from paying in user charge group 1
Sweden	No	120-350	No payment for children under 18 years

Source: DK, Statens Serum Institut; FO, Ministry of Health Affairs; IS, Icelandic Health Insurance; NO, Ministry of Health and Care Services; SV, Swedish Association of Local Authorities and Regions (SKL)

1 Medical visits: 13.80 for the first three visits in a calendar year or an annual fee of no more than 27.50 for 12 months depending on the local authorities

In Denmark, medical treatment and home nursing are free of charge. A small group of people, who is at liberty to choose doctors freely, must pay a minor amount for medical treatment. In the other Nordic countries, patients pay an amount for treatment themselves.

In the Faroe Islands, medical treatment and home nursing are free of charge.

In Finland, EUR 13.8 is payable for temporary home nursing per visit by a general practitioner, and EUR 8.70 per visit by a nurse. For continuous care in the home, an amount is payable depending both on the extent of the care and on a patient's financial situation.

In Iceland, payment for medical treatment varies. As a rule, children and pensioners pay only one-third of the normal user charges. Home nursing is free of charge.

In Norway, user charges payable for medical visits vary. For treatment in the daytime hours NOK 136 or NOK 180 depending on whether or not the doctor has specialized in general medicine. For medical visits outside the daytime hours and at the emergency medical service, user charges are NOK 229 or 269. No user charge is payable for home nursing.

In Sweden, user charges vary from one county to another. User charges for medical treatment are usually about SEK 200. For visits to a specialist, user charges are somewhat higher. Other medical visits may cost less.

### ***Dental Treatment***

In all the countries, dental treatment of children and young people is completely or partly free of charge. The rest of the population pays all costs for treatment themselves, or is reimbursed a small part of the costs.

In Finland, adults' payment of user charges for municipal dental treatment made up 21 per cent of the expenditure. Treatment of children younger than 18 years is free of charge. The sickness insurance fund reimburses part of the costs for dental treatment in the private sector. On average, patients' user charges totalled 66 per cent of the expenditure.

The sickness insurance scheme in Iceland pays a rate for dental treatment which has been laid down by the Ministry of Welfare. The rate is usually different from the rate used by the private dentists as they are allowed to fix their own prices. In Iceland, people over 67 years and disabled people are reimbursed between 50 and 100 per cent of the expenses (of the rate of the sickness insurance scheme), depending on their incomes. Children under the age of 18 are reimbursed an average of 66 per cent of the total costs (of the rate of the sickness insurance scheme).

In Norway, adults usually pay the full amount for dental treatment. Young people under the age of 18 and certain other groups, such as the elderly, the long-term ill and the disabled, will be treated free of charge. As a supplement, the National Insurance Fund subsidized costs of dental treatment in connection with certain types of dental treatment and with certain diagnoses.

In Sweden, everyone under the age of 20 gets dental treatment for free. As from the age of 20 years, one is entitled to subsidized dental treatment. The subsidy consists of two parts: a contribution towards treatment, which is mainly for examinations and prevention, and a security for maximum user payment.

**Medicine****Table 5.11 User payment for medicine (on prescription) as at 1 January 2012, in national currency**

	Uniform rules in the entire country?	Amount of user charges	Exceptions	The share of user charges of the total expenditure on pharmaceuticals
Denmark	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine in the primary sector	No	31 p.c. <sup>2)</sup>
Faroe Islands	Yes	.	No	About 25 p.c.
Finland	Yes	65 p.c. of the amount, maximum 670 per year, and then 1.50 per medical product	In connection with some diseases, only 3 per cent or 35 per cent of the amount shall be payable (depending on disease)	About 22 p.c.
Iceland <sup>1)</sup>	Yes	Depending on the type of medicine	Pensioners and disabled people: 800 + 50 per cent of the rest of the price, but no more than 1 350/1 700	About 31 p.c.
Norway	Yes	36 p.c. per prescription	For children under 16 years and people who only receive minimum pension: no user charges payable. A maximum of 520 per delivery of a quantity of three months' use	36 p.c. Maximum of 2 040 per year (user charge group 1). The maximum also includes user charges payable for examinations and treatment by a doctor, a psychologist, travel, etc.
Sweden	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine in the primary sector	No	31 p.c.

Source: DK, Statens Serum Institut; FO, Heilsutrygd; IS, Icelandic Health Insurance; NO, Ministry of Health and Care Services; SV, FASS

1 On 4 May 2013, a new subsidy system was introduced concerning pharmaceutical products in Iceland. The system is similar to subsidy systems concerning pharmaceutical products in the other Scandinavian countries (Denmark, Norway and Sweden). According to the new system, users must pay all expenses on medicines up to a certain ceiling (subsidy ceiling). After that, the user charges decrease gradually until the annual expenditure has reached a certain amount (annual ceiling), after which the expenditure will be covered in full. Patients must pay the first ISK 24 075. After that, the patient pays 15 per cent of the expenses, until the share is ISK 34 908. The patient then pays 7.5 per cent, until the total annual expenses amount to ISK 69 415. When the expenditure on pharmaceuticals exceeds that amount, the patient will be subsidized in full. The subsidy ceilings for pensioners, disabled people and children and youth under 22 years are lower. They pay the first ISK 16 050 and get a subsidy of 100 per cent, when the total expenditure is ISK 46 277

2 The figure covers prescribed pharmaceutical, for which a general or individual subsidy is granted



**Table 5.12 User charges payable for hospitalization as at 1 January 2013, in national currency**

	Uniform rules in the entire country?	Amount of user charges in national currency	Exceptions	Ratio of user charges of the total expenditure on hospitalization
Denmark	Yes	-	No	-
Faroe Islands	Yes	-	No	-
Finland	Yes	The fee for hospitalization is at most 32.50 per day. Payment for out-patient treatment is at most 27.50, while day surgery costs no more than 90.30	Payment for long-term stays according to ability to pay, for children 0-17 years, but only for a maximum of 7 days	About 5 p.c.
Iceland	Yes	-	No	-
Norway	Yes	-	No	-
Sweden	No	0-100 per day	..	..

Source: DK, Statens Serum Institut; FO, Ministry of Health Affairs; IS, Icelandic Health Insurance; NO, Ministry of Health and Care Services; SV, FASS

### **Hospitalization**

With the exception of Finland and Sweden, no user charges are payable for hospitalization.

In Denmark, user charges are payable for treatment at private hospitals, but not if the treatment is covered by the extended free choice of hospital.

In the somatic hospital sector, a patient is entitled to choose a private hospital without having to pay for it, if the patient shall have to wait more than a month for treatment at a public hospital. Special rules apply to psychiatric treatment.



## Chapter 6

# Old Age, Disability and Surviving Relatives

This chapter describes the rules applying to payment of retirement and disability pensions and the number of recipients of such payments. Furthermore, data on the number of pensioners and disabled people living at institutions and receiving home help are presented. The number of recipients as well as payments to survivors can be found at the end of the chapter.

## 6.1 Introduction

Both in the Nordic and in other European countries, the expenditure on the elderly and the disabled forms a substantial part of the total social expenditure.

**Table 6.1.1 Expenditure on the elderly, the disabled and surviving relatives as percentages of the GDP in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	18.3	Austria	16.8	Greece	16.4	Netherlands	14.4
Faroe Islands	12.5	Belgium	13.8	Hungary	12.3	Poland	12.4
Finland	15.2	Bulgaria	10.0	Ireland	8.0	Portugal	15.8
Iceland	9.8	Cyprus	11.6	Italy	19.1	Romania	10.1
Norway	12.5	Czech Republic	11.1	Latvia	9.5	Slovakia	9.3
Sweden	16.3	Estonia	8.8	Lithuania	8.8	Slovenia	13.2
		France	16.4	Luxembourg	10.9	Spain	12.9 <sup>1)</sup>
		Germany	13.6	Malta	10.9	United Kingdom	14.3 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

## The Structure of This Chapter

While the other chapters have followed the chapter structure of ESSPROS, the descriptions of the elderly, the disabled and surviving relatives have in this report been gathered in one chapter of 4 parts: 6.1 Introduction; 6.2 Old Age; 6.3 The Disabled and 6.4 Surviving Relatives. First, an overall description is given of the pension structures, number of recipients and compensation levels. Then follows a description of the social services, and finally of the social expenditure and user charges.

## Number of Pension Recipients

The data in Table 6.2.1 do not include child pensioners, widow/widower pensioners or partial retirement pensioners. In respect of Denmark, the total number of pensioners includes recipients of voluntary early retirement benefits aged 60-64 years. As widow's pension has been abolished in Denmark and in the Faroe Islands, the number of pension recipients in Denmark and in the Faroe Islands is overestimated in relation to the other Nordic countries. After the law reform in 2005 in Finland, it is possible to claim work-related retirement pension between the ages of 63 and 68 years, and the number of retirement pension recipients has been increasing steeply since the first people from the years with high birth-rates reached the age of 63 in 2008. Besides, there were 20 433 people in December 2013 aged 60-68 years drawing partial retirement pension.

In Sweden, partial retirement pension is no longer awarded. Individuals drawing sickness and activity benefits (which in the other countries is called disability pension) are included in the total number of pension recipients.

The age and gender compositions of the pension recipients differ somewhat from country to country. Especially in respect of the 60-64 year-olds, there are significantly more both men and women who are pensioned in Denmark and Finland than is the case in Iceland, Norway and Sweden.

### *Taxation of Pensions*

In Denmark and Iceland, pensions are taxed according to the same rules as apply to other incomes. Pensioners do not, however, pay labour market contributions of their pension amounts. Besides, part of the disability pension amount is tax free in Denmark.

In the Faroe Islands, tax is payable of the part of the basic amount of the retirement pension that is set off against any other income. Furthermore, retirement pensioners do not pay contributions to the maternity scheme, the unemployment scheme or the labour-market pension that is based on solidarity. The disability pension is fully taxable, with the exception of the invalidity allowance. Besides, favourable tax rules apply to disability pensioners.

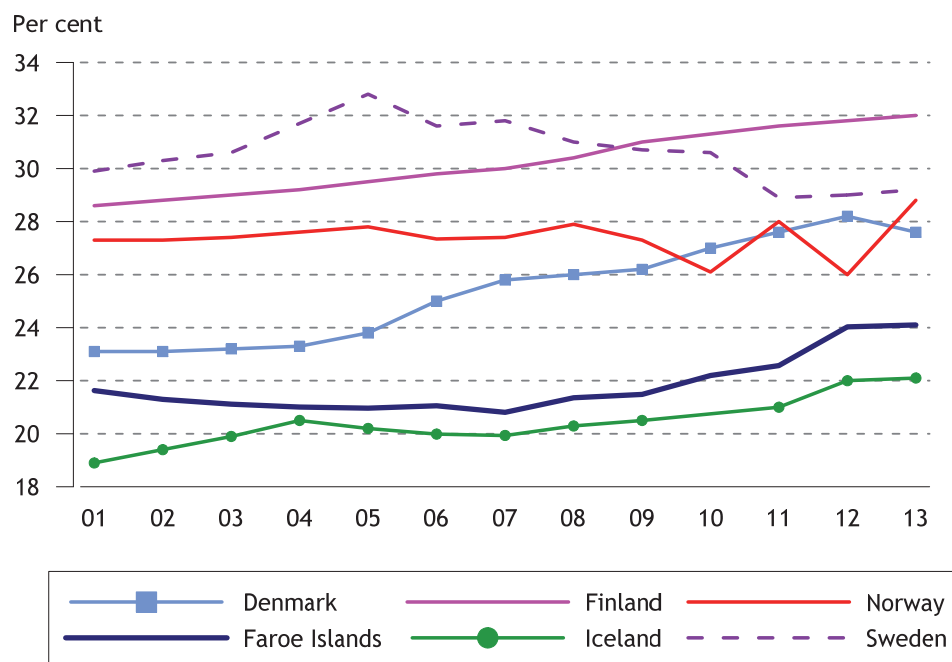
In Finland, no unemployment benefits or sickness insurance contribution is payable of the pension income.

In Norway, there are particularly favourable tax rules for pensioners, and in Finland, pensioners are guaranteed a certain amount so that they are exempt from paying tax if the guaranteed minimum pension is their only income.

Housing benefits to pensioners are exempt from tax in all the countries, with the exception of Iceland. Child supplements payable to pensioners are exempt from tax in Denmark, the Faroe Islands, Finland and Iceland, but subject to tax in Norway. In Sweden, a tax allowance for work was introduced in 2007 to get more people in work. Pensioners are paying lower taxes in that the basic reduction has been increased. Pensioners in Sweden had their tax reduced in 2009 as tax relief was introduced as from 1 January 2009 in the form of an increased basic deduction for people over 65 years. Tax relief is highest in connection with low incomes. In order to fur-

ther improve the financial circumstances of pensioners, taxes were lowered for the third time for those turned 65 years by 1 January 2011. The tax relief is made by the basic deduction being increased further in respect of that group. Besides, housing benefits were increased in 2010 to people drawing sickness and activity benefits.

**Figure 6.1.1 Pension recipients as percentages of the age group 16-18 years or older, 2001-2013<sup>1)</sup>**



Source: DK, Statistics Denmark; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV)

1) Denmark, January data. Excluding people drawing waiting allowance (have been awarded disability pension, but living off income from work)

**Table 6.1.2 Pension recipients by age, in thousands and as percentages of the age group, December 2013**

	Denmark <sup>1)</sup>		Faroe Islands <sup>2)</sup>		Finland		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	1 000	As per- cent- tages of each age group	1 000	As per- cent- tages of each age group	1 000	As per- cent- tages of each age group	1 000	As per- cent- tages of each age group	1 000	As per- cent- tages of each age group	1 000	As per- cent- tages of each age group
<i>Men</i>												
16-39 years	19	2	0	2	18	2	2	4	15	2	29	2
40-49 "	26	6	0	3	18	5	1	7	22	6	25	4
50-54 "	18	10	0	6	17	9	1	9	17	10	22	7
55-59 "	22	12	0	7	32	17	1	11	24	15	31	11
60-62 "	14	14	0	12	35	32	1	12	33	37	38	23
63-64 "	9	14	0	17	60	79	0	15	50	88	53	45
65-66 "	67	90	0	23	75	97	1	49	48	84	107	89
67+ "	371	98	3	103	393	105	16	96	329	106	736	100
Total	547	25	4	21	647	30	24	19	538	27	1 040	27
<i>Women</i>												
16-39 years	17	2	0	1	14	2	3	5	14	2	27	2
40-49 "	29	7	0	4	15	5	2	11	30	8	38	6
50-54 "	22	12	0	7	15	8	2	15	24	15	33	11
55-59 "	29	16	0	12	29	15	2	17	35	23	47	16
60-62 "	19	19	0	17	35	30	1	21	31	36	49	29
63-64 "	13	19	0	24	60	76	1	24	32	57	60	51
65-66 "	73	97	0	32	81	99	2	60	34	61	112	91
67+ "	468	99	4	103	549	105	19	98	407	104	897	100
Total	671	30	5	25	799	35	31	25	607	31	1 263	32
<i>Men and Women</i>												
16-39 years	36	2	0	1	32	2	5	4	29	2	56	2
40-49 "	55	7	0	4	33	5	4	9	52	7	63	5
50-54 "	40	11	0	6	33	9	3	12	41	13	55	9
55-59 "	50	14	0	10	61	16	3	14	59	19	78	14
60-62 "	34	17	0	14	70	31	2	17	64	37	88	26
63-64 "	23	17	0	20	120	77	1	20	82	73	113	48
65-66 "	140	93	0	28	155	98	3	54	82	72	219	90
67+ "	839	99	7	103	942	105	35	97	736	105	1 632	100
Total	1 218	28	9	23	1 446	32	55	22	1 145	29	2 303	29

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency and The Swedish Pensions Agency

- 1 The first age group is 18-39 years for Denmark
- 2 The time of census of the number of pensioners is at the end of the year, whereas the update of the census is at the beginning of the year which explains why there is more than 100 per cent in the age group 67+. The first age group is 18-39 years
- 3 2012
- 4 The data include both pensioners resident and non-resident in the country. Number of recipients in December 2013
- 5 The first age group for Sweden is 19-39 years. In Sweden, disability pension can only be awarded until and including the age of 64 years

**Table 6.1.3 Pension recipients not residing in the country, by age, in thousands at the time of census, 2013**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>Men</i>						
16-54 years	2.0	0.0	0.5	0.1	..	2.6
55-64 "	0.8	0.0	2.5	0.1	..	63.0
65+ "	21.5	0.1	21.1	0.4	..	65.6
Total	24.3	0.1	24.1	0.6	..	131.2
<i>Women</i>						
16-54 years	1.3	0.0	0.4	0.2	..	1.7
55-64 "	0.6	0.0	2.9	0.1	..	50.2
65+ "	20.4	0.1	33.0	0.5	..	52.0
Total	22.3	0.1	36.4	0.9	..	103.9
<i>Men and Women</i>						
16-54 years	3.3	0.0	0.9	0.4	..	4.4
55-64 "	1.4	0.0	5.4	0.2	..	113.2
65+ "	41.8	0.2	54.1	0.8	..	117.5
Total	46.5	0.2	60.4	1.5	..	235.1

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency and The Swedish Pensions Agency

- 1 The following age groups were used: 18-59 years, 60-64 years and 65+ years
- 2 The following age groups were used: 16-54 years, 55-64 years and 65+ years
- 3 2012
- 4 Data for Norway cannot be separated
- 5 People living abroad and receiving sickness and activity allowance are not included in this Table as it is not possible to separate them. The age group 55-64 years is in fact 61-64 years

## 6.2 Old Age

**Table 6.2.1 Expenditure on the elderly as percentages of the GDP in the EU, Faroe Islands, Iceland and Norway, 2013**

Denmark	14.2	Austria	12.7	Greece	12.7	Netherlands	10.8
Faroe Islands	8.4	Belgium	9.5	Hungary	9.3	Poland	9.0
Finland	10.8	Bulgaria	7.7	Ireland	6.2	Portugal	11.9
Iceland	5.7	Cyprus	9.5	Italy	14.9	Romania	7.9
Norway	7.9	Czech Republic	8.9	Latvia	7.9	Slovakia	6.8
Sweden	11.9	Estonia	6.9	Lithuania	6.7	Slovenia	9.8
		France	12.6	Luxembourg	6.3	Spain	8.8 <sup>1)</sup>
		Germany	9.4	Malta	8.4	United Kingdom	12.2 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

### Retirement Pension Structures and Income-Adjustment

A common feature in the retirement pension systems of the Nordic countries is that all citizens have a statutory right to a certain minimum subsistence amount in connection with transition to pension, the so-called minimum pension/basic pension. To this should be added statutory labour market and employment pensions to those having been active in the labour market. Besides, there are supplementary pension schemes laid down by law or by collective agreements. In all the countries, there are also various private pension-saving schemes, which have not been included in the present report.

No clear boundaries can be drawn among the three pension systems, especially not between the employment pensions and the supplementary pensions.

Nordic statistics consequently differ somewhat from European statistics in that basic and supplementary pensions/employment pensions are treated as one and referred to as the first pillar in the pension system, and supplementary pensions are referred to as the second pillar, while private pensions, which are not included in this report, are referred to as the third pillar in the pension system.

In this report, the basic pensions in Denmark, the Faroe Islands and Iceland and the guaranteed minimum pension in Finland, Norway and Sweden are described together. Similarly, the supplementary pensions and the employment pensions are described together.

In Finland and Sweden, reforms have been made to the effect that the basic/employment and supplementary pensions form a whole.

Instead of differentiating between basic pension and supplementary pension, everyone is guaranteed a minimum pension, irrespective of their affiliation to the labour market. People who have accrued sufficient supplementary pension/employment pension through work shall not be awarded the guaranteed minimum pension. Although this basic



principle is the same in the Finnish and the Swedish systems, the pension schemes are structured in very different ways.

In Denmark, basic pension consists of the basic amount of retirement pension and pension supplements as well as a supplementary pension allowance (pensioner's cheque), which are all income-adjusted. Moreover, there are a number of supplements, of which the heating and the health supplements are income-adjusted, whereas the "waiting percentage" in connection with deferred pension is not income adjusted. The employment/supplementary pension consists of the ATP (the Labour Market Supplementary Pension Scheme), which is not income-adjusted, nor are the supplementary pensions in the form of labour market pensions. The special child allowance payable to pensioners is income-adjusted. The special child allowance payable to pensioners is income-adjusted.

As to Danish retirement pensioners, only income from work shall be included in the income basis for the basic pension of the retirement pension.

In the Faroe Islands, pensioners are awarded a pension depending on their marital status. Part of the pension is set off against any taxable income.

There is a supplementary pension system financed by the labour market parties. It is a labour market pension based on solidarity, in which everyone over 67 years is paid a fixed monthly amount. Payment is not a result of contribution payments for which reason this pension in principle functions as a basic pension and is treated as such in this publication.

A special pension supplement shall be payable to pensioners with no or a small supplementary income. Moreover, other personal supplements are payable to pensioners providing for children, and to pensioners with special need of care.

In Finland, employment pension is the most important part of the pension system as 85 per cent of the pension expenditure originates from employment pensions. The retirement pension depends entirely on the amount of the employment pension. No retirement pension shall be payable if the employment pension exceeds EUR 1 302 per month for single people and about EUR 1 160 for married or cohabiting people in 2013.

The supplementary pension schemes play a very insignificant part, however.

Retirement pension depends totally on the employment pension, but any other income (apart from pensions) shall not affect the amount of the retirement pension. Since 2008, housing benefits to pensioners are not part of the pension system but an independent benefit. In general, there are no income-adjusted supplements payable to people drawing retirement pension (cf. Table 6.2.2). The amount will, however, be higher if one postpones retirement till later than the ordinary pensionable age.

In Sweden, a guaranteed pension is payable to people receiving a low income-related pension or none at all. The income-related pension is called income pension and is based on the contributions paid during one's entire working period. As a supplement, there is also the so-called "premium pension" - a foundation-based pension with full liberty to choose between different foundations in the pension authorities' "foundation market". The choice is between Swedish, foreign foundations and interest foundations.

In Iceland, the statutory basic pension may also lapse if a pensioner has other considerable income exceeding a certain level.

In Norway, everyone is guaranteed a minimum pension in case of disability, irrespective of any previous affiliation to the labour market, or by reaching the age of 67 years. In order to become entitled to a minimum pension without any deduction, 40 years of residency is usually required as prove of sufficient affiliation to the Norwegian social insurance scheme. To be awarded any further pension, a person must (as a general rule) have accrued sufficient employment pension through activities in the labour market.

The employment pension system still remains the same in Denmark, Iceland and Norway, whereas the supplementary pension schemes continue to apply in all the Nordic countries.

In the accrual system regarding new flexible retirement pension in Norway (the pension reform), income pension can now be accrued, which for most people will replace the employment pension and the basic pension. 1954 is the first year receiving retirement pension (partial) according to the new system.

**Table 6.2.2 Pension recipients by types of benefit, 2013<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Folkepension	Fólkapensjón		Almanna-tryggingar	Grunnpensjon	Garanti-pension
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pension	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years
Length of residence required to obtain full basic pension	40 years	40 years	40 years	40 years	40 years	40 years
Employment pension	Employees	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	Statutory for public-sector employees civil servants	Statutory for public-sector employees civil servants	-	-	Statutory for public-sector employees civil servants	-
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	Statutory for employees in the private sector	Private collective agreements

Source: Denmark, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV)

1 As a result of an adaptation to the rules in the EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost uniform. As a main rule, one must have been resident for at least three years in the country in question during one's working age

In Iceland, the basic amount payable to retirement and disability pensioners is adjusted both in relation to their own income from work and to half of their household income from capital. Similar rules apply to the pension supplement.

Employment pension and unearned income up to a certain level are not included in the adjustment. Different income levels apply to retirement pensioners. The pension, both basic amount and supplements, may lapse completely if a pensioner has any other considerable income exceeding a specific income level.

In Norway, income-testing of the retirement pension from the Folketrygden in relation to pensioners' income from work has now been discontinued. For all pensioners, the basic pension (grunntølsene) shall be fixed according to for example marital status and any spouse's income from work and capital. Married couples and certain groups of cohabiting couples are as a rule treated equally in respect of pension status in relation to the level of the basic pension.

In Sweden, the housing supplement to pensioners is income-adjusted. In accordance with the new legislation from 2003, the housing supplement is payable to those living in Sweden and receiving a benefit in the form of full retirement pension, activity or sickness benefits, widow's/widower's pension, special survivor's pension or wife supplement. People receiving full pension or a disability allowance from another EU member state may be awarded housing supplements.

## Qualifying Age for Pensions to the Elderly

In Denmark and Norway, the qualifying age for employment pension is the same as for basic pension, whereas it is 63-68 years in Finland and 65-67 years in Iceland. In the old Swedish pension system, the income-related pension could be drawn from the age of 60 years. In the new Swedish pension system, the qualifying age for employment pension is flexible from the age of 61 years. The guaranteed pension may be drawn from the age of 65 years, and there is no upper age limit for drawing retirement pension.

The qualifying age for receipt of supplementary pensions is 60 years in Denmark.

In all the countries, retirement pension is payable both in the form of a basic pension/guaranteed minimum pension and of a supplementary/employment pension.

In Denmark, it is possible to postpone the time of pensioning for up to 10 years and thus accumulate a life-long supplement to the retirement pension. In order to get the supplement, one must work for at least 1 000 hours a year corresponding to just over 19 hours per week during the period in which pensioning is postponed. The ATP will also increase if one chooses to have it paid out later than at age 65 years. The ATP may be postponed until one turns 75 years.

In the Faroe Islands, statutory retirement pension can be drawn from the age of 67 years. The same applies to the labour market pension based on solidarity.

In Finland and in the old Swedish system, one may draw statutory retirement pensions before the statutory pensionable age (in Finland, as from 62 years), but the pension amount shall be reduced (in Finland, the accrued pension shall be perma-

nently reduced by 0.6 per cent for each remaining month until one turns 63 years, i.e. a maximum of 7.2 per cent).

In Norway, it has from 1 January 2011 been possible to draw retirement pension from the Folketrygden when one turns 62 (new pension system), if one has accrued pension rights exceeding the minimum level at age 67 years. It is now possible to accrue further pension points until the age of 75 years.

One may also choose to draw retirement pension flexibly between the ages of 62 and 75 years. The annual pension payable increases the longer retirement is postponed as a result of the introduction of life expectancy adjustments of the retirement pension. The rules have been made neutral so that the anticipated sum of the retirement pension in the pension period will be independent of the time of pensioning.

In Sweden, the pension amount shall increase, the longer one postpones claiming pension.

## Basic Pension/Guaranteed Minimum Pension to the Elderly

The basic pension in Denmark, the Faroe Islands and Norway (guaranteed minimum pension) consists of a basic amount and a supplement.

In Denmark, the basic amount to all pension recipients is adjusted in relation to any income from work they might have. The ordinary pension supplement is adjusted to a pensioner's own and any spouse's total income in addition to the basic pension.

Moreover, health and heating allowances and a personal supplement may be granted to pensioners with low incomes and high expenses. Pensioners with low incomes and a small disposable capital may be awarded a supplementary pension allowance (the so-called pensioner's cheque), which is payable once every year in January.

In the Faroe Islands, the basic amount is not income-adjusted. The regular pension supplement is adjusted in relation to taxable income. All retirement pensioners receive the same amount from the labour-market pension scheme based on solidarity. Pensioners with no or a low income may be awarded an annual household supplement exempt from tax.

In Finland, retirement pension is based solely on employment pension. The basic pension plays a less significant part after the reforms in 1996-2001. The Act on guaranteed pension entered into force on 1 March 2011. The guaranteed pension shall only be payable to those whose total other gross income from pensions is less than EUR 732.13 per month in 2013. The maximum guaranteed pension EUR 738.82 per month in 2013. The amount of the guaranteed pension is affected by all other pensions from Finland and abroad. They are deducted at 100 per cent from the pension. The minimum guaranteed pension is EUR 6.69 per month.

In Iceland, the basic/minimum pension is adjusted according to special rules in relation to other tax-able incomes, such as one's own and any spouse's income.

In Norway, the guaranteed minimum pension consists of a so-called *minimum pension level* fixed at several different rates depending on marital status and the income of any spouse/cohabiting partner. If the pensioner has no or only a limited supplementary pension, a pension supplement shall be payable. The pension supplement corresponds to the difference between the minimum pension and the basic and employment pension. In the accrual system in the new pension system, basic pension, employment pension and pension supplement are replaced by a guaranteed pension which is a guaranteed minimum benefit. The condition for getting awarded full pension is 40 years of residence in the country between the ages of 16 and 66 years. Years from the age of 67 to the age of 75 years can also be counted if pension points were accrued.

In Sweden, a completely new pension system has gradually been introduced since 1999. The basic pension, which in the old system was independent of any other income, shall be replaced by a guaranteed minimum pension payable to those not qualifying for employment pension or as a supplement to a low employment pension. The guaranteed minimum pension is payable as from 2003.

**Table 6.2.3 Rules applying to basic pension/retirement pension, 2013, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Folkepension	Fólkapensjón	Garantipension		Grunnpensjon	Garantipension
Pensionable age	65 years	67 years	65 years	67 years	67 years From 62 years if previous accumulation, cf. Table 6.2.5	From 65 years
Residence in the country for at least:	3 years between the ages of 15 and 65 years	3 years between the ages of 15 and 67 years	3 years after the age of 16 years	3 years between the ages of 15 and 67 years	3 years between the ages of 16 and 66 years	3 years
Full pension shall be awarded on the following conditions	40 years of residence in the country between the ages of 15 and 65 years	40 years of residence in the Kingdom of Denmark between the ages of 15 and 67 years	40 years of residence in the country between the ages of 15 and 65 years	After 40 years of residence in the country between the ages of 15 and 65 years	40 years of residence in the country between the ages of 16 and 66 years	40 years of residence
Pension on the basis of length of the residence?	Yes	Yes	Yes and other pensions	Yes and income		Yes
Pension depending on previous income	No	No	No	No	Yes No	Yes
Minimum pension per month in national currency	1/40 of maximum pension	1/40 of basic amount and contributions paid on the basis of solidarity	No statutory minimum	.	350	1/40 of maximum pension
Maximum pension per month in national currency	If the income does not exceed a certain level: Pension 11 832 for single pensioners living alone; 8 718 for married or cohabiting pensioners <sup>1)</sup>	10 891 for single pensioners and 8 987 for married pensioners	738.82	If no other income, 218 515 for single pensioners and 188 313 for married or cohabiting pensioners	13,997	8 089 single pensioners born 1937 or before, 7 207 married pensioners born 1937 or before, 7 899 single pensioners born 1938 or later, 7 046 married pensioners born 1938 or later
<i>Supplements:</i>	Supplementary pension benefits, heating supplement, health supplement and personal supplement as well as housing benefit	Child allowance and personal supplements	Child allowance	Child allowance; certain special supplements		Wife supplement; housing supplement

*Table continues*

**Table 6.2.3 Rules applying to basic pension/retirement pension, 2013, in national currency, continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Indexation after pensioning:	100 per cent of the wage development with a reduction, if the increase exceeds 2 per cent.	Adjusted according to special legislation. Pensions payable on the basis of solidarity shall be adjusted annually but not according to a fixed rate	Consumer price index 100 per cent	Wage development, at least as to the consumer price index		Adjusted according to special legislation. Pensions payable on the basis of solidarity shall be adjusted annually but not according to a fixed rate

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

1 Finance Act 2014

**Table 6.2.4 Monthly incomes for single people, who have never had any income from work, at the time of pensioning, 2013, in national currency**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>Single people</i>						
- Basic amount	5 804	7 019	} 738.82	34 053		
- Supplement	7 603	3 872		145 200	13 997	7 899
- Housing benefits	2 470	0	481.5	31 669		4 825
Total, before tax	15 877	10 891	1220	210 922		12 724
- After tax	12 376	9 691	1220	180 691		11 547
-After tax in PPP-Euro	1 148	899	982	990	-	976

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, Statistics Sweden

- 1 Supplement, rent subsidy and income tax according to the family type model (family type 160: Single pensioner, rented accommodation (J))
- 2 Since 2008, the pension supplement no longer forms part of the pension
- 3 Benefit to single pensioners, or pensioners with a spouse with a low income or pension
- 4 Minimum pension level

### **Supplementary Pension/Employment Pension to the Elderly**

The significance of the employment pension in respect of the total payment of pensions varies considerably from one Nordic country to another: from being only a small amount in Denmark to being the most important contribution in the other Nordic countries. The condition for being awarded employment pension is in all the countries that the insured person has previously been affiliated with the labour market.

In Finland, employment pensions are insurance-based and cover all employees and self-employed individuals without any income ceiling. As from 2005, the pension is calculated on the basis of the total earnings in the period in which one has been in work between the ages of 18 and 68 years.

The pension is financed through contributions from employees and employers. In 2012, the average contribution from employers was 17.35 per cent of the income

from work and 5.15 per cent for employees under the age of 53 years and 6.5 per cent for employees aged 53 years or more.

In Iceland, the employment pension funds have paid out more since 2002 than the amount paid as basic pension by the public authorities.

In Norway, the employment pension is part of the security provided by the National Social Insurance Scheme and is calculated in relation to previous income. In the new accrual system, the income pension replaces the previous supplementary pension system. The accrued income pension shall be gradually reduced in relation to the guaranteed pension (80 per cent).



**Table 6.2.5 Basis for award of employment pension/supplementary pension, 2013**

	Denmark	Finland	Iceland	Norway	Sweden <sup>1)</sup>
The national terms for benefits included in this Table	Folkepension	Arbetspension		Tilleggspensjon	Tilläggs pension
Pensionable age	65 years	63-68 years	65-67 years	From 62 years	From 61 years
Higher pension at later pensioning?	Yes		Yes	Yes	
Full pension shall be awarded on the following conditions	"Full pension" does not exist	"Full pension" does not exist	Contribution period of 40 years	40 years of employment	"Full pension" does not exist
Pension on the basis of	Paid contributions	Age-dependent accumulation rate and total income from work from the age of 18 years	Duration of membership and contributions paid, credited pension points	Pension points (20 years with the highest number of points credited), income from work and life expectancy	Total income from all working years, time of pensioning, life expectancy
Accrued periods	None	When income-related parental, sickness, rehabilitation, unemployment benefits or study grants are received and for passed exams	None	Years of minding children under 7 years, nursing of a disabled, ill or elderly person	Minding of infants, military service or the like, studies, income-related activities/sickness benefits
Indexation:					
- before pensioning:	No (adjusted when there are sufficient means)	<b>Wage index 80 per cent + price index 20 p.c.</b>	Wage index	Wage index	Income index
- after pensioning:	No (adjusted when there are sufficient means)	Price index 80 p.c. + wages/salaries 20 p.c.	Price index In older funds for public employees: wages/salaries	Wage index less 0.75 percentage points	Wage index less 1.6 percentage points
Pension adjusted for life expectancy for the first time in the year:	Adjusted regularly	2010	.	2011	2001

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; IS, Statistics Iceland; SV, The Swedish Pensions Agency

1 The income-related pension payable to people born after 1953 but before 1963, consists apart from employment pension, which is still payable, of income pension. For people born after 1962, the entire income-related pension consists of income pension

## The Number of Pension Recipients

As it appears from Tables 6.2.6 and 6.2.7, there are large differences from one country to another as to how many people receive both basic and employment pension, and how many receive only basic pension. As it appears from Figure 6.2.1, the number of retirement pensioners increased steeply from 2004 to 2007 in Denmark as a result of the lowering of the pensionable age from 67 to 65 years. In Finland, Sweden and the Faroe Islands, the number of retirement pensioners increased as a result of an increase in the shares of the oldest age groups of the population.

The pensionable age is between 63 and 68 years. In Norway, the increase is due to the demographic composition of the population, and the pension reform in 2011 made it possible to retire early from the age of 62 years. After the pension reform, the AFP (pension based on collective agreements) is now payable in the private sector as a life-long supplement to the retirement pension from the Folketrygden.

In the public sector, the AFP scheme continues as an early pension scheme for the 62-67 year olds.

**Table 6.2.6 Retirement pensioners, total, and pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension at year-end, 2000-2013**

	Recipients of retirement pension, total				Retirement pensioners receiving only basic pension			
	Men (1 000)	Women (1 000)	Men p.c.	Women p.c.	Men (1 000)	Women (1 000)	Men p.c.	Women p.c.
<i>Denmark</i>								
2000	290	416	41	59	49	195	20	80
2005	347	461	43	57	57	170	25	75
2010	407	514	44	56	10	100	9	91
2013	460	562	45	55	49	109	31	69
<i>Faroe Islands</i>								
2000	3	3	50	50	1	1	43	57
2005	3	3	50	50	.	.	.	.
2010	3	4	43	57	1	1	54	46
2013	3	4	47	53	1	1	52	48
<i>Finland<sup>1)</sup></i>								
2000	339	531	39	61	14	76	16	84
2005	395	569	41	59	12	52	19	81
2010	463	630	42	58	13	46	22	78
2013	524	685	43	57	13	42	23	77
<i>Iceland</i>								
2000	13	16	45	55	1	2	31	70
2005	14	17	45	55	1	2	31	69
2010	15	19	44	56	1	1	37	63
2013	17	20	46	54	1	1	36	64
<i>Norway</i>								
2000	258	371	41	59	33	204	14	86
2005	262	367	42	58	24	168	12	88
2010	287	377	43	57	23	162	13	88
2013	378	422	47	53	20	138	13	87
<i>Sweden</i>								
2000	694	910	43	57	24	202	11	89
2005	591	796	43	57	20	141	12	88
2010	872	1 036	46	54	18	94	16	84
2013	955	1 102	46	54	16	74	18	82

Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years

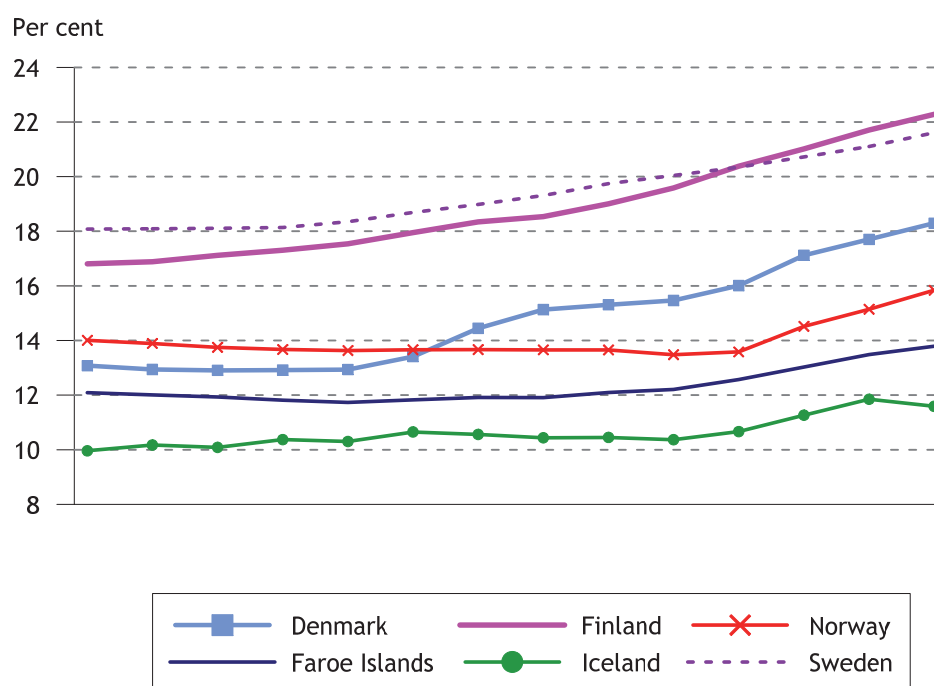
**Table 6.2.7 Pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension and employment pension at year-end, 2000-2013**

	Retirement pensioners drawing receiving both basic and supplementary/employment pension			Retirement pensioners drawing only employment pension (new Finnish and Swedish systems)		
	Total (1 000)	Men p.c.	Women p.c.	Total (1 000)	Men p.c.	Women p.c.
<i>Denmark</i>						
2000	463	52	48	.	.	.
2005	581	50	50	.	.	.
2010	811	49	51	.	.	.
2013	864	48	52	.	.	.
<i>Finland<sup>1)</sup></i>						
2000	683	41	59	97	48	52
2005	417	32	68	457	52	48
2010	424	31	69	611	52	48
2013	427	31	69	728	52	48
<i>Iceland</i>						
2000	25	44	56	.	.	.
2005	26	44	56	.	.	.
2010	25	41	59	.	.	.
2012	26	42	58	.	.	.
<i>Norway<sup>2)</sup></i>						
2000	392	58	42	.	.	.
2005	437	55	45	.	.	.
2010	478	55	45	.	.	.
2013	642	56	44	.	.	.
<i>Sweden</i>						
2000	1 378	49	51	.	.	.
2005	1 226	47	53	297	52	49
2010 <sup>3)</sup>	922	45	55	874	51	49
2013	738	44	56	1 225	50	50

Source: DK, Statistics Denmark, FI, Finnish Centre for Pensions and Kela; IS, The Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years
- 2 On 1 January 2011, a new retirement pension scheme was introduced in Norway. The data are consequently not quite comparable with previous years
- 3 Pensioners drawing basic and supplementary/employment pensions are pension recipients according to the old system, while pension according to the new Swedish system is the income-based pension, possibly combined with some other kind of pension. Pensioners drawing supplementary pension and/or guaranteed pension, and the number of pensioners drawing income pension, respectively (income-depending pension less income pension), i.e. employment pension with or without guaranteed pension/income pension (new system)

**Figure 6.2.1 Development in retirement pensioners as percentage of entire population, 2000-2013**



Source: DK, Statistics Denmark; FO, Hagstova Føroya; FI, Finnish Centre for Pensions and Kela; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

### ***Supplementary Pension to the Elderly***

The supplementary pension schemes are both statutory and based on collective agreements and apply mainly to government and municipal employees. Private sector employees are covered by the schemes to varying degrees. In Norway, private sector employees may be covered by their own schemes.

In Denmark, it is about 90 per cent of all full-time employees, and in Norway, almost 100 per cent. (after the introduction of the OTP (obligatory public servants' pension in the private sector)), while in Sweden, almost all employees are covered by the supplementary pension schemes. In Finland, such pension schemes are insignificant, as there is no upper limit to the amount of the employment pension.

**Retirement Pension Amounts****Table 6.2.8 Average payment of statutory retirement pensions (before tax) per month, 2013**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	9 775	10 680	10 275	907	991	953
Faroe Islands <sup>2)</sup>	8 876	9 449	9 176	824	877	851
Finland <sup>3)</sup>	1 822	1 202	1 471	1 466	967	1 183
Norway <sup>3)</sup>	20 423	15 261	17 703	1 582	1 182	1 371
Sweden <sup>4)</sup>	13 010	9 757	11 267	1 100	825	953

Source: DK, Statistics Denmark, FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 Average payment of statutory retirement pension to pensioners residing in Denmark in January 2013 plus calculated payment of one's own pension in the form of ATP which is assumed to amount to DKK 1 223
- 2 Average payment of statutory retirement pension in November 2013 and payment of special basic pension
- 3 Average pension amount paid out in December
- 4 Average pension amount paid out in December, including subsidy towards maintenance of the elderly

There are large differences in the benefits payable to men and women. While men receive the highest amount in Finland, Norway and Sweden due to a larger accumulation of the ATP, men in Denmark and in the Faroe Islands receive the least, which is a result of more men receiving supplementary pensions, which has a bearing on the basic pension.

**Disposable Income and Compensation Rates when Drawing Retirement Pension**

Figure 6.2.2 shows the disposable income at five different levels of income (including the maximum amount of employment pension and labour market pension/supplementary pensions) for a single retirement pensioner without children in PPP-Euro at the time of pensioning. The income is shown for a person retiring at the age of 65, and for a person retiring at the age of 67<sup>1</sup>. A comparison of the countries reveals quite a few differences. In Sweden, Norway and Iceland, retirement pensioners have the highest income levels, whereas they in the Faroe Islands have the lowest disposable income.

There are also quite a few differences as to how previous income affects the pension. In Sweden, the disposable income from retirement pension increases relatively much in case of increased income from work from AW 100 per cent to 125 per cent. In Finland, the retirement pension is relatively low for those who have had no income. As to Denmark and Norway, there are relatively small differences between the retirement pension in case of no previous income and at AW 125 per cent. The dif-

<sup>1</sup> In the Faroe Islands and in Iceland, it is not possible to draw retirement pension at the age of 65, whereas in Norway, there are prerequisites for drawing pension before the age of 67, which will not be met in case of incomes of AW 0 per cent and AW 50 per cent.

ference in percentage in PPP-Euro between the pensions to a person at AW 0 and AW 125 is only 21 and 16 per cent for Denmark and Norway, respectively, while it in Finland and Sweden is 133 and 83 per cent, respectively. As mentioned above, the large differences in Finland are due to the relatively low pensions for AW 0, and the relatively high pensions in Sweden to AW 25.

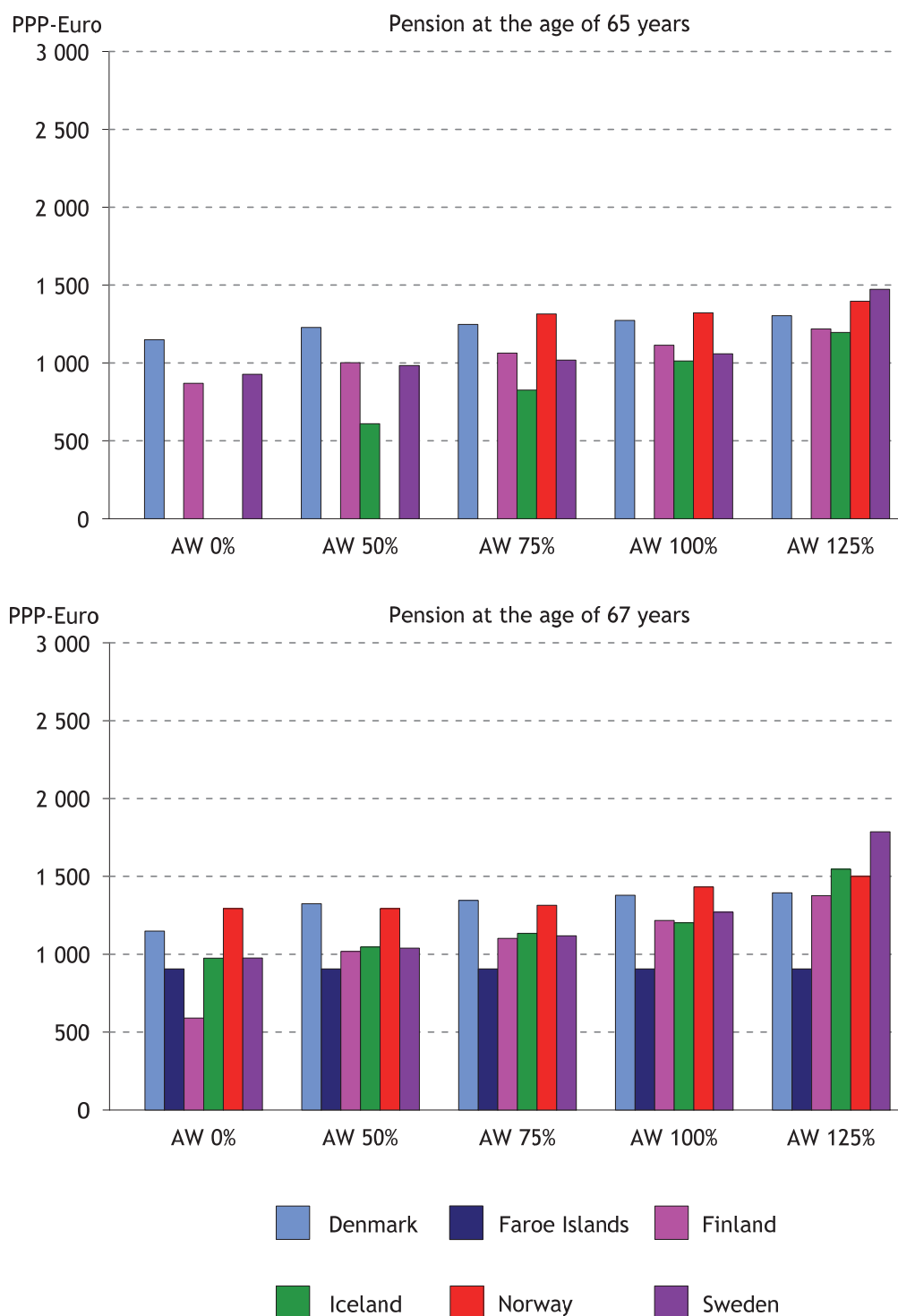
The reason for those differences is different rules regarding calculation of the pension, particularly in respect of how it is affected by previous income. In Sweden, there is for example a higher ceiling as to which income is included, which gives a higher employment pension at AW 125. In Denmark and Norway, the minimum levels are relatively high, which is partly due to relatively large housing benefits. Housing benefits are also relatively high in Sweden, but that does not result in a high minimum level.

Figures 6.2.3 and 6.2.4 show the development in the compensation rates in recent years for people who have a previous income of AW 75 per cent. Tables 6.2.9 and 6.2.10 show the compensation rate in relation to previous income for a 65 year-old and a 67 year-old, respectively.

The compensation rates in case of pension at the age of 67 for AW 75 was in 2013 between 70 and 90 per cent. They are lowest in Sweden and Finland and highest in Iceland and Denmark. Most countries show a rather stable development as to compensation rates in the period 2007-2013.

As it appears from the Figures showing income levels, there are considerable differences in compensation rates at the transition to pension. This is above all due to the employment pension which is a full pension in the old Swedish pension system. It also applies to some extent to the Icelandic employment pension schemes. The reason for the high compensation rate in Iceland is first of all the assumption that recipients receive full compensation from the employment pension scheme, which is 60 per cent of their previous earnings. Secondly, the effect of the income adjustment for an average AW is limited. In Norway, another important factor is that pensioners are subject to particularly favourable tax rules. Besides, the employment pension is generally high in Sweden. The Danish retirement pension includes retirement pension and supplementary pensions.

**Figure 6.2.2 Disposable monthly income (of single childless people) when drawing retirement pension (including employment pension) in PPP-Euro, 2013<sup>1)</sup>**

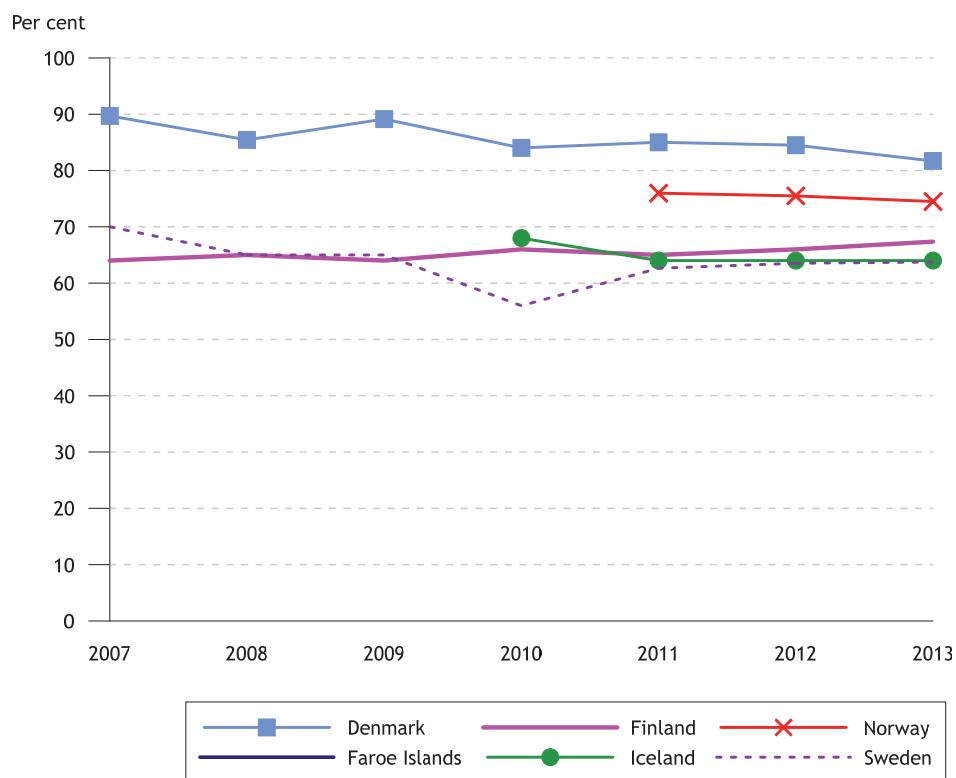


1 As to Norway, the 65 year-olds are not included in respect of AW 0 and AW 50, because it is a requirement that the retirement pension must be higher than the minimum pension level at the age of



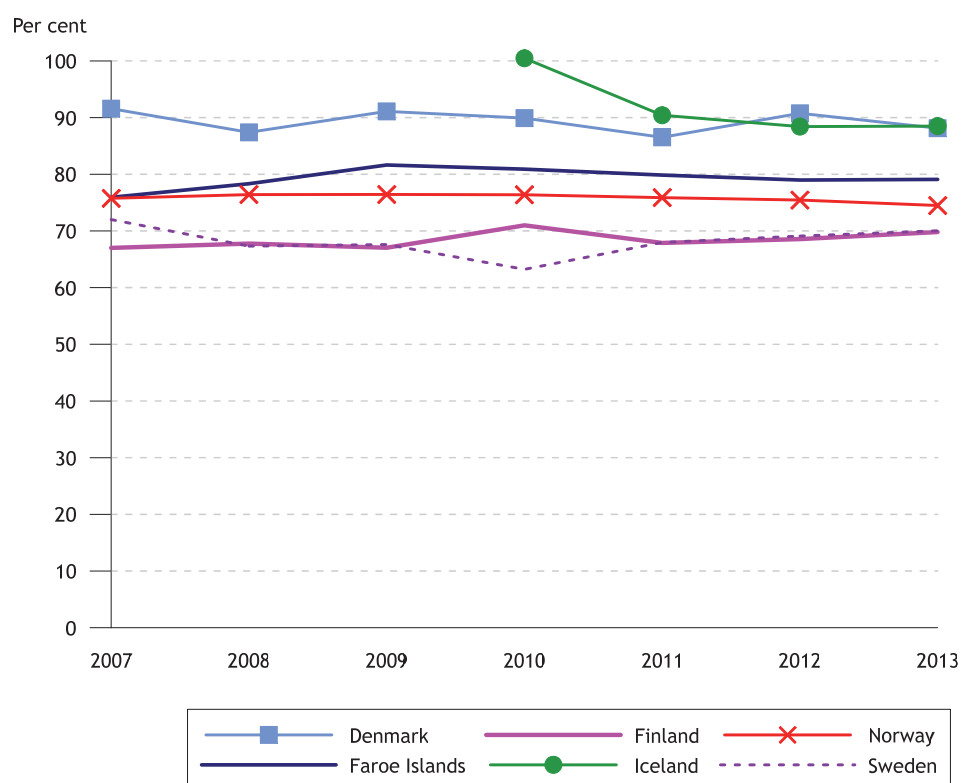
67, in order for pension to be awarded before the age of 67 years. In respect of AW 0 and AW 50, this requirement is not met, and they have consequently been left out

**Figure 6.2.3 Compensation rate for single childless people when drawing retirement pension at the age of 65 years, AW 75<sup>1)</sup> per cent, 2007-2013**



<sup>1</sup> AW 75 per cent is used as a norm for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Figure 6.2.4 Compensation rate for single childless people when drawing retirement pension at the age of 67 years, AW 75 per cent, 2007-2013**



1 AW 75 per cent/100 per cent is used as a standard measure for couples when illustrating the compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Table 6.2.9 Compensation rates for single childless people when drawing retirement pension at the age of 65 years as percentages of disposable incomes from work, 2013**

	Denmark	Finland	Iceland	Norway	Sweden
AW 50 p.c.	102	86	64	..	90
AW 75 p.c.	82	67	64	74	64
AW 100 p.c.	67	56	62	58	51
AW 125 p.c.	57	52	61	52	60

**Table 6.2.10 Compensation rates for single childless people when drawing retirement pension at the age of 67 years as percentages of disposable incomes from work, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50 p.c.	110	112	87	112	104	95
AW 75 p.c.	88	79	70	89	74	70
AW 100 p.c.	72	61	62	77	63	61
AW 125 p.c.	61	49	59	69	55	73

## Special Retirement and Partial Retirement Pensions

Special retirement pensions comprise several types of pension granted to people of working age and cannot be regarded as traditional retirement pensions. Social or health-related criteria and/or circumstances in the labour market or agreements enabling people to retire voluntarily, partly or completely.

In Denmark, such pensions include a voluntary early-retirement pension, which is a voluntary retirement scheme for members of an unemployment fund aged 60-64 years. In 1999, a number of changes of the voluntary early retirement pension were introduced to make it more financially advantageous to postpone transfer to voluntary early retirement until the age of 62 years. With the withdrawal reform in 2011, still more changes were made in the voluntary early retirement scheme, such as a reduction of the voluntary early retirement period from 5 to 3 years and an advancement of the increase of the voluntary early retirement age.

There is also a "flexi benefit", which is a voluntary retirement scheme for people of the age group 60-64 years working in "flexi-jobs" in line with the voluntary early retirement scheme. The partial retirement pension scheme for the 60-64 year-olds who are not covered by the voluntary early retirement scheme is being phased out and is only used by very few people.

In the Faroe Islands, people between the ages of 18 and 66 years, whose working capacities have been reduced by at least 50 per cent, may, where social and health circumstances so warrant, be granted the lowest amount of disability pension.

In Finland, employees and self-employed people who have turned 62 years may be awarded retirement pension. Early award of the retirement pension reduces the pension permanently, also after the recipient has reached the age of 63 years. All early retirement pensioners have been included in the statistics as retirement pensioners. Self-employed people and employees who have been working for a long time may choose partial retirement pension when they reach the age of 61 in 2013. Farmers, who stop farming before reaching the pensionable age, may be granted a special pension. A new rule was recently introduced to the effect that only people who have turned 60 years and were born before 1950 are entitled to the Finnish unemployment pensions. This is described in Chapter 4.

In Iceland, fishermen may retire at the age of 60 years, if they have been sailors for 25 years.

In Norway, special age limits apply for certain jobs. For example, most people working in the police force or in defence have an age limit of 60 years, and under certain circumstances they may retire already at the age of 57 years.

A scheme of pension based on collective agreements (AFP) from 1989 changed considerably from 2011 in the private sector. The AFP is awarded as a life-long supplement to the retirement pension. In the public sector, the scheme is kept as a time-limited early retirement scheme (62-67 years) entitling public employees with no special age limit to retire from the age of 62 years. There are further pension schemes adapted to the National Social Insurance Scheme, and they function as special early retirement schemes for people until the age of 67 years. This applies for

instance to the pension scheme for sailors and fishermen, in which retirement pension may be obtained from the age of 60.

In Sweden, new partial retirement pensions have not been awarded since 2000.

**Table 6.2.11 Average monthly amounts of the special retirement/partial-retirement pensions before tax, December 2013**

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Voluntary early retirement pension <sup>1)</sup>	13 385	1 242
"Flexi benefits"	13 455	1 249
Partial retirement pensions	9 616	892
<i>The Faroe Islands<sup>2)</sup></i>		
Lowest disability pension amount	10 701	993
<i>Finland<sup>3)</sup></i>		
Partial retirement pensions	744	599
Special pensions to farmers	1 007	810
<i>Norway<sup>4)</sup></i>		
Pension fixed by collective agreement, private sector, old rules	20 113	1 558
Pension fixed by collective agreement, new rules	27 798	1 742
Special pension to fishermen	6 414	497

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; NO, The Norwegian Labour and Welfare Organization (NAV)

- 1 Maximum amount in 2013, as there are no statistics on partial retirement pension
- 2 Average pension amount paid out in November
- 3 Average pension amount paid out in December
- 4 Average annual amount in 2012 divided by 12. As from 2011, pension fixed by collective agreement may be drawn together with retirement pension

**Table 6.2.12 Pensioners drawing special retirement/partial retirement pensions, by gender and age, 2013**

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Ordinary lowest disability pension	19 492	1 649	1 594	3 722	5 109	2 611	4 807	.	.
Voluntary early retirement pension <sup>1)</sup>	100 832					42 402	58 430	.	.
<i>The Faroe Islands</i>									
Lowest disability pension amount	301	7	19	39	63	39	72	27	35
<i>Finland</i>									
Partial retirement pensions	20 433	.	.	.	.	8 168	11 559	328	378
Special pensions to farmers	18 304	.	.	421	554	1 754	1 944	4 689	8 942
<i>Norway</i>									
Pension fixed by collective agreement <sup>2)</sup>	39 265	.	.	.	.	14 707	4 652	14 502	5 404
Special pension to sailors <sup>3)</sup>	11 519	..	..	..	..	..	..	..	..
Special pension to fishermen	1 867	..	..	..	..	..	..	..	..

Source: DK: The Ministry of Children, Gender Equality, Integration and Social Affairs and Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; NO, The Norwegian Labour and Welfare Organization (NAV)

- 1 Number of people drawing voluntary early retirement pension at the end of 2013 (taken direct from the voluntary early retirement database of the PLT)
- 2 Data apply to the private sector only contrary to previous years when they also included the public sector
- 3 It is not possible to break down recipients of the special pension to sailors by gender and age

## Services to the Elderly

### *Institutions and Home Help, etc., for the Elderly*

The majority of the older population lives in ordinary housing. Only a minority lives in housing specially adapted to older people. Such housing exists in all the countries, and the layout depends on the need for care of the elderly and can be divided into: Their design depends on the elderly's need of care and can be divided into:

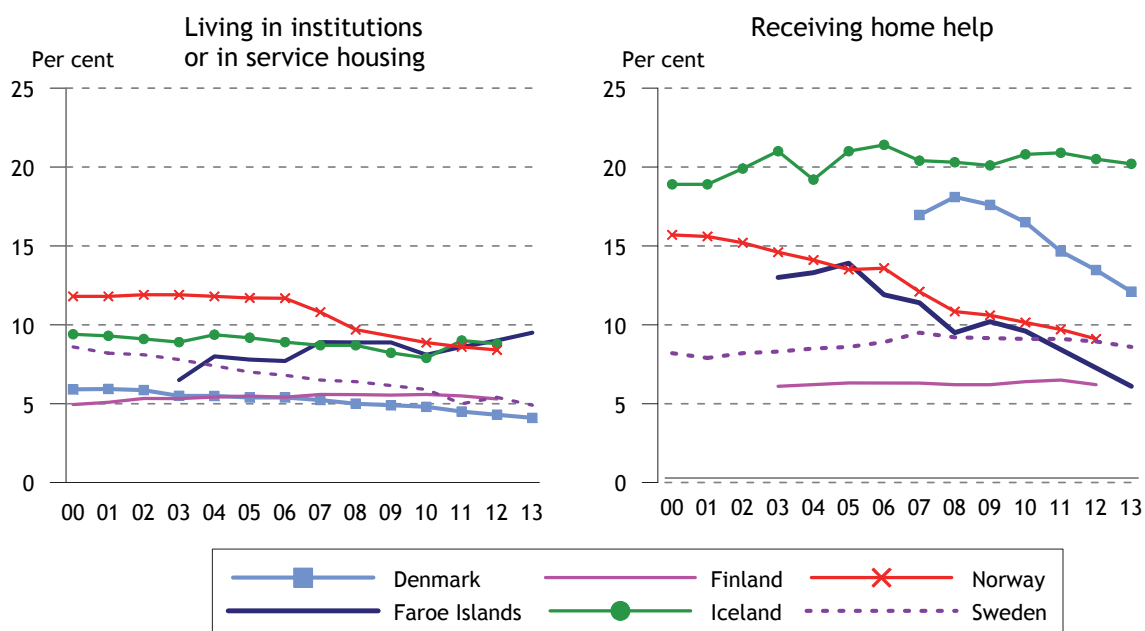
1. Nursing homes, homes for the long-term ill/old people's homes
2. Service flats, collective housing and housing where special care is provided, etc.

In Finland, elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards, often in the so-called health centres. In all the countries, there are also special wards in some nursing homes where elderly people who live on their own may be admitted on a short-term basis when needed. In all the countries,

home help is provided to the elderly. The extent of the help is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. With the exception of the Faroe Islands, such help is a municipal matter and is provided by municipally or privately employed staff.

The statistics concerning home help in the Nordic countries are not easily compared. While the figures for Denmark, the Faroe Islands, Norway, Finland and Sweden are situation-statements, the Icelandic data contain information on how many people received help during the year.

**Figure 6.2.5** People living at institutions or in service housing and people receiving home help, as percentages of the age group 65 years or older, 2000-2013



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); NO, Statistics Norway; SV, The National Board of Health and Welfare

**Table 6.2.13** People aged 65 or older living at institutions or in service housing, in total and as percentages of the total number of elderly, at the time of census

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland <sup>3)</sup>	Norway	Sweden <sup>4)</sup>
	2013	2013	2012	2013	2012	2013
<i>People of the ages</i>						
65-74 years	6 117	33	8 044	460	8 830	9 250
75-79 years	5 176	77	7 220	501	7 651	9 900
80+	29 986	523	38 593	2 712	49 856	71 800
Total 65/67+ years	41 279	633	53 857	3 673	66 337	90 950
<i>As percentages of the respective age groups</i>						
65-74 years	1.0	1.0	1.4	2.1	2.0	0.9
75-79 years	3.0	5.7	3.9	6.3	5.9	3.1
80+ years	12.9	24.7	14.4	23.1	22.5	14.4
Total 65/67+ years	4.1	9.5	5.3	8.8	8.4	4.9

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

- 1 Includes residents in nursing homes, sheltered housing, special care housing and special housing units (special housing units use the age group under 67 years). Recipients as percentages of the age group
- 2 Age groups 67-74, 75-79 and 80+ years
- 3 Covers inhabitants in nursing homes and sheltered housing. Calculation as at December of the year
- 4 Calculation as at 1 October of the year. The age group 65+ years furthermore includes people staying on a short-term basis as well as residents in service housing

**Table 6.2.14** People aged 65 years or older receiving home help

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
	2013	2013	2013	2013	2012	2013
<i>Recipients of home help</i>						
65-74 years	24 152	40	9 878	1 762	12 009	22 950
75-79 years	20 306	59	10 147	1 636	9 250	21 100
80+	79 773	263	42 272	5 268	50 598	116 100
Total 65+ years	124 230	402	65 297	8 666	71 857	160 150
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	3.9	1.3	1.7	7.4	2.7	2.2
75-79 years	11.3	4.4	5.3	21.5	7.1	6.5
80+ years	34.0	12.5	16.6	44.2	22.8	23.3
Total 65+ years	12.1	6.1	6.2	20.2	9.1	8.6

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

- 1 Home help to people living in a home of their own, with the exception of service housing. Recipients as percentages of the age group as at January 2014
- 2 Age groups 67-74, 75-79 and 80+ years
- 3 Including residents in service housing units receiving practical assistance (home help) and home nursing. Residents getting only home nursing are not included
- 4 People who as per 30 September of the year have been granted home help, and who live in their own housing. The figures have been rounded off and corrected; not all municipalities reported data

### **Support Schemes and Leisure Activities**

In the Nordic countries, there are various kinds of support schemes and activating measures for pensioners, either on a municipal or a private basis. The range of services and activities provided varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes mainly aim at enabling elderly people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hair-dressing, pedicure, gardening and snow clearing. There are also washing and clothes-mending schemes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. Part of the activities may take place in the special centres for the elderly.

The transport service scheme is a service to elderly or disabled people who are unable to use public transport or to get about on their own at all.



## Expenditure on and Financing of Cash Benefits and Services to the Elderly

### *Differences and Similarities in the Social Expenditure on the Elderly*

In the following, differences and similarities in the expenditure on the elderly are described. Unless otherwise stated, comparisons are made in PPP per capita.

The expenditure on services to the elderly in Finland must be seen partly in connection with part of the services for the elderly being provided at Finnish health care centres and partly in connection with relatively high user charges. The expenditure in Denmark is a result of a very high level of assistance towards performance of daily tasks.

The low expenditure in Iceland is due to both demography and the high employment rate among the elderly compared with the other Nordic countries.

### *Changes in the Social Expenditure on the Elderly from 2011 to 2012*

In Denmark, the expenditure increased from 2011 to 2012 by DKK 2.4bn, corresponding to a growth rate of 0.9 per cent. The increase can be distributed almost evenly between an increase in the cash benefits to the elderly and an increase in services.

In the Faroe Islands, the expenditure on the elderly remained almost the same in 2012 as in 2011. The total expenditure decreased by 0.4 per cent despite an increase in the expenditure on cash benefits, corresponding to a drop in the expenditure on services.

In Finland, the expenditure on social benefits to the elderly increased by 5.2 per cent at constant prices. The expenditure on cash benefits increased by 5.5 per cent. The increase in the expenditure is mainly a result of higher expenditure on retirement pensions. The number of retirement pensioners increased by 48 500 people, and the new pensioners drew higher pensions. The expenditure on services increased by 3.1 per cent.

In Iceland, the expenditure on the elderly increased by 2.9 per cent from last year in terms of 2012 prices. The expenditure on cash benefits increased by 2.7 per cent, the expenditure on employment pension increased by 5.2 per cent and the expenditure on basic pension has remained almost unaltered. The expenditure on services increased by 4.0 per cent at constant prices. The number of retirement pension recipients increased by 730 people, or 2.8 per cent.

In Norway, the expenditure on the elderly increased by 10.1 per cent at constant prices. Cash benefits increased by 11.3 per cent, while the expenditure on services increased by 6.6 per cent. Cash benefits amounted to 75.5 per cent of the total expenditure on the elderly.

In Sweden, the expenditure on the elderly increased by 4.3 per cent at constant prices from 2011 to 2012. This expenditure mainly consists of cash benefits as the pensions increased by 5.1 per cent. The expenditure on services remained almost the same.

**Table 6.2.15 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2012, in national currency**

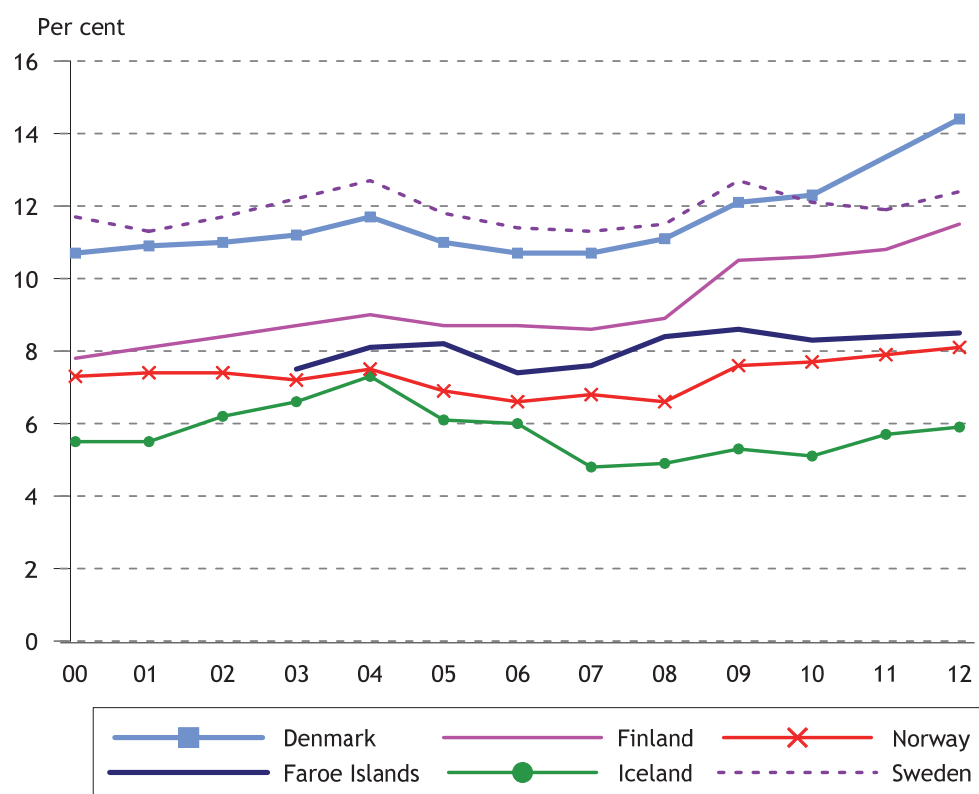
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Retirement pensions	203 785	748	18 265	92 641	172 685	355 205
Of which:						
a. Basic/minimum pension	105 679	683	1 590	35 947	58 646	74 669
b. Supplementary/employment pension	11 903	-	16 518	56 694	92 269	179 953
c. Supplementary pension	86 202	61	156	-	19 170	100 583
B. Special retirement pensions	19 158	41	1 199	-	5 768	-
C. Partial pensions	22	-	218	-	142	-
D. Other	-	22	45	-	-	588
Cash benefits, total	222 965	811	19 727	92 641	178 594	355 793
<i>Services, million</i>						
A. Institutions, etc.	-	196	713	4 516	31 029	53 326
B. Help to carry out daily activities	-	133	674	1 702	21 321	26 859
C. Other	40 670	17	942	2 064	5 561	3 160
Services, total	40 670	345	2 329	8 282	57 911	83 345
Total expenditure, million	263 635	1 156	22 055	100 922	236 505	439 138
Expenditure as percentage of GDP	14.4	8.5	11.5	5.9	8.1	12.4
<i>Financed by (per cent)</i>						
- Public authorities	58.1	71.5	20.4	23.8	45.1	27.4
- Employers	22.9	14.7	60.8	56.6	33.7	50.7
- The insured (contributions and special taxes)	19.0	13.8	18.7	20.0	21.2	21.9
<i>Changes 2011-2012 in terms of 2012 prices</i>						
- Million	2 405	-5	1 096	2 797	21 736	-421 140
- Per cent	0.9	-0.4	5.2	2.9	10.1	-100.0

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Social Insurance Administration; NO, Statistics Norway

**Table 6.2.16 Expenditure on cash benefits to the elderly in PPP/capita and per pensioner, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits per capita	3 700	376	2 982	1 642	2 819	3 182
Retirement pension per pensioner	19 104	9 243	12 722	14 005	17 999	15 052
Services per person aged 65 years or more	3 153	2 573	1 764	590	4 094	3 688
Total services and benefits to the elderly per capita	4 375	2 221	3 334	1 788	3 733	3 927

**Figure 6.2.6 Expenditure on pensions, other cash benefits and services to the elderly, 2000-2012, as percentages of GDP**



Source: DK, Statistics Denmark; NO, Statistics Norway

### User Charges

User charges payable for stays in nursing homes, institutions for elderly and disabled people as well as for home help are levied according to different sets of rules in the Nordic countries.

The conditions concerning user charges payable for stays in nursing homes/retirement homes are defined centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in nursing homes, etc., are paid their pension in full and must then pay for services provided as part of their stay in the nursing home, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges payable for nursing homes and home help amounted to a total of DKK 1.7bn in 2013, corresponding to 4 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes and in collective housing pay rent according to centrally fixed rules. Rent consists of housing costs and a service charge. The latter consists of a basic amount and an income-adjusted supplement.

User charges for home help depend on a household's income. User charges payable for home help amounted to about 3 per cent of the total expenditure on home help.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. User charges must not exceed 85 per cent of one's net income and there must be at least EUR 99 per month left for personal use. In 2011, user charges payable for institutional stays amounted to 21 per cent of the total expenditure. For permanent home help, a reasonable monthly fee may be charged, depending on the quality and extent of the service as well as the recipient's ability to pay and the size of the household. User charges amounted to about 18 per cent of the total expenditure on home help.

In Iceland, user charges payable for nursing home stays depend on the income. Those who only draw basic pension pay it all for their stay and get paid a fixed amount, called "pocket money". The rest of the expenditure is paid by Central Government for recipients of basic pension. Those having higher incomes pay more for their stays, but there is an impassable maximum. All services at the nursing home are included, with the exception of hair dressing and pedicure, which can be purchased in-house at some of the nursing homes. User charges payable for home help are fixed by the individual local authorities.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of rules laid down centrally. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme<sup>2</sup> less a free amount. Up to 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. Payment must be limited so that everyone keeps 25 per cent of the basic amount of the social insurance scheme in addition to a free amount. User payment must not exceed the actual cost of the stay. National statistics show that user payment at institutions on average amount to a little over 15 per cent of the total expenditure on the running of the institution. User charges payable for home help are fixed by the individual local authorities, but the amount must not exceed the actual costs. If an income is low, user charges must not exceed a minor amount per month. Besides, user charges must not be charged for that part of the help which is personal care and nursing or home nursing, relief or support measures.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. There is also a maximum user charge for care for the elderly, but local authorities are free to fix the amount of user charges within that framework.

Each recipient of social services is entitled to keep a certain amount of money to be able to pay for personal expenses that are not included in the charges paid for help in the home. This is called a proportional amount.

---

<sup>2</sup> See the explanation of the basic amount in Appendix 2, Norway.

## 6.3 Disabled People

**Table 6.3.1 Expenditure on the disabled as percentages of the GDP in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	4.1	Austria	2.2	Greece	1.4	Netherlands	2.4
Faroe Islands	3.9	Belgium	2.2	Hungary	1.7	Poland	1.5
Finland	3.5	Bulgaria	1.4	Ireland	1.3	Portugal	2.1
Iceland	3.5	Cyprus	0.8	Italy	1.6	Romania	1.5
Norway	4.3	Czech Republic	1.5	Latvia	1.3	Slovakia	1.6
Sweden	3.9	Estonia	1.8	Lithuania	1.6	Slovenia	1.7
		France	2.0	Luxembourg	2.6	Spain	1.8 <sup>1)</sup>
		Germany	2.2	Malta	0.8	United Kingdom	2.0 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

### Disability Pension Structures and Income-Adjustment

A common feature in the pension systems of the Nordic countries is that all citizens have a statutory right to a certain minimum subsistence amount in connection with transition to pension, the so-called minimum pension/basic pension. To this should be added statutory labour market and employment pensions to those having been active in the labour market. Besides, there are supplementary pension schemes laid down by law or by collective agreements. In all the countries, there are also various private pension-saving schemes, which have not been included in the present report.

In Denmark, the main principles for receiving disability pension are the same as for retirement pension. Recipients of disability pension will, however, not receive the ATP, but those who have been in the labour market shall also be granted employment/supplementary pensions.

**Table 6.3.2 Disability Pension Structures, 2013<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway <sup>2)</sup>	Sweden
<b>The national terms for benefits included in this Table</b>	Førtids-pension	Fyritíðar-pensjón	Sjukpension		Uførepensjon	Sjuk-, och aktivitets-ersättning
<b>Recipients of:</b>						
<b>Basic pension/ guaranteed minimum pension</b>	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years
<b>Length of residence required to obtain full basic pension</b>	Four-fifth of the years from the age of 15 years until the time when pension is payable	Four-fifth of the years from the age of 15 years until the time when pension is payable	40 years	40 years	40 years	40 years
<b>Employment pension</b>	.	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
<b>Supplementary pensions</b>	.	.	.	.	Employees and self-employed people	Employees and self-employed people
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	-	Private collective agreements

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

1 As a result of an adaptation to the rules in the EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost uniform. As a main rule, one must have been resident for at least three years in the country in question during one's working age prior to becoming disabled

2 The requirement of three years does not apply in case of industrial injuries

In Iceland, the basic amount payable to disability pensioners is adjusted both in relation to their own income from work and to half of their household income from capital. Similar rules apply to the pension supplement, which is also adjusted in relation to one's own employment pension as well as to any spouse's income. The pension supplement shall be withdrawn completely, if the income exceeds a certain level.

In Norway, disability pensions are income-adjusted in relation to income from work exceeding a certain level. The basic pension is fixed according to marital status and any spouse's income from work and capital. Married and cohabiting couples are treated equally.

In Sweden, the housing supplement to pensioners is income-tested and may be payable to those living in Sweden and receiving a benefit in the form of full retirement pension, activity and sickness benefit, widow's/widower's pension, special survivor's pension or wife supplement. Even those drawing pension or a disability allowance from another EU member state may be awarded housing supplements.

## Disability Pension Depending on Health

In all the Nordic countries, people whose working capacities have been reduced by physical and/or mental disabilities may be entitled to disability pension. Disability pension is called sickness pension in Finland and invalidity pension in Iceland and Norway.

In Sweden, disability pension is called activity and sickness benefit as from 2003. This benefit is now included in the sickness insurance scheme, whereas it previously formed part of the general pension system.

### *Basis for Disability Pension*

In Denmark, the statutory retirement pension (old-age pension) and disability pension were previously integrated in a coherent set of rules. After the disability pension reform in 2003, only one form of disability pension will be awarded. The new disability pension may be awarded to people suffering from a permanently reduced capacity for work to such a degree that the person in question cannot provide for him/herself through employment on regular terms or in a flexi-job. On 1 January 2013, the rules applying to disability pension and flexi-jobs were amended. The new rules mean that people younger than 40 years in principle will not be awarded disability pension. Instead they are included in holistically oriented activities in order to develop their working capacities and help them get on in life. In cases where it is evident that the person in question cannot return to work, the local authorities may still award disability pension. This applies to cases where people are so ill or their disabilities so severe that it would be pointless to try to develop their working capacities. At the same time, the rules applying to flexi-jobs were amended to the effect that even people with very little working capacity left can be referred to flexi-jobs. That means that it will be possible to refer more people to flexi-jobs instead of awarding them disability pension.

In the Faroe Islands, disability pension is composed of a basic amount, a supplement and an invalidity allowance. The supplement is adjusted according to the award level. In addition, people drawing highest and intermediate disability pension get a disability allowance which is neither income-adjusted nor exempt from tax. People drawing the lowest disability pension get a special taxable supplement.

In Sweden, the disability pension was changed in 2003 to the effect that an activity and sickness benefit will be awarded. The sickness allowance is a temporary benefit. The disability pension was part of the general pension system, while the activity and sickness benefit is part of the sickness insurance scheme. People of the ages 30

to 64 years may receive sickness allowance if their working capacity is reduced. People of the ages 19 to 29 years may be awarded an allowance due to a reduced activity level. This allowance is always limited to one to three years.

For the calculation of employment pension, which is done on the basis of any previous income from work, the time up to the statutory pensionable age is usually included in Finland, Iceland and Norway.

In Finland, the percentage payable to disability pensioners for the period from they are awarded disability pension till they reach the statutory pensionable age is, however, lower than it is for retirement pensioners. As from 2010, the percentage was, however, raised also for the 50-63 year-olds from 1.3 per cent to 1.5 per cent. To this should be added a non-recurrent increase of the sickness pension after five years of receipt in respect of people drawing long-term sickness pensions. The maximum of the non-recurring increase is at the age 24-31 years 25 per cent of the pension amount and declines by 1.0 per cent for each extra year lived. It will not be payable after the age of 55 years. The increase was paid for the first time in 2010, but it also applies to sickness pensions that started before 2005. If the lack of working capacity began in 2010, the life expectancy coefficient is also used in connection with sickness pensions the first time; it only affects the accrued pension, however, and not the share of the remaining time.

In Iceland, a new age-conditioned benefit to disability pensioners was introduced on 1 January 2004. The aim is for people who become disability pensioners at an early age to be granted an increased basic pension, as the person in question has not had the opportunity to participate in working life and thus has not been able to accumulate any employment pension. The benefit may be payable from the 18th year and will be reduced in relation to age, when one becomes a disability pensioner. Those who are 18 or 19 years of age when they are granted disability pension shall receive twice the basic amount, which will be gradually reduced until they reach the age of 66 years.

In Norway, three different rehabilitation benefits were combined on 1 March 2010 into one benefit (work clarification allowance). The permanent disability pension will be calculated in the usual way. Apart from the disability pension, it is possible to have an income from work up to the amount of the Folketrygden per 2013. People who are partially disabled may furthermore have an income from part-time work. In case of a higher income, the disability pension rate will be re-evaluated. People who have become incapacitated for work before the age of 26 years shall be awarded extra pension points.



**Table 6.3.3 Rules applying to basic pension/disability pension, 2013, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Førtidspension	Fyritíðarpensjón	Sjukpension		Grunnpensjon	Syge-/aktivitetsydelse
Pensionable age	18-64 years	18-66 years	16-64 years	16-65 years	18-66 years	19-64 years
Minimum degree of incapacity for work	Permanently very limited capacity for work	Lack of capacity for work	No specific level indicated	50 p.c.	50 p.c. (in the reactivation phase 20 per cent)	25 p.c.
Pension on the basis of:	Residence period and income	Residence period and incapacity for work.	Length of residence and other pensions	Degree of working capacity residence period and income	Degree of working capacity, length of insurance period and family situation	Length of residence; amount of income-based sickness/activity benefit and degree of capacity for work
Income or calculation basis dependent on previous income?	No	No	No	No	No	Yes
Minimum pension per month in national currency	1/40 of the maximum	1/40 of the basic amount	No statutory minimum	34 053	14 208 per month	Guaranteed pension of between SEK 7 788 and 8 900 according to age <sup>1)</sup>
Maximum pension per month in national currency	If the income does not exceed a certain level: DKK 70 900 per year for single pensioners living alone; DKK 112 400 per year for married or cohabiting pensioners	DKK 15 341 for single pensioners and DKK 13 221 for married pensioners	EUR 738,82 per month	ISK 201 922 for single people; ISK 181 769 for married or cohabiting couples	NOK 14 208 per month (basic pension + special supplement)	The maximum for income-related sickness and activity benefit is SEK 17 800 per month
Indexation after pensioning:	Rate-adjustment percentage	Adjusted annually according to special legislation	Consumer price index 100 p.c.	Wage development, at least as to the consumer price index	Wage development	Price index 100 per cent

*To be continued*

**Table 6.3.3 Rules applying to basic pension/disability pension, 2013, in national currency, continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Accumulation with income from work, national currency	Possible to have other income. The pension shall be gradually reduced at an income exceeding a certain amount (cf. above "Maximum pension")	Possible to have other income	If a pension recipient takes on work that is equivalent to his previous occupation, he shall no longer be regarded as being unfit for work, and the pension shall be withdrawn. The pension may be suspended for 3-24 months if the pension recipient finds work, and the monthly income from work is at least EUR 738.38	Possible, reduction of benefits	Yes, up to 85 245	Possible to some extent People having awarded pension according to the rules applying before the 1 July 2008 can make use of "variable settlement". It is also possible to apply for a subsidized residential stay in order to try to work

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 The guaranteed level of the sickness/activity benefit is based on among other things the periods of visits to Sweden. A lower amount may therefore be payable to some individuals who have not turned up for some time

**Table 6.3.4 Rules governing employment-based disability pension, 2013**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway <sup>1)</sup>	Sweden
The national terms for benefits included in this Table		Fyririðar-pensjón	Sjukpension		Tilleggspensjon	Syge-/aktivitetsydelse
Pensionable age		18-66 years	18-62 years	18-66 years	16-66 years	19-64 years
Minimum degree of capacity for work		At least a 50 per cent reduction of the capacity for work	Disability pension: 3/5. Partial disability pension: 2/5	50 p.c.	50 p.c. (in the reactivation phase 20 per cent)	25 p.c.
Pension on the basis of:		Lack of capacity for work for physical or mental reasons	Accrual-based pension increased by accrual as to life expectancy at the time of retirement, income for each year, age-dependent accrual rate	Degree of capacity for work and accrued pension amount in accordance with accrued pension points increased by further qualifying years until the pensionable age	Accrual-based pension	Average of the three highest annual incomes from a framework period immediately preceding the year in which the disability arose, depending on the degree of incapacity for work
Reference income or calculation basis		Basic amount and supplements shall be adjusted according to the latest fiscal income	On the basis of the annual income. No income ceiling. For projected years, the calculation basis is the income from the five previous years. To a long-term sickness pension shall be added a non-recurrent increase after five years of payments	No income ceiling	Accrued pension points and future pension points until the age of 66 years <sub>2</sub>	The pension is based on the pensionable income
Maximum pension per month in national currency			No statutory maximum	No statutory maximum		17 800

*To be continued*

**Table 6.3.4 Rules applying to work-related disability pension, 2013, continued**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>2)</sup>
Indexation:						
- before pensioning:	-	Adjusted according to special legislation.	Wage index 80 p.c. + price index 20 p.c.	Wage index	Wage index	..
- after pensioning:	-	Adjusted according to special legislation.	Price index 80 p.c. + wages/salaries 20 p.c.	Price index, but in older funds for public employees: wages/salaries	Wage index	Price index 100 p.c.
Accumulation with income from work	-	Possible to have other income	Possible, if income amounts to 40-59 per cent of the pensionable pay, the full disability pension shall be changed to a partial disability pension. If income exceeds 60 per cent of the pensionable pay, the pension shall be stopped, if the changes are temporary, and discontinued if the changes are permanent	..	Yes	Possible

Source: FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

1 There is no employment-based disability pension in the public pension scheme in Denmark, but most collective agreements in the labour market comprise pension agreements, including disability pension

### ***Circumstances Influencing the Number of Disability Pensioners***

In the Nordic countries, there are a number of alternative benefits that affect both the award of disability pensions and the number of disability pensioners. Sickness benefits are payable for a maximum of one year in the other countries, with a possibility of prolongation in Denmark, however. In Sweden, disability pensions have as from 2003 been replaced by a sickness and reduced activity benefit.

In Norway, a work clarification allowance is normally payable before disability pension can be awarded.

Also the other disability-pension schemes (in this report referred to as special retirement pensions) may affect the number of disability pensioners. Schemes such as the voluntary early-retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer sickness pensioners than would otherwise have been the case in those countries. In Norway, the AFP scheme

(pensions fixed by collective agreements) affects the number of disability pensioners. Several studies have shown that about 20 per cent of the AFP pensioners would have been disability pensioners, had the scheme not existed.

The amount of the disability pension, including pension supplements, is in principle either higher or equal to the pensions awarded to retirement pensioners in all the countries. In addition, a number of special supplements may be payable in Denmark, prior to the disability pension reform in 2003, and in the Faroe Islands as well as an employment pension in the other countries, as mentioned above.

### ***Disposable Income and Compensation Levels when Drawing Disability Pension***

Figure 6.3.1 shows the disposable income for a single 50-year-old disability pensioner who has previously been in work, and who has completely lost his capacity for work, at four different income levels in PPP-Euro, and Figure 6.3.2 shows the development level for AW 75 per cent in recent years. Table 6.3.5 show the compensation rate as a percentage of previous income from work. In Denmark, disability pension is independent of any previous income. There are, however, in Denmark supplementary benefits payable from agreement based pension schemes, which have not been included in the calculation. Disability pensions in the other countries are calculated on the basis of previous income from work.

In all the countries, men receive a higher benefit on average than do women. In Finland and Norway, this is a result of higher accumulation of the ATP.

**Figure 6.3.1** Disposable monthly income for a single 50-year-old disability pensioner with no capacity for work left, in PPP-Euro, 2013

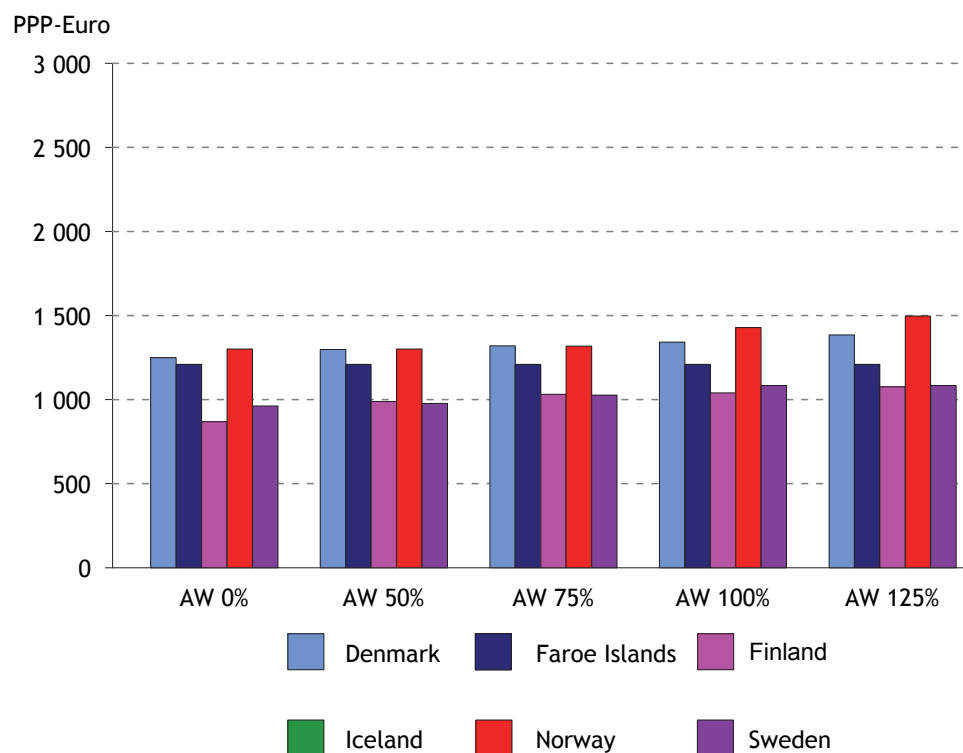


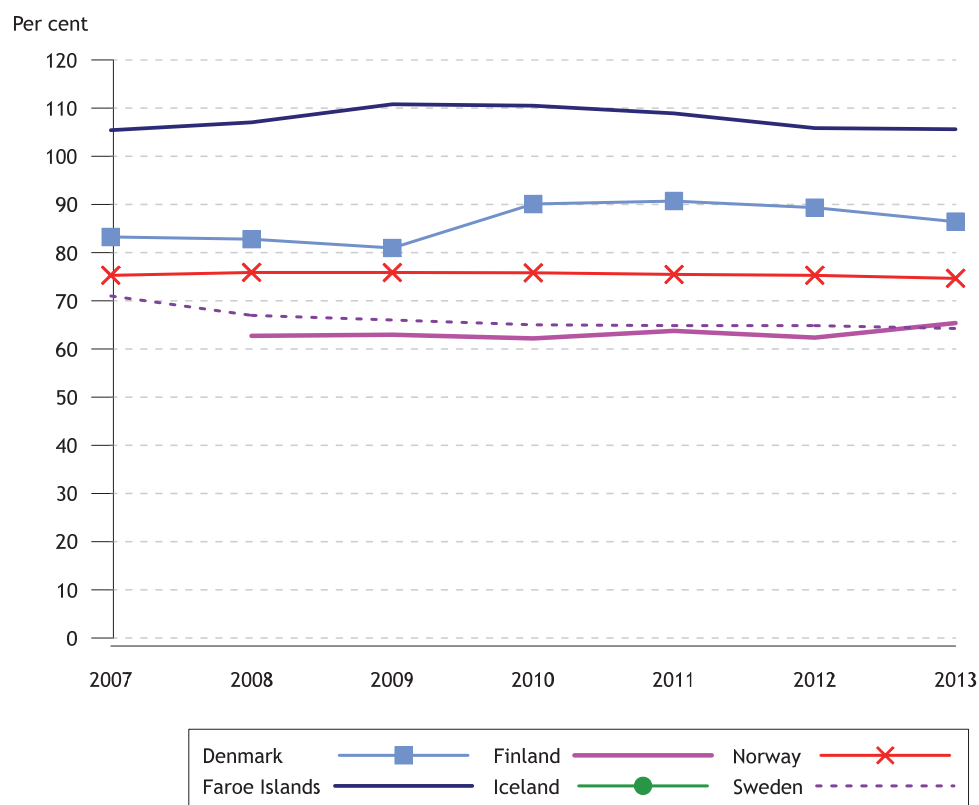
Figure 6.3.1 shows that the disposable income when drawing disability pension depends on previous income, with the exception of the Faroe Islands. Denmark, Norway and Sweden have an upper limit for the disability pension, but not so Finland. Sweden reaches the limit just under AW 100, which appears from the Figure. The limit in Denmark and Norway is above AW 125.

**Table 6.3.5** Compensation rate for a single 50 year-old disability pensioner with no capacity for work left, as a percentage of disposable income when in work, 2013

	Denmark	Faroe Islands	Finland	Norway	Sweden
AW 50 p.c.	108	150	84	104	89
AW 75 p.c.	86	106	65	75	64
AW 100 p.c.	70	82	53	63	52
AW 125 p.c.	60	65	46	55	44

Table 6.3.5 shows that Denmark and Norway have higher compensation rates than Finland and Sweden. As the disability pension is not depending on any previous income, the Faroe Islands begin with a very high compensation rate, but drop to the same level as Denmark and Norway when the income reaches AW 125 in respect of Denmark and between AW 100 and AW 125 in respect of Norway.

**Figure 6.3.2 Compensation rate for a single 50 year-old childless disability pensioner, AW 75 per cent, 2007-2013<sup>1)</sup>**



1 AW 75 per cent is used as a norm for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

Figure 6.3.2 shows that the compensation rate in the Faroe Islands is more than 100 per cent because the benefit is independent of previous income. The increase in Finland from 62 to 65 per cent from 2011 to 2013 is mainly a result of the disability pension increasing so slowly that it crosses an income limit where retirement pension becomes available. In Sweden, the compensation rate has dropped about 5 percentage points from the 2007 level.

**Table 6.3.6 Average payment of statutory disability pensions (before tax) per month, 2013**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	15 130	14 272	14 665	1 404	1 324	1 361
Faroe Islands <sup>2)</sup>	15 273	14 429	14 874	1 417	1 339	1 380
Finland <sup>3)</sup>	1 156	966	1 064	930	777	856
Norway	18 342	14 971	16 401	1 420	1 159	1 270
Sweden <sup>4)</sup>	10 784	9 504	10 036	912	804	848

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, Statistics Norway; SV, The Swedish Pensions Agency

- 1 Average payment of highest, intermediate, ordinary and increased ordinary disability pension and new disability pension in January 2013
- 2 Average payment in November 2011 of the highest and the intermediate disability pension
- 3 Average pension amount paid out in December
- 4 Average pension amount paid out in December, including housing supplements. Sickness and activity benefit has replaced the disability pension as from 2003

### ***Number of Disability Pension Recipients***

In Denmark, only one kind of disability pension can be awarded after the disability pension reform in 2003. The new disability pension may be awarded to people suffering from a permanently reduced capacity for work to such a degree that the person in question cannot maintain him/herself through employment on regular terms or in a flexi-job.

In Denmark, the number of new awards has been decreasing since 2010, and the decrease is expected to increase with the new rules.

In the Faroe Islands, no significant statutory changes have been made to influence the number of new awards.

In Finland, there has been a decrease in the number of disability pension recipients, and the number is still decreasing slightly.

In Iceland, there has been a gradual increase in the number of disability pensioners of about 3 per cent each year.

Both in Norway and Sweden, the rules applying to the award of disability pensions (sickness/activity benefit) have been tightened.



**Table 6.3.7 Number of pensioners drawing disability pensions in the form of basic/minimum pensions and/or supplementary/employment pensions, in total and as percentages, 2013**

	Denmark <sup>2)</sup>	Faroe Islands	Finland	Iceland <sup>3)</sup>	Norway	Sweden <sup>4)</sup>
<i>Number</i>						
18-19 years <sup>1)</sup>	1 151	12	1 577	217	984	3 064
20-29 "	11 301	73	12 098	1 841	9 462	29 019
30-39 "	24 156	89	18 314	2 655	19 224	23 439
40-49 "	55 980	177	33 365	3 951	51 636	62 693
50-54 "	92 671	112	31 549	2 370	41 846	55 198
55-59 "	-	118	57 262	2 422	58 782	77 848
60-64 "	57 925	167	87 707	2 821	81 159	112 341
Total 18-64 years <sup>1)</sup>	243 184	748	241 872	16 277	263 093	363 602
65-66 years	.	89	.	1 234	42 793	.
<i>P.c.</i>						
18-19 years <sup>1)</sup>	0.5	1.6	0.7	1.3	0.4	0.8
20-29 "	4.6	9.8	5.0	11.3	3.6	8.0
30-39 "	9.9	11.9	7.6	16.3	7.3	6.4
40-49 "	23.0	23.7	13.8	24.3	19.6	17.2
50-54 "	38.1	15.0	13.0	14.6	15.9	15.2
55-59 "	-	15.8	23.7	14.9	22.3	21.4
60-64 "	23.8	22.3	36.3	17.3	30.8	30.9
Total 18-64 years <sup>1)</sup>	100.0	100.0	100.0	100.0	100.0	100.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 As to Finland and Norway, the age groups begins at 16 years, and at 17 years as to Iceland, and at 19 years as to Sweden
- 2 Number of recipients as at January 2013. Data concerning the age groups 50-54 years and 55-59 years have been combined and are placed in the category 50-54 years
- 3 2012
- 4 Number of recipients in December 2013

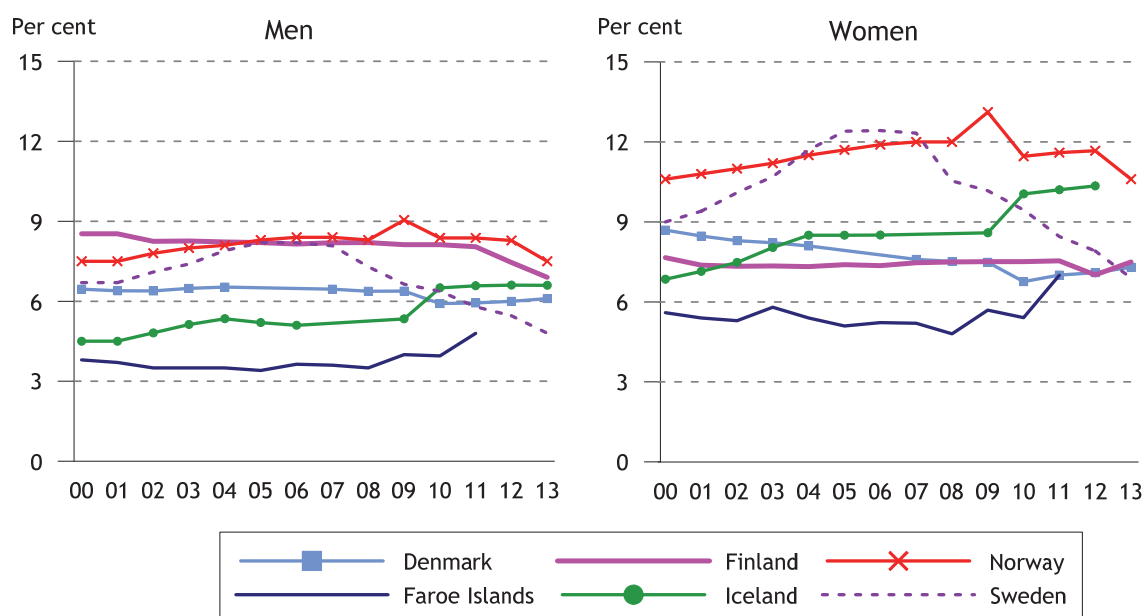
**Table 6.3.8 Recipients of disability pensions and new accessions of disability pensioners, by gender, 2013**

	Recipients	New awards	New awards in per cent of population of qualifying age
<i>Denmark<sup>1)</sup></i>			
Men	113 759	6 956	0.4
Women	134 013	7 664	0.4
<i>Faroe Islands</i>			
Men	725	..	..
Women	815	..	..
<i>Finland</i>			
Men	125 324	11 269	0.6
Women	116 548	11 691	0.7
<i>Iceland<sup>2,3)</sup></i>			
Men	7 250	172	0.2
Women	11 154	323	0.3
<i>Norway<sup>4)</sup></i>			
Men	129 748	9 973	0.6
Women	176 138	13 931	1.0
<i>Sweden<sup>5,6)</sup></i>			
Men	151 041	9 109	0.3
Women	212 561	9 916	0.4

Source: DK, The National Social Appeals Board; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 Number of recipients calculated at the beginning of the year
- 2 Pensionable age 17-66 years
- 3 2012
- 4 Pensionable age 18-67 years. The accession is seen in relation to the non-disabled part of the population
- 5 The activity and sickness benefit has replaced the disability pension as from 2003
- 6 Recipients as per December 2013

**Figure 6.3.3 Pensioners drawing disability pensions in the form of basic/minimum pensions and/or supplementary/employment pensions as percentages of population 16/18-64/66 years, 2000-2013<sup>1, 2)</sup>**



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; NO, The Norwegian Labour and Welfare Organization (NAV)

- 1 In Sweden, the activity and sickness benefit has replaced the disability pension as from 2003. New benefits are awarded to people of the age group 19-64 years
- 2 Norway: On 1 March 2010, people receiving temporary invalidity benefits were transferred to a new benefit called the work clarification benefit (rehabilitation). After that, the Figure shows only recipients of permanent disability pension, and the number is consequently lower than in 2009

## Rehabilitation Benefits

People whose capacity for work has been reduced due to physical, mental or social factors may be granted support towards education, retraining and re-schooling where it is deemed necessary for their future abilities to manage on their own and to support their families. Support may also be granted towards meeting special expenses incurred by such education or training. Education may consist of training in the open labour market. Support is provided by way of wages/salaries or wage/salary supplements. In addition, special support may be granted towards acquisition of tools, etc., and towards setting up a business.

In Denmark, support is granted as a fixed rehabilitation allowance corresponding to the maximum amount of the daily cash benefits. Payment of the rehabilitation allowance is subject to rehabilitation being initiated according to a fixed occupational plan. The allowance is payable until the occupational plan has been implemented, but usually for a maximum of five years. In respect of young people under the age of 25, the rehabilitation allowance equals half the maximum amount.

In the Faroe Islands, the Act on Labour-Promoting Measures entered into force in 2013. The Act deals among other things with rehabilitation and work training, and the allowance in connection with measures depends according to the Act on age and maintenance obligation.

In Finland, rehabilitation benefits, which are pay-able by the Social Insurance Institution, equal the amount of the sickness benefits. The amount of daily cash benefits payable by the accident- and traffic-insurance schemes as well as from the statutory employment-related pension schemes usually corresponds to the amount that would have been payable in that same period.

In Iceland, a rehabilitation allowance is payable by the social insurance scheme when an injured person is no longer entitled to sickness or industrial-injury benefits. As a rule, the allowance is payable for a maximum of 12 months or until a decision has been made as to the future of the disabled person in question. The allowance equals the disability pension and is awarded according to the same criteria; it is, however, never awarded for more than 18 months. Everyone receiving rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is being paid.

In Norway, three different rehabilitation benefits were combined into one benefit with effect from 1 March 2010. To be entitled to the new benefit, the work clarification allowance, recipients must be undergoing active treatment, participate in a work-oriented measure or receive some other kind of follow-up aimed at finding, or keeping, a job.

The benefit is awarded to people who have completely used their entitlement to sickness benefits but who still suffer from a reduction of their working capacities of at least 50 per cent. The benefit may be awarded for up to four years and may be prolonged in certain cases. It will be calculated on the basis of any pensionable income earned in the last year, or as an average of the last three years prior to the working capacity being reduced by at least 50 per cent. The benefit amounts to 66 per cent of the calculation basis, which can be a maximum of six times the basic amount<sup>3</sup> from the Folketrygden.

In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. In connection with rehabilitation, a rehabilitation allowance as well as special allowances may be awarded instead of sickness benefits. The rehabilitation allowance is in that case awarded to people who participate in occupational rehabilitation, and the special allowances shall cover the expenses incurred by the rehabilitation, such as travel expenses. Occupational rehabilitation measures may for example be work training, tests at a labour market institute and education/training.

---

<sup>3</sup> See the explanation of basic amount in Appendix 2, Norway.

**Table 6.3.9 People drawing rehabilitation benefits, 2013**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>People receiving rehabilitation benefits during the year</i>						
Men	5 264	265	44 506	737	87 113	7 137
Women	7 416	345	67 732	1 238	123 254	15 415
Total	12 680	610	112 238	1 957	210 367	22 552
Total per 100 000 inhabitants	226	1 257	2 073	604	4 141	235
<i>People receiving rehabilitation allowance as at December 2010</i>						
Men	3 447	91	18 878	444	66 580	2 697
Women	4 780	137	27 476	807	96 612	5 599
Total	8 227	228	46 354	1 251	163 192	8 296
Total per 100 000 inhabitants	147	470	856	386	3 212	86

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 Recipients of rehabilitation allowances, including rehabilitation allowances during occupational practice periods
- 2 Include rehabilitation daily cash benefits and services payable by the Folkpensionsanstalt (moreover the labour pension funds paid rehabilitation benefits/services in 2013 to 13 016 people: 6 151 men and 6 865 women)
- 3 2012
- 4 From 1 March 2010, the rehabilitation benefits (attføringspenge) and temporary disability pension were included in the work-clarification benefits
- 5 Includes only people receiving rehabilitation allowances. The number of people receiving special allowances cannot be calculated

### **Compensation for Industrial Injuries**

In all Nordic countries, people who have suffered industrial injuries are entitled to either sickness benefits or equivalent benefits in the event of a temporary loss of their working capacities. In case of long-term or permanent loss of working capacity, disability pension or a similar benefit will be payable.

An industrial injury is defined as an accident at work or work-related illness causing temporary or permanent loss of the ability to work.

In all the countries, compulsory industrial injury insurance schemes have been established, but according to somewhat differing rules. The industrial injury insurance fund pays out compensation for permanent injuries and for lost capacity for work, either by way of a non-recurrent payment or of monthly payments. Normally, the industrial injury insurance fund also covers expenses for treatment that are not covered by the general sickness insurance scheme.

In Denmark, compensation is granted for the loss of capacity for work if an industrial injury has reduced working capacities by at least 15 per cent. In addition, a non-recurrent payment is payable if the degree of the permanent injury is 5 per cent or more. Compensation for lost working capacity can be paid as a non-recurrent compensation, if the loss of working capacity is less than 50 per cent. If the loss of working capacity is 50 per cent or more, the compensation shall be paid as a current benefit once a month.

In the Faroe Islands, daily cash benefits will be granted if the injured person is unable to recommence work to the same extent as before. Daily cash benefits amount as a maximum to 80 per cent of the annual earnings. Disability compensation may also be granted where the industrial injury has reduced an injured person's capacity for work by 5 per cent or more. In Finland, one is entitled to a pension if one's capacity for work has been reduced by at least 10 per cent. The pension payable to a person who is completely incapable of working amounts to 85 per cent of the previous income from work. An employee who is partly (partially) incapacitated is entitled to part of a full pension amount corresponding to the reduction of the capacity for work. The compensation level for pensions on the grounds of accidents drops to 70 per cent of any income from work when a recipient turns 65 years. Pension in the event of an accident payable to a partly disabled employee shall also be reduced when he turns 65 years.

In Iceland, entitlement to wages/salaries during illness (absence due to an accident) plays the most important part for an injured person. But for people who are not entitled to wages/salaries, or when the period in which one is entitled to wage/salary has expired, those concerned are entitled to daily cash benefits from the general industrial injury insurance fund. This benefit is a fixed amount independent of wages/salary earned prior to the accident. The benefit is usually payable for a maximum of 52 weeks. If the working capacity has been reduced by 10-49 per cent, disability pension shall be payable in the form of a non-recurring amount, but if the working capacity has been reduced by 50 per cent or more, disability pension shall be payable according to the general rules.

In Norway, one may be granted disability pension in the event that an industrial injury or a work-related accident reduces one's capacity for work by 30 per cent, where a reduction of the capacity for work of 50 per cent is normally required in order to be awarded disability pension. Compensation for disability will be awarded if the degree of disablement is 15 per cent or more.

In Sweden, compensation is granted in the form of annuities in the event that one's capacity for work has been permanently reduced by at least one-fifth (6.6 per cent). The annuity will normally be calculated on the basis of an insured person's sickness-benefit-entitling income. The annuity is calculated by comparing the income which the individual would have earned, had s/he not been injured, with the income s/he is estimated to earn after the injury. The annuity is the difference between the incomes, but can never exceed 7.5 price basis amounts per year.

## Care Allowance to Disabled People

In all the Nordic countries, families may receive financial support from the public authorities to cover expenses for taking care of a physically or mentally ill child in the home. The rules vary somewhat from one country to another, but the aims of the schemes are identical, i.e. to make it financially possible for a family to maintain a child in its home by having the extra expenses incurred by the child's disability covered.

Adults who have reduced capabilities and who live in their own homes are also entitled to subsidies. The various countries also have slightly differing rules in this respect. Support may be granted for technical aids needed by the person concerned in order to carry out a trade or to remedy his or her disorder, or to ease the daily existence in the home.

In several of the countries, subsidies may be granted for purchase and/or maintenance of a car or other motor vehicle.

## Service to Disabled People

### *Institutions, Home Help, etc., for the Disabled*

In all the countries, there is special housing available for people with reduced capabilities, such as:

1. Nursing homes and homes for the long-term ill
2. Sheltered housing/service flats/collective housing

**Table 6.3.10 People under 65 years receiving home help**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
	2013	2013	2013	2013	2012	2013
Recipients of home help under 65 years, total	22 634	40	6 840	2 719	33 516	15 600
Recipients of home help as percentages of the age group 18-64 years	0.5	0.1	0.2	1.0	0.8	0.2

Source: FO, Ministry of Social Affairs; FI; National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

- 1 Home help to people living in a home of their own, with the exception of service housing. Recipients as percentages of the age group 18-64 years as at January 2014
- 2 Recipients as percentages of the age group 18-66 years
- 3 Including residents in service housing units getting practical assistance (home help). Comprises recipients receiving both home nursing and practical assistance, and recipients receiving only practical assistance. Residents getting only home nursing are not included
- 4 Includes people in homes of their own who had been granted home help as at 1 October 2012. The figures have been rounded off and corrected; not all municipalities reported data

**Table 6.3.11 People under 65 years living at institutions or in service housing**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
	2012	2013	2012	2013	2012	2013
Under 65 years, total	14 342	159	20 942	888	22 428	28 850
As percentages of the age group 18-64 years	0.4	0.5	0.5	0.4	0.5	0.4

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

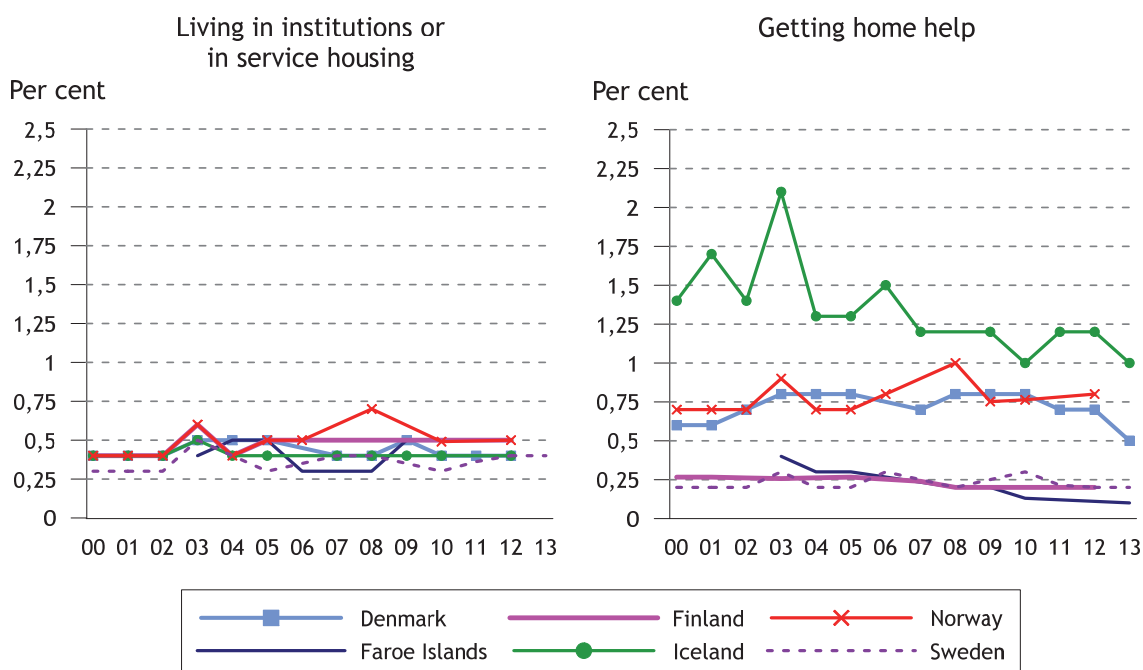
- 1 Includes residents in nursing homes, sheltered housing, special care housing units and special housing units (special housing units use the age group under 67 years). Recipients as percentages of the age group 18-64 years per October 2012
- 2 Recipients as percentages of the age group 18-66 years
- 3 Data apply to residents in special care housing units as well as to people admitted to institutions of the age group 0-66 years
- 4 People with permanent residence and short-term residence as at 30 September in the year in institutions or service housing. The data have been rounded off and corrected; not all municipalities reported data

In all the countries, home help is provided to the disabled. The extent of the help is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. The help is a municipal matter and is provided by municipally or privately employed staff.

As mentioned above, the statistics concerning home help in the Nordic countries are not easily compared. While the data for Denmark, the Faroe Islands, Norway, Finland and Sweden are situation-statements, the Icelandic data contain information on the number of people receiving help during the year.



**Figure 6.3.4** People living at institutions or in service housing and people receiving home help, as percentages of the age group 18-64 years, 2000-2013



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI National Institute for Health and Welfare (THL); NO, Statistics Norway; SV, The National Board of Health and Welfare

### Support Schemes and Leisure Activities

In the Nordic countries, there are various kinds of support schemes and activating measures for the disabled, either on a municipal or a private basis. The range of services and activities provided varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes mainly aim at enabling disabled people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains or alarms to call help, home-visiting schemes, physiotherapy and occupational therapy, hairdressing, pedicure, gardening and snow clearing. There are also washing and clothes-mending schemes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. In all the countries, there are so-called daytime measures aimed at various target groups, such as people with mental disabilities, to provide help by way of rehabilitation, employment and feeling of community.

Moreover, there is a transport service scheme for elderly or disabled people who are unable to use public transport or to get about on their own at all.

### ***Personal Assistance***

In all the Nordic countries, people with severe disabilities qualify for financial support towards payment for personal assistance and help to cope with daily tasks.

In Denmark, people with a considerably and permanently reduced physical or mental disability may be granted a subsidy towards employment of assistants for care, surveillance and escort in connection with work, education or continuation education or upgrading training in connection with work or unemployment

The local authorities may also grant 15 hours of accompaniment per month to people under 67 years, who are unable to get about in their own due to considerably and permanently reduced physical or mental capacities. People, who have been granted 15 hours of accompaniment per months when they turn 67 years, will maintain this right after the age of 67 years. Besides, the local authorities may grant assistance by way of a special contact person to people who are deaf and blind, and see to it that people suffering from mental disabilities get offered a support and contact person.

In the Faroe Islands, child-minding needs of families with disabled children, whose needs cannot be met in the general day care institutions, have been solved by the employment of personal support persons. Support persons also serve as relief carers to the family and therefore fulfil a more comprehensive need than a traditional day care institution could have done.

People between 18 and 66 years suffering from permanently reduced physical or mental capacities may be granted personal help and assistance. The aim is to give disabled people an opportunity to live an independent and active life. The disabled person and his/her support person jointly set the goals of the support and prepare an action plan for the hours of support.

In Finland, local authorities may improve a severely disabled person's course of life in his own home by granting a financial supplement towards payment for a personal assistant. This supplement is earmarked for severely disabled people who are highly in need of the help of others to manage daily life. The need for help and support must be assessed by a doctor, and where necessary, also by another employee from the social and health service. In 2013, 215 200 people made use of the scheme.

Also in Iceland, personal assistance to deal with daily life may be granted.

Personal assistance may also be granted to people who need to free themselves from social isolation. Finally, families with disabled children may receive relief from another family, who looks after the child/ children - usually one or two weekends a month.

In Norway, all local authorities must provide the scheme of user-controlled personal assistance.

What signifies this scheme is that the recipient of the help acts as a manager for the assistant. The user may also choose to act as an employer and thus assume a larger responsibility for the organization and the scope of the help in relation to his own needs. From 2006, the scheme of user-managed personal assistance was extended to also include users who cannot handle the employer role by themselves.

Moreover, there is a trial scheme concerning function assistants for the disabled in work. The assistants are to provide practical help during working hours to people who are severely disabled. The aim is to enable severely disabled people to get a normal job, if they have previously been in the labour market.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, getting dressed or communication with others (the so-called basic needs). Help may also be granted towards other needs in daily life, if these cannot be managed in any other way. Personal assistance is based on the condition that the assistance must provide a disabled person with increased abilities to lead an independent life. Help and assistance must be available at different times day and night and must be offered by a limited number of people. Personal assistance is granted by way of a personal assistant or a financial supplement to employment of such an assistant. Local authorities cover the expenses for up to 20 hours of assistance per week. Should the need exceed 20 hours per week, Central Government will cover the expenses for the hours exceeding 20 per week. In 2013, about 16 000 people received personal assistance.

### ***Rehabilitation***

In all the countries, there are specialized institutions for retraining, assessment of working capacity and re-schooling of disabled people and other occupationally impaired groups. Furthermore, sheltered workshops have been established for disabled people who are unable to maintain a job in the open labour market.

In Denmark, people with reduced capacities for work are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and in sheltered workshops. People with permanently limited capacity for work may furthermore find employment with private or public employers in flexi jobs or wage-subsidized sheltered jobs. Flexi-jobs are given to people who do not draw any social pension, whereas sheltered jobs are given to disability pensioners. In 2013, 62 000 people worked in flexi-jobs.

Unemployed people who have been approved for a flexi-job, and people who become unemployed after employment in a flexi job, may according to special rules be granted a special unemployment benefit. In 2013, 30 000 people received this special unemployment benefit.

In the Faroe Islands, people with reduced capacities for work are offered assessment of their work capacity, rehabilitation, supplementary training courses, sheltered employment, etc., at a rehabilitation institution. The rehabilitation institution also provides short-term vocational courses. Furthermore, people with permanently reduced capacities for work may be employed by private or public employers in wage-subsidized jobs.

In Finland, the public health sector and the Social Insurance Institution provide the largest part of the medical rehabilitation. The Social Insurance Institution also offers assessment of capacity for work. The employment pension funds initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve his ability and capacity for work and to ease his return to the labour market. The accident and

traffic insurances furthermore offer their clients rehabilitation. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

With the transfer of services to people with disabilities from central to local government in 2011 in Iceland, the responsibility for disabled people's work participation moved from Statens Specielle Tjenester to the Arbejdsetaten. Before 2011, the Statens Specielle Tjenester was responsible for sheltered work in the labour market and for sheltered workshops for disabled people. Now the responsibility is with the Arbejdsetaten, just as it is for other citizens. People with reduced capacities for work may have their work adapted according to their special needs. At the same time it is possible to borrow various technical aids from the Technical Aids Centre at the Social Security Fund.

In Norway, the Directorate of Labour and Welfare is responsible when it comes to measures aimed at activating the disabled in the labour market. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get and maintain a job on ordinary terms. People with reduced capacities for work may have their work adapted according to their special needs. It is also possible to borrow various technical aids from the Technical Aids Centres.

People with various disabilities may get treatment and guidance at a number of retraining institutions. Disabled people, who have no connection with the labour market, may also borrow technical aids to ease their daily life.

In Sweden, people with reduced working capacities may participate in various labour market measures via the employment service. A person who, due to a disability, cannot get a job in the open labour market may find employment at The Institution for Sheltered Work through the employment service. In the recruitment process, people with mental and intellectual incapacities as well as people with several disabilities are given priority.

## Expenditure on and Financing of Cash Benefits and Services to the Disabled

### *Differences and Similarities in the Social Expenditure on the disabled*

In the following, differences and similarities in the expenditure on the elderly, disabled are described. Unless otherwise stated, comparisons are made in PPP per capita.

In respect of cash benefits per capita to the disabled, Norway spends the most, which is due to medical rehabilitation being included under Rehabilitation. In the other countries, rehabilitation is included under Illness (included under sickness benefits)ng.

### *Changes in the Social Expenditure on the Disabled from 2011 to 2012*

In Denmark, the expenditure increased from 2011 to 2012 by DKK 100mn, corresponding to a growth rate of 0.1 per cent. The increase concerned services which

increased by DKK 528mn, corresponding to a growth rate of 2.1 per cent. On the other hand, the expenditure on cash benefits decreased by DKK 428mn, corresponding to a decrease of 0.9 per cent.

In the Faroe Islands, there was a slight reduction of the expenditure from 2011 to 2012 of 1.2 per cent, corresponding to DKK 6mn. The reduction is a result of general cuts in the service area, corresponding to a minor increase in the expenditure on cash benefits.

In Finland, the expenditure on the disabled increased by 0.3 per cent at constant prices. The total expenditure on cash benefits decreased by 2.4 per cent. The expenditure on services increased by 5.6 per cent.

In Iceland, the expenditure on the disabled increased by 13.5 per cent from 2011 to 2012 at constant prices, of which the expenditure on cash benefits increased by 15 per cent, and the expenditure on services increased by 7.9 per cent. Cash benefits amounted to 80 per cent of the total expenditure on the disabled. Basic pensions increased by 0.5 per cent, while employment pensions increased by 49 per cent.

In Norway, the expenditure on the disabled increased by 4.5 per cent from 2011 to 2012 at constant prices. Cash benefits increased by 4.5 per cent, while the expenditure on services increased by 4.5 per cent. Cash benefits amounted to 88.0 per cent of the total expenditure on the disabled.

In Sweden, the expenditure on the disabled decreased by 0.8 per cent from 2011 to 2012 at constant prices. Cash benefits decreased by 6.4 per cent, while the expenditure on services increased by 3.4 per cent. The reason for the decline in expenditure is that the sickness and activity benefits are decreasing, which they have been doing for several years. This is due to the sickness and activity benefit having become time-limited, and that the award has become more restrictive.

**Table 6.3.12 Expenditure on and financing of pensions, other cash benefits and services to the disabled, 2012, in national currency**

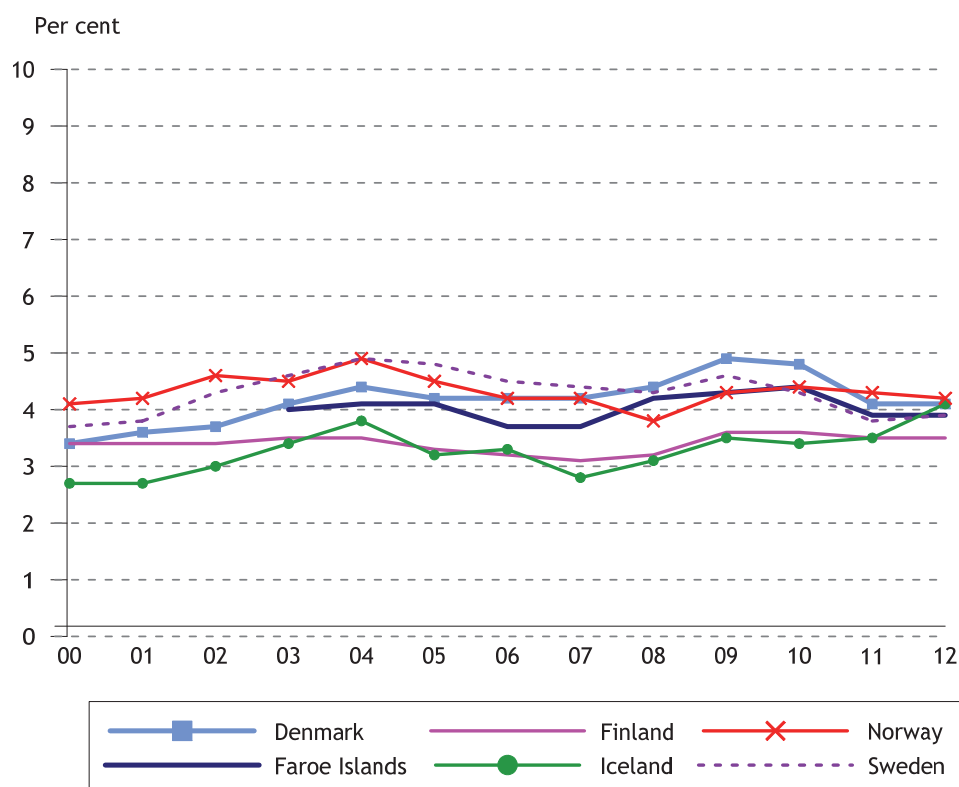
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A.Disability pensions	263 635	224	3 505	54 975	66 894	50 982
Of which:						
a. Basic/minimum pension	41 683	224	743	33 642	24 945	13 289
b. Supplementary/employment pension	.	.	2 752	21 333	35 074	32 041
c. Supplementary pension	.	.	.	.	6.724	5.652
B.Retirement pension due to reduced working capacity	.	.	10	.	.	.
C.Nursing contribution	.	.	555	.	3 432	4 017
D.Supplement towards economic integration of the disabled	2 055	.	158	.	36 239	1 078
E. Other	5 029	16	160	.	136	.
Cash benefits, total	48 767	250	4 378	54 975	106 701	56 077
<i>Services, million</i>						
A.Institutions, etc.	10 511	149	168	11 499	1 215	24 046
B.Help to carry out daily activities	5 442	29	626	101	5 528	39 264
C.Rehabilitation	.	72	626	.	6 253	5 486
D.Other	9 733	36	963	2 424	1 644	12 582
Services, total	25 686	286	2 383	14 024	14 640	81 378
Total expenditure, million	74 453	536	6 761	68 999	121 341	137 455
Expenditure as percentage of GDP	0.3	3.9	3.5	4.1	4.2	3.9
<i>Financed by (per cent)</i>						
- Public authorities	94.5	93.9	53.6	55.4	32.8	66.0
- Employers	5.5	4.3	32.7	36.4	40.0	33.7
- The insured (contributions and special taxes)	0.0	1.8	13.7	8.2	27.1	0.4
<i>Changes 2011-2012 in terms of 2012 prices</i>						
-Million	101	-6	18	8 205	5 213	-1 112
- Per cent	0.1	-1.2	0.3	13.5	4.5	-0.8

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

**Table 6.3.13 Expenditure on cash benefits to the disabled in PPP/capita and per pensioner, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The disabled</i>						
Cash benefits per capita	809	481	662	974	1 684	501
Disability pension per disability pensioner	110 808	12 093	11 013	17 446	17 280	10 832
Services per capita	426	550	360	249	231	728
Total services and benefits to the disabled per capita	1 235	1 031	1 022	1 223	1 915	1 229

**Figure 6.3.5 Expenditure on pensions, other cash benefits and services to the disabled, 2000-2012, as percentages of the GDP**



Source: DK, Statistics Denmark; IS, Statistics Iceland; NO, Statistics Norway

### User Charges

User charges payable for stays at institutions, disabled people and home help are levied according to different sets of rules in the Nordic countries.

The conditions concerning user charges payable for residence at institutions for the disabled are fixed centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in housing units are paid their pension in full and must then pay for services provided as part of their stay, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income.

In the Faroe Islands, residents in nursing homes and in collective housing pay rent according to centrally fixed rules.

In Finland, user charges payable for long-term care depend on a patient's income. It must not exceed 85 per cent of the net income, and there must be at least EUR 99 left per month for personal use. In 2011, user charges payable for institutional stays amounted to 9 per cent of the total expenditure. For permanent home help, a reasonable monthly fee may be charged, depending on the quality and extent of the

service as well as the recipient's ability to pay and the size of the household. User charges payable for home help depend on a household's income. User charges amounted to about 15 per cent of the total expenditure on home help in 2011.

In Iceland, there are no institutions for the disabled, but various types of sheltered housing units and collective housing. The residents pay the rent and other services that has become the responsibility of the local authorities in 2011

In respect of Norway, see section on user charges under Expenditure on and Financing of Benefits to the Elderly in Chapter 6.2.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. There is also a maximum user charge for care for the elderly, but local authorities are free to fix the amount of user charges within that framework.



## 6.4 Surviving Relatives

**Table 6.4.1 Expenditure on surviving relatives as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2011**

Denmark	0.0	Austria	1.9	Greece	2.3	Netherlands	1.2
Faroe Islands	0.2	Belgium	2.1	Hungary	1.3	Poland	1.9
Finland	0.9	Bulgaria	0.9	Ireland	0.5	Portugal	1.8
Iceland	0.6	Cyprus	1.3	Italy	2.6	Romania	0.7
Norway	0.3	Czech Republic	0.7	Latvia	0.3	Slovakia	0.9
Sweden	0.5	Estonia	0.1	Lithuania	0.5	Slovenia	1.7
		France	1.8	Luxembourg	2.0	Spain	2.3 <sup>1)</sup>
		Germany	2.0	Malta	1.7	United Kingdom	0.1 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

### Pensions to Widows and Widowers

The increased participation by women in the labour market and changes in the distribution of income between spouses has contributed to the survivor's pension becoming less important. In Denmark and the Faroe Islands, pension to widows and widowers has been abolished, but in the Faroe Islands, widower's pension is payable through the disability pension system. One must have been married to receive this benefit. Pensioners can, when losing a spouse, be paid a survivor's pension on a short term basis, corresponding to 3 months' pension. The number of recipients of survivor's pension is not registered separately. A survivor's allowance is payable to non-pensioners in Denmark whose spouse or partner dies. The survivor's allowance is income- and property-adjusted and will be granted as a non-recurrent payment.

In Finland, family pension may be granted to the surviving spouse if marriage took place before the surviving spouse turned 65 years and s/he has or has had children by the deceased. If the couple had no children, marriage must have taken place before the surviving spouse turned 50 years, and it must have lasted more than five years. Survivors may also be granted a pension from the employment pension scheme. Similar rules apply to people in registered partnership.

In Iceland, survivor's pension has been abolished as a basic pension but is still being paid by the employment pension system. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/herself.

In Norway, pension is granted to surviving spouses and in some cases to cohabitants. Pension may also be granted to survivors if they have either previously been married to each other or have had joint issue. In Sweden, the current widow's pension will lapse on a long-term basis for most survivors. In the old system, a condition for being awarded widow's pension was that one had married no later than 1989. In

Finland, Norway and Sweden, widows and widowers are entitled to survivor's pension by way of basic pension/guaranteed minimum pension and employment pension.

**Table 6.4.2 Pensioners aged 18-64/66 years drawing statutory survivor's pension, 2000-2013**

	Finland <sup>1)</sup>		Iceland <sup>2)</sup>		Norway <sup>3)</sup>		Sweden <sup>4)</sup>	
	M	W	M	W	M	W	M	W
2000	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2005	9 128	40 586	1 974	2 570	2 124	22 085	2 314	46 210
2010	8 778	34 368	1 831	2 137	2 265	19 210	2 056	33 232
2012	7 914	30 010	1 889	2 105	1 973	17 517	1 987	28 116
2013	7 505	28 021	..	..	1 853	16 680	2 001	25 761

Source: FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2013, the number of pensioners over 64 years was 192 524 women and 31 811 men
- 2 Only pensioners aged 16-65 years receiving employment pension
- 3 Excluding widows and widowers receiving disability pension
- 4 Includes widow's pension to people under 65 years as well as transition pension and special pension to surviving relatives. Survivor's pensions were income-adjusted from 1997-2002

**Table 6.4.3 Average monthly amount of statutory survivor's pension, (before tax), 2013**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Faroe Islands	6 096	7 409	7 095	566	688	658
Finland <sup>1)</sup>	214	612	552	172	492	444
Norway	5 477	8 466	8 167	424	656	632
Sweden <sup>2)</sup>	7 189	5 473	5 597	608	463	473

Source: FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

- 1 Average pension amount paid out in December
- 2 Average amount as at December 2013 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to surviving relatives from both basic pension and income-based pension

The basic pension/guaranteed minimum pension will be revoked when the surviving spouse becomes entitled to the basic/guaranteed minimum pension from the retirement pension scheme.

Moreover, the basic/guaranteed minimum pension will lapse in the event that a survivor is awarded disability pension. Pension is payable to the surviving relative in the form of employment pension or supplementary pension.

In Norway, there are rules governing the employment pension in the Social Security Scheme's retirement and disability pension systems for surviving relatives. They are granted the highest amount from their own employment pension or 55 per cent of the sum of their own and the deceased's accumulated employment pension. In some of the countries, funeral assistance will also be granted.

## Child Pension

In all the Nordic countries, child pension has been introduced in the form of basic pension and supplementary/employment pension. Child pension is granted to children under 18 years if one or both parents are deceased.

In Denmark and in the Faroe Islands, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland and Iceland, child pension is payable until the age of 21 years if the child/youth receives education, while it in Sweden is payable up to and including the month of June of the year in which the child turns 20 years.

In Iceland, a fixed amount is granted by the public authorities, which is payable to those providing for the children, but the pension varies from one labour market pension fund to another. If both parents are deceased, the double amount is payable. The Employment Pension Fund also pays child pension to the providers.

In Norway, child pension is payable until a child turns 18 years. If both parents are deceased, and the child is receiving education, pension may be payable until the child turns 20 years. Child pension, which is granted due to education or vocational training to young people in the age group 18-20 years, is payable according to the Social Assistance Act.

In Denmark, the Faroe Islands, Norway and Sweden, child pension may furthermore be granted by way of supplementary pensions if the deceased was a member of such a pension scheme.

**Table 6.4.4 Children drawing child pension by way of basic pension and/or supplementary/employment pension, total, 2000-2013<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden
<i>Number of children receiving child pension</i>						
2000	17 278	201	28 476	1 300	14 074	29 570
2005	23 700	179	25 694	1 375	14 075	32 333
2010	20 100	140	22 506	1 529	13 525	28 934
2012	18 843	136	21 147	1 505	13 157	26 738
2013	18 417	172	20 407	1 499	12 967	25 987
As percentage of children of the qualifying age	1.5	1.0	1.6	1.9	1.15	1.1

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

1 Entitled were children of widows and widowers

2 Only basic pension

**Table 6.4.5 The average monthly statutory amount of child pension, before tax, 2013**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden
KR/EUR	1 247	1 074	361	24 230	2 589	2 609
PPP-Euro	116	100	290	133	200	221

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Kela; IS, Social Insurance Administration; NO, The Norwegian Labour and Welfare Organization (NAV); SV, The Swedish Pensions Agency

1 Average monthly amount paid by the public authorities in 2010

2 Amount paid on average as at December

## Expenditure on and Financing of Benefits and Services to Surviving Relatives

### *Differences and Similarities in the Social Expenditure on Surviving Relatives*

In the following, differences and similarities in the expenditure on surviving relatives are described. Unless otherwise stated, comparisons are made in PPP per capita.

As to surviving relatives, Finland spends the most and Denmark and the Faroe Islands the least.

### *Changes in the Social Expenditure on Surviving Relatives from 2011 to 2012*

In Denmark, the expenditure on surviving relatives increased by DKK 3mn from 2011 to 2012. The expenditure is by and large only on funeral assistance.

In the Faroe Islands, there were no significant changes in the expenditure from 2011 to 2012, but nevertheless there was a total decrease in the expenditure of 4.5 per cent.

In Finland, the expenditure on surviving relatives decreased by 0.2 per cent at constant prices, which makes it the only area in which the social expenditure has decreased. The expenditure on cash benefits also decreased by 0.2 per cent. The expenditure on services decreased by 12.4 per cent.

In Iceland, the expenditure on surviving relatives decreased by 0.5 per cent at 2011 prices.

In Norway, the expenditure on surviving relatives decreased by 0.6 per cent from 2011 to 2012. Cash benefits decreased by 0.7 per cent, while the expenditure on services decreased by 0.6 per cent. Cash benefits amounted to 97.8 per cent of the total expenditure on survivors.

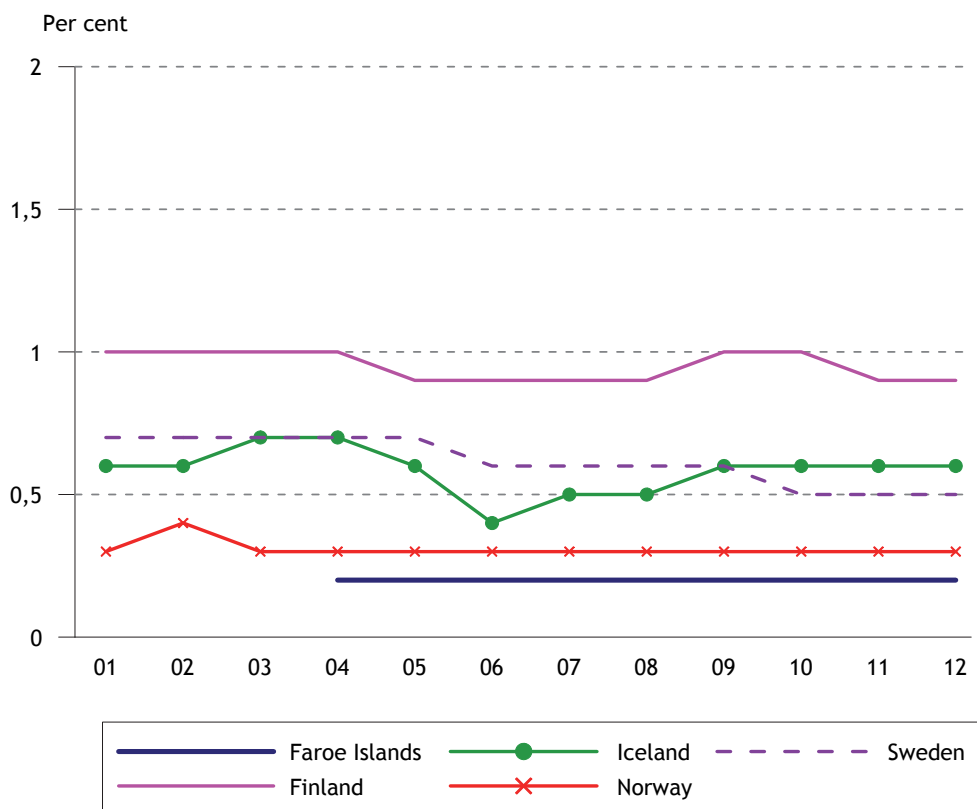
In Sweden, where the expenditure on surviving relatives consists of cash benefits only, the expenditure decreased from 2011 to 2012 by 3.0 per cent at constant prices.

**Table 6.4.6 Expenditure on and financing of benefits to surviving relatives, 2012, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A.Survivor's pensions	2	19	1 705	10 150	7 537	16 131
Of which:						
a. Basic/minimum pension	-	-	33	321	1 361	725
b. Supplementary/employment pension	-	-	1 655	9 829	1 033	14 533
c. Supplementary pension	2	19	17	-	5 254	873
B. Benefits in case of death	-	-	34	98	160	-
C.Other	-	2	-	-	7	-
Cash benefits, total	2	21	1 740	10 248	7 704	16 131
- Per capita (PPP)	0	40	263	182	122	144
<i>Services, million</i>						
A.Funeral allowance	141	2	4	-	-	-
B.Other	-	-	-	-	173	-
Services, total	141	2	4	-	173	-
Total expenditure, million	143	23	1 744	10 248	7 877	16 131
Expenditure as percentage of GDP	0.0	0.2	0.9	0.6	0.3	0.5
<i>Financed by (per cent)</i>						
- Public authorities	100.0	4.3	5.6	1.4	17.4	3.5
- Employers	0.0	63.8	71.1	65.0	60.9	93.7
- The insured (contributions and special taxes)	0.0	31.9	23.3	33.6	21.7	2.8
<i>Changes 2011-2012 in terms of 2012 prices</i>						
-Million	2.6	-1	-4	-53	-49	-496
- Per cent	1.9	-4.5	-0.2	-0.5	-0.6	-3.0

Source: DK, Statistics Denmark; IS, Statistics Iceland

Figure 6.4.1 Expenditure on benefits and services to surviving relatives, 2000-2012, as percentages of the GDP



Source: DK, Statistics Denmark; IS, Statistics Iceland; NO, Statistics Norway

## Chapter 7

# Housing benefits

This chapter deals with the number of households drawing housing benefits, both families with children and pensioners, as well as the amount of the payments.

**Table 7.1 Expenditure on housing benefits as percentages of the GDP in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	0.7	Austria	0.1	Greece	0.4	Netherlands	0.4
Faroe Islands	.	Belgium	0.2	Hungary	0.4	Poland	0.1
Finland	0.5	Bulgaria	0.0	Ireland	0.6	Portugal	0.0 <sup>1)</sup>
Iceland	1.5	Cyprus	1.0	Italy	0.0	Romania	0.0 <sup>2)</sup>
Norway	0.2	Czech Republic	0.1	Latvia	0.1	Slovakia	0.0
Sweden	0.4	Estonia	0.0	Lithuania	0.0	Slovenia	0.0
		France	0.8	Luxembourg	0.3	Spain	0.2
		Germany	0.6	Malta	0.2	United Kingdom	1.5

1 Estimated data

2 Preliminary data

Source: EUROSTAT, Database for Social Protection Expenditure and Receipts

## Housing Benefits to Families

In all the countries, with the exception of the Faroe Islands, housing benefits are granted to both families with children and childless families. In all the Nordic countries, the purpose of housing benefits is to provide people with low incomes and high housing costs with good and secure housing. These schemes vary greatly from one country to another.

In Denmark, the benefit is only payable to families living in rented accommodation.

In Iceland, the benefit is payable to families who live in rented accommodation, but also to families who are home owners. In connection with the award, a family's income and the size of the housing debt are taken into consideration. In the other countries, housing benefits may also be granted to families who are home owners. A family's income, its housing costs and the number of children in the household are taken into consideration when a benefit is awarded.

In Norway, there is only one housing benefit scheme covering everyone with the exception of students and people with military or civilian official duties who have their own housing benefit schemes. Benefits are granted to people in rented accommodation and to home owners.

**Table 7.2 Average housing benefits per month to families, 2013**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway	Sweden <sup>2)</sup>
<i>Average housing benefit per month per family in KR/EUR</i>					
Married or cohabiting couples					
- with children	1 932	378	35 177	3 172	2 415
- without children	733	233	26 331	2 656	859
Single people					
- with children	2 387	394	54 634	2 734	2 371
- without children	570	233	30 350	2 213	876
<i>Average housing benefit per month per family in PPP-EUR</i>					
Married or cohabiting couples					
- with children	179	304	193	246	204
- without children	68	187	144	206	73
Single people					
- with children	221	317	299	212	200
- without children	53	187	166	171	74

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FI, Kela; IS, Statistics Iceland; NO Statistics Norway; SV, Försäkringskassan

1 April 2013 (not retirement pensioners)

2 Average payment in December 2013

3 Average housing benefits in December 2012 to families in rented accommodation in the municipality of Reykjavik

In addition to the housing benefit, a subsidy may be granted, which will partly or fully cover any deposit payable, in order to enable people with a poor economy to find appropriate and reasonable accommodation.

In Denmark, there was an increase in the number of housing benefit recipients from 2008 onwards. 2008 and the subsequent years have to some extent been affected by the financial crisis. The recession - and presumably also the very large availability of private flats to let - has resulted in a rise in the number of recipients.

In Finland, minor annual variations in the data in the 2000s were caused by the financial security as well as by legislative changes. The number of recipients was at its lowest in 2008. Due to the financial downturn in 2009, people applied for the common housing benefits to a higher degree than before. During 2010 and 2011, the situation evened out. As it becomes still more common to live alone, and the income levels in some groups of single people are weakened, the share of people living alone and drawing housing benefits has increased at the expense of families with children.



**Table 7.3 Households drawing housing benefits at the end of the years 2000-2013**

	Denmark	Finland <sup>1)</sup>	Iceland <sup>1)</sup>	Norway	Sweden <sup>2)</sup>
<b>2000</b>					
Married or cohabiting couples	33 619	33 359	780	5 360	50 016
- with children	21 284	25 559	417	4 954	47 622
- without children	12 335	7 800	363	406	2 394
Couples, p.c. of all households of couples	..	3	..	..	..
Single people	136 051	136 993	3 681	17 982	195 368
- with children	61 700	50 184	1 296	15 725	161 548
- without children	74 351	86 809	2 385	2 257	33 820
Single people, p.c. of all single people	..	-	..	..	..
<b>2005</b>					
Married or cohabiting couples	31 727	24 245	1 285	6 135	51 437
- with children	16 320	19 198	728	5 435	47 150
- without children	15 407	5 047	557	700	4 287
Couples, p.c. of all households of couples	..	2	2	..	..
Single people	168 906	130 569	8 704	22 434	223 829
- with children	71 570	43 330	2 912	14 670	164 620
- without children	97 336	87 239	5 792	7 764	59 209
Single people, p.c. of all single people	..	14	22	..	..
<b>2010</b>					
Married or cohabiting couples	36 131	23 526	1 607	10 322	53 964
- with children	15 856	17 852	1 094	8 063	49 768
- without children	20 275	5 674	513	2 259	4 196
Couples, p.c. of all households of couples	..	2	2	..	..
Single people	167 336	140 628	13 088	46 946	183 535
- with children	63 268	40 855	3 773	16 659	126 724
- without children	104 068	99 773	9 315	30 287	56 811
Single people, p.c. of all single people	..	14	27	..	..
<b>2012</b>					
Married or cohabiting couples	42 779	25 254	1 617	9 191	53 134
- with children	18 731	18 983	1 122	6 993	49 638
- without children	24 048	6 271	495	2 198	3 496
Couples, p.c. of all households of couples	..	2	2	..	3
Single people	174 160	155 411	12 543	50 694	179 668
- with children	63 213	42 893	3 762	16 993	123 049
- without children	110 947	112 518	8 781	33 701	56 619
Single people, p.c. of all single people	..	16	26	..	5
<b>2013</b>					
Married or cohabiting couples	46 341	27 172	2 012	10 000	57 606
- with children	20 221	20 350	1 431	7 560	54 155
- without children	26 120	6 822	581	2 440	3 451
Couples, p.c. of all households of couples	..	3	3	..	3
Single people	176 430	165 102	13 433	50 999	187 321
- with children	63 167	44 030	3 974	17 022	128 585
- without children	113 263	121 072	9 459	33 977	58 736
Single people, p.c. of all single people	..	17	29	..	5

Source: DK, Statistics Denmark; FI, Kela; IS, Statistics Iceland; NO, Statistics Norway; SV, Försäkringskassan and Pensionsmyndigheten

1 Data only for families living in rented accommodation

2 The exact number of households receiving housing benefits in 2012 was 231 605. Some households may have been awarded the benefit during the year and have thus not been included

In Sweden, housing benefits are payable continuously as a preliminary subsidy based on the income information provided by the applicant. The final amount is fixed on the basis of a calculation each calendar year. Housing benefits are payable to families with children and to young people without any children. The amount of the preliminary benefit depends first and foremost on the family income. Housing costs, location and the size of a family also influences the benefit. Housing benefits consist of three parts. The first part is the housing costs; the second part is a separate supplement for children living at home, and the third part is a youth supplement payable to those who have children that no longer live in the home. The rules governing income-adjustment were introduced in 1997, and since then fewer households have received housing benefits than in previous years. Since then, fewer households have received housing benefits than was the case in previous years. That changed in 2010 when there was an increase in the number of households drawing housing benefits. The increase in the number of households drawing housing benefits is especially related to young people, while the number of families with children drawing housing benefits continues to decrease. The total number of families drawing housing benefits increased in 2013, however.

## Housing Benefits to Pensioners

In all the Nordic countries, with the exception of the Faroe Islands, housing benefits are payable to pensioners. The amount of the housing benefit depends on a pensioner's personal income, rent costs, etc. Housing benefits to pensioners are exempt from tax in all the countries except Iceland.

**Table 7.4 Pensioners drawing housing benefits at the end of the years 2000-2013**

	Denmark <sup>1)</sup>	Finland	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
<i>2000</i>				
Pensioner couples	61 577	13 013	4 271	..
Single pensioners	269 161	139 451	78 547	..
Total number of households	330 738	152 464	82 818	..
Total number of pensioners	..	163 223	..	458 337
Total number of pensioners, p.c. of all pensioners	..	..	..	..
<i>2005</i>				
Pensioner couples	57 918	12 043	2 664	..
Single pensioners	278 466	150 141	72 404	..
Total number of households	336 384	162 184	75 068	..
Total number of pensioners	..	171 643	..	429 533
Total number of pensioners, p.c. of all pensioners	..	14.4	..	..
<i>2010</i>				
Pensioner couples	53 231	10 970	2 547	13 807
Single pensioners	280 573	161 468	62 996	231 240
Total number of households	333 804	172 438	65 543	245 047
Total number of pensioners	..	179 319	..	382 698
Total number of pensioners, p.c. of all pensioners	..	14.2	..	..
<i>2012</i>				
Pensioner couples	52 833	10 447	2 488	14 879
Single pensioners	280 746	167 245	55 840	238 595
Total number of households	333 579	177 692	58 328	253 474
Total number of pensioners	..	184 186	..	381 923
Total number of pensioners, p.c. of all pensioners	..	14.2	..	..
<i>2013</i>				
Pensioner couples	51 774	10 405	2 383	15 223
Single pensioners	278 810	170 821	50 411	238 797
Total number of households	330 584	181 226	52 794	254 020
Total number of pensioners	..	187 675	..	393 607
Total number of pensioners, p.c. of all pensioners	..	14.2	..	..

Source: DK, Statistic Denmark; FI, Kela; NO, Statistic Norway; SV, Försäkringskassan

- 1 As from 2003 inclusive of new disability pensioners drawing housing benefits according to the new rules as a result of the disability pension reform from 1 January 2003. Calculations made in April
- 2 Retirement and disability pensioners
- 3 Including 135 976 people in 2005; 138 232 in 2007; 137 475 in 2009; 127 214 in 2010; 122 847 in 2011 and 117 440 in 2012 drawing sickness/activity benefit

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in, but after 1 July 2008 only in the form of a loan. A heating supplement may be granted by way of personal supplements according to the Pensions Act to help cover heating costs. The benefit is payable to both retirement and disability pensioners in the old system. Pensioners who are allotted a special dwelling for the elderly by the local authorities receive housing benefits on especially favourable terms.

In Finland, housing benefits may be granted on the grounds of age or when one has become entitled to pension. Housing benefits are payable to pensioners with low incomes, regardless of their living in their own or in rented accommodation. Also heating costs and water costs are taken into consideration, if they are not included in the rent. The rent costs that can be approved per year depend on the location of the accommodation as well as of the size of the family. Since 2008, housing benefits to pensioners have been segregated as benefits proper, which means that they no longer form part of the basic pension amount.

**Table 7.5 Average housing benefits per month to pensioners, 2013**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden
Average housing benefits per month to married or cohabiting pensioners				
- National currency	2 228	194	2 422	2 590
- PPP-Euro	207	156	188	219
Average housing benefits per month to single pensioners				
- National currency	2 832	213	1 671	..
- PPP-Euro	263	171	129	..

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FI, Kela; NO, Statistic Norway; SV, Pensionsmyndigheten

1 Includes retirement and disability pensioners. Actual payment on 1 April 2013 to families consisting of 2 adults or 1 adult, respectively

In Iceland, a supplement to the basic pension is payable to people living alone. The benefit is not directly linked to the rent costs, but will mainly be granted to pensioners, who live alone and have low incomes.

In Norway, all recipients of pensions or social insurance are entitled to housing benefits. In Sweden, housing benefits are payable to retirement pensioners, recipients of sickness and activity benefits and people receiving survivor's pensions who have low personal incomes. Housing benefits are granted according to rules applying uniformly to the entire country.

## Expenditure on and Financing of Housing Benefits

### Differences and Similarities in the Social Expenditure on Housing Benefits

There are distinct differences in the amounts spent by each country on housing benefits, measured as PPP per capita. Iceland spends the most, while Norway spends the least. In Denmark, Finland and Sweden, housing benefits play an important part for pensioners with low pension incomes, but particularly in Sweden, there are many single providers with low incomes receiving housing benefits. In Finland, housing benefits are since 2008 payable as a separate benefit, which means that they no longer form part of the basic pension.

### Changes in the Social Expenditure on Housing Benefits from 2011 to 2012

In Denmark, the expenditure on housing benefits increased from 2011 to 2012 by DKK 167mn, corresponding to a growth rate of 1.3 per cent.

In Finland, the expenditure on housing benefits increased by 4.8 per cent at constant prices. The increase was mainly a result of an increase in the general housing benefits.

In Iceland, the expenditure on housing benefits decreased by 20.9 per cent in 2011 prices, of which the expenditure on benefits to people who were home owners, decreased by 24.7 per cent. The expenditure on benefits to people living in rented accommodation decreased by 5.6 per cent.

In Norway, the expenditure on housing benefits decreased by 5.0 per cent at constant prices. There has been a decrease in the expenditure on recipients living in rented accommodation by 9.5 per cent and on home-owning recipients by 20.0 per cent. The expenditure on people living in rented accommodation amounts to 62.1 per cent of the total expenditure.

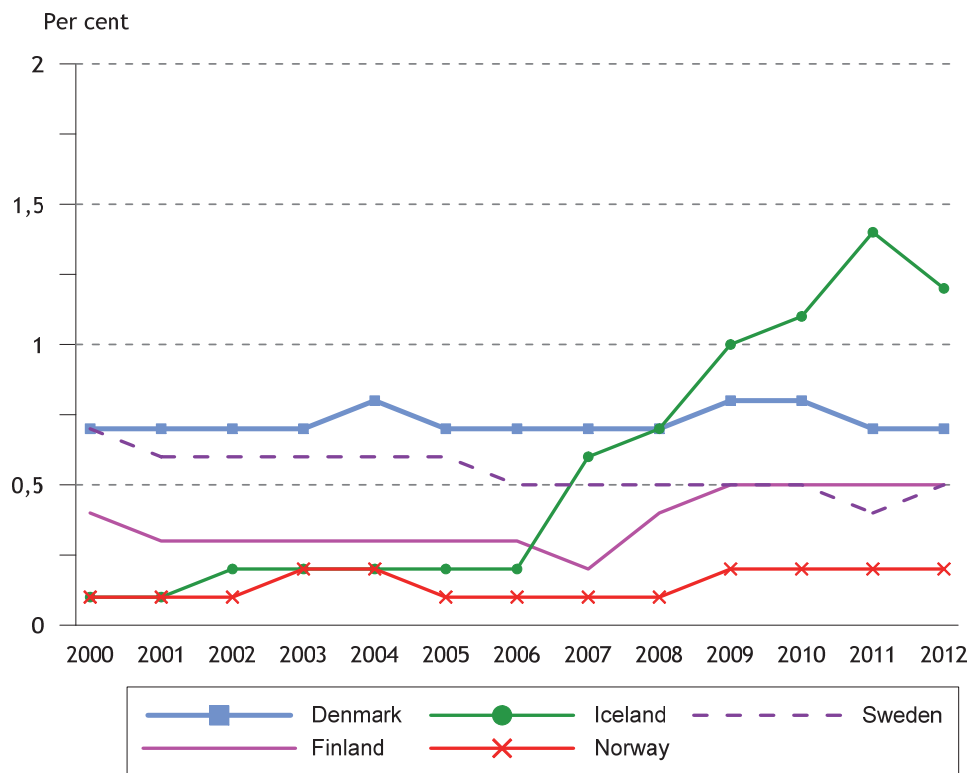
In Sweden, the expenditure on housing benefits increased by 6.7 per cent at constant prices. The expenditure on the elderly increased by 3.0 per cent and on families by 10.3 per cent.

**Table 7.6 Expenditure on and financing of housing benefits, 2012, in national currency**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Services, million</i>					
A. Housing benefits to people in rented housing	13 180	1 009	4 648	2 644	16 869
a. Of whom elderly	9 426	179	-	401	7 949
B. Housing benefits to home owners	-	38	15 019	477	-
a. Of whom elderly	-	12	-	141	-
Services, total	13 180	1 048	19 667	4 259	16 869
Total expenditure, million	13 180	1 048	19 667	4 259	16 869
Total expenditure per capita, PPP-Euro	219	158	349	67	151
Expenditure as percentage of GDP	0.7	0.5	1.2	0.1	0.5
<i>Financed by (per cent)</i>					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	0.0	0.0	0.0	0.0	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	0.0	0.0
<i>Changes 2011-2012 in terms of 2012 prices</i>					
- Million	167	48	-5 203	-225	1 066
- Per cent	1.3	4.8	-20.9	-5.0	6.7

Source: DK, Statistic Denmark; IS, Statistics Iceland

Figure 7.1 Expenditure on housing benefits as percentages of the GDP, 2000-2012







## Chapter 8

# Other social benefits

This chapter deals with the rules applying to social assistance and recipients from different population groups. It also deals with other benefits that have not been described elsewhere.

The previous chapters described social benefits granted in connection with defined social incidents and target groups. In a number of cases, social incidents that cannot be covered by the previous chapters occur, however. It is difficult to compare the extent of these benefits, both in relation to the EU and to the Nordic countries.

**Table 8.1 Expenditure on other social purposes as percentages of the GDP in the EU, Faroe Islands, Iceland and Norway, 2011**

Denmark	1.1	Austria	0.3	Greece	0.7	Netherlands	2.2
Faroe Islands	0.5	Belgium	0.7	Hungary	0.1	Poland	0.2
Finland	0.8	Bulgaria	0.2	Ireland	0.3	Portugal	0.3
Iceland	0.6	Cyprus	1.6	Italy	0.1	Romania	0.2
Norway	0.7	Czech Republic	0.3	Latvia	0.3	Slovakia	0.4
Sweden	0.7	Estonia	0.1	Lithuania	0.8	Slovenia	0.6
		France	0.8	Luxembourg	0.5	Spain	0.2 <sup>1)</sup>
		Germany	0.1	Malta	0.3	United Kingdom	0.2 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

## Special Circumstances in the Various Countries

A number of special circumstances in the Nordic countries make it difficult to compare the countries' data in this chapter statistically.

In Denmark, the Faroe Islands and Iceland, non-insured unemployed people not qualifying for unemployment benefits may under certain circumstances be entitled to social assistance in the event of unemployment, whereas non-insured unemployed people in Finland and Sweden are entitled to a special labour market benefit in accordance with the labour market legislation - and often also supplementary social assistance. In Norway, unemployment insurance is compulsory in that everyone who becomes unemployed and complies with the requirement of previous income is entitled to unemployment benefits; cf. Chapter 4.

In all the countries, social assistance falls under special legislation.

In all the countries, there is a number of special benefits that are placed under Other Social Benefits, such as support towards payment of removal expenses in Den-

mark, support to servicemen in Finland, assistance to nationals living abroad and support towards payment of non-recurrent expenses.

In all the Nordic countries, employees may be paid their wages/salaries from special employees' guarantee funds in the event that their employers go into liquidation and are unable to pay their employees.

## Cash Benefits

### Social Assistance

In all Nordic countries, social assistance may be granted when all other support options in connection with loss of income or other life events have been exhausted. Consequently, the assistance, which is means-tested in all the countries, is the last resort of assistance granted by the social security systems. It will be given either as a substitute for other sources of income or as a supplement to a very low personal income. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, spectacles, equipment in the home and removal expenses.

The assistance for other purposes is awarded and granted according to need in order to meet costs of living, with the exception of Iceland where the assistance is granted if an income drops under a certain level. In all the countries, with the exception of the Faroe Islands, social assistance is subject to a household's income.

In Denmark, the Faroe Islands and Iceland, social assistance is subject to tax. In Finland, Norway and Sweden, it is a net benefit exempt from tax.

In Denmark, the amount of the social assistance (cash assistance) depends among other things of the age of the cash assistant recipient as well as of any obligation to provide for children. The amount of the cash assistance depends for example of whether one is older or younger than 25 years.

Wealth and income also affects the cash assistance. It is not possible to be awarded cash assistance if one, or one's spouse, has any assets. The local authorities shall, however, disregard amounts of up to DKK 10 000 per person.

It is possible to be awarded cash assistance if a social incident has occurred, such as illness, unemployment or dissolution of cohabitation.

If one applies for cash assistance solely on the grounds of unemployment, one must be available for the labour market. To be available means that one is obliged to turn up for the interviews that the local authorities convene; that one accepts the reasonable offers of activation or work provided by the local authorities, and that one is actively seeking employment. If one is unavailable for the labour market, one shall be subject to sanctions. The local authorities can apply various forms of sanctions that reduce the cash assistance.

In the Faroe Islands, assistance granted in accordance with the Welfare Act is divided into temporary and permanent assistance. Temporary assistance will be provided in case of illness, divorce or lack of working opportunities. Permanent assistance will be granted in case a person has a permanent need for help towards his

own and his family's maintenance without, however, being entitled to benefits according to the Pension Act

Temporary assistance shall be granted depending on age, form of cohabitation and maintenance obligation at amounts fixed as percentages of the daily cash benefits in case of illness. Single people with a maintenance obligation shall be granted the highest benefit (90 per cent of the daily cash benefit), and people under 25 years living with their parent(s) shall be granted the lowest benefit (13 per cent of the daily cash benefit). Permanent help shall be granted at an amount corresponding to 60 per cent of the daily cash benefit in case of illness.

In Finland, Central Government fixes the basic amount of the social assistance each year, but the local authorities are responsible for payments. Cash assistance may be payable in the event that payment of other benefits is delayed. The local authorities may also grant preventive social assistance in time to help people coping with any income difficulties. In case a person on several occasions refuses to accept a job offer or training, the social assistance may be reduced by 20 or 40 per cent.

In Iceland, the local authorities are obliged to pay out social assistance to those unable to provide for themselves. The Ministry of Welfare has drawn up guidelines for what should be taken into consideration in connection with the award, but the basic amount is not fixed by Central Government.

In Norway, the Government has drawn up recommended guidelines for the award of support, which include the expenditure on current, daily costs towards maintenance. The government guidelines are a recommended starting point for the estimates that local authorities have to make. Such estimates are based on all applicants' incomes and financial rights as well as all expensed necessary for life sustenance. There is no regulated upper limit to the amount of the assistance, which may also be granted in the form of a loan. The social authorities may in special cases grant financial assistance to people who are in need of help in order to overcome or adapt to a difficult situation in which they would otherwise not qualify for social assistance. People drawing social assistance may have to fulfil a number of conditions. The conditions must first and foremost contribute to the recipient of the benefit improving his/her situation as well as the possibility of providing for him/herself by participating in guidance meetings, applying for relevant jobs, participating in vocational courses and/or in training and retraining measures or other activities. People of working age with a considerably reduced capacity for work and earning are according to the Act on Social Services in Arbeids- og velferdsforvaltningen entitled to participate in a qualification programme combined with a qualification benefit. Entitlement to the qualification programme presupposes that one is not entitled to benefits according to the Social Security Act or the Labour Market Act, which entails that the primary target group is people whose main source of income is social assistance. The benefit is not income-adjusted, but the qualification benefit is taxable and amounts to twice the basic amount of the Folketrygden<sup>1</sup> annually for people over 25 years. People under 25 years get two thirds of the full benefit amount. The benefit is adjusted annually. A child allowance may be awarded as a supplement per working

---

<sup>1</sup> See the explanation of the basic amount in Appendix 2, Norway

day. Participation in a qualification programme may be planned for up to one year with a prolongation of one year and a further prolongation of 6 months in special cases. The programme must be full time, individually adapted and may e.g. include motivating, training, treatment and labour market measures with the aim of qualifying the person concerned for working life.

In Sweden, the purpose of social assistance, which is called "financial assistance", is twofold if the need cannot be met in any other way. It must guarantee a family a reasonable financial standard of living and must be preventive and rehabilitating. Local authorities usually offer unemployed social assistance recipients measures preparing them for work. Those fit for work that do not apply for work or accept work offers or the like will often lose their entitlement to financial assistance. Central Government fixes national standards each year for the usual subsistence expenses, such as food, clothing and consumer goods. Usual subsistence expenses also include rent and transport.

When the amount of the social assistance is being calculated, a recipient's total income is taken into consideration, such as maintenance allowance, child allowance, housing benefit, etc. If, for instance, the housing benefit is increased by SEK 200 per month, the social assistance amount will be reduced accordingly. As in Norway, there is no upper limit, and financial assistance may also be granted provided it will be paid back later, for example where a person expects an income that makes it possible to pay back the amount.

**Table 8.2 Rules applying to award of social assistance, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The national terms for benefits included in this Table	Kontant-hjælp	Forsor-garhjálp	Utkom-ststöð		Økonomisk sosialhjelp	Social-bidrag
Social assistance payable as a fixed amount in the entire country?	Yes	Yes	Yes <sup>3)</sup>	No <sup>4)</sup>	No <sup>5)</sup>	No <sup>6)</sup>
Social assistance calculated individually by local authorities?	No	No	Yes	Yes	Yes	Yes
Is the amount of the social assistance affected by the amount of the housing costs?	No <sup>1)</sup>	No	Yes	No	Yes	Yes
Social assistance taxable?	Yes	Yes	No	Yes	No	No
Social assistance payable as a supplement to other social benefits?	Yes	No	Yes	Yes	Yes	Yes
Social assistance payable as a supplement to income from work?	No <sup>2)</sup>	Yes	Yes	Yes	Yes	Yes

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; IS, Statistics Iceland; SV, The National Board of Health and Welfare

- 1 The amount of the cash benefits depends on the rent. Cash assistance recipients, who have high net costs for rent are granted a special allowance, e.g. when the rent, etc., after deduction of housing benefits, exceeds the fixed amount limits
- 2 Social assistance (cash assistance) can in general not be granted as a supplement to a low income from work. Award of cash assistance is subject to the occurrence of a life event such as for example unemployment or dissolution of marriage or cohabitation
- 3 Each year, a "national standard" is fixed, which local authorities apply when calculating social assistance, cf. the text above. Local authorities may also award a so-called preventive social assistance individually
- 4 The Government has drawn up recommended guidelines for the estimates that local authorities are to make. In 2013, the maximum amount for single people over 18 years was ISK 163 635 and for cohabiting couples ISK 245 453 in the municipality of Reykjavík. Income earned the month in which the application is made and the month before that shall be deducted from the amount with the exception of child and housing benefits
- 5 The Government has drawn up recommended guidelines as a basis for the estimates that local authorities are to make
- 6 Central Government fixes a national standard each year for the entire country concerning the usual subsistence expenses. Besides, one may be granted social assistance towards payment of reasonable rent costs and certain other needs

## Equivalent Disposable Income and Compensation Grades when Social Assistance

Tables 8.3-8.6 show the equivalent compensation level for different family types when drawing social assistance as percentages of income from work broken down by AW. The compensation levels are given after tax, payment for day care institutions and rent costs. Figures 8.1 and 8.2 show the development in compensation levels in recent years. The compensation level is highest in Denmark but decreases in all the countries with an increasing AW.

Table 8.7 shows the equivalent disposable income when drawing social assistance broken down by family types. The equivalent disposable income is after deduction of tax, payment for day care institution and rent. The amount, which singles and couples have to live on when receiving social assistance, varies somewhat from one Nordic country to another, the amount being largest in Denmark and the Faroe Islands and smallest in Sweden. It should be noted, however, that it is only in Denmark, the Faroe Islands and Iceland that non-insured people receive social assistance in case of unemployment. In Norway, everyone is in principle insured in case of unemployment, cf. Chapter 4, but the compensation levels are nevertheless stated for a person who for some reason is not insured against unemployment. In Finland and Sweden, non-insured people get a special benefit which can be supplemented by social assistance. Table 8.7 shows only people receiving social assistance, however.

**Table 8.3 Compensation rate after tax and rent costs for a single childless person when drawing social assistance as percentages of disposable income from work, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50 p.c.	64	48	49	44	12	47
AW 75 p.c.	46	34	32	32	6	28
AW 100 p.c.	34	26	24	26	4	20
AW 125 p.c.	27	21	20	21	3	13

**Table 8.4 Compensation rate when drawing social assistance after tax, payment of day care institution and rent costs for a couple with two children when both adults draw social assistance as percentages of disposable income from work, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%; AW 75%	66	63	53	36	16	43
AW 75%; AW 100%	44	47	39	29	10	29
AW 100%; AW 125%	37	37	31	22	8	23

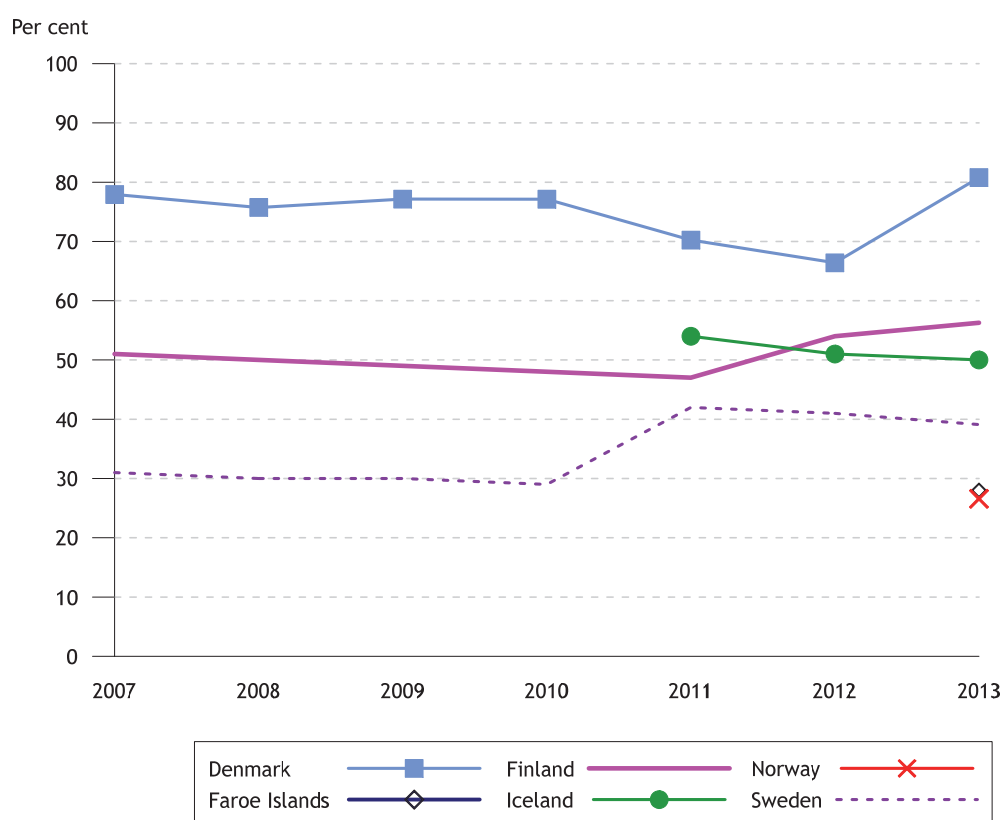
**Table 8.5 Compensation rate after tax, payment of day care institution and rent costs for a single parent with one child when drawing social assistance as percentages of disposable income from work, 2013**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50 p.c.	107	37	66	62	47	54
AW 75 p.c.	81	28	56	50	27	39
AW 100 p.c.	63	25	44	42	19	29
AW 125 p.c.	51	20	36	40	15	24

**Table 8.6 Compensation rate when drawing social assistance after tax and payment of rent for a couple without children when both work, as percentages of disposable income from work, 2013**

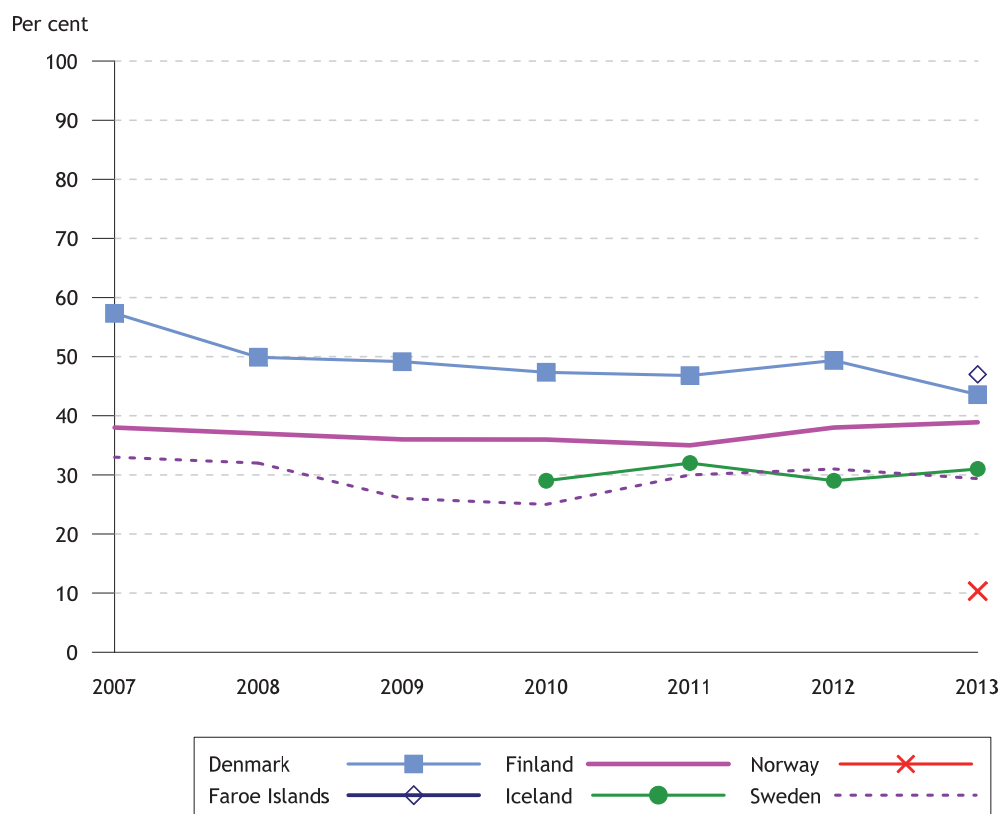
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%; AW 75%	37	44	28	33	15	25
AW 75%; AW 100%	34	33	21	25	11	17
AW 100%; AW 125%	26	26	17	20	8	13

**Figure 8.1 Compensation rate for a single parent with one child when drawing social assistance, AW 75 per cent, 2007-2013**



1 AW 75 per cent is used as a norm for single people when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Figure 8.2 Compensation rate for a couple with two children when both adults draw social assistance, AW 75/100 per cent, 2007-2013**



1 AW 75 per cent/AW 100 per cent is used as a norm for couples when illustrating compensation rates in this book. See explanation in the section on income distribution in Chapter 2

**Table 8.7 Equivalent monthly disposable income after tax, payment of day care institution and rent when drawing social assistance (December), 2013**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Kroner/Euro</i>						
Single parent with one child	8 806	8 245	635	105 405	2 804	4 400
Single person with no children	5 592	8 170	477	76 280	854	3 880
Couples with two children	7 744	8 260	661	76 925	1 797	5 214
Couples with no children	7 106	7 907	541	89 624	3 011	4 240
<i>PPP Euro</i>						
Single parent with one child	817	765	511	578	217	372
Single person with no children	519	758	384	418	66	328
Couples with two children	719	766	532	421	139	441
Couples with no children	659	734	435	491	233	358

1 The benefit is the same as to non-insured unemployed people but in this calculation rent has been included as an expense

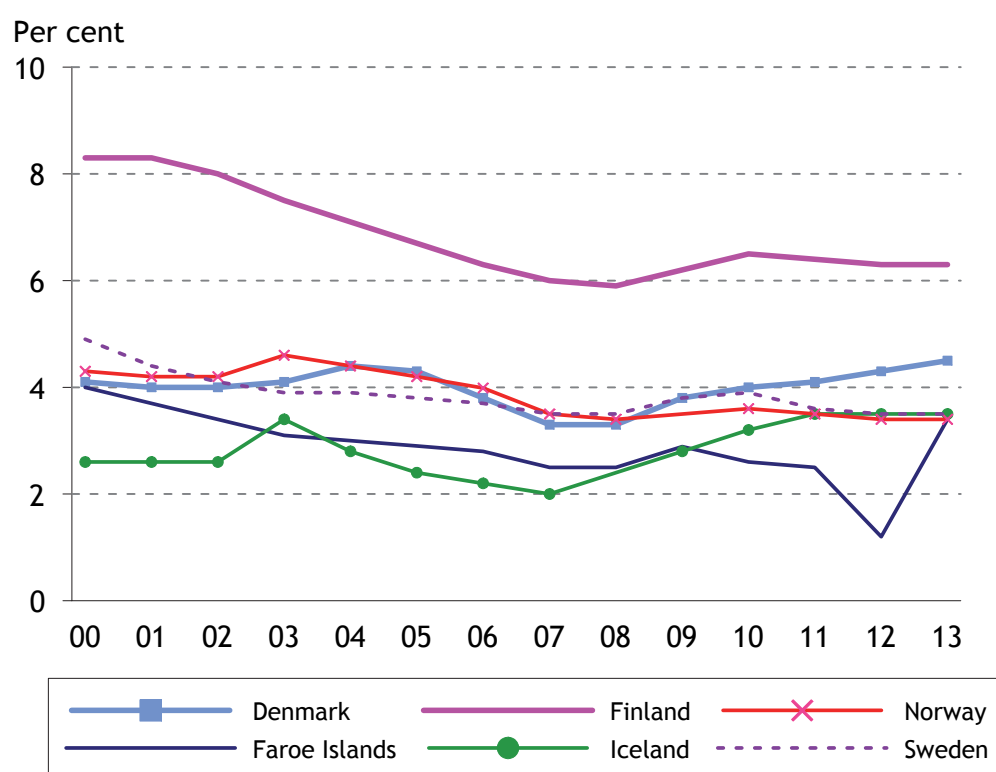


**Table 8.8** People drawing social assistance during the year, in thousands and as percentages of the population of the entitled age group <sup>1)</sup>

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	2013	2013	2012	2013	2012	2013
In thousands	200	1	276	8.7	134	271
As percentages of the population aged 16/18 years or over	4.5	3.4	6.3	3.5	3.4	3.5

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, THL; IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

1 Calculations based on all people of 18 years or over. Children are not included. Married couples drawing social assistance but where the assistance is payable in the name of one of the spouses, count as two individuals. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The Swedish figures include refugees

**Figure 8.3** People drawing social assistance during the year as percentages of the population 16/18 years or over, 2000-2013<sup>1)</sup>

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; NO, Statistics Norway

1 Calculations based on all people of 18 years or over. Children are not included. Married couples drawing social assistance but where the assistance is payable in the name of one of the spouses, count as two individuals. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The Swedish figures include refugees

**Table 8.9** Number of individuals 16/18 years or over drawing social assistance, in total and as percentages of the population at the time of calculation, 2000-2013

	Denmark	Faroe Islands <sup>1)</sup>	Finland <sup>1)</sup>	Iceland <sup>2)</sup>	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>Total</i>						
2000	..	430	147 824	1 841	63 732	..
2005	..	447	124 882	1 794	68 843	135 565
2010	87 250	429	137 410	2 608	59 134	163 686
2012	105 372	437	138 924	3 147	58 032	154 537
2013	108 420	517	..	3 309	..	154 775
<i>As percentages of the population aged 16/18 years or over</i>						
2000	..	1.3	3.7	0.9	1.9	..
2005	..	1.3	3.0	0.8	1.9	1.9
2010	2.0	1.2	3.2	1.1	1.6	2.2
2012	2.4	1.2	3.2	1.4	1.5	2.0
2013	2.4	1.8	..	1.4	..	2.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, THL, IS, Statistics Iceland; NO, Statistics Norway; SV The National Board of Health and Welfare

- 1 Data calculated in November
- 2 Average number of individuals in households receiving social assistance per month.
- 3 As from 2003, data include recipients of introduction benefits and so cannot be directly compared with data from before 2003
- 4 People over 18 years in households receiving social assistance and drawing assistance in November. Between 1993 and 2011, the introduction benefit was included in the statistics on financial assistance according to the Act on introduction benefits to refugees and certain foreigners. As from 2012, the statement on financial assistance is exclusive of introduction benefits

**Table 8.10 People drawing social assistance during the year, by age, in total and as percentages of their age groups, 2013**

	Recipients		Recipients as percentage of the age group			
	Total	18-24 Years	25-39 Years	40-54 Years	55-64 Years	65+ Years
<i>Denmark</i>						
Recipients Total	200 209	..	..	..	..	..
New Total	60 434	..	..	..	..	..
<i>Faroe Islands</i>						
Recipients Total	994	6.8	4.6	2.3	1.8	2.3
New Total	..	..	..	..	..	..
<i>Finland</i>						
Recipients Total	275 719	14.1	8.6	6.8	4.6	1.4
New Total	76 299	5.0	2.2	1.5	1.1	0.6
<i>Iceland</i>						
Recipients Total	8 745	6.9	5.5	2.8	1.6	0.6
New Total	4 080	3.3	2.7	1.3	0.7	0.2
<i>Norway<sup>1)</sup></i>						
Recipients Total	133 643	5.7	5.2	3.7	1.8	0.4
New Total	48 677	2.6	1.9	1.2	0.6	0.2
<i>Sweden<sup>2)</sup></i>						
Recipients Total	271 365	7.6	5.1	3.7	2.5	0.5
New Total	78 092	2.5	1.5	0.9	0.5	0.3

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, THL; IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

1 2012

2 New accessions include only people with a complete personal identification number. Between 1993 and 2011, the introduction benefit was included in the statistics on financial assistance according to the Act on introduction benefits to refugees and certain foreigners. As from 2012, the statement on financial assistance is exclusive of introduction benefits

**Table 8.11 Families drawing social assistance during the year as percentages of all families, by type of family**

	Denmark	Finland	Iceland	Norway	Sweden <sup>1)</sup>
	2013	2012	2013	2012	2013
<i>Families by type (per cent)</i>					
Single men	6.8	13.6	19.4	6.8	10.1
- with children	9.5	16.0	17.7	5.6	22.3
- without children	9.3	13.6	19.4	6.9	7.3
Single women	5.8	10.1	13.9	5.9	8.9
- with children	21.0	25.3	24.3	14.0	7.8
- without children	4.3	8.2	8.9	4.3	9.0
Married/cohabiting couples	4.3	3.0	0.8	2.4	1.9
- with children	6.2	4.7	1.2	3.2	2.7
- without children	2.9	2.0	0.5	1.8	1.0
<i>Total</i>	6.3	8.0	6.5	4.4	5.7
- with children	8.8	8.7	5.5	3.8	..
- without children	5.4	7.8	7.1	4.8	..

Source: DK, Statistics Denmark; FI, THL, IS, Statistics Iceland; NO, Statistics Norway; SV, The National Board of Health and Welfare

1 Only households in which the registered person is between 18 and 64 years. The total number of households is an estimate

**Table 8.12 The number of recipients of social assistance five and ten years before, who still drew social assistance in 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway <sup>3</sup>	Sweden
<i>Recipients of social assistance in 2007, who still drew social assistance in 2012</i>						
1 000	44 403 <sup>1)</sup>	58	103 238	..	39 848	..
Per cent of recipients in 2012	22	6	37	..	35	..
<i>Recipients of social assistance in 2002, who still drew social assistance in 2012</i>						
1 000	.. <sup>2)</sup>	19	61 773	..	28 434	..
Per cent of recipients in 2012	..	2	22	..	25	..

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; NO, Statistics Norway

1 2008/2013

2 Registered data for 2003 are based on family structures and not on individuals

3 Five and 10 years before, but not necessarily in continuous years

## Assistance to Refugees in the Nordic Countries

The five Nordic countries have all acceded to the Geneva Convention on the Right to Political Asylum/Refugee Status for people who, due to race, nationality, political views or special social affiliation, are persecuted in their home countries. Apart from the above, refugees may be granted residence permits in the Nordic countries on humanitarian grounds. People who are granted asylum may, in all the countries, be granted residence permits for their close relatives, the so-called reunification of families.

A common feature of the Nordic countries is that a social safety net has been established and that a number of measures for the integration of refugees received into the country have been implemented. The rules do, however, vary considerably from one country to another.

In Denmark, asylum seekers get board and lodging plus pocket money during their stay at an asylum centre. The local authorities handle the integration activities in respect of newly arrived refugees and other foreigners, who are obliged to participate in a 3-year integration programme comprising courses in social knowledge, the Danish language and active measures. Foreigners who are covered by the integration programme are entitled to cash assistance. Central Government reimburses 50 per cent of the local authorities' expenditure on the cash assistance during the 3-year integration programme and furthermore grants a number of supplements towards payment of the local authorities' expenditure.

In the Faroe Islands, the refugee policy is a Danish concern. The Danish Aliens Act has been implemented in the Faroe Islands. The Danish immigration authorities are the highest responsible authority in this field and make decisions concerning asylum and residence permits in the Faroe Islands. Decisions are, however, made in co-operation with the Faroese authorities. Such cases are very rare in the Faroe Islands, and until now years have passed between each application for asylum or residence permit on humanitarian grounds.

In Finland, asylum seekers must be accommodated in a refugee centre, and during the application process the vital needs of the applicants will be met, such as accommodation, social assistance and any health services needed. Besides, interpretation and legal aid may be provided in connection with the application procedure. Courses are also provided, and after three months, applicants are entitled to work outside of the centre. Asylum seekers may also try to find accommodation on their own, but then no payment is provided.

Asylum seekers receive 30 per cent less social assistance than people living in the country as they are provided with a number of services in the centre. Social assistance is exempt from tax. If a person is in need of language courses, the amount payable may be reduced by 20 per cent. Asylum seekers are not insured in case of illness and neither do they are entitled to child supplement or housing benefits. Central Government covers part of the local authorities' expenditure just as Central Government may reimburse some services, such as interpretation.

In Iceland, refugees are granted social assistance from the moment they are received into the country which Central Government pays the first 12 months.

In Norway, asylum seekers and refugees who have been received in a government reception centre are granted a maintenance allowance according to special rules applying to people staying at such centres. As to individuals, who have been denied asylum, the allowance shall be reduced. Asylum seekers may also take a course in the Norwegian language for a maximum of 250 hours during their stay at the reception centre. The scheme does not apply to people over 18 years who are covered by the Dublin procedure, i.e. people who will be sent back to the first country of asylum and have their asylum case dealt with there. Central Government shall to a reasonable extent cover the average extra costs that local authorities pay for housing and integration of refugees and people who have been granted residence permits on humanitarian grounds for the first five years of their stay. Social assistance to refugees is awarded according to the Act on Social Services and Benefits in the labour and welfare administration in the same way as to all other recipients of social assistance.

Newly arrived refugees, people who have been granted residence permits on humanitarian grounds and reunited family members who are in need of basic qualifications are entitled and obliged to partake in an individually adapted upgrading programme of a duration of up to two years. The programme must run for a year and must be full time. Participation entitles to a benefit of twice the basic amount from the Folketrygden<sup>2</sup>. Participant under the age of 25 years shall get two thirds of the benefit. The benefit is taxable. The programme must comprise courses in the Norwegian language, civics and other measures preparing immigrants for taking part in further training or in working life later. As a supplement to the benefit, supplementary social assistance may be awarded according to current rules.

In Sweden, an act on establishment measures for part of the newly arrived immigrants was introduced in December 2010. The act applies to newcomers of working age as well as orphan newcomers of the age group 18-19 years. When a newcomer arrives, the municipal job centre must hold an establishment meeting with him/her that is to result in an establishment plan. Such a plan must run for no more than 24 months. The establishment plan must describe the activities in which the newcomer must participate in order to find employment as quickly as possible. At the job centre, newcomers are assisted by a so-called establishment contact, and it is up to the newcomers to choose such a person. During the drawing up of the establishment plan, establishment benefits are SEK 231 per day, five days a week. Benefits increase to SEK 308 when the newcomers participate in the activities stated in the plan.

The establishment benefit is payable by Central Government, and newcomers will be awarded the same benefit irrespective of where in the country they reside. In some cases, establishment benefits can be supplemented by further benefits. The amount of the establishment benefit is fixed by the job centre and paid by the social insurance fund, while supplementary benefits are fixed and payable by the Swedish Social Insurance Agency.

The local authorities are still reimbursed by Central Government as they still bear great responsibility for the setting up of newcomers. The local authorities get both a

---

<sup>2</sup> See the explanation of the basic amount in Appendix 2, Norway

basic benefit and a standard benefit. These benefits are to cover the expenditure on housing, civics and interpreting.

At present, most of the asylum seekers or refugees that are received into the Nordic countries are people arriving at the borders applying for asylum. The statistics include both people who arrived at the border of the country concerned and applied for asylum without being rejected and convention refugees.

**Table 8.13** Number of refugees received, exclusive of reunified families, who have been granted residence permits in the Nordic countries, 2000-2013

	Denmark	Finland <sup>1)</sup>	Iceland	Norway <sup>2)</sup>	Sweden
2000	5 156	1 167	31	6 800	10 546
2005	1 147	1 347	2	3 999	7 332
2010	2 124	2 534	10	6 831	12 241
2012	2 583	2 351	9	7 185	18 791
2013	3 840	2 577	25	7 903	22 443

Source: DK, The Danish Immigration Service; Fi, The Finnish Immigration Service; IS, The Directorate of Immigration; NO, Statistics Norway; SV, Ministry of Health and Social Affairs

- 1 Quota refugees, asylum seekers who have had a positive reply, and asylum seekers who have been granted residence permits (including residence permits granted for humanitarian or alternative protection) (for example excluding reunions of families)
- 2 People who have been granted residence after having sought asylum, and transfer refugees (quota refugees) who are assumed to have entered the country

**Table 8.14** Number of asylum seekers, 2000-2013

	Denmark	Finland	Iceland	Norway	Sweden
2000	10 347	3 170	25	10 843	16 303
2005	1 283	3 574	87	5 402	17 530
2010	5 115	4 018	44	10 064	31 819
2012	6 184	3 129	120	9 785	43 887
2013	7 540	3 238	361	11 983	54 259

Source: DK, The Danish Immigration Service; Fi, The Finnish Immigration Service; IS, The Directorate of Immigration; NO, Statistics Norway; SV, Ministry of Health and Social Affairs

## Services

This section deals only with services that are not aimed at any particular sector, such as services offered to substance abusers. Such offers are provided both by the health care services and by the social assistance system.

In all the Nordic countries, there are also a number of services that are not specifically aimed at any of the previously mentioned target groups. These may include unspecified services provided by the social authorities, help in case of crises, family counselling, centres for battered women, re-establishment centres, shelters for the homeless and others with special social problems, who may be in need of temporary accommodation.

## Treatment of Alcohol and Drug Abuse

Special institutions for abusers provide treatment of substance abusers. There are both institutions for alcohol abusers and institutions for drug addicts. Some of these are privately owned institutions that have agreements with the public authorities concerning cover of their running costs. In all the countries, part of the treatment is provided by the psychiatric treatment system.

Outpatient treatment is also provided, and in some of the countries efforts are made to include families and social networks in the treatment.

In Denmark, Finland and Sweden, compulsory treatment may be initiated if an abuser is deemed to be a danger to him/herself or to people in his or her environment. In Norway, people may be compulsorily admitted to an institution for up to three months for examination and planning of treatment. Also pregnant abusers may be compulsorily admitted to an institution and kept there during the entire pregnancy, if the abuse is of such a nature that it is likely to harm the child, and that other measures may not be sufficient.

It is difficult to assess the number of abusers and the treatment of them, as treatment of abusers cannot be statistically separated from other somatic and psychiatric treatment. In Denmark, 16 200 people were in drug abuse treatment in 2011.

## Expenditure on and Financing of Other Social Benefits

The expenditure on other social benefits is largest in Norway and Denmark and smallest in the Faroe Islands in PPP per capita.

The relatively high expenditure in Denmark is a result of non-insured people not qualifying for unemployment benefits being awarded cash benefits. In Finland and Sweden, such individuals are awarded a cash labour market benefit that may be supplemented by social assistance if need be. A large part of the expenditure on social assistance in Finland and Sweden is supplementary benefits to unemployed individuals. Besides, the number of received refugees and asylum seekers that is received into the country also plays a part, as they in all the countries are awarded social assistance or some other income-substituting benefit. There are also some differences amongst the countries as to whether abusers are treated in special institutions or in the regular somatic and psychiatric treatment systems.

### Changes in the Expenditure on Other Social Benefits from 2010 to 2012

In Denmark, the expenditure increased from 2011 to 2012 by DKK 807mn, corresponding to a growth rate of 4.3 per cent.

In the Faroe Islands, there has in the period from 2011 to 2012 not been any considerable change in the expenditure on social assistance.

In Finland, the expenditure on other social benefits increased by 7.2 per cent at constant prices. The total expenditure on cash benefits increased by 7.0 per cent.



The increases were partly due to an increase in the social assistance. The expenditure on services increased by 7.5 per cent.

In Iceland, the expenditure on other social benefits decreased by 5.5 per cent at 2012 prices, of which cash benefits decreased by 9.2 per cent whereas services have remained almost the same.

In Norway, the expenditure on other social benefits increased by 4.1 per cent from 2011 to 2012 at constant prices. The expenditure on cash benefits increased by 2.0 per cent, while the expenditure on services increased by 5.5 per cent. The expenditure on services amounted to 60.5 per cent of the total expenditure.

In Sweden, the expenditure on other social benefits decreased by 1.8 per cent. Cash benefits decreased by 6.5 per cent, and the expenditure on care increased by 10.2 per cent. Above all, the expenditure on social assistance and on institutions contributed to the increase.

**Table 8.15 Expenditure on and financing of other social benefits, 2012, in national currency**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Income-substituting/supplementing benefits	12 582	50	683	5 159	7 124	10 675
a. Of which social assistance	-	34	663	4 064	4 818	10 675
B. Other assistance	3 036	-	190	838	924	656
Cash benefits, total	15 618	50	874	5 997	8 048	11 331
<i>Services, million</i>						
A. Institutions, etc.	1 027	4	151	-	2 238	4 194
B. Rehabilitation and treatment of abusers	1 301	10	209	996	5 829	5 627
C. Other	1 737	2	359	3 321	4 394	3 387
Services, total	4 065	17	719	4 317	12 461	13 208
Total expenditure, million	19 683	67	1 593	10 315	20 509	24 539
Expenditure as percentage of GDP	1.1	0.5	0.8	0.6	0.7	0.7
<i>Financed by (per cent)</i>						
- Public authorities	96.2	100.0	97.7	75.5	98.0	100.0
- Employers	3.8	0.0	2.3	23.6	1.1	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	0.9	0.8	0.0
<i>Changes 2011-2012 in terms of 2012 prices</i>						
- Million	807	-1	108	-602	810	434
- Per cent	4.3	-1.5	7.2	-5.5	4.1	1.8

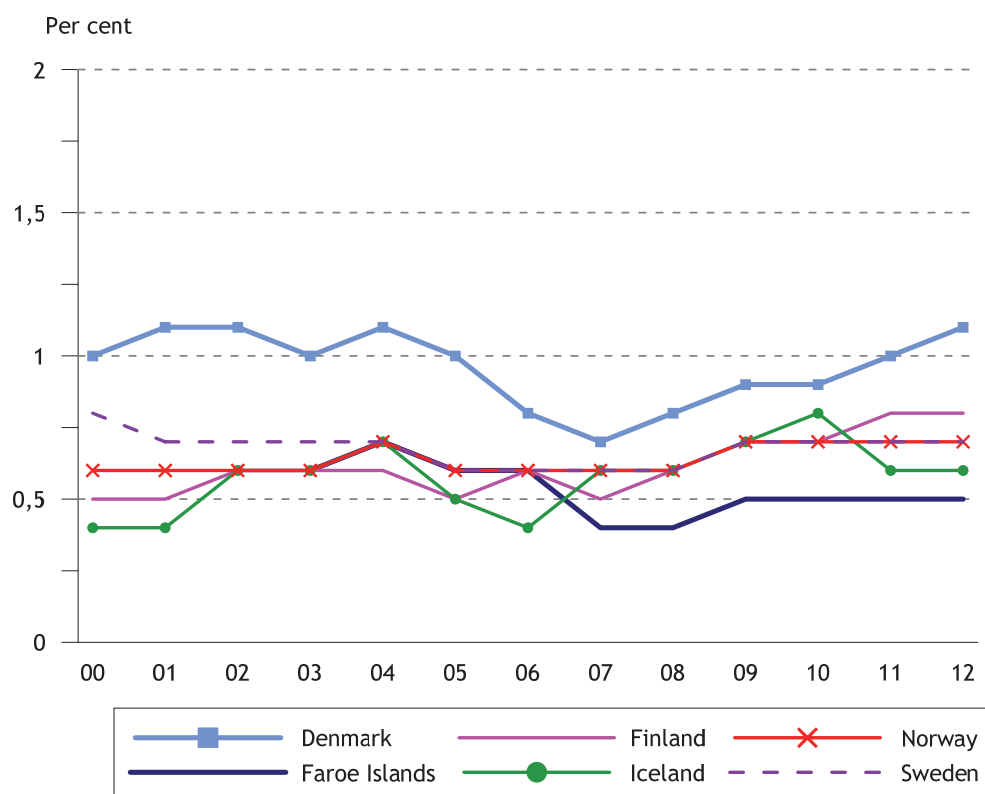
Source: DK, Statistics Denmark; IS, Statistics Iceland

**Table 8.16 Expenditure on other social benefits and services, in PPP/capita, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	259	96	132	106	127	101
Services, total	67	32	109	77	197	118
Other social benefits, total	327	128	241	183	324	219

Source: FI, THL; IS, Statistics Iceland

**Figure 8.4 Expenditure on other social benefits, 2000-2012, as percentages of the GDP**



## Chapter 9

# Social Expenditure

Following a description of the social protection systems in the previous chapters, an overall description of the social expenditure is presented in this chapter. As mentioned in Appendix 1, the Nordic social expenditure statistics follow the calculation method used by EUROSTAT.

The Nordic countries' and the EU's expenditure on social affairs measured in relation to the Gross Domestic Product (GDP) and per capita as PPP-Euro, broken down by functions, is shown in the two following tables.

**Table 9.1 Social expenditure as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2011**

Denmark	34.3	Austria	29.8	Greece	30.2	Netherlands	32.3
Faroe Islands	29.8	Belgium	30.4	Hungary	22.1	Poland	19.1
Finland	30.0	Bulgaria	17.7	Ireland	30.2	Portugal	26.5
Iceland	25.0	Cyprus	22.8	Italy	29.7	Romania	16.4
Norway	25.1	Czech Republic	20.4	Latvia	15.1	Slovakia	18.3
Sweden	29.7	Estonia	16.1	Lithuania	17.0	Slovenia	25.0
		France	33.4	Luxembourg	22.5	Spain	26.0 <sup>1)</sup>
		Germany	29.4	Malta	18.7	United Kingdom	28.0 <sup>1)</sup>

1 Preliminary data

Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

**Table 9.2 Social expenditure per capita on social benefits and services broken down by main groups in the EU, Iceland and Norway, 2011, PPP-Euro**

	Families and children	Unemployment	Illness	Old Age, Disability and Surviving Relatives	Housing benefits	Other social benefits	Total
Denmark	1 204.5	527.8	2 024.1	5 382.2	208.6	0.0	14 785.1
Finland	928.7	585.5	2 125.3	4 319.1	146.7	0.0	10 522.0
Iceland	819.0	453.5	2 445.5	2 874.3	422.5	0.0	7 905.8
Norway	1 337.3	291.9	3 284.6	5 391.1	71.4	13.2	17 919.6
Sweden	955.7	354.9	2 301.2	4 993.2	137.7	0.0	12 070.9
Belgium	665.1	1 092.9	2 461.5	4 046.6	67.8	125.7	10 146.3
Bulgaria	227.1	71.4	537.6	1 202.0	1.4	15.0	927.4
Cyprus	466.9	280.1	1 176.4	2 668.9	223.8	25.8	4 782.8
Estonia	345.9	82.2	780.3	1 548.2	8.8	0.0	1 962.8
France	726.9	584.1	2 526.1	4 576.4	229.2	90.7	10 331.7
Greece	365.1	438.2	1 524.4	3 360.3	73.7	8.2	5 662.8
The Netherlands	388.5	470.1	3 493.3	4 619.0	124.5	125.2	11 578.2
Ireland	992.9	951.1	3 721.7	2 301.8	126.3	11.2	10 516.6
Italy	354.8	209.4	1 822.0	4 917.7	5.8	131.2	7 900.1
Latvia	119.4	75.5	335.2	1 001.7	15.7	0.3	1 039.3
Lithuania	295.4	97.2	787.1	1 523.8	0.4	54.2	1 742.2
Luxembourg	2 148.9	694.8	3 319.7	6 408.7	170.5	22.5	18 136.0
Malta	253.6	111.0	1 159.6	2 330.2	39.1	0.0	3 009.7
Poland	237.8	51.0	763.5	2 210.6	10.2	2.0	1 847.6
Portugal	227.9	257.9	1 175.2	2 975.2	0.5	217.2	4 298.6
Romania	181.6	33.1	513.9	1 282.3	2.7	0.8	1 061.9
Slovakia	345.5	165.4	1 062.1	1 826.1	:	5.3	2 327.6
Slovenia	456.2	168.4	1 620.8	2 768.0	2.0	13.7	4 409.6
Spain	319.0	865.0	1 621.6	3 014.3	53.8	2.0	5 842.4
United Kingdom	430.7	172.7	2 128.1	3 537.6	389.9	161.3	7 641.3
The Czech Republic	245.4	149.4	1 322.0	2 338.2	30.6	0.0	3 025.4
Germany	990.9	414.6	2 969.1	4 300.2	199.4	28.4	9 389.9
Hungary	504.5	146.9	1 116.9	2 165.1	71.6	:	2 281.2
Austria	917.2	488.1	2 409.5	5 411.6	46.7	68.1	10 608.8

The account of the social expenditure has been divided into four sections. First, an account is given of the social expenditure trends from 2000 to 2011; then the purposes of the social expenditure are described, followed by the financing of the total social expenditure. Finally, the significance of taxation in relation to the total social expenditure is shown.

## Development in the Social Expenditure, 2000-2012

The development in the social expenditure, in total and per capita, at current and at constant prices and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 2000, appears from the tables below. It should be noted that all the countries now use the ESA95/SNA-93 classification when calculating the GDP, which has resulted in corrections to the gross domestic products.

**Table 9.3 Social expenditure, total and per capita, 2000-2012**

	Social Expenditure		Social Expenditure per capita		Social Expenditure per capita aged 16-64 years	
	At current prices, million KR/EUR	At 2012 prices, million KR/EUR	At current prices, KR/EUR	At current prices, million KR/EUR	At 2012 prices, million KR/EUR	At current prices, KR/EUR
<b>Denmark</b>						
2000	373 495	466 046	69 978	87 318	104 962	130 971
2005	467 251	529 395	86 273	97 747	130 478	147 832
2010	583 628	595 185	104 007	106 067	164 218	167 470
2012	631 799	631 799	113 082	113 082	177 851	177 851
<b>Faroe Islands</b>						
2003	2 447	2 804	51 060	58 504	80 670	92 431
2005	2 709	3 023	56 145	62 658	88 134	98 358
2010	3 884	3 905	80 058	80 491	129 514	130 214
2012	3 900	3 900	80 844	80 844	131 486	131 486
<b>Finland</b>						
2000	33 142	40 017	6 403	7 731	9 567	11 552
2005	42 001	47 671	8 006	9 087	12 003	13 623
2010	54 645	56 538	10 211	10 565	15 692	16 236
2012	60 017	60 017	11 085	11 085	17 328	17 328
<b>Iceland<sup>1)</sup></b>						
2000	131 390	249 255	467 324	886 541	717 535	1 361 206
2005	222 271	344 076	751 260	1 162 950	1 135 291	1 757 430
2010	377 070	392 274	1 191 604	1 239 653	1 810 104	1 883 092
2012	428 144	428 144	1 334 962	1 334 962	2 049 202	2 049 202
<b>Norway<sup>1)</sup></b>						
2000	360 341	444 827	80 237	99 049	123 766	152 784
2005	463 983	525 229	100 358	113 605	152 870	173 049
2010	647 016	654 533	133 587	135 139	203 905	206 274
2012	732 993	732 993	146 056	146 056	225 609	225 609
<b>Sweden</b>						
2000	674 658	805 962	76 043	90 843	118 252	141 267
2005	855 600	950 572	94 755	105 273	145 075	161 178
2010	1 016 094	1 046 228	107 916	111 116	169 553	174 581
2012	1 081 117	1 081 117	113 570	113 570	179 771	179 771

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

**Table 9.4 Social expenditure in relation to the GDP, 2000-2012**

	GDP, million KR/EUR	Social Expenditure as percentage of GDP	Index for social expenditure in relation to the GDP (2000 = 100) <sup>1)</sup>
Denmark			
2000	1 293 964	28.9	100
2005	1 551 967	30.1	104
2011	1 791 518	34.3	119
2012	1 825 582	34.6	120
Faroe Islands			
2003	8 582	28.5	100
2005	10 039	27.0	95
2011	13 254	29.5	103
2012	13 650	28.6	100
Finland			
2000	132 272	25.1	100
2005	157 162	26.7	106
2011	189 489	29.9	119
2012	192 350	31.2	124
Iceland			
2000	683 748	19.2	100
2005	1 026 718	21.6	113
2011	1 631 969	24.9	130
2012	1 699 401	25.2	131
Norway			
2000	1 510 866	23.8	100
2005	2 154 573	21.5	90
2011	2 749 963	25.2	106
2012	2 908 924	25.2	106
Sweden			
2000	2 196 764	30.7	100
2005	2 670 547	32.0	104
2011	3 499 914	29.4	96
2012	3 549 709	30.5	99

Source: Eurostat

1 The index year for the Faroe Islands is 2003. The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

**Table 9.5 Social expenditure per capita, 2000-2012 (PPP-Euro at 2012 prices)<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
2000	8 353	5 633	6 244	5 299	7 777	7 859
2005	9 350	6 033	7 339	6 951	8 920	9 107
2010	9 879	7 708	8 246	7 122	10 489	9 336
2012	10 484	7 495	9 073	7 587	11 570	9 668

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

## Social Expenditure by Type and Purpose

The social expenditure is broken down by type into cash benefits and services. In the distribution of the benefits according to purpose, the division is made in respect of the social needs or risks the benefit is primarily aimed at relieving. The distribution of the social expenditure according to the purpose of the benefit is rather stable in the individual country. New legislation and changes in the social patterns have, however, given rise to shifts in the distribution. The comparison of the countries shows some differences in the distribution of the social expenditure according to purpose. The main reason for this is to some extent differences in the countries' priority of benefits for various purposes.

**Table 9.6 Social expenditure as percentages by main groups, 2000-2012<sup>1)</sup>**

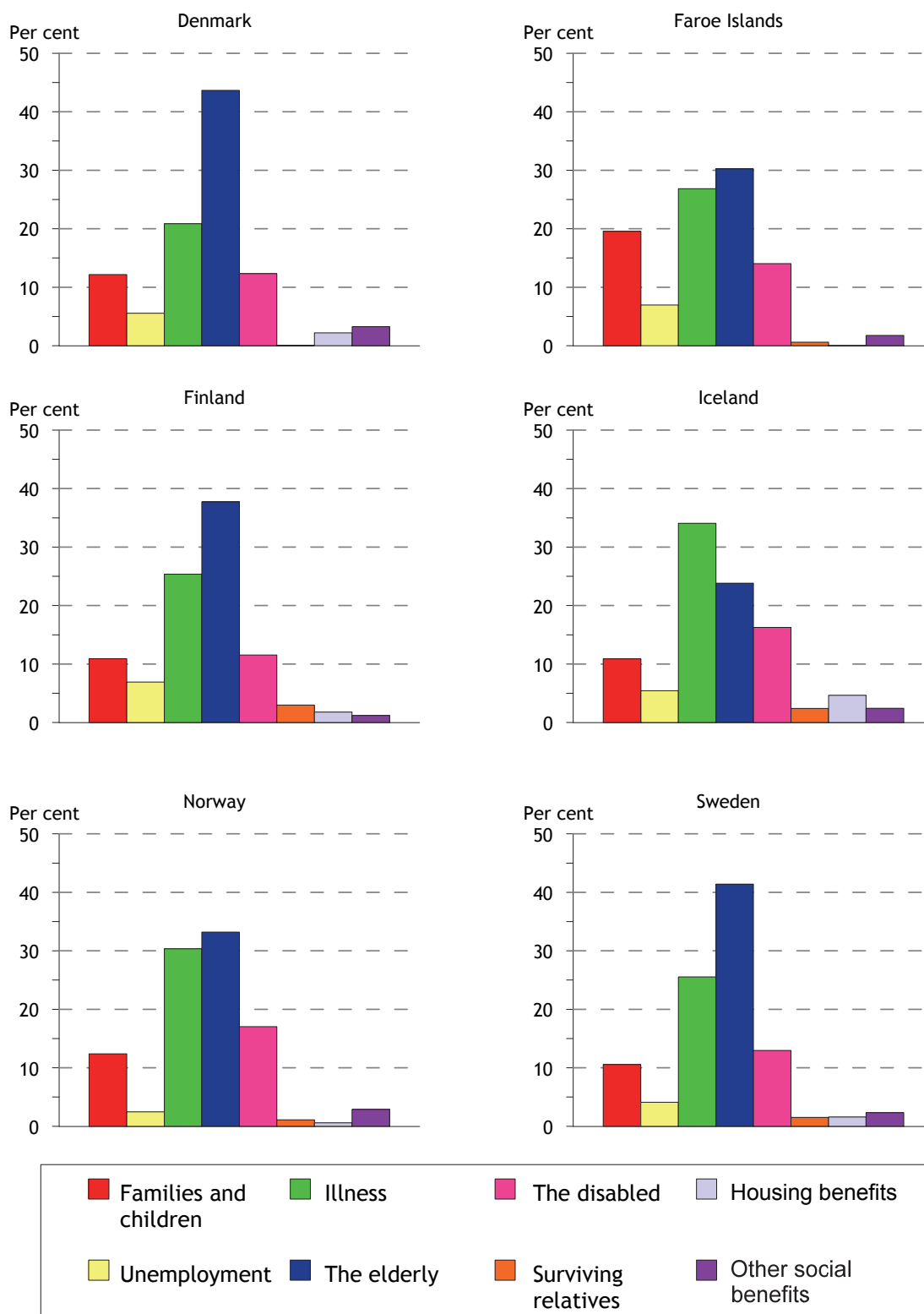
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>2000</i>						
Families and children	13.1	..	12.5	11.7	12.8	9.8
Unemployment	10.5	..	10.4	1.3	2.7	6.5
Illness	20.2	..	23.8	39.2	34.3	27.4
The elderly	38.0	..	31.8	28.5	29.6	37.3
The disabled	12.0	..	13.9	13.9	16.4	12.2
Surviving relatives	-		4.0	2.6	1.2	2.2
Housing benefits	2.4	..	1.5	0.7	0.5	2.1
Other social benefits	3.7	..	2.1	2.1	2.6	2.4
Total	100.0	..	100.0	100.0	100.0	100.0
<i>2005</i>						
Families and children	12.9	19.0	11.6	13.9	12.1	9.8
Unemployment	8.6	4.5	9.3	1.8	2.7	6.2
Illness	20.7	28.0	25.9	34.8	32.2	24.3
The elderly	37.5	29.8	33.7	28.6	29.5	38.3
The disabled	14.4	15.8	12.9	15.1	19.1	15.4
Surviving relatives	-	0.5	3.6	2.6	1.2	2.2
Housing benefits	2.4	.	1.1	1.0	0.6	1.8
Other social benefits	3.4	2.5	2.0	2.3	2.6	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2010</i>						
Families and children	12.4	19.3	11.0	12.9	12.5	10.4
Unemployment	7.5	7.5	8.2	6.8	3.2	4.5
Illness	22.5	27.8	25.3	35.3	31.7	24.9
The elderly	37.7	28.3	36.0	21.1	30.5	40.4
The disabled	14.9	14.8	12.1	14.1	17.4	14.2
Surviving relatives	-	0.6	3.2	2.4	1.1	1.7
Housing benefits	2.3	.	1.7	4.4	0.7	1.5
Other social benefits	2.7	1.7	2.4	3.1	3.0	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2012</i>						
Families and children	12.2	19.6	10.9	10.9	12.4	10.6
Unemployment	5.5	7.0	6.9	5.5	2.5	4.1
Illness	20.9	26.9	25.4	34.1	30.3	25.5
The elderly	43.7	30.2	37.7	23.8	33.2	41.4
The disabled	12.3	14.0	11.6	16.3	17.0	13.0
Surviving relatives	-	0.6	3.0	2.4	1.1	1.5
Housing benefits	2.2	.	1.8	4.6	0.6	1.6
Other social benefits	3.3	1.7	1.2	2.4	2.9	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later



Figure 9.1 Social expenditure as percentages, by main groups, 2012



**Table 9.7 Social expenditure by type and purpose, as percentages of the GDP, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.6	2.6	1.6	1.1	1.2	1.5
Services	2.4	2.9	1.7	1.6	1.8	1.7
Total	4.0	5.5	3.3	2.7	3.0	3.2
<i>Unemployment</i>						
Cash benefits	1.3	2.0	1.8	1.3	0.4	0.9
Services	0.5	-	0.3	0.1	0.2	0.3
Total	1.8	2.0	2.1	1.4	0.6	1.2
<i>Illness</i>						
Cash benefits	1.0	0.5	1.3	1.5	2.3	1.2
Services	5.9	7.1	6.4	7.0	5.1	6.4
Total	6.9	7.5	7.7	8.5	7.4	7.6
<i>The elderly</i>						
Cash benefits	12.2	1.4	10.3	5.5	6.1	10.0
Services	2.2	2.5	1.2	0.5	2.0	2.3
Total	14.4	8.5	11.5	5.9	8.1	12.4
<i>The disabled</i>						
Cash benefits	2.7	1.8	2.3	3.2	3.7	1.6
Services	1.4	2.1	1.2	0.8	0.5	2.3
Total	4.1	3.9	3.5	4.1	4.2	3.9
<i>Surviving relatives</i>						
Cash benefits	-	0.2	0.9	0.6	0.3	0.5
Services	0.0	0.0	0.0	-	0.0	-
Total	0.0	0.2	0.9	0.6	0.3	0.5
<i>Housing benefits</i>						
Services	0.7	.	0.5	1.2	0.1	0.5
Total	0.7	.	0.5	1.2	0.1	0.5
<i>Other social benefits</i>						
Cash benefits	0.9	0.4	0.5	0.4	0.3	0.3
Services	0.2	0.1	0.4	0.3	0.4	0.4
Total	1.1	0.5	0.8	0.6	0.7	0.7
<i>Cash benefits, total</i>	19.6	8.8	18.6	13.6	14.3	16.1
<i>Services, total</i>	13.4	14.7	11.8	11.4	10.2	13.8
<i>Social expenditure, total<sup>1)</sup></i>	33.1	23.5	30.4	24.9	24.5	29.9

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway

1 The total social expenditure is in this table shown without administration costs

**Table 9.8 Social expenditure, as percentages by type and purpose, 2012**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	40	48	48	41	41	47
Services	60	52	52	59	59	53
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	71	100	87	95	64	76
Services	29	0	13	5	36	24
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	14	6	16	18	31	16
Services	86	94	84	82	69	84
Total	100	100	100	100	100	100
<i>The elderly</i>						
Cash benefits	85	70	89	92	76	81
Services	15	30	11	8	24	19
Total	100	100	100	100	100	100
<i>The disabled</i>						
Cash benefits	66	47	65	80	88	41
Services	34	53	35	20	12	59
Total	100	100	100	100	100	100
<i>Surviving relatives</i>						
Cash benefits	1	91	100	100	98	100
Services	99	9	0	0	2	0
Total	100	100	100	100	100	100
<i>Housing benefits</i>						
Services	100	.	100	100	100	100
Total	100	.	100	100	100	100
<i>Other social benefits</i>						
Cash benefits	79	75	55	58	39	46
Services	21	25	45	42	61	54
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	58	47	61	54	58	54
<i>Services, total</i>	42	53	39	46	42	46
<i>Social expenditure, total<sup>(1)</sup></i>	100	100	100	100	100	100

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway

## Financing of the Social Expenditure

In order to illustrate the financing of the social expenditure in the Nordic statistics, the direct financing of services and benefits and the current contributions paid into social funds are included. Contrary to previously, interest and other capital gains are now included in the social expenditure statistics. Interest and capital gains are mainly found in the funds established to guarantee pension payments, but also in other social-insurance schemes. This will be further dealt with in the following section.

### *Distribution of Current Contributions by Sources of Financing*

Current contributions to the financing of the social expenditure are, in the Nordic statistics, broken down by the sources contributing to the individual benefits, i.e. public authorities and employers, contributions and special taxes payable by the insured as well as interest and capital gains (other financing). As mentioned in Appendix 1, social expenditure is listed as net amounts, which means that investments, etc., and user charges payable by the citizens for social services have not been included.

There are many similarities in the financing of the social security systems in the Nordic countries but also major differences.

Cash benefits that are income-related are in Finland and Sweden financed by employer and employee duties, but the basic insurance scheme is financed by way of government expenditure. Local authorities play the most important part when it comes to financing of services. Even in this case, Central Government plays a significant part through the general non-earmarked government grants.

The public authorities' (Central Government, regions, counties and local authorities) direct financing of the social cash benefits vary from about 81.7 per cent in the Faroe Islands to about 16 per cent in Sweden. In Finland, Norway and Sweden, the employers contribute the most to the social cash benefits, while the premiums and special taxes of the insured make up the largest part in Denmark. The public sector's direct financing of the services varies from 99.9 per cent in the Faroe Islands to 87.7 per cent in Sweden (cf. Table 9.10).

In Denmark, Finland and Sweden, the regions are responsible for the hospital sector. In the Faroe Islands, Norway and Iceland, Central Government is responsible for the hospital sector. In most Nordic countries, the local authorities are responsible on a daily basis for services such as child minding, child and youth welfare, health care and nursing and care for the elderly and the disabled.

In Denmark, the local authorities are responsible for the administration of cash benefits, while the responsibility in the other countries rests with the insurance institutions or is a matter for Government authorities.

All the Nordic countries have high ambitions as regards the social sector, which entails that the financing comprises very large amounts with both large macro-economic and budgetary significance.

The fiscal quotas, i.e. the sum of the direct and the indirect taxes as a proportion of the GDP, are in general high and among the highest in the world.

In spite of the many common traits, there are, however, considerable differences from one country to the next.

It should be mentioned that Finland and Sweden to a higher degree than the other countries rely on employer duties for the financing of the social cash benefits. More than half of the cash benefits are in those two countries financed by duties payable by employers. The share payable by the employees is highest in Denmark. The local authority financing of the cash benefits is in general limited. It is highest in Denmark, where Central Government does not fully reimburse the local authorities their expenditure on cash benefits.

In respect of the financing of social services, the most significant difference is the distribution of the burden between Central Government and the local authorities. This reflects the government grants' importance to the financing and the extent to which the grants are general or earmarked. In Denmark and Sweden, where the grants are mainly general, the local authorities finance the majority of the expenditure on services. In Finland, which has a high proportion of grants distributed on sectors, Central Government's share of the financing is considerably higher.

The distribution of current contributions to the financing of the social expenditure during the years 2000-2009 is shown in Figure 9.1. Other financing consists for the most part of yields from the pension funds.

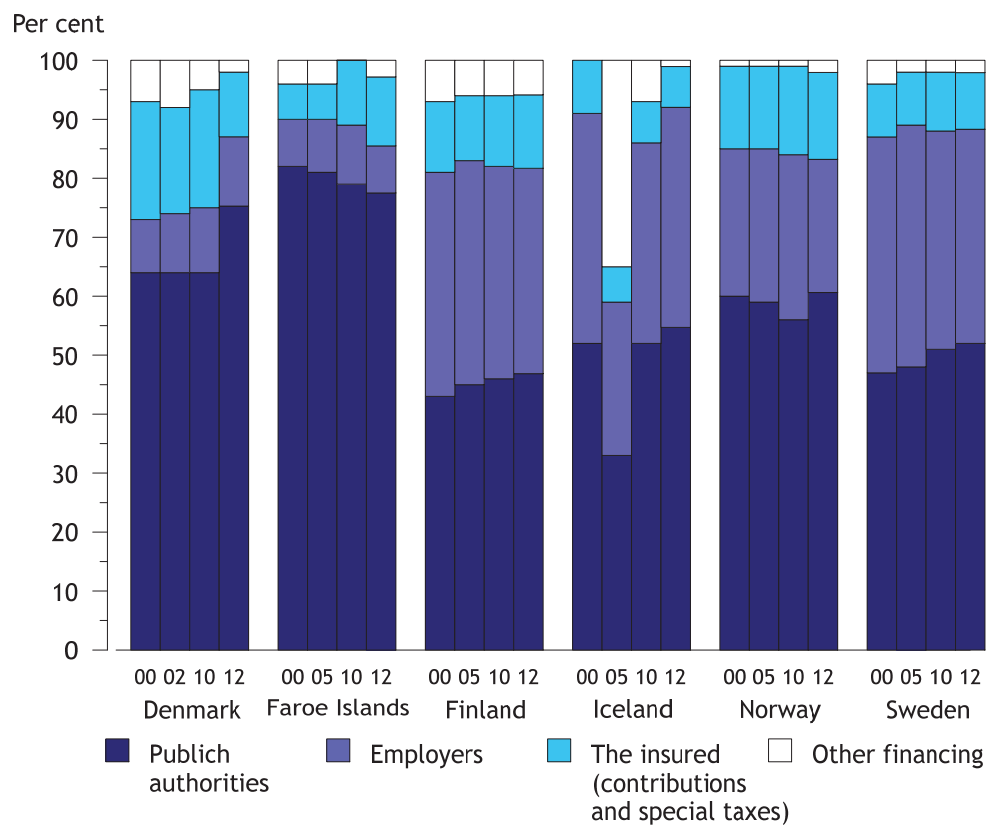
**Table 9.9** Current contributions to the financing of the social expenditure, as percentages broken down by public authorities, employers, the insured's contributions and other financing, 2000-2012<sup>1)</sup>

	Public authorities, total	Employers	The insured's contributions and special taxes	Other financing	Total
<i>Denmark</i>					
2000	64	9	20	7	100
2005	63	10	18	8	100
2011	74	12	12	2	100
2012	75	12	11	2	100
<i>Faroe Islands</i>					
2003	82	8	6	4	100
2005	81	9	6	4	100
2011	79	10	11	1	100
2012	77	8	12	3	100
<i>Finland</i>					
2000	43	38	12	7	100
2005	44	38	11	6	100
2011	46	35	12	7	100
2012	47	35	12	6	100
<i>Iceland</i>					
2000	51	39	9	-	100
2005	33	26	6	35	100
2011	55	35	7	3	100
2012	55	37	7	1	100
<i>Norway<sup>1)</sup></i>					
2000	60	24	14	1	100
2005	58	26	14	1	100
2011	56	27	15	2	100
2012	61	23	15	2	100
<i>Sweden</i>					
2000	47	40	9	4	100
2005	48	41	9	2	100
2010	53	36	10	2	100
2012	52	36	10	2	100

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

**Figure 9.2 Current contributions to the financing of the social expenditure, 2000, 2005, 2010 and 2012**



**Table 9.10 Financing of the social expenditure, as percentages, 2012**

	Public authorities, total	Of whom Central Government	Employers (contributions and premiums)	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>						
Cash benefits, total	60.6	47.6	19.3	16.8	3.3	100.0
Services, total	100.0	55.9	-	-	-	100.0
<i>The Faroe Islands</i>						
Cash benefits, total	66.5	58.9	11.1	15.0	7.3	100.0
Services, total	94.3	75.8	-	5.7	-	100.0
<i>Finland</i>						
Cash benefits, total	23.1	21.9	59.0	17.9	-	100.0
Services, total	90.2	40.1	3.8	6.0	-	100.0
<i>Iceland</i>						
Cash benefits, total	23.3	20.8	63.0	11.9	1.8	100.0
Services, total	99.1	73.3	0.9	0.0	0.0	100.0
<i>Norway</i>						
Cash benefits, total	28.3	26.6	44.3	23.9	3.5	100.0
Services, total	92.8	43.4	4.1	2.9	0.1	100.0
<i>Sweden</i>						
Cash benefits, total	23.3	20.8	63.0	11.9	1.8	100.0
Services, total	99.1	73.3	0.9	0.0	0.0	100.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway

## Block Grants and Government Reimbursement to Local and County Authorities

In the Nordic countries, the local authorities are responsible for the administration of part of the social services and benefits.

Local, regional and county authorities receive block grants and/or reimbursements from Central Government. A block grant may be given as a general contribution or may be earmarked for specific purposes and may, for instance, be calculated on the basis of the number of inhabitants and their age distribution or according to the tax base in the individual municipalities. Block grants may for example be calculated on the basis of the number of inhabitants and age distribution or of the tax basis in each municipality.

Government reimbursement may be laid down by law as percentages of the municipal expenditure or as fixed amounts. Government reimbursement may also be calculated as the difference between expenditure and contributions from other sources, including municipal contributions.

In Denmark, local authorities administer the main part of the social cash benefits and meet the costs of those benefits in the first instance; the costs are subsequently reimbursed, fully or partly, by Central Government. In the other Nordic countries, social benefits are mainly administered by government or other central bodies.



## Funds for Pension Purposes

The contributions financing the social expenditure are normally spent on current payments in the course of the year, but are, especially in relation to pensions, also used for the establishment of funds.

The purpose of the funds may be to guarantee that means are available for future payments (premium reserve systems). Establishment of funds may also occur in distribution systems (where the costs should, in principle, be covered by the contributions of the current year) so as to create a buffer to reduce variations in incoming and outgoing payments over time.

In Norway, social expenditure, including expenditure on employment pensions, is currently financed by way of the public budget, and consequently the expenditure is excluded from Table 9.11. The Social Security Fund is an independent, public fund and does not contribute directly to the financing of the running costs of the social security service.

**Table 9.11 Size of funds for pension purposes, December 2012. Billion KR/EUR**

	Basic pension/Guaranteed minimum pension	Supplementary pension/Employment pension	Supplementary pensions
<i>Denmark</i> <sup>1)</sup>	.	1 148	.
<i>Finland</i>	0.1	160	11
<i>Iceland</i>	.	2 394 949	.
<i>Sweden</i>	.	1 058	.

Source: DK, ATP Finanstilsynet; FI, Finnish Centre for Pensions and Kela; IS, Statistics Iceland; SV, Statistics Sweden

1 Supplementary pension includes the ATP (2013) and the special pension-savings scheme (2012), but not the Employees' Capital Pension Fund

## Taxation Rules and the Impact of Taxation on the Social Expenditure

Social cash benefits may be either exempt from tax or subject to tax. In all the countries, it is of great importance whether a benefit is tax-free or taxable, as the level of taxation is relatively high. The proportion of the taxable cash benefits of the total cash benefit amount has increased in recent years in all five countries. There are, however, also large differences from one country to another. The largest tax-free cash benefits are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but not in the other Nordic countries. According to the ESSPROS specification, housing benefits count as services.

In order to evaluate the significance of such differences, both the OECD and EUROSTAT have developed various methods to calculate the net social expenditure.

In the OECD calculations of the net social expenditure, both direct and indirect taxes have been deducted from the social expenditure. Similarly, the calculated values of the tax relief granted on social grounds have been added. In order to avoid

double taxation, tax relief that is granted in connection with lower taxation and has consequently already been calculated, has not been included.

Several methodological and practical questions still remain in connection with the net social expenditure calculations.

The EU calculations are based on the social expenditure less direct taxes, cf. Figure 9.2. Indirect taxes are not included in the calculations. From the Figure, it appears that France has the highest social expenditure, followed by Sweden, and that Latvia has the lowest.

In all the European countries, the net social expenditure is smaller than in the traditional statement of the social expenditure. There are, however, considerable differences from one European country to another.

In Table 9.12, the tax percentages, including the social expenditure of a single childless person with an average wage earner's pay (AW 75) is included. The data were taken from typical cases 0 and 1 to 6 (cf. Appendix 1).

As to maternity benefits, the data apply to a single parent with no other children than the new-born.

The Table illustrates the taxation differences amongst the various countries, both as to wages/salaries and to social benefits. Iceland, being the country with the lowest taxation on earned income, imposes practically no tax on social services. Also in the other countries, taxation on several of the benefits is much lower and especially so on pensions. The table does not provide an in-depth explanation of the significance of taxation to the social benefits but contributes to illustrating the impact thereof.

The majority of the social cash benefits are taxable in the Nordic countries.

In several other OECD countries, a large part of the cash benefits is not subject to tax, or there are favourable tax rules concerning this type of income. Consequently, the tax system compensates in this way for low social cash benefits.

In several countries, tax relief instead of direct cash benefits is granted on social grounds. Tax relief for children will for example equal child supplements.

In the Nordic countries, very little tax relief is granted on social grounds.

In addition to the direct taxation, recipients of social cash benefits also pay indirect tax on their consumption, and there are substantial differences from one country to another. The traditional way of illustrating the social expenditure does not allow for such differences of taxation.

**Table 9.12 Tax percentages and social charges payable on wages/salaries and social benefits per month, for a single childless AW 75 per cent, 2013, in PPP-Euro**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<b>Wages/salaries</b>						
Gross	2 333	1 871	2 121	1 759	2 368	2 109
Net	1 527	1 145	1 579	1 294	1 765	1 598
Tax in per cent:	25	34	18	22	18	16
Disposable income in per cent of gross	65	61	74	74	75	76
<b>Maternity benefits</b>						
Gross	1 643	1 871	1 525	877	2 368	1 637
Net	1 111	1 145	1 168	784	1 846	1 149
Tax in per cent:	26	34	22	6	14	22
Disposable income in per cent of gross	68	61	77	89	78	70
<b>Unemployment benefits</b>						
Gross	1 594	1 496	1 226	990	1 477	1 231
Net	1 059	943	952	849	1 181	900
Tax in per cent:	27	32	21	9	12	19
Disposable income in per cent of gross	66	63	78	86	80	73
<b>Sickness benefits</b>						
Gross	1 610	1 628	1 427	.	2 368	1 633
Net	1 212	1 014	1 118	.	1 752	1 147
Tax in per cent:	22	33	22	.	18	22
Disposable income in per cent of gross	75	62	78	.	74	70
<b>Retirement pension 65 years</b>						
Gross	1 470	.	1 143	.	1 171	1 187
Net	1 051	.	971	.	1 144	878
Tax in per cent:	28	.	14	.	2	26
Disposable income in per cent of gross	72	.	85	.	98	74
<b>Retirement pension 67 years</b>						
Gross	1 624	1 011	1 288	1 421	1 319	1 385
Net	1 167	906	1 059	1 134	1 231	1 074
Tax in per cent:	28	9	17	19	5	22
Disposable income in per cent of gross	72	90	82	80	93	78
<b>Disability pension</b>						
Gross	1 753	1 414	1 026	.	1 316	1 350
Net	1 220	1 210	900	.	1 231	984
Tax in per cent:	30	13	11	.	4	27
Disposable income in per cent of gross	70	86	88	.	94	73
<b>Social Assistance</b>						
Gross	1 004	1 115	776	1 004	763	736
Net	775	758	776	936	763	736
Tax in per cent:	24	32		8		
Disposable income in per cent of gross	77	68	100	93	100	100

Table 9.13 Taxation of cash benefits, 2012

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentage of all cash benefits	Cash benefits subject to tax, as percentage of all cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and Children	73 479	29 213	68.3	31.8
II. Unemployment	33 455	23 714	2.5	97.5
III. Illness	125 929	18 249	-	100.0
IV. The elderly	263 635	222 965	-	100.0
V. The disabled	74 453	48 767	4.4	95.6
VI. Surviving relatives	143	2	-	100.0
VII. Housing benefits	13 180	-	-	-
VIII. Other social benefits	19 683	15 618	7.7	92.3
IX. Administration	27 843	-	-	-
Total I -IX	631 799	358 529	6.7	93.3
<i>Finland</i>				
I. Families and Children	6 388	3 061	52.1	47.9
II. Unemployment	4 057	3 545	-	100.0
III. Illness	14 836	2 441	-	100.0
IV. The elderly	22 055	19 727	0.2	99.8
V. The disabled	6 761	4 378	12.7	87.3
VI. Surviving relatives	1 744	1 740	1.7	98.3
VII. Housing benefits	1 048	-	-	-
VIII. Other social benefits	1 593	874	72.8	27.2
IX. Administration	1 536	-	-	-
Total I -IX	60 017	35 766	7.8	89.4
<i>Iceland</i>				
I. Families and Children	46 218	19 156	49.2	50.8
II. Unemployment	23 149	21 954	4.9	95.1
III. Illness	144 436	25 324	0.7	99.3
IV. The elderly	100 922	92 641	-	100.0
V. The disabled	68 999	54 975	4.1	95.9
VI. Surviving relatives	10 248	10 248	2.3	97.7
VII. Housing benefits	19 667	19 667	85.2	14.8
VIII. Other social benefits	10 315	5 997	-	100.0
IX. Administration	4 189	-	-	-
Total I -IX	428 144	249 963	12.0	88.0

*To be continued*

Table 9.13 Taxation of cash benefits, 2012, continued

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentage of all cash benefits	Cash benefits subject to tax, as percentage of all cash benefits
	1.	2.	3.	4.
<i>Norway<sup>1)</sup></i>				
I. Families and Children	88 240	36 229	48.8	51.2
II. Unemployment	17 584	11 334	-	100.0
III. Illness	216 169	66 481	-	100.0
IV. The elderly	236 505	178 594	-	100.0
V. The disabled	121 341	106 701	3.3	96.7
VI. Surviving relatives	7 877	7 704	0.1	99.9
VII. Housing benefits	4 259	-	-	100.0
VIII. Other social benefits	20 509	8 048	59.9	40.1
IX. Administration				
Total I -IX	712 484	415 091	6.3	93.7
<i>Sweden</i>				
I. Families and Children	111 961	53 035	50.4	49.6
II. Unemployment	43 649	33 321	-	100.0
III. Illness	270 907	44 312	-	100.0
IV. The elderly	439 138	355 793	0.2	99.8
V. The disabled	137 455	56 077	2.3	97.7
VI. Surviving relatives	16 131	16 131	-	100.0
VII. Housing benefits	16 869	-	-	-
VIII. Other social benefits	24 539	11 331	100.0	-
IX. Administration	20 468	-	-	-
Total I -IX	1 081 117	570 000	7.0	93.0

Source: DK, Statistics Denmark; IS, Statistics Iceland; NO, Statistics Norway

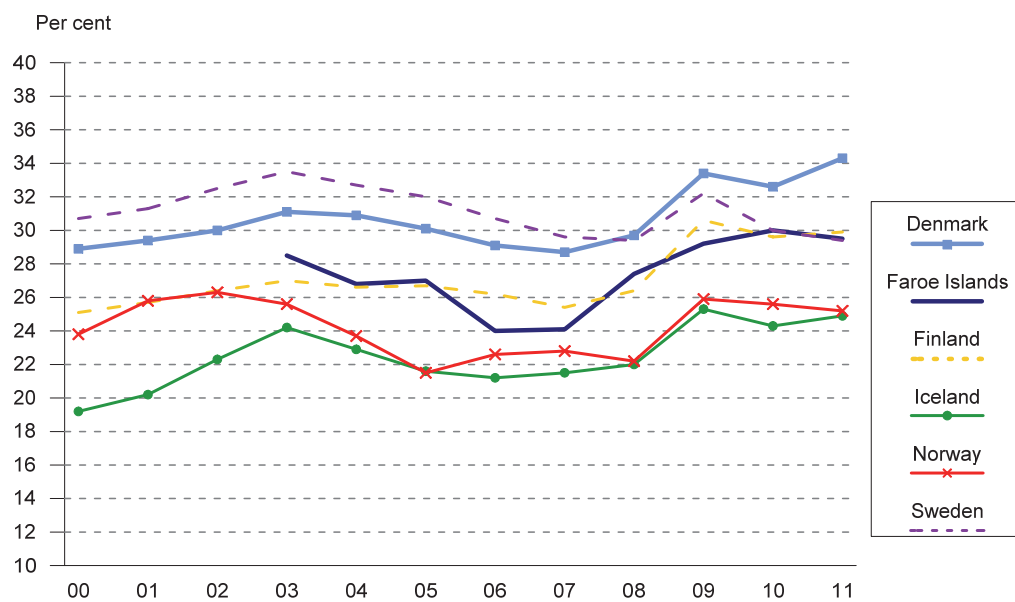
1 From 2011, maintenance advances payable to children are included in the tax-free benefits. They were not included in previous calculations despite the fact that they are exempt from tax

**Table 9.14 Taxable and non-taxable cash benefits, total and as a ratio of the GDP, 2000-2012<sup>1)</sup>**

	Non-taxable cash benefits			Taxable cash benefits		
	Total, million KR/EUR	As percentage of GDP	As percentages of all cash benefits	Total, million KR/EUR	As percentage of GDP	As percentages of all cash benefits
<i>2000</i>						
Denmark	23 737	2.0	11.0	199 950	19.0	91.0
Finland	2 601	3.0	13.0	18 599	19.0	87.0
Iceland	5 672	2.0	15.0	57 501	8.0	85.0
Norway	23 736	2.0	14.0	178 615	14.0	86.0
Sweden	32 695	2.0	9.0	352 586	19.0	91.0
<i>2005</i>						
Denmark	25 970	2.0	9.0	250 079	16.0	91.0
Finland	2 730	1.7	11.0	23 001	14.6	89.0
Iceland	8 719	0.9	8.1	99 440	9.7	91.9
Norway	26 444	1.4	10.0	243 125	12.5	90.0
Sweden	34 379	1.0	7.2	455 309	17.0	92.8
<i>2011</i>						
Denmark	24 992		7.0	323 634		93.0
Finland	2 795	2.0	8.0	30 955	17.0	92.0
Iceland	34 774	1.9	13.5	203 059	12.0	86.5
Norway	25 804	1.0	7.0	369 197	14.0	93.0
Sweden	40 217	1.2	7.4	501 747	15.1	92.6
<i>2012</i>						
Denmark	23 894	1.3	6.7	334 635	18.3	93.3
Finland	2 856	1.5	7.8	32 910	17.1	89.4
Iceland	29 926	1.8	12.0	220 037	12.9	88.0
Norway	26 063	0.9	6.3	389 028	13.4	93.7
Sweden	39 922	1.1	7.0	530 078	14.9	93.0

Source: DK, Statistics Denmark; IS, Statistics Iceland; NO, Statistics Norway

1 Norwegian data from before and after 2001 are not comparable

**Figure 9.3 Social expenditure in relation to the GDP, 2000-2012**





## Appendix 1

# Method

This appendix begins with a detailed method description, as mentioned in Chapter 1. Then follows a definition of the calculation of typical cases, including the equivalence calculation and the purpose of compensation rates as well as an outline of the recipient groups used in the typical case calculation in this publication.

Moreover, this appendix contains a description of the calculation of the income distribution used in Chapter 2, as well as an account of the purchasing power parity that is used for the comparison of social benefits throughout this publication.

## Definitions

Both in the previous issues of Social Protection in the Nordic Countries and in the ESSPROS, statistics primarily include all public transfer incomes and service measures aimed at insuring citizens in certain specific situations as well as against the consequences of certain types of life events. Also included are schemes that are compulsory for large groups of people as a result of collective or other kinds of agreements.

The statistics concern current running costs. As a rule, investment spending and tax reductions are not taken into account.

## Financing

Incoming funds or contributions to the financing of the social expenditure are broken down by means deriving from the public authorities, employers and insured individuals or households. The incoming funds are used for current payments in the course of the year and in some cases for the establishment of funds to ensure future payments. According to need and rules, such funds may also cover current payments.

Yield on funds by way of income from interest and property is primarily found in relation to pensions. Where transfers to funds are made, and where means from funds have been used towards the financing of the current social expenditure, these will be listed by net amounts in the expenditure statistics.

Benefits from public authorities payable only to their own employees are regarded as benefits payable by an employer. Certain benefits payable by employers to their employees, such as sickness benefits payable for part of a period of illness, are regarded as being financed by the employer, even though such benefits in other connections will be regarded as part of an employee's salary.

Charges payable by citizens (user charges) for social services have not been included in the social expenditure tables. Yield on real property is included as part of the financing according to the ESSPROS method of calculation.

## Administration Costs

The present report lists administration costs as one single entry. In principle, only expenditure on the direct administration of the social expenditure is listed. It is, however, not always possible to separate administration costs from other payroll or running costs.

## Calculation of Fixed Prices

The consumer price index from the Nordic Statistical Yearbook was used for the conversion into fixed prices.

## Typical Cases

The calculations made in connection with typical cases aim at making the country-specific data as comparable as possible amongst the countries.

The calculations reflect the income levels for people receiving transfer incomes - typical cases I-VII - compared with a situation with incomes from work - typical case 0 - in the Nordic countries. On this basis, the compensation levels are calculated for different income levels from 50 per cent up to 125 per cent of the wages of an average wage earner (the so-called AW wages; see below).

A special workgroup was set up to be in charge of and responsible for the calculations used in the typical cases and the income distribution.

The calculations of the typical cases which form the basis for tables and figures regarding compensation in the event of lapse of income are currently revised as regards the number of family types.

When calculating disposable incomes, both housing benefits and payment for day care of children have been taken into consideration. Since the amount of both housing benefits and payment for day care institutions depend on the household income, this plays a significant part as to compensation in connection with the social events in the calculations of the typical cases.

In the typical case concerning social assistance, the disposable income is also calculated after payment of rent.

Since 2004, the OECD (Statistics Faroes for the Faroe Islands) has used the wages of an Average Wage Earner (AW), as the development in most of the OECD countries has entailed that the wages of an APW (average productive wage earner) are no longer the best basis for comparative studies.

On the NOSOSCO homepage, there are compensation calculations for 2004 for both an AW and an APW.

The calculations must be made on as recent a set of rules and legislative basis as possible, for which reason the code of practise applying in 2013 was used. The OECD AW exists for 2012 only, and so the countries, with the exception of the Faroe Islands, have updated the OECD 2012 AWs to 2013 prices by using the national wage indexes, cf. the table below:

#### Construction of an AW for 2013

		AW 2012	Wage index 2013	AW 2013
Denmark	DKK	386 500	1.01	390 365
Faroe Islands	DKK	308 665	1.04	322 539
Finland	EURO	39 936	1.04	41 334
Iceland	ISK	4 392 000	1.11	4 872 000
Norway	NOK	453 000	1.04	470 900
Sweden	SEK	387 960	1.03	399 211

The source for the Faroe Islands is Statistics Faroe Islands who calculates the AW figures each year

The most important factors in the calculations of typical cases are described below:

#### ***Employer's Costs***

In order better to illustrate the overall taxation in the Nordic countries in terms of income tax and social contributions, employer costs, i.e. gross wages plus statutory social contributions, have been included. (The person concerned is assumed to work in the private sector). Consequently, two accounts of the net income (i.e. gross wages less income tax and social contributions payable by the employee) as to "gross income" were prepared: net income in relation to employer costs and net income in relation to gross wages. As a supplement, the net income after payment of rent has also been included in order to calculate the typical case concerning social assistance.

In respect of Denmark, employers' statutory social contributions cannot be calculated. It is, however, estimated that for an employee with a salary corresponding to that of an AW, the contributions constitute about 1.5 per cent of the salary. This estimate is only used in typical case 0 for single people earning wages corresponding to that of an AW. In the calculation of the lowest AW values, social assistance has not been included, even though people with such an income would be entitled to it.

#### ***Tax Payment***

Average national rates of taxation have been used, i.e. the average municipal rates of taxation including the average church tax percentages as well as the state tax.

#### ***Gross Income***

The gross income is the income from work and excludes, for instance, child allowance and housing benefit.

### ***Disposable Income***

The disposable income is calculated as gross income plus child allowance and housing benefit less income tax, social security contributions payable by employees and charges payable for day care institutions. In the case of Denmark, Finland and Sweden, the social security contributions payable by employees include contributions to the voluntary unemployment insurance scheme by way of membership fees to the unemployment funds. Union contributions have, however, not been included in the calculations.

Disposable incomes are calculated on a yearly basis, both for employees in work and for those receiving various social benefits. The calculations are based on the assumption that the people in question receive the social benefits throughout the year, even if this in some cases is not possible (e.g. maternity benefit). The listed incomes per month are the annual amounts divided by 12.

### ***Equivalent Disposable Income***

To make the disposable income comparable among households of different sizes, a household's disposable income is usually divided by an equivalent weight. In the present publication, the so-called modified OECD scale also used in EU-SILC has been applied.

On this scale, the first adult in the household is given the weight 1, and any other adults in the household are given the weight 0.5. Children between 0-13 years are given the weight 0.3, whereas older children are given the weight 0.5.

This entails that for a couple with two young children, the equivalent weight will be  $1+0.5+0.3+0.3 = 2.1$ .

If a household's annual disposable income is DKK 500 000, the equivalent disposable income will be:  $500\ 000/2.1 \approx \text{DKK } 238\ 000$ .

### ***Compensation Rate***

The compensation level conveys the income one has after a social incident (e.g. income in the form of un-employment benefits in the event of unemployment) in relation to the income one would have earned from work had the social incident not occurred. The income is measured as equivalent disposable income, and the compensation level is given in per cent.

Compensation level =  $100 * \text{Equivalent disposable income after the incident} / \text{equivalent disposable income before the incident}$ .

### ***Children's Ages and Use of Day Care Institutions***

Child allowances and charges payable for day care institutions are calculated on the basis of the following family types:

- A single parent with an infant of 0 years, i.e. a new-born baby in typical case I
- A single parent with a child of five, i.e. a child attending a day care institution. The child is 5 years old, i.e. a child who attends a day care institution
- A couple with two children aged five and eight, i.e. a child attending a day care institution and a child attending school, still needing after-school care

Charges payable for day care institutions are, where possible, calculated on the basis of average charges and national rules governing payments. For Norway, the rates applying in Oslo have been used; for the Faroe Islands, the rates applying in Torshavn have been used and for Iceland, the rates applying in Reykjavík have been used. As to Finland, it is assumed that also other children of preschool age make use of day care facilities on a part-time basis only.

In all the typical cases, it is assumed that the children are attending day care institutions, with the exception of the infant in typical case I. As regards child allowances, child maintenance to single parents, corresponding to the amount of the contributions payable in advance by the public authorities have been included in addition to the actual child allowance to single parents and couples with children, cf. Chapter 3

### ***Housing Costs and Housing Benefits***

In all the cases, the families are assumed to live in rented accommodation. The amount of the housing costs/rent depends solely on family type but is independent of the income level. Housing costs include rent proper and in the typical case concerning social assistance also heating costs.

It has not been possible to determine the amount of rent for the individual family types in a consistent way for all the countries. In some countries, the rent is fixed on the basis of an estimate of the amount of the expenditure on rented accommodation of the individual family type and calculations of the average rent per square meter nationally. In other countries, it is based on survey data of rents for various family types in certain municipal groups.

With the exception of the typical case concerning social assistance, the rent for the individual family types is merely used to calculate the amount of any housing benefits, whereas the rent itself has not been included in the calculation of the disposable income, with the exception of typical case 0 (as a supplement) and the typical case concerning social assistance. Rent in Iceland in these cases is built on data that cover only Reykjavik. For Norway, housing benefits/rents are based on statistics for Oslo in the first quarter of 2011. It has in this case been assumed that the rent depends on the size of the family.

Housing benefits are estimated by means of a housing benefit calculator from the Husbanken. Also here, rates as in Oslo have been assumed.

### Outline of Typical Cases, 2013

The various typical cases used in the present publication appear from the table below.

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
<b>Typical case 0</b> Income and tax in typical case for an AW	Single parent with one child. AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent	Single person with no children. AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent	Couple with two children. AW 50/75 per cent AW 75/100 per cent and AW 100/125 per cent	Couple with no children. AW 50/75 per cent AW 75/100 per cent and AW 100/125 per cent
<b>Typical case I</b> Compensation level concerning childbirth	Single parent with a new-born child drawing daily cash benefits, in relation to a single childless person in work. AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent		Couple with two children (5 and 8 years) apart from the new-born, where the person earning the lowest income draws daily cash benefits, in relation to a couple with two children (5 and 8 years), where both adults are in work. AW 50/75 per cent, AW 75/100 per cent and AW 100/125 per cent	Couple with a new-born child where the person earning the lowest income draws daily cash benefits, in relation to a childless couple where both work. AW 50/75 per cent, AW 75/100 per cent and AW 100/125 per cent
<b>Typical case II</b> Compensation level in typical case concerning unemployment for insured individuals	Single parent with one child drawing unemployment benefits, in relation to a single parent in work with one child. AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent	Single childless person drawing unemployment benefits, in relation to a single childless person in work. AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent	Couple with two children (5 and 8 years), where the person earning the lowest income draws unemployment benefits, in relation to a couple with two children (5 and 8 years), where both adults work. AW 50/75 per cent, AW 75/100 per cent and AW 100/125 per cent	Childless couple, where the person earning the lowest income draws unemployment benefits, in relation to a childless couple, where both adults work. AW 50/75 per cent, AW 75/100 per cent and AW 100/125 per cent
<b>Typical case III</b> Compensation level in typical case concerning unemployment for insured individuals		Single childless person drawing cash assistance in relation to a single childless person in work. AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent. It is assumed that the person is at least 30 years of age		

*To be continued*

continued

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
<b>Typical case IV</b> Compensation level in typical case concerning childbirth	.	Single childless person drawing sickness benefits in relation to a single childless person in work	.	.
<b>Typical case V</b> Compensation level in typical case concerning retirement pension	.	Single childless person receiving retirement pension in relation to a single childless person in work. AW 0 (on the assumption that the person in question has never been in work), AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent (on the assumption that the person in question has been in work for 40 years)	.	.
<b>Typical case VI</b> Compensation level in typical case concerning disability pension	.	Single childless person receiving disability pension (pensionable age 50 years) in relation to a single childless person in work. AW 0 (on the assumption that the person in question has never been in work), AW 50 per cent, AW 75 per cent, AW 100 per cent and AW 125 per cent (on the assumption that the person in question has been in work for 25 years)	.	.
<b>Typical case VII</b> Compensation level in typical case concerning social assistance	Single parent with one child drawing social assistance in relation to a single parent in work with one child.-AW 0 p.c.	Single childless person drawing social assistance in relation to a single childless person in work. AW 0 p.c.	Couple with two children (5 and 8 years), where the person earning the lowest income draws unemployment benefits, in relation to a couple with two children (5 and 8 years), where both adults work. AW 0 p.c. It is furthermore assumed that neither adult has paid work or any other income-substituting benefits	Childless couple, where the person earning the lowest income draws social assistance in relation to a childless couple, where both adults work. AW 0 p.c. The partners have neither any income from work nor any other income-related benefits

## Calculations of Income Distribution

The calculation basis for the tables on income distribution and poverty is as follows:

### EU-SILC's definitions:

The first EU-SILC survey appeared in 2004 with income data for 2003, and data are now available for 2007-2011 for the income years 2008-2012.

Data relating to people aged 16 years and over living in private households are gathered by way of surveys.

People at risk of becoming poor are defined as the percentage share of the population having an equivalent disposable income under 60 per cent of the median.

For each person, the equivalent disposable income is defined as his/her disposable household income divided by the equivalent weight of the household.

The total disposable household income was calculated by adding all personal incomes of the household members plus any other income at household level. The disposable household income is divided by members' equivalent weight, and a measure thus appears of the financial standard making households with different compositions of adults and children more comparable.

The disposable income is a household's total income after tax including social transfer incomes, and according to EUROSTAT's definitions, capital yield is not included in the disposable income.

Other income, such as interest and dividends, is included. Capital income due to for example sale of stocks and shares is not included. Social income transfers cover disability, retirement and survivor's pensions and other family allowances, child allowances, maternity benefits, maintenance advances, housing benefits and other social benefits. Computed interest income from housing was not included until 2007 for the income year 2006; in respect of Denmark it was, however, included earlier.

Calculation of the income distribution in the Faroe Islands is made by the Hagstova Føroya according to the method described here.

### Households

A household consists of individuals living together and sharing the household economy. EU-SILC does not include people living in institutions/nursing homes, prisons, etc. A household can also consist of other family types.

#### *Single people*

One-person households consist of one adult (over 17 years) and any children living at the same address, irrespective of the children's ages.

#### *Cohabiting Couples*

Cohabiting couples consist of 2 adults (over 17 years) and any children living at the same address, irrespective of the children's ages. Households with more than two adults have also been included in this group.



## Children

The age limit for dependent children has been fixed at 16 years (0-16). People of the ages 17-24 years, who are financially inactive and who live in the same household as at least one parent, also count as de-pendent children.

## Purchasing Power Parities

Purchasing power parities (PPP) are defined as the currency conversion factor corresponding to the purchasing power of the individual currencies. This means that a certain amount, when converted from different currencies by means of PPP factors, will buy the same amount of goods and services in all the countries.

The PPP calculations have partly been used in the comparison of social expenditure, partly in the comparison of compensation rates in connection with various social events.

### Purchasing power parities (PPP) for the Nordic countries, 2012 and 2013

	PPP 2012	PPP 2013
Denmark	10.18	10.78
The Faroe Islands	10.18	10.78
Finland	1.22	1.24
Iceland	185.52	182.51
Norway	11.61	12.91
Sweden	11.41	11.83

The PPP calculations in the present report are in PPP-Euro (EU27=1) as regards private consumption. 2013 estimates were used. An independent PPP for the Faroe Islands is not calculated, for which reason the Danish PPP has been used in this publication, as the same currency is used in both countries.

## Ways of Comparing the Nordic Countries with Other Countries

The introductions to the various chapters contain tables of the social expenditure in the respective fields in relation to the GDP.

When comparing social expenditure in the Nordic countries with that of other EU Member States, one must bear in mind that social cash benefits are more often than not subject to tax in the Nordic countries, whereas part of these benefits are exempt from tax in the other EU countries. Furthermore, there is tax relief in several countries (tax reductions) for families with children, but such amounts are not included as social expenditure.

It should also be noted that the boundaries between the social and the education sectors vary from one country to another. There is, for instance, a very early school start in several of the European countries, for which reason it is difficult to compare the expenditure on the minding of preschool children.

The OECD and EUROSTAT are in the process of developing models for the calculation of the social net expenditure (after tax), cf. Figure 9.2.

It should be mentioned that the OECD calculations of expenditure on the health care sector differ considerably from the calculations in the ESSPROS system and in the present report. While efforts are made in the ESSPROS to obtain as exact data as possible on the expenditure on social services to the elderly and the disabled, the majority thereof in the OECD statements in A System of Health Accounts were included as health expenditure. Besides, the expenditure in the ESSPROS is based on net calculations, while the OECD statements are based on gross expenditure (i.e. including investments, user charges, etc.).

## Other Factors

Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later. A detailed description thereof for Norway can be found in the 2004 report.

## Appendix 2

# Basis for the Adjustment of Social Benefits

**DENMARK:** All transfer incomes and a number of other rates are adjusted annually as at 1 January by means of a rate adjustment percentage reflecting the development in the annual wages/salaries in the labour market, but with a reduction if the pay development exceeds 2 per cent. Consequently, the annual adjustment by means of the rate adjustment percentage comprises the rates for social pensions, sickness, maternity and unemployment benefits, voluntary early retirement benefits, cash assistance, rehabilitation allowances, child allowances and child supplements as well as housing subsidies. The various amounts that are included in the basis for the calculation of the various kinds of benefits and support are also adjusted by means of the rate adjustment percentage. The housing subsidy is adjusted with the increase in the consumer price index. This also applies to the child and youth allowance which is normally adjusted by what corresponds to the increase in the consumer price index two years before the relevant calendar year. From 2011 to 2013, the child and youth allowance was gradually reduced by 5 per cent.

The maximum amount of the unemployment benefit is adjusted by means of the rate adjustment percentage. In respect of people receiving individual daily cash benefits below the maximum amount, the basis for calculation of the individual daily cash benefits (i.e. the previous earned income) shall be adjusted by means of the rate adjustment percentage. Daily cash benefits will then amount to 90 per cent of the new calculation basis. Recipients of individual daily cash benefits below the maximum amount consequently also have their benefits adjusted as per 1 January.

The maximum amount of sickness and maternity benefits is also adjusted by means of the rate adjustment percentage. In respect of people receiving less than the maximum amount, and whose daily cash benefits therefore amount to 100 per cent of their previous earnings, the benefit shall be adjusted to the extent that the wages payable by their employers are typically adjusted in accordance with the collective agreement.

The adjustment has been laid down in both an act on a rate adjustment percentage and in the individual acts on the various cash benefits, etc. The rate adjustment percentage is calculated on the basis of the adjustment of the annual wages/salaries for workers and civil servants in the year lying two years before the year concerned by the rate adjustment percentage, seen in relation to the year three years previously. The rate adjustment percentage for 2013 was thus fixed on the basis of the adjustment of the annual wages/salaries from 2010 to 2011. If the change in the annual

wages/salaries exceeds 2.3 per cent, the rate adjustment percentage shall be reduced by 0.3 per cent. If the change in the annual wages/salaries exceeds 2 per cent but not 2.3 per cent the rate adjustment percentage shall be reduced by the part exceeding 2 per cent (i.e. by between 0 and 0.3 per cent). An amount corresponding to the reduction will be transferred to the rate adjustment pool used for measures in the social, health and labour market areas with a view to improving the conditions for recipients of transfer incomes as well as groups at risk.

**THE FAROE ISLANDS:** The adjustment of the social benefits is based on special legislation laying down the annual adjustment. The adjustment takes place on 1 January of the year. The legislation covers pensions, pension supplements, special supplements to pensioners and maintenance allowance, with the exception of the basic amount of the retirement pension which is not adjusted. The basic amount of the retirement pension, which is not adjusted, is, however, exempt.

Care benefits are as from 2013 fixed according to criteria for age, cohabitation and maintenance obligation, and are adjusted according to the current rate applying to daily cash benefits in the event of illness.

Unemployment benefits, sickness benefits and benefits in connection with pregnancy, etc., are adjusted in relation to the wage development in the private labour market, which is typically fixed on 1 May every year.

**FINLAND:** The social benefits are adjusted in the following way:

Unemployment benefits, social assistance and basic/minimum pension are adjusted once a year on the basis of the consumer price index of the previous year.

The employment pension is increased annually. In respect of 20 per cent, this is done in relation to the wage/salary development, and in respect of 80 per cent, in relation to the consumer prices.

Besides, the earnings and the amount of earnings-related pension is adjusted to the level of the year of one's retirement by means of a wage factor, where wage changes are weighted by 80 per cent and price increases are weighted by 20 per cent. Also income ceilings in connection with sickness benefits and maternity benefits are adjusted annually by means of the wage factor.

As from 1 March 2011, the minimum benefits (sickness benefits, maternity, paternity and parental benefits and rehabilitation benefits) child supplement and support towards private child minding were linked to the retirement pension index.

**ICELAND:** All social benefits are adjusted annually as at 1 January in relation to the wage/salary and price developments of the adjustment percentage. The benefits in question are: basic pension to retirement and disability pensioners, unemployment benefits, public sickness benefits and maternity benefits to those not gainfully employed. Moreover, the income levels concerning basic and disability pensions are adjusted in relation to the wage/salary development as at 1 September each year.

The employment pension is adjusted in relation to the consumer price index.

**NORWAY:** The retirement pension payable by the Social Insurance Scheme is calculated on the basis of the basic amount of the Social Insurance Scheme. As part of the pension reform, new adjustment rules were introduced as from 2011 applying to the

basic amount and pension payable by the Social Insurance Scheme. The basic amount is fixed by the King and is adjusted annually from 1 May in accordance with the growth rate of the income of those in active employment. The basic amount per 1 May 2013 is NOK 85 245. The rules are based on the anticipated wage development in the adjustment year, adjusted for any deviations between anticipated and actual wage development in the previous two years. Discussions take place between Central Government and the pensioners', the disabled's and the professional organizations on the basis for the adjustment. Retirement pensions shall first be adjusted by the income development (basic amount), and from this sum 0.75 per cent is deducted when the pension amount is sufficiently above the minimum level. The levels of the lowest pension levels are adjusted in accordance with the income development and are then adjusted for the effect of the life expectancy adjustment concerning 67-year-olds in the adjustment year.

Disability pension is calculated on the basis of any previous pensionable income and the basic amount of the Social Insurance Scheme.

The temporary Social Insurance Scheme benefit, called *arbeidsavklaringspenger* (work-clarification benefit), is calculated on the basis of a recipient's previous pensionable income. The benefit is adjusted annually in line with the changes in the basic amount from the Social Insurance Scheme.

Sickness benefits are not adjusted during a period of illness. Consequently, sickness benefits shall not be adjusted if changes occur in an ill person's wage/salary level or in the basic amount during his/her sickness benefit period.

The income basis for the fixation of daily cash benefits in case of unemployment is fixed for the entire period at the transition to unemployment benefits and shall not be changed, should changes occur in the general income level in society.

Financial social assistance is a means-tested tested benefit. The assistance is calculated specifically and individually. Government guidelines for the calculation of support for maintenance (financial social assistance) are provided to adults and children in different age groups. The guidelines are evaluated and revised annually by the ministry.

**SWEDEN:** The benefits that are supplements to incomes from work or continuations thereof (such as pensions) are more often than not automatically adjusted on the basis of the price development. The price basic amount is used for the adjustment of the minimum pension amount. The pension level and the ceiling for the sickness and the parental insurance schemes (sickness and parental benefits) are important examples of benefits that are adjusted by the price basic amount.

Benefits that are means-tested are often adjusted in a different way.

In respect of the national standard of the social contribution (social assistance), the Government makes decisions every year as to an adjustment on the basis of price changes and the calculations of the National Consumer Agency on how large an amount different family types need for maintenance. The system makes it possible to take changed consumer patterns, etc., into account.

Housing benefits are fixed amounts and will be awarded on the basis of given incomes. They will only be altered following political decisions. The same applies to maintenance allowance advances.

Although the child supplement is a general allowance it is not adjusted on the basis of the price development but only following a political decision.

## Appendix 3

# Nordic Social Policies

## The Nordic Welfare Model

The Nordic welfare model may be characterized in the following way:

1. The public welfare policy is rather comprehensive and covers social security, social services, health, education and training, housing, employment, etc., with the purpose of meeting the most basic needs. The welfare policy includes social security, social services, health, education, housing, employment, etc. with the aim of ensuring the most basic needs.
2. Government involvement has been strong in all fields of policy. The political measures to obtain full employment have been based on macroeconomic policy, social policy and an active labour market policy, in which the labour market parties play a significant role.
3. The Nordic welfare systems are based on high degrees of universalism, meaning that all citizens are entitled to basic social security and services irrespective of their position in the labour market. This universalism has contributed to broad public support to the welfare policy.
4. The income protection is based on two elements: In most schemes, there is an income-independent basic insurance and an income-dependent benefit to those who have been in the labour market. Compared with other industrialized countries, public income transfers play a significant part, for which reason the ratio of the social expenditure of GDP has been high. Public financing of transfer incomes has been considerable, and consequently the tax level has been high.
5. The Nordic countries may also be characterized as service states where local democracy plays a significant part. Social and health services are financed by way of taxes with no high user charges, and the aim is that all citizens have their needs met. Local and regional authorities (municipalities and counties) provide the services and more often than not they also produce them.
6. The income distribution is relatively levelled. The income disparities in the Nordic countries as to wage/salary distribution and disposable incomes are limited compared with other countries. There are no large gabs between the various income groups, and consequently poverty and differences in the standard of living have been relatively limited.

7. Equal opportunities are a basic principle in the Nordic welfare states. In the Nordic countries, women's participation rate is high, and in most families there are two providers. Social measures are based on individual rights so that women are not financially dependent on their spouses.

Although the basic principles of the Nordic welfare countries still apply, user charges are becoming more and more common instead of all welfare services being financed via taxes. The setting up of funds for pension financing also becomes increasingly significant.

## Organization of the Nordic Social Policy

**DENMARK:** Denmark has a three-tiered administration system (State, regions and municipalities). The tax system is two-tiered as only the State and the local authorities can levy taxes.

The overall responsibility for the legislation and structure of the social policy rests with the Danish parliament and Central Government, whereas the municipal and regional authorities administer and pay the majority of the social benefits and services.

The municipal authorities are responsible for the main part of the social cash benefits, such as pensions, sickness benefits, rehabilitation, housing benefits, benefits to refugees and social assistance, and they meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by the State. The administration and payment of a number of benefits are made by Payments Denmark.

The local authorities are responsible for the employment measures aimed at enterprises, the insured unemployed and the remaining target groups (recipients of cash benefits, rehabilitation, sickness benefits, etc.).

Administration and payment of unemployment benefits are, however, carried out by the voluntary unemployment insurance funds.

The local authorities are also responsible for and administer the main part of the social services, such as day care, residential institutions and preventive measures aimed at children and adolescents, housing for the disabled and the socially vulnerable groups as well as care and nursing for the elderly and the disabled (home nursing, home help, nursing homes, etc.). The costs are financed by municipal taxation and block grants from the State.

The regional authorities bear the day-to-day responsibility for health services including the running of hospitals and the administration of services and benefits from the National Health Insurance Service, including payments to general practitioners and dentists as well as subsidies for medication. The regional authorities' expenditure is financed by block grants from the State and municipal contributions in the health care sector.

**THE FAROE ISLANDS:** There is a two-tiered taxation and administration system in the Faroe Islands (Home Rule and municipalities). The overall responsibility for the legislation and the administration and payment of the majority of the social benefits as well as the majority of the social services rests with the Home Rule. The same ap-



plies to the health sector, where operation and administration has been transferred to a number of authorities.

The municipal authorities are responsible for day care facilities for children and certain welfare services. Besides, they pay a small part of the expenditure on municipal doctors, school doctors, visiting nurses, home care nurses, etc.

The unemployment insurance scheme is financed by the labour market parties and administered by a board composed of representatives for the labour market. The maternity insurance and the labour market pension on the basis of solidarity are financed by the labour market parties. The schemes are managed independently, while the tax authorities manage the payment of both benefits.

In 1995, a framework law entered into force to the effect that social benefits be administered by the Faroese authorities. Social benefits were subsequently attached to the block grant instead of being based on reimbursement schemes. The subsequent Faroese social legislation could thus be adapted to special Faroese conditions, and the Danish authorities' supervisory obligations could be discontinued.

**FINLAND:** In Finland, Central Government has the overall responsibility for the legislation. The taxation system is a two-tiered system (State and municipalities), but the administrative system is three-tiered (State, regions and municipalities).

The pension system consists of two parts: an employment pension and a national retirement pension. The employment pension is a work-related and insurance-based pension, while the national retirement pension is awarded to all citizens in the country receiving only a small employment pension or none at all. The private sector's employment pension schemes are managed by private insurance companies. Housing benefits consist of three parts.

The local authorities are responsible for both the health and social services provided to all residents in the municipalities. Public health care services are supplemented by private health care services, for which the expenses are partly reimbursed by the public Sickness Insurance Scheme.

Cash benefits in connection with unemployment consist of an earnings-related allowance and a basic allowance. Most employees are covered by the unemployment insurance fund and are entitled to the accrual-based benefit.

**ICELAND:** There is a two-tiered taxation and administration system in Iceland (State and municipalities). The State has the main responsibility for the legislation, including decision-making and responsibility for the social policy. It is also responsible for the majority of the social services, such as hospitals, health centres (primary health care) and home nursing.

Local authorities are responsible for home help, institutions and care of children and youth, and from 2011 for the disabled. Local authorities are in cooperation with the State also responsible for services to the elderly.

As regards income transfers (social cash benefits and pensions), the State partly shares the responsibility with the labour market parties. Pensions are partly administered by the National Social Security Institution (basic pensions) and partly by an independent pension fund (labour market pensions) administered by the contributors (employees and employers).

The Unemployment Insurance Scheme is administrated by the State, while the majority of the sickness benefits come from salaries/wages payable during illness.

Local authorities are responsible for the social assistance.

**NORWAY:** There is a three-tiered administrative and political system in Norway (State, county and municipal authorities), and the same applies to the social sector.

Most of the social income transfers (unemployment benefits, sickness benefits, rehabilitation benefits (work clarification benefits) and pensions) are administered by Central Government through the National Insurance Scheme.

The National Insurance Scheme is financed by contributions from employers, employees and the State. The employers' contributions depend on the regional zone in which the enterprise is located (five different zones in all).

Local authorities administer and are responsible for the social assistance, primary health care, home help and home nursing, institutions for children, youth, the elderly and the disabled.

The State has taken over the responsibility for the hospital sector, which has left counties with only a minor responsibility.

**SWEDEN:** There is a three-tiered administrative system in Sweden (State, county and municipal authorities). The State is responsible for most income transfers, such as sickness benefits, parental benefits, unemployment benefits and the industrial injury insurance scheme administered by the Swedish Social Security Fund. The majority of the pensions comes from the pension funds and is administered by the contributors. The county authorities are responsible for the hospitals and most of the primary health sector (health centres). The local authorities are responsible for home help and home nursing, social assistance and institutions and care for children, young people, the elderly and the disabled.

## Appendix 4

# Further Information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices in the respective countries.

Further information is obtainable from the following:

### DENMARK

Danmarks Statistik (Statistics Denmark)

[www.dst.dk](http://www.dst.dk)

Sundhedsstyrelsen (The Danish Health and Medicines Authority)

[www.sst.dk](http://www.sst.dk)

SFI - Det Nationale Forskningscenter for Velfærd (The Danish National Centre for Social Research)

[www.sfi.dk](http://www.sfi.dk)

Beskæftigelsesministeriet (The Ministry of Employment)

[www.bm.dk](http://www.bm.dk)

Udbetaling Danmark (Payments Denmark)

[www.udbetalingdanmark.dk](http://www.udbetalingdanmark.dk)

Arbejdsmarkedets Tillægspension (The Labour Market Supplementary Pension Scheme)

[www.atp.dk](http://www.atp.dk)

Ministeriet for Børn, Ligestilling, Integration og Sociale Forhold (The Ministry of Children, Gender Equality, Integration and Social Affairs)

[www.sm.dk](http://www.sm.dk)

Ankestyrelsen (The National Social Appeals Board)

[www.ast.dk](http://www.ast.dk)

Styrelsen for Arbejdsmarked og Rekruttering (The Danish Agency for Labour Market and Recruitment)

[www.star.dk](http://www.star.dk)

### THE FAROE ISLANDS

Almannamálaráðið

(Ministry of Social Affairs)

[www.amr.fo](http://www.amr.fo)

Hagstova Føroya (Statistics Faroe)

[www.hagstova.fo](http://www.hagstova.fo)

### FINLAND

Folkpensionsanstalten (The Retirement Pension Authority)

[www.kela.fi](http://www.kela.fi)

THL - National Institute for Health and Welfare

[www.thl.fi](http://www.thl.fi)

Social och hälsovårdsministeriet (The Ministry of Social Affairs and Health)

[www.stm.fi](http://www.stm.fi)

Statistikcentralen (Statistics Finland)

[www.stat.fi](http://www.stat.fi)

Pensionsskyddscentralen (Finnish Centre for Pensions)  
[www.etk.fi](http://www.etk.fi)

Arbets- och näringsministeriet (Ministry of Employment and the Economy)  
[www.tem.fi](http://www.tem.fi)

#### ICELAND

Hagstofa Íslands (Statistics Iceland)  
[www.statice.is](http://www.statice.is)

Landssamtök Lífeyrissjóða  
(De faglige pensionsfondsforbund)  
[www.ll.is](http://www.ll.is)

Velferðarráðuneytið  
(Velferdsministeriet)  
[www.velferdarraduneyti.is](http://www.velferdarraduneyti.is)

Vinnumálastofnun (Arbejdsdirektoratet)  
[www.vinnumalastofnun.is](http://www.vinnumalastofnun.is)

Tryggingastofnun Ríkisins  
(Direktoratet for socialforsikring)  
[www.tr.is](http://www.tr.is)

#### NORWAY

Statistisk sentralbyrå (Statistics Norway)  
[www.ssb.no](http://www.ssb.no)

Arbejds- og sosialdepartementet (Ministry of Labour and Social Affairs)  
[www.regjeringen.no/asd](http://www.regjeringen.no/asd)

Arbejds- og velferdsdirektoratet  
(Norwegian Labour and Welfare Administration)  
[www.nav.no](http://www.nav.no)

#### SWEDEN

Socialdepartementet (Ministry of Health and Social Affairs)  
[www.regeringen.se](http://www.regeringen.se)

Försäkringskassan  
[www.forsakringskassan.se](http://www.forsakringskassan.se)

Inspektionen för  
arbetslöshetsförsäkringen, IAF (The Swedish Unemployment Insurance Board)  
[www.iaf.se](http://www.iaf.se)

Pensionsmyndigheten (The Swedish Pensions Agency)  
[www.pensionsmyndigheten.se](http://www.pensionsmyndigheten.se)

Socialstyrelsen (The National Board of Health and Social Affairs)  
[www.sos.se](http://www.sos.se)

Statistiska centralbyrån (Statistics Sweden)  
[www.scb.se](http://www.scb.se)

Skolverket (The Swedish National Agency for Education)  
[www.skolverket.se](http://www.skolverket.se)

# Publications by Nososco after 2000

## Recurrent Publications

Every year, Nososco publishes *Social tryghed i de nordiske lande* (English version *Social Protection in the Nordic Countries*). Furthermore, the theme publications below have been published.

*Nordic/Baltic Social Protection Statistics 2000*

Nordic Social-Statistical Committee no 19:03. Copenhagen 2003

*Sustainable Social and Health Development in the Nordic Countries. Seminar 27th May 2003, Stockholm.* Nordic Social-Statistical Committee no. 22:03. Copenhagen 2003

*Sustainable Social and Health Development in the Nordic Countries. Seminar 6th April 2006, Oslo.* Nordic Social-Statistical Committee no. 29:06. Copenhagen 2006

*Ålderspensionssystem i Norden.* Nordisk Socialstatistisk Komité nr. 34:08. København 2008

*Old-age Pension Systems in the Nordic Countries.* Nordic Social-Statistical Committee no. 35:09. Copenhagen 2009

*Opmuntrer de nordiske systemer 60-74-årige til at arbejde?* Nordisk Socialstatistisk Komité nr. 38:09. København 2009

*Do the Nordic Welfare Systems Encourage the 60-74-Year-Olds to Work?* Nordic Social-Statistical Committee no. 39:10. Copenhagen 2010

*Udfordringer for den nordiske velferdsstaten. Sammenlignbare indikatorer* Nordisk Socialstatistisk Komité nr. 41:10. København 2009

*Challenges to the Nordic Welfare State. Comparable Indicators.* Nordic Social-Statistical Committee no. 42:10. Copenhagen 2010

*'Ungdomsarbejdsledighed i Norden - En studie av rettigheter og tiltak for unge arbeidssøkere'.* Nordisk Socialstatistisk Komité nr. 47:11. København 2011

*'Youth Unemployment in the Nordic Countries - A Study on the Rights of and Measures for Young Jobseekers'.* Nordic Social-Statistical Committee no. 50:11. Copenhagen 2011

*Udfordringer for den nordiske velferdsstaten. Comparable indicators.* 2nd edition Nordisk Socialstatistisk Komité nr. 52:13. København 2013

*Challenges to the Nordic Welfare State. Comparable Indicators.* Nordic Social-Statistical Committee no. 54:13. Copenhagen 2013