

## Social Protection in the Nordic Countries, 2007/2008



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2007/2008**

*Scope, Expenditure and Financing*

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# Preface

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

The Committee is composed of three representatives from each country as well as a number of substitutes. The countries chair the Committee in turn for three years with Sweden having the chairmanship for the period 2008-2010.

In its report, *Social Protection in the Nordic Countries*, NOSOSCO publishes its findings regarding 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 edition.

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

The data of the report are the most recent ones available in the spring of 2009, i.e. data are, where possible, from 2008 and otherwise from 2007. In respect of legislation and benefit rates, reference is made to current legislation and the rates applying in 2008.

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. On [www.nom-nos.dk](http://www.nom-nos.dk), a list of NOSOSCO's members and its working groups can be seen.

The present edition of the publication is only available in electronic form on NOSOSCO's homepage together with supplementary information. This publication shall be supplemented every year by an issue in printed form on a theme topical of the Nordic social policies. In 2009, the theme will be the incentive structure in relation to withdrawal from the labour market.

Johannes Nielsen, Head of Secretariat, NOSOSCO's Secretariat, is the editor of *Social Protection in the Nordic Countries, 2007/2008*.

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## *Symbols Used in the Tables:*

Data not available .....	..
Data non-existent .....	.
Less than half of the used unit .....	0 or 0,0
Nil (nothing to report) .....	-

## *Chapter 1*

# Changes in Nordic Social Policies in 2008 and 2009

**DENMARK:** Like all other countries in the world, Denmark was struck by the international financial crisis in the autumn of 2008. After economic growth of 1.6 per cent in 2007, the crisis resulted in negative growth in 2008 of -1.2 per cent. In 2009, further decrease is expected with negative growth of -3.0 per cent, after which the economy is again expected to improve and revert to positive growth of 1.0 per cent in 2010.

The employment rate increased by 76,000 people in 2007 and by a further 24,000 in 2008; during 2009 the employment rate is anticipated to drop by 73,000 people and by another 69,000 people in 2010.

As a result of the employment rate increase in 2007 and 2008, the unemployment rate declined to 77,700 people in 2007 and to 51,300 in 2008, corresponding to an unemployment rate of 2.8 and 1.8 per cent, respectively. In June 2009, the unemployment rate had increased to 105,100 people, corresponding to an unemployment percentage of 3.8. The unemployment rate is anticipated to be 105,000 people for all of 2009 and 150,000 people in 2010.

As a result of the financial crisis, the surplus on the public finances of DKK 75.1 billion in 2007 and DKK 59.5 billion in 2008 is anticipated to be replaced by a deficit in both 2009 and 2010 of DKK 33.5 billion and DKK 86.3 billion, respectively.

In 2007, inflation was 1.7 per cent, and it increased to 3.4 per cent in 2008 as a consequence of higher prices of especially energy and food. In 2009, a moderation of the inflation to 1.4 per cent followed by a slight increase to 2.0 per cent in 2010 is anticipated.

A tax reform was adopted in the spring of 2009 with a view partly to lowering taxes on work, including in particular taxes on the last earned Danish *Krone*, partly to support activities in the Danish economy. As part of the tax reform, the pension supplement will be increased as from 2010 by

DKK 2,000 annually for retirement pensioners and for pensioners awarded disability pension according to the previous scheme.

In addition, any funds saved up within the SP scheme (special pension scheme, where 1 per cent of wage/salaries before tax was saved during the years 1998-2003) will be paid out to the savers.

As to employment, a number of major bills were adopted in 2008/2009:

On the basis of the action plan from the cross-ministerial Committee on Absence due to Illness, the Danish Parliament adopted a number of bills on reduction of absence due to illness in connection with the conclusion of an agreement on the Finance Act 2009. The agreement may be divided into four main parts: 1) Absence due to illness must be precluded; 2) Early efforts are crucial; 3) Activity during period of absence; and 4) Efforts in the health and employment areas must interact better.

The key recommendations in the action plan are based on new knowledge of the fact that it in many cases of illness is both feasible and beneficial to keep going at one's work, and that it is an advantage to return slowly to one's job instead of spending the entire period of illness at home in peace and quiet. Below, several of the key recommendations are mentioned:

- Employers must hold meetings with employees, who are ill, within four weeks and prepare an "adherence plan" according to need
- Job centres must evaluate the chances of gradual return to work after eight weeks of illness
- Job centres may provide all people on sick leave with offers of activation
- Government reimbursements will be changed in order to make it more attractive for job centres to provide offers of activation
- A comprehensive trial with preventive and clarifying offers to people on sick leave will be launched, so that they may quickly return to the labour market.

In relation to the agreement on the Finance Act 2009, an agreement was also concluded to the effect that the government part of the job centres which deals with the efforts related to the insured unemployed be transferred to the local authorities. In this connection, local authorities shall take on part of the financing of the expenditure on daily cash benefits and activation of the insured unemployed.

In May 2009, the Danish Parliament adopted a number of recommendations to ensure deregulation of the rules governing activation of young people, the rules of sanctions concerning recipients of cash benefits and start assistance as well as targeting of the activation efforts.



Recommendations on deregulation of the sickness-benefit area are included in the agreement on reduction of the absence due to illness mentioned above. Moreover, an agreement on deregulation in relation to simplification of the rules governing young people, sanctions vis-à-vis recipients of cash benefits and start assistance and simplification of the consideration of cases in relation to the job centres reception of the citizens has been concluded.

The adoption of the recommendation is the conclusion of the work initiated by the Government at the beginning of 2007 with the aim of simplifying the rules and reducing red tape in the employment area. The deregulation project was based on proposals from employees and managers in the job centres. Employees and managers in all job centres were asked to propose ways of simplifying rules and procedures, and the proposals were discussed at conferences and in workshops. The result was 169 proposals in all. Just under half of them could be implemented administratively, and the majority of the proposals were implemented. Besides, there was a large number of proposals, which the job centres could implement themselves, as they concern case handling, which can be modified locally.

In the social services area, the following major modifications have been made:

All recipients of personal and practical help (home help) have been allocated a permanent contact person in the domiciliary service, whom they can contact for advice and guidance. This eases the access to the municipal authority in case recipients have questions or problems regarding the delivery of home help. This arrangement entered into force on 1 January 2009.

The municipalities may award a so-called "service certificate" to citizens, who have been referred to personal and practical help (home help) that is comprised by the freedom to choose. Citizens may use the service certificate to hire a private person or a private company to carry out the referred home help. This option entered into force on 1 July 2009.

A ceiling has been fixed for user payment for the food in nursing units, nursing homes and sheltered housing at DKK 3,000 a month. residential nursing units This ceiling entered into force as at 1 July 2009.

The scheme for help to the disables was renamed "citizen-managed personal assistance" as per 1 January 2009. At the same time, the rules have been made more flexible as the recipients are given the option of transferring their supplement to an association, a private enterprise or a closely related person, who will then become the employer of the assistants and must attend

to the practical and legal task in connection with such tasks. Moreover, the disabled are no longer required to meet the previous activity requirement in order to be comprised by the arrangement. As from 1 July 2009, new rules entered into force regarding the calculation of the recipients' cash supplements. The rules specify which elements are to be taken into account in the calculation of the cash supplement.

All preschool children in day-care institutions must be given a healthy lunch as from 1 January 2010. Local authorities may, however, postpone the start of this arrangement to 1 January 2011. At the same time, local authorities are given the option to increase parents' user payment from a maximum of 25 per cent to a maximum of 30 per cent of the estimated gross expenditure.

The measures concerning children and young people who are social misfits will be enhanced by way of new rules governing a so-called parent order and the introduction of a youth order. The aim is to strengthen parents' responsibility for and powers to setting bounds to their children and adolescents by way of systematic treatment programmes. The rules entered into force on 1 July 2009.

Eviction of tenants as a result of lacking payment of rent has been an increasing problem during recent years. Consequently, a number of initiatives have been implemented to ensure that an earlier and more targeted municipal measure concerning tenants who are at risk of becoming evicted. The rules entered into force on 1 January 2009.

In future, the individual municipal councils are to evaluate in a quality contract how the quality in the performance of tasks may be developed. In this connection, quantifiable objectives must be set for each service area in the municipality. The municipal councils must each year account for the follow-up on the quality contract. With the new rules, the local authorities are thus being charged with making the local political objectives transparent, whereby citizens are clearly informed about which level of service the local authorities work towards.

At the central level, the Ministry of Welfare changed its name on 7 April 2009 to the Ministry of the Interior and Social Affairs, and at the same time the Department of Gender Equality and the Department of Benefits of the Ministry of Welfare as well as the National Social Security Agency transferred to the Ministry of Employment. This means that retirement pensions, disability pensions, individual housing benefits, payment of child maintenance in advance as well as child allowance as from the above date is under the field of responsibility of the Ministry of Employment. With a view

to integrating the new tasks, the Ministry of Employment will undertake an internal structural reform during the autumn of 2009.

**THE FAROE ISLANDS:** After a boom in the years 2006 and 2007, the Faroe Islands are, like many other countries, being affected by the financial crisis. The record low unemployment rate reached its lowest point at the end of 2008 and has increased to just below 3.7 per cent by mid-2009. There has been no decline in the number of employees in the service sector in the first half of 2009, whereas in particular the production of goods has seen a decline of 4 per cent in that same period. The reduction seen in the production of raw materials and fishing suggests a drop in the labour force over a period of several years and is consequently not a result of the financial crisis.

Already at the beginning of 2008, growth was anticipated to be halved, inter alia in the light of a decrease in payment of wages and salaries in the first four months of the year. This anticipation has now become reality. After the first five months of 2009, the growth rate is 4.7 per cent.

The second half of 2008 saw a rise in prices of food and fuel, which followed in the wake of the rising oil prices. This resulted in an increase in the price index, which has remained at the same level into the first quarter of 2009.

The effect of the financial crisis on the Faroese economy has especially resulted in a decrease in the revenue from taxes and duties. This development has led to a number of austerity measures being made to the Budget 2009. This has among other things led to amendments to the effect that subsidies for medicine will be reduced, and has entailed a reduction in the projection of all public benefits, such as retirement pension, disability pension, child allowance and welfare services, etc., of 1 per cent.

The reduction of the state revenue is, however, anticipated to be larger than expected, for which reason politicians have commenced working on a plan for a reduction of the expenditure on the public budgets. According to schedule, the final plan for 2010 will be presented in the middle of the year.

On the other hand, a number of improvements have been implemented. The support in connection with adoption of children from other countries has for instance been increased to DKK 75 000. In the spring of 2009, an amendment was implemented regarding the unemployed to the effect that the rate of daily cash benefits in connection with unemployment will be increased to the same level as cash assistance, corresponding to 80 per cent of the pay fixed by agreement to unskilled workers.

In addition, an act on construction of housing co-operatives, which *inter alia* will facilitate the construction of housing for groups of people with special needs. For that particular group of people, the implementation of an amendment to the act on guardianship is also very significant, so that it will no longer be necessary to declare this group of people incapable of managing their own affairs.

In the summer of 2008, the public was introduced to the first working plans regarding a future reform of the Faroese retirement-pension system. This task was finally presented in May 2009 in the form of a government official report recommending a number of changes to be implemented in order to avoid steep increases in the expenditure on the retirement pension in future years. The plan is now being dealt with at the political level, and endeavours are made for the first amendments to enter into force on 1 January 2010.

**FINLAND:** In 2008, the economic boom in Finland stagnated. The total production increased by only 0.9 per cent. In 2009, production growth is anticipated to decline by -5.0 per cent, while it is anticipated to be -1.4 per cent in 2010. In recent years, the surplus of the public economy has been 4–5 per cent in relation to GDP, but it is anticipated to fall to about -2 per cent in 2009 and to -4 per cent in 2010.

The turn in the economic situation is reflected in the deteriorated employment situation as the unemployment rate increased towards the end of the year. In particular the employment rate of young people fell. The employment rate per year, however, grew to 70.6 per cent, and the unemployment rate dropped to 6.4 per cent. In particular the employment rates for ageing employees increased. In 2009, the unemployment rate is anticipated to rise to about 9 per cent.

The implementation of the Programme for the Government appointed in the spring of 2007 has continued. The Government has set up a broad-based committee to reform the social-protection system. Its objective is to improve the incentives for work, to reduce poverty and to ensure adequate basic security in all life situations. The aim is to improve the position of benefit recipients by simplifying and streamlining the present system. The committee is to complete its work by the end of 2009.

The system of client fees in social and health care was revised as of 1 August 2008. For instance the highest charge for child day care rose from EUR 200 to EUR 233 per month. In the same context, the day-care fees for persons on small incomes were reduced. In the future, all fees for social and

health-care services will be adjusted on a regular basis every second year, taking account of the increased expenses.

A National Framework for High-Quality Services for Older People has been issued in order to raise the quality of such services. At the beginning of 2009, the age limit entitling to a needs assessment for social services was lowered from 80 to 75 years. The system of personal assistance for persons with disabilities will be reformed as from 1 September 2009. The reform involves that personal assistance will be covered by the local authorities' responsibility for providing services. The period of time within which services must be provided will be specified in the same context.

Local authorities may provide municipal inhabitants with service vouchers entitling them to purchase services needed by them from private service providers up to a sum determined by the authorities. The authorities will approve the service providers for the purchase of whose services the service vouchers can be used. The client may buy a more expensive service than the voucher entitles to, but in that case the client has to pay the difference. The client has the right to refuse the voucher and demand that the local authorities organise the service. Previously, service vouchers could only be used for buying home services, but since 2008 the service-voucher system has also been applied to home-nursing services. It is the intention to expand the scope of its use further.

To lower the barriers between primary health care and specialised medical care and increase cooperation, the Primary Health Care Act and the Act on Specialized Medical Care will be combined. In the same context, the status of primary health care is strengthened. Also the system of central government transfers to local government will be overhauled in 2010 to make it simpler and more transparent. A reform to restructure local government and services has been launched to guarantee equitable social and health care services. The goal is to reinforce the municipal structure and the financial basis, and to intensify the cooperation of local authorities. The methods of operation have to be reformed as well.

The development goals for social and health care for the years 2008–2011 and the most important measures to implement them have been defined in the National Development Programme for Social Welfare and Health Care, the so-called KASTE programme. The emphasis in the allocation of central government transfers to social and health care is on development of services for children, young people and families.

In order to curb the increase in medicine costs, the medicine-reimbursement system shifts to using a reference price system as of 1 April 2009. The change complements the generic substitution system introduced

in 2003. The reimbursement rate for private dentists' charges refunded by the Social Insurance Institution was raised as of the beginning of 2008 to the effect that the actual reimbursement rate will increase to 40 per cent of the criterion for payment of reimbursement.

Several minimum benefits have been raised to improve the situation of low-income persons. As from the beginning of 2008, the single parent supplement to the child allowance was raised by EUR 10 per month, i.e. to EUR 46.6. The minimum rate of maternity, paternity and parents' benefits and of sickness benefits was increased to the level of the labour market support as from 1 January 2009. At the same time, the private-care allowance for children was increased to EUR 160 per month and the child home care allowance by EUR 20 per month. In addition, the child allowance was increased by EUR 10 per month starting with the third child. Paternity leave will be extended by two weeks in 2010.

The situation of pensioners on small incomes has also been improved. The cost-of-living classification of the municipalities was abolished as from the beginning of 2008; according to the system, the amount of a national retirement pension varied from one municipality to another. Simultaneously, a general increase of EUR 20 was made in the national retirement pension. Consequently, a number of retirement-pension recipients received a general increase of EUR 40. In 2009, a single person's national retirement pension was EUR 584 a month. Furthermore, the national retirement pension is now paid in full to persons in institutional care.

Since 1 January 2009, holders of scholarships for scientific or artistic work have been entitled to social-security benefits. These scholarship holders are accordingly entitled to pension and accident cover, sickness benefits and group-life assurance.

Despite the increased demand for pension security and for social and health-care services, the total development of expenditure on social protection has been moderate. In 2006-2008, the ratio of social protection expenditure to GDP remained at 25.5-26 per cent, which is still less than the average for the EU countries.

**ICELAND:** The financial crisis and the collapse of leading Icelandic banks and financial institutes have had serious consequences for both the economic and the social development in Iceland.

Prior to that, the development in the Icelandic economy was very favourable for many years with the exception of the year 2002. In the years 2004 and 2005, growth rates reached 7.7 per cent and 7.5 per cent,

respectively. In 2006, the growth rate was 4.2 per cent and 3.8 per cent in 2007, but as a consequence of the Icelandic bank and financial system collapse in the autumn of 2008, the growth rate for all of 2008 only reached 0.3 per cent. In 2009, a considerable decline of -10.6 per cent is anticipated.

Inflation highly increased towards the end of 2008 as a result of the financial crisis and the marked devaluation of the *krone*; it was on average 18.1 per cent during the entire year. In the middle of 2009, inflation was 11.3 per cent, but the Ministry of Finance expects it to decline to 1.6 per cent in 2010 and to 1.9 per cent in 2011, respectively.

In the past three months of 2008, an average of 7 400 people were unemployed or looking for work, i.e. 4 per cent of the labour force. The unemployment rate among men was 5.1 per cent and among women 2.9 per cent. People in the age group 16-24 years, or 6.2 per cent, were most affected by unemployment. This is a significant change from the past 10-15 years, in which the unemployment rate was less than 1 per cent in most years.

In the second quarter of 2009, an average of 16 600 people were unemployed, 10.6 per cent men and 7.2 per cent women. The unemployment rate among the 16-24-year-olds was 10.8 per cent. The unemployment rate is anticipated to increase during 2010 and beyond.

These figures should, however, be seen in connection with the high participation rate in general in Iceland compared with many other countries. In the second quarter of 2009, there were 182 900 people in the labour market, which equals 81.9 per cent of the entire population.

In connection with the increased unemployment rate, the act on unemployment has been amended. As the unemployment rate increased in the 4<sup>th</sup> quarter of 2008, various measures were passed to curb unemployment through increased flexibility and encouraging reduction in working hours instead of lay-offs. The act on unemployment insurance has been amended, and it is now possible to pay unemployment benefits based on former earnings to persons doing part-time work for a prolonged period of time, and the benefits paid to persons doing part-time work will not be reduced on account of wage payments received for part-time work. Furthermore, there is greater flexibility with respect to unemployment benefits for self-employed individuals. Some of these amendments and measures are temporary, and decisions concerning an extension of these measures will be based upon an evaluation of the experience gathered and of the prospects in the labour market.

In 2008, changes were made in the organization of the social sector in that the social security system and issues concerning the elderly were moved

from the Ministry of Health to the Ministry of Social Affairs, which as at 1 January 2008 is called the Ministry of Health and Social Security. As at the same time, the national insurance department falls under the Ministry of Social Affairs and Social Security. The sickness-insurance system and the industrial-injuries insurance system are administered by Sjúkratryggingar Íslands (the Icelandic sickness insurance fund) and falls under the Ministry of Health.

A new act on sickness insurance was adopted in 2008. Prior to this, the provisions on health insurance were included in the Social Security Act, but now this section of national social insurance is covered by a separate act. The new act on health insurance not only provides for the right to health insurance, but also for health service contracts and government contributions to health services. The Act does not entail substantive changes to the rights of the insured. The principal change resulting from the new Act is that on 1 October 2008, a new agency, the Icelandic Sickness Insurance Fund (Sjúkratryggingar Íslands), began operating. The role of the new agency is to administer the implementation of health insurance, to negotiate health service contracts and the remuneration from the state for these services and to monitor the quality and performance of those who provide contractual health services. The agency is to negotiate and pay for all health services covered by health insurance, whether the service is provided by hospitals, health centres or other organizations operated by the state or by private entities.

From 1 January 2008, the Ministry of Social Affairs and Social Security has been responsible for supervising the social pension scheme and state social assistance instead of the Ministry of Health. The Parliament passed various changes to the Act on Social Security regarding the national pension scheme that entered into force in stages during 2008. Changes were made to the calculation of the income-testing of the national pension benefits, increasing the maximum income levels or free brackets, (i.e. the part exempt from income-testing) for employment earnings, occupational earnings and financial earnings. However, the maximum income levels were lowered again in 2009, except for the maximum income level regarding income from work of disabled persons. Following the recommendations of the committee working on the overall revision of the national social insurance system, the Minister issued rules concerning authorisation to pay a special supplement for support, when the total income of a pensioner, his/her income from employment and capital income, including payments from the national pension scheme and the occupational pension scheme, are below a certain



minimum. The objective was to assist in particular pensioners in the lowest income brackets.

**NORWAY:** After about four years of strong growth in the Norwegian economy, a remarkable change took place at the beginning of 2008, and the recession gradually became more distinct during the year. The gross domestic product (GDP) for "mainland Norway" (excluding income from oil and foreign shipping trade) increased by 2.4 per cent compared with the year before. In total, growth in GDP was 2 per cent. Growth in the mainland economy decreased as a result of both poorer international development and capacity barriers in the Norwegian economy. The prospects for the Norwegian economy have been highly aggravated as a result of the problems in the international financial markets. Nevertheless, Norway has been far less affected than most other countries. After about 18 months with economic decline, the Norwegian economy has now been hit by a recession. Although the decline in production of the mainland economy came to a halt in the second quarter of 2009, growth was still slighter than anticipated. An important factor in connection with the reversal in the production is that the decline in the household consumption has stopped at the same time as the consumption in the public administration has increased highly as a result of the reorganization of the financial policy in the first half of 2009. The financial crisis which occurred in the autumn of 2008 is reflected in the development in the labour market. In 2008, there was an average of 67 000 unemployed people, corresponding to 2.5 per cent of the labour force. This roughly corresponds to the figures from 2007. The unemployment rate increased during the autumn of 2008 and into 2009, and it equalled 3.1 per cent of the labour force in the first quarter of 2009. Since then, the unemployment rate has stabilized a little above this level. The unemployment rate was somewhat reduced in June when it was 3 per cent. The unemployment rate is expected to increase further in 2009 and in 2010. The employment rate increased in the first months of 2008, but growth declined and stopped after April 2008. In 2008, the labour force counted 2 618 000 on average, which is an increase of 3.2 per cent. This is less than the corresponding growth the year before, which amounted to 4.1 per cent. The employment rate remained almost unaltered in the second quarter of 2009. The influx of foreign labour is estimated to make up 20-30 per cent of the increase in the employment rate in 2008, which is almost the same as in 2007. The net influx of foreign labour into Norway is considerably lower than previously. This should be seen in connection with

a large part of the foreign labour being employed in the building and construction sector and in industry, where the unemployment rate increased the most. The participation rate is high in Norway. The participation rate among people between 15 and 74 years was 73.9 per cent in 2008 against 72.8 per cent in 2007. Norway differs from many OECD countries in that the participation rate of women and elderly is high.

Efforts are still being made to establish a new organization of the labour and welfare administration. The main purpose of the organization reform is that more people find work or become activated, and that fewer people must depend on benefits or assistance as their main source of income. A more user-friendly, co-ordinated and efficient administration is another main purpose of the reform. The reform includes an amalgamation of the two former ministries Aetat (labour-market administration) and the Social Welfare Department to the Ministry of Labour and Social Inclusion. In each municipality, joint labour and social inclusion offices (NAV offices) will be established on the basis of a cooperation agreement between the Ministry of Labour and Social Inclusion and the local authority in question. The office is to attend to the Ministry's tasks and as a minimum to the municipal tasks connected with financial social assistance, the qualifying programme with pertaining qualification benefits, counselling and guidance. The aim is that users only have to contact one single office. In the period 2006 to 2008, a total of 293 NAV offices were set up and another 164 NAV offices are to be established at the beginning of 2009.

The pension system in Norway is being reformed. As part of this reform, the Government presented the Parliament with a bill in February 2009 on retirement pension from the national social security fund. The bill concerns new rules applying to accumulation; life expectancy adjustment; flexible retirement pension from the age of 62 years; and new rules applying to adjustment of pensions. The reformation of the pension system was commenced in 2001 with the establishment of a pension commission. The overall objective is to make the pension system financially sustainable in the long run. The aim of the pension model is to stimulate an increase of jobs, at the same time as it must contribute to the levelling of incomes. It will be possible to draw flexible retirement pension from the age of 62 to 75 years, and it will be possible to combine retirement pension and work without the pension being reduced. Retirement pension shall consist of a work pension and a minimum pension by way of a guaranteed pension. The work pension will be accumulated on the basis of the income from work from the first *krone*, and every year counts. The pension will be adjusted in relation to the life

expectancy for the age group in question at the time of award of the pension. An important feature of the new pension reform is that everyone will be guaranteed entitlement to an annual pension amount also in future, irrespective of e.g. the development in the financial markets. According to plan, the act shall enter into force in 2010, but important changes, such as flexible pension for the age group 62-75 years, shall enter into force in 2011.

The agreement between the Government and the labour-market parties concerning a more including working life expires on 31 December 2009. The agreement was concluded in December 2005. The aim is to reduce the absence due to illness by 20 per cent from 2001 to 2009; help more people with reduced working capabilities find employment; and to increase the average retirement age.

The results so far of the various sub-objectives vary. There has been a very positive development with a view to raising the pensionable age proper, which has been raised from 63.1 years in 2004 to 64 years in 2008. The objective to reduce the absence due to illness by 20 per cent from 2001 to 2009 has not been attained, and only a slight change in the employment rate for people with reduced capacities occurred. The ratio of employed people with reduced capacities has been stable at about 45 per cent for an extended period. The absence due to illness in the 4<sup>th</sup> quarter of 2008 was 7 per cent, measured as lost day's work for employees aged 16-69 years. That is 6 per cent lower than in the 4<sup>th</sup> quarter of 2001.

In December 2008, the Parliament adopted a bill to the effect that the present rehabilitation allowance, sickness benefits and temporary disability pension will be replaced by a work-clarification allowance, which is a new temporary social insurance fund benefit. Entitlement to working-capacity evaluations and activation plans for everyone, who wants or is in need of assistance to find work. According to plan, the amendments are to enter into force on 1 March 2010. The work-clarification allowance should be awarded to people who due to illness, injuries or reduced capacities have had their working capacity reduced by at least 50 per cent, and who are in need of assistance in order to be able to get or maintain work, which he or she can manage. The work-clarification allowance shall be payable for as long as it is necessary to implement the necessary measures with a view to finding work, but for no longer than for four years as a rule. The allowance must be 66 per cent of the recipients' pensionable income before the working capacity became reduced. The annual allowance must be at a minimum (at present NOK 138 404). Child allowance must be awarded according to a fixed rate per child.

**SWEDEN:** After several years of good growth, the Swedish economy has seen a decline during 2007, which is mainly a result of the export development going down. The decline continued in 2008, when GDP decreased by 0.2 per cent. Reduction of stock investments, households' consumption costs as well as the net export contributed to the negative GDP development. GDP is anticipated to decline by 5.4 per cent in 2009.

In recent years, and the number of people in employment has increased substantially. In 2007, the number of employed people in the age group 15-74 years increased by 2.5 per cent. Even in 2008, the employment rate continued to increase, but in July, the continuous increase in the employment rate ceased. In 2008, there were 4 593 000 people in employment, which was an increase of 52 000 people. In 2009, the employment rate is, however, expected to decrease by 3.2 per cent, first and foremost as a result of the businesses adjusting the number of employees to the more modest demand. Even in the public sector, the employment rate is stagnating. The employment rate is anticipated to decline by 3.4 per cent in 2010.

In 2008, 305 000 people from the age group 15 to 74 years were unemployed, which accounts for 6.2 per cent of the labour force. That is the same level as in 2007, when the unemployment rate was 6.1 per cent. The unemployment rate continues to increase and will total 9 per cent in 2009, after which it will increase further in 2010, when it is anticipated to be 11.5 per cent.

The absence due to illness has since 2002, when the absence was at its highest, been vigorously reduced. Between 2002 and 2007, the expenditure on sickness benefits declined by one-third. The number of days, for which sickness insurance is payable will continue to decrease from 2008 to 2010, but the reduction rate will slow down.

In 2007, about 904 000 whole-year equivalents received social transfer incomes and assistance such as sickness benefits, sickness and activity allowances, labour-market support and financial support. A whole-year equivalent corresponds to a person, who is supported with full compensation for a whole year, i.e. two people, who have been unemployed for six months, will, put together, become one whole-year equivalent. The number of whole-year equivalents is expected to decline in 2008, but in 2009, the number of whole-year equivalents is expected to rise for the first time since 2004, later to settle at about the same level in 2010. The weak labour market and the introduction of an increased limit in the sickness insurance scheme as well as

the removal of the time-limited sickness benefits are contributing factors to this development.

In order to get more people in employment and to reduce the marginalization, tax on earned income was reduced. This was done via a tax reduction on income from work in three stages. In 2007, the income tax was reduced by SEK 40 billion; in 2008, by SEK 10 billion; and the reduction in 2009 is calculated to be SEK 15 billion. The deduction is made in such a way that low income and medium income wage earners will get a bigger tax relief in relation to their earned income than will high income earners. The tax will also be reduced for pensioners, and the tax deduction will take place by means of an increase in the basic tax allowance. In 2008, also the rules applying to the calculation of housing benefits to pensioners were altered. The alteration makes it more advantageous to work, as the individual will be allowed to keep a larger part of the housing benefits than before, when the income from work increases.

In 2007, the compensation level in the event of unemployment was reduced to 70 per cent after 200 days of unemployment and to 65 per cent after 300 days. The previous increased level of unemployment benefits payable during the first 100 days of the compensation period was abolished and a uniform maximum amount of compensation of SEK 680 was introduced.

On 1 July 2008, comprehensive amendments were made to the rules applying to absence due to illness. A rehabilitation plan with fixed check dates was introduced, thereby applying measures at an earlier stage, which in turn increases people's chances of returning to work and reducing the risk of many people becoming marginalized. Furthermore, it was decided to introduce a higher limit concerning report of absence due to illness, and the option of time-limited sickness benefits will disappear in new reported cases of absence due to illness.

It was also decided in 2008 that the compensation level of the sickness-insurance fund should be reduced to 75 per cent after one year of absence.

The number of waiting days in connection with claim of unemployment benefits was increased by two days from five to seven days in 2008. Besides, a new time limitation concerning payment of unemployment benefits in connection with part-time work was introduced. Benefits in connection with part-time work will be payable for a maximum of 75 days to people without dependent family members.

On 1 July 2008, a care allowance and an equality bonus were introduced. The care allowance is aimed at providing parents with an opportunity to spend more time with their children. The local authorities, who wish to do so, may offer a care allowance exempt from tax of a maximum of SEK

3 000 per child per month for all children from the child turns one year old till it turns three. The equality bonus is aimed at paving the way for equality in respect of both parental leave and participation in working life. The equality bonus will be calculated on the basis of the parents' division of the parental-benefit days. Parents, who share the parental-leave period equally between them, will be awarded the maximum bonus amounting to about SEK 3 000 per month.

The Government plans to double the national subsidies to dental care to SEK 6 billion annually as from 1 July 2008. The reform is aimed at people over 20 years and comprises a general dental-care subsidy as well as a protective measure against high costs, which is to make it less expensive to go to the dentist.

## Chapter 2

# Population and Income Distribution

Link to supplementary information:

[EUROSTAT database](#)

[EU-SILC database](#)

**Table 2.1 Total fertility rate in the EU, Faroe Islands, Iceland and Norway, 2007**

Denmark	1.84	Austria	1.38	Greece	1.41	The Netherlands	1.72
Faroe Islands	2.55	Belgium		Hungary	1.32	Poland	1.31
Finland	1.83	Bulgaria	1.42	Ireland	2.01	Portugal	1.33
Iceland	2.09	The Czech Republic	1.44	Italy		Romania	1.30
Norway	1.90	Cyprus	1.38	Latvia	1.41	Slovakia	1.25
Sweden	1.88	Estonia	1.63	Lithuania	1.35	Slovenia	1.38
		France	1.98	Luxembourg	1.61	Spain	1.40
		Germany	1.37	Malta	1.37	United Kingdom	

Source: EUROSTAT; Statistics Faroes.

## Population

The demographic composition of the populations in the Nordic countries varies somewhat 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 old-age pensioners, as well as the need for care and nursing of the oldest age groups.

## POPULATION AND INCOME DISTRIBUTION

The overall fertility rate has been relatively stable and at a high level in recent years in the Nordic countries where the highest fertility rates were found at the Faroe Islands and in Iceland.

At the same time, the number of people in the oldest age groups 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 there are men in the oldest age groups, which naturally results in many women living alone during the last years of their lives.

Of the Nordic countries, Sweden has the oldest population and Iceland and the Faroe Islands the youngest. In relation to the rest of Europe, the average figures for the EU countries show a marked population decrease in respect of the youngest age groups, and the trend towards there being more people in the oldest age groups, in particular as far as women are concerned, is also found in the EU countries as a whole. This development can be explained by the markedly low birth rates, especially in the Southern European countries.

Figure 2.1 shows a projection of the Nordic populations until 2050 based on the national population projections.

It should be noted that there are differences in the premises, which the individual countries have applied, as to development in fertility, anticipated average life and migration, cf. Table 2.2.

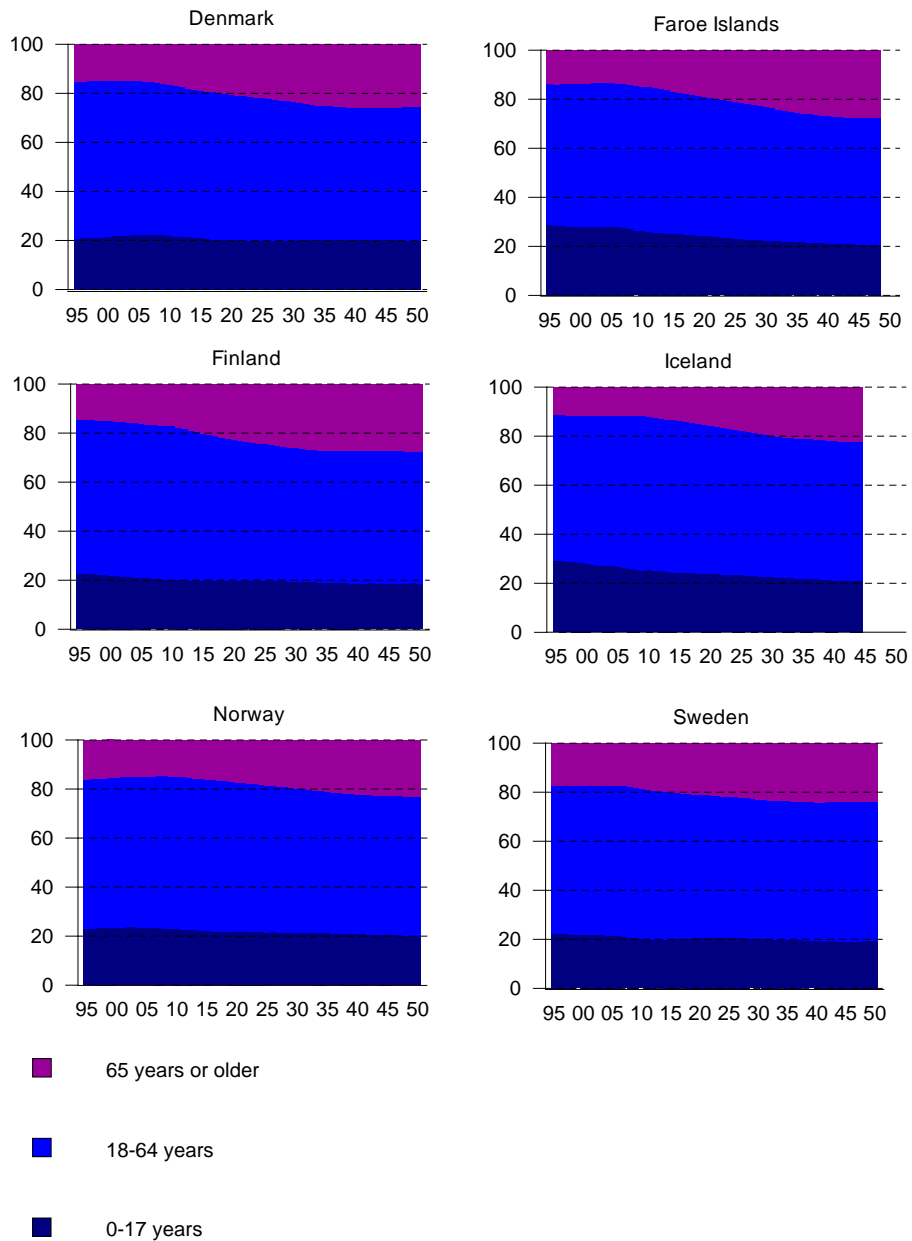
**Table 2.2 Outline of the background for the population projection in the Nordic countries**

	Denmark <sup>1)</sup>		Faroe Islands		Finland		Iceland		Norway		Sweden	
	2008	2049	2008	2048	2008	2050	2007	2050	2008	2050	2008	2050
<i>Anticipated average life</i>												
Men	76.3	83.6	76.9	80.4	76.5	85.8	79.6	84.6	78.3	85.7	78.9	84.1
Women	81.1	86.4	81.6	82.5	82.0	89.7	83.0	87.1	83.0	88.9	83.0	86.4
Fertility assumptions	1.9	1.9	2.5	2.5	1.8	1.8	2.1	1.9	2.0	1.9	1.90	1.8
Number of children born 1,100	63	65	0.6	..	59	62	4.8	4.6	60	74	107	
Anticipated net migration	8 625	3 100	3 492	3 491	15 457	10 000	3 279	840	43 346	19 000	43 428	19 727

1 Data include fertility for people of Danish origin only.



**Figure 2.1 Mean populations in percentages broken down by age groups, 1995-2008, and projections 2009-2050**



Note: Further information can be found in Appendix 5.

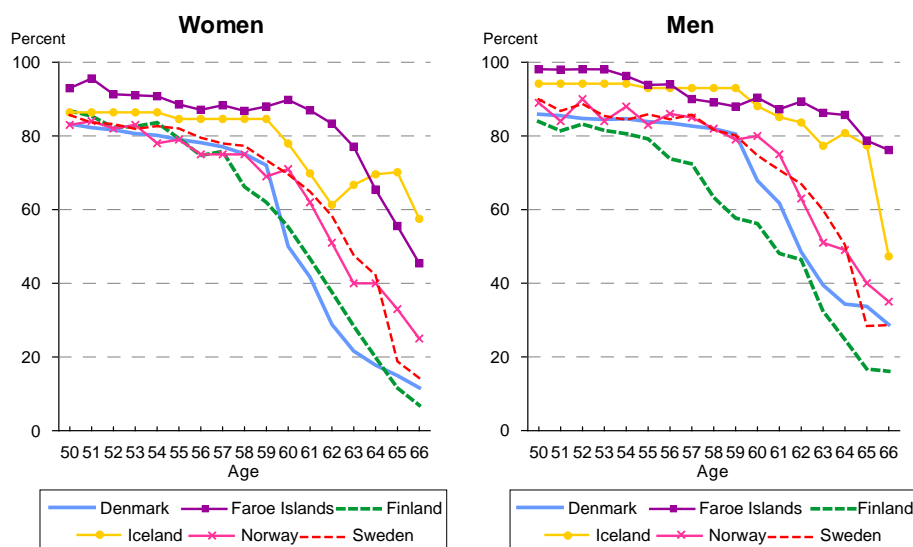
## Early Retirement from the Labour Market

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

Figure 2.2 shows the employment rate for men and women in the age group 50-66 years in 2007, 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 1990-2008.

As it appears from Figure 2.2, men have a higher employment rate in general than have 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 damages to the health of the labour force, differences in the unemployment pattern, as well as differences in the possibilities of retiring early from work with public income-substituting benefits.

**Figure 2.2 People in employment as percentages of the population, broken down by age and gender, 2008**

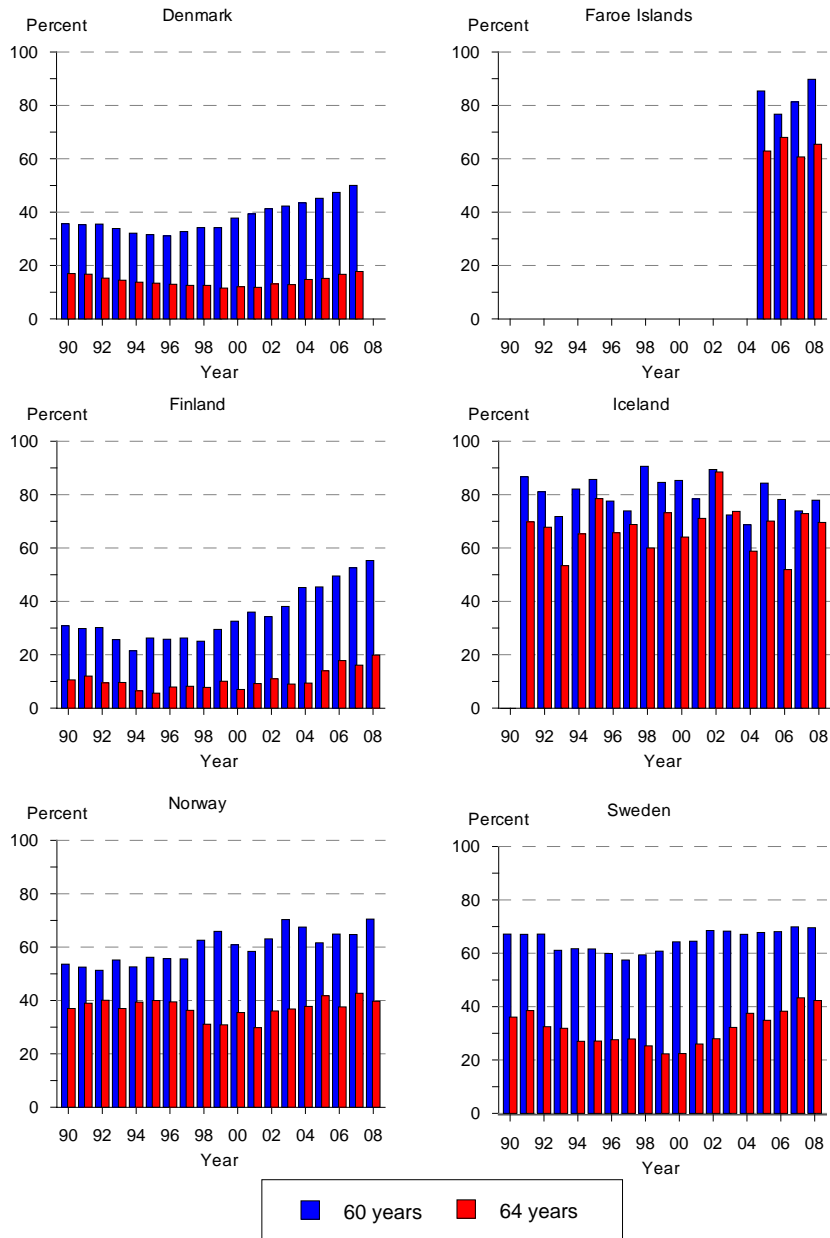


Note: The Danish figures are from 2007.

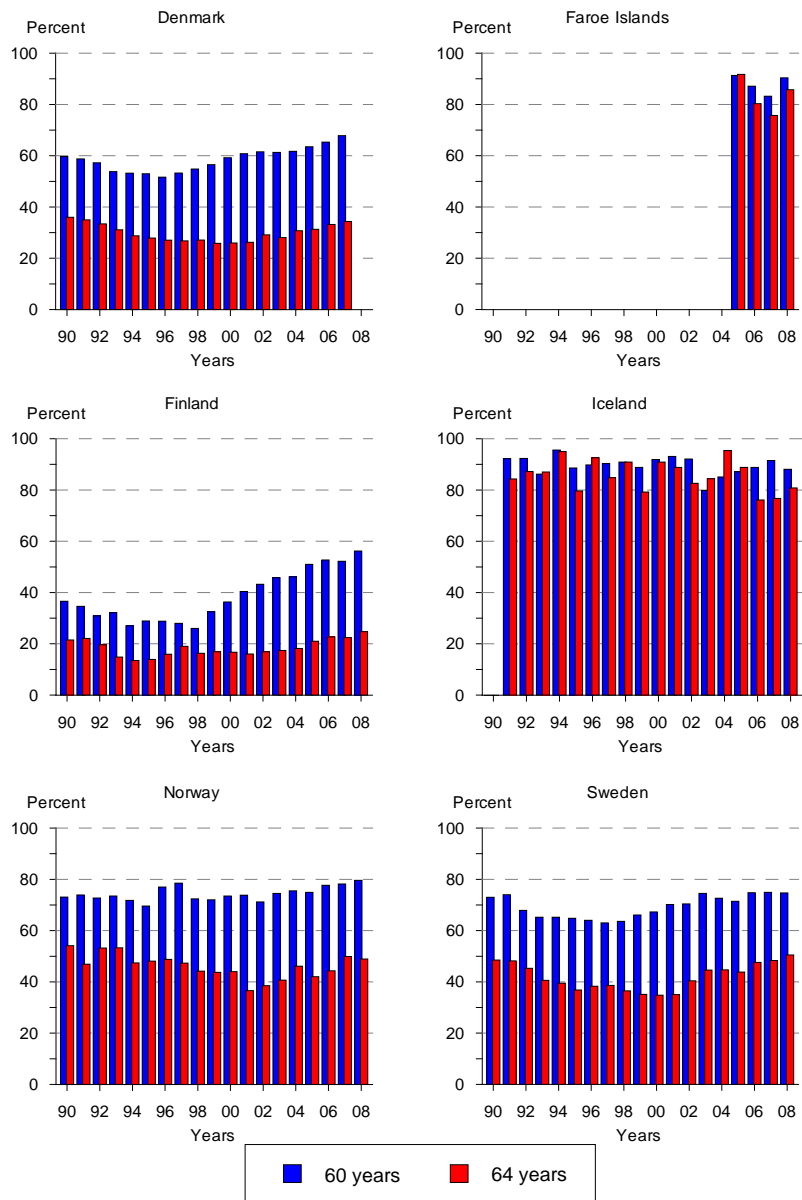
Early retirement from the labour market is most common in Denmark and in Finland. These two countries have the most comprehensive public retirement schemes. In the Faroe Islands and in Iceland, there are no other public retirement schemes than health-related disability pension, and besides, the unemployment problem is very limited. In Denmark, there is the voluntary early retirement scheme, in Finland, the unemployment pension and in Norway, pension laid down by agreement. Sweden holds a position in between in respect of public retirement schemes.

There are distinct differences amongst the countries as to the employment rate for the 60- and 64-year-old men and women. The development in the period 1990-2008 also differs from one country to another. The employment rate for the 64-year-olds shows a somewhat more heterogeneous pattern, however. In particular in Finland and in Denmark, 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.

**Figure 2.3 Women of the ages 60 and 64 years in employment. Per cent, 1990-2008**



**Figure 2.4 Men of the ages 60 and 64 years in employment. Per cent, 1990-2008**



Note concerning Denmark: Calculation method changed as from 2002.

## Income Distribution

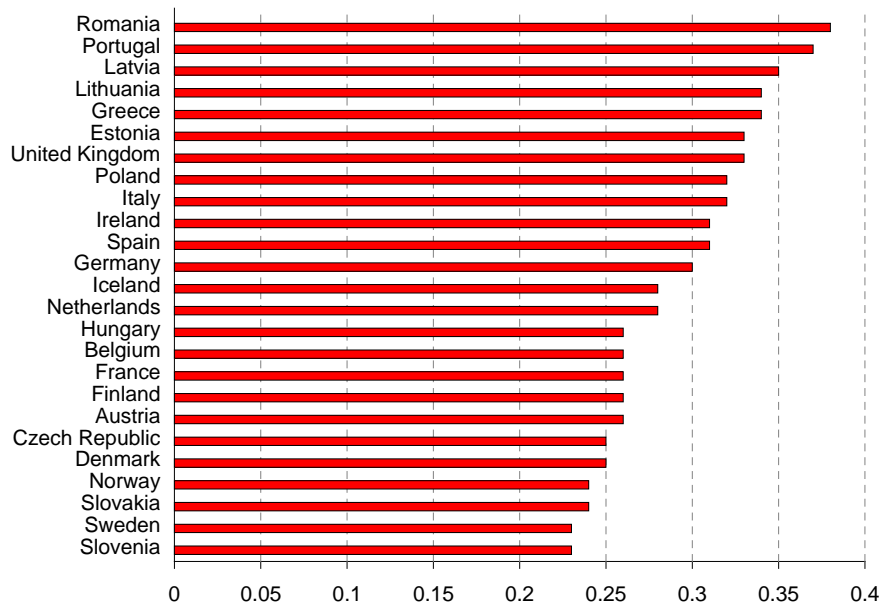
Figure 2.5 shows income distribution expressed by way of Gini coefficients for the Nordic countries and selected EU countries in 2006 (the Gini coefficient is a measure of dispersion, where the lowest value is 0 and the highest is 1).

Compared with other countries, the differences in the income levels in the Nordic countries are rather slight. The differences are least significant in Sweden, Norway and Denmark and somewhat more significant in Finland and Iceland. Norway has the largest income differentiation of the Nordic countries, but compared with the international level it is rather small.

The similarities in the income distribution in the Nordic countries are results of many different factors.

Undoubtedly, the income transfers and taxation are significant for the similarities. It is, however, difficult to establish the direct effect on the income distribution as the income distribution may also be influenced by attitudes and previous transfers.

**Figure 2.5 Gini coefficients for the Nordic countries and selected EU countries in 2006**



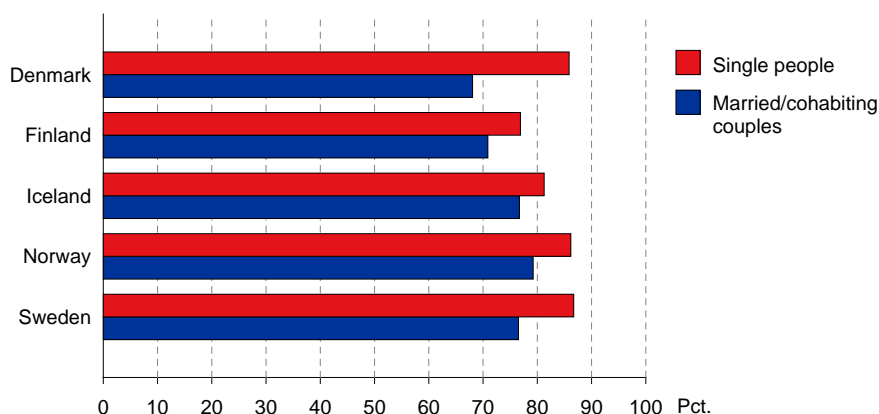
Source: EU-SILC.

## Pensioners' Incomes Compared with Other Households

Figure 2.5 shows the disposable incomes in families, where at least one person in the household is over 65/67 years. The incomes are shown as percentages of the disposable incomes for single people and couples under 65/67 years.

As can be seen from the Figure, families over 65/67 years have a lower disposable income on average in all the countries than have families under 65/67 years. This applies to both single people and couples, where single people (with the exception of Iceland) have a considerably higher percentage share than do couples, however.

**Figure 2.5** Equivalent incomes for single people/couples over 65 years in per cent of the equivalent incomes for single people/couples under 65 years, 2006



Source: EU-SILC.

## Relative Poverty

Tables 2.3 and 2.4 show the ratio of the population living in households with an income of less than 50 and 60 per cent, respectively, of the median of the equivalent disposable income in 2006.

It should be mentioned, however, that calculations of relative poverty are susceptible to the definitions used. In this years report on social protection, SILC data have been used. The largest differences among the countries and in relation to the EU average are in particular to be found for single parents and for single elderly people.

**Table 2.3 Ratio of the total population living in households with an income of less than 50 per cent of the median of the equivalent disposable income, per cent, 2006**

	Denmark	Finland	Iceland	Norway	Sweden	EU25
Single parents	6	9	11	19	12	20
Single people under 65 years	18	16	12	21	16	16
Couples younger than 65 years	2	3	4	4	4	6
Couples with dependent children:						
- couples with one dependent child	3	3	4	3	4	7
- couples with two dependent children	4	2	4	3	3	8
Single people 65+ years	6	12	8	7	8	15
Couples, of whom at least one part is 65+ years	1	2	1	1	3	8
All households	6	5	5	8	6	10

Source: EU-SILC data.



**Table 2.4 Ratio of the total population living in households with an income of less than 60 per cent of the median of the equivalent disposable income, per cent, 2006**

	Denmark	Finland	Iceland	Norway	Sweden	EU25
Single parents	17	22	23	29	24	34
Single people younger than 65 years	27	28	18	28	22	23
Couples younger than 65 years	5	6	7	6	7	10
Couples with dependent children:						
- couples with one dependent child	4	6	6	4	6	12
- couples with two dependent children	4	5	7	5	5	14
Single people 65+ years	20	39	42	30	19	27
Couples, of whom at least one part is 65+ years	14	12	2	3	6	16
All households	12	13	10	12	11	16

Source: EU-SILC.

## Chapter 3

# Families and Children

Link to supplementary information:

[EUROSTAT - database](#)

[EU-SILC database](#)

[Typical cases](#)

[Social expenditure](#)

While the Nordic countries spend almost identical ratios of the total social expenditure on families and children in per cent of GDP, 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, 2006**

Denmark	3.7	Austria	2.7	Greece	1.0	The Netherlands	1.6 <sup>p</sup>
Faroe Islands	4.3	Belgium	2.0	Hungary	2.7	Poland	0.2
Finland	2.9	Bulgaria	1.1	Ireland	1.6	Portugal	0.2
Iceland	2.5	The Czech Re- public	0.9	Italy	0.7 <sup>p</sup>	Romania	1.2
Norway	2.7	Cyprus	1.9	Latvia	1.2 <sup>p</sup>	Slovakia	1.2 <sup>p</sup>
Sweden	2.9 <sup>p</sup>	Estonia	1.5	Lithuania	1.1 <sup>p</sup>	Slovenia	0.6 <sup>p</sup>
		France	1.6 <sup>p</sup>	Luxembourg	3.4	Spain	0.8 <sup>p</sup>
		Germany	1.9 <sup>p</sup>	Malta	0.1	United Kingdom	1.3 <sup>p</sup>

<sup>p</sup> Preliminary data.

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Ministry of Social Affairs and Health.

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 single-parent families reflects the frequent changes in the family structures.

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

**Table 3.2 Families by family type, 2008**

	Denmark <sup>1)</sup>		Finland		Iceland <sup>2)</sup>		Norway		Sweden <sup>3)</sup>	
	Single people	Cohabiting couples	Single people	Cohabiting couples	Single people	Cohabiting couples	Single people	Cohabiting couples	Single people	Cohabiting couples
Total no. of families in 1000	1 462	1 331	1 565	1 265	46	71	1 105	1 073	3 256	2 103
Of whom with children aged 0-17 years in 1000	165	596	117	468	9	36	130	483	247	850
<i>Of whom in per cent.</i>										
1 child	58	36	59	40	67	40	67	38	61	38
2 children	32	46	31	40	30	40	26	43	28	45
3 or more children	10	18	11	20	5	19	8	18	10	16
Average number of children per family	1.5	1.9	1.6	1.9	2.0	1.7	1.4	1.9	1.5	1.8

Note: For further information, see Appendix 5.

- 1 There are a further 17 021 families comprising children under 18 not living at home. Children living at home form part of the parental families until they turn 25 years. Calculated as at 1 January 2008.
- 2 Figures taken from Hagstofa Iceland's committee survey on living conditions (EU-SILC) for 2007.
- 3 Figures projected by means of the simulation model FASIT and based on Statistics Sweden's committee survey of household economies.

Figure 3.1 shows the average disposable incomes broken down by family types and measured in PPP-Euro in 2006. The incomes have been adjusted in relation to the household sizes and compositions in order to make the household sizes more comparable (see Appendix 1).

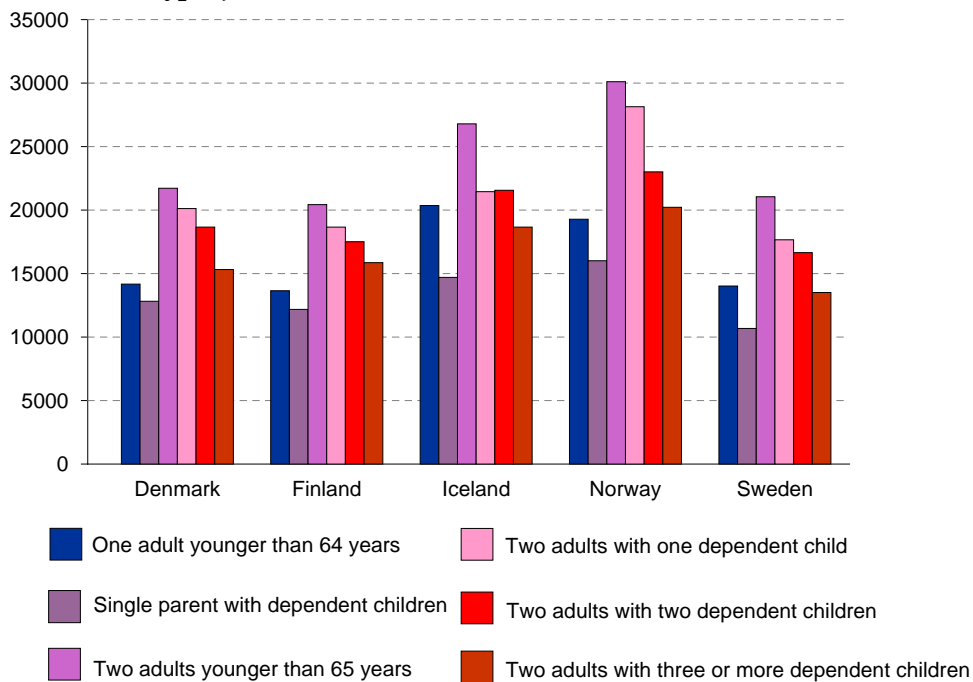
The purpose of Figure 3.1 is to compare different household types, for which reason households without children include only households without elderly members. Especially the category single households includes many students and others who are not in permanent employment. This partly ex-

plains the relative 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 the equivalent income. Incomes from work and transfers do not, however, increase the equivalent income accordingly but reduce it.

Besides, several other factors contribute to the level of incomes of the various household types. Participation rates and levels of education vary in respect of the various household types, just as the average earnings increase with age. This may also influence the relative incomes of the various household types.

**Figure 3.1 Equivalent average disposable incomes broken down by family types, PPP Euro 2006**



# 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. In Denmark, Finland and Norway, public-sector employees and some private-sector employees will be paid in full during all or part of their leave period. Only mothers may be granted the pre-birth benefit while fathers may also be granted the post-birth benefit in all the countries, but according to varying schemes.

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, however, and in Norway, the benefit is a non-recurrent payment.

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 periods due to work that could be detrimental to the foetus or in case of a difficult pregnancy. The rules governing such incidents vary somewhat from one country to another; in some countries, maternity benefits will be payable, in some cases sickness benefits and in other cases a special benefit.

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<sup>1</sup> Pensions payable to children who have lost one or both parents are described in Chapter 6 together with the other kinds of pension. Special benefits that may be granted as supplementary 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 as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Maximum number of weeks in which maternity benefit will be payable	50 <sup>1)</sup>	52	44 (46) <sup>2)</sup>	39	54 <sup>4)</sup>	69
- Maternity benefit to mothers before birth (weeks)*:	4	4-8	5-8	4	3-	9
Maternity benefit (weeks)::						
- Mother only	18	14	18	13	9	8
- Father only	-	4	(2) <sup>2)</sup>	13	6	8
- Either mother or father	32 <sup>1)</sup>	30	26 <sup>3)</sup>	13	5)	52
Additionally:						
- Father together with mother	2	2	3	-	2 <sup>6)</sup>	2
Benefits subject to tax?	Yes		Yes	Yes	Yes	Yes
<i>Not gainfully employed</i>						
Maximum number of weeks in which maternity benefits will be payable	.	.	44	39	Non-recurrent payment <sup>7)</sup>	69
Benefit subject to tax?	.	.	Yes	Yes	6)	Yes
Leave period sharable with father?	.	.	Yes, for a max. of 26 weeks	Yes	6)	Yes

\* Note: The total number of reimbursable weeks includes the number of weeks, in which mothers are entitled to benefits prior to giving birth.

- 1 The common leave period of 32 weeks may be extended 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 extended, 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.
- 2 Fathers, who receive parental daily cash benefits during the last 12 working days of the parental daily cash benefit period, are entitled to paternal daily cash benefits for another 12 working days (the so-called bonus days of leave).
- 3 In the event of multiple births, the maternity-benefit period will be extended by 60 days for the second child and any subsequent children.
- 4 44 weeks at a compensation level of 100 per cent or 54 weeks at a compensation level of 80 per cent.
- 5 29 weeks in case of 44 weeks of maternity benefits and 39 weeks in case of 54 weeks of daily cash benefits
- 6 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. Entitlement to two weeks unpaid leave does not apply in the event of adoption. In the public sector and in large parts of the private sector there are, however, collective agreements granting compensation for those two weeks.
- 7 The non-recurrent payment of NOK 33 584 is exempt from tax. A father is entitled to a non-recurrent amount if the mother has died, and/or he has assumed sole custody of the child.

**Table 3.4 Amount of income-substituting cash benefits in the event of childbirth as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Amount of maternity benefit (per week) in per cent of previous income	100 <sup>2)</sup>	100	Normally 90-70 <sup>3)</sup>	80	100/80	80/77.6
Income ceiling per week for full compensation <sup>1)</sup>	DKK 3 821	DKK 6 250	.	ISK 123 604	NOK 421 536 pr. year	SEK 7 630
Income ceiling per week for full compensation in PPP-Euro <sup>1)</sup>	372	609	.	952	37.843	703
Minimum amount per week	.	.	EUR 91.2	ISK 17 292	<sup>4)</sup>	SEK 1 260
Minimum amount per week in PPP-Euro	.	.	75	133		116
Maximum amount per week	DKK 3 515	DKK 6 250	.	ISK 98 883	<sup>5)</sup>	SEK 6 104
Maximum amount per week in PPP-Euro	343	609	.	762		562
<i>Not gainfully employed</i>						
Amount of maternity benefit (per week)			EUR 91.2	ISK 10 458	<sup>4)</sup>	SEK 1 260
Amount of maternity benefit (per week) in PPP-Euro	.	.	111	81	.	116

1 The income ceiling is the income limit (previous income) in relation to which the maternity benefit is calculated. The calculation of the income ceiling is made according to differing principles in the various countries.

2 When the joint leave period of 32 weeks is extended to 40 or 46 weeks, daily cash benefits will be reduced accordingly, so that they correspond to 80 per cent for 40 weeks and to about 70 per cent for 46 weeks.

3 90 per cent of an earned income of a maximum of EUR 46 207 per year for the first 56 days of the maternal leave period. For incomes exceeding EUR 46 207, the figure is 32.5 per cent. For the following 49 days, it is 70 per cent of an earned income of up to EUR 30 033 per year.

4 A minimum amount equal to the non-recurrent payment of NOK 9.580 is guaranteed. This amount equals the maternity benefit of NOK 6.425 at a compensation level of 100 per cent for 44 weeks and NOK 7.806 at a compensation level of 80 per cent for 54 weeks.

5 Calculated as maternity benefits for mothers in work, the maximum amount will be NOK 9.580 per week at 100 per cent for 44 weeks and NOK 7.806 at 80 per cent for 54 weeks.

6 Benefits at the lowest level (for a total of 90 days) apply to parents in and out of employment, respectively.

7 NOK 9 580 at a compensation level of 100 per cent for 33 weeks or NOK 6 425 at a compensation level of 80 per cent.

In Denmark, the Faroe Islands, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of days immediately after childbirth, at the same time as mothers draw maternity benefit. In Iceland, 13 weeks of the parental leave is reserved for fathers and may be used at the same time as the mothers' leave, and another 13 weeks may be divided freely between them. In Norway, six weeks of the parental-benefit period are reserved for fathers. Fathers are also entitled to two weeks of unpaid leave in connection with birth. In the public sector and in large parts of the private sector there are, however, collective agreements granting compensation for those two weeks.

The period, in which daily cash benefit is 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.

In Denmark, maternity leave is one year and is 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. One of the parents may furthermore postpone 8-13 weeks of the leave period till later and use it before the child turns 9 years.

### *Compensation Levels*

The compensation level in connection with childbirth also varies considerably from one country to another. Figure 3.2 shows the disposable income at three different income levels, i.e. for a single childless employed person compared with a single parent with a newborn child receiving maternity benefit.

Figure 3.3 shows the disposable income at two different income levels for a couple with no other children than the newborn, and for a couple who already has two children.

As can be seen from Figure 3.2 and 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 AW= 67 per cent is primarily due to the child allowance payable for newborn children, but also to the housing benefit being higher for families with children than it is for childless families.

For couples with two children besides the newborn, the lower compensation level to a single person with no children in Denmark, the Faroe Islands, Norway and Sweden for AW=67 per cent is due to the payment for places\_

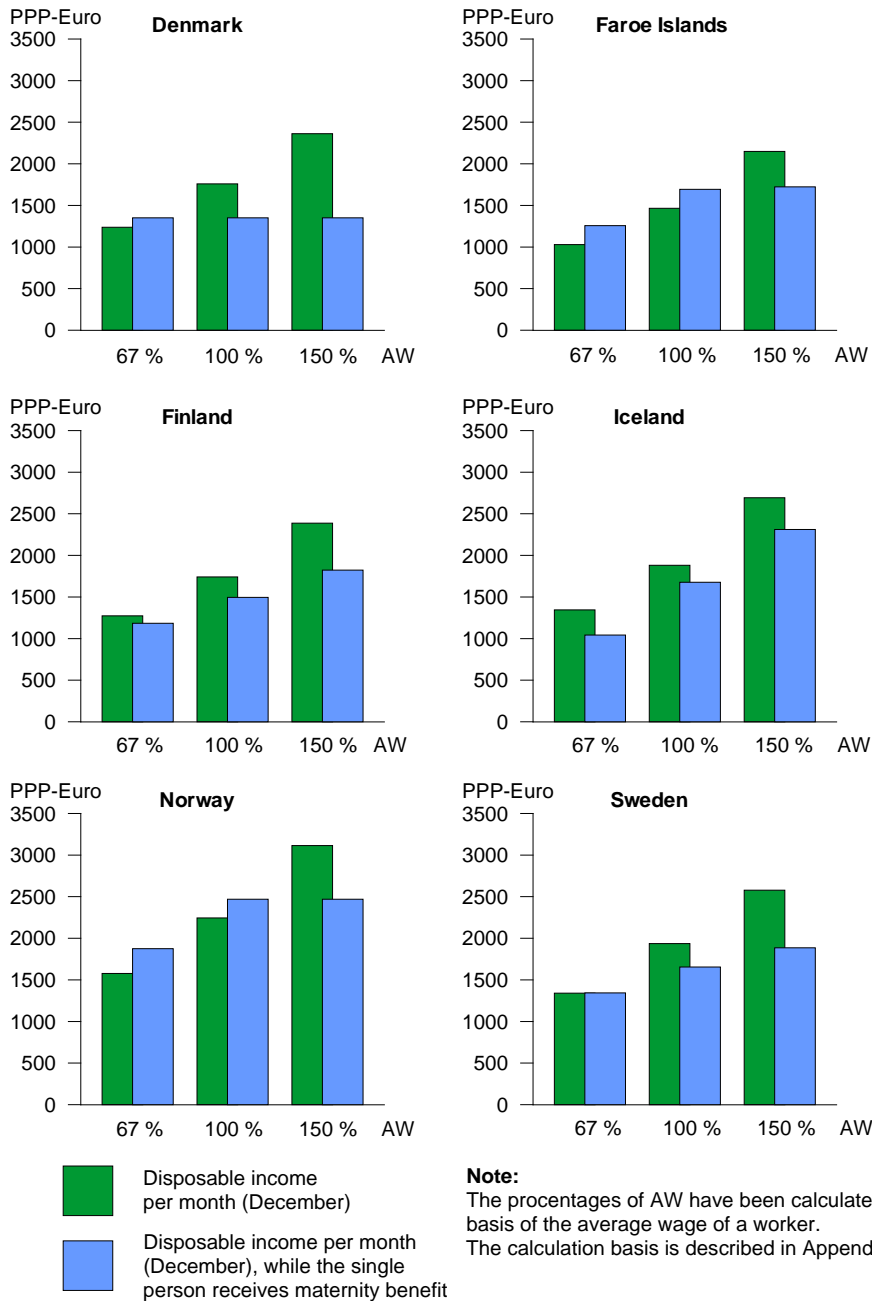


in day care institutions for the other two children. The compensation levels appear from Tables 3.5 and 3.6.

Figure 3.3 shows the disposable income at two different income levels, where the person earning the least draws maternity benefit, stated in per cent of the disposable income, when both parents are gainfully employed.

The calculation was made for a couple with no other children than the newborn, and for a couple who already has two children.

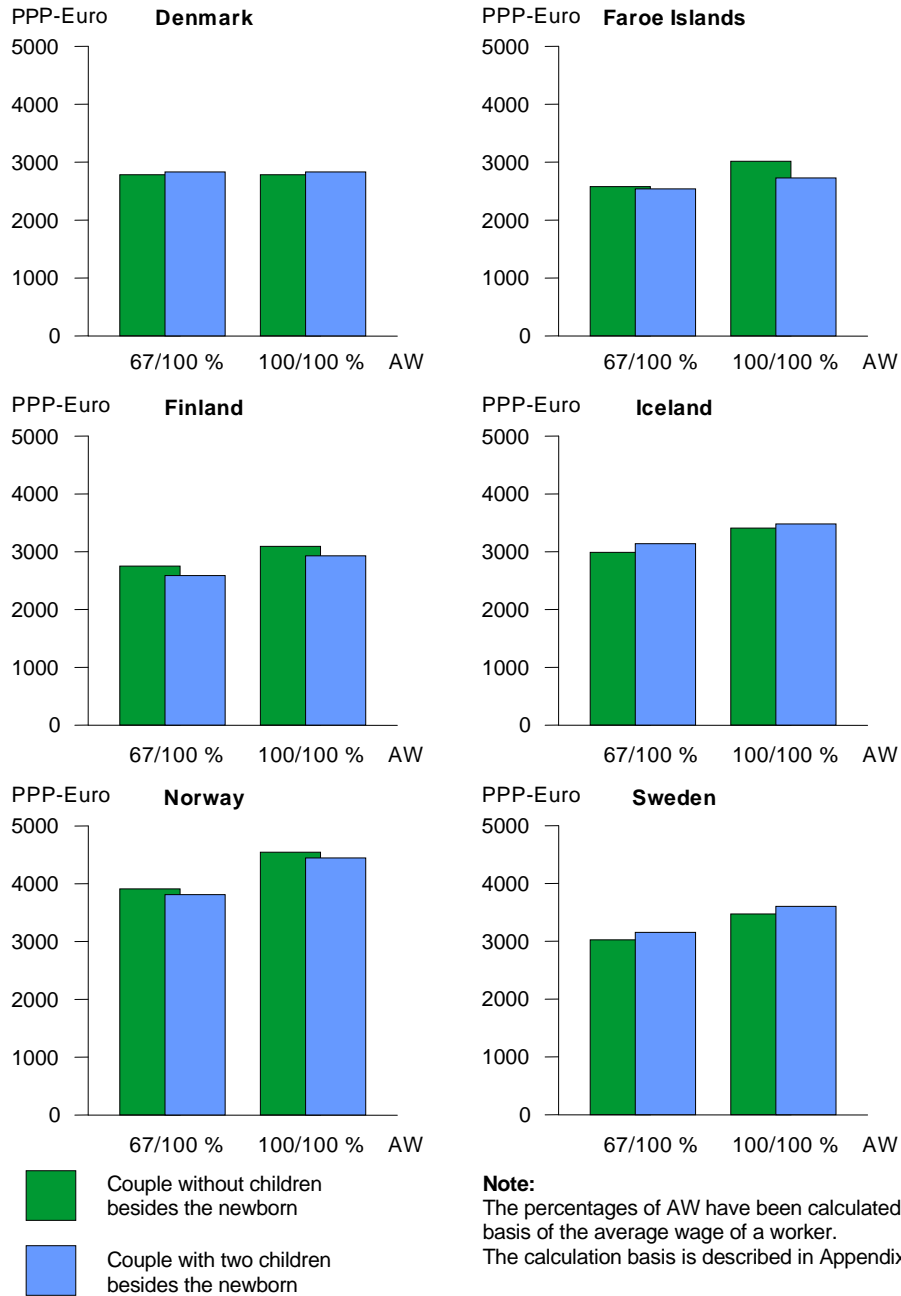
**Figure 3.2 Disposable income for a single parent with a newborn child, who draws maternity benefit, 2008**



**Table 3.5 Compensation levels per month for a single parent drawing maternity benefits, in per cent of disposable income per month when working (December) 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 per cent AW	109	122	93	78	119	100
100 per cent AW	77	116	86	89	110	85
150 per cent AW	57	80	76	86	79	73

**Figure 3.3 Disposable incomes for a couple with a newborn receiving parental benefit, 2008**



**Table 3.6 Compensation levels for a couple drawing parental benefits in per cent of Compensation levels from work, where the part earning the least receives daily cash benefits, 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couple with no other children than the newborn</i>						
67/100 per cent AW	93	103	94	93	102	92
100/100 per cent AW	79	121	94	91	101	90
<i>Couple with two children besides the newborn</i>						
67/100 AW	95	103	85	94	102	94
100/100 AW	81	94	85	93	101	91

The compensation levels also depend on the level of the daily cash benefits in relation to previous income. Daily cash benefits are lowest in Finland and highest in Denmark, measured in relation to previous income (cf. Table 3.4). In Finland, there is, however, no upper limit to the level of the daily cash benefits, but the compensation rate is lower at higher incomes. In Iceland, an income ceiling for the daily cash benefits was introduced on 1 January, 2005. The maximum amount is highest in Iceland and lowest in Denmark. The compensation level is generally high in the Faroe Islands, also in respect of the upper income brackets. In Sweden and Finland, the compensation levels are also relatively high for the upper income brackets, whereas the level in Denmark is relatively low for those groups.

It is characteristic that more and more men make use of the leave 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 the event of pregnancy, childbirth and adoption during the year, 1995-2008**

	Denmark <sup>1)</sup>	Finland	Iceland <sup>2)</sup>	Norway	Sweden
<i>Number of benefit days (1 000) (men)</i>					
1995	629	608	1	621	5 377
2000	720	623	23	803	5 083
2007	1 290	982	391	1 323	10 091
2008	1 397	1 076	.	1 359	10 927
<i>Number of benefit days (1 000) (women)</i>					
1995	13 756	16 399	686	9 457	46 835
2000	12 430	14 609	652	9 546	32 017
2007	19 584	15 122	394	10 280	35 457
2008	21 139	15 230	.	10 668	38 075

1 The calculation method was revised in 2002.

2 Before 2000, entitlement to daily cash benefits during maternity leave did not apply to mothers who were entitled to full wages from their employers.

This partly reflects 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 legislation on parental leave, which took effect in 2001, was fully developed in 2003, granting fathers the same independent entitlement to paternity 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 receiving paternity benefits.

In Norway, the scheme giving fathers an exclusive right to part of the benefit period (father quota) was extended from four to five weeks in 2005 and to six weeks in July 2006. These changes can be seen in the statistics as fathers taking more days with paternity benefits. The number of fathers who exceeds the father quota period is also increasing, albeit relatively slowly. Fathers' entitlement to paternity benefits still depends on mothers being gainfully employed after childbirth; receiving publicly approved education; or depending on aid 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. In 2008, 84 per cent of the total number of days in which parental daily cash benefits were paid for children under the age of three years, and in 2007, it was 85 per cent. As to women, about 89 per cent of the days were for children under the age of three, and as to men, about 68 per cent in 2008.

## Cash Benefits to Parents Minding Children

**Table 3.8 Rules applying to leave schemes concerning childminding as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Leave schemes for people in work?	Yes <sup>1)</sup>	No	Yes	No	Yes	Yes
Length of leave period	52 weeks	-	Until the child turns 3 years	-	4)	480 days <sup>2)</sup>
Amount of supplement	60 per cent of the daily cash benefit maximum	-	EUR 294 per month + EUR 94 for subsequent children under 3 years + EUR 50 for each subsequent child under 7 years + income-tested supplement of a maximum of EUR 168	-	Graded parental benefits	390 days with basic amount of sickness benefits and 90 days with the minimum amount <sup>3)</sup>
Number of children covered by the scheme	2 400 parents	-	96 616 children	-	.	212 954

\* Note: The number of weeks in which the mother is entitled to daily cash benefits prior to the confinement is included in the total number of weeks in which the mother qualifies for maternity benefits.

1 The scheme will be abolished with effect from 2011.

2 The level of parental benefits payable is adjusted in relation to the extent of the recipient's work. If the mother works 50 per cent, she will be granted 50 per cent of the parental benefits.

3 The period of parental benefits may be extended in combination with part-time work until a child turns 8 years.

In Denmark, the rules applying to childminding leave were revoked with effect from 2011 in connection with the extension of the maternity leave to one year in 2002. Parents of children, who were born prior to the introduction of the new maternity-leave scheme, are thus still entitled to go on childminding leave until the child turns nine. Parents are entitled to a minimum of eight and a

maximum of 13 weeks of leave, but a minimum of eight weeks and a maximum of 26 weeks if the child is younger than one year. In agreement with one's employer or the public employment service, a leave period may be extended to a total of 52 weeks. The leave scheme applies equally to wage earners, self-employed and unemployed people. During a parental-leave period, a child must not occupy a place in a public day-care facility if it is under the age of three years and may only be in half-day care if it is between three and eight years old.

In Finland, parents may after a period of receiving parental daily cash benefits choose either 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 childminding in the home or as a supplement towards payment for private childminding. The allowance towards childminding 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 70 per month.

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

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

In Norway, the benefit is graded. 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 periods of 44 or 54 weeks. The benefits must be drawn before the child turns three years. The scheme was simplified in 2007, which has increased the use of the combination options.

In Sweden, parents are entitled to parental benefits for 69 weeks in connection with childbirth. This period may be divided into several short periods until a child turns eight or has completed its first year at school.

Moreover, there are schemes in Norway, Finland and Sweden entitling parents to stay at home without pay to take care of their children. In Sweden, this scheme applies until a child turns 18 months. Besides, one is entitled to work part-time, 75 per cent of full time, until a child turns eight.



### *Minding of children suffering from short-term illness*

In all Nordic countries, parents are to some extent entitled to stay at home to mind a sick child. In Norway and Sweden, this right is governed by law and in the other countries by collective agreements. In Denmark, the Faroe Islands, Iceland and Finland, only in the public sector and in part of the private sector is this scheme governed by collective agreements.

As to the majority of the private sector, no compensation will be granted in connection with the minding of sick children.

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 a sick child and to collect daily cash benefits. In Norway, single providers are entitled to 20 days of absence and couples to 10 days of absence each to mind a sick child.

As to the length of the period in which one is entitled to stay at home to mind a sick child, the scheme is most generous in Sweden, allowing 60 days per year per child, and least so in Denmark, the Faroe Islands and Iceland.

In Denmark, the Faroe Islands, Finland and Iceland, full pay compensation is made, however, in connection with child minding during short-term illness. In Norway, a benefit equivalent to the amount of the sickness benefits is payable, while a compensation corresponding to 80 per cent of one's income from work is payable in Sweden.

In all the countries, there are 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 allowance is 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 allowance is financed by Central Government. In the Faroe Islands, local authorities

## FAMILIES AND CHILDREN

finance 43 per cent of the expenditure on child allowances by way of a deduction from one of the parents' income. If the deduction is not used in full, the remaining amount will be payable as a supplement to the parents.

**Table 3.9 Rules applying to child allowance, 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
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 <sup>2)</sup>	Yes	Yes	No	Yes	Yes
Supplements for any additional children?	No	No	Yes	Yes	No	Yes
Extra child allowance to single parents?	Yes	Yes	Yes	Yes	Yes	No
Special child allowances granted to special groups?	Yes <sup>3)</sup>	No	No	No	No	No

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 family allowance is age-dependant; other child allowances are not age-adjusted.

3 Multiple-birth allowance payable for children born in multiple births, and adoption allowances payable on adoption of children from other countries.

**Table 3.10 Annual amount of child allowance as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK <sup>1)</sup>	DKK	EUR	ISK <sup>2)</sup>	NOK <sup>3)</sup>	SEK <sup>4)</sup>
<i>Couple with:</i>						
1 child	12 792	10 246	1 200	68 800	11 640	12 600
2 children	25 584	20 492	2 525	57 891	23 280	26 400
3 children	38 376	30 738	4 098	78 872	34 920	43 248
<i>Single parent with:</i>						
1 child	21 984	11 746	1 759	264 779	23 280	12 600
2 children	39 332	23 492	3 644	461 287	34 920	26 400
3 children	56 680	35 238	5 776	674 368	46 560	43 248
<i>Allowance in PPP-EURO</i>						
<i>Couple with:</i>						
1 child	1 247	999	984	530	1 045	1 161
2 children	2 494	1 998	2 064	446	2 090	2 432
3 children	3 741	2 996	3 348	608	3 135	3 984
<i>Single parent with:</i>						
1 child	2 143	1 145	1 440	2 040	2 090	1 161
2 children	3 834	2 290	2 976	3 554	3 135	2 432
3 children	5 525	3 435	4 716	5 196	4 180	3 984

- 1 Calculations were made on the basis of a family allowance for 3-6-year-olds of DKK 3 198 per quarter to both single parents and couples. The allowance payable for 0-2-year-olds amounted to DKK 4 039 per quarter and to DKK 2 516 per quarter for 7-17 year-olds.
- 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 0-16 years is ISK 144 116 and ISK 240 034 to single parents. For each child in addition to the first one, a maximum of ISK 171 545 is payable to cohabiting couples and ISK 246 227 to single parents. Besides, a supplement of ISK 57 891 is payable for children between 0 and 6 years irrespective of income. Where a couple's annual income (in 2007) exceeds ISK 2 880 000 and that of a single parent ISK 1 440 000, the allowance will be reduced by 2 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. 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. The average amount is for all children between 0 and 16 years (children born in the years 1992-2007).
- 3 The average amount includes the infant supplement to single providers and the supplement for Svalbard and Northern Norway.
- 4 The average amount per child was calculated by adding the amounts of child allowance, multiple-birth supplement and extended period of child allowance in 2007, divided by the number of children receiving child allowance and the number of children with extended periods of receiving child allowance in December 2008.

## 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.

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 3.11 Amounts of maintenance-allowance advances (KR/EUR) in 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Maximum amount per child per year	13 128	11 832	1.559	234 840	15 540	15 276
Maximum amount per child per year, PPP-Euro	1 280	1 153	1.273	1 809	1 395	1 407

**Table 3.12 Number of children receiving maintenance-allowance advances as percentages of the population under 18 years, 1995-2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>1)</sup>
1995	15	8	9	17	16	16
2000	14	9	10	19	18	16
2007	13	9	9	19	13	13
2008	12	7	9	..	12	13

1 Number of children under 19 years.

## Other 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 transition allowance for maintenance, financial support towards child minding and education grants.

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 payable to children who have lost one or both parents. 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 differing rules, be granted a cash amount for minding their children in their own homes, either part-time or full-time.

In all the countries, local authorities must ensure that there are sufficient places available. As a supplement, there are in all the countries also private minding schemes that play a significant part. 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.

Local authorities in Denmark must grant financial support to parents, who choose private child minding for their children until school start over a public day-care facility. In October 2007, 3 868 children were covered by this scheme. Besides, local authorities may grant parents an allowance towards minding their own children instead of a place in public day-care. 695 parents made use of this option in October 2007.

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 in other municipalities for reasons of capacity and out of consideration for children in the municipality in question.

In 2005, rules applying to the establishment of private institutions were introduced. A private institution is a type of private day-care institution, which will be approved by the local authorities if it lives up to the quality criteria applying to day-care institutions in the municipality in which the institution is situated. In October 2007, 686 children were enrolled in such institutions.

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, if they are waiting for a place in a municipal day-care institution. Rules and amounts vary.

In Norway, local authorities are obliged to provide a kindergarten place to those parents who so wish. Parents have no legal right to a place, however.

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 the activities

A place must be provided without any unnecessary delay, i.e. usually within three to 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 four (the so-called ordinary pre-school).

### *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 that is run without any subsidies from public authorities. Such child-minding options are not included in the Nordic social statistics.

### *Pre-school classes*

In all the countries, there are special classes preparing young children for school. These classes have been established according to somewhat differing rules. After school hours, children may participate in after-school clubs.

In Denmark, local authorities are obliged to provide children with a place in a pre-school class for at least 20 hours per week – an offer that is accepted by 99 per cent of all children. After school hours, children may spend time in either day-care institutions or after-school clubs.

In the Faroe Islands, pre-school classes are only provided in one single facility.



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 Iceland, all 6-year-olds must attend school and are consequently not included in these statistics.

In Sweden, local authorities are obliged to offer all 6-year-olds a minimum of 525 hours in the new school structure – the pre-school class. In the autumn 2008, 95 per cent of all 6-year-olds attended pre-school classes, whereas a few 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 the Faroe Islands, the largest municipalities provide after-school clubs up to and including 2<sup>nd</sup> grade; in smaller municipalities, day-care schemes are applied until the same 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 1<sup>st</sup> to the 4<sup>th</sup> grade and for children with special needs from 1<sup>st</sup> to 7<sup>th</sup> 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 children in pre-school classes in Denmark also spend time in day-care institutions after having attended their pre-school classes. 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.

**Table 3.13 Rules applying to the minding of children in day-care institutions and family day care as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Children of pre-school age</i>						
All children entitled to a place in a day-care institution/family day care?	Yes, children over the age of 26 weeks	No	Yes	No <sup>3)</sup>	No	No
Centrally laid down rules governing user payment?	Yes	Yes	Yes for municipal, no for private	No	Yes	Yes
Upper limit to the user-payment amount? If yes, amount should be stated.	Yes, a maximum of 25 per cent of the estimated gross expenditure	No	Yes, EUR 233 per child/month in municipal day care	Yes, according to legislation, amount must not exceed the actual municipal medium expenditure per child in day-care institution	NOK 2 330 per month	Yes, the limit varies from one municipality to another and depends on the number of children in a family
Option of full-time or part-time places free of charge?	Yes	Yes	Yes	No	No	Yes
<i>Children of school age</i>						
All children entitled to a place in youth centre/after-school club?	Yes <sup>1)</sup>	No	No, but minding facilities must be provided for mornings or afternoons for children in the first and second grades	Yes, depending on municipality, however, and only children between six and nine years of age.	No	Yes <sup>2)</sup>
Centrally laid down rules governing user payment?	Yes, but not for after-school club schemes (SFOs)	Yes	.	No	Local authorities must only charge amounts covering the actual expenses	Yes
Upper limit to the user-payment amount? If yes, amount should be stated.	Yes, a maximum of 30 per cent of the estimated gross expenditure on youth clubs, but none on SFOs	No	.	No		Yes, SEK 1 200 per month
Option of full-time or part-time places free of charge?	Yes	Yes	.	A local authority decision	A local authority decision	Yes
Age limit to minding of children of school age	Up to 14 years	None	.	6-9-year-olds	Up to and including 4 <sup>th</sup> grade, and 7 <sup>th</sup> grade for children with special needs	6-12-year-olds

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 of pre-school age.

2 If a child's parents work or study or if the child itself is in need of the scheme. If the parents are unemployed, the child is entitled to a place in a day-care institution.

**Table 3.14 Children enrolled in day-care institutions and publicly financed day care by age in per cent of the respective age groups**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland	Norway	Sweden <sup>3)</sup>
	2008	2008	2008	2007	2008	2008
< 1 year	17	7	1	7	4	-
1-2 years	90	57	42	79	75	70
3-5 years	97	67	73	95	96	97
6 years	91	80	72	-	.	86
7-10 years	74	28	22	.	.	66

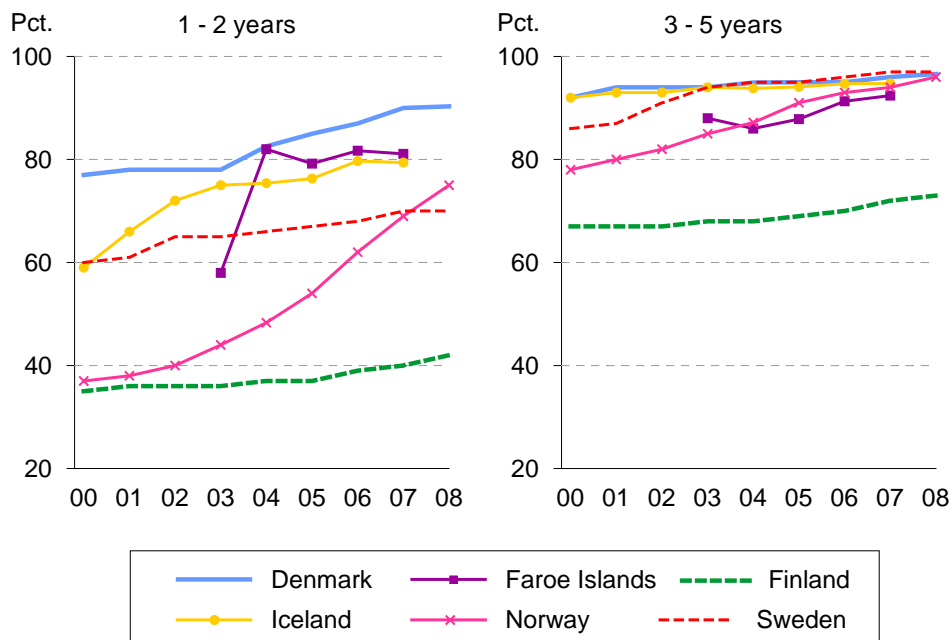
Note: For further information, see Appendix 5.

1 The time of calculation of the number of enrolled children has been changed from March to September as from 2004.

2 Figures include children in publicly subsidised private day care.

3 Children under 12 months are not entitled to a place in a day-care institution in Sweden.

**Figure 3.4 Children 1-5 years enrolled in day-care institutions and publicly financed family day care in per cent of the age group, 2000-2008**



Cf. notes for Table 3.11.

## 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 for the public authorities to step in lending support if the risk arises of children or adolescents growing up under adverse circumstances.

### *Preventive measures*

Preventive measures exist in all the Nordic countries either focusing on the family or on 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 3.15 Children, adolescents and families receiving support measures during 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>1)</sup>
	2007	2008	2007	2008	2007	2008
0-17 years	.	313	57 622	3 125	28 032	24 143
18-22 years	.	28	4 863	.	1 577	.
Families	31 495	203	-	.	.	.

1 Children and adolescents covered by some form of support measures.

### *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, government 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. One trait common to all the countries is that preventive measures are taken to a high degree in the homes in respect of children and families.

In Denmark, the number of placements is somewhat higher than in the rest of the Nordic countries. This is inter alia due to the fact that the number of children and adolescents who are placed away from their homes in Denmark also includes children and adolescents with reduced physical and/or mental abilities. Even if those disabled children and adolescents were disregarded, however, the number of placements is still larger than in the other countries. This especially applies to the 15-20-year-olds and must be seen in connection with the fact that a relatively large number of young people in Denmark is placed away from their homes, e.g. at boarding schools or continuation schools, in lodgings or in socio-instructional communal housing. This is only the case to a limited degree 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 almost one third of the children and adolescents are placed at facilities other than foster care and residential institutions. These other facilities mainly consist of socio-educational facilities but also boarding schools and the like, lodgings, etc.

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. In the Faroe Islands, the National Child Welfare

## FAMILIES AND CHILDREN

Service makes the decision upon recommendation from the local child welfare service.

**Table 3.16 Children and adolescents placed away from their homes during the year, by age and per 1 000 inhabitants in the respective age groups**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden <sup>3)</sup>
	2007	2008	2007	2007	2007	2008
<i>Girls</i>						
0-6 years	3.3	2.5	6.5	0.9	4.0	3.8
7-14 years	9.6	5.6	10.9	3.3	8.9	7.9
15-17 years	23.2	17.5	23.1	11.5	20.5	19.4
18-20 years	13.2	1.8	14.4	4.3	16.8	12.7
0-20 years	10.0	5.9	11.9	.	9.9	9.3
<i>Boys</i>						
0-6 years	3.4	1.6	7.2	0.9	4.5	4.1
7-14 years	11.5	5.3	13.1	4.3	9.9	8.5
15-17 years	26.7	5.0	22.4	12.7	18,4	21.7
18-20 years	15.3	3.3	14.3	.	16.2	14.9
0-20 years	11.6	3.8	12.9	5.0	10.1	10.3
<i>Total</i>						
0-6 years	3.4	2.1	6.9	0.9	4.3	4.0
7-14 years	10.6	5.5	12.0	3.8	9.4	8.2
15-17 years	25.0	11.0	22.7	12.1	19.5	20.6
18-20 years	14.3	2.6	14.3	.	16.5	13.8
0-20 years	10.9	4.8	12.4	4.6	10.0	9.8

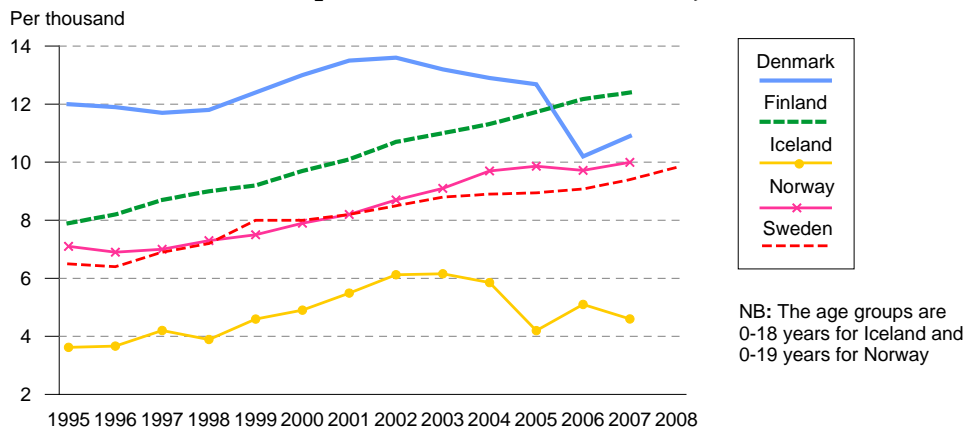
Note: For further information, see Appendix 5.

1 Including children and adolescents with reduced physical and/or mental abilities.

2 The age groups have been broken down as follows: 0-6 years, 7-14 years, 15-18 years and 0-18 years. The distribution on age and gender is based on estimates.

3 The group includes 18-20-year-olds who receive treatment according to the Social Service Act. This group of mainly 19-20-year-olds was previously included in the statistics as adult abusers.

**Figure 3.5 Children and adolescents aged 0-20 years placed away from their homes per thousand of total number, 1995-2008**



**Table 3.17 Children and adolescents in placements per 31 December in the year broken down by placement facility in per cent**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden
	2007	2008	2007	2007	2007	2008
Foster care	43	69	59	43	73	73
Residential institution	23	30	27	38	19	26
Other facility	34	1	14	19	9	1
Total	100	100	100	100	101	100

1 Iceland during the year.

2 As from 2007, own accommodation/room and accommodation with follow-up service are included in the category Other facility.

## 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, measured in PPP per child 0-17 years, vary highly. The reason why Denmark and Norway spend the most and Finland, the Faroe Islands and Iceland spend the least is mainly a result of the degree of coverage in the day-care institutions. 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; and in Sweden, temporary parental benefits. In Norway, the amount covers expenditure on a child-minding scheme. This is a scheme aimed at granting single providers a subsidy to 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 2006 to 2007*

In Denmark, the expenditure on both cash benefits and services remained at the same level in 2007 as the year before. The total increase was DKK 98 million, corresponding to 0.8 per cent. Daily cash benefits in connection with childbirth and adoption increased the most (an increase of DKK 292 million), while day-care institutions experienced the largest decrease (a drop of DKK 271 million).

In the Faroe Islands, total expenditure on families and children remained at the same level as in 2006. There was a slight increase in the expenditure on services, especially due to day-care institutions for children and adolescents with special needs. Also the expenditure on cash benefits increased due to supplements payable to families with disabled children.

In Finland, the expenditure at constant prices increased by 2.7 per cent. The largest increase was the expenditure on institutions for children and adolescents, which was 9.8 per cent, as the number of children cared for at institutions increased. The expenditure on daily cash benefits to parents increased by 8.9 per cent at constant prices, which was a result of an increase in the benefit rates and a higher pay level. The number of births remained at the same level as in 2006. The number of children in day care increased by 7 000 children, and the expenditure on day care increased by 4 per cent at constant prices.

In Iceland, the social expenditure on families and children increased by 1.8 per cent at constant prices. The expenditure on cash benefits increased by 21.2 per cent, while the expenditure on services decreased by 10.7 per cent at constant prices. These expenditure changes were first and foremost a result of a harmonization at long last of the ESSPROS and the national accounts. The increases in the expenditure on cash benefits may be explained by an increase in allowances towards maintenance of children by 17.1 per cent as well as an increase in the expenditure on other social benefits. The increase in the child allowance is a result of a reduction in regulation in relation to other incomes. The increase in the expenditure on services is caused by more children having been granted pension and by more children having been shifted from disabled to families and children. The decrease in the expenditure on services is a result of a drop in the expenditure on day-care institutions of 28.7 per cent pct. due to the calculated expenditure on education and training having been removed. To this should be added a large increase in the expenditure on other services as a result of a different kind of calculation method.

In Norway, the expenditure on families and children increased by 7.1 per cent at constant prices. Cash benefits increased by 0.6 per cent, while the expenditure on services increased by 14.1 per cent. Cash benefits amounted to 49 per cent of the total expenditure on families and children in 2007. The expenditure on daily cash benefits in connection with childbirth and adoption increased by 7.5 per cent. The increase in the expenditure on services was largely due to an increase in the expenditure on day-care institutions and family day care. About 14 900 more children were in 2007 enrolled in day-care institutions than in 2006.

In Sweden, the expenditure on families and children increased by about 2 per cent at constant prices. The increase was due to an increase in the parental benefits in connection with childbirth and adoption as well as the fact that there were 4.2 per cent more days, in which daily cash benefits were payable in 2007 compared with 2006. Besides, the amounts paid increased by 4.4 per cent from 2006 to 2007.

**Table 3.18 Expenditure on and financing of cash benefits and services to families and children, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Daily cash benefit in the event of childbirth and adoption	9 009	66	2 687	8 014	10 857	46 708
B. Birth allowances	-	1	828	-	406	21 041
C. Parental benefits when minding children (leave schemes, etc.)	280		10	-	1 976	28
D. Family or child allowances	15 429	142	354	8 191	14 415	-
E. Supplements	-		1 411	-	33 330	23 516
F. Other	418	18		2 217		
a. Of which advances on maintenance allowances to children	418	1	84	783	569	2 123
Cash benefits, total	25 134	226	5 470	18 421	30 984	91 293
<i>Services, million</i>						
A. Day-care institutions and family day care	25 509	307	1 626	11 146	21 802	28 939
B. Residential institutions (child and youth welfare)	8 120	39	459	3 271	5 891	8 942
C. Home help to families	14	0	22	124	1 045	
D. Other	3 359	14	307	4 445	4 170	3 951
Services, total	37 002	328	2 414	18 987	32 909	43 970
Total expenditure, million	62 136	586	7 884	37 408	63 893	135 263
Expenditure as percentage of GDP	3.7	4.7	2.8	2.9	2.8	3.0
<i>Financed by (per cent)</i>						
- Public authorities	85.1	85.9	85.2	78.8	82.9	76.6
- Employers	0.3	7.1	11.2	21.2	10.2	22.7
- The insured (contributions and special taxes)	14.7	7.0	3.7	0.0	7.0	0.7
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Million	98	66	134	-713	4 255	3 405
- Per cent	0.2	12.8	2.7	-1.9	7.1	3.9

**Table 3.19 Expenditure on cash benefits and services to families and children, PPP 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	449	456	415	456	591	469
- Per child 0-17 years of age	2 019	1 673	1 998	1 781	2 536	2 228
Services, total per capita	661	661	373	470	627	441
- Per child 0-17 years of age	2 973	2 426	1 795	1 836	2 693	2 097
Families and children, total per capita	1 110	1 180	787	926	1 218	910
- Total per child 0-17 years of age	4 993	4 329	3 793	3 617	5 229	4 325

### *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. When charges are calculated, a family's income is normally taken into account, and there may be discounts for siblings. Children of parents who have a very low income may in all the countries be granted a place free of charge. In none of the countries may payment exceed the actual costs of a place in an institution.

In Denmark, rules governing the maximum amount of user charges, places free of charge and sibling discounts are laid down centrally. In the Faroe Islands, rules are laid down centrally on the maximum amount payable and places free of charge. In Finland, user charges are fixed centrally, whereas 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 16 per cent of the total operating expenditure, whereas user payment for after-school clubs amounted to about 32 per cent of the total operating costs.

In Norway, private and municipal kindergartens calculate their total operation costs in slightly different ways, however. Although private kindergartens on average are more expensive than the municipal ones, the price differences are in reality not as large for the parents as implied by the percentages. It is, however, not possible to calculate how large a ratio the parents pay.

In Sweden, parents pay a rate as a rule which takes into consideration both income and the time, which a child spends in the institution, but a fixed rate may also apply, irrespective of income and time. User payment for minding in one of the private minding schemes should in principle be the same as in the municipal ones. Rules applying to maximum user payment have been laid down by Central Government. Within this framework, local authorities may lay down their own rules.

**Table 3.20 Rules and amounts applying to user payment, 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Laid down centrally or locally?	Centrally	Centrally	Centrally	Local authorities	Centrally	Centrally
Amount of maximum user payment	Depending on type of minding between 20 and 100 per cent of the total gross running costs <sup>1)</sup> .	.	EUR 233 per month		NOK 1 660 per month	SEK 1 260 per month
Amount means-tested?	No	.	Yes		No <sup>5)</sup>	Yes <sup>4)</sup>
Reduction for several children?	Yes	Only in the largest municipality in the Faroe Islands	Yes		Yes	Yes
Free places available?	Yes	Yes	Yes		Yes	Yes
The ratio of user payments of the total running costs	20 per cent <sup>2)</sup>	30 per cent	11 per cent	16 per cent	20 per cent	10 per cent

1 No ceiling for SFOs, however.

2 Includes day care, nursery, kindergarten, age-integrated institutions, SFOs and youth centres.

3 The maximum charge is voluntary, but will be adapted by all local authorities in Sweden.

4 Tested on the basis of the household income.

5 But all municipalities must have schemes providing families with little ability to repay a reduction or exemption from paying parent charges.

## Chapter 4

# Unemployment

Link to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

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 GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	2.0	Austria	1.6	Greece	1.1	The Netherlands	1.4 <sup>P</sup>
Faroe Islands	0.7	Belgium	3.4	Hungary	0.7	Poland	0.6
Finland	2.2	Bulgaria	0.3	Ireland	1.3	Portugal	1.3
Iceland	0.3	The Czech Re-		Italy	0.5 <sup>P</sup>	Romania	0.4
Norway	0.4	public	0.6	Latvia	0.4 <sup>P</sup>	Slovakia	0.5 <sup>P</sup>
Sweden	1.6 <sup>P</sup>	Cyprus	1.1	Lithuania	0.2 <sup>P</sup>	Slovenia	0.7 <sup>P</sup>
		Estonia	0.1	Luxembourg	1.0	Spain	2.6 <sup>P</sup>
		France	2.0 <sup>P</sup>	Malta	0.6	United Kingdom	0.6 <sup>P</sup>
		Germany	1.7 <sup>P</sup>				

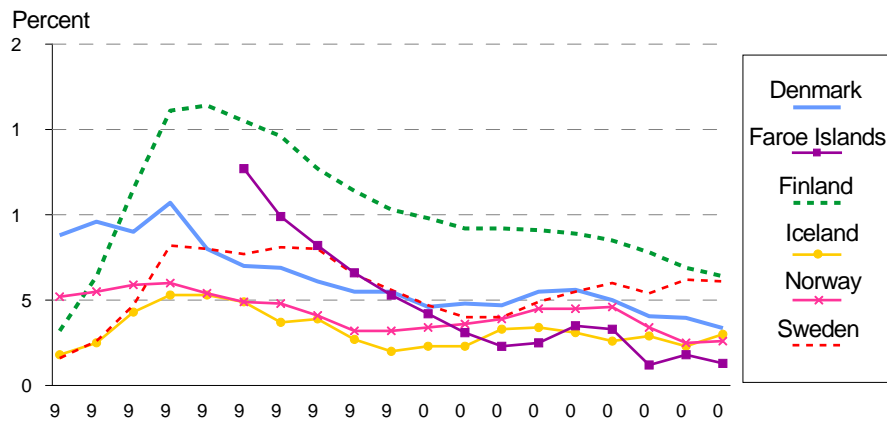
Note: Cf. Table 3.1.

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

The unemployment rate was very high in some of the Nordic countries during the 1990s but there has been a marked decline in all the countries, of which Finland still has the highest unemployment rate. In all the countries, the unemployment rate for the 16-24-year-olds is considerably higher, however, than it is 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, 1990-2008**



**Note:** In 2005, a new EU harmonized labour-force survey (AKU) was introduced in Sweden. Consequently, data from 2005 and earlier are not quite 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.

## UNEMPLOYMENT

**Table 4.2 Population aged 16-64 years broken down by gender and activity, 2008**

	Denmark	Faroe Islands	Finland <sup>1)</sup>	Iceland	Norway	Sweden
<i>Men</i>						
Men aged 16-64 years (1 000)	1 780	17	1 787	106	1 612	3 011
Of whom (per cent):						
Employed, total	82	85	72	88	81	78
- Full-time	73	71	67	79	74	69
- Part-time	10	14	6	9	10	9
Unemployed	3	1	5	3	2	5
Outside of the labour force	15	14	23	9	17	17
Total	100	100	100	100	100	100
<i>Women</i>						
Women aged 16-64 years (1 000)	1 753	14	1 749	98	1 549	2 913
Of whom (per cent):						
Employed, total	75	80	69	80	75	73
- Full-time	49	39	57	53	44	43
- Part-time	26	41	12	27	31	30
Unemployed	3	1	5	3	2	5
Outside of the labour force	23	19	26	17	23	22
Total	100	100	100	100	100	100
<i>Men and women</i>						
Men and women aged 16-64 years (1 000)	3 534	31	3 536		3 161	5 923
Of whom (per cent):						
Employed, total	79	82	71	84	78	76
- Full-time	61	54	62	67	58	56
- Part-time	18	28	9	17	20	19
Unemployed	3	2	5	3	2	5
Outside of the labour force	19	16	25	13	19	19
Total	100	100	100	100	100	100

1 Population aged 15-64 years.



**Table 4.3 Unemployment rate broken down by gender, 2008**

	Denmark	Faroe Islands <sup>1)</sup>	Finland	Iceland	Norway	Sweden
Average number of unemployed	98 380	374	172 000	5 500	67 000	293 700
<i>Unemployed in per cent of labour force</i>						
Total	3.4	1.3	6.4	3.0	2.6	6.1
Men	3.0	1.0	6.2	3.3	2.8	5.9
Women	3.7	1.7	6.7	2.6	2.4	6.4
<i>16-24-year-olds</i>						
Total	7.5	1.0	16.5	8.2	7.5	19.4
Men	6.8	0.9	17.1	9.0	8.2	19.2
Women	8.3	1.1	15.8	7.5	6.8	19.6

Note: For further information, see Appendix 5. In Denmark, AKU covers the 15-66-year-olds. In Finland, AKU covers the 15-74-year-olds.

1 Figures are based on the annual labour-force survey in November covering 16-64-year-olds.

**Table 4.4 Number of people (1 000) who drew cash benefits for at least one day in connection with unemployment, 2008**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
Insured	205	1	269	12	81	296
Non-insured	74	0	183	.	.	37
Total	279	1	439	12	81	327
Total in per cent of the labour force	10	.	16	7	3	7

Note: For further information, see Appendix 5.

1 Calculated on the basis of the number of approved unemployment benefit applications.

2 Double registration may appear, as a person may have been registered as being both insured and non-insured during one and the same year. In 2008, 6 000 people were calculated as being both insured and non-insured.

In Table 4.3, the number of unemployed people is shown as an average at a number of given census times, while Table 4.4 shows the number of people affected by unemployment for at least one day during the respective years. A comparison of the figures in the two tables thus indicates that relatively many unemployed people find employment again within less than a year, but the lengths of the unemployment periods also vary from one country to another.

## 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, where 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 via 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 to compensate 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*

In the Nordic countries, 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. 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 a cash benefit that is usually lower than the unemployment benefit. In Denmark, non-insured indi-

viduals may be awarded cash assistance, while non-insured individuals in Finland and Sweden may be granted a special cash benefit.

In Denmark, unemployment insurance is voluntary and is administered by the unemployment funds. Unemployment benefits are financed by member contributions and by the labour-market contributions payable by all employed people. Non-insured people will be awarded cash assistance (social assistance) if they meet certain requirements. It is also possible to retire early from the labour market by way of voluntary early retirement, cf. Chapter 6, but this does not depend on whether a person has been or is expected to become unemployed.

In the Faroe Islands, unemployment insurance is compulsory for employees, while self-employed people and others may take out voluntary insurance. Unemployment benefits are administered by a fund, which is financed by the employees, the self-employed and the employers, who pay 1 per cent of their income from work and the payroll costs, respectively, to the insurance fund. Everyone complying with the requirement as to previous income is entitled to daily cash benefits.

In Finland, the 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 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.

In Iceland, unemployment insurance is compulsory and is administered by the labour-market department. The unemployment insurance scheme is completely financed by social-insurance charges payable by the employers.

In Norway, the unemployment insurance is also compulsory and everyone meeting the requirements as to previous income is entitled to unemployment benefits. The unemployment-insurance scheme is financed by the national budget and administered by the employment and social-welfare department.

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.

### *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 must have been a member of an unemployment insurance fund for one year, and full-time insured members must have worked for a minimum of 52 weeks as employees or in self-employment within the past three years. The maximum period during which one is entitled to unemployment benefits is four years within a period of six years. A member, who has previously qualified for daily cash benefits, shall qualify for a new period of daily cash benefits when he/she has been in work for 52 weeks within a 3-year period. Requalification of entitlement to daily cash benefits after expiry of a daily cash benefit period is subject to at least 26 weeks of work as an employee or as a self-employed person within the past three years.

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 798 days within the past five 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 in special cases they shall be paid unemployment benefits in case of temporary unemployment.

In Finland, it is required that one must have worked for at least 43 weeks during the preceding 2 years and 4 months and at the same time have been a member of an unemployment-insurance fund prior to becoming unemployed in order to qualify for unemployment benefits. As a rule, the total benefit period is 500 days. Individuals, who reach the age of 57 before having been paid unemployment benefits for 500 days, are entitled to unemployment benefits until they reach the age of 60, after which they shall qualify for unemployment pension. Individuals born in 1950 or later no longer qualify for unemployment pension. Instead they may qualify for unemployment benefits until they reach the age of 65, provided they had turned 59 years prior to having received unemployment benefits for the maximum period of 500 days.

In Iceland, one must have been employed 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 amount of daily cash benefits. 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 own.

In Norway, a prerequisite for qualifying for unemployment benefits is that one has earned an income of NOK 105 384 in the past calendar year, or at least NOK 210.768 in the past three years. The maximum benefit period varies according to the amount of any previous income. A previous income of at least NOK 140 512 results in a benefit period of 104 weeks, whereas an earned income of less than NOK 140 512 results in a benefit period of 52 weeks. Individuals over 64 years are ensured unemployment benefits until they reach the pensionable age of the national social security fund, which is 67 years. 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, one must as from 1 January 2007 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 is 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 done.

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 are not payable.

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

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**Table 4.5 Rules applying to payment of cash benefits in the event of unemployment as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Conditions of being granted unemployment benefits	52 weeks of work within 3 years. 1 year's membership of an unemployment insurance fund.	Average of the salary/wages from the previous 12 months. No membership or employment period required.	At least 43 weeks of work (at least 18 hours per week) in the preceding 28 months	Full-time employment for at least 10 weeks in the past 36 months in order to be entitled to daily cash benefits. 12 months of full-time employment gives the right to maximum daily cash benefits.	A decrease in hours worked of at least 50 per cent and an annual income of at least NOK 105 384 the past calendar years or at least NOK 210 768 for the past 3 calendar years. Besides, the unemployed person must be seriously looking for work.	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. This requirement applies to the 12 months prior to unemployment.
Age limit for entitlement to unemployment benefit	19-64 years <sup>1)</sup>	16-66 years	17-67 years <sup>3)</sup>	16-69 years	16-66 years	16-65 years <sup>4)</sup>
Waiting period (days)	-	1-10	7	-	3	7 dage
Maximum number of days of unemployment benefit	1 040 within 6 years (5 benefit days per week for 4 years) <sup>2)</sup>	798 within the past 5 years (5 benefit days per week)	500 (5 benefit days per week)	260 days per year for 3 years	520 (104 weeks of 5 working days)	300/450 <sup>6)</sup>
Benefit reobtainable?	Yes	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 26 weeks' work within the past 3 years	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 2 years	By complying with the requirement of 24 weeks' full-time work within the past 24 months.	By complying again with the requirement of a minimum income	By again complying with the above conditions.

**To be continued ...**

**Table 4.5 Continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Benefit taxable?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>						
Age limit for entitlement to unemployment benefit	18-64 years <sup>2)</sup>		17-67 years <sup>3)</sup>		67 years	20-65 years
Maximum benefit period	208 weeks (1 040 days).					300/450 <sup>5)</sup>

- 1 Individuals between the ages of 18 and 63 years are entitled to join an unemployment-insurance fund - 65 years, however, for people born on 1 July, 1939, but entitlement to unemployment benefits applies to people between 19 and 64 years.
- 2 Children under 18 years and people of 65 years or more may in certain cases qualify for cash assistance.
- 3 65-67-year-olds, who have resigned or whose work has been interrupted by weather conditions or employee conditions independent of working conditions.
- 4 Entitlement to unemployment benefits is based on compliance with the employment requirement and a 12 months' membership of an unemployment-insurance fund.
- 5 For individuals with children under 18 years.

**Table 4.6 Amount of cash benefits in the event of unemployment as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Amount of unemployment benefit (per week)	90 per cent of the income from work for 5 days a week <sup>2)</sup>	70 per cent of the income from work	Income-related benefit: on average 58 per cent of previous income from work. Basic amount: EUR 122.55 + child supplement: EUR 23.20 –43.95 per week	Fixed amount for the first 10 days, then income-related benefits (70 per cent of average previous income from work for the past 6 months), then again a fixed amount + child supplement <sup>5)</sup>	62.4 per cent of the income from work	80 per cent of the income from work for the first 200 days, then 70 per cent per day for 5 days per week

To be continued ...

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**Table 4.6 Continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Maximum income per week for full compensation <sup>1)</sup>	DKK 4 245	DKK 4 274	.	51 582 ISK	8.106 NOK	SEK 4 250 per week for the first 200 days, then SEK 4 857 per week
Maximum income per week for full compensation in PPP-Euro <sup>1)</sup>	414	417	.	397	728	EUR 395 per week for the first 200 days, then EUR 451 per week
Min. amount per week	DKK 3 513	.	EUR 122.55	ISK 7 845	NOK 843	SEK 1 600
Min. amount per week in PPP-Euro	342	.	100	60	76	147
Max. amount per week	DKK 3 515	DKK 2 992	.	ISK 31 385 fixed amount	NOK 5 058	SEK 3 400
Max. amount per week in PPP-Euro	343	292	.	242	454	313
<i>Non-insured individuals</i>						
Amount of benefit per week	.	Needs-tested social assistance	Income-tested benefit, a maximum of EUR 122.55 + child supplement: EUR 23.20 – 43.95	Income-tested social assistance	.	SEK 1600 <sup>6)</sup>

1 The income ceiling is the income limit (previous income) in relation to which the unemployment benefits are calculated. Calculation of the income ceiling is made according to differing principles in the various countries.

2 Employers pay daily cash benefits of DKK 703 per day for the first, second and third day of unemployment.

3 Special benefits to young people under the age of 25 with no dependent children living at home.

4 For groups of cash-assistance recipients there is a limit to the total amount of assistance payable, just as the assistance to some groups will be reduced after a period of six months.

5 The cash assistance will be increased by 4 per cent for each child under the age of 18.

6 Minimum age 20 years. 6 months' work prior to becoming unemployed is required.



### *Compensation Levels in Case of Unemployment*

Figure 4.2 shows the disposable income at two different income levels for a childless couple where the one earning the most starts drawing unemployment benefits. Figure 4.3 shows the disposable incomes in the event of unemployment for single people with one child and single childless people, calculated at three different income levels. In Figure 4.3, the calculation was made for insured people at three different income levels and in Figure 4.4, for non-insured people at four different income levels (the latter only in respect of Denmark, Finland, Iceland and Sweden). Tables 4.7, 4.8 and 4.9 show the disposable incomes 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. In Denmark, the compensation is, however, slightly lower for single people with one child in the lowest income bracket for insured unemployed individuals than for non-insured individuals, and considerably lower in Iceland. In Iceland, this is due to the calculations concerning insured people taking into account the rate of employment, whereas previous income is not taken into account in respect of non-insured people, as 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 contribution to an unemployment fund.

The lower compensation to non-insured unemployed people in relation to insured unemployed people applies especially to single people, who have previously had high incomes, and generally to single childless people.

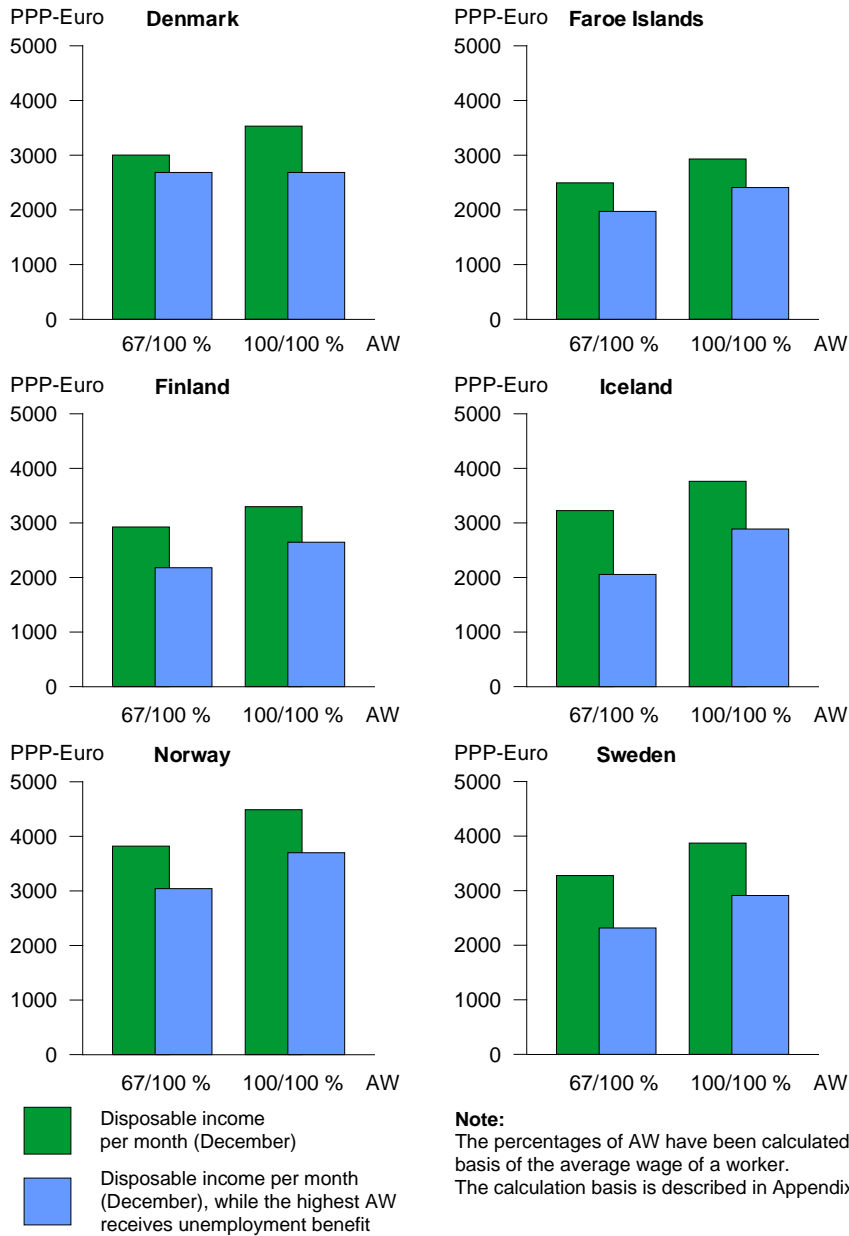
The compensation level for insured people depends first and foremost on the amount of the daily cash benefits in relation to previous income. It is highest in Denmark and lowest in Norway. In Iceland, a fixed daily cash benefit amount is payable, irrespective of previous income, for the first 10 days 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, however, compensation will only amount to 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

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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 level for both insured and non-insured people and contributes in particular to providing single parents with a high level of compensation.

**Figure 4.2 Disposable incomes for an insured childless couple, where the person earning the most draws unemployment benefits, 2008**

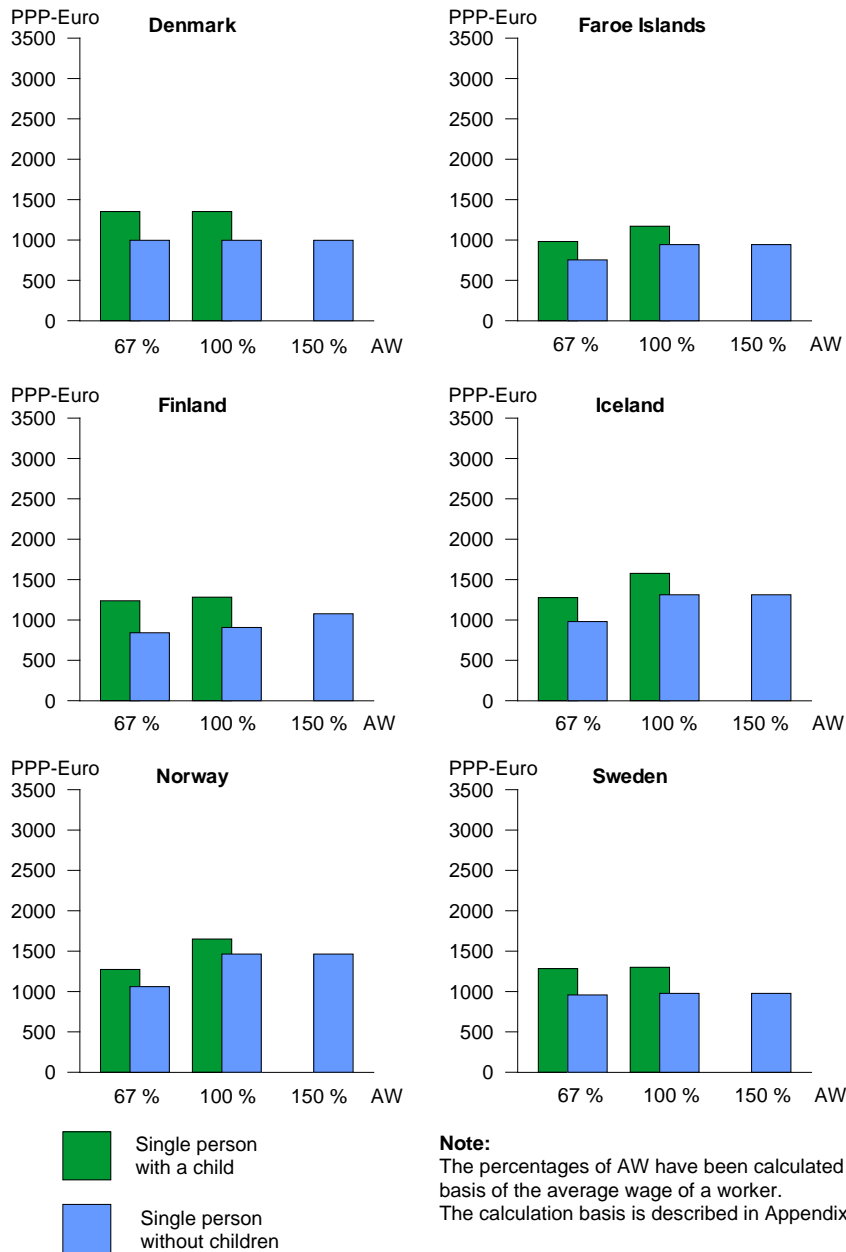


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**Table 4.7 Compensation levels per month (December) for an insured couple, where the highest AW draws unemployment benefits, as percentages of disposable incomes from work per month**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67/100 per cent AW	89	79	75	64	80	71
100/100 per cent AW	76	97	80	77	82	75

**Figure 4.3 Disposable income when drawing unemployment benefits for a single person per month (December), 2008**

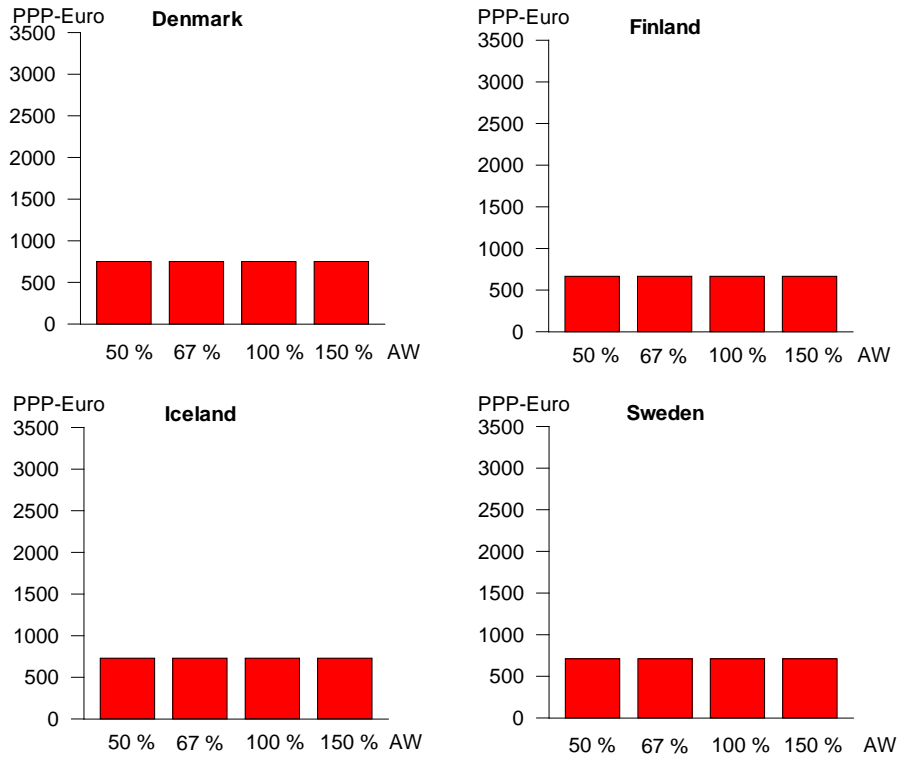


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**Table 4.8 Compensation levels for a single person drawing unemployment benefits per month (December) as percentages of disposable income from work per month, 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Single person with no children</i>						
67 per cent AW	80	73	66	73	67	72
100 per cent AW	57	64	52	70	65	50
150 per cent AW	42	44	45	49	47	38
<i>Single person with one child</i>						
67 per cent AW	88	94	88	79	74	82
100 per cent AW	69	78	72	75	70	63

**Figure 4.4 Disposable income for a single childless person in connection with unemployment for a non-insured person per month (December), 2008**



Single person without children

**Note:**

The percentages of AW have been calculated on the basis of the average wage of a worker. The calculation basis is described in Appendix 1.

**Table 4.9 Compensation levels per month (December) for a non-insured childless person as percentages of disposable income from work, 2008**

	Danmark	Finland	Island	Sverige
50 pct. AW	78	66	68	69
67 pct.AW	61	52	54	53
100 pct.AW	43	38	39	37
150 pct. AW	32	28	27	28

## Job Training and Activation

In all the Nordic countries, focus is on activation. The lower age limit for the implementation of labour-market measures is 18 years in Denmark and Finland and 16 years in Iceland. In Norway and Sweden, the age limit depends on the measure in question. 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 have played an increasingly important part since the labour-market reform in 1994.

Unemployed recipients of daily cash benefits under the age of 25, who have not completed any vocational training qualifying them for the labour market, are, after no later than six months of unemployment, entitled to receive and obliged to accept an offer of education or training for a minimum of 18 months. The offer may be combined with other types of guidance and qualifying activities or with a traineeship. The benefit payable during the activity corresponds to half the amount of the daily cash benefits. Other unemployed recipients of daily cash benefits under the age of 25 and daily cash benefit recipients between 25 and 30 years have a right and an obligation to accept activation after no later than six months of unemployment by way of education, guidance or qualifying activities, traineeship or job training.

Unemployed recipients of daily cash benefits between 30 and 60 years are entitled to and obliged to accept activation after no later than nine months of unemployment by way of education, job training, etc. Unemployed recipients of daily cash benefits over 60 years are entitled to and obliged to accept activation after six months of unemployment. All recipients of unemployment benefits are furthermore entitled 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. Moreover, unemployment-benefit recipients are entitled and obliged to accept intensive activation for the rest of the unemployment period after having been unemployed for 30 months.

Activation early in the benefit period is based on need and is flexible, partly aimed at groups at risk of becoming unemployed on a long term basis and partly to prevent lack of qualified manpower (“bottle necks”).

After a maximum of 13 weeks, unemployed recipients of cash assistance under the age of 30 are entitled to and obliged to accept an offer of activation or training for at least 30 hours per week for 18 months; but only for six months for people with an education/training qualifying them for work. Unemployed recipients of cash assistance between 25 and 30 years with no education must be presented with an offer after five weeks, unless they choose to enrol in a general line of education. Recipients of cash assistance of 30 years or more must be offered activation no later than 12 months after having been granted cash assistance. All recipients of cash assistance, apart from those over 30 years, who receive benefits not only due to unemployment, are furthermore entitled to and obliged to accept a new offer of activation when they have received cash assistance for six months after termination of the first activation offer.

Unemployed people are entitled to wages during job training, while the benefits payable in connection with other activation and training measures largely correspond to the amount of 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 has, apart from performing its main task of paying out unemployment benefits, undertaken to grant unemployed people subsidies towards payment for various courses and special municipal employment measures.

In Norway, increasing support has been given to the active labour-market policy during the 1990s. However, there has been a change in recent years in the use of measures in connection with job provision, in that focus to a higher degree than before has been put on the groups in the labour market that are most at risk and most in need of assistance. In relation to the general labour market, focus is during the first part of the unemployment period on one's own activation and motivation for work. If this proves insufficient, jobseekers that are in need of more comprehensive assistance will be offered individual follow-up and guidance in his or her search for a job. The individual's possibilities in the labour market will be enhanced through job training and qualifying measures. The level and composition of the labour-market measures will be adapted to the labour-market situation. Groups with special difficulties in the labour market, such as the long-term unemployed, immigrants, the impaired and young people are given priority to those special jobs.

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 a proper 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 improve unemployed people's possibilities of finding proper work in the labour market considerably. 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 may 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 e.g. 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 via the employment service with vocational guidance, in-service training and vocational experience. 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 get 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 a risk of becoming so may in some cases be granted subsidies to start their own businesses.

There are measures for people with reduced working capacities, enabling them to work in subsidized jobs either with a public or a private employer.

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**Table 4.10 Number of activated people**

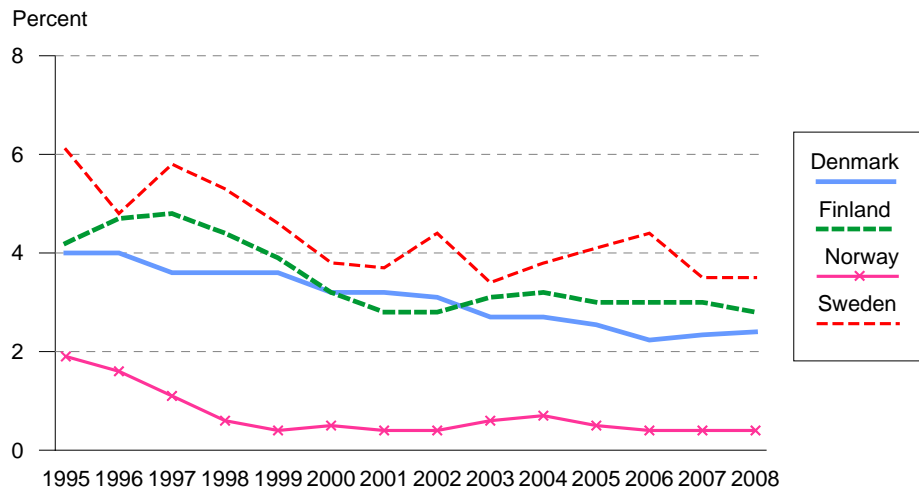
	Number of activated people during the year		Number of activated people at the time of survey/average number of activated people		Activated people as percentage of the labour force at the time of survey	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Denmark</i>						
<i>2008</i>						
Total	221 188	33 528	68 198	7 999	2.4	2.0
Of whom were in:						
- Subsidized employment	78 697	7 130	26 322	1 466	0.9	0.4
- Education and training	173 858	30 778	41 876	6 533	1.5	1.6
- Other	-	-	-	-	-	-
<i>Finland</i>						
<i>2008</i>						
Total	195 613	45 060	74 635	12 578	2.8	3.7
Of whom were in:						
- Subsidized employment	86 612	10 415	36 385	4 034	1.3	1.2
- Education and training	55 986	8 719	28 181	3 976	1.0	1.2
- Other	53 015	25 926	10 069	4 568	0.4	1.3
<i>Iceland</i>						
<i>200.</i>						
Total	4 903	916	.	.	.	.
Of whom were in:						
- Subsidized employment	154	54	.	.	.	.
- Education and training	2 092	368	.	.	.	.
- Other	2 657	494	.	.	.	.
<i>Norway<sup>1)</sup></i>						
<i>2008</i>						
Total	45 951	14 395	10 859	3 336	0.4	0.9
Of whom:						
- Subsidized employment	6 144	1 308	1 735	342	.	.
- Education and training	22 955	5 102	4 848	922	.	.
- Other	16 852	7 985	4 276	2 072	.	.
<i>Sweden</i>						
<i>2008</i>						
Total	387 119	.	171 311	.	3.5	.
Of whom were in						
- Subsidized employment	146 388	.	91 485	.	1.7	.
- Education and training	75 266	.	14 860	.	0.3	.
- Other	181 197	.	71 861	.	1.5	.

Note: For further information, see Appendix 5.

1 As from 2006, the age group 16-24 years corresponds to 15-24 years.

2 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.

**Figure 4.5 Development in the activation as percentages of the labour force at the time of calculation, 1995-2008**



## Services in Connection with 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. removal assistance and assistance in connection with dual housekeeping.

## Employment Service

In all the Nordic countries, there are employment services. They provide services to both job seekers and employers. The employment service is run by the State in all the countries.

In Denmark, the state employment service and the municipal employment activities were joined in common job centres in 2007. Central Government is still responsible for the employment activities concerning insured unemployed people, and the local authorities are responsible for the other target groups (cash-assistance recipients, sickness-benefit recipients, people

undergoing rehabilitation, etc.). In 14 pilot job centres, Central Government has delegated the state effort to a local authority, who attends to the activities concerning both the municipal target groups and the insured unemployed.

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 service provision to enterprises in connection with recruitment of labour.

As a rule, the unemployed must register with an employment service 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 or 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 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 and 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.

## **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 mentioned, however, that a number of subsidies are payable to employers in Finland for activation. Such costs have not been included as social expenditure in this report. The high expenditure in Denmark is due to the amount of the daily cash benefits and to the extent of the activation/job training. The Faroe Islands and Iceland have the lowest unemployment rates followed by Norway, which also reflects low costs, cf. Table 4.12.

### *Changes in the Expenditure on Unemployment from 2006 to 2007*

In Denmark, the expenditure on both cash assistance and services decreased in 2007 in relation to 2006. The total expenditure decrease was DKK 7,235 million, corresponding to 21.3 per cent. The largest decrease was found in the payment of unemployment benefits (a drop of DKK 4,625 million) and cash assistance payable in connection with job training (a drop of DKK. 2,438 million). The changes may be explained by the decreasing unemployment rate.

In the Faroe Islands, there was a considerable drop of 44.3 per cent in the expenditure on unemployment as a result of a large decrease in the unemployment rate. The average unemployment rate was about 1 per cent in 2007. The large percentage decrease should be seen in the light of the expenditure on unemployment making up a relatively small part of the total social expenditure, however, and a slight decrease in the unemployment rate results in a steep percentage decrease in the expenditure.

In Finland, the expenditure on unemployment decreased by 7.6 per cent at constant prices, and the expenditure on cash benefits decreased by 8.7 per cent at constant prices as a result of a decrease in the unemployment rate from 7.8 per cent to 6.9 per cent, corresponding to a drop in the number of unemployed people of 21 000.

The number of recipients of unemployment pension increased, however, by 2 592 people, while the expenditure decreased by 1.3 per cent at constant prices. The expenditure on services was 3 per cent higher in 2007 than in 2006 at constant prices.

In Iceland, the expenditure on unemployment decreased by 12.5 per cent from 2006 to 2007 at constant prices as a result of a decline in the unemployment rate. Labour-market surveys showed that the unemployment rate decreased from 2.9 per cent in 2006 to 2.3 per cent in 2007.

In Norway, the expenditure on unemployment benefits decreased by 23 per cent at constant prices. The expenditure on cash benefits decreased by

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28.4 per cent, while the expenditure on services increased by 0.8 per cent. Cash benefits made up 76 per cent of the total expenditure on unemployment in 2007. The drop in the expenditure on cash benefits is a result of the expenditure on unemployment benefits decreasing by 29.8 per cent. The number of unemployed people decreased from an average of 84 000 in 2006 to 63 000 in 2007 corresponding to a decline of 25 per cent.

In Sweden, there was a large decline of about 34 per cent in the expenditure on unemployment in 2007 at constant prices, while the expenditure on labour-market measures decreased by about 19 per cent. In 2007, there was a decline in the Swedish number of unemployment funds at the same time as the unemployment rate dropped.



**Table 4.11 Expenditure on and financing of cash benefits in connection with unemployment, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Unemployment benefit	11 596	50	2 009	2 347	4 583	20 968
B. Partial unemployment benefit	-	-	91	-	-	-
C. Pension for labour market reasons	-	-	680	-	368	-
D. Cash benefits payable during vocational training	13 696	-	228	125	-	5 237
E. Compensating benefits	-	-	6	-	-	593
F. Other	-	-	-	134	-	-
Cash benefits, total	25 291	50	3 013	2 606	4 950	26 798
<i>Services, millions</i>						
A. Mobility and resettlement	-	-	4	-	-	67
B. Services in connection with vocational training	-	1	268	-	368	2 739
C. Other	1 491	-	146	495	1 223	3 254
a. Of which employment services	1 050	-	146	495	1 193	-
Services, total	1 491	1	417	495	1 591	6 060
Total expenditure, millions	26 782	51	3 430	3 101	6 541	32 858
Expenditure as percentage of GDP	1.6	0.4	1.9	0.2	0.3	1.1
<i>Financed by (per cent)</i>						
- Public authorities	17.4	0.0	51.0	0.2	44.7	1.0
- Employers	0.0	50.0	35.9	99.8	34.0	80.9
- The insured (contributions and special taxes)	82.6	50.0	13.1	0.0	21.3	18.0
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Millions	-7 235	-39	-281	-439	-1 954	-15 998
- Per cent	-21.3	-43.1	-7.6	-12.4	-23.0	-32.7

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**Table 4.12 Expenditure on cash benefits in connection with unemployment in PPP 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	452	100	465	64	94	269
- Per capita of working age	698	161	713	98	146	420
Services, total per capita	27	3	64	12	30	61
- Per capita of working age	41	4	99	19	47	95
Unemployment, total per capita	478	103	529	77	125	330
- Per capita of working age	739	165	811	116	193	515

## Chapter 5

# Illness

Link to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

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, the Faroe Islands, Iceland and Norway, 2006**

Denmark	6.1	Austria	7.1	Greece	6.8	The Netherlands	8.7 <sup>P</sup>
Faroe Islands	6.7	Belgium	7.4	Hungary	6.3	Poland	3.8
Finland	6.6	Bulgaria	3.8	Ireland	7.0	Portugal	6.9
Iceland	7.3	The Czech Re- public	6.2	Italy	6.9 <sup>P</sup>	Romania	4.8
Norway	7.2	Cyprus	4.6	Latvia	3.5 <sup>P</sup>	Slovakia	4.7 <sup>P</sup>
Sweden	7.8 <sup>P</sup>	Estonia	3.8	Lithuania	4.1 <sup>P</sup>	Slovenia	7.1 <sup>P</sup>
		France	8.7 <sup>P</sup>	Luxembourg	5.1	Spain	6.4 <sup>P</sup>
		Germany	8.0 <sup>P</sup>	Malta	5.1	United Kingdom	8.2 <sup>P</sup>

Note: See Table 3.1.

## Paid Absence Due to Illness

The structures of the wage and daily-cash-benefit schemes concerning illness vary considerably from one country to another. In principle, everyone in 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\* to employees and self-employed people in case of illness as per December 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Employees qualify for sickness benefits on the following conditions:	Daily cash benefits from employer: 8 weeks of employment with a minimum of 74 hours of work. Daily cash benefits from local authorities: Employment for 13 weeks with a minimum of 120 hours of work <sup>1)</sup>	Paid work for a total of at least 20 hours in a period of 5 weeks.	Work for 3 months or 55 days consecutively.	Pay during illness depending on period of employment. After 1 year of employment, salary/wages will be paid 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 in converted annual income.	To work in Sweden plus an annual income of at least SEK 9 900 before 2008 plus must be insured from the first day of employment.
Self-employed people qualify for sickness benefits on the following conditions:	A considerable amount of work in self-employment for 6 months within the past 12 months.	Eligibility period is 4 weeks provided an 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>	Same rules as apply to employees.
Maximum period of sickness benefit/sick pay:	52 weeks within 18 months <sup>2)</sup>	40 weeks within a year	52 weeks within two years <sup>3)</sup>	52 weeks within two years	52 uger within three years	Usually 364 days in a period of 15 months <sup>10)</sup>
Waiting period?	No	No	No <sup>4)</sup>	Yes <sup>6)</sup>	No	Yes
Length of waiting period:	-	-	-	..	-	1 day (1-30 days for self-employed people)
Employer period?	Yes	Yes	Yes <sup>4)</sup>	Yes	Yes	Yes

**To be continued ...**

**Table 5.2 Continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Duration of employer period:	15 days	2 days	10 working days	1 month <sup>7)</sup>	16 days	2 weeks <sup>9)</sup>
Wages/Salaries payable during illness?	Yes	Yes	Yes	Yes	Yes	Yes
Statutory payment of wages/salaries during illness?	Yes	No	Yes <sup>4)</sup>	Yes	Yes	No
Rules applying to part-time absence due to illness?	Yes	No	Yes <sup>5)</sup>	Yes	Yes	Yes
Payment of wages/salaries during illness according to agreement?	Yes	Yes	Yes	Yes	Yes	Yes

\* Cash assistance means sickness benefits or wage/salary.

1 Individuals who qualify for unemployment benefits, have completed vocational training for a duration of at least 18 months or are in work-training schemes with pay, are also entitled to sickness benefits.

2 The benefit period may be extended under special circumstances. This applies, for instance, where it is deemed likely that rehabilitation can be implemented, or where an application for disability pension has been submitted for consideration. In addition, a benefit period may be extended by 2×26 weeks in case of serious illness or an industrial injury.

3 Employees and tradesmen who work full time and who have been paid sickness benefits without interruption for at least 60 days, may be awarded part-1 sickness benefits for a maximum of 72 working days if they return to work and work part time.

4 Sickness benefits will 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.

5 After payment of sickness benefits for 55 days.

6 In the public sickness insurance scheme.

7 According to law, wages/salaries are payable during illness depending on the length of the employment period. After 1 year of employment, wages/salaries shall be payable for one month, increasing to three months after five 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 Within the employer period, there is a waiting period of one day. This also applies to people who are not employed. The employer period is 2 weeks as from 1 January 2005. People suffering from serious illness are exempt from any limitation of time.

**Table 5.3 Amount of sickness benefits payable to employees in case of illness as per December 2008**

	Denmark	Faroe Islands	Finland	Norway	Sweden
Amount of sickness benefit as percentages of income from work	100	100	70 Normally <sup>2)</sup>	100	77.6 <sup>4)</sup>
Income ceiling per week for full compensation <sup>1)</sup>	DKK 3 821	DKK 4 786	.	NOK 8 106	SEK 5 913
Income ceiling per week for full compensation in PPP-Euro <sup>1)</sup>	373	467	.	683	545
Minimum amount per week	.	.	EUR 91.2 <sup>3)</sup>	NOK 642	SEK 189
Minimum amount per week in PPP-Euro	.	.	76.6	57	17
Maximum amount per week	DKK 3 515	DKK 3 830	.	NOK 8 106	SEK 4 589
Maximum amount per week in PPP-Euro	343	373	.	683	423
Sickness benefit taxable?	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No	No

1 The maximum income is the income ceiling (previous income) on which the calculation of sickness benefits is based. The calculation of the maximum income is made according to varying principles in the various countries.

2 70 per cent of the income from work up to EUR 30 033 per year, then 40 per cent of the income between EUR 30 034 and 46 207 per year, and after that 25 per cent. Partial sickness benefits amount to 50 per cent of the general 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 As from 1 July 2008. Applies to the first 364 days, when 77.5 per cent are payable, then 72.5 per cent for a maximum of 550 days. People suffering from very serious diseases may be awarded 77.6 per cent without any limitation of time.

### *Statutory Wages/Salaries or Employer Period at the Beginning of a 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 of sickness benefits.

In Denmark, sickness benefits are payable by the employer for the first 21 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 been working 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 the State the two first days of illness.

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

In Iceland, all employees have a statutory right to sick pay for a period that depends 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 receive 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.

### *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 will 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 will 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 will 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, and after that 66-75 per cent of their wages/salaries. 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 longer than 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 will be paid in full during illness by way of a supplement to the sickness benefit 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 will be paid wages/salaries according to collective agreements as a supplement to the sickness benefits. Sickness benefits correspond to 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 will 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 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 by 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 governing 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 13 weeks prior to their absence and during that period have been employed for at least 120 hours. People who are entitled to unemployment benefits, or have concluded vocational training of a duration of at least 18 months, or have been in work-training schemes with pay, are also entitled to sickness benefits from the local authorities. As to self-employed people, it is a condition that they have been working for at least six months during the past 12 months, of which at least one month's work must have been carried out immediately prior to the illness.

For self-employed people, sickness benefits are calculated on the basis of their incomes from their businesses.

In the Faroe Islands, sickness benefits are payable to wage/salary earners 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 1 154. Up to an annual income of EUR 30 033, 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 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 an annual income of at least NOK 33 128. This income limit does not apply to sickness benefits payable in the employer period. The maximum amount of sickness benefits payable is NOK 451 536 per year.

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 will be payable from the 17<sup>th</sup> day of sickness at 65 per cent of the sickness benefit basis. When sickness benefits have been paid for 250 days within the past three years, entitlement will cease.

In Sweden, one condition for being awarded sickness benefits is that the recipient earns an income of at least 24 per cent of the basic amount, which in 2008 was SEK 41 000. The compensation is 80 per cent, but only for an earned income of a maximum of SEK 307 500. If the ill person is unemployed and thus not entitled to sick pay, there is a maximum limit of SEK 487 per day, which can be compared with SEK 682 payable to the other groups.

### *Waiting Periods*

The rules applying to waiting periods also vary from one country to another. In Denmark and Norway, there are no waiting periods for employees if a paid employer period exists. As to self-employed people, and people who work freelance, there is a waiting period of 14 days in Denmark and 16 days in Norway, which may, however, be reduced by a voluntary insurance. In Denmark, voluntary insurance may be taken out in order for a self-employed person to be entitled to sickness benefit 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 will 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) that entitles them to the full maximum daily cash benefit amount.

In the Finnish sickness insurance scheme, there is 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. In Finland, self-employed people are entitled to sickness benefits according to the same principles as apply to wage earners. Self-employed people, who have pension insurance, are, however, entitled to sickness benefits from the third day of illness.

The difference is, however, that where wage earners are entitled to statutory pay during the waiting period of the sickness insurance scheme, self-employed people do not receive any benefits for the day on which they fall ill and the following nine 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 the Faroe Islands, there is no waiting period.

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

In Norway, self-employed people can take out sickness-benefit insurance with coverage of either 65 or 100 per cent from the first day of illness or coverage of 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. Self-employed people may choose a waiting period of one, three or 30 days, depending on the nature of the insurance they have taken out.

### *Other Conditions*

In Denmark, Finland, Iceland and Norway, sickness benefits will normally be payable for a maximum of one year (52 weeks), and a period may consist of several separate sickness-benefit periods. In Finland, it is also possible to be awarded sickness benefits partially for 12-72 working days, if the person concerned has received sickness benefits for a minimum of 60 consecutive days and then returns to a part-time job. The object is to alleviate the return to work after long-term illness. In the Faroe Islands, sickness benefits will be payable for a maximum of 40 weeks within a period of 12 months, after which social assistance may be payable according to need.

In Denmark, the period may, in certain cases, be extended beyond the 52 weeks. In Sweden, there is no time limit for receipt of sickness benefits.

In all the countries, sickness benefits are taxable income.

In Denmark, sickness benefits are paid and managed by the local authorities. Central Government reimburses local authorities their expenditure on sickness benefits for the first four weeks at 100 per cent, while the expenditure after the four weeks and up to and including 52 weeks will be reimbursed at 50 per cent. After 52 weeks, local authorities themselves defray the expenditure on sickness benefits in full.

In the Faroe Islands, sickness benefits are paid by the Faroese Social Administration.

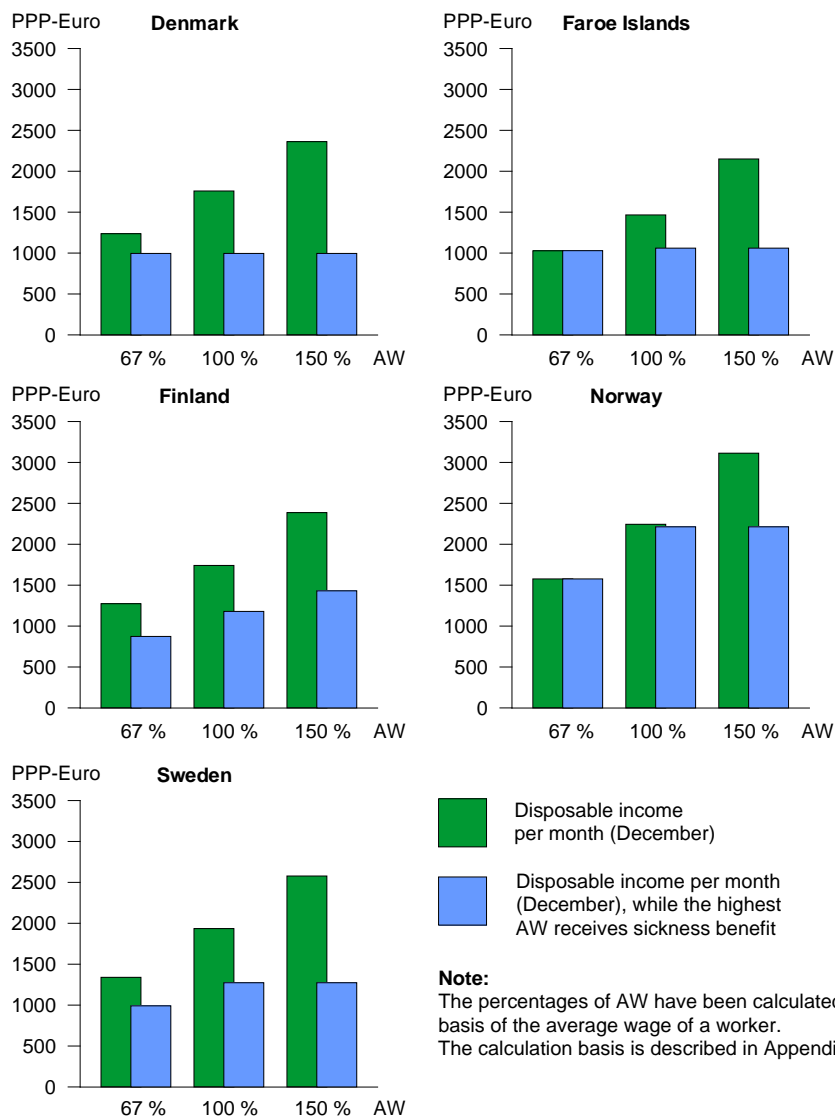
In Finland, sickness benefits are payable by the Social Insurance Institution; in Iceland, sickness benefits are payable by the National Social Insurance Scheme, in Norway, by the Ministry of Labour and Social Inclusion and in Sweden, by the insurance funds.

In Norway, an activation requirement was introduced in 2004 in order for people to be entitled to sickness benefits. The ill person must be tested as early as possible in work-related activities, either in case of part-time absence due to illness or of an active report of sickness. If an employee is reported sick for more than eight weeks, there must be decisive medical grounds hindering activity. If the reason for lack of activity is not included in the statutory exceptions, payment of sickness benefits will be stopped. Physicians who repeatedly fail to comply with the new rules applying to report of illness and documentation of lack of working capacity may risk losing their entitlement to issue medical certificates on the basis of which social benefits are granted. If an employee continues to be reported sick, the National Social Insurance Scheme may after no later than 12 weeks request a follow-up plan, which the employer must prepare in cooperation with the employee according to the Working Environment Act. Where an employer fails to comply with such a request, the National Social Insurance Scheme may impose a fine on the business.

### *Degrees of Compensation*

Figure 5.1 shows the disposable income at three different income levels for single childless people who draw sickness benefits. Figure 5.4 shows the disposable income at three different income levels for a single childless person drawing sickness benefits as percentages of the disposable income from work.

**Figure 5.1 Disposable incomes for single childless people, 2008**



**Table 5.4 Compensation levels for single childless people per month (December) when drawing sickness insurance as percentages of disposable income when in work**

	Denmark	Faroe Islands	Finland	Norway	Sweden
67 pct. AW	80	100	69	100	74
100 pct. AW	57	72	68	99	66
150 pct AW	42	49	60	71	49

## Length of Absence Periods

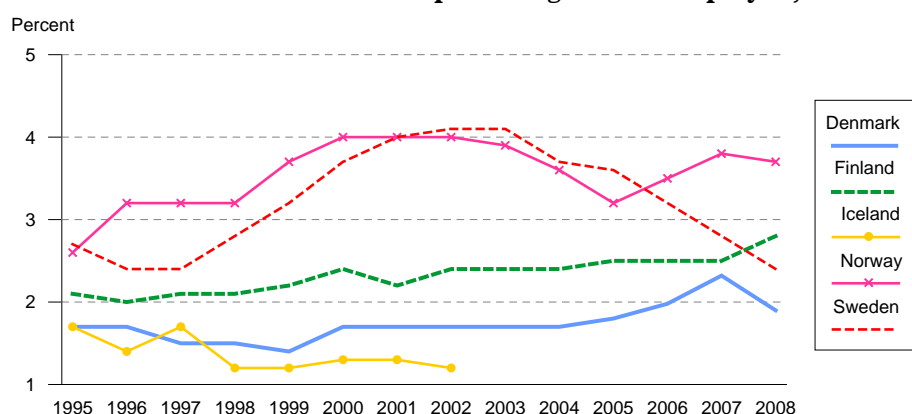
**Table 5.5 Employees' calculated absence due to illness for at least one week as percentages of all employees, 2008<sup>1)</sup>**

	Denmark <sup>2)</sup>	Finland	Norway	Sweden
Men	1.6	2.6	2.7	1.9
Women	2.2	3.1	4.7	3.0
Total	1.9	2.8	3.7	2.4

Note: For further information, see Appendix 5.

1 The figures were calculated on the basis of labour-force surveys as an average of the censuses.  
2 15-66-year-olds.

**Figure 5.3 Development in employees' calculated absence due to illness for at least one week as percentages of all employed, 1995-2008**



As it appears from the figures, there are considerable differences in the compensation levels in case of illness. The lowest income groups will be fully compensated in case of illness, both in the Faroe Islands and in Norway. The differences are partly depending on the amount of the daily cash benefits in relation to the income from work (they are highest in Denmark and Norway and lowest in Finland), partly by the maximum amount, which is relatively low in Denmark in relation to Sweden and – especially – Norway. Besides, it is significant that there is no upper limit to the amount of daily cash benefits in Finland. The compensation level is, however, only 25 per cent at an annual pay of more than EUR 46 207.

The extent of the absence due to illness varies considerably from one country to another; it is least pronounced in Iceland, followed by Denmark,

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 for activity in the sickness-benefit scheme. The amendment has resulted in an increase in part-time absence due to illness.

In Table 5.5, 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. 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 Denmark and with relatively most in Norway. Relatively speaking, there are now fewer men in Sweden than in Denmark who receive sickness benefits. Converted into full-time equivalents, women receive 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 will be payable 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 contains sick days in connection with industrial injuries, while industrial injuries and accidents are registered in a separate system in the Faroe Islands and Finland.

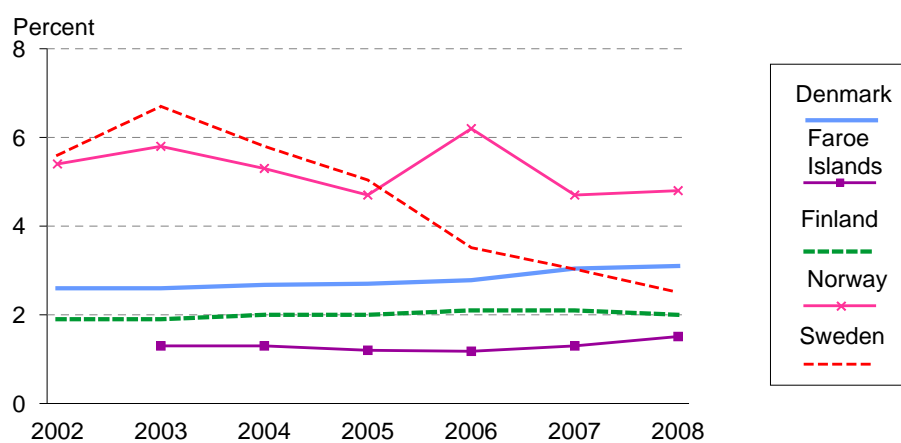
In Denmark, part-time illness amounted to 7.4 per cent of all concluded sickness-benefit cases in 2008, or ongoing cases at year end, of which 8.4 per cent concerned women and 6.1 per cent concerned men. In Norway, 29.8 per cent of all concluded sickness-benefit payments from the National Insurance Scheme in 2005 related to part-time absence. In Sweden, absence is about 19 per cent less, calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.



**Table 5.6 Number of recipients of sickness benefits calculated as full-time equivalents, total and as percentages of the labour force broken down by gender, 2008**

	Denmark	Faroe Islands	Finland	Norway	Sweden
Mæen	37 093	222	25 276	48 592	48 286
Women	51 019	165	28 941	73 508	74 507
Men and Women	88 112	387	54 217	122 100	122 793
<i>percentages of the labour force</i>					
Men	2.5	1.7	1.8	3.6	1.9
Women	3.8	1.4	2.2	6.2	3.2
Men and Women	3.1	1.5	2.0	4.8	2.5

**Figure 5.4 Number of recipients of sickness benefits converted into full-time equivalents in per cent of the labour force, 2002-2008**



**Table 5.7 Number of concluded sickness-benefit periods of at least 15 days (per cent), 2008**

	Denmark	Faroe Islands	Finland	Norway <sup>1)</sup>	Sweden
<i>Men</i>					
Duration (days)					
15-29	15	40	38	34	29
30-89	42	38	38	34	35
90-179	19	12	11	14	13
180-359	12	10	10	11	9
360+	11	0,3	3	7	14
Total	100	100	100	100	100
<i>Women</i>					
Duration (days)					
15-29	12	37	42	34	29
30-89	40	42	39	34	35
90-179	20	10	9	15	12
180-359	19	12	8	11	8
360+	14	0.0	2	6	15
Total	100	100	100	100	100
<i>Men and women</i>					
Duration (days)					
15-29	13	39	40	34	29
30-89	41	34	39	34	35
90-179	20	11	10	14	12
180-359	13	11	9	11	9
360+	13	0,2	2	7	15
Total	100	100	100	100	100

1 The figures for Norway include the 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 15<sup>th</sup> day of illness.

There are certain 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 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 very serious illness are not subject to any limitation of time. In some cases, sick pay may also be payable in Denmark after more than one year of absence due to illness. The approximately 6.4

per cent in Norway of over 360 days also cover people who are ill for more than one year (365 days). They are not entitled to sickness benefits for more than one year, but will qualify for rehabilitation benefits. 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 absence, 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 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, 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 this home page.

## Hospitals

In all the Nordic countries, there are general hospitals with outpatient clinics/policlinics 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 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.

In Norway, about 90 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. It is thus estimated that self-employed general practitioners perform about 20 per cent of the general medical treatment in Sweden. About 20 per cent of the general medical treatment as well as treatment by specialists are in Finland performed by self-employed

doctors. Doctors employed by the public authorities perform the remaining part at public health centres.

In Finland and Iceland, health centres in sparsely populated areas may be equipped with wards.

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 inhabitant.

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 Finland and Iceland, the health centres perform such tasks.

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 rebate 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 Cash Benefits and Services in Connection with Illness

### *Differences and Similarities in the Expenditure on Illness*

There are certain 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. This 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.

As regards the expenditure on services (medical treatment), measured in PPP per capita, it 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 the treatment of the elderly and the disabled, which is organized in somewhat differing ways in the various countries.

### *Changes in the Social Expenditure on Illness from 2006 to 2007*

In Denmark, the expenditure on both cash assistance and services increased in 2007 compared with the previous year. The total increase amounted to DKK 7 417 million, corresponding to 7.3 per cent. The largest increases concerned services (an increase of DKK 5 361 million) and sickness benefits (an increase of DKK 2 019 million). The changes can be explained by the expansion of the hospital sector and the increasing absence due to illness.

In the Faroe Islands, the expenditure on illness increased by 2.9 per cent. The increase was in particular a result of increased expenditure of 6 per cent

in connection with sickness benefits and a minor increase of 2.4 per cent in the expenditure on medicine.

In Finland, the expenditure on cash assistance increased by 2 per cent at constant prices. Both the number of new sickness-benefit recipients and the actual value of the sickness benefits remained the same in 2007 as in 2006. The expenditure on medicine increased by 1.3 per cent.

In Iceland, social expenditure on illness increased by 29.0 per cent at 2007 prices. The increase in the expenditure on cash benefits was 13.6 per cent and on services 33.1 per cent. The main reason for the increase in respect of cash benefits is pay increases that resulted in higher expenditure on daily cash benefits in the employer period. In respect of services, it was mainly a result of a final harmonization of the ESSPROSS and the national accounts, which means that the expenditure on nursing homes was moved from the elderly to illness. Besides, part of the expenditure on rehabilitation was moved.

In Norway, the expenditure on illness increased by 5.7 per cent at constant prices. Cash benefits increased by 3.8 per cent, while the expenditure on services increased by 6.6 per cent. Cash benefits made up about 32 per cent of the total expenditure on illness in 2007. The increase in the expenditure on cash benefits was a result of increasing expenditure on absence due to illness. The expenditure on general daily cash benefits increased by 3.3 per cent while the expenditure on daily cash benefits during the employer period increased by 4.4 per cent.

In Sweden, the expenditure on illness remained largely the same in 2007 as in 2006 at constant prices. The cash benefits in connection with absence due to illness decreased due to a decrease in the absence due to illness, while the expenditure on services increased, including treatment and expenditure on medicine.

**ILLNESS**
**Table 5.8 Expenditure on and financing of cash benefits and services in connection with illness, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Paid sick leave	17 895	72	2 046	20 790	52 760	44 362
Of which:				-		
a. General sickness benefits	13 689	59	767	1 172	27 818	31 214
b. Daily cash benefits in employer period	4 206	4	915	-	24 942	-
c. Sick pay	-	-	185	19 247		12 200
d. Special insurance in the event of industrial injury or occupational disease	-	10	139	371	-	948
B. Other	475	-	-	69	464	77
Cash benefits, total	18 369	72	2 046	20 859	53 224	44 439
<i>Services, millions</i>						
Services, total	90 881	758	9 637	94 168	112 556	187 625
Total expenditure, millions	109 251	830	11 683	115 027	165 780	232 064
Expenditure as percentage of the GDP	6.4	6.7	6.5	8.8	7.3	7.6
<i>Financed by (per cent)</i>						
- Public authorities	89.4	98.9	69.4	82.4	63.3	77.7
- Employers	4.0	0.9	20.1	17.6	27.9	21.8
- The insured (contributions and special taxes)	6.6	0.2	10.4	0.0	8.8	0.5
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Millions	7 417	-22	270	25 748	8 926	908
- Per cent	7.3	-2.8	2.4	28.8	5.7	0.4

**Table 5.9 Expenditure on cash benefits and services in connection with illness, in PPP, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	328	146	316	516	1.015	446
Cash benefits per person aged 16-64 years	507	234	484	782	1.567	696
Services, total per capita	1 623	1 526	1 488	2 330	2 146	1 882
Illness, total per capita	1 951	1 671	1 803	2 846	3 160	2 774



### *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, a new subsidy system based on need was introduced on 1 March 2000, where the subsidy granted depends on an individual's consumption of subsidized medicine. In 2007, subsidies to a consumption of medicine of less than DKK 465 per year shall not be granted, after which the subsidy will gradually increase to 85 per cent of expenses exceeding DKK 2 645 per year. For children under 18 years, a subsidy of 50 per cent shall, however, be granted to a consumption of medicine of less than DKK 465. For the chronically ill, user charges must not exceed DKK 3 410 per year.

In the Faroe Islands, subsidies may be granted towards medicine to people with disabilities or permanent illnesses or weaknesses due to old age. No subsidy shall be payable to an expenditure of less than DKK 400 per quarter, after which the subsidy shall amount to 100 per cent of the expenditure. As to pensioners, user charges payable shall be DKK 200, 400 or 600 per quarter, depending on income.

In Finland, there is a so-called expenditure ceiling of EUR 590 in the municipal social and health sector. When this ceiling has been reached, treatment is free of charge. The 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 will 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 21 000 per year for people in the age group 18-66 years and ISK 7 000 for children under 18 years. For pensioners between 67 and 69 years, who receive full basic pension, and for pensioners, who are 70 years old or more and draw disability pension, and for people, who have been unemployed for more than six months, the maximum user charge payable is ISK 4 500. When a patient has been paid the maximum amount, he only has to pay one third of the rates.

There are also special rules governing payment for physiotherapy, occupational therapy and other therapeutic treatment.

In Norway, the maximum user payment for medical treatment, psychological treatment and travel expenses in connection with examination and treatment as well as subsidized medicine was NOK 1 740 in 2008. Expenses above that amount are covered by Central Government. The Social Security Scheme financed about 50 per cent of the total expenditure on medicine in 2005.

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 under 18 years, these children are free 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 2008**

	Uniform rules in the entire country?	Amount of user charges	Deviations	Ratio of user charges of the total expenditure on medical visits
Denmark	Yes	None	A small group that has a free choice of doctor pays minor amounts for medical treatment	-
Faroe Islands	Yes	None	Medical visits outside of normal opening hours involves a fee of DDK 20	-
Finland	Yes	Public: EUR 0-11. EUR 15 for visits between 8 pm and 8 am on weekdays and on Saturdays, Sundays and Holidays. Private: at least 40 per cent	No payment for children under 18 years	About 8 per cent
Iceland	Yes	ISK 1 000-3 300 for visits to general practitioner, other rules apply to visits to specialists	ISK 500-1 600 for children under 18 years and pensioners, disabled and long-term unemployed people. For disabled and long-term ill children: ISK 350-800	Varies
Norway	Yes	General practitioner: NOK 130 (day time), NOK 220 (evening and night). Visits to a specialist: NOK 160 (day) and NOK 250 (evening and night)	In connection with pregnancy/birth, industrial injury, war injury, for inmates in prisons, children under 12 years, in connection with psychological treatment of children and adolescents under 18 years and in connection with dangerous, contagious diseases	About 35 per cent
Sweden	No	100- 300 SEK	No payment for children under 18 years	.

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 11 is payable for temporary home nursing per visit by a doctor, and EUR 7 per visit by a nurse. For continuous care in the home, an amount is payable, which depends 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 outside of the daytime hours by the medical emergency service, user payment is NOK 230. 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 Denmark, patients' payments amounted in 2005 to about 62 per cent of the total costs, including expenses for the municipal dental-care schemes for children and adolescents, which are free of charge.

In the Faroe Islands, patients' payments amounted to about 55 per cent of the total expenditure exclusive of dental care for children and adolescents, which is free of charge.

In Finland, adults' payment of user charges for municipal dental treatment made up 20 per cent of the expenditure. Treatment of children under 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 65 per cent of the expenditure.

In Iceland, people over 67 years and disabled people are reimbursed between 50 and 100 per cent of the expenses, depending on their incomes. Children under the age of 18 are reimbursed an average of 55-60 per cent of the total costs.

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. People over 65 years will receive a subsidy to dental treatment. In principle, people of the ages 20 to 65 years pay the costs of dental treatment themselves.

### *Medicine*

**Table 5.11 User payment for medicine (on prescription) as at 1 January 2008**

	Uniform rules in the entire country?	Amount of user charges	Deviations	Ratio of user charges of the total expenditure on medication
Denmark	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine in the primary sector	No	25 per cent
Faroe Islands	Yes	.	No	19.3 per cent for prescription drugs
Finland	Yes	58 per cent of the amount	In case of chronic and serious illnesses, 18 per cent or 8 per cent at EUR 3 per product. If user charges exceed EUR 634 per year, payment will be EUR 1.5 per product	58 per cent
Iceland	Yes	ISK 1 700 + 65/80 per cent of the rest of the price, but no more than ISK 3 400/4 950	Pensioners and disabled people: ISK 600 + 50 per cent of the rest of the price, but no more than ISK 1 050/1 375	Ca. 34 per cent
Norway	Yes	36 per cent. A maximum of NOK 520 per prescription.	For children under 12 years and people who only receive minimum pension: no user charges	36 per cent
Sweden	Yes	0-1 800 SEK	-	25 per cent

*Hospitalization***Table 5.12 User charges payable for hospitalization as at 1 January 2008**

	Uniform rules in the entire country?	Amount of user charges	Deviations	Ratio of user charges of the total expenditure on hospitalization
Denmark	Yes	-	No	-
Faroe Islands	Yes	-	No	-
Finland	Yes	EUR 12 per bed day for short-term stays, EUR 26 per day and for day surgery EUR 72	Payment for long-term stays according to ability to pay, for children 0-17 years: only for a maximum of 7 days	About 4 per cent
Iceland	Yes	-	No	-
Norway	Yes	-	No	-
Sweden	No	SEK 0-80/day	.	.

In Denmark, the Faroe Islands, Iceland and Norway, hospitalization is free of charge, but not so in Finland and Sweden.

## Chapter 6

# Old Age, Disability and Surviving Relatives

Link to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

## 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 Expenditure on the elderly, the disabled and surviving relatives as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	14.9	Austria	15.7	Greece	13.2	The Netherlands	13.7 <sup>p</sup>
Faroe Islands	11.3	Belgium	15.2	Hungary	11.3	Poland	13.2
Finland	12.8	Bulgaria	9.0	Ireland	5.5	Portugal	14.1
Iceland	9.7	The Czech Republic	9.3	Italy	17.0 <sup>p</sup>	Romania	7.1
Norway	11.1	Cyprus	9.0	Latvia	6.7 <sup>p</sup>	Spain	9.9 <sup>p</sup>
Sweden	16.5 <sup>p</sup>	Estonia	6.7	Lithuania	7.1 <sup>p</sup>	United Kingdom	13.7 <sup>p</sup>
		France	14.7 <sup>p</sup>	Luxembourg	10.0		
		Germany	13.9 <sup>p</sup>	Malta	10.6		

Note: See Table 3.1.

## The Structure of This Chapter

While the other chapters have followed the chapter structure of the ESSPROS, the descriptions of the elderly, the disabled and surviving relatives have in this report been gathered in one chapter, divided into four parts: 6.1 a general introduction, 6.2 on the elderly, 6.3 on the disabled and 6.4. on surviving relatives.

The structure of the individual parts is as follows: First, an overall description is given of the pension structure, the number of recipients and the compensation levels. Subsequently, social services are described and finally social expenditure and user charges.

## Number of Pension Recipients

The figures in Table 6.4 (62) 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 the 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. One reason for the high rates of pension in Finland to the 60-64 year-olds is that there are several early-retirement pension schemes, such as unemployment pension and early-retirement pension as well as individual disability pension. After the law reform in 2005, it is possible to apply for work-related retirement pension between the ages of 63 and 68 years. Besides, there were 28 899 people in 2008 aged 58-64 years who received partial retirement pension.

In Sweden, it is no longer possible to be awarded partial retirement pension. Individuals receiving sickness and activity allowance (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 as regards 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 Norway and Sweden.



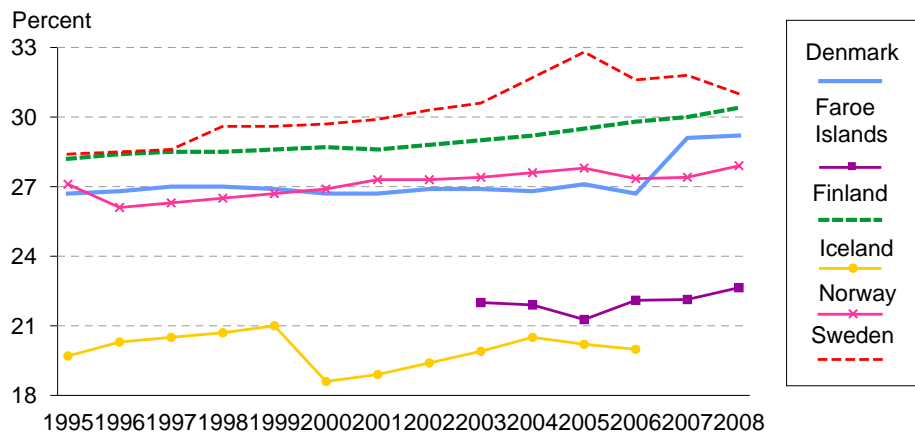
### Taxation of Pensions

In Denmark and Iceland, pensioners are taxed according to the same rules as apply to other taxpayers. Pensioners in Denmark do not, however, pay labour-market contributions of their pension amounts. In the Faroe Islands, no tax is payable of the part of the basic amount of the retirement pension that is not set off against any other income. Furthermore, retirement pensioners do not pay contributions to the maternity scheme, the unemployment scheme and the labour-market pension that is based on solidarity. Besides, there are favourable tax rules for disability pensioners.

In Norway, tax rules are especially favourable for pensioners and in Finland for pensioners with low incomes.

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 and Iceland, but subject to tax in Finland and Norway. In Sweden, a tax allowance for work was introduced in 2007. This implies that pensioners will have to pay a somewhat higher tax than wage earners, as pensioners are not included in this scheme.

**Figure 6.1 Pension recipients as percentages of the age group 16-18 years or older, 1995-2008**



Denmark: Recipients of ordinary and increased ordinary disability pension were not included in the years before 2006. As a result of the introduction of the "extra supplement" to these disability pensioners in 2006, they are included from that year in the number of pension recipients.

**OLD AGE, DISABILITY AND SURVIVING RELATIVES**

**Table 6.2 Pension recipients by age and as percentages of the age group as at December**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	2008	2008	2008	2007	2008	2008
<i>Men</i>						
16-39 years	2.3	1.7	2.0	2.7	2.4	2.1
40-49 "	6.2	3.6	5.5	5.6	6.9	5.9
50-54 "	10.0	5.5	11.6	7.5	11.7	10.3
55-59 "	12.5	8.9	20.8	9.0	17.4	14.8
60-62 "	36.5	16.4	44.8	13.1	29.6	28.8
63-64 "	63.9	16.5	79.6	16.3	50.2	49.6
65-66 "	93.8	20.0	100.3	56.3	59.9	96.1
67+ "	103.1	105.1	105.0	100.0	104.9	106.1
Total	26.3	19.4	27.6	16.9	24.1	27.4
<i>Women</i>						
16-39 years	2.0	1.5	1.6	4.1	2.9	2.7
40-49 "	7.0	5.4	4.7	10.0	10.7	10.1
50-54 "	12.4	10.5	9.4	12.5	18.0	16.6
55-59 "	16.6	14.5	18.2	16.0	26.5	23.2
60-62 "	52.8	26.7	46.5	21.1	40.3	38.3
63-64 "	79.3	24.5	80.0	26.6	59.0	56.8
65-66 "	97.9	39.8	102.4	62.3	67.0	96.6
67+ "	102.2	103.9	104.5	100.7	103.8	103.5
Total	32.3	26.2	33.1	23.1	31.6	34.0
<i>Men and women</i>						
16-39 years	2.2	1.6	1.8	4.1	2.7	2.4
40-49 "	6.6	4.4	5.1	7.7	8.8	8.0
50-54 "	11.2	7.9	10.5	9.9	14.8	13.4
55-59 "	14.6	11.6	19.5	12.4	21.9	19.0
60-62 "	44.7	20.9	45.6	17.0	34.9	33.6
63-64 "	71.7	20.4	79.8	21.5	54.5	53.2
65-66 "	96.2	28.9	101.4	59.3	63.4	96.4
67+ "	102.6	104.5	104.7	100.4	104.2	104.6
Total	29.2	22.6	30.4	19.9	27.9	30.8

Note: For further information, see Appendix 5.

NB: As it is possible to live outside the country in question and receive pension at the same time, the number of recipients may exceed 100 per cent in all the countries.

## 6.2 Old Age

### 6.2.1 Expenditure on the elderly as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2006

Denmark	10.7	Austria	11.4	Greece	10.2	The Netherlands	9.9 <sup>p</sup>
Faroe Islands	7.4	Belgium	10.5	Hungary	8.9	Poland	9.4
Finland	8.7	Bulgaria	6.9	Ireland	3.8	Portugal	10.1
Iceland	6.0	The Czech Republic	7.0	Italy	13.0 <sup>p</sup>	Romania	6.0
Norway	6.6	Cyprus	7.2	Latvia	5.5 <sup>p</sup>	Slovakia	6.1 <sup>p</sup>
Sweden	11.4 <sup>p</sup>	Estonia	5.4	Lithuania	5.3 <sup>p</sup>	Slovenia	8.4 <sup>p</sup>
		France	11.0 <sup>p</sup>	Luxembourg	5.4	Spain	7.9 <sup>p</sup>
		Germany	10.1 <sup>p</sup>	Malta	7.6	United Kingdom	10.7 <sup>p</sup>

Note: See Table 3.1.

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

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

The labour market parties finance a supplementary pension system, which is a labour market pension based on solidarity in which all people over 66 years are paid a fixed monthly amount. Payment is not a result of contribution payments for which reason this pension in principle function as a basic pension and is treated as such in this publication.

To pensioners with no or only a small household income, a pension supplement shall be payable. Moreover, other personal supplements are payable to pensioners who are to provide for children, and to pensioners with special need of care.

Pensioners living in nursing homes receive a reduced pension amount in order to cover personal expenses.

In Finland, the employment pension is the most important part of the pension system as 85 per cent of the pension expenditure originate from the employment pensions. The retirement pension depends entirely on the amount of the employment pension. No basic pension will be payable if the employment pension exceeds about EUR 1 154 per month in 2008 and about EUR 1 207 per month in 2009. The supplementary pension schemes play a very insignificant part in Finland, however.

The retirement pension depends totally on the employment pension, but any other income (apart from pensions) will 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-tested supplements to people who receive basic pension (cf. Table 6.2.1).

In Iceland, the statutory basic pension may lapse if a pensioner has other considerable income exceeding a certain level. 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 Norway, everyone is guaranteed a minimum pension irrespective of any previous affiliation to the labour market. In order to become entitled to any pension in addition to the minimum pension, a person must 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.

## OLD AGE, DISABILITY AND SURVIVING RELATIVES

**Table 6.2.2 The structure of the retirement pension as well as types of recipients, 2008<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway <sup>2)</sup>	Sweden
<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 <sup>3)</sup>	Private collective agreements

1 As a result of the concluded EU/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 between the ages of 15 and 65-67 in order to become entitled to a pension. Periods of employment in an EU Member State, or in another country with which a social-insurance convention has been concluded, may be taken into account in the calculation of compliance with the residence requirement.

2 The limit of three years does not apply in case of industrial injuries.

3 In force as at 1 January 2006.

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.

Disability pensioners own income shall be included in the adjustment up to a certain level. The aim is to have more disability pensioners participate in working life. Employment pension and unearned income up to a certain level are not included in the adjustment. The pension supplement will be stopped completely, if an income exceeds a certain level. Different income levels apply

to retirement pensioners and disability 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, retirement pension is income-adjusted in relation to income from work for pensioners aged 68-70 years. Income adjustment ceases when a pensioner reaches the age of 70. The disability pension is also income-adjusted in relation to income from work exceeding a certain level. For all pensioners, the basic pension shall be 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-adjusted. In accordance with the new legislation from 2003, the housing supplement is payable to those living in Sweden and receiving a benefit by way of full retirement pension, activity or sickness allowances, widow's/widower's pension, special survivor's pension or wife supplement. Even people, who receive a pension or a disability allowance from another EU member state, may be awarded housing supplements.

## Qualifying Age for Pensions to the Elderly

In Denmark, Norway and in the old Swedish system, the qualifying age for employment pension is the same as for basic pension, whereas it is 63-68 years in Finland and 65-70 years in Iceland. In the new Swedish pension system, the qualifying age for employment pension is flexible from the age of 61 years.

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

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

In Denmark, it has since 1 July 2004 been 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 a little more than 19 hours per week during the period, in which the pensioning is postponed. The ATP shall also be increased if one chooses to have it paid out at a later age than 65 years. The ATP may be postponed until one turns 70 years (75 years in 2009).

In Finland and in the old Swedish system, one may be granted the statutory retirement pensions before the statutory pensionable age (in Finland, as from 62 years), but the pension amount will be reduced. Similarly, the pension

amount will be higher if retirement is postponed beyond the statutory pensionable age. In Norway, people between the ages of 67 and 70 will have their retirement pension income-adjusted against any income from work, and it is still possible to accumulate further pension points. In Sweden, the annual pension amount will increase, the longer one postpones claiming pension.

## **Basic Pension/Guaranteed Minimum Pension to the Elderly**

In Denmark, the Faroe Islands, Iceland and Norway, the basic 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 incomes 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 minor disposable capital may be awarded a supplementary pension allowance (the so-called pensioner's cheque), which is payable once every year in January. The pensioner's cheque has been increased several times. In 2007, the amount was DKK 7 600 and in 2009, it will be DKK 10 000.

In the Faroe Islands, there is no income-adjustment of the retirement pension. The ordinary pension supplement is adjusted in relation to the household income. Pensioners, who live in nursing homes, receive a special, reduced pension of DKK 944 per months towards coverage of personal expenses. Besides, everyone over 67 years receive a pension on the basis of solidarity of DKK 27.000. Pensioners with no or a low income may be awarded an annual household supplement of DKK 6 924.

In Finland, the retirement pension is based solely on the employment pension. The basic pension plays a less significant part after the reforms in 1996-2001.

In Iceland, the basic/minimum pension is adjusted according to special rules in relation to other taxable incomes, such as one's own and any spouse's incomes. A supplement is payable in addition to the basic amount. The amount of this supplement depends on a pensioner's other income and on any spouse's income.



In Norway, the guaranteed minimum pension consists of a basic pension plus a special supplement. The special supplement is payable to people who do not qualify for employment pension, or who receive a very low employment pension.

In Sweden, a completely new pension system has gradually been introduced as from 1999. The basic pension, which in the old system was independent of any other income, will be replaced by a guaranteed minimum pension payable to those who either do not qualify for or who receive a very low employment pension. The guaranteed minimum pension is payable as from 2003.

## OLD AGE, DISABILITY AND SURVIVING RELATIVES

**Table 6.2.3 Rules applying to basic pension/retirement pension, 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Pensionable age	65 years	67 years	65 years	67 years	67 years	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 one has turned 16 years	3 years between the ages of 15 and 67 years	3 years between the age of 16 years and the end of the calendar year in which the insured turns 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	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 years and the end of the calendar year in which the insured turns 66 years	40 years of residence.
Pension on the basis of	Length of residence	Length of residence and income	Length of residence, marital status and other employment-related pensions	Length of residence and income	Length of residence, number of pension points, level of pension points, marital status	Length of residence
Reference income or calculation basis	The benefits are not based on previous income	Pension does not depend on previous income	The benefits are not based on previous income	The benefits are not based on previous income	The 20 years, in which most pension points are credited	The benefits are not based on previous income
Minimum pension	1/40 of maximum pension	1/40 of basic pension and marriage-adjusted supplement and pension contributions paid on the basis of solidarity	No statutory minimum	.	NOK 136 296 per year for single pensioner + a supplement, if no pension supplement has been granted	No statutory minimum
Maximum pension	If the income does not exceed a certain level.: DKK 119 244 per year for a single pensioner living alone; DKK 87 360 per year for married or cohabiting pensioners (2007)	Pension on a solidary basis and supplements depending on marriage and income.	EUR 495.33 per month to single people and EUR 558.46 per month to cohabiting couples	.	NOK 327 056 when pensioned at the age of 67 years; NOK 316 518 for a single pensioner	SEK 89.400 / SEK 87.300

**To be continued ...**

**Table 6.2.3 continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Supplements:	Supplementary pensions; health supplement; heating allowance; personal supplement.	Child allowance; household supplement; personal allowances and subsidies for medicine	Child allowance.	Child allowance, certain special supplements	Income-tested spouse supplement, child allowance.	Wife supplement, housing supplement
Indexation after pensioning:	100 per cent of the wage development with a reduction, if the increase exceeds 2 per cent	Basic amount shall be adjusted according to special legislation. Pensions on payable on a basis of solidarity shall be adjusted annually but not according to a fixed rate	Consumer index 100 per cent	Wage development, at least as to the consumer index	Parliamentary decision	Price index 100 per cent

**Table 6.2.4 Incomes for single people, who have never had any income from work, at the time of pensioning, 2008**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>						
- Basic amount	5 096	6 399 <sup>4)</sup>	} 558	26 642	5 855	7 453
- Supplement	6 009 <sup>1)</sup>	3 553		118 091	5 503	-
- Housing benefit	1 719 <sup>1)</sup>	.			.	4 650
- Total before tax	12 824	9 953	558	144 733	.	12 100/ 11 930 <sup>3)</sup>
- After tax	9 915	9 188	558	127 068	.	10 410/ 10 280 <sup>3)</sup>
- After tax in PPP-Euro	967	896	456	979	.	947/ 959 <sup>3)</sup>

1 The supplement includes taxable supplementary pension allowances for single people.

Housing benefits according to the family-type model.

2 The benefit payable to single people living alone includes a supplement.

3 Guaranteed pension to people born in 1937 or earlier. The largest amount payable to people born in 1937 or before; the last amount to people born in 1938 or later. The amount to married people is the last one.

4 Includes labour-market pension on the basis of solidarity awarded to everyone from the age of 67 years.

### *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, the 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 2008, the average contribution for employers was 16.8 per cent of the earned income; 4.1 per cent was for employees under the age of 53 years; and 5.2 per cent for employees aged 53 years or more.

In Iceland, the employment pension funds have paid out more since 2002 than what is payable 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 Denmark, a special pension-saving scheme (SP) was introduced in 1999 as a supplement to the Labour Market Supplementary Pension Scheme (the ATP), to which all employees and recipients of various transfer incomes contribute. Payment into this pension scheme was suspended in 2004.

As part of the disability-pension reform in Denmark, a voluntary supplementary labour market pension scheme for disability pensioners was established.

**Table 6.2.5 Basis for award of employment pension/supplementary pension, 2008**

	Denmark	Finland	Island	Norge	Sverige
Pensionable age	65-75 years	63-67 years	67 years	67 years	61-67 years
Full pension shall be awarded on the following condition:	"Full pension" does not exist	"Full pension" does not exist	Contribution period of 40 years	40 years of employment from the age of 17 to the age of 69 years	"Full pension" does not exist
Pension awarded on the basis of:	Contributions paid	Age-dependent accumulation rate and total income from work from the age of 18 years	Duration of membership of the scheme and contributions paid, credited pension points	Pension points (20 years with the highest number of points credited) and income from work	Total income from all working years, time of pensioning, life expectancy
Accrued periods	None.	When the mother or the father receive income-related maternity benefits and parental subsidies/daily cash benefits, income-related unemployment benefits, sickness benefits	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, receipt of social benefits and services
<i>Indexation:</i>					
- before pensioning:	No (adjusted in accordance with agreement and/or when there are sufficient means)	Wages/salaries 80 per cent + price index 20 per cent	.	Wages/salaries	Wages/salaries
- after pensioning:	No (adjusted, when there are sufficient means)	Price index 80 per cent + wages/salaries 20 per cent	Pension fund decision	Wages/salaries reduced by 0.75 percentage points	Wages/salaries reduced by 1.6 percentage points
Pensions adjusted for life expectancy for the first time in the year:	Adjusted regularly	2010	.	2010	2001

## The Number of Retirement Pensioners

As it appears from Tables 6.7.1 and 6.8.1, there are large differences from one country to another as to how many people receive both basic and employment pensions, and how many receive only basic pension. As it appears from Figure 6.6, 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, the number of retirement pensioners increased as a result of an increase in the segments of the oldest age groups of the population.

In Norway, the decrease is due to the demographic composition of the population, and the pension reform in 2005 made it possible to choose to retire early between the ages of 63 and 67 years.

**Table 6.2.6 Retirement pensioners, in total, and pensioners receiving basic pension/guaranteed minimum pension at year-end, 2008**

	Retirement pensioners, total			Retirement pensioners who receive only basic/ minimum pension				
	Total (1 000)	Men (1 000)	Women (1 000)	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
Denmark	867	378	489	170	38	132	23	77
Faroe Islands	6.1	2.8	3.3	1.6	0.8	0.8	49.2	50.8
Finland <sup>1)</sup>	1 005	417	588	60	12	48	19.9	80.1
Iceland <sup>2)</sup>	32	14	18	2	1	1	32.1	67.9
Norway	643	273	370	192	24	168	12.6	87.4
Sweden	1 806	815	991	129	19	110	14.7	85.3

Note: For further information, see Appendix 5.

1 The figures comprise people who have been awarded retirement pension before time as well as retirement pensioners under 65 years.

2 Figures are from 2007.

**Table 6.2.7 Pensioners receiving retirement pension by way of basic pension/  
guaranteed minimum pension and supplementary pension/employment pension at year-end, 2008**

	Retirement pensioners who receive both basic/ minimum and employment pensions					Retirement pensioners who only receive employment pensions (new Finnish and Swedish system)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
Denmark	698	340	357	49	51	.	.	.	.	.
Finland <sup>1)</sup>	428	135	293	32	69	517	270	247	52	48
Iceland <sup>2)</sup>	27	12	15	44	56	.	.	.	.	.
Norway	451	249	202	55	45	.	.	.	.	.
Sweden <sup>3)</sup>	1 049	477	572	46	54	628	319	628	51	49

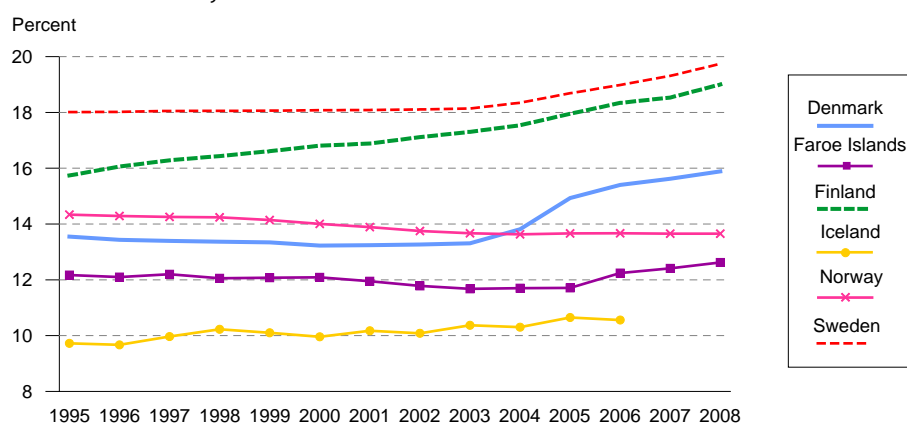
Note: For further information, see Appendix 5.

1 The figures comprise people who have drawn retirement pension before time as well as retirement pensioners under 65 years.

2 Figures are from 2007

3 Pensioners receiving basic and supplementary/employment pensions are pension recipients according to the old system, while pensions according to the new Swedish system are the income-based pension combined with another pension.

**Figure 6.2.6 Development in retirement pensioners in percent of population, 1995-2008**



### *Supplementary Pension to the Elderly*

The supplementary pension schemes are, as a rule, based on collective agreements and mainly apply to government and municipal employees. Private-sector employees are covered by the schemes to varying degrees.

In Denmark, about 90 per cent of all full-time employees, and in Norway about 100 per cent (after the introduction of the OTO (officials' mandatory pension scheme in the private sector), are covered, while in Sweden, almost all wage earners are covered by the supplementary pension schemes. In Finland, these pension schemes are insignificant, as there is no upper limit to the amount of the employment pension.



## Pension Amounts

**Table 6.2.8 Average payment of statutory retirement pensions (before tax) per month, 2008**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	.	.	9 018	.	.	879
Faroe Islands <sup>2)</sup>	7 487	7 918	7 719	730	772	752
Finland <sup>3)</sup>	1 504	960	1 186	1 228	784	968
Iceland	.	.	.	.	.	.
Norway <sup>3)</sup>	16 602	12 111	14 018	1 490	1 087	1 258
Sweden <sup>4)</sup>	12 402	9 084	10 580	1 143	837	975

1 Average payment of statutory retirement pension in January 2008 and calculated payment of one's own pension by way of the ATP in 2008 per recipient of statutory retirement pension. The figures are from 2008 .

2 Average payment of retirement pension in May 2008 and payment of special basic pension. People in nursing homes, who receive a special, reduced pension, are not included.

3 Average payment of pension in December 2008.

4 Average payment in December, including housing supplements. As from 2003, pensioners are taxed in the same way as are people with earned incomes.

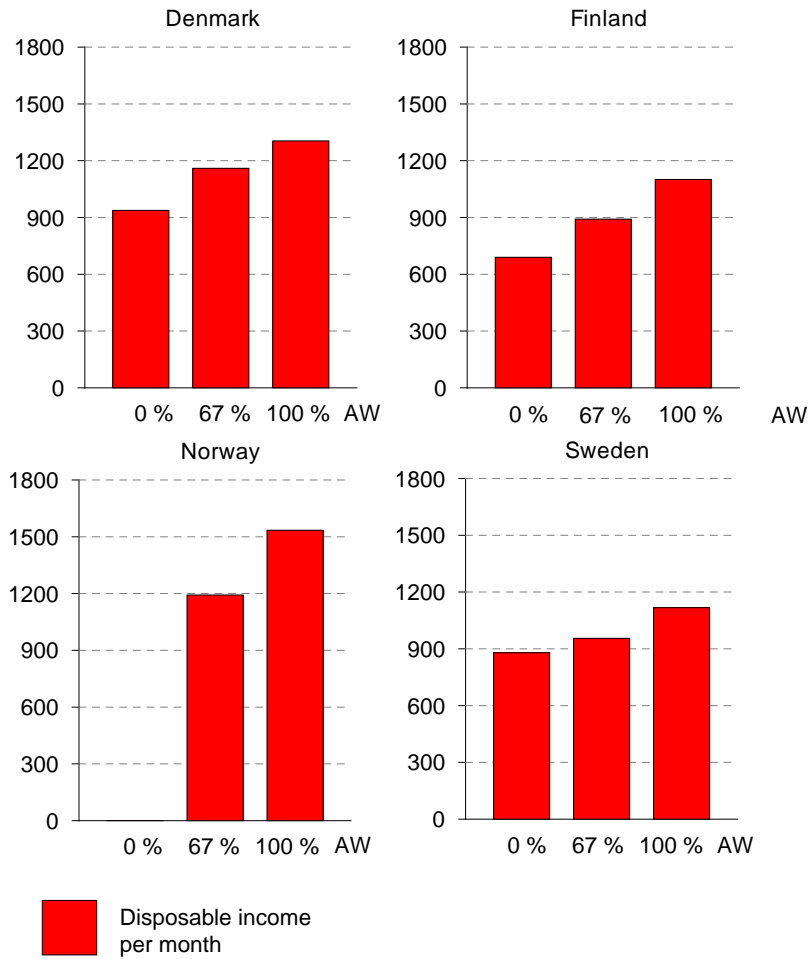
There are large differences in the benefits payable to men and women. While men receive the highest amount in Finland, Norway and Sweden due to a larger accumulation of employment pension, men in Denmark and in the Faroe Islands receive the least, which is a result of more men receiving supplementary pensions, which has a bearing on the basic pension.

### *Compensation Grades*

Figure 6.2.2 shows the disposable income at three different compensation levels (including the maximum amount of employment pension and labour-market pension/supplementary pensions) for a single retirement pensioner without children in PPP-euro, and Table 6.9.2 shows the compensation grade as a percentage in relation to previous income. As it appears from the figure and the table, there are considerable differences in the compensation levels in relation to the transition to pension. This is above all due to the employment pension, which is a full pension in the old Swedish pension system. This also applies to some extent to the Icelandic employment-pension schemes. The very high compensation levels for the lowest income groups in Denmark, Finland and Sweden are results of the relatively high amount of

housing benefits payable to pensioners in those countries. The reason for the very high compensation level in Iceland is first of all that it has been assumed that the recipients receive full compensation from the employment-pension scheme, which is 60 per cent of their previous wages. Secondly, the impact of the income adjustment for an average AW is not very large. In Norway, another important factor is that especially favourable tax rules apply to pensioners. Besides, the minimum pension is relatively high in Denmark, and the employment pension is generally high in Sweden. The Danish retirement pension includes both retirement pension and supplementary pensions. The supplementary pensions are calculated on the basis of the average payments made from the ATP in 2006 and the current pensions payable by pension funds. The calculation is consequently not quite comparable with that of the other countries.

**Figure 6.2.2 Disposable incomes (for single people without children) when receiving retirement pension (including employment pension) as PPP-Euro, 2008**



The percentages of AW have been calculated on the basis of the average wage of a worker. The calculation basis is described in Appendix 1.

**Table 6.2.9 Compensation levels per month (December 2008) for single childless people when receiving retirement pension, as percentages of disposable incomes per month when in work**

	Denmark	Finland	Iceland	Norway	Sweden
67 per cent AW	94	70	73	76	71
100 per cent AW	74	63	73	68	58

## Special Retirement and Partial Retirement Pensions

The 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 enable people to retire partly or completely.

In Denmark, such pensions include the 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 disability-pension scheme were introduced to make it more financially advantageous to postpone transfer to voluntary early retirement until the age of 62 years; secondly, partial-retirement pension, which is awarded to employees and self-employed people aged 60-64 years, who wish to retire partly from the labour market and who are not covered by the voluntary early retirement scheme; thirdly, flexi benefit, which is a voluntary retirement scheme for people in flexi-jobs of the age group 60-64 years in line with the voluntary early-retirement scheme.

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 retirement reduces the pension, 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 58 years. 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 born before 1950 are entitled to the Finnish unemployment pensions. *This* is described in Chapter 4.

In Norway, it was decided in 1989 to introduce a scheme of pensions fixed by collective agreements (the AFP). The main idea of the scheme is that people in work may retire on certain terms before the statutory retirement age of 67 years. The pensionable age of the scheme has been lowered several times and was lowered to 62 years as from 1 March 1998. About 65 per cent of people in work may get a pension fixed by collective agreements. There are three further pension schemes that are adapted to the National Social Insurance Scheme, and they function as special early-retirement schemes for people under the age of 67. In the pension scheme for sailors and fishermen, retirement pension may be obtained from the age of 60, and in the pension scheme for woodsmen pension may be obtained from the age of 62.

In Sweden, it has not been possible to award new partial-retirement pensions since 2000.

**Table 6.2.10 Average monthly amounts of the special retirement/partial-retirement pensions before tax, December 2008**

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Voluntary early retirement pay <sup>2)</sup>	12 006	1 170
<i>Faroe Islands</i> <sup>3)</sup>		
Lowest disability pension	7 918	772
<i>Finland</i> <sup>4)</sup>		
Partial retirement pension	604	493
Special pensions to farmers	883	721
<i>Norway</i> <sup>3)</sup>		
Pension fixed by collective agreement	15 980	1 435
Special pension to fishermen	5 363	481

1 Average pension paid out in January 2008.

2 Average benefit amount paid out in 2008.

3 Average monthly amount paid out in December 2008 (average annual amount in 2008 divided by 12).

4 Average pension paid out in December 2008

**Table 6.2.11 Pensioners receiving special retirement/partial-retirement pensions, by gender and age, 2008**

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Voluntary early-retirement pay	140 022					59 085	80 937		
<i>Faroe Islands</i>									
Lowest disability pension	407	11	36	34	79	50	98	26	73
<i>Finland</i>									
Partial-retirement pension	29 140	.	.	2 691	3 456	10 339	12 413	103	138
Special pensions to farmers	27 850	.	.	796	1 110	3 343	3 714	7 332	11 555
<i>Norway</i>									
Pension fixed by collective agreement	48 428	.	.	.	.	13 919	13 012	11 455	10 042
Special pension to fishermen <sup>1)</sup>	2 048	--	.	.	.	.	.	.	.

1 It is not possible to break down recipients of special pension to fishermen by gender.

## 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 of the elderly for care and may be divided into:

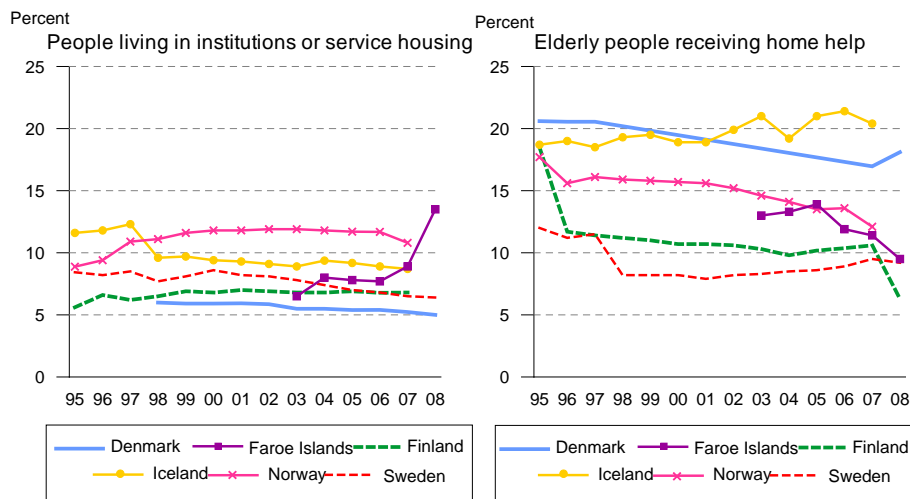
1. nursing homes/homes for the long-term ill/old people's homes.
2. service flats/collective housing/housing where special care is provided, etc.

Elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards - often in the so-called health centres in Finland and in special care wards at the hospitals in the Faroe Islands. In all the countries, there are also special wards in some nursing homes where elderly people who live in their own homes 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 assistance 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, the assistance 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 6.2.3 People living at institutions or in service housing and people receiving home help, as percentages of the age group 65 years or more, 1995-2008**



**OLD AGE, DISABILITY AND SURVIVING RELATIVES**

**Table 6.2.12 People aged 65 or more living at institutions or in service housing, in total and as percentages of the total number of elderly as at December**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
	2008	2008	2007	2007	2007	2008
<i>People of the ages</i>						
65-74 years	5 593	47	8 367	291	6 223	9 881
75-79 years	5 612	93	9 530	468	8 499	12 932
80+ years	31 716	651	42 150	2 404	51 806	83 321
Total, 65/67+ years	48 921	791	60 047	3 164	66 528	106 163
<i>As percentage of the respective age groups</i>						
65-74 years	1.2	1.8	1.8	1.6	2.4	1.2
75-79 years	3.6	6.8	5.2	5.9	6.2	4.2
80+ years	14.1	34.3	18.4	23.9	23.7	16.6
Total, 65/67+ years	5.0	13.5	6.8	8.7	10.8	6.4

1 Includes residents in nursing homes, sheltered housing, housing where care is provided and long-term stays in housing units. The figures for long-term stays in housing units are from 2008 and based on the age group 67-74 years.

2 Age groups 67-74, 75-79 and 80+ years.

3 Calculation as per 1 October 2006. The age group 65+ years furthermore includes people staying on a short-term basis and residents in service housing.



**Table 6.2.13 Elderly receiving home help**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland <sup>3)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
	2008	2008	2008	2007	2007	2008
<i>Recipients of home help</i>						
65-74 years	29 587	94	8 840	.	8 716	19 858
75-79 years	28 545	118	10 123	.	11 226	22 684
80+ years	96 439	428	36 800	.	54 481	110 312
Total 65+ years	154 571	640	55 763	7 451	74 423	152 923
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	6.3	2.7	1.9	.	3.4	2.3
75-79 years	18.1	8.6	5.6	.	8.2	7.4
80+ years	42.9	22.6	15.4	.	24.9	21.9
Total 65+ years	18.1	9.5	6.3	20.4	12.1	9.2

1 Home help to residents in their own homes with the exception of service housing.

2 Age groups 67-74, 75-79 and 80+ years.

3 Age groups 67-74, 75-79 and 80+ years, including residents in service housing who receive practical assistance (home help) and home nursing. Recipients only receiving home nursing are not included.

4 People who had been granted home help as at 1 October 2006 and who lived in their own houses or flats.

### *Support Schemes and Leisure Activities*

In the Nordic countries, pensioners are offered various kinds of support schemes and activating measures, either on a municipal or a private basis. The range of services and activities offered 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, hairdressing, pedicure, gardening and snow clearing. There are also schemes for washing and clothes mending. 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 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 low 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 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 the high employment rate among the elderly compared with the other Nordic countries.

### *Changes in the Social Expenditure on the Elderly from 2006 to 2007*

In Denmark, the expenditure increased from 2006 to 2007 by DKK 2 069, corresponding to 1.2 per cent. The largest increase in the expenditure concerned the retirement pension (an increase of DKK 2 298 million), which may be explained by the increasing number of 65+-year-olds as well as the lowering of the retirement age to 65 years. The lowering of the pensionable age was fully phased in on 1 July 2006. The decrease in the expenditure on services of DKK 1 499 million is probably a result of a number of changes in the chart of accounts of the municipal budget and accounts system, which entered into force at the same time as the municipal reform on 1 January 2007. It is estimated that the expenditure on services to the elderly increased in real terms from 2006 to 2007.

In the Faroe Islands, the expenditure on the elderly hardly increased from 2006 to 2007. There was only a slight increase in the expenditure on services in the institution sector of 3.2 per cent.

In Finland, the expenditure on retirement pensions increased by 3.9 per cent at constant prices, as the number of retirement pensioners increased by 13 900 people, and the new pensioners were awarded higher pensions, and all former employment pensions were increased by 2.2 per cent and the basic pension by 1.7 per cent. The number of people receiving partial retirement pension decreased by 650 people. The expenditure on services to the elderly increased by 5.5 per cent at constant prices.

In Iceland, the expenditure on the elderly decreased by 14.7 per cent from 2006 to 2007 at 2007 prices. The expenditure on cash benefits increased by 11.7 per cent, while the expenditure on services decreased by about 75 per cent at 2007 prices.

The expenditure on the basic pension increased by 11.6 per cent, which was a result of a reduction of the adjustment in relation to the income.

The large drop in the expenditure on services may be explained by the harmonization of the ESSPROS and the social expenditure in the national accounts transferring the expenditure on nursing homes from The Elderly to Illness.

In Norway, the expenditure on the elderly increased by 7.5 per cent at constant prices. Cash benefits increased by 7.5 per cent, while the expenditure on services increased by 7.4 per cent. Cash benefits made up 74 per cent of the total expenditure on the elderly. The expenditure on the retirement pension increased by 6.9 per cent. The increase was mainly a result of the increase in the expenditure on supplementary pension. While the number of retirement pension recipients increased by 5 039 people from 2006 to 2007, the number of supplementary pension recipients increased by 7 861 people.

In Sweden, the expenditure on retirement pensioners increased by 2.4 per cent at constant prices, of which the expenditure on pension accounted for the largest increase.

The expenditure on care for the elderly decreased markedly, and the expenditure on special housing decreased by 4.4 per cent, whereas the expenditure on home help increased by 9.4 per cent.

**OLD AGE, DISABILITY AND SURVIVING RELATIVES**

**Table 6.2.14 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Retirement pensions	125 878	550	12 465	57 079	110 643	273 041
Of which:						
a. Basic/minimum pension	80 833	498	1 759	24 556	42 387	36 131
b. Supplementary/employment pension	8 197		10 363	32 524	54 924	170 491
c. Supplementary pension	36 848	38	343	-	13 081	66 419
B. Special retirement pensions	25 848	31	971	-	3 730	
C. Partial pensions	33		213	-	122	-
D. Other	-	20	73	-		403
Cash benefits, total	151 759	600	13 721	57 079	114 495	273 444
Services, million.						
A. Institutions, etc.	-	223	713	2 673	21 554	48 333
B. Assistance to carry out daily activities	-	97	489	1 232	14 786	22 051
C. Other	29 049	21	527	1 689	3 842	2 947
Services, total	29 049	340	1 729	5 594	40 182	73 331
Total expenditure, million	180 808	941	15 451	62 673	154 676	346 775
Expenditure as percentage of GDP	10.7	7.6	8.6	4.8	6.8	11.3
<i>Financed by (per cent)</i>						
- Public authorities	49.8	72.1	21.0	14.7	44.2	30.4
- Employers	24.9	15.0	63.4	68.1	34.6	48.2
- The insured (contributions and special taxes)	25.3	13.0	15.6	17.2	21.2	21.4
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Million	2 069	45	563	-10 786	10 786	7 912
- Per cent	1.2	5.0	3.8	-14.7	7.5	2.3

**Table 6.2.15 Expenditure on cash benefits to the elderly in PPP/capita and per pensioner, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
The elderly						
Cash benefits per. capita	2 711	1 209	2 118	1 412	2 183	2 743
Retirement pension per pensioner	14 153	8 931	10 404	13 680	15 544	14 294
Services per person aged 65 years or more	3 357	4 979	1 619	1 199	5 236	4 200
Total services and benefits to the elderly per capita	3 230	1 895	2 385	1 551	2 949	3 479

### *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. User charges are estimated to amount to about DKK 1.35 billion in 2007. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges amounted to about DKK 99 million in 2007. User charges payable for nursing homes and home help amount to a total of 4 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes pay no rent, but in return their retirement pension is reduced to DKK 924 per month towards personal expenses. The inhabitants thus have no expenses to pay for rent, food, hairdressing, etc. Pensioners, who have an income besides their pension (such as supplementary pensions) must, however, pay for their stay in a nursing home. User charges amount to 10 per cent of a pensioner's supplementary income. User charges for home help depend on a household's income. In 2007, user charges amounted to 2.5 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. It must at most amount to 80 per cent of the net income and there must be at least EUR 80 per month left for personal use. In 2007, user charges amounted to 17 per cent of the total expenditure. User charges for home help depend on a household's income. User charges amounted to about 15 per cent of the total expenditure on home help. The proportion of user charges for home help amounted to 7.7 per cent of the local authorities' expenditure in 2007.

In Iceland, residents in nursing homes pay part of their stays in the nursing home if they draw an employment pension exceeding a certain level. The share of the user payment of the total expenditure amounted to about 3.3 per cent in 2005, whereas user payment for home help amounted to 9.7 per cent of the municipal expenditure.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of centrally laid down rules. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. User charges for stays at institutions amount to a little more than 10 per cent of the total running costs 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 may not exceed NOK 155 per month. Besides, user charges must not be charged for that part of the help that is personal care and nursing or home nursing.

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.

## 6.3. Disabled People

**Table 6.3.1 Expenditure on the disabled as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	4.2	Austria	2.3	Greece	1.1	The Netherlands	2.3 <sup>p</sup>
Faroe Islands	3.7	Belgium	1.8	Hungary	2.1	Poland	1.7
Finland	3.2	Bulgaria	1.3	Ireland	0.9	Portugal	2.4
		The Czech					
Iceland	3.3	Republic	1.5	Italy	1.5 <sup>p</sup>	Romania	1.0
Norway	4.2	Cyprus	0.7	Latvia	0.9 <sup>p</sup>	Slovakia	1.3 <sup>p</sup>
Sweden	4.5 <sup>p</sup>	Estonia	1.2	Lithuania	1.4 <sup>p</sup>	Slovenia	1.9 <sup>p</sup>
		France	1.8 <sup>p</sup>	Luxembourg	2.6	Spain	1.5 <sup>p</sup>
		Germany	1.7 <sup>p</sup>	Malta	1.1	United Kingdom	2.2 <sup>p</sup>

Note: See Table 3.1.

### 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 employment or supplementary pensions to those who have 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.

The main principle for disability pension recipients is the same as for retirement pensioners. Recipients of disability pension in Denmark will, however, not receive ATP, but those having remained in the labour market until they became disability pensioners shall also be granted employment/supplementary pensions.

In Sweden, disability pensions have in principle been abolished and replaced by a sickness allowance. These allowances will, however, be referred to as disability pension.

## OLD AGE, DISABILITY AND SURVIVING RELATIVES

**Table 6.3.2 Disability Pension Structures, 2008<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway <sup>2)</sup>	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pen- sion	Everyone liv- ing in the country for at least 3 years	Everyone liv- ing in the country for at least 3 years	Everyone liv- ing in the country for at least 3 years	Everyone liv- ing in the country for at least 3 years	Everyone liv- ing in the country for at least 3 years	Everyone liv- ing in the country for at least 3 years
Length of resi- dence period to obtain full basic pension	Four-fifths of the years from the age of 15 until the time pension is payable	Four-fifths of the years from the age of 15 until the time pension is payable	40 years	40 years	40 years	40 years
Supplemen- tary pension/ employment pension	.	.	Employees and self- employed people	Employees and self- employed people	Employees and self- employed people	Employees and self- employed people
Supplemen- tary pensions	Statutory for public em- ployees (civil servants)	Statutory for public em- ployees (civil servants)	-	-	Statutory for public em- ployees (civil servants)	-
	Public collec- tive agree- ments	Public collec- tive agree- ments	-	-	Public collec- tive agree- ments	Public collec- tive agree- ments
	Private collec- tive agree- ments	Private collec- tive agree- ments	-	-	-	Private collec- tive agree- ments

1 As a result of the concluded EU/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 between the ages of 15 and 65-67 in order to become entitled to a pension. Periods of employment in an EU Member State, or in another country with which a social-insurance convention has been concluded, may be taken into account in the calculation of compliance with the residence requirement. The rules governing employment pension in Denmark apply only to retirement pensioners.

2 The limit of three years does not apply in case of industrial injuries.



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, which is also adjusted in relation to one's own employment pension as well as to any spouse's income. As from 2001, only 60 per cent of a disability pensioner's own income shall be included in the adjustment. The aim is to have more disability pensioners participate in working life. The pension supplement will be stopped completely, if an income exceeds a certain level.

In Norway, retirement pension is income-adjusted in relation to income from work for pensioners aged 67-70 years. Income adjustment ceases when a pensioner reaches the age of 70. The disability pension is also income-adjusted in relation to income from work exceeding a certain level. For all pensioners, the basic pension shall be fixed according to marital status and income from work and the capital of any spouse. Married and cohabiting couples are treated equally.

In Sweden, the housing supplement to pensioners is income-adjusted. In accordance with the new legislation from 2003, the housing supplement will be payable to those living in Sweden and receiving a benefit by way of full retirement pension, activity or sickness allowance, widow's/widower's pension, special survivor's pension or wife supplement. Even people, who receive a 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 capacity has been reduced by physical and/or mental disabilities may be entitled to disability pension, which in Sweden is called activity or sickness allowance as from 2003. These benefits are included in the sickness insurance scheme, whereas they previously formed part of the ordinary pension system.

### *Basis for Disability Pension*

In Denmark, the statutory retirement pension (old-age pension), disability pension, widow's pension and anticipatory pension were previously integrated in a coherent set of rules. Anticipatory pensioners were awarded basic pension according to the same rules as apply to retirement pensioners. Besides, pensioners who were granted the intermediate amount of anticipatory pension also received a disability allowance, and pensioners who had been granted the highest

amount of anticipatory pension also received an unemployables amount in addition to the disability allowance. The disability allowance and the unemployables amount are not earnings-related and besides, the disability allowance is exempt from tax. As from 2006, an extra supplementary benefit was introduced to anticipatory pensioners receiving general and general increased pension. The benefit is not taxable and will not be income-adjusted.

In 2003, however, a new disability pension scheme entered into force. The disability pension now consists of one total benefit, which for single people almost corresponds to the unemployment benefits and for married/co-habiting couples corresponds to 85 per cent thereof. The new rules apply to applications for disability pension submitted after 1 January 2003, which means that people, who have been awarded disability pension in accordance with the previous rules, will still receive pension according to those rules and will for a number of years make up the majority of disability pensioners in Denmark. In Denmark, disability pensioners do not receive supplementary pension. As part of the disability-pension reform, a voluntary supplementary savings scheme for disability pensioners was established, which entered into force on 1 January 2003. It is a voluntary scheme, and all disability pensioners are free to join. The disability pensioners pay one-third of the amount and the local authorities pay the remaining two-thirds. The total contribution per person to the scheme amounts to DKK 5 040 annually in 2008.

In the Faroe Islands, the disability pension is composed of a basic amount, a supplement and a disability allowance. Pensioners who receive the minimum amount of disability pension receive the basic amount and the lowest supplement as from 2008. Pensioners who receive the intermediate and maximum amount of disability pension receive the basic amount, the intermediate or maximum supplement and a disability allowance. The disability amount is not income-adjusted and is exempt from tax. People, who suffer from severe physical or mental disabilities and who live in institutions, do not receive disability pension. Their personal needs are covered via the institutions' operating costs.

In Finland, Iceland and Norway, disability pension is granted by way of a basic pension/guaranteed minimum pension and an employment pension. As from 2003, the disability pension was changed in Sweden to the effect that an activity or sickness allowance will be awarded. The sickness allowance is a temporary allowance. The disability pension was part of the general pension system, while the activity or sickness allowance is part of the sickness-insurance scheme. People of the ages 30 to 64 years may receive the allowance for a limited period, depending on the estimated length of the reduction of their working

ability. 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 the 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.

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 18<sup>th</sup> 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 will receive twice the basic amount, which will be gradually reduced until they reach the age of 66 years.

As from 2004, the disability pension scheme in Norway has been divided into two benefits, a temporary benefit and a permanent disability pension. Temporary disability pension may be granted for a period of one to four years, when there is a certain possibility that the recipient may get back into the labour market either full time or part time. The benefit will be calculated as rehabilitation and disability benefits. The permanent disability pension will be calculated in the same way as before.

## OLD AGE, DISABILITY AND SURVIVING RELATIVES

**Table 6.3.4 Rules governing basic pension/disability pension**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>1)</sup>
Pensionable age	18-64 years	18-66 years	18-64 years	16-65 years	18- 64 years	18-64 years
Minimum degree of unfitness for work	Unfit for work	Lack of capacity for work	No specific level indicated	50 per cent	50 per cent (in the reactivation phase 20 per cent)	25 per cent
Pension on the basis of:	Degree of incapacity for work, residence period and income	Residence periods; incapacity for work	Lump sum depending on the length of residence, marital status and other employment-based pensions	Degree of incapacity for work, residence period and income	Degree of unfitness for work, length of insurance period and pension points, amount of income from work (the 20 best years) and family situation	Length of residence, amount of income-based sickness/activity daily cash benefits and degree of unfitness for work
Reference income or calculation basis	Pension independent of previous income	Basic amount and supplements adjusted in relation to the latest fiscal income	Pension independent of previous income	Pension independent of previous income	Accrued pension points and future pension points until the age of 66 years. People fit for work before the age of 26 years shall be awarded extra pension points for the future	Benefit based on the pensionable income, i.e. income from work and income from certain benefits: sickness benefits, unemployment benefits and parental-leave benefit No statutory minimum
Minimum pension	1/40 of the maximum	Adjusted in relation to four-thirds of the residential period since the age of 15 years + 1/40 of maximum benefit	.	.	136.290 NOK til enlige og 231.496 NOK til ægtefæller	
Maximum pension	If the income does not exceed a certain level: DKK 62 200 per year for single pensioners living alone; DKK 98 000 per year for married or cohabiting pensioners	Basic amount and supplements depending on marital status and simultaneous income	No income limit	No income limit	327.056 NOK til enlige og 316.517NOK til ægtefæller	Garanteret-pension på 98.400 SEK.

**To be continued ...**

**Table 6.3.4 Continued**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>1)</sup>
Indexation after pensioning:	Wages/salaries 100 per cent and a reduction if the increase exceeds 2 per cent	Basic amount adjusted each year according to special legislation	Consumer price index 100 per cent.	Pay development, at least the consumer price index	Parliamentary decision	Price index 100 per cent
Accumulation with income from work	Possible to have other income. The pension will be gradually reduced at an income exceeding a certain amount (cf. above under "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 6-60 months if the pension recipient finds work	Possible, reduction of benefits	With the exception of the first year with full temporary disability pension or disability pension, the recipient may have an annual income from work of a maximum of NOK 70 256. With higher incomes, a lower disability pension shall be payable	Possible

1 Sickness/activity daily cash benefits.

**OLD AGE, DISABILITY AND SURVIVING RELATIVES**

**Table 6.3.4 Rules governing employment-based disability pension**

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>2)</sup>
Pensionable age		18-66 years	18-69 years	16-69 years	16-66 years	19-64 years
Minimum degree of unfitness for work		Lack of capacity for work. Benefit depends on age and marital status. Maximum disability pension only granted if recipient is under 60 years.	Disability pension: 3/5. Partial disability pension: 2/5 .	50 per cent	50 per cent (in the reactivation phase 20 per cent)	25 per cent
Pension on the basis of:		Lack of capacity for work. Pension and supplements depend on marital status. Intermediate disability pension to surviving relatives and children under 18 years	Pension based on accumulation increased by accumulation for life expectancy at the time of retirement, income for each year, age-dependent accumulation rate	Degree of unfitness for work and accrued pension amount in accordance with accrued pension points increased by further accumulation years until the pensionable age	Degree of unfitness for work, length of insurance period and pension points (actual previous and estimated future periods until a total of 40 years), amount of income from work (the 20 best years) and family situation	Average of the three highest annual incomes from a framework period, which immediately precedes the year in which the disability arose, depending on the degree of unfitness 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. The accrual rate for uncovered periods is based on the income on which the benefits are based	Income without ceiling	Accrued pension points and future pension points until the age of 66 years. People who have become unfit for work before the age of 26 years shall be awarded extra pension points for the future	The benefit is based on the pensionable income, i.e. income from work and income from certain benefits: sickness benefit, unemployment benefit and parental-leave benefit.

**To be continued ...**

Table 6.3.4 Continued

	Denmark <sup>1)</sup>	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>2)</sup>
Maximum pension	-	For single people DKK 161.998 (2008) For spouse DKK 142.128 (2008). In addition, a monthly supplement per child under 18 years	No statutory maximum	No statutory maximum	NOK 327 056 for single people and NOK 316 518 for married people	No statutory maximum
<i>Indexation</i>						
- before pensioning:	-	Adjusted according to special legislation	Wages/salaries 80 per cent + price index 20 per cent	.	.	.
- after pensioning:		Adjusted by the Parliament	Price index 80 per cent + wages/salaries 20 per cent	Pension fund decision	Parliamentary decision.	Price index 100 per cent
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.	Possible, reduction of benefits	With the exception of the first year with full temporary disability pension or disability pension, the recipient may have an annual income from work of a maximum of NOK 70 256. With higher incomes, a lower disability pension shall be payable.	Possible

1 There is no employment-based disability pension in the public pension scheme in Denmark, but most collective agreements in the labour market cover a pension agreement, including also disability pension.

2 Sickness/activity daily cash benefits.

### *Circumstances Influencing the Number of Disability Pensioners*

In the Nordic countries, there is a number of alternative benefits that affect both the award of disability pension and the number of disability pensioners. In Sweden, for example, sickness benefits are payable without any time limit, whereas sickness benefits are payable for a maximum of one year in the other countries, with a possibility of prolongation in Denmark, however. In Sweden, the disability pension has as from 2003 been replaced by a sickness and reduced activity allowance.

In Norway, a rehabilitation/disability benefit is normally payable before disability pension and any temporary disability pension will be awarded.

Also the other disability-pension schemes (which in this report are referred to as special retirement pensions) may affect the number of disability pensioners. The existence of schemes such as the voluntary early-retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer disability 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 pension 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.

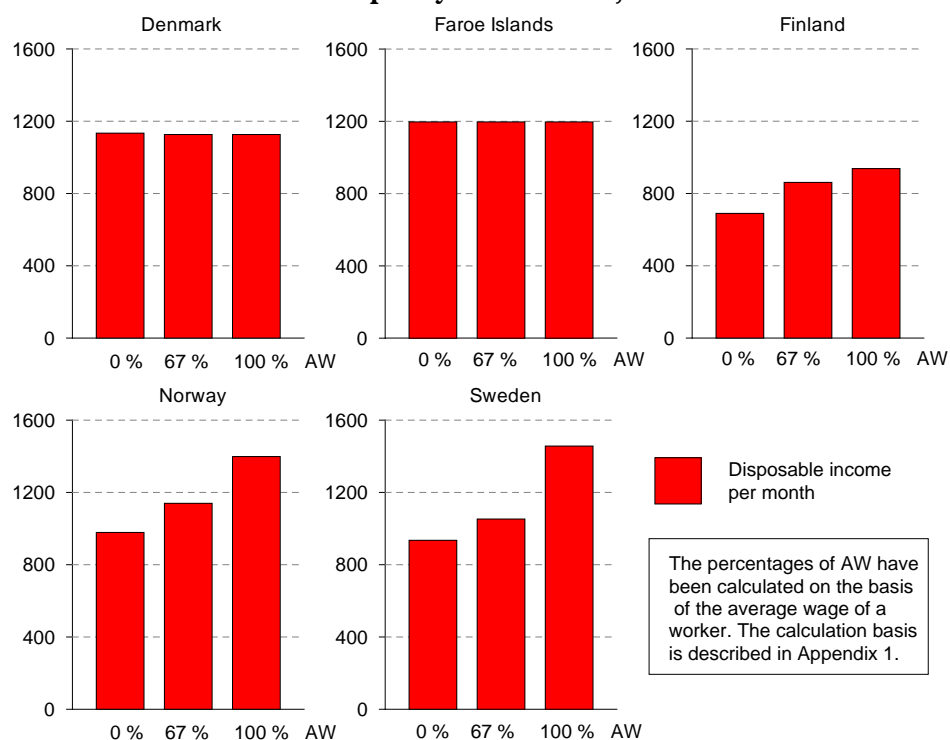
### *Compensation Levels*

Figure 6.9 (6.1.3) shows the compensation level for a single 50 year-old disability pensioner who has previously been in work, and who has completely lost his capacity for work, at three different income levels as PPP-Euro, and Table 6.6.3 shows the compensation grade as a percentage of previous income from work. In Denmark, the disability pension is independent of any previous income. There is, however, in Denmark supplementary benefits payable from agreement-based pension schemes, which have not been included. The disability pension in the other countries is calculated in relation to previous income from work.



In all the countries, men receive a higher benefit on average than do women. In Finland, Norway and Sweden, this is a result of higher accumulation of the ATP.

**Figure 6.3.1 Disposable income for a single 50 year old disability pensioner with no capacity for work left, in PPP-Euro 2008<sup>1)</sup>**



1 For Denmark: Labour market pension and private pension are not included.

**Table 6.6.3 Monthly compensation levels (December 2008) for a single 50 year old disability pensioner with no capacity for work left as a percentage of disposable monthly income when in work**

	Denmark	Faroe Islands	Finland	Norway	Sweden
67 per cent AW	91	116	68	72	79
100 per cent AW	64	82	54	62	75

**Table 6.3.7 Average monthly amount of statutory disability pension (before tax), 2008**

	KR/EUR			PPP-Euro		
	Men	Women	Total0	Men	Women	Total
Denmark <sup>1)</sup>	12 910	12 198	12 530	1 259	1 189	1 221
Faroe Islands <sup>2)</sup>	11 361	10 443	10 860	1 108	1 018	1 059
Finland <sup>3)</sup>	1 057	863	1 002	863	704	818
Iceland						
Norway	15 585	12 192	13 665	1 399	1 095	1 227
Sweden <sup>4)</sup>	10 010	8 677	9 212	922	799	849

1 Average payment of highest and intermediate disability pension and new disability pension in January 2008

2 Average payment per month (average annual amount in 2007, divided by 12) in respect of the maximum and intermediate disability pensions.

3 Average payment of pension amount as per December.

4 Average payment of pension amount in December including housing supplement. Sickness or activity allowance 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 who suffer from a permanently reduced capacity for work to such a degree that the person in question cannot maintain him/herself through employment on the usual terms or in a flexi job.

In the Faroe Islands, no significant statutory changes have been made to influence the number of new awards.

In Finland, there has been a decline in the number of disability pension recipients, but the number has in recent years been stabilized.

The number of disability pensioners continues to rise in Iceland, although there has been a decrease in new awards since 2003. The decrease in the number of new applications may be explained by a tightening of the rules governing award of disability pension as well as by changes in the labour market by way of a declining unemployment rate.

Both in Norway and Sweden, the rules governing award of disability pension (sickness/activity allowance) have been tightened. In Norway, there was an increase in the number of new awards. In Sweden, there was an increase in the number of awards up to and including 2006, after which the number decreased.

**Table 6.3.8 Recipients of disability pension and new accession of disability pensioners, by gender, 1995-2008**

	Denmark <sup>1)</sup>		Faroe Is-lands		Finland		Iceland <sup>2)</sup>		Norway <sup>3)</sup>		Sweden <sup>4)</sup>	
	M	W	M	W	M	W	M	W	M	W	M	W
<b>1995</b>												
Recipients	82 166	83 871	.	.	165 348	144 156	4 250	5 769	103 401	132 900	185 413	223 163
New accession	5 941	5 087	.	.	.	.	502	723	12 006	13 299	18 639	20 565
New accession as percentage of population of qualifying age	0.3	0.3	.	.	.	.	0.6	0.9	0.9	1.0	0.7	0.8
<b>2000</b>												
Recipients	81 426	83 367	603	753	147 022	129 247	4 172	6 108	119 160	160 413	189 727	248 216
New accession	4 332	4 237	39	37	13 004	11 691	378	801	13 529	16 150	21 303	27 934
New accession as percentage of population of qualifying age	0.2	0.2	0.3	0.3	0.8	0.7	0.4	0.9	1.0	1.3	0.8	1.1
<b>2007</b>												
Recipients	91 348	102 875	651	797	143 563	128 061	5 493	8 435	140 733	192 811	221 424	330 322
New accession	5 548	6 354	72	62	14 377	13 810	358	528	13 896	18 288	20 316	27 367
New accession as percentage of population of qualifying age	0.3	0.4	0.5	0.5	0.8	0.8	0.3	0.5	1.0	1.4	0.7	1.0
<b>2008</b>												
Recipients	109 848	130 801	670	793	143 702	129 176	.	.	142 482	196 759	213 183	318 316
New accession	7 651	8 965	28	39	14 527	14 138	.	.	13 055	17 262	15 502	20 362
New accession as percentage of population of qualifying age	0.4	0.5	0.2	0.3	0.8	0.8	.	.	0.9	1.3	0.5	0.7

Note: For further information, see Appendix 5.

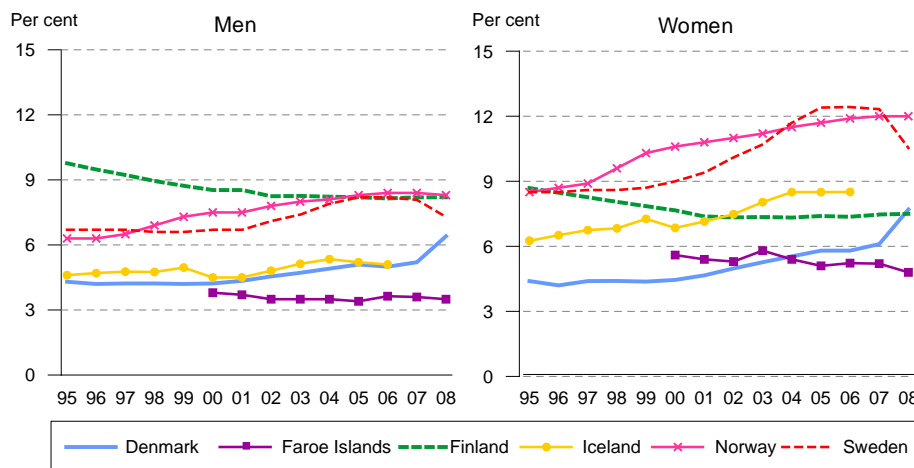
1 Before 2006, recipients of the general and increased general disability pensions were not included.

2 Pensionable age 16-66 years.

3 Pensionable age 18-67 years.

4 The activity and sickness allowance replace the disability pension as from 2003.

**Figure 6.3.2 Pensioners receiving disability pension by way of basic/minimum pension and/or supplementary/employment pension as percentages of population 16/18-64 years, 1995-2008<sup>1)</sup>**



1 Figures for Denmark do not include all disability pensioners in the years before 2006 when recipients of the general and increased disability pensions were not included. As a result of the introduction of the "extra supplementary benefit" to these disability pensioners in 2006, they have been included as from that year.

In Sweden, the activity and sickness allowance replaces the disability pension as from 2003. New benefits are awarded to people of the age group 19-64 years.

## 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 possibilities 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. With a view to maintaining and integrating vulnerable groups in the labour market, an enhancement of the work-related rehabilitation scheme took place in 1999.

In the Faroe Islands, rehabilitation allowance is payable when it is deemed necessary out of consideration for a person's risk of becoming ostracized from the labour market. The rehabilitation allowance is governed by the Act on Public Welfare, and the allowance is usually granted on the basis of need.

In Finland, rehabilitation benefits, which are payable by the Social Insurance Institution, equals the amount of the sickness benefit. The amount of the daily cash benefits from the accident- and traffic-insurance schemes as well as from the statutory employment-related pension scheme usually amounts to the amount that would have been payable in that same period.

In Iceland, a rehabilitation allowance is payable 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 payable for more than 18 months. Everyone receiving rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is being paid.

Since 1 January 2000, the social insurance fund has paid a rehabilitation benefit to people who are at risk of becoming excluded from the labour market due to illness or accidents. Especially in Iceland, there are many social institutions offering jobs to people undergoing rehabilitation. At the moment, endeavours are made to gather the activities in this area with the aim of enhancing the work-related rehabilitation.

In Norway, two different kinds of allowances may be granted to people undergoing rehabilitation. One is granted in connection with medical rehabilitation to people who have exhausted their entitlement to sickness benefits, and whose capacity for work is still reduced by at least 50 per cent. In order to be entitled to this allowance, recipients must be undergoing active treatment with a view to improving their capacity for work. The other allowance is connected with occupational rehabilitation and will be granted in connection with measures that are deemed necessary and expedient for the recipient to be able to get or maintain a job. Rehabilitation may be school-

ing, work training, wage subsidies, etc. Both allowances are short-term allowances and will be calculated on the basis of any pensionable income paid during the past year, or as an average of the last three years prior to the capacity for work becoming reduced by at least 50 per cent. Both allowances amount to a maximum of 66 per cent of the calculation basis, corresponding to NOK 421 536 as per 1 May 2008. Both the medical rehabilitation and the occupational rehabilitation are administered by the Directorate of Labour and Welfare. The rehabilitation proper, both the medical and the occupational, may be carried out in a co-operation of the health, labour-market, and social-insurance authorities among others.

In Sweden, a number of compensations and benefits are payable 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. The occupational rehabilitation measures may for example be work training, tests at a labour market institute and education/training.

**Table 6.3.9 People receiving rehabilitation benefit during the year 2008**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>People receiving rehabilitation allowance during the year</i>						
Men	7 363	90	21 798	.	70 123	9 235
Women	14 570	153	36 268	.	98 353	20 159
Total	21 933	243	58 066	.	168 466	29 394
<i>People receiving rehabilitation allowance as at December 2007</i>						
Men	4 512	46	5 237	401	41 658	2 465
Women	9 296	67	7 123	763	60 556	5 595
Total	13 808	113	12 360	1 164	102 214	8 060

1 The basis for the statistics has been changed as from 2007, for which reason the figures are not directly comparable with those from previous years.

2 Includes rehabilitation benefits and services payable by the Social Insurance Institution.

3 People, who have only received occupational rehabilitation allowances.

4 Includes only people receiving rehabilitation allowances, i.e. rehabilitation allowance (47 222) and disability pension (54 992) as at December 2008.

## Compensation for Industrial Injury

In all Nordic countries, people who have suffered an industrial injury 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 insurances 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 the working capacity 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 is calculated on the basis of 80 per cent of an injured person's previous annual income.

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 one-fourth of the day wage. 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 both cases, the compensation is calculated to amount to two-thirds of a fisherman's guaranteed minimum wage, corresponding to DKK 324 in 2008.

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 the full pension corresponding to the reduction of the capacity for work. The compensation level for pension on the grounds of accidents drops to 70 per cent of the 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 injured persons. People who are not entitled to wages/salaries, or in the event that the period in which one is entitled to receive wages/salary has expired, the people concerned are entitled to daily cash benefits from the general industrial-injury insurance fund.

This benefit is a fixed amount independent of the 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 paid 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 by way 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 shall normally be calculated on the basis of an insured person's sickness-benefit entitling income.

## 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.



## Services to Disabled People

### *Institutions, Home Help, etc., for Disabled People*

In all the countries, there is special housing available for people with reduced capabilities, such as:

1. Nursing homes/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	Faroe Islands <sup>1)</sup>	Finland	Iceland	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
	2008	2008	2008	2007	2008	2008
Recipients of home help under 65 years, total	28 692	83	7 968	3 311	28 250	16 739
Recipients of home help as percentage of the age group 18-64 years	0.8	0.2	0.2	1.2	0.7	0.2

1 Home help to residents in their own homes with the exception of service housing.

2 Households under 67 years, including residents in service housing who receive practical assistance (home help). Comprises recipients, who receive both home nursing and practical assistance and recipients who receive only practical assistance. Recipients receiving only home nursing are not included.

3 Includes people in their own homes who had been granted home help as at 1 October 2007.

**Table 6.3.11 People under 65 years living at institutions or in service housing,**

	Denmark	Faroe Islands <sup>1)</sup>	Finland	Iceland	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
	2008	2008	2007	2008	2008	2008
Under 65 years, total	12 358	141	21 881	1 129	21 655	26 966
As percentage of the age group 18-64 years	0.4	0.3	0.5	0.4	0.5	0.4

1 People under 67 years.

2 Data applies to residents in special-care housing units as well as to people admitted to institutions (age group 0-66 years).

3 People in permanent residence and short-term stays as at October 10 2008 at institutions or in service housing.

In all the countries, home help is provided to disabled people. The extent of the help is determined on the basis of individual needs and may vary from a few hours a month to several hours per day. The assistance is a municipal matter and is provided by municipally or privately employed staff.

As mentioned above, it is difficult to compare statistics on home help in the Nordic countries. While the figures concerning Denmark, the Faroe Islands, Finland, Norway and Sweden are situation statements, the Icelandic data contain information on the number of people who received assistance during the year.

### *Support Services and Leisure Activities*

In the Nordic countries, disabled people are offered various kinds of support services and activating measures either on a municipal or a private basis. The range of services and activities offered 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 are mainly aimed 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 for the summoning of help, home-visiting schemes, physiotherapy and occupational therapy, hairdressing and pedicure, gardening and snow clearing. There are also schemes for washing and mending clothes. 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.

The transport service scheme is a service to the elderly and the disabled 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 life.

In Denmark, persons who suffer from a considerable and permanently reduced physical or mental capacity, and who need personal help and support to carry out the necessary practical chores in their homes for more than 20 hours per week, may choose to have a cash supplement towards payment

for the employment of assistants. Besides, the local authorities may grant a supplement to cover the expenses occurred in connection with the employment of care assistants to carry out care, surveillance and accompaniment of people suffering from a considerably and permanently reduced physical or mental capacity, who are active in some way, for example in connection with work, which makes it necessary to grant very special support. At the end of 2008, 1 800 people were covered by the schemes for employment of assistants.

The local authorities may also grant 15 hours of accompaniment per month to people under 67 years, who are unable to get about by themselves due to considerably and permanently reduced physical or mental capacities. People, who have been granted 15 hours of accompaniment per months at the age of 67 years, shall 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 2008, 10 800 people were covered by the accompaniment and contact-person schemes.

In the Faroe Islands, child-minding needs in 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 to the family and therefore meet a need more comprehensively than a traditional institution could have done.

People between 18 and 66 years who suffer from a permanently reduced physical or mental capacity may be granted personal help and assistance. The aim is to give the disabled person an opportunity to live an independent and active life. The disabled person and his/her support person jointly determine the purpose of the support and lay down 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 persons 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 2007, 5 034 people were covered by the scheme.

Also in Iceland, personal assistance to deal with daily life may be granted. It is possible for a disabled person to employ a personal assistant direct and thus assume the role of employer in relation to the assistant.

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 takes care of the child/children - usually one or two weekends a month.

In Norway, all local authorities must offer schemes for user-controlled personal assistance. The number of assistance hours shall be determined by an individual's need for help. What signifies this scheme is that the recipient of the help acts as a manager for the assistant and/or an employer and thus assumes a larger responsibility for the organization and the scope of the help in relation to his own needs. Since 1994, local authorities have been subsidized in order for them to promote such schemes. The local authorities decide whether the service shall be granted as user-controlled personal assistance or as a municipally organized service. For those who do not wish to receive assistance in this way, it is the local authorities' responsibility to offer some other kind of help, such as home help or a "support contact". The number of hours will be determined by an individual's need. Moreover, there is a function-assistants scheme for the disabled in work. The assistants are to provide practical help during working hours to people who are severely disabled, and are managed by the recipient. The aim is to enable severely disabled people to remain in normal employment and to enable those who have not previously been in the labour market to assume a normal job.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, dressing 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 possibilities of leading 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 shall cover the expenses for the hours exceeding 20. In 2008, about 15 50 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 occupation-

ally 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 fitness for work are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and in sheltered workshops. People with permanently limited fitness for work may furthermore find employment with private or public employers in flexi jobs or wage-subsidized sheltered jobs. Flexi jobs are given to persons who are not receiving any social pension whereas sheltered jobs are given to disability pensioners. In the fourth quarter of 2008, there were 53 600 people in flexi jobs and 5 100 in sheltered jobs.

People, who have been approved for a flexi job, and who are unemployed, and people, who will become unemployed after employment in a flexi job, may according to special rules be granted a special benefit. In the fourth quarter of 2008, there were 12 000 people receiving this special benefit.

In the Faroe Islands, people with reduced capacity for work are offered assessment of capacity for work, training, supplementary training courses, sheltered employment, etc., at a rehabilitation institution. The rehabilitation institution also provides short-term vocational courses. Furthermore, people with permanently reduced capacity for work may, as in Denmark, 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 fitness 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 rehabilitation to their clients. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

In Iceland, disabled people are offered retraining and education, sheltered employment in the open labour market or in sheltered workshops. The health sector is responsible for the medical rehabilitation and technical aids.

In Norway, it is the responsibility of the Directorate of Labour and Welfare to endeavour to activate the disabled in the labour market. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get a job on ordinary terms. Occupational rehabilitation is based on training, job training and guidance. People with reduced capacity for work may have their work adapted according to their special needs. It is also pos-

sible to borrow various technical aids from the technical-aids centres. Besides, there are permanently sheltered work places for people with reduced capacity for work. Besides, people with disabilities may receive 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 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 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 but under Illness in the other countries (included in the sickness benefits).

### *Changes in the Social Expenditure on the Disabled from 2006 to 2007*

In Denmark, the expenditure on both cash benefits and services increased in 2007 compared with the year before. In total, the expenditure increased by DKK 829 million, corresponding to 1.2 per cent. The largest increase in the expenditure concerned the disability pension with an increase of DKK 713 million. As the number of disability pensioners declined, the expenditure increase may be explained by an increasing average expenditure per recipient as a result of the amount awarded to new disability pensioners being higher

than the average amount for disability pensioners according to the old scheme from before 2003.

In the Faroe Islands, there was an increase in the expenditure on services to the disabled. It is a matter of increased expenditure on among other things rehabilitation and technical aids. The expenditure on rehabilitation increased by 10 per cent, and the expenditure on technical aids increased by 16 per cent. These entries make up a relatively small part of the total expenditure. At the same time, the increase signifies that it has now been possible for that part of the group that has so far not been in the labour market to get work by means of sheltered work places and the use of technical aids.

In Finland, the expenditure on disability pensioners increased by 1.6 per cent at constant prices, and the number of disability pensioners increased by 4 241. The expenditure on services to the disabled remained at the same level in 2007 as in 2006.

In Iceland, the expenditure on the disabled decreased by 8.7 per cent at constant prices, while the expenditure on services decreased by 0.7 per cent, and the cash benefits decreased by 26 per cent. The expenditure on basic pension increased by 2.6 per cent, while the expenditure on supplementary pension dropped by 5.1 per cent. The large changes in the expenditure on services may be explained by the harmonization of the ESSPROS and the social expenditure of the national accounts which resulted in the expenditure on rehabilitation being transferred to illness.

In Norway, the expenditure on the disabled increased by 4.6 per cent at constant prices. Cash benefits increased by 4.6 per cent, while the expenditure on services increased by 4.4 per cent. Cash benefits made up 83 per cent of the total expenditure on the disabled. The number of disability pensioners increased by 1.7 per cent from 327 818 in 2006 to 333 544 in 2007.

In Sweden, the expenditure on the disabled increased by 2.3 per cent from 2006 to 2007. There was a slight decline in cash benefits, while the expenditure on treatment increased. The largest increases took place in the expenditure on specially adapted housing units as well as in assistance to carry out daily tasks.

**OLD AGE, DISABILITY AND SURVIVING RELATIVES**

**Table 6.3.12 Expenditure on and financing of pensions, other cash benefits and services to the disabled, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Disability pensions	29 719	174	3 436	27 212	56 859	71 038
Of which:						
a. Basic/minimum pension	29 719	174	818	19 211	25 351	14 730
b. Supplementary/ employment pension	-		2 605	8 001	26 729	47 693
c. Supplementary pension	-		12	-	4 779	8 615
B. Retirement pension due to reduced working capacity	4 972	10	65	-		
C. Nursin contribution	-		75	-	3 159	3 572
D. Supplement for economic integration of the disabled						
	11 740		101	-	18 207	1 492
E. Other	3 038	11	270	-	236	
Cash benefits, total	49 468	195	3 946	27 212	78 462	76 102
<i>Services, million</i>						
A. Institutions, etc.	10 359	111	177	6 148	859	16 983
B. Assistance to carry out daily activities	5 040	48	370	303	3 853	28 153
C. Rehabilitation	2 380	50	530	2 590	10 319	4 610
D. Other	3 966	56	547	346	1 421	9 937
Services, total	21 745	265	1 624	9 388	16 451	59 683
Total expenditure, million	71 212	460	5 570	36 599	94 913	59 683
Expenditure as percentage of GDP	4.2	3.7	3.1	2.8	4.2	4.4
<i>Financed by (per cent)</i>						
- Public authorities	63.0	93.0	40.4	42.0	32.9	98.3
- Employers	9.2	4.9	45.0	48.5	40.4	1.7
- The insured (contributions and special taxes)	27.8	2.1	14.6	9.5	26.6	0.1
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Million	829	8	69	-3 464	4 147	2 995
- Per cent	1.2	1.8	1.3	-8.6	4.6	2.3



**Table 6.3.13 Expenditure on cash benefits to the disabled in PPP/capita and per pensioner, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The disabled</i>						
Cash benefits per capita	884	393	609	673	1 496	763
Disability pension per disability pensioner	14 916	11 574	10 325	15 052	15 304	11 861
Services per capita	388	533	251	232	314	599
Total benefits and services to the disabled per capita	1 272	926	860	906	1 809	1 362

### *User Charges*

User charges payable for stays at institutions for 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 at institutions for disabled people 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 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. User charges amounted to DKK 400 million in 2007. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges amounted to about DKK 98 million in 2008. User charges payable for housing units amounted to 4 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes pay no rent, but in return their pension amount is reduced to DKK 1 108 per month towards payment for personal expenses. The inhabitants thus have no expenses to pay for rent, food, hairdressing, etc. Pensioners, who have an income besides their pension (such as supplementary pensions) must, however, pay for their stay in a nursing home. User charges amount to 10 per cent of a pensioner's supplementary income. At institutions for the mentally disabled, user charges amounted to about 2.3 per cent in 2007 of the total expenditure.

In Finland, user charges payable for long-term care for the elderly depend on a patient's income. It must at most amount to 80 per cent of the net income and there must be at least EUR 80 per month left for personal use. In 2007, user charges amounted to 17 per cent of the total expenditure. User

charges 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 Iceland, residents in nursing homes pay for part of their stay in the home provided they have an employment pension over a certain level. The ratio of user charges of the total expenditure was about 3.3 per cent in 2005, while user charges for home help amounted to 9.7 per cent of the local authorities' expenditure.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of centrally laid down rules. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. User charges for stays at institutions amount to a little more than 10 per cent of the total running costs 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 NOK 155 per month. Besides, user charges must not be charged for that part of the help that is personal care and nursing or home nursing.

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 the local authorities are free to fix the amount of user charges within that framework.

## 6.4. Surviving Relatives

**Table 6.4.1 Expenditure on the elderly, the disabled and surviving relatives as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	0.0	Austria	2.0	Greece	1.9	The Netherlands	1.5 <sup>p</sup>
Faroe Islands	0.2	Belgium	2.9	Hungary	0.3	Poland	2.1
Finland	0.9	Bulgaria	0.8	Ireland	0.8	Portugal	1.6
		The Czech					
Iceland	0.4	Republic	0.8	Italy	2.5 <sup>p</sup>	Romania	0.1
Norway	0.3	Cyprus	1.1	Latvia	0.3 <sup>p</sup>	Slovakia	0.9 <sup>p</sup>
Sweden	0.6 <sup>p</sup>	Estonia	0.1	Lithuania	0.4 <sup>p</sup>	Slovenia	1.7 <sup>p</sup>
		France	1.9 <sup>p</sup>	Luxembourg	2.0	Spain	0.5 <sup>p</sup>
		Germany	2.1 <sup>p</sup>	Malta	1.9	United Kingdom	0.8 <sup>p</sup>

Note: See Table 3.1.

## Pensions to Widows and Widowers

The increased participation by women in the labour market and changes in the distribution of income between spouses have contributed to the survivor's pension becoming less important. In Denmark and the Faroe Islands, pension to widows and widowers has been abolished. Pensioners, who cohabit with another pensioner, may in the event of their partner's death be paid a short-term survivor's pension consisting of both pensioners' total pension for three months. In the Faroe Islands, it is, however, necessary to be married to receive this benefit. 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 surviving spouses if marriage took place before the surviving spouse turned 65 years and has or has had children by the deceased. If the spouses had no children, marriage must have taken place before the surviving spouse turned 50 years, and the marriage must have lasted more than five years. Survivors may also be granted a

pension from the employment pension scheme. Similar rules also 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 scheme. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for himself/herself.

In Norway, pension is granted to surviving spouses and 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 shall 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 been 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 receiving statutory survivor's pension, 1995-2008**

	Denmark <sup>1)</sup>		Faroe Islands <sup>1)</sup>		Finland <sup>2)</sup>		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	M	W	M	W	M	W	M	W	M	W	M	W
1995	.	.	.	.	5 814	52 767	171	735	1 854	30 023	2 147	66 423
2000	.	.	.	.	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2007	.	.	.	.	9 202	38 275	2 585	2 696	2 225	21 085	2 132	41 719
2008	.	.	.	.	9 135	37 094	.	.	2 430	20 475	2 010	38 909

1 The widow's-pension scheme has been abolished. Pension may be granted to widows by way of the disability-pension scheme.

2 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2007, the number of pensioners over 64 years receiving survivor's pension was 189 705 women and 26 218 men and in 2008, 190 009 women and 27 724 men.

3 From 1999, only pensioners aged 16-65 years receiving employment pension.

4 Not including widows and widowers receiving disability pension.

5 Includes widow's pension to people under 65 years as well as transition pension and special pension to surviving relatives. The transition period has varied during the period and was in 2005 12 months. Survivor's pension was income-adjusted from 1997-2002. As from 2003, all pensioners pay tax according to the same rules as apply to income from work.

**Table 6.4.3. Average monthly amount of statutory survivor's pension, (before tax), 2008**

	KR/EUR			PPP-Euro		
	Men	Woman	Total	Men	Woman	Total
Denmark	.	.	.	.	.	.
Faroe Islands	.	.	.	.	.	.
Finland <sup>1)</sup>	534	191	487	438	157	399
Iceland	.	.	.	.	.	.
Norway	7 675	5 008	7 390	689	450	663
Sweden <sup>2)</sup>	6 087	6 780	6 121	561	625	564

1 Amount paid on average as at December.

2 Average amount as at December 2007 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 shall 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 shall lapse in the event that a survivor is awarded disability pension. Pension is payable to the surviving relative in the form of an employment pension or a supplementary pension.

In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's retirement- and disability-pension system for surviving relatives. They are granted the highest amount from their own employment pension, the deceased's accumulated employment pension or 55 per cent of the sum of their own and the deceased's accumulated supplementary pension.

In some of the countries, funeral assistance will also be granted.

## Child Pension

In all the Nordic countries, child pension has been introduced by way of a basic pension and a supplementary/employment pension. Child pension is granted to children under 18 years if one or both parents have died. 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 may be payable until a child turns 21 years if the child/adolescent receives education, whereas it in Sweden is up to

and including the month of June in the year in which the child turns 20 years. In Norway, child pension is payable until a child turns 18 years. If both parents have died, and the child is receiving education, the pension may be payable until 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 have died, the double amount is payable. The Employment Pension Fund also pays child pension to the providers. In Norway, this applies only if both parents are deceased. 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 pension if the deceased was a member of such a pension scheme.

**Table 6.4.4 Children receiving child pension by way of basic pension and/or supplementary/employment pension, in total, 1995-2008<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden
<i>Number of children receiving child pension</i>						
1995	17 590	213	29 338	1 325	13 658	31 208
2000	17 278	201	28 476	1 300	14 074	29 570
2007	17 035	180	24 489	1 261	13 786	31 341
2008	.	186	23 893	.	13 377	30 681
<i>As percentage of children of the qualifying age groups</i>	1.4 <sup>4)</sup>	1.3	1.9	1.6	1.2 <sup>3)</sup>	1.4 <sup>4)</sup>

1 Entitled were children of widows and widowers as well as orphans. In Finland, Iceland, Norway and Sweden, children under 18 years (in some cases up to 20 years). As to Denmark and the Faroe Islands, child pension has been listed with orphans and children of widows and widowers receiving the special child supplement.

2 Only basic pension. In per cent of children of the entitled age, the figures are from 2006.

3 In per cent of children 0-17 years.

4 In per cent of children 0-19 years in 2007.

**Table 6.4.5 The average monthly statutory amount of child pension (before tax), 2008**

	Denmark	Faroe Islands	Finland	Norway <sup>1)</sup>	Sweden
KR/EUR	1 094	986	302	2 221	2 681
PPP-Euro	107	96	247	199	247

1 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 the least.

### *Changes in the Social Expenditure on Surviving Relatives from 2006 to 2007*

In Denmark, there is only the expenditure on funeral assistance, which decreased by DKK 6 million from 2006 to 2007, correspondence to 4.6 per cent.

In the Faroe Islands, there is no expenditure on surviving relatives.

In Finland, the number of recipients of survivor's pension increased by 760 people, while the number of children receiving child pension decreased by 570 children.

In Iceland, the expenditure on surviving relatives increased as the supplementary pension to surviving relatives increased by 32.3 per cent at constant prices.

In Norway, the expenditure on surviving relatives increased by 3.4 per cent at constant prices. Cash benefits increased by 3.3 per cent, while the expenditure on services increased by 6.4 per cent. Cash benefits amounted to 96 per cent of the total expenditure on surviving relatives. There were 956 less recipients in 2007 than in 2006, which corresponds to a drop of 2.5 per cent.

In Sweden, the expenditure declined by 2.7 per cent. The benefits consist of cash benefits only.

**OLD AGE, DISABILITY AND SURVIVING RELATIVES**

**Table 6.4.6 Expenditure on and financing of benefits to surviving relatives, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million.</i>						
A. Survivor's pensions	1	19	1 506	6 695	5 612	17 971
Of which:						
a. Basic/minimum pension	-	-	37	256	1 329	1 079
b. Supplementary-/employment pension	-	-	1 415	6 439	1 077	15 802
c. Supplementary pension	1	19	54	-	3 206	1 090
B. Benefits in case of death	-	-	38	90	75	-
C. Other	-	2	39	-	11	-
Cash benefits, total	1	19	1 544	6 785	5 698	17 971
<i>Services, million</i>						
A. Funeral allowance	127	2	4	-	121	-
B. Other	-	-	-	-	-	-
Services, total	127	2	4	-	121	-
Total expenditure, million	129	23	1 549	6 785	5 819	17 971
Expenditure as percentage of GDP	0.0	0.2	0.9	0.5	0.3	0.6
<i>Financed by (per cent)</i>						
- Public authorities	100.0	2.2	6.5	0.8	19.6	0
- Employers	0.0	65.2	73.0	77.3	57.8	97.2
- The insured (contributions and special taxes)	0.0	32.6	20.6	21.9	22.6	2.8
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Million	-6	0	5	1 726	190	-493
- Per cent	-4.6	-1.5	0.3	34.1	3.4	-2.7

**Table 6.4.7 Expenditure on cash benefits to surviving relatives in PPP/capita, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Total per capita	2	46	239	168	111	180



## Chapter 7

# Housing Benefits

Link to supplementary information:

[EUROSTAT - database](#)

[Social expenditure](#)

**Table 7.1 Expenditure on housing benefits as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	0.7	Austria	0.1	Greece	0.5	The Netherlands	0.4 <sup>P</sup>
Faroe Islands	.	Belgium	0.1	Hungary	0.5	Poland	0.1
Finland	0.3	Bulgaria	0.0	Ireland	0.3	Portugal	0.0
Iceland	0.2	The Czech Republic	0.1	Italy	0.0 <sup>P</sup>	Romania	.
Norway	0.1	Cyprus	0.5	Latvia	0.1 <sup>P</sup>	Slovakia	.
Sweden	0.5 <sup>P</sup>	Estonia	0.0	Lithuania	0.0 <sup>P</sup>	Slovenia	0.0 <sup>P</sup>
		France	0.8 <sup>P</sup>	Luxembourg	0.2 <sup>P</sup>	Spain	0.2 <sup>P</sup>
		Germany	0.6 <sup>P</sup>	Malta	0.2	United Kingdom	1.5 <sup>P</sup>

Note: See Table 3.1.

## 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 Norway, housing benefits are usually only granted to childless families if at least one person receives other cash benefits. The rules governing housing benefits to families with children are more favourable than those applying to childless families.

In Denmark and Iceland, the benefit is only payable to families who live in rented accommodation. In the other countries, families who own their accommodation may also qualify for housing benefits. A family's income, its housing costs and the number of children in the household are taken into

## HOUSING BENEFITS

consideration when a benefit is being granted. The scopes of the schemes vary greatly from one country to another.

**Table 7.2 Average housing benefit per month to families**

	Denmark	Finland	Norway	Sweden
	2008	2008	2008	2008
<i>Average housing benefit per month per family, KR/EUR</i>				
<i>Married and cohabiting couples</i>				
- with children	1 768	325	2 862	1 957
- without children	667	208	2 489	732
<i>Single people</i>				
- with children	2 054	318	2 415	1 732
- without children	501	196	2 188	679
<i>Average housing benefit per month per family, PPP-Euro</i>				
<i>Married and cohabiting couples</i>				
- with children	172	265	257	180
- without children	65	170	223	67
<i>Single people</i>				
- with children	200	260	217	160
- without children	49	160	196	63

In all the countries, housing benefits are awarded on the basis of need. In addition to the housing benefit, a subsidy may be granted, which will partly or fully cover any deposit, in order to enable people with a poor economy to find appropriate and reasonable accommodation.

In Denmark, there was an increase of some 30 per cent in the number of housing-benefit recipients from 1999 to 2005, despite the reform of the rules governing housing benefits, which were gradually implemented in the years 1999-2003. The amendment of the rules results in an increase in that part of the rent costs, which the recipients of the housing benefits will have to pay themselves, as well as an indirect reduction of the maximum income amount for which the benefit may be granted. The increase in the number of families receiving housing benefits is presumably a result of the increased house building.

The number of housing-benefit recipients in Finland has decreased as from 2000, as the majority of the students, who live in rented accommodation, were granted a housing supplement to their study grants

instead of the ordinary housing benefits. Another reason is that the rules applying to award of housing benefits during 2000 were altered slightly, but in reality the rules were tightened.

**Table 7.3 Families receiving housing benefits at the end of the years 1995-2008**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway	Sweden
<i>1995</i>					
Married and cohabiting couples	33 610	74 402	645	5 016	198 044
Single people	141 265	139 414	1 976	13 740	352 416
<i>2000</i>					
Married and cohabiting couples	33 619	33 359	780	5 360	50 016
Single people	136 051	136 993	3 681	17 982	195 368
<i>2007</i>					
Married and cohabiting couples	29 695	21 100	1 062	6 055	49 514
Single people	157 758	121 135	8 815	23 783	198 347
<i>2008</i>					
Married and cohabiting couples	29 050	20 318	.	6 307	47 253
Single people	154 411	119 068	.	30 483	181 963

Note: For further information, see Appendix 5.

1 Figures for 1995 are from 1996.

In Sweden, childless households lost their entitlement to housing benefits as from 1996, if the applicant was over 28 years of age, and many other childless households, who had received housing benefits according to special rules, also lost this benefit. As from 1997, a number of significant changes were introduced, which resulted in a decrease in the number of households receiving housing benefits. The most important change is a new income-adjustment system, where temporary and permanent benefits are subject to an applicant's taxable income. Besides, the possibilities of receiving the benefit became limited, and individual income ceilings were fixed for cohabiting parents.

In Norway, the housing-benefit scheme was gradually extended, in that the requirements of the accommodation were reduced.

## 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.

**Table 7.4 Pensioners receiving housing benefits at the end of the years 1995-2008**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden <sup>2)</sup>
1995	332 002	157 339	48 640	554 700
2000	330 738	161 541	82 818	458 337
2007	337 351	164 592	66 755	415 851
2008	335 102	168 016	66 461	408 566

Note: For further information, see Appendix 5.

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules as a result of the anticipatory-pension reform from 1 January 2003.

2 Inclusive of 137 696 people in 2006, 138 232 people in 2007 and 138 276 in 2008 who received sickness/activity allowance.

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in, but only by way of a loan. To pensioners who live in housing-society dwellings, support will be granted by way of a supplement (40 per cent) and a loan (60 per cent). 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. Previously, housing benefits were granted according to the same rules to both types of pensioners but after the reform of the disability-pension scheme that entered into force in 2003, new disability pensioners are granted housing benefits according to rules that are somewhat less lenient (rent subsidy) than those applying to retirement pensioners and disability pensioners in the old system.

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 as part of the rent. The rent costs that are approved each 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 a benefit proper, which means that it no longer forms part of the basic pension.

In Iceland, a supplement to the basic pension is payable to people living in Iceland. 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, housing benefits are payable to recipients of retirement, disability and survivor's pensions. In relation to these target groups, there are no requirements as to accommodation if their incomes do not exceed the minimum pension amount plus 30 per cent (NOK 141 508 for a single pensioner). In respect of incomes exceeding that amount, requirements concerning the accommodation have to be met in order for housing benefits to be payable, but an upper income limit has been fixed. Not all rented accommodation qualifies for housing benefits for these groups. Municipal rented accommodation and housing co-operatives qualify for housing benefits. This also applies to housing units with care facilities for which an establishment supplement is granted.

In Sweden, housing benefits are payable to retirement pensioners, recipient of sickness and activity allowance and to people who receive survivor's pension, and who have low personal incomes. The housing benefits are granted according to rules that apply uniformly to the entire country.

**Table 7.5 Average housing benefit per month to pensioners**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden
	2008	2008	2008	2008
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
- KR/EUR	1 847	180	2 446	} 2 249 <sup>2)</sup>
- PPP-Euro	180	147	220	
<i>Average housing benefit per month to single pensioners</i>				
- KR/EUR	2 312	169	1 717	}
- PPP-Euro	225	138	154	

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules as a result of the anticipatory-pension reform from 1 January 2003.

2 Applies to both couples and single people (including recipients of sickness and activity allowance).

## 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. Denmark, followed by Sweden, spends the most, while Norway, followed by Iceland, spends the least. Both 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 who receive housing benefits. In Finland, housing benefits are payable as part of the pension.

### *Changes in the Social Expenditure on Housing Benefits from 2006 to 2007*

In Denmark, the benefit is also payable to pensioners living in their own houses or flats only by way of a loan, however. To pensioners in communal housing units, the support amounts to 40 per cent subsidy and 60 per cent loan. Besides, a heating supplement is payable in the form of personal supplements according to the Pension Act towards payment of heating costs. Support is granted to both retirement and disability pensioners. Previously, housing benefits were granted according to the same rules to both types of pensioners, (housing benefits) but after the reform of the disability pension scheme entered into force in 2003, new disability pensioners will be granted housing benefits according to rules that are slightly less favourable (rent allowance) than those applying for retirement pensioners and disability pensioners in the old system. Pensioners who are allocated an housing unit for the elderly by the local authorities are granted housing benefits at especially favourable conditions.

In Finland, the expenditure on housing benefits decreased by 4 per cent at constant prices as the number of households receiving general housing benefits decreased by 2 850. Housing benefits to pensioners are part of the basic pension and thus included in the pension expenditure. A total of EUR 334 million was paid in housing benefits to pensioners in 2007.

In Iceland, the expenditure on housing benefits increased by 244.3 per cent at constant prices owing to the harmonization of the ESSPROSS and the social expenditure of the national accounts which means that housing benefits to people living in their own house or flat have been included, which was not the case before.

In Norway, the expenditure on housing benefits increased by 6 per cent at constant prices. There was an increase in the expenditure on both recipients living in rented accommodation or in their own house or flats. The expenditure on people living in rented accommodation amounts to 57 per cent of the total expenditure.

In Sweden, the expenditure on housing benefits decreased by about 4 per cent. The decrease was largely the same for families as for the elderly.

## HOUSING BENEFITS

**Table 7.6 Expenditure on and financing of housing benefits, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Services, million</i>						
A. Housing benefit to people in rented housing	11 724	.	416	2 268	1 820	} 14 736
a. Of whom pensioners	9 129	.		-	523	
B. Housing benefit to owneroccupiers	-	.	15	5 657	1 403	} 7 263
a. Of whom pensioners	-	.		-	185	
Services, total	11 724	.	431	7 925	3 222	14 736
Total expenditure, million	11 724	.	431	7 925	3 222	14 736
Total expenditure per capita, PPP-Euro	209	.	66	196	61	148
Expenditure as percentage of GDP	0.7	.	0.2	0.6	0.1	0.5
<i>Financed by (per cent)</i>						
- Public authorities	100	.	100	100	100	100
- Employers	0	.	0	0.0	0	0
- The insured (contributions and special taxes)	0.0	.	0.0	0.0	0.0	0.0
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Million	320	.	-20	5 625	181	-598
- Per cent	2.8	.	-4.3	244.5	6.0	-3.9



## Chapter 8

# Other Social Benefits

Link to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

The previous chapters describe social benefits granted in connection with defined social incidents. In a number of cases, social incidents that are not covered by any specific legislation occur, however. It is difficult to compare the extent of the services provided in such cases, both in relation to the EU and to the Nordic countries.

**Table 8.1 Expenditure on other social benefits as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	0.8	Austria	0.3	Greece	0.6	The Netherlands	1.7 <sup>P</sup>
Faroe Islands	0.6	Belgium	0.5	Hungary	0.1	Poland	0.2
Finland	0.6	Bulgaria	0.4	Ireland	0.3	Portugal	0.3
Iceland	0.4 <sup>P</sup>	The Czech Republic	0.5	Italy	0.1 <sup>P</sup>	Rumania	0.2
Norway	0.6	Cyprus	0.8	Latvia	0.1 <sup>P</sup>	Slovakia	0.6 <sup>P</sup>
Sweden	0.6 <sup>P</sup>	Estonia	0.1	Lithuania	0.2 <sup>P</sup>	Slovenia	0.5 <sup>P</sup>
		France	0.5 <sup>P</sup>	Luxembourg	0.4	Spain	0.5 <sup>P</sup>
		Germany	0.2 <sup>P</sup>	Malta	0.3	United Kingdom	0.2 <sup>P</sup>

Note: See Table 3.1.

## Special Circumstances in the Various Countries

A number of special circumstances in the Nordic countries make it difficult statistically to compare the countries' data in this chapter.

In Denmark, non-insured unemployed people, who do not qualify for unemployment benefits, are 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 financial support.

In all the countries, social assistance falls under special legislation.

In all the countries, there are a number of special benefits that are placed under Other Social Benefits, such as support to pay removal expenses in Denmark, support to servicemen in Finland, assistance to nationals living abroad and support towards paying non-recurrent expenses.

In all the Nordic countries, wage earners may be paid their wages from special wage earners' guarantee funds in the event that their employers go into liquidation and are unable to pay wages to their employees.

## Cash Benefits

### Social Assistance

In all Nordic countries, social assistance will be granted when all other support options in connection with loss of income or other social 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. The assistance is awarded and granted according to need in order to meet costs of living. In all the countries, social assistance is subject to a household's income.

In Denmark and Iceland, social assistance is subject to tax. In the Faroe Islands, Finland, Norway and Sweden, it is a net benefit exempt from tax.

In Denmark, cash assistance to people who are obliged to provide for children equals about 80 per cent of the maximum rate of the unemploy-

ment benefit. For non-providers, the assistance equals about 60 per cent of the unemployment benefit. Young people under the age of 25 who do not have any children living with them are awarded special, lower youth benefits. Recipients of cash benefits, who pay high net rents or have large obligations as providers, may furthermore be granted special assistance that is tax-free. Income such as income from work will be deducted from the cash assistance, whereas child benefits and rent subsidies do not cause the assistance to be reduced. Rent subsidy will, however, be taken into account when the special assistance is calculated.

With a view to ensuring that it pays better to work, a ceiling was introduced in 2003 in relation to the entire assistance in the form of cash benefit, special assistance and rent subsidy after six months' receipt of cash benefits. Besides, cash benefits to married couples will be reduced after six months at the same time as the employment deduction will be increased. Besides, the cash benefits to young people under 25 will be reduced after six months to a level corresponding to the State education grants and loans. As from April 2007, spouses drawing cash benefits must have worked at least 300 hours within the past two years to remain entitled to cash assistance.

As from July 1 2002, a condition for being awarded the full cash assistance amount is that one has been a resident in the country for at least seven out of the past eight years. People, who do not comply with this requirement, are entitled to the so-called start assistance, which is lower than cash assistance. Local authorities may furthermore grant assistance based on need to non-recurrent expenses, removals, medical treatment, medication, dental treatment and the like, to cash assistance recipients and to others, who are unable to pay the costs.

In case a recipient of cash assistance rejects an offer of work or activation without reasonable course and is not available for work, the local authorities may discontinue payment of the assistance. In case a recipient of cash assistance rejects an offer of activation or fails to appear without reasonable course when he has been offered activation, the local authorities may reduce the assistance by up to one-third.

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 awarded at an amount corresponding to the one retirement pensioners, who have no other income, receive plus a supplement for each child corresponding to the child supplement according to the Pension Act.

## OTHER SOCIAL BENEFITS

In Finland, Central Government fixes the basic amount of the social assistance each year, but the local authorities are responsible for the 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 Social Affairs has drawn up guidelines for what should be taken into consideration in connection with the award.

In Norway, everyone is in principle responsible for his or her own provision by utilizing all sources of income and other options of provision. This implies that all general forms of income, such as income from work, public and private pensions, family provision, family allowances, cash benefits, governmental housing benefits and other financial options must be exhausted in full before social assistance becomes payable. The Government has drawn up recommended guidelines for the award of support, which include the expenditure on current, daily costs towards maintenance. These guidelines are a recommended starting point for the estimates that local authorities have to make. There is no upper limit to the amount of the assistance, which may also be granted by way 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 of working age with a considerably reduced capacity for work and earnings are according to the Act on Social Services entitled to a qualification benefit, provided that they are not entitled to benefits according to the Social Security Act or the Labour Market Act, which entails that the target groups are those people whose main source of income is a social assistance. The benefit is not income-adjusted, but the qualification benefit is taxable and amounts to NOK 140 512 annually for people over 25 years and NOK 93 675 for people under 25 years. Child allowance may be awarded as a supplement. Entitlement to the benefit is based on participation in a full-time qualification programme of a duration of one or two years. The programme must be individually adapted and may e.g. include motivating, training, treatment and labour-market measures with the aim of qualifying the person concerned to working life.

In Sweden, the purpose of the social assistance, which is called "financial assistance", is twofold: if the need cannot be met in any other way, social assistance must partly serve to guarantee a family a reasonable financial standard of living and partly as a preventive and rehabilitating measure. Local authorities usually offer unemployed social-assistance recipients measures that prepare them for work. Those, who are fit for work, but who 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 concerning the usual subsistence expenses, such as food, clothing and consumer goods. Usual subsistence expenses also include rent and transport. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, spectacles, equipment in the home and removal expenses.

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 the financial assistance may also be granted provided it will be paid back later, for example where a person expects an income which makes it possible to pay back the amount.

## OTHER SOCIAL BENEFITS

**Table 8.2 Rules governing award of social assistance, 2008**

	Den- mark	Faroe Islands	Finland	Iceland	Norway	Sweden
Social assistance payable as a fixed amount in the entire country?	Yes	Yes	Yes <sup>3)</sup>	Yes <sup>4)</sup>	No <sup>6)</sup>	No <sup>5)</sup>
Social assistance calculated individually by local authorities?	No	No	Yes	No	Yes	Yes
Do housing costs influence the amount of the social assistance?	No <sup>1)</sup>	Yes	Yes	No	Yes	Yes
Social assistance taxable?	Yes	No	No	Yes	No	No
Social assistance payable as a supplement to other social benefits?	Yes	Yes	Yes	Yes	Yes	Yes
Social assistance payable as a supplement to income from work?	No <sup>2)</sup>	Yes	Yes	Yes	Yes	Yes

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) will 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 co-habitation.

3 Each year, a "national standard" is calculated, 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 In 2006, the maximum amount for single people over 18 years was ISK 87 615 and for co-habiting couples ISK 140 184 in the municipality of Reykjavik. In 2007, the maximum amount for single people over 18 years was ISK 95 325 and for co-habiting couples ISK 152 520 in the municipality of Reykjavik.

5 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.

6 The Government has drawn up recommended guidelines for the estimates that local authorities are to make.

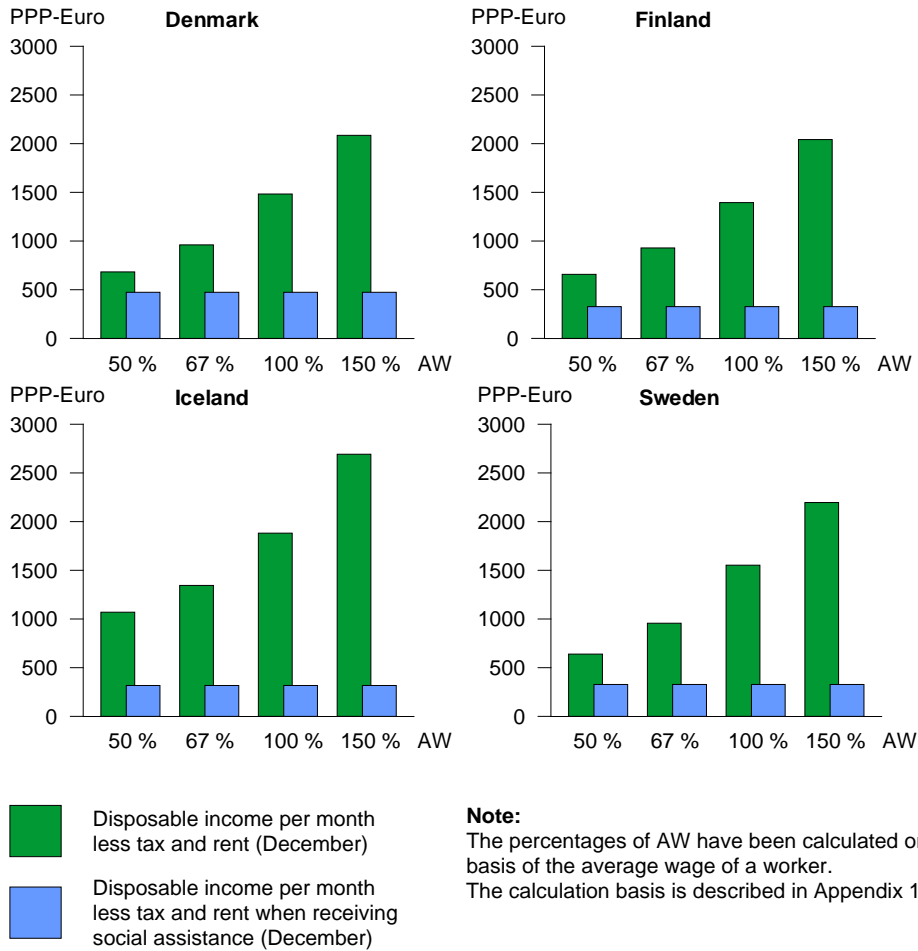
### *Compensation Grades*

Table 8.1 show the disposable monthly income after deduction of tax, payment for day-care institution and rent when receiving social assistance in respect of single childless people, and Figure 8.2 shows the compensation level for couples with two children. Tables 8.4 and 8.5 show the compensation level as percentages of the previous income from work. The amount, which singles and couples have to live for when they receive social assistance, varies somewhat from one Nordic country to another, the amount being largest in Denmark and Iceland and smallest in Sweden. For single people without children, the compensation level is highest in Sweden for the lowest income groups,

while it in all the countries is very low in respect of people, who previously had high incomes. This also applies to couples with two children, for which group the compensation level for the lowest incomes, apart from Sweden, however, is also relatively high in Denmark.

**OTHER SOCIAL BENEFITS**

**Figure 8.1 Disposable monthly income after tax and payment of rent for a single childless person when receiving social assistance (December) 2008**



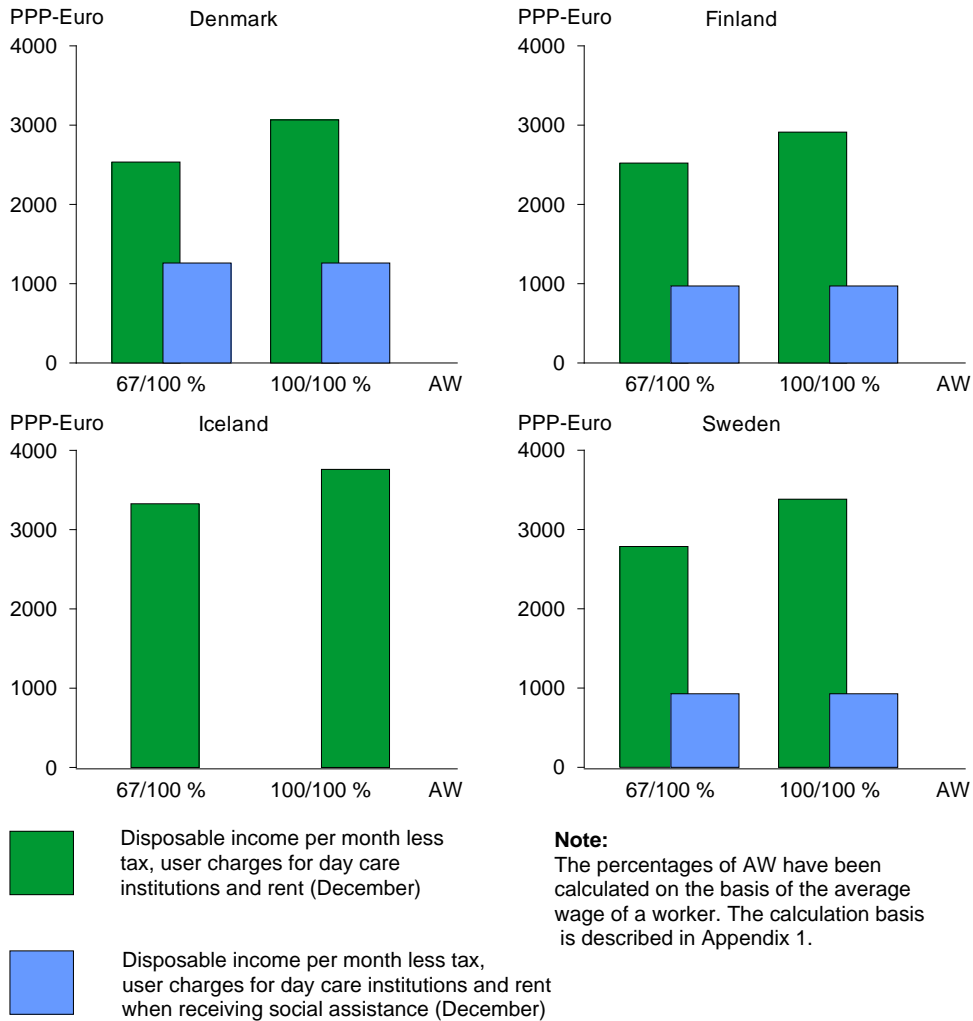


**Table 8.3 Monthly compensation levels after tax and payment for rent for a single childless person when receiving social assistance as percentages of disposable monthly income from work (December) 2008**

	Denmark	Finland	Iceland	Sweden
67 AW	69	50	30	51
75 AW	49	35	24	34
100 AW	32	23	17	21
150 AW	23	16	12	15

**OTHER SOCIAL BENEFITS**

**Figure 8.2 Disposable monthly income after tax and payment for day-care institution and rent for a couple with two children when receiving social assistance (December) 2007**



**Table 8.4 Monthly compensation levels after tax, payment for day-care institution and rent for a couple with two children when receiving social assistance (December 2008)**

	Denmark	Finland	Iceland	Sweden
67/100 AW	50	38	23	33
100/100 AW	41	33	21	27

**Table 8.5 Disposable monthly income after tax, payment for day-care institution and rent when receiving social assistance (December) 2008**

	Denmark <sup>1)</sup>	Finland	Iceland	Sweden
<i>National currency</i>				
Single provider with 1 child	9 631	651	.	5 460
Single childless person	4 853	399	.	3 550
Couples with 2 children	12 933	1 189	.	10 070
Childless couple	9 141	678	.	7 650
<i>PPP-Euro</i>				
Single provider with 1 child	939	531	.	503
Single childless person	473	326	.	327
Couples with 2 children	1 261	971	.	928
Childless couple	891	554	.	705

1 The benefit is the same as to non-insured unemployed people but in this calculation rent has been included as an expense.

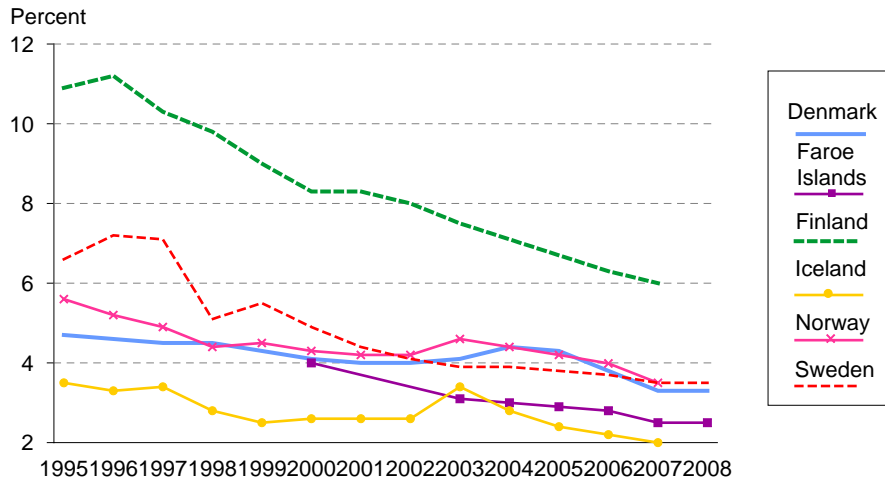
**Table 8.6 Individuals receiving social assistance during the year, in thousands and as percentages of the population 16/18 years or over**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	2008	2008	2007	2007	2007	2008
<i>Thousands</i>	141.7	0.9	253.4	4.7	127.5	258.9
<i>As percentages of the population 16/18 years or over</i>	3.3	2.5	6.0	2.0	3.5	3.5

Note: Calculations based on all people of 18 years or over (in Iceland 16 years in 1995) - children not included. Married couples who receive social assistance, and where the assistance is payable to one of the spouses only, count as two individuals. In respect of Norway, the figures for 2003 include recipients of the introduction benefit and so cannot be directly compared with those from previous years. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The figures for Denmark include recipients of cash assistance payable towards maintenance (including refugees), but 3 319 recipients of the introduction benefit to refugees in 2007 were not included. Activated cash assistance recipients are included under labour-market measures. The statistics concerning the number of cash assistance recipients have been changed as from 2004 and again as from 2007, for which reason the figures cannot be compared with those from previous years. The Swedish figures include refugees.

**OTHER SOCIAL BENEFITS**

**Figure 8.3 Recipients of social assistance during the year as percentages of the population 16/18 years and more, 1995-2008**



Note: See notes for Table 8.4.

**Table 8.7 Number of individuals 16/18 years or over, who receive social assistance, in total and as percentages of the population, per 1 December, 1995-2008**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
<i>Total number</i>						
1995	97 399	.	178 058	.	76 054	.
2000	82 020	430	147 824	1 841	63 732	.
2007	67 284	345	119 989	1 561	53 986	133 842
2008	70 254	401	.	.	.	135 929
<i>As percentages of the population aged 16/18 years or over</i>						
1995	2.4	.	4.5	.	2.3	.
2000	2.0	1.3	3.7	0.9	1.9	.
2007	1.6	1.0	2.9	0.7	1.5	1.8
2008	1.6	1.1	.	.	.	1.9

1 Average number of individuals in households receiving social assistance per month.

2 The figures include recipients of introduction benefits and so cannot be directly compared with figures from before 2003.

3 People from the age of 18 years in socially assisted households, who received assistance in November as percentages of the population on 1 November.

**Table 8.8 Individuals receiving social assistance during the year, by age, in total and as percentages of their age groups**

	Recipients		Recipients in per cent according to age			
	Total	18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark 2008</i>						
Recipients, total	141 635	7.8	5.2	3.5	1.3	0.2
New, total	44 594	3.9	1.5	9.8	0.3	0.0
<i>Faroe Islands 2008</i>						
Recipients, total	870	4.9	4.0	2.0	1.6	0.3
New, total	.	.	.	.	.	.
<i>Finland 2007</i>						
Recipients, total	253 370	12.3	7.8	6.7	4.1	1.5
New, total	69 865	4.3	2.0	1.5	1.1	0.7
<i>Iceland 2007</i>						
Recipients, total	4 712	3.7	2.9	1.7	0.9	0.4
New, total	2 178	1.8	1.2	0.8	0.5	0.2
<i>Norway<sup>1)</sup> 2007</i>						
Recipients, total	127 464	5.8	5.2	3.9	1.8	0.5
New, total	38 368	2.3	1.5	1.0	0.5	0.2
<i>Sweden<sup>2)</sup> 2008</i>						
Recipients, total	254 761	8.1	4.9	3.8	1.9	0.6
New, total	81 502	2.9	1.5	1.0	0.5	0.4

1 In respect of Norway, the figures include recipients of the introduction benefit and consequently cannot be directly compared with the figures from before 2003.

2 Includes only people who have a full personal identification number.

**Table 8.9 Families, who received social assistance during the year as percentages of all families, by type of family**

	Denmark	Finland	Iceland	Norway	Sweden
	2008	2007	2007	2007	2008
<i>Families by type (per cent)</i>					
Single men	6.5	12.8	8.3	7.2	8.4
- with children	5.7	14.8	10.6	5.7	6.4
- without children	6.6	12.7	8.2	7.3	8.6
Single women	5.3	9.9	8.4	5.9	9.6
- with children	20.3	24.6	18.1	13.3	19.9
- without children	2.9	7.9	3.8	4.4	7.1
Married/cohabiting couples	3.2	2.9	0.6	2.4	2.1
- with children	4.8	4.3	0.8	3.1	2.7
- without children	1.9	2.1	0.3	1.8	1.3
Total	4.6	7.6	3.6	4.5	5.7
- with children	6.9	8.1	4.2	5.1	.
- without children	3.8	7.4	3.3	4.1	.

Note: Cf. Table 8.4. In respect of Denmark, the age limit for categorization as children living at home was augmented in 2007 from 18 to 24 years. Figures for Sweden comprise only households where the registered person is between 18 and 64 years. The total number of households is an estimate.

## 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 municipalities handle the integration activities in respect of newly arrived refugees and other foreigners, who

are offered a 3-year introduction programme that comprises courses in social knowledge, the Danish language and activation. Foreigners, who came to Denmark before 1 July 2002, are awarded an introduction benefit that corresponds to the cash benefits. Foreigners, who have come to Denmark after 1 July 2002, and who do not comply with the requirement of having stayed in Denmark for at least seven out of the past eight years, are awarded a lower introduction benefit, which equals the so-called start assistance. Central Government reimburses 75 per cent of the local authorities' expenditure on introduction benefits during the 3-year introduction programme and furthermore grants a number of supplements towards payment of the local authorities' expenditure.

The refugee policy in the Faroe Islands is a Danish matter. The Danish Aliens Act has been implemented in the Faroe Islands. The Danish Immigration Service is the highest responsible authority in this field and makes decisions concerning asylum and residence permits in the Faroe Islands. Decisions are, however, made in co-operation with the Faroese authorities. These 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, Central Government covers local authorities' expenditure on refugees for the first three years of the refugees' stay.

In Iceland, refugees are granted social assistance from the moment they are received into the country. Central Government pays the first 12 months of assistance.

In Norway, asylum seekers and refugees who have been received in a government reception centre are granted a maintenance allowance according to special rules that apply to people staying at such centres. Asylum seekers may also take a course in the Norwegian language for a maximum of 250 hours during their stay at the reception centre. For individuals, who have been denied asylum, the allowance will be reduced. Central Government covers the local authorities' average expenditure on refugees and people, who are staying in the country on humanitarian grounds, during the first five years of their stay. Social assistance to refugees is awarded according to the Act on Social Services and Benefits in the same way as to all other recipients of social assistance.

A scheme was introduced entitling and obliging newly arrived immigrants with needs for basic qualifications to partake in an individually planned training programme. The programme runs for a year and is full time. Participation entitles to a benefit of NOK 140 512 as at 1 May 2008. The bene-

## OTHER SOCIAL BENEFITS

fit is taxable. The programme contains courses in Norwegian, civics and other measures preparing immigrants later for taking on work. As a supplement to the benefit, supplementary social assistance may be awarded according to the current rules.

In Sweden, refugees receive a benefit from Central Government during their stay in the reception centres for refugees while they await a reply to their applications. From the moment they are received into the country and the initiated introduction, refugees are entitled to a special benefit by way of social assistance or an introduction benefit to refugees. Central Government reimburses the local authorities' expenditure on this benefit for the first four years.

At present, most of the asylum seekers or refugees that are received into the Nordic countries are people who have arrived at the borders applying for asylum. The statistics include both people who have arrived at the border of the country concerned and applied for asylum without being rejected and convention refugees. Reunifications of families are, however, not included in the statistics. The large number of residence permits granted to refugees in Denmark in 1995 can be attributed to refugees from Ex-Yugoslavia, who had been granted a temporary residence permit, applying for and being granted residence permits as refugees.

**Table 8.10 Number of refugees received, exclusive of reunified families, who have been granted residence permits in the Nordic countries, 1995-2008**

	Denmark	Finland	Iceland	Norway	Sweden
1995	20 347	1 415	5	4 602	5 642
2000	5 156	1 212	31	4 781	10 546
2007	1 275	1 793	8	5 846	17 423
2008	1 441	2 219	3	4 617	10 643

**Table 8.11 Number of asylum seekers, 1995-2008**

	Denmark	Finland	Iceland	Norway	Sweden
1995	5 104	854	4	1 460	9 047
2000	10 347	3 170	25	10 842	16 303
2007	1 028	1 434	42	6 528	36 207
2008	951	4 035	73	14 431	24 353



## Services

This section deals only with services that are not aimed at any particular sector, such as services offered to substance abusers. These 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 Abuse

Special institutions for abusers administer 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.

In all countries, outpatient treatment is 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.

## Expenditure on and Financing of Other Social Benefits

### *Differences and Similarities in the Expenditure on Other Social Benefits*

Expenditure on other social benefits is highest in Denmark, followed by Norway and Sweden, while the Faroe Islands and Finland are largely at identical levels, measured as PPP per capita.

The relatively high expenditure in Denmark is a result of non-insured people, who do not qualify for unemployment benefit, receiving cash benefits. In Finland and Sweden, such people are granted 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 supplementing benefits to the unemployed. Besides, the number of refugees and asylum seekers that is received into the country also plays a part, as they in all the countries receive social assistance or some other income-substituting benefit. There are also certain differences amongst the countries as to whether abusers are treated in special institutions or in the general somatic and psychiatric treatment system.

### *Changes in the Expenditure on Other Social Benefits from 2006 to 2007*

In Denmark, there was a decrease in the expenditure on both cash benefits and services from 2006 to 2007 of DKK 1 468 million, corresponding to 10.5 per cent. The largest decrease concerned the income-substituting benefits, including cash benefits, which declined by DKK 707 million. The decrease in the expenditure may be explained by the decline in the unemployment rate.

In the Faroe Islands, the expenditure on other social benefits decreased by 43 per cent from 2006 to 2007. The large reduction is above all a result of the expenditure on other social benefits already making up a minor part of the total social benefits. The reduction is, however, to be found in a number of areas.

In Finland, the expenditure on other social benefits decreased by 4.4 per cent at constant prices and the number of recipients declined by 15 900

people. The expenditure on treatment of abusers increased by 6.5 per cent at constant prices.

In Iceland, the expenditure on other social benefits increased by 60.5 per cent and on services by 52.1 per cent at 2007 prices. Also here, the explanation is the harmonization of the ESSPRO and the national accounts.

In Norway, the expenditure on other social benefits increased by 2.6 per cent at constant prices. While the expenditure on cash benefits decreased by 6.2 per cent, the expenditure on services increased by 9.7 per cent. The expenditure on services made up 60 per cent of the total expenditure.

In Sweden, the expenditure on other social benefits increased by 4.5 per cent at constant prices. The cash benefits remained largely at the same level, whereas the expenditure on services increased. The expenditure on action against abuse and assistance to refugees contributed to this increase.

**OTHER SOCIAL BENEFITS**
**Table 8.12 Expenditure on and financing of other social benefits, 2007**

	Den- mark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Income-substituting/ supplementing bene- fits	7 787	37	465	2 943	5 102	
a. Of which social assistance	-	37	448	1 343	4 484	8 899
B. Other benefits	1 467		56	384	402	691
Cash benefits, total	9 254	37	521	3 327	5 504	9 590
<i>Services, millions</i>						
A. Institutions, etc.	812	2	80	-	1 643	950
B. Rehabilitation and treatment of abusers	1 042	10	164	945	3 597	5 075
C. Other	1 396	2	220	3 344	2 854	2 887
Services, total	3 249	14	464	4 289	8 094	8 912
Total expenditure, millions	12 503	51	984	7 615	13 597	18 502
Expenditure as percentage of GDP	0.7	0.4	0.5	0.6	0.6	0.6
<i>Financed by (per cent)</i>						
- Public authorities	98.6	100.0	98.3	88.1	99.2	100.0
- Employers	1.4	0.0	1.7	11.0	0.5	0.0
- The insured (contri- butions and special taxes)	0.0	0.0	0.0	0.9	0.3	0.0
<i>Changes 2006-2007 in terms of 2007 prices</i>						
- Million	-1 468	-22	11	2 816	351	1 797
- Per cent	-10.5	-30.4	1.1	58.7	2.6	10.8

**Table 8.13 Expenditure on other social benefits and services in  
PPP/capita, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	165	75	80	92	105	96
Services, total	58	27	72	118	154	89
Other social benefits, total	223	102	152	210	259	186

## Chapter 9

# Social Expenditure

Link to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

[OECD\(2009\), Society at a Glance 2009 - OECD Social Indicators](#)

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 GDP in the EU, the Faroe Islands, Iceland and Norway, 2006**

Denmark	29.1	Austria	28.5	Greece	24.2	The Netherlands	29.2 <sup>P</sup>
Faroe Islands	24.0	Belgium	30.1	Hungary	22.3	Poland	19.2
Finland	26.2	Bulgaria	15.0	Ireland	18.2	Portugal	25.4
Iceland	21.2	The Czech Republic	18.7	Italy	26.6	<sup>P</sup> Rumania	14.0
Norway	22.6	Cyprus	18.4	Latvia	12.2	<sup>P</sup> Slovakia	15.9 <sup>P</sup>
Sweden	30.7	<sup>P</sup> Estonia	12.4	Lithuania	13.2	<sup>P</sup> Slovenia	22.8 <sup>P</sup>
		France	31.1 <sup>P</sup>	Luxembourg	20.4	Spain	20.9 <sup>P</sup>
		Germany	28.7 <sup>P</sup>	Malta	18.1	United Kingdom	26.4

Note: See Table 3.1.

## SOCIAL EXPENDITURE

**Table 9.2 Social expenditure per inhabitant broken down by main groups in the EU, the Faroe Islands, Iceland and Norway, 2006, PPP/Euro**

	Families and children	Unemployment	Illness	Old age, disability and survivors	Housing benefits	Other social benefits	Total
Denmark	1 100	603	1 809	4 420	193	248	8 370
Faroe Islands	939	253	1 532	2 702	.	135	5 678
Finland	807	597	1 829	3 527	72	154	6 985
Iceland	957	89	2 242	2 977	58	121	6 443
Norway	1 202	171	3 162	4 844	61	267	9 709
Sweden	864 <sup>p</sup>	484 <sup>p</sup>	2 288 <sup>p</sup>	4 850 <sup>p</sup>	152 <sup>p</sup>	165 <sup>p</sup>	8 802 <sup>p</sup>
Austria	863	480	2 111	4 695	32	92	8 273
Belgium	574	967	2 088	4 337	33	129	8 127
Bulgaria	93	27	326	777	0	31	1 255
The Czech Republic	251	106	1 144	1 718	14	89	3 323
Cyprus	422	241	1 006	1 960	106	182	3 917
Estonia	237	18	609	1 343	7	13	1 949
France	662 <sup>p</sup>	533 <sup>p</sup>	2 302 <sup>p</sup>	3 875 <sup>p</sup>	206 <sup>p</sup>	123 <sup>p</sup>	7 700 <sup>p</sup>
Germany	825 <sup>p</sup>	468 <sup>p</sup>	2 153 <sup>p</sup>	3 744 <sup>p</sup>	174 <sup>p</sup>	46 <sup>p</sup>	740 <sup>p</sup>
Greece	331	248	1 542	3 017	118	126	5 380
Hungary	432	103	966	1 725	81	22	3 328
Ireland	864	446	2 411	1 921	103	121	5 866
Italy	281 <sup>p</sup>	125 <sup>p</sup>	1 675 <sup>p</sup>	4 144 <sup>p</sup>	5 <sup>p</sup>	13 <sup>p</sup>	6 243 <sup>p</sup>
Latvia	153 <sup>p</sup>	56 <sup>p</sup>	437 <sup>p</sup>	909 <sup>p</sup>	9 <sup>p</sup>	12 <sup>p</sup>	1 503 <sup>p</sup>
Lithuania	153 <sup>p</sup>	32 <sup>p</sup>	549 <sup>p</sup>	948 <sup>p</sup>	0 <sup>p</sup>	28 <sup>p</sup>	1 710 <sup>p</sup>
Luxembourg	2 229	647	3 340	6 570	114	273	13 172
Malta	204	111	927	1 928	32	59	3 261
The Netherlands	493 <sup>p</sup>	430 <sup>p</sup>	2 707 <sup>p</sup>	4 257 <sup>p</sup>	118 <sup>p</sup>	519 <sup>p</sup>	8 523 <sup>p</sup>
Poland	101	70	474	1 636	14	28	2 322
Portugal	214	231	1 218	2 468	1	48	4 179
Rumania	111	34	437	657	.	16	1 254
Slovakia	180 <sup>p</sup>	80 <sup>p</sup>	711 <sup>p</sup>	1 242	.	84 <sup>p</sup>	2 296
Slovenia	400 <sup>p</sup>	142 <sup>p</sup>	1 501 <sup>p</sup>	2 520 <sup>p</sup>	3 <sup>p</sup>	114 <sup>p</sup>	4 682 <sup>p</sup>
Spain	286 <sup>p</sup>	631 <sup>p</sup>	1 569 <sup>p</sup>	2 451 <sup>p</sup>	42 <sup>p</sup>	60 <sup>p</sup>	5 039 <sup>p</sup>
United Kingdom	444 <sup>p</sup>	175 <sup>p</sup>	2 313 <sup>p</sup>	3 880 <sup>p</sup>	409 <sup>p</sup>	49 <sup>p</sup>	7 270 <sup>p</sup>

Note: See Table 3.1.

The account of the social expenditure has been divided into four sections. First, an account is given of the social expenditure trends from 1995 to 2007; then the purposes of the social expenditure are described, followed by

the financing of the total social expenditure, and finally the significance of taxation in relation to the total social expenditure is shown.

## **Changes in the Social Expenditure, 1995-2007**

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 1995, 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 of the gross domestic products.

## SOCIAL EXPENDITURE

**Table 9.3 Social expenditure, in total and per capita, 1995-2007**

	Social expenditure		Social expenditure per capita		Social expenditure per capita aged 15-64 years	
	At current prices, million KR/EUR	At 2007 prices, million KR/EUR	At current prices KR/EUR	At 2007 prices KR/EUR	At current prices KR/EUR	At 2007 prices KR/EUR
<i>Denmark</i>						
1995	325 634	416 490	62 288	79 667	92 442	118 235
2000	373 495	426 146	69 978	79 842	104 962	119 758
2005	467 251	484 072	86 273	89 379	130 478	135 176
2006	477 624	485 592	87 886	89 353	132 987	135 206
2007	487 579	487 579	89 342	89 342	135 329	135 329
<i>Faroe Islands</i>						
1995	.	.	.	.	.	.
2003	2 447	2 789	51 060	58 196	80 670	91 944
2005	2 709	2 983	56 145	61 816	88 134	97 036
2006	2 856	3 035	59 190	62 904	92 666	98 480
2007	2 998	2 998	61 937	61 937	96 919	96 919
<i>Finland</i>						
1995	30 200	36 136	5 913	7 075	8 857	10 598
2000	33 142	36 703	6 403	7 091	9 567	10 594
2005	42 001	43 723	8 006	8 334	12 003	12 495
2006	43 802	44 880	8 318	8 522	12 489	12 796
2007	45 615	45 615	8 625	8 625	12 963	12 963
<i>Iceland</i>						
1995	85 984	135 758	321 580	507 734	499 834	789 175
2000	131 390	180 500	467 324	641 998	717 535	985 731
2005	222 271	249 165	751 260	842 162	1 135 291	1 272 661
2006	247 998	260 305	814 888	855 327	1 217 419	1 277 834
2007	281 806	281 806	904 975	904 975	1 342 335	1 342 335
<i>Norway*</i>						
1995	253 620	319 350	58 181	73 259	90 091	113 440
2000	360 341	404 746	80 237	90 124	123 766	139 017
2005	463 983	477 902	100 358	103 368	152 870	157 456
2006	487 732	491 069	104 648	105 364	158 856	159 943
2007	520 008	520 008	110 425	110 425	167 041	167 041
<i>Sweden</i>						
1995	612 633	698 226	69 405	79 102	108 988	124 215
2000	674 658	751 555	76 043	84 710	118 252	131 731
2005	855 600	886 402	94 755	98 167	145 075	150 298
2006	889 880	909 187	97 999	100 125	149 511	152 755
2007	908 074	908 074	99 264	99 264	151 156	151 156

- The dotted line under Norway shows a break in the time series mentioned in Appendix 1.



**Table 9.4 Social expenditure in relation to GDP, 1995-2007<sup>1)</sup>**

	GDP, million KR/EUR	Social expenditure as percentage of GDP	Index for social expenditure in relation to GDP (1995=100)
<i>Denmark</i>			
1995	1 019 545	31.9	100
2000	1 293 964	28.9	90
2005	1 551 967	30.1	94
2006	1 641 520	29.1	91
2007	1 696 237	28.7	90
<i>Faroe Islands</i>			
1995	5 322	.	.
2003	8 582	28.5	.
2005	10 039	27.0	.
2006	11 878	24.0	.
2007	12 413	24.1	.
<i>Finland</i>			
1995	95 916	31.5	100
2000	132 272	25.1	80
2005	157 162	26.7	85
2006	167 041	26.2	83
2007	179 659	25.4	81
<i>Iceland</i>			
1995	452 139	19.0	100
2000	660 975	19.9	105
2005	1 021 510	21.8	114
2006	1 167 684	21.2	112
2007	1 301 410	21.5	113
<i>Norway</i>			
1995	1 016 589	24.9	100
2000	1 510 866	23.8	93
2005	2 154 573	21.5	87
2006	2 161 728	22.6	83
2007	2 277 111	22.8	84
<i>Sweden</i>			
1995	1 772 021	34.6	100
2000	2 196 764	30.7	89
2005	2 670 547	32.0	93
2006	2 899 653	30.7	89
2007	3 063 873	29.6	86

1 GDP has been revised in relation to the previous report.

**Table 9.5 Social expenditure per capita, 1995-2007 (PPP-Euro in terms of 2007 prices)**

	Denmark	Faroe Islands <sup>1)</sup>	Finland	Iceland	Norway	Sweden
1995	7 766	.	5 775	3 912	6 577	7 287
2000	7 783	5 673	5 788	4 946	8 091	7 804
2005	8 713	6 026	6 804	6 488	9 280	9 044
2006	8 710	6 132	6 957	6 590	9 459	9 224
2007	8 709	6 038	7 041	6 937	9 913	9 145

1 For the Faroe Islands, 2000 = 2003.

## Social Expenditure by Type and Purpose

The social expenditure is broken down by type into cash benefits and services. When the benefits are being distributed according to purpose, a division is made as to which 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 each 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 individual countries' assessment of the importance of benefits for various purposes.

**Table 9.6 The social expenditure as percentages, broken down by main groups, 1995-2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>1995<sup>1)</sup></i>						
Families and children	12.4	.	13.4	12.9	14.1	11.4
Unemployment	14.7	.	14.4	4.4	6.7	11.1
Illness	17.8	.	20.9	37.9	26.3	21.7
Old age	37.6	.	28.9	27.2	31.2	34.3
Disability	10.6	.	15.0	11.6	14.7	12.1
Survivors	0.1	.	3.8	2.8	1.5	2.4
Housing	2.4	.	1.5	0.4	0.7	3.4
Other social benefits	4.4	.	2.1	2.8	3.8	2.9
Total	100.0	.	100.0	100.0	100.0	100.0
<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
Old age	38.0	.	31.8	28.5	29.6	37.3
Disability	12.0	.	13.9	13.9	16.4	12.2
Survivors	0.0	.	4.0	2.6	1.2	2.2
Housing	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
Old age	37.5	29.8	33.7	28.6	29.5	38.3
Disability	14.4	15.8	12.9	15.1	19.1	15.4
Survivors	0.0	0.5	3.6	2.6	1.2	2.2
Housing	2.4	0.0	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>2006</i>						
Families and children	13.1	18.2	11.4	13.9	12.4	9.8
Unemployment	7.2	3.1	8.5	1.3	1.8	5.5
Illness	21.6	28.2	26.3	39.2	32.6	26.0
Old age	37.8	31.3	34.3	26.7	29.9	38.1
Disability	14.9	15.8	12.7	14.6	18.8	14.9
Survivors	0.0	0.8	3.6	1.8	1.2	2.1
Housing	2.4	0.0	1.0	0.8	0.6	1.7
Other social benefits	3.0	2.5	2.2	1.7	2.8	1.9
<i>2007</i>						
Families and children	13.1	19.9	11.5	13.5	12.6	10.2
Unemployment	5.6	1.7	7.8	1.1	1.3	3.7
Illness	23.0	28.2	26.4	41.5	32.6	26.1
Old age	38.1	32.0	35.0	22.6	30.4	39.0
Disability	15.0	15.6	12.6	13.2	18.7	15.3
Survivors	0.0	0.8	3.5	2.4	1.1	2.0
Housing	2.5	0.0	1.0	2.9	0.6	1.7
Other social benefits	2.6	1.7	2.2	2.7	2.7	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

1 Services in connection with illness, the elderly and the disabled have been calculated according to a different method in Denmark and Norway.

**SOCIAL EXPENDITURE**
**Table 9.7 Social expenditure, as percentages, broken down by type and purpose, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	40	41	53	49	48	52
Services	60	59	47	51	52	48
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	94	97	88	84	76	82
Services	6	3	12	16	24	18
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	17	9	18	18	32	19
Services	83	91	82	82	68	81
Total	100	100	100	100	100	100
<i>Old age</i>						
Cash benefits	84	64	89	91	74	79
Services	16	36	11	9	26	21
Total	100	100	100	100	100	100
<i>Disability</i>						
Cash benefits	69	42	71	74	83	56
Services	31	58	29	26	17	44
Total	100	100	100	100	100	100
<i>Survivors</i>						
Cash benefits	1	.	100	100	98	100
Services	99	.	0	0	2	0
Total	100	.	100	100	100	100
<i>Housing</i>						
Services	100	.	100	100	100	100
Total	100	.	100	100	100	100
<i>Other social benefits</i>						
Cash benefits	74	73	53	44	40	52
Services	26	27	47	56	60	48
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	59	41	62	49	58	56
<i>Services, total</i>	41	59	38	51	42	44
<i>Social expenditure, total</i>	100	100	100	100	100	100

Note: For further information, see Appendix 5.

## 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 previous reports, 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<sup>1</sup>*

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, the contributions and special taxes payable by the insured as well as interest and capital gains (other financing). As mentioned in Appendix 1, social costs are 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.

One of the similarities is that Central Government, directly or indirectly, through compulsory employer duties or duties payable by the employees, plays a significant part when it comes to the financing of cash benefits, whereas the local authorities play the most important part in the financing of services. Even in the latter case, Central Government plays a significant part by way of the general non-earmarked government grants.

The public authorities' (Central Government, counties and local authorities) direct financing of the social cash benefits vary from about 65 per cent in the Faroe Islands to about 14 per cent in Iceland, while the public authorities' direct financing of services vary from 99.6 per cent in Denmark to 83.2 per cent in Sweden.

In all the Nordic countries, the local authorities are responsible for the day-to-day running of services such as child-minding, child and youth welfare, health sector and care and nursing provided to the elderly and the disabled. In Norway and Iceland, Central Government is responsible for the hospital sector.

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<sup>1</sup> For further information, see Appendix 5.

In Denmark, the local authorities are responsible for the administration of the cash benefits, while the responsibility in the other countries rests with Central Government.

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 GDP, are generally high and among the highest in the world.

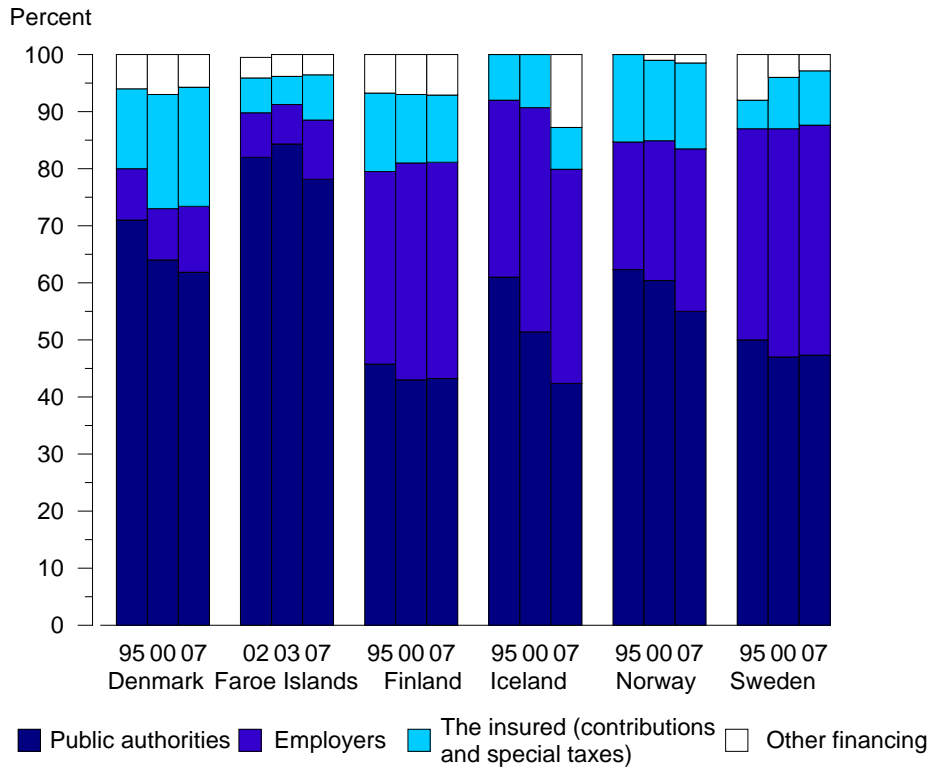
In spite of the many common traits, there are, however, considerable differences.

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 means of 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 the 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 to which extent 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 proportion of the financing is considerably higher.

The distribution of current contributions to the financing of the social expenditure during the years 1995-2007 is shown in Figure 9.1. The large increase in other financing for Iceland is due to yields from the pension funds.

**Figure 9.1 Current contributions to the financing of the social expenditure, 1995, 2000 and 2007**



Note: For further information, see Appendix 5.

## 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. The local authorities are in direct contact with the citizens and recipients of social benefits, and in the first instance they also meet the costs of services and benefits.

Local 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.

Government reimbursement may be fixed 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). The 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 via the public budget, and the expenditure is consequently excluded from Table 9.8. 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 9.8 Size of funds for pension purposes, December 2007. Billion KR/EUR**

	Basic pension/ Guaranteed minimum pension	Supplementary pension/ Employment pen- sion	Supplementary pension
<i>Denmark</i> <sup>1)</sup>	1 172	.	.
<i>Finland</i>	.	121	12
<i>Iceland (2008)</i>	.	1 697 208	.
<i>Sweden</i> <sup>2)</sup>	.	910	.

1 The supplementary pension includes ATP, the temporary pension-savings scheme and the special pension-savings scheme, but not the Employees' Capital Pension Fund.

2 Comprises only the AP funds.

## 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, considerable 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.

The OECD has already published estimates concerning several OECD countries (2006).

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.

The calculation was made in the following way:

- Social expenditure
- Less direct tax and social contributions paid on social cash benefits
- Less indirect tax on recipients' consumption of social cash benefits
- Plus the value of tax relief granted on social grounds
- = Net social expenditure.

Source: The OECD (Adema 2005).

Several methodological and practical questions still remain in connection with the net social expenditure calculation.

The calculation of the indirect taxation of the consumption of the social cash benefits is, for example, only approximate.

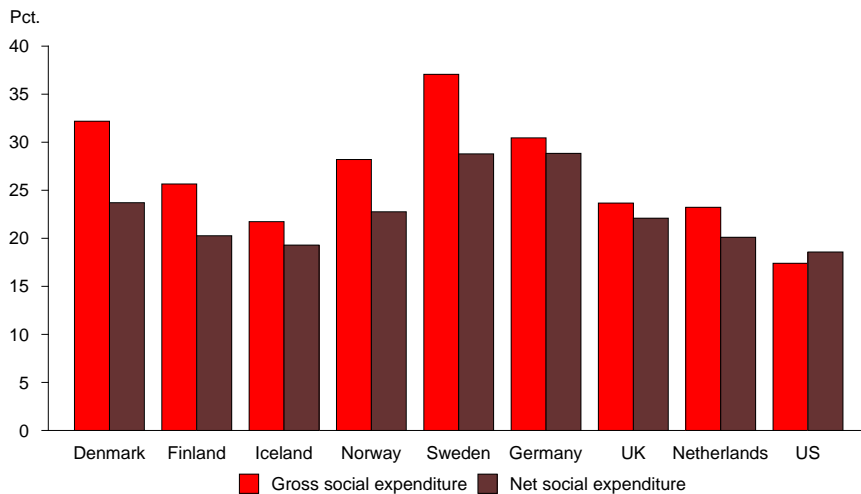
The result of the calculations shows, however, that there are considerable limitations to the traditional calculation of the social expenditure.

The result of the calculations of selected OECD countries can be seen in Figure 9.2.

As the direct tax was included in the calculation of the net social expenditure, the data on GDP was calculated at factor prices. The usual way of calculating GDP is at market prices (cf. Table 9.1 and the like).

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.

**Figure 9.2 Gross and net social expenditure 2003, as percentages of GDP at factor costs**



Source: The OECD (Social Expenditure Database (SOCX 2007), 1980-2003 (including net data for 2003)).

In Table 9.9, the tax percentages, including the social expenditure for a single childless person with an average wage earner's pay (AW100) have been included. The data have been taken from typical cases 0 and 0.1-0.6 (cf. Appendix 1).

As to maternity benefits, the data apply to a single parent with no other children than the newborn.

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 in-

## SOCIAL EXPENDITURE

come. 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 considerable differences from one country to another. The traditional way of illustrating the social expenditure does not allow for these differences of taxation.

**Table 9.9 Tax percentages of wages/salaries and social benefits, per month, for a single childless AW 100, in per cent, 2008**

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
Tax on: wages/salaries in per cent	40	30	28	29	28
Tax on daily cash benefits in connection with pregnancy and birth	35	26	27	26	31
Tax on unemployment benefits	32	22	5	24	28
Tax on sickness benefits	35	25	.	29	30
Tax on retirement pension	32	21	10		28
Tax on disability pension	30	18	.	15	30
Tax on social benefits, non-insured persons	25	20	1	.	22

Note: For further information, see Appendix 5.

**Table 9.10 Taxation of cash benefits, 2007**

	Social ex- penditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as per- centage of all cash benefits	Cash benefits subject to tax, as per- centage of all cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and chil- dren	62 136	25 134	63	37
II. Unemployment	26 782	25 291	0	100
III. Illness	109 251	18 369	0	100
IV. Old age	180 808	151 759	1	99
V. Disability	71 212	49 468	5	95
VI. Survivors	129	1	0	100
VII. Housing	11 724	0	0	0
VIII. Other social benefits	12 503	9 254	11	89
IX. Administration	13 035	0	0	0
Total I.-IX.	487 580	279 276	7	93
<i>Finland</i>				
I. Families and chil- dren	5 101	2 687	56	44
II. Unemployment	3 430	3 013	0	100
III. Illness	11 683	2 046	0	100
IV. Old age	15 451	13 721	3	97
V. Disability	5 570	3 946	8	92
VI. Survivors	1 549	1 544	4	96
VII. Housing	431			
VIII. Other social benefits	984	521	93	7
IX. Administration	1 415	-	-	-
Total I.-IX.	45 615	27 479	10	90
<i>Iceland</i>				
I. Families and chil- dren	37 408	18 421	48.1	51.9
II. Unemployment	3 101	20 859	9.9	90.1
III. Illness	115 027	21 109	0.3	99.7
IV. Old age	62 673	57 079	0.0	100.0
V. Disability	36 599	27 212	7.2	92.8
VI. Survivors	6 785	6 785	3.9	96.1
VII. Housing	7 925	7 925	79.3	20.7
VIII. Other social benefits	8 445	3 327	0.0	100.0
IX. Administration	3 229	-	-	-
Total I.-IX.	280 362	162 717	12.1	87.9

... to be continued

**SOCIAL EXPENDITURE**
**Table 9.10 ... continued**

	Social ex- penditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as per- centage of all cash benefits	Cash benefits subject to tax, as per- centage of all cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and chil- dren	63 893	30 984	56	44
II. Unemployment	6 541	4 950	0	100
III. Illness	165 780	53 224	0	100
IV. Old age	154 676	114 495	0	100
V. Disability	94 913	78 462	4	96
VI. Survivors	5 819	5 698	0	100
VII. Housing	3 222	-	-	-
VIII. Other social benefits	13 597	5 504	82	18
IX. Administration	10 359	-	-	-
Total I.-IX.	520 005	293 317	9	81
<i>Sweden</i>				
I. Families and chil- dren	87 144	45 233	57.2	42.8
II. Unemployment	48 497	41 137	0	100
III. Illness	227 022	48 765	0	100
IV. Old age	331 246	259 191	0.2	99.8
V. Disability	129 823	75 929	1.5	98.5
VI. Survivors	18 072	18 072	-	100
VII. Housing	15 008	-	-	-
VIII. Other social benefits	17 331	9 389	100	-
IX. Administration	18 030	-	-	-
Total I.-IX.	892 173	497 716	7.4	92.6

Note: For further information, see Appendix 5.

## *Appendix 1*

# Method

The present report employs the structure and definitions used in the ESSPROS<sup>1</sup> nomenclature. The overall definition in *Social Protection in the Nordic Countries* was, however, previously almost identical to that used by EUROSTAT.

## 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, the 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

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<sup>1</sup> ESSPROS = European System of Integrated Social PROtection Statistics.

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.

## Specifications

Specifications of the individual expenditure entries can be found [here](#).

## 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 and Income Distribution

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 work group is at present composed as follows: Denmark: Hannes Rasmussen, Ministry of Employment, and Arne Madsen, Ministry of Social Affairs; the Faroe Islands: Michael Feldballe, Ministry of Health and Social Affairs; Finland: Teemu Hänninen, Ministry of Social Affairs and Health; Ice-



land: Kristinn Karlsson, Statistics Iceland; Norway: Tonje Ek Brunvoll, Directorate of Labour and Welfare; and Sweden: Bengt Eklind, Ministry of Health and Social Affairs and Annica Wallrå, Statistics Sweden.

The calculations of the typical cases which form the basis of tables and figures regarding compensation in the event of lapse of income were revised in 2008 as regards the number of family types. In return, the calculation basis has remained unaltered in relation to the revision in 1998.

When calculating the disposable income, 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 assessed after payment of rent.

Since 2004, the OECD 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 are no longer the best basis for comparative studies.

In respect of the Nordic countries this means that the wage level used for comparison is lower in Denmark and in Iceland, but higher in Finland, Norway and Sweden.

In all, the following has been used:

		APW 2004	AW 2004	Change in per cent
Denmark	DKK	327 192	316 500	-3.3
Finland	EUR	29 449	31 539	7.1
Iceland	ISK	2 859 073	2 770 000	-3.1
Norway	NOK	317 101	366 161	15.5
Sweden	SEK	244 454	293 700	20.1

A comparison of the compensation degree with a lower wage level will, all things being equal, result in a higher compensation, and a higher wage level will result in a lower compensation. On the NOSOSCO homepage there are compensation calculations for 2004 for both an AW and an APW. Although there have been considerable changes from APW to AW, we have, however, chosen the same income levels for the calculation of the typical cases.

<http://nososco-eng.nom-nos.dk/default.asp?side=212>

This has, however, been changed at the revision of the typical cases in 2008. It was desired to do the calculations on as recent a set of rules and legis-

## METHOD

relative basis as possible, for which reason the code of practise applying in 2007 was used. The OECD AW exists only for 2006, and so the countries have updated the OECD 2006 AW to 2007 prices by using the national wage indexes, cf. the table below:

Construction of an AW for 2008		AW 2007	Wage index 2008	AW 2008
Denmark	DKK	346 400	1.0375	359 390
Faroe Islands	DKK	287 623	1.0206	293 550
Finland	EURO	34 828	1.0518	36 643
Iceland	ISK	3 475 693	1.1789	4 097 286
Norway	NOK	399 180	1.0551	421 185
Sweden	SEK	336 818	Estimated increase: 4 per cent	351 562

The following family types and income levels were used:

Single parent with one child: APW 67%, 100 (I, II).  
Single person with no children: APW 67%, 100% and 150%. (I, II, III, IV).  
Couple with two children: APW 67%/100% and 100%/100% (I, II).  
Couple with no children: APW 67%/100% and 100%/100% (I, II).  
Pensioners: For pensioners, a “typical case” for an AW 0% has also been included for a single pensioner.

The following applies to the individual typical cases:

### *Typical Case 0*

#### *Income and tax regarding typical case for an AW, 2008*

#### *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 contri-

butions 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. Employer contributions for Norway correspond to those payable in Oslo.

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 a salary 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.

### *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. The social security contributions payable by employees include, in the case of Denmark, Finland, and Sweden, 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 in connection with receipt of 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 figures divided by 12.

The degrees of compensation in connection with social incidents are calculated as the disposable income in relation to receipt of the social benefit in

per cent of the disposable income from work.

### *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:

- Single parent with an infant of 0 years, i.e. a new-born baby in typical case I.
- Single parent with a child of five, i.e. a pre-school child attending a day-care institution.
- Couple with two children aged five and eight, i.e. a pre-school child attending a day-care institution and a child attending school, still needing after-school care.

Payment for day-care institutions is, where possible, calculated on the basis of average charges and national rules governing payment. For Norway, the rates applying in Oslo have been used, and for Iceland, the rates applying in Reykjavik have been used. As to Finland, it is assumed that also other children of pre-school age only make use of day care part-time.

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. The children in typical case II are also assumed to attend day-care institutions.

As to child allowances, these include, in addition to the child allowances proper payable to single parents and couples with children, maintenance allowances to single parents with children, corresponding to the amount of the allowances payable in advance by the social security scheme, 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 amount of the income. Housing costs include the rent proper and in the typical case concerning social assistance also heating costs.

It has not been possible to determine the amount of the rent for the individual family types in a consistent way for all the countries. In some countries, the rent was determined on the basis of an estimate of the expenses for rented accommodation for the individual family types and calculations of the average rent per square meter at a national level, whereas it in other countries was based on rent surveys for various family types within 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 benefit, 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. As far as Iceland and Norway are concerned, calculations of housing benefits have not been included. This is due partly to the housing benefit being of limited importance, and partly to it being fixed on the basis of an assessment of the individual family's need.

### *Typical Case I*

#### *Level of compensation for typical case concerning childbirth, 2008*

The following family types were used:

- Single parent with a new-born baby receiving daily cash benefit, seen in relation to a single childless person in work (AW 67; 100 and 150).
- Couple with two children (five and eight years old) in addition to the new-born, where the person earning the **lowest income** receives daily cash benefit, seen in relation to a couple with two children (five and eight years old) where both adults work (AW 67/100 and AW 100/100).
- Couple with a new-born baby where the person earning the **lowest income** receives daily cash benefit, seen in relation to a childless couple where both work (AW 67/100 and AW 100/100).

### *Typical Case II*

#### *Level of compensation for insured people in typical case concerning unemployment, 2008*

Calculations have been included for compensation level for all four family types, i.e. a single parent with one child receiving unemployment benefit (AW 67; 100); a single childless person receiving unemployment benefit (AW 67; 100; 150); a couple with two children where the person earning the highest income receives unemployment benefit (AW 67/100 and

100/100); and a childless couple where the person earning the highest income receives unemployment benefit (AW 67/100 and 100/100).

### ***Typical Case III***

#### *Level of compensation for non-insured people in typical case concerning unemployment, 2008*

Calculations of compensation levels have been included for a single person, who is assumed to be at least 30 years of age.

### ***Typical Case IV***

#### *Level of compensation in typical case concerning illness, 2008*

Calculations have been included for compensation levels for a single person receiving sickness benefits in relation to a previous income for an AW 67; 100 and 150.

### ***Typical Case V***

#### *Level of compensation in typical case concerning retirement pension, 2008*

AW 0; 67/65 and 100%.

Calculation made for an AW 0 who has never been in work, and for an AW 67% and an AW 100 % who have been in the labour market for 40 years. All calculations were made for a single person.

### ***Typical Case VI***

#### *Compensation level in typical case concerning disability pension, 2008*

AW 0; 67 and 100%.

Calculation made for an AW 0 who has never been in work, and for an AW 67% and an AW 100 % who have been in the labour market. All calculations were made for a single person.

The pensionable age is 50 years, and the person concerned has been in work for at least 25 years.

### *Typical Case VII*

#### *Compensation level in typical case concerning receipt of social assistance, 2008*

A typical case concerning social assistance has been included for: A. a single parent with one child; B. a single childless person; C. a couple with two children; and D. a childless couple. For couples, it is assumed that neither of the partners has an income from work, income-substituting benefits or pension.

## 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 questionnaire appeared in 2004 with income data for 2003, and data are now available for 2004-2006 for the income years 2003-2005.

Data relating to people aged 16 years and over living in private households are gathered in the questionnaires.

The relative poverty is defined as the percentage share of the population having an equivalent disposable income under the poverty level, where the limit is set at 60 per cent of the equivalent disposable income.

For each person, the equivalent disposable income is defined as his/her household's disposable income divided by the number of household members.

The total disposable household income was calculated by adding all personal incomes of the household members plus any other income at household level that has been adjusted by a factor compensating for those not responding to the questionnaire.

The so-called modified OECD scale was used in which a child is defined as being between 0 and 13 years and adults to be 14+ years. The first adult counts as one, while other adults count as 0.5 and children as 0.3. The scale thus looks as follows:

$$1 + ((\text{number of adults}) \times 0.5) + (\text{number of children} \times 0.3).$$

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 incomes such as interest rates, dividends and yield on investments are included. Social income transfers cover disability, retirement and survivor's pensions and other family allowances, child benefits, daily cash benefits in relation to pregnancy and birth, advance payments of maintenance allowance, 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 has, however, already been included.



## Households

A household consists of individuals living together and sharing the household economy. EU-Silc does not include people in institutions/nursing homes, prisons, etc. A household may also consist of other family types (for example a couple without children and grandparents or a couple with a couple of children + grandparents).

### *Single people*

One-person households consist of one adult (over 17 years) and any children living at the same address, irrespective of their ages.

### *Cohabiting couples*

Cohabiting couples consist of 2 adults (over 17 years) and any children living at the same address, irrespective of their ages. Households with more than two adults have also been included in this group.

### *Children*

Children are regarded as children until they reach the age of 17 years (0-17). This definition differs from the modified OECD equivalence scale (cf. above).

## Households Broken Down by Age

In the tables and figures where households have been broken down by age, it is the age of the head of the family that counts. The head of the family is defined as the person earning the most.

## 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 (“basket”) 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 levels in connection with various social events.

## METHOD

The PPP calculations in the present report are in PPP-Euro (EU27=1) in respect of private consumption. 2007-estimates were used. The estimates for the individual countries are as follows: Denmark 10.25; Finland 1.24; Iceland 129.79; Norway 11.13 and Sweden 10.85.

### **Alteration concerning the shift of PPP EU(25) and EU(27), 2005**

	PPP (EU25)	PPP (EU27)
Denmark	10.48	10.46
Faroe Islands	10.48	10.46
Finland	1.21	1.24
Iceland	116.09	119.95
Norway	11.31	11.27
Sweden	11.05	11.05

## 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 GDP.

When comparing the 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 these 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 pre-schoolchildren.

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

As from 2002 and 2007, respectively, Norway and Iceland use the national accounts as basis for the calculation of the social expenditure. This implies that the social expenditure from 2001 and earlier is not completely comparable with the figures from 2002 and later. A detailed description thereof can be found in the 2004 report.

## *Appendix 2*

# The Basis for the Adjustment of the 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, which reflects 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 benefits, rehabilitation allowances, child allowances and child supplements as well as housing subsidies. The various amounts that are included in the calculation basis for the various benefits and various kinds of support are also adjusted by means of the rate-adjustment percentage. The housing subsidy will be adjusted as from 2004 by the increase in the consumer price index.

The maximum amount of unemployment benefit is adjusted by means of the rate-adjustment percentage. In respect of people, who receive individual daily cash benefits below the maximum amount, the calculation basis for the individual daily cash benefits (i.e. the previous earned income) will be adjusted by 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, who receive less than the maximum amount, and where the daily cash benefits therefore amounts 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 that lies two years before the year, which the rate-adjustment percentage concerns, seen in relation to the year three years previously. The rate-adjustment percentage for 2007 was for example fixed on the basis of the adjustment of the annual wages/salaries from 2004 to 2005. If the change in the annual wages/salaries exceeds 2.3 per cent, the rate-adjustment percentage will 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 will be reduced by the part exceeding the 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 and groups at risk.

**THE FAROE ISLANDS:** The adjustment of the social benefits is based on special legislation, which lays down the annual adjustment at 4 per cent. 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.

Some benefits are regulated on the basis thereof, as the benefit level corresponds to full or partial retirement pension.

Unemployment benefits, sickness benefits and benefits in connection with pregnancy are adjusted in relation to the wage development.

**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, where 20 per cent are fixed in relation to the wage/salary development and 80 per cent on the basis of the consumer prices.

Sickness benefits and parental daily cash benefits will not be adjusted at year-end for those who have already been awarded the benefit (if a person for example falls ill in December, the payment for January shall not be changed).

The income ceilings are, however, increased annually on the basis of the APL-index by 50 per cent in relation to the wage/salary development of the previous year and as to 50 per cent on the basis of the consumer price index of the previous year.

The child supplement is adjusted following a parliamentary decision.

**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 who are 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 and the disability pension payable by the Social Insurance Scheme are calculated on the basis of the basic amount of the Social Insurance Scheme. The basic amount is adjusted by the Stortinget (the Norwegian parliament) following discussions between the Government and the pensioners' organisations. Usually, the adjustment is implemented on 1 May. The purpose of the adjustment of the basic amount is to give pensioners, who receive pension from the Social Insurance Scheme, an income development corresponding to the development for people in gainful employment.

Sickness benefits are not adjusted during a period of illness. Consequently, sickness benefits will 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 will not be changed, should changes occur in the general income level in society.

The national guidelines for calculation of support for maintenance (economic social assistance) will be evaluated and revised at regular intervals according to need. As from 1 January 2007, the rates have increased by 5 per cent in addition to the ordinary price increase. As from 1 January 2008, the rates have been adjusted in accordance with the anticipated development in the consumer price index for 2008. There are no rules governing an annual adjustment of the child allowance. The Parliament determines the annual rates in connection with the annual budget negotiations. These rates have not been price-adjusted since 1995, where the rate adjustments were a result of other conditions, such as the connection with the tax system, and the child allowance since 2000 being payable until a child turns 18 years (previously 16 years).

**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 insurances (sickness and parental benefits) are important examples of benefits that are adjusted in this way.

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.

The 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*

# The Nordic Social Policy

## 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 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 macro-economic 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 a high degree of universalism, i.e. all citizens are entitled to basic social security and services irrespective of their position in the labour market. The 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 on 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 payment, and the aim is that all citizens have their needs met. Local 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 gaps 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 have a high participation rate, 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.<sup>2</sup>

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 taxation and 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 the 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.

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

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<sup>2</sup> Points 1-7 from *Nordic Social Policy, Changing Welfare States*. Edited by Mikko Kautto, Matti Heikkilä, Björn Hvinden, Staffan Marklund and Niels Ploug.

socially vulnerable groups as well as care and nursing for the elderly and the disabled (home nursing, home help, nursing homes, etc.).

The regional authorities bear the day-to-day responsibility for the health services, which includes 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 State and the local authorities cooperate regarding employment measures aimed at all citizens and businesses in joint job centres in the municipalities. The State is responsible for the employment measures aimed at the insured unemployed and the local authorities for the remaining target groups (cash benefits, rehabilitation, sickness benefits, etc.). In 14 pilot job centres, the State has delegated the state employment measures to the local authorities.

**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 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 benefit is financed by the labour-market parties and administered by a board composed of representatives for the labour market.

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, where it had previously been 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.

The block grant has since 2001 been earmarked, primarily to the financing of expenditure on the social and health area, which is a result of agreements according to the framework law.

A minor part of the retirement pensions are also administered and financed by the labour-market parties. The Labour-Market Support Fund is based on solidarity in that everyone, who reaches the age of 67 years and is resident in the Faroe Islands, is granted a fixed, monthly amount.

**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 Finnish 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, who receive only a small employment pension or none at all. The private sector's employment-pension schemes are managed by the private insurance companies.

The local authorities are responsible for arranging health and social services 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 benefit based on accrual.

**ICELAND:** There is only 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 young people. Local authorities are in cooperation with the State also responsible for services to the elderly and the disabled.

As regards income transfers (social cash benefits and pensions), the State shares part of 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 (employment pensions) that is administered by the contributors (employees and employers).

The Unemployment Insurance Scheme is administered by the State, while the majority of the sickness benefits comes 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 (sickness benefits, rehabilitation 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. Employers' contributions depend on the regional zone in which an enterprise is located (five different zones in all).

Local authorities administer and are responsible for social assistance, primary health care, home help and home nursing, institutions for children, young people, 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 that is 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**

Statistics Denmark  
Sejrøgade 11  
DK-2100 Copenhagen Ø  
Phone +45 39 17 39 17  
Fax +45 39 17 39 99  
Web: [www.dst.dk](http://www.dst.dk)

National Board of Health  
Islands Brygge 67  
DK-2300 Copenhagen K  
Phone +45 72 22 74 00  
Fax +45 72 22 74 11  
Web: [www.sst.dk](http://www.sst.dk)

Danish Labour Market  
Supplementary Pension  
Kongens Vænge 8  
DK-3400 Hillerød  
Phone +45 48 20 48 20  
Fax +45 48 20 48 00  
Web: [www.atp.dk](http://www.atp.dk)

The Labour Market Authority  
Holmens Kanal 20  
P.O. Box 2150  
DK-1061 Copenhagen K  
Phone +45 35 28 81 00  
Fax +45 35 36 24 11  
Web: [www.ams.dk](http://www.ams.dk)

Directorate of  
Unemployment Insurance  
P.O. Box 1103  
Stormgade 10  
DK-1009 Copenhagen K  
Phone +45 38 10 60 11  
Fax +45 38 19 38 90  
Web: [www.adir.dk](http://www.adir.dk)

SFI - Danish National Research In-  
stitute for Welfare  
Herluf Trolles Gade 11  
DK-1052 Copenhagen K  
Phone +45 33 48 08 00  
Fax +45 33 48 08 33  
Web: [www.sfi.dk](http://www.sfi.dk)

## FURTHER INFORMATION

Ministry of the Interior and Social Affairs  
Holmens Kanal 22  
DK-1060 Copenhagen K  
Phone +45 33 92 93 00  
Fax +45 33 93 25 18  
Web: [www.ism.dk](http://www.ism.dk)  
Social Appeals Board  
Amaliegade 25  
P.O. Boks 9080  
DK-1022 Copenhagen K  
Phone +45 33 41 12 00  
Fax + 45 33 41 14 00  
Web: [www.ast.dk](http://www.ast.dk)

Ministry of Employment  
Ved Stranden 8  
DK-1061 Copenhagen K  
Phone +45 33 92 59 00  
Fax + 45 33 12 13 78  
Web: [www.bm.dk](http://www.bm.dk)

The Ministry of Refugee,  
Immigration and Integration Affairs  
Holbergsgade 6  
DK-1057 Copenhagen K  
Phone +45 33 92 33 80  
Fax +45 33 11 12 39  
Web: [www.nyidanmark.dk](http://www.nyidanmark.dk)

### **FAROE ISLANDS**

Ministry of Health and Social Affairs  
Eirargarður 2  
FO-100 Torshavn  
Phone +298 304000  
Fax +298 354046  
Web: [www.am.fo](http://www.am.fo)

Statistics Faroe Islands  
P.O Box 2068  
Fo-165 Argir  
Phone +298 352800  
Fax +298 352801  
Web: [www.hagstova.fo](http://www.hagstova.fo)

### **FINLAND**

Social Insurance Institution  
P.O. Box 450  
FIN-00101 Helsingfors  
Phone +358 20 43411  
Fax +358 20 4341 530  
Web: [www.kela.fi](http://www.kela.fi)

Ministry of Social Affairs  
and Health  
P.O. Box 33  
FIN-00023 Government  
Phone +358 9 160 01  
Fax +358 9 1607 38 24  
Web: [www.stm.fi](http://www.stm.fi)

(THL) Institute for Health and  
Welfarevelfærd  
P.O. Box 30  
FIN-00 271 Helsingfors  
Tel +358 20 601 6000  
Web: [www.thl.fi](http://www.thl.fi)

Statistics Finland  
FIN-00022 Statistikcentralen  
Phone +358 9 17341  
Fax +358 9 1734 3522  
Web: [www.stat.fi](http://www.stat.fi)

Finnish Centre for Pensions  
 FIN-00065 Finnish Centre  
 for Pensions  
 Phone +358 10 75 11  
 Fax +358 9 1481 172  
 Web: [www.etk.fi](http://www.etk.fi)

**ICELAND**

Statistics Iceland  
 Borgartun 21a  
 IS-150 Reykjavík  
 Phone +354 528 1060  
 Fax +354 528 1199  
 Web: [www.statice.is](http://www.statice.is)

Directorate of Labour  
 Hafnarhúsinu Tryggvagötu  
 IS-150 Reykjavík  
 Phone +354 511 2500  
 Fax +354 511 2520  
 Web: [www.vinnumalastofnun.is](http://www.vinnumalastofnun.is)

National Association of  
 Pension Funds  
 Suðurlandsbraut 30  
 IS-108 Reykjavík  
 Phone +354 581 4977  
 Fax +354 581 4332  
 Web: [www.ll.is](http://www.ll.is)  
 Ministry of Health and  
 Social Security  
 Vegmúli 3  
 IS-108 Reykjavík  
 Phone +354 545 8700  
 Fax +354 551 9165  
 Web: [www.stjr.is/htr](http://www.stjr.is/htr)

State Social Security Institute  
 Laugavegi 114  
 IS-150 Reykjavík  
 Phone +354 560 4400  
 Fax +354 562 4535  
 Web: [www.tr.is](http://www.tr.is)

**NORWAY**

Statistics Norway  
 Kongens gate 6  
 P.O. Box 8131 Dep.  
 N-0033 Oslo  
 Phone +47 21 09 00 00  
 Fax +47 21 09 49 88  
 Web: [www.ssb.no](http://www.ssb.no)

Ministry of Labour  
 and Social Inclusion  
 P.O. Box 8019 Dep.  
 N-0030 Oslo  
 Phone +47 22 24 90 90  
 Fax +47 22 24 87 11  
 Web: [www.dep.no/asd](http://www.dep.no/asd)

## FURTHER INFORMATION

Norwegian Labour and  
Welfare Organisation  
C.J. Hambros plass 2  
P.O. Box 5 St. Olavs Plass  
N-1310 Oslo  
Phone +47 21 07 00 00  
Fax +47 21 07 00 01  
Web: [www.nav.no](http://www.nav.no)

National Knowledge Centre  
for Health Services  
Pilestedet park 7  
P.O. Box 7004, St. Olavs plass  
N-0130 Oslo  
Phone +47 23 25 50 00  
Fax +47 23 25 50 10  
Web: [www.kunnskapssenteret.no](http://www.kunnskapssenteret.no)

Norwegian Board of Health  
Universitetsgata 2  
P.O. Box 7000 St. Olavs Plass  
N-0031 Oslo  
Phone +47 81 02 00 50  
Fax +47 24 16 30 01  
Web: [www.shdir.no](http://www.shdir.no)

### SWEDEN

Ministry of Health and  
Social Affairs  
103 33 Stockholm  
Phone + 46 8 405 10 00  
Fax + 46 8 723 11 91  
Web: [www.regeringen.se](http://www.regeringen.se)

National Board of  
Health and Welfare  
S-106 30 Stockholm  
Phone +46 8 55 55 30 00  
Fax +46 8 55 55 32 52  
Web: [www.sos.se](http://www.sos.se)

Social Insurance Service  
S 103 51 Stockholm  
T lf. +46 8 786 90 00  
Web: [www.forsakringskassan.se](http://www.forsakringskassan.se)

Statistics Sweden  
P.O. Box 24300  
S-104 51 Stockholm  
Phone +46 8 506 940 00  
Fax +46 8 661 52 61  
Web: [www.scb.se](http://www.scb.se)



**FURTHER INFORMATION**

The Swedish Unemployment  
Insurance Board, IAF  
Box 210  
S 641 22 Katrineholm  
Tlf. +46 150 48 70 00  
Web: [www.iaf.se](http://www.iaf.se)

The Swedish National Agency for  
Education  
S 106 20 Stockholm  
Tlf. +46 8 527 332 00  
Web: [www.skolverket.se](http://www.skolverket.se)

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**SUPPLEMENTARY TABLES**

**Table 2 Mean populations by gender and age 2008**

	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	233	9	2	10	208	8	16	9.7	211	9	372	8
7-17 "	389	14	4	17	350	13	25	15.5	354	15	607	13
18-24 "	224	8	2	10	234	9	17	10.3	212	9	429	9
25-49 "	948	35	8	33	883	34	61	37.5	850	36	1 553	34
50-64 "	547	20	5	18	569	22	27	16.7	450	19	904	20
65-79 "	300	11	2	10	289	11	13	7.8	224	9	549	12
80- "	79	3	1	3	71	3	4	2.4	76	3	185	4
I alt	2 720	100	25	100	2 604	100	163	100	2 377	100	4 600	100
<i>Women</i>												
0-6 years	223	8	2	10	199	7	15	9,7	202	8	352	8
7-17 "	370	13	4	17	337	12	24	15,5	335	14	576	12
18-24 "	215	8	2	9	224	8	16	10,2	203	9	409	9
25-49 "	930	34	7	31	849	31	55	35,4	814	34	1.493	32
50-64 "	546	20	4	17	578	21	26	16,4	438	18	895	19
65-79 "	339	12	2	10	361	13	14	8,9	256	11	607	13
80- "	147	5	1	5	163	6	6	3,9	143	6	318	7
I alt	2.769	100	23	100	2.709	100	156	100	2.391	100	4.649	100
<i>Men and women</i>												
0-6 years	456	8	5	10	407	8	31	9.7	413	9	724	8
7-17 "	759	14	8	17	687	13	49	15.5	689	14	1 183	13
18-24 "	439	8	4	9	458	9	33	10.3	415	9	838	9
25-49 "	1 877	34	16	32	1 732	33	117	36.5	1 664	35	3 046	33
50-64 "	1 094	20	9	18	1 146	22	53	16.6	889	19	1 799	19
65-79 "	638	12	5	10	650	12	27	8.4	480	10	1 156	12
80- "	226	4	2	4	234	4	10	3.1	219	5	503	5
I alt	5 489	100	48	100	5 313	100	319	100	4 768	100	9 249	100

**Table 3.2.a Families by family type**

	Denmark <sup>1)</sup>	Finland	Iceland <sup>2)</sup>	Norway	Sweden <sup>3,4)</sup>
	2008	2008	2007	2008	2008
<i>Number of families with children aged 0-17 years (1 000)</i>	762	585	45	613	1 097
Percentage of whom are:					
- Married couples	62	62	58	56	} 77
- Cohabiting couples	16	18	22	23	
- Single parents	22	20	20	21	23
Total	100	100	100	100	100
<i>Number of childless families (1 000)</i>	2 031	2 245	72	1 565	4 262
Percentage of whom are:					
- Married couples	28	27	43	31	} 29
- Cohabiting couples	9	9	3	6	
- Single parents	64	65	52	62	71
Total	100	100	100	100	100
<i>Number of single parents with children (per cent):</i>					
Men	17	13	9	18	21
Women	83	87	91	82	79
Total	100	100	100	100	100
<i>Number of single childless people (per cent):</i>					
Men	50	48	52	49	51
Women	50	52	48	51	49
Total	100	100	100	100	100
<i>Average number of persons per family</i>	2	2	3	2	2

1 There are a further 16 492 families consisting of children under 18 not living at home. Children living at home aged 0-24 years.

2 Figures taken from Hagstofa Iceland's committee survey on living conditions (EU-Silc).

3 Figures taken from committee survey performed by Statistics Sweden of the economy of the households.

4 Cohabiting couples included as married couples.

**SUPPLEMENTARY TABLES**
**Table 3.14.a Children enrolled in day-care institutions and publicly financed day-care, by age as percentages of the respective age groups, 1995-2008**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>1995</i>						
0-2 years	48	..	18	37	22	37
3-6 years	83	..	55	64	61	74
0-6 years, total	68	..	39	53	44	59
7-10 years	53	..	5	-	.	45
<i>2000</i>						
< 1 years	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	58	.	68
7-10 years	63	..	3	.	.	51
<i>2007</i>						
< 1 years	17	21	1	7	4	-
1-2 years	90	81	40	79	69	70
3-5 years	96	92	72	95	94	97
0-5 years, total	81	77	49	75	71	73
6 years	90	80	69	-	.	86
0-6 years, total	82	78	52	65	.	75
7-10 years	65	28	1	.	.	65
<i>2008</i>						
< 1 years	17	7	1	..	4	0
1-2 years	90	57	42	..	75	70
3-5 years	97	67	73	..	96	97
0-5 years, total	81	54	50	..	73	73
6 years	91	72	69	..	.	86
0-6 years, total	83	57	53	..	.	75
7-10 years	74	22	1	..	.	66

1 Time of calculation of the number of enrolled children has been changed from March to September as from 2004. The number of enrolled children in 1995 concerns January 1996, the number from 2000 concerns March 2001, while the number from 2003 concerns March 2003.

2 Figures as from 2000 include children in publicly subsidised private day care.

3 As from 1995, only children between 0 and 5 years, as the after-school club schemes were taken over completely by the school sector in 1995 (no statistics available).

4 As from 2000, only children between 0 and 5 years.

5 As from 1998, a special pre-school class has been introduced for the 6 year-olds. These children have not been included in the calculation, unless they also attend a day-care institution.

**Table 3.14.b Children enrolled in day-care institutions and publicly financed day-care (1 000) by age, 1995-2008**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>1995</i>						
0-2 years	101	..	34	5	39	123
3-6 years	218	..	145	12	149	367
0-6 years, total	319	..	179	17	188	490
7-10 years	123	..	11	-	.	198
<i>2000</i>						
< 1 years	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	17	.	434
7-10 years	171	..	8	-	.	255
<i>2007</i>						
<1 years	11	-	1	..	3	-
1-2 years	117	1	47	..	82	147
3-5 years	188	2	123	..	165	294
0-5 years, total	316	3	172	..	249	441
6 years	59	1	39	..	.	82
0-6 years, total	375	4	210	..	.	523
7-10 years	175	1	2	..	.	243
<i>2008</i>						
<1 years	11	0	1	..	3	0
1-2 years	118	1	50	..	89	152
3-5 years	189	1	127	..	169	302
0-5 years, total	318	2	178	..	261	454
6 years	59	0	39	..	.	86
0-6 years, total	377	3	217	..	.	540
7-10 years	199	1	2	..	.	250

1 Cf. Table 3.12.a

2 Cf. Table 3.12.a

3 Cf. Table 3.12.a

4 Cf. Table 3.12.a

5 Cf. Table 3.12.a, children under 1 year are not entitled to a place in a day-care institution on Sweden.

**SUPPLEMENTARY TABLES**
**Table 3.16.a Children and young people placed away from their homes during the year, by age and per 1 000 inhabitants in the respective age groups, 1995-2008**

	1995	2000	2007	2008		
				Total	Boys	Girls
<i>Denmark<sup>1)</sup></i>						
0-6 years	3.9	4.5	3.4			
7-14 years	11.9	13.0	10.6			
15-17 years	29.3	33.1	25.0			
18-20 years	15.0	17.1	14.3			
0-20 years	12.0	13.0	10.9			
<i>Faroe Islands</i>						
0-6 years	..	..	1.8	2.5	2.1	1.6
7-14 years	..	..	5.1	5.6	5.5	5.3
15-17 years	..	..	9.8	17.5	11.0	5.0
18-20 years	..	..	3.7	1.8	2.6	3.3
0-20 years	..	..	4.6	5.9	4.8	3.8
<i>Finland</i>						
0-6 years	5.2	5.7	6.9	..	..	..
7-14 years	8.5	9.6	12.0	..	..	..
15-17 years	12.7	16.1	22.7	..	..	..
18-20 years	9.0	11.7	14.3	..	..	..
0-20 years	8.1	9.7	12.4	..	..	..
<i>Iceland<sup>2)</sup></i>						
0-6 years	2.1	2.5	0.9	..	..	..
7-14 years	3.9	4.5	3.8	..	..	..
15-18 years	5.9	8.3	12.1	..	..	..
0-18 years	3.6	4.9	4.6	..	..	..
<i>Norway</i>						
0-6 years	3.4	3.6	4.3	.	.	.
7-14 years	7.9	7.9	9.4	.	.	.
15-17 years	14.2	17.4	19.5	.	.	.
18-19 years	7.4	11.0	16.5	.	.	.
0-19 years	7.1	7.9	10.0	.	.	.
<i>Sweden<sup>3)</sup></i>						
0-6 years	3.6	3.6	3.9	3.8	4.0	4.1
7-14 years	7.0	7.1	7.9	7.9	8.2	8.5
15-17 years	14.4	16.8	19.3	19.4	20.6	21.7
18-20 years	5.1	11.8	13.0	127	13.8	14.9
0-20 years	6.5	8.0	9.4	9.3	9.8	10.3

1 Including children and young people with reduced physical and/or mental capabilities.

2 The distribution on age and gender is based on estimates.

3 As from 1999, figures include the group of 18-20 year-olds who receive treatment according to the Social Service Act. This group of mainly 19-20 year-olds was previously included in the statistics as adult abusers.



**Table 4.3.a Development in the unemployment rate by gender, 1995-2008**

	Average number of unemployed people	Unemployed people as percentages of the labour force					
		Total	Men	Women	16-24 year-olds		
					Total	Men	Women
<i>Denmark<sup>1)</sup></i>							
1995	197 000	7.0	6.1	8.2	9.7	8.8	10.6
2000	131 000	4.6	4.0	5.2	6.5	6.5	6.5
2007	115 000	4.0	3.6	4.4	8.1	8.5	7.8
2008	98 380	3.4	3.0	3.7	7.5	6.8	8.3
<i>Faroe Islands<sup>2)</sup></i>							
1995	2 600	12.7	10.1	16.1	..	..	..
2000	1 000	4.2	2.5	6.6	..	..	..
2007	480	1.8	1.2	2.5	3.1	2.4	3.9
2008	374	1.3	1.0	1.7	1.0	0.9	1.1
<i>Finland<sup>3)</sup></i>							
1995	382 000	15.5	15.8	15.1	29.7	30.7	28.6
2000	253 000	9.8	9.1	10.6	21.4	21.1	21.6
2007	183 000	6.9	6.6	7.3	16.5	16.4	16.6
2008	172 000	6.4	6.2	6.7	16.5	17.1	15.8
<i>Iceland<sup>4)</sup></i>							
1995	7 200	4.9	4.8	4.9	11.0	13.1	8.6
2000	3 700	2.3	1.8	2.9	4.7	5.7	3.6
2007	4 200	2.3	2.3	2.3	7.3	8.0	6.7
2008	5 500	3.0	3.3	2.6	8.2	9.0	7.5
<i>Norway<sup>5)</sup></i>							
1995	107 000	4.9	5.2	4.6	11.8	12.2	11.5
2000	81 000	3.4	3.6	3.2	10.2	9.9	10.6
2007	63 000	2.5	2.6	2.5	7.3	7.9	6.6
2008	67 000	2.6	2.8	2.4	7.5	8.2	6.8
<i>Sweden<sup>6)</sup></i>							
1995	333 000	7.7	8.5	6.9	15.3	16.7	14.0
2000	203 100	4.7	5.0	4.2	8.1	8.6	7.4
2007	291 800	6.2	5.9	6.4	18.9	18.4	19.5
2008	293 700	6.1	5.9	6.4	19.4	19.2	19.6

1 Data are based on the labour-force surveys concerning the 15-66 year-olds.

2 Figures from 2005 are based on annual labour-force surveys in November. Include 16-64-year-olds.

3 The age group for Finland is 15-24 year-olds instead of 16-24 year-olds.

4 Data are based on the labour-force surveys.

5 The statistics were restructured in 1996, for which reason the figures from 1995 are not comparable.

**SUPPLEMENTARY TABLES**
**Table 4.4.a Number of people (1 000) who received cash benefits for at least one day in connection with unemployment, 1995-2008**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>1995</i>						
Insured	672	6	683	19	310	824
Non-insured	111	1	270	..	-	137
Total	783	7	827	19	310	961
Total in per cent of the labour force	28	36	34	..	14	22
<i>2000</i>						
Insured	490	2	340	7	165	622
Non-insured	70	1	287	..	-	55
Total	560	3	603	7	165	677
Total in per cent of the labour force	20	12	23	4	7	16
<i>2007</i>						
Insured	354	1	277	..	85	371
Non-insured	59	-	203	..	-	55
Total	413	1	465	..	85	425
Total in per cent of the labour force	15	5	18	..	3	9
<i>2008</i>						
Insured	279	1	269	12	81	296
Non-insured	74	-	183	..	..	37
Total	279	1	439	12	81	327
Total in per cent of the labour force	10	..	16	7	3	7

1 Calculated on the basis of the number of approved unemployment benefit claims.

2 Double registration may appear, as a person during one year may have been registered as being both insured and non-insured. In 2006, 12 000 people were calculated as being both insured and non-insured, and in 2007, the number was 8 000 people. In 2008, 6 000 people were calculated as being both insured and non-insured.

**Table 4.10.a Number of people in activation, 1995-2008**

	Number of people in activation during the year		Number of people in activation at the time of survey/average number of people in activation		People in activation as percentage of the labour force at the time of survey	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Denmark</i>						
1995, total	258 392	52 214	110 935	16 030	4.0	3.4
2000, total	221 534	34 828	87 239	10 507	3.2	2.6
2006, total	212 882	26 355	62 339	6 068	2.2	1.6
2007, total	209 807	27 300	65 489	6 865	2.3	1.7
2008, total	221 188	33 528	68 198	7 999	2.4	2.0
Of whom:						
- Subsidized employment	78 697	7 130	26 322	1 466	0.9	0.4
- Education and training	173 858	30 778	41 876	6 533	1.5	1.6
- Other	-	-	-	-	-	-
<i>Finland</i>						
1995, total	285 575	82 217	103 667	25 973	4.2	9.9
2000, total	226 077	62 748	83 660	18 873	3.2	5.6
2007, total	214 026	50 470	80 702	14 136	3.0	4.1
2008, total	195 613	45 060	74 635	12 578	2.8	3.7
Of whom:						
- Subsidized employment	86 612	10 415	36 385	4 034	1.3	1.2
- Education and training	55 986	8 719	28 181	3 976	1.0	1.2
- Other	53 015	25 926	10 069	4 568	0.4	1.3
<i>Iceland</i>						
1995, total	..	..	..	..	..	..
2000, total	3 811	764	..	..	..	..
2006, total	4 903	916	..	..	..	..
2007, total	..	..	..	..	..	..
Of whom:						
- Subsidized employment	154	54	..	..	..	..
- Education and training	2.092	368	..	..	..	..
- Other	2.657	494	..	..	..	..
<i>Norway<sup>1)</sup></i>						
1995, total	..	..	42 145	16 482	1.9	5.6
2000, total	..	..	11 439	3 520	0.5	1.1
2007, total	44 847	..	10 139	3 162	0.4	0.9
2008, total	43 098	..	10 859	3 336	0.4	0.9
Of whom:						
- Subsidized employment	..	..	1 563	..	0.1	..
- Education and training	..	..	4 590	..	0.2	..
- Other	..	..	3 968	..	0.2	..
<i>Sweden</i>						
1995, total	781 000	..	275 100	..	6.1	..
2000, total	470 970	..	166 159	..	3.8	..
2007, total	425 916	..	166 934	..	3.5	..
2008, total	387 119	..	171 311	..	3.5	..
Of whom:						
- Subsidized employment	146 388	..	91 485	..	1.7	..
- Education and training	75 266	..	14 860	..	0.3	..
- Other	181 197	..	71 861	..	1.5	..

1 As from 2006, the labour force covers the 15-24 year-olds.

2. The groups placed under Other have been combined with education, as several benefits can no longer be broken down.

**SUPPLEMENTARY TABLES**

**Table 5.5.a Employees' calculated absence due to illness for at least one week as percentages of all employees, 1995-2008<sup>1)</sup>**

	Denmark <sup>2)</sup>	Finland	Iceland	Norway	Sweden
1995					
Men	1.4	2.0	1.3	2.2	2.2
Women	2.2	2.3	2.1	3.1	3.4
Total	1.7	2.1	1.7	2.6	2.7
2000					
Men	1.4	2.2	1.1	3.4	2.6
Women	2.0	2.5	1.5	4.7	4.9
Total	1.7	2.4	1.3	4.0	3.7
2007					
Men	1.8	2.2	..	3.1	2.2
Women	3.0	2.8	..	4.7	3.5
Total	2.3	2.5	..	3.8	2.8
2008					
Men	1.6	2.6	..	2.7	1.9
Women	2.2	3.1	..	4.7	3.0
Total	1.9	2.8	..	3.7	2.4

1 The figures were calculated on the basis of labour-force surveys as an average of the censuses.

2 15-66 year-olds.

**Table 6.2.a Pension recipients by age, in thousands and as percentages of the age group as at December 2008**

	Denmark <sup>1)</sup>		Faroe Islands		Finland		Iceland <sup>1)</sup>		Norway		Sweden	
	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group
<i>Men</i>												
16-39 years	18	2.3	0.1	1.7	16	2.0	1.6	2.7	18	2.4	31	2.0
40-49 "	26	6.2	0.1	3.6	21	5.5	1.3	5.6	25	6.9	38	6
50-54 "	18	10.0	0.1	5.5	22	11.6	0.8	7.5	19	11.7	30	11
55-59 "	22	12.5	0.1	8.9	41	20.8	0.8	9.0	26	17.4	44	15
60-62 "	43	36.5	0.1	16.4	54	44.8	0.6	13.1	27	29.6	55	29
63-64 "	44	63.9	0.1	16.5	50	79.6	0.4	16.3	27	50.2	62	50
65-66 "	54	93.8	0.1	2.0	47	100.3	1.2	56.3	26	59.9	105	96
67+ "	325	103.1	2.8	105.1	334	105.0	14.4	100.0	273	104.9	663	81
Total	549	26.3	3.6	19.4	586	27.6	21.1	16.9	441	24.1	1 028	27.0
<i>Women</i>												
16-39 years	15	2.0	0.1	1.5	12	1.6	2.2	4.1	20	2.9	38	2.7
40-49 "	28	7.0	0.2	5.4	17	4.7	2.2	10.0	35	10.7	63	10.1
50-54 "	22	12.4	0.2	10.5	18	9.4	1.2	12.5	28	18.0	48	16.6
55-59 "	30	16.6	0.2	14.5	36	18.2	1.4	16.0	38	26.5	68	23.2
60-62 "	62	52.8	0.2	26.7	58	46.5	0.9	21.1	36	40.3	73	38.3
63-64 "	56	79.3	0.1	24.5	53	80.0	0.7	26.6	32	59.0	71	56.8
65-66 "	58	97.9	0.2	39.8	52	102.4	1.4	62.3	30	67.0	106	96.6
67+ "	431	102.2	3.3	103.9	497	104.5	17.8	100.7	371	103.8	844	103.5
Total	702	32.3	4.4	26.2	744	33.1	27.7	23.1	590	31.6	1 310	35.0
<i>Men and women</i>												
16-39 years	32.9	2.2	0.2	1.6	29	1.8	3.7	4.1	38	2.7	69	2.0
40-49 "	53.4	6.6	0.3	4.4	38	5.1	3.5	7.7	60	8.8	101	8.0
50-54 "	40.0	11.2	0.2	7.9	40	10.5	2.0	9.9	47	14.8	78	13.0
55-59 "	52.0	14.6	0.3	11.6	77	19.5	2.2	12.4	64	21.9	111	19.0
60-62 "	105.0	44.7	0.3	20.9	113	45.6	1.5	17.0	63	34.9	128	34.0
63-64 "	100.0	71.7	0.2	20.4	103	79.8	1.1	21.5	59	54.5	133	53.0
65-66 "	111.6	96.2	0.3	28.9	99	101.4	2.6	59.3	56	63.4	211	96.0
67+ "	755.6	102.6	6.1	104.5	831	104.7	32.1	100.4	644	104.2	1 506	105.0
Total	1 251	29.2	8.0	22.6	1 330	30.4	48.8	19.9	1 031	27.9	2 338	31.0

1 Figures are from 2007.

Note: As it is possible in all the countries to live outside the country in question and receive pension at the same time, the number of recipients may exceed 100 per cent.

**SUPPLEMENTARY TABLES**
**Table 6.2.6.a Pensioners receiving retirement pension in total and pensioners receiving basic/guaranteed minimum pension at the end of the years 1995-2008**

	Retirement pensioners, total			Retirement pensioners who only receive basic/minimum pension				
	Total (1 000)	Men (1 000)	Women (1 000)	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>								
1995	709	288	421	328	79	250	24.0	76.0
2000	706	290	416	244	49	195	20.0	80.0
2007	851	369	482	190	45	145	24	76
2008	867	378	489	170	38	132	23	77
<i>Fareo Islands</i>								
1995	..	..	..	..	..	..	..	..
2000	6	2.6	3.3	1.2	0.5	0.7	43.1	56.9
2007	6	2.7	3.3	1.1	0.5	0.6	43.9	56.1
2008	6	2.8	3.3	1.6	0.8	0.8	49.2	50.8
<i>Finland<sup>1)</sup></i>								
1995	804	304	501	108	13	95	12.0	88.0
2000	870	339	531	90	14	76	15.6	84.4
2007	978	404	575	61	12	49	19.7	80.3
2008	1 005	417	588	60	12	48	19.9	80.1
<i>Iceland</i>								
1995	26	..	..	..	..	..	..	..
2000	29	13	16	2	1	2	31.2	68.8
2006	32	12	16	2	1	2	32.0	68.0
2007	32	14	18	2	1	1	32.1	67.9
2008	..	..	..	..	..	..	..	..
<i>Norway</i>								
1995	625	254	372	258	40	218	15.4	84.6
2000	629	258	371	237	33	204	13.8	86.2
2007	639	270	370	176	22	155	12.3	87.7
2008	643	273	370	192	24	168	12.6	87.4
<i>Sweden</i>								
1995	1 590	682	908	307	28	279	9.1	90.9
2000	1 604	694	910	226	24	202	10.6	89.4
2007	1 760	788	972	140	19	121	13.8	86.2
2008	1 806	815	991	129	19	110	14.7	85.3

1 The numbers comprise people who have been awarded retirement pension before time as well as retirement pensioners under 65 years.

**Table 6.2.7.a Pensioners receiving retirement pension by way of basic/guaranteed minimum pension and employment pension at the end of the years 1995-2008**

	Retirement pensioners who receive both basic/minimum and employment pension					Retirement pensioners who receive only employment pension (new Finnish and Swedish system)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>										
1995	381	209	171	55.0	45.0	.	.	.	.	.
2000	463	242	221	52.2	47.8	.	.	.	.	.
2007	661	324	337	49.0	51.0	.	.	.	.	.
2008	698	340	357	49.0	51.0	.	.	.	.	.
<i>Finland<sup>1)</sup></i>										
1995	641	265	377	41.3	58.7	55	26	29	47.3	52.7
2000	683	278	405	40.7	59.3	97	47	50	48.5	51.5
2007	406	279	127	31.3	68.7	512	265	247	51.8	48.2
2008	428	293	135	32.0	69.0	517	270	247	52.3	47.7
<i>Iceland</i>										
1995	..	..	..	..	..	.	.	.	.	.
2000	25	11	14	43.7	56.3	.	.	.	.	.
2006	26	12	15	44.0	56.0	.	.	.	.	.
2007	27	12	15	44.0	56.0	.	.	.	.	.
2008	..	..	..	..	..	.	.	.	.	.
<i>Norway</i>										
1995	368	214	153	58.3	41.7	.	.	.	.	.
2000	392	225	166	57.5	42.5	.	.	.	.	.
2007	463	248	215	53.6	46.4	.	.	.	.	.
2008	451	249	202	55.2	45.8	.	.	.	.	.
<i>Sweden</i>										
1995	1 283	654	629	51.0	49.0	.	.	.	.	.
2000	1 378	670	708	48.6	51.4	.	.	.	.	.
2007 <sup>2)</sup>	1 110	509	602	45.8	54.2	510	260	249	51.1	48.9
2008 <sup>2)</sup>	1 049	477	572	46.0	54.0	628	319	309	51.0	49.0

1 The numbers comprise people who have claimed retirement pension before time as well as retirement pensioners under 65 years.

2 Pensioners with basic and employment pensions are pension recipients according to the old system, while pension recipients according to the new Swedish system are pensioners with the income-based pension plus any other kind of pension.

**SUPPLEMENTARY TABLES**
**Table 6.3.8.a Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension, in total and in per cent, 1995-2008**

	1995		2000		2007		2008	
	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent
<i>Denmark</i>								
18-19 years	485	0.3	570	0.4	860	0.4	860	0.4
20-29 "	8 317	5.4	7 598	4.9	8 874	4.3	8 942	3.7
30-39 "	18 305	11.9	18 364	11.9	21 827	10.7	23 117	9.6
40-49 "	34 919	22.7	33 757	21.8	47 077	23.1	53 363	22.2
50-59 "	57 198	37.2	60 933	39.4	77 373	37.9	92 369	38.5
60-64 "	34 504	22.4	33 366	21.6	48 200	23.6	61 233	25.5
Total 18-64 years	153 728	100.0	154 588	100.0	204 211	100.0	239 884	100.0
65-66 years	12 918	.	12 263	.	531	.	748	.
<i>Faroe Islands</i>								
18-19 years	..	..	5	0.4	4.0	0.3	6.0	0.5
20-29 "	..	..	55	4.4	49	4.0	47.0	3.8
30-39 "	..	..	135	10.8	126	10.3	124.0	10.0
40-49 "	..	..	232	18.6	234	19.1	235.0	19.0
50-59 "	..	..	472	37.9	447	36.5	454.0	36.7
60-64 "	..	..	346	27.8	365	29.8	370.0	29.9
Total 18-64 years	..	..	1 245	100.0	1 225	100.0	1236.0	100.0
65-66 years	..	..	148	.	134	.	156	.
<i>Finland</i>								
16-19 years	1 978	0.6	1 569	0.6	1 338	0.5	1 494	0.5
20-29 "	9 031	2.9	8 240	3.0	10 229	3.8	10 575	3.9
30-39 "	20 379	6.6	18 451	6.7	16 865	6.2	16 830	6.2
40-49 "	49 498	16.0	43 096	15.6	38 449	14.2	38 221	14.0
50-59 "	113 830	36.8	108 344	39.2	114 422	42.1	110 574	40.5
60-64 "	114 787	37.1	96 569	35.0	90 321	33.3	95 184	34.9
Total 16-64 years	309 503	100.0	276 269	100.0	271 624	100.0	272 873	100.0
65-66 years	..	..	..	..	..	..	..	..
<i>Iceland</i>								
16-19 years	322	3.5	193	2.1	243	1.7	..	..
20-29 "	1 048	11.5	971	10.4	1 342	9.6	..	..
30-39 "	1 825	20.0	1 719	18.3	2 159	15.4	..	..
40-49 "	1 973	21.6	2 362	25.2	3 519	25.1	..	..
50-59 "	2 234	24.5	2 600	27.7	4 203	29.9	..	..
60-64 "	1 712	18.8	1 533	16.3	2 582	18.4	..	..
Total 16-64 years	9 114	100.0	9 378	100.0	14 048	100.0	..	..
65-66 years	905	.	902	.	1 047	..	..	..
<i>Norway</i>								
18-19 years	778	0.4	544	0.2	863	0.3	959	0.3
20-29 "	6 625	3.3	7 687	3.1	9 396	3.1	9 902	3.3
30-39 "	19 106	9.4	24 011	9.6	26 625	8.9	26 725	8.8
40-49 "	44 153	21.7	51 285	20.5	59 034	19.7	60 011	19.8
50-59 "	73 415	36.0	99 405	39.8	111 650	37.3	110 620	36.5
60-64 "	59 700	29.3	67 054	26.8	91 459	30.6	94 626	31.2
Total 18-64 years	203 777	100.0	249 986	100.0	299 027	100.0	302 743	100.0
65-66 years	32 524	.	28 526	.	34 517	.	36 398	.
<i>Sweden<sup>1)</sup></i>								
16-19 years	3 138	0.7	3 910	0.9	2 333	0.4	2 528	0.5
20-29 "	12 181	2.9	13 924	3.2	24 586	4.5	25 355	4.8
30-39 "	31 645	7.5	34 463	7.9	44 073	8.0	41 320	7.8
40-49 "	78 902	18.8	78 134	17.8	105 970	19.2	101 320	19.1
50-59 "	156 598	37.3	174 686	39.9	199 788	36.2	189 318	35.6
60-64 "	137 394	32.7	132 826	30.3	174 996	31.7	171 660	32.3
Total 16-64 years	419 858	100.0	437 943	100.0	551 746	100.0	531 501	100.0
65-66 years	..	..	..	..	..	..	..	..

1 In 2004, the age group 16-19 years included the 18-19 year-olds.



**Table 6.3.8.b.1 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 1995-1997**

	1995			1996			1997		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Denmark</i>									
18-19 years	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2
20-29 "	1.2	0.9	1.1	1.2	0.9	1.1	1.2	0.9	1.0
30-39 "	2.4	2.2	2.3	2.4	2.1	2.3	2.4	2.1	2.3
40-49 "	4.4	4.7	4.5	4.4	4.7	4.5	4.4	4.6	4.5
50-59 "	8.4	9.2	8.8	8.2	9.0	8.6	8.0	8.7	8.3
60-64 "	14.4	14.4	14.4	13.8	14.2	14.0	13.3	13.9	13.6
Total 18-64 years	4.3	4.4	4.3	4.2	4.2	4.2	4.2	4.4	4.3
65-66 years	14.5	14.1	14.3	14.4	14.1	14.2	14.2	14.0	14.1
<i>Faeroe Islands</i>									
18-19 years	..	..	..	..	..	..	..	..	..
20-29 "	..	..	..	..	..	..	..	..	..
30-39 "	..	..	..	..	..	..	..	..	..
40-49 "	..	..	..	..	..	..	..	..	..
50-59 "	..	..	..	..	..	..	..	..	..
60-64 "	..	..	..	..	..	..	..	..	..
Total 18-64 years	..	..	..	..	..	..	..	..	..
65-66 years	..	..	..	..	..	..	..	..	..
<i>Finland</i>									
16-19 years	0.9	0.6	0.8	0.9	0.6	0.7	0.9	0.6	0.8
20-29 "	1.6	1.2	1.4	1.6	1.1	1.3	1.5	1.1	1.3
30-39 "	3.1	2.2	2.7	3.0	2.2	2.6	2.9	2.2	2.6
40-49 "	6.6	5.2	5.9	6.5	5.1	5.8	6.4	5.1	5.8
50-59 "	20.9	17.9	19.4	19.4	16.6	18.0	18.0	15.6	16.8
60-64 "	49.5	44.4	47.6	47.9	43.4	45.6	46.1	41.9	43.9
Total 16-64 years	9.8	8.7	9.2	9.5	8.5	9.0	9.2	8.3	8.8
65-66 years	.	.	.	.	.	.	0.6	0.9	0.8
<i>Iceland</i>									
16-19 years	2.1	1.8	1.9	2.0	1.8	1.9	1.9	1.8	1.9
20-29 "	2.7	2.4	2.6	2.7	2.5	2.6	2.8	2.6	2.7
30-39 "	3.8	4.3	4.3	3.9	4.5	4.5	3.9	4.6	4.2
40-49 "	4.7	6.6	5.6	5.0	7.1	6.0	5.1	7.4	6.2
50-59 "	7.4	11.9	9.7	7.5	12.0	9.7	7.8	12.3	10.0
60-64 "	13.3	20.6	17.0	13.4	20.7	17.2	13.2	21.3	17.4
Total 16-64 years	4.6	6.3	5.4	4.7	6.5	5.6	4.8	6.7	5.7
65-66 years	16.8	26.4	21.8	18.8	28.6	23.9	19.4	28.2	23.9
<i>Norway</i>									
18-19 years	0.4	0.3	0.4	0.4	0.3	0.4	0.5	0.4	0.4
20-29 "	1.1	0.9	1.0	1.1	1.0	1.0	1.2	1.1	1.1
30-39 "	2.7	3.2	2.9	2.8	3.3	3.0	2.8	3.4	3.2
40-49 "	5.7	8.6	7.1	5.8	8.7	7.2	6.0	8.8	7.4
50-59 "	13.1	19.6	16.3	12.8	19.4	16.1	13.0	19.7	16.3
60-64 "	32.0	35.7	33.9	31.3	36.0	33.7	30.9	36.6	33.8
Total 18-64 years	6.3	8.5	7.4	6.3	8.7	7.5	6.5	8.9	7.6
65-66 years	42.5	43.0	42.8	41.7	42.7	42.2	41.7	43.2	42.5
<i>Sweden</i>									
16-19 years	0.9	0.7	0.8	0.9	0.6	0.8	0.9	0.7	0.8
20-29 "	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1
30-39 "	2.3	2.9	2.6	2.3	2.9	2.6	2.3	2.9	2.6
40-49 "	5.2	7.5	6.4	5.3	7.6	6.4	5.2	7.6	6.4
50-59 "	12.7	16.9	14.7	13.3	16.7	14.5	11.9	16.4	14.2
60-64 "	33.7	34.7	34.2	32.2	34.0	33.2	32.5	34.4	33.5
Total 16-64 years	6.7	8.5	7.6	6.7	8.5	7.6	6.7	8.6	7.7
65-66 years	.	.	.	.	.	.	.	.	.

**SUPPLEMENTARY TABLES**
**Table 6.3.8.b.2 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 1998-2000**

	1998			1999			2000		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Denmark</i>									
18-19 years	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
20-29 "	1.2	0.9	1.1	1.2	0.9	1.1	1.2	0.9	1.1
30-39 "	2.4	2.1	2.3	2.4	2.1	2.3	2.4	2.1	2.3
40-49 "	4.4	4.6	4.5	4.4	4.6	4.5	4.4	4.7	4.5
50-59 "	7.9	8.6	8.2	7.8	8.5	8.1	7.7	8.6	8.1
60-64 "	12.9	13.6	13.3	12.5	13.2	12.9	12.1	12.9	12.5
Total 18-64 years	4.2	4.4	4.3	4.2	4.4	4.3	4.2	4.5	4.3
65-66 years	13.6	13.7	13.7	13.2	13.9	13.6	12.9	13.5	13.2
<i>Faroe Islands</i>									
18-19 years	..	..	..	..	..	..	0.6	0.2	0.4
20-29 "	..	..	..	..	..	..	1.1	1.1	1.1
30-39 "	..	..	..	..	..	..	2.1	3.0	2.5
40-49 "	..	..	..	..	..	..	2.9	5.9	4.3
50-59 "	..	..	..	..	..	..	6.4	10.0	8.1
60-64 "	..	..	..	..	..	..	15.8	17.2	16.5
Total 18-64 years	..	..	..	..	..	..	3.8	5.6	4.6
65-66 years	..	..	..	..	..	..	16.0	18.2	17.0
<i>Finland</i>									
16-19 years	0.8	0.7	0.8	0.8	0.6	0.7	0.7	0.5	0.6
20-29 "	1.5	1.1	1.3	1.5	1.1	1.3	1.5	1.1	1.3
30-39 "	2.8	2.1	2.5	2.8	2.2	2.5	2.9	2.2	2.6
40-49 "	6.3	5.1	5.7	6.2	5.0	5.6	6.1	4.9	5.5
50-59 "	16.6	14.5	15.5	15.8	13.9	14.8	15.6	13.8	14.7
60-64 "	44.0	39.9	41.9	41.5	37.4	39.4	39.1	35.0	37.0
Total 16-64 years	9.0	8.1	8.6	8.7	7.9	8.3	8.5	7.7	8.1
65-66 years	.	.	.	.	.	.	.	.	.
<i>Iceland</i>									
16-19 years	2.1	1.7	1.9	2.3	2.0	2.2	1.4	1.0	1.2
20-29 "	2.6	2.7	2.6	2.7	2.8	2.7	2.3	2.7	2.5
30-39 "	4.0	4.7	4.3	4.2	5.1	4.6	3.7	5.3	4.5
40-49 "	4.9	7.6	6.2	5.3	8.4	6.8	5.1	7.8	6.4
50-59 "	7.9	12.1	10.0	8.0	12.7	10.3	7.4	12.2	9.8
60-64 "	13.3	21.4	17.5	12.8	21.6	17.3	12.3	22.0	17.2
Total 16-64 years	4.8	6.8	5.8	5.0	7.3	6.1	4.5	6.9	5.7
65-66 years	17.6	26.6	22.1	17.5	28.8	23.3	19.0	32.2	25.8
<i>Norway</i>									
18-19 years	0.5	0.4	0.5	0.6	0.5	0.5	0.6	0.5	1.0
20-29 "	1.3	1.1	1.2	1.3	1.2	1.3	1.4	1.2	1.0
30-39 "	3.0	3.6	3.3	3.1	3.8	3.4	3.1	3.9	4.0
40-49 "	6.2	9.2	7.7	6.5	9.6	8.0	6.7	9.8	8.0
50-59 "	13.4	20.5	16.9	13.7	21.3	17.5	14.0	21.8	18.0
60-64 "	31.3	37.7	34.6	31.6	38.7	35.2	31.8	39.3	35.6
Total 18-64 years	6.9	9.6	8.2	7.3	10.3	8.8	7.5	10.6	9.0
65-66 years	41.5	43.9	42.8	41.2	45.0	43.2	41.2	45.7	43.0
<i>Sweden</i>									
16-19 years	0.9	0.7	0.8	1.0	0.8	0.9	1.1	0.8	1.0
20-29 "	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3
30-39 "	2.3	2.9	2.6	2.3	2.9	2.6	2.4	3.1	2.7
40-49 "	5.2	7.6	6.4	5.3	7.6	6.4	5.5	7.9	6.7
50-59 "	11.6	16.2	13.9	11.4	16.3	13.8	11.6	16.8	14.2
60-64 "	30.5	33.3	31.9	28.8	32.6	30.7	27.6	32.4	30.0
Total 16-64 years	6.6	8.6	7.6	6.6	8.7	7.6	6.7	9.0	7.8
65-66 years	.	.	.	.	.	.	.	.	.

**Table 6.3.8.b.3 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 2001-2003**

	2001			2002			2003		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Denmark</i>									
18-19 years	0.3	0.2	0.3	0.3	0.2	0.3	0.3	0.2	0.3
20-29 "	1.3	1.0	1.1	1.3	1.0	1.2	1.4	1.0	1.2
30-39 "	2.5	2.2	2.3	2.6	2.3	2.4	2.7	2.4	2.6
40-49 "	4.6	5.0	4.7	4.8	5.3	5.1	5.0	5.5	5.3
50-59 "	7.9	9.1	8.5	8.3	9.8	9.0	8.6	10.4	9.4
60-64 "	11.9	12.7	12.3	11.8	12.8	12.3	11.6	13.1	12.4
Total 18-64 years	4.3	4.7	4.5	4.5	5.0	4.8	4.7	5.3	5.0
65-66 years	12.4	13.3	12.9	12.3	13.4	12.8	12.2	13.3	12.8
<i>Faroe Islands</i>									
18-19 years	0.9	0.2	0.6	0.9	0.3	0.6	0.7	0.7	0.7
20-29 "	1.0	0.9	1.0	1.0	0.7	0.9	1.0	0.7	0.9
30-39 "	1.9	2.9	2.4	1.7	2.6	2.1	1.8	2.6	2.2
40-49 "	2.9	5.1	4.0	2.7	5.2	3.9	2.7	4.8	3.7
50-59 "	6.4	10.5	8.3	6.3	10.2	8.1	6.2	10.2	8.1
60-64 "	14.4	16.5	15.4	13.1	16.3	14.6	12.7	17.5	14.9
Total 18-64 years	3.7	5.4	4.5	3.5	5.3	4.3	3.5	5.8	4.4
65-66 years	17.9	18.4	18.1	19.1	19.0	19.1	19.9	18.5	19.3
<i>Finland</i>									
16-19 years	0.5	0.4	0.5	0.4	0.3	0.4	0.3	0.2	0.3
20-29 "	1.5	1.1	1.3	1.6	1.1	1.4	1.6	1.2	1.4
30-39 "	2.8	2.2	2.5	2.9	2.2	2.6	3.0	2.3	2.6
40-49 "	5.9	4.9	5.4	5.9	4.9	5.4	5.9	4.8	5.4
50-59 "	15.1	13.5	14.3	15.3	13.7	14.5	15.4	13.7	14.6
60-64 "	35.1	30.5	32.7	33.5	29.2	31.3	31.9	28.0	29.9
Total 16-64 years	8.3	7.4	7.8	8.2	7.3	7.8	8.3	7.4	7.8
65-66 years	.	.	.	.	.	.	.	.	.
<i>Iceland</i>									
16-19 years	1.6	1.2	1.3	1.5	1.2	1.3	1.5	1.1	1.2
20-29 "	2.3	2.8	2.4	2.4	3.1	2.6	2.7	3.6	3.0
30-39 "	3.5	5.6	4.2	3.6	5.8	4.4	3.8	6.3	4.8
40-49 "	5.5	8.2	6.3	5.6	8.6	6.6	5.9	9.1	7.1
50-59 "	7.7	12.6	9.3	7.8	12.8	9.6	7.9	13.3	10.0
60-64 "	12.4	21.8	15.8	12.6	22.1	16.3	13.7	22.1	17.0
Total 16-64 years	4.7	7.1	5.4	4.8	7.5	5.8	5.1	8.0	6.2
65-66 years	18.3	32.1	23.6	16.4	30.2	22.0	15.9	30.3	21.8
<i>Norway</i>									
18-19 years	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.5	0.6
20-29 "	1.3	1.2	1.3	1.4	1.2	1.3	1.4	1.2	1.3
30-39 "	3.1	3.8	3.5	3.1	3.8	3.4	3.1	3.8	3.4
40-49 "	6.6	9.8	8.2	6.7	9.7	8.2	6.8	9.8	8.3
50-59 "	14.2	22.0	18.1	14.4	22.3	18.3	14.7	22.6	18.6
60-64 "	31.7	39.7	35.7	31.4	39.7	31.4	30.7	39.7	35.2
Total 18-64 years	7.7	10.8	9.2	7.8	11.0	9.4	8.0	11.2	9.5
65-66 years	40.3	46.1	43.4	39.4	46.1	43.1	39.8	46.6	43.4
<i>Sweden<sup>1)</sup></i>									
16-19 years	1.2	0.9	1.0	1.3	1.0	1.1	1.5	1.1	1.0
20-29 "	1.3	1.3	1.3	1.5	1.5	1.5	1.6	1.6	1.6
30-39 "	2.4	3.3	2.9	2.6	3.7	3.1	2.6	4.0	3.3
40-49 "	5.7	8.4	7.0	6.0	9.1	7.5	6.1	9.5	7.8
50-59 "	11.9	17.6	14.7	12.6	18.8	15.7	12.9	19.6	16.2
60-64 "	26.9	32.8	29.9	26.5	33.7	30.1	25.8	33.9	29.8
Total 16-64 years	6.8	9.4	8.1	7.1	10.1	8.6	7.4	10.7	8.9
65-66 years	.	.	.	.	.	.	.	.	.

1 In 2003, the age group 16-19 years included the 17-19 year-olds.

**SUPPLEMENTARY TABLES**
**Table 6.3.8.b.4 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 2004-2005**

	2004			2005		
	Men	Women	Total	Men	Women	Total
<i>Denmark</i>						
18-19 years	0.3	0.2	0.2	0.3	0.2	0.3
20-29 "	1.5	1.1	1.3	1.5	1.2	1.4
30-39 "	2.8	2.5	2.7	2.9	2.6	2.8
40-49 "	5.2	5.8	5.5	5.4	6.0	5.7
50-59 "	9.0	11.0	10.0	9.3	11.5	10.4
60-64 "	11.5	13.2	12.4	11.5	13.4	12.5
Total 18-64 years	4.9	5.5	5.2	5.1	5.8	5.4
65-66 years	9.3	10.7	10.0	3.2	3.9	3.6
<i>Faroe Islands</i>						
18-19 years	0.7	0.5	0.6	0.0	0.6	0.3
20-29 "	1.0	0.8	0.9	1.2	0.7	1.0
30-39 "	1.7	2.5	2.1	1.8	2.4	2.1
40-49 "	2.7	4.6	3.6	2.7	4.4	3.5
50-59 "	6.3	10.2	8.1	5.8	10.1	7.8
60-64 "	12.3	17.9	14.9	11.5	15.3	13.3
Total 18-64 years	3.5	5.4	4.4	3.4	5.1	4.2
65-66 years	14.7	15.6	15.1	15.9	17.2	16.5
<i>Finland</i>						
16-19 years	0.3	0.3	0.3	0.4	0.3	0.4
20-29 "	1.6	1.2	1.4	1.6	1.3	1.5
30-39 "	3.0	2.3	2.6	3.0	2.3	2.7
40-49 "	5.8	4.8	5.3	5.7	4.8	5.3
50-59 "	15.6	13.9	14.7	15.6	14.0	14.8
60-64 "	30.4	26.8	28.6	28.8	25.6	27.2
Total 16-64 years	8.2	7.3	7.8	8.2	7.4	7.8
65-66 years	.	.	.	.	.	.
<i>Iceland</i>						
16-19 years	1.6	1.3	1.4	1.4	1.1	1.3
20-29 "	2.9	3.9	3.4	2.8	3.6	3.2
30-39 "	3.9	6.8	5.3	3.7	6.6	5.1
40-49 "	6.2	9.4	7.8	5.9	9.7	7.8
50-59 "	8.3	13.6	10.9	8.3	13.7	10.9
60-64 "	13.6	23.4	18.6	13.8	23.1	18.5
Total 16-64 years	5.3	8.5	6.9	5.3	8.5	6.9
65-66 years	16.0	28.7	22.3	17.6	28.1	22.8
<i>Norway</i>						
18-19 years	0.6	0.5	0.6	0.8	0.6	0.7
20-29 "	1.4	1.3	1.4	1.5	1.4	1.5
30-39 "	3.2	3.9	3.5	3.3	4.1	3.7
40-49 "	6.9	10.0	8.4	7.0	10.2	8.6
50-59 "	15.0	22.8	18.8	15.0	22.8	18.8
60-64 "	29.7	39.2	34.5	28.9	38.7	33.8
Total 18-64 years	8.1	11.5	9.8	8.3	11.7	10.0
65-66 years	40.1	47.1	43.7	39.8	47.6	43.8
<i>Sweden<sup>1)</sup></i>						
16-19 years	1.6	1.2	0.7	2.0	1.5	1.8
20-29 "	1.8	1.8	1.8	2.0	2.0	2.0
30-39 "	2.8	4.4	3.6	2.9	4.6	3.7
40-49 "	6.4	10.4	8.5	6.5	10.9	8.7
50-59 "	13.5	20.7	16.8	13.7	21.3	17.5
60-64 "	25.5	34.7	32.0	24.8	34.5	29.6
Total 16-64 years	7.9	11.7	9.4	8.2	12.4	10.3
65-66 years	.	.	.	.	.	.

**Table 6.3.8.b.5 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 2006-2007**

	2006			2007		
	Men	Women	Total	Men	Women	Total
<i>Denmark</i>						
18-19 years	0.3	0.2	0.3	0.3	0.2	0.3
20-29 "	1.5	1.1	1.3	1.6	1.2	1.4
30-39 "	2.8	2.6	2.7	3.0	2.8	2.9
40-49 "	5.2	5.8	5.5	5.5	6.2	5.8
50-59 "	9.2	11.5	10.3	9.6	12.0	10.8
60-64 "	11.3	13.4	12.4	11.6	14.1	12.9
Total 18-64 years	5.0	5.8	5.4	5.2	6.1	5.6
65-66 years	0.4	0.4	0.4	0.4	0.5	0.5
<i>Faroe Islands</i>						
18-19 years	0.8	0.6	0.7	0.4	0.3	0.3
20-29 "	1.1	0.7	0.9	1.1	0.6	0.9
30-39 "	1.8	2.3	2.0	2.0	2.3	2.1
40-49 "	2.9	4.3	3.5	2.9	4.2	3.5
50-59 "	6.2	9.8	7.9	5.9	9.4	7.6
60-64 "	11.5	16.8	14.0	11.7	17.8	14.5
Total 18-64 years	3.6	5.2	4.4	3.6	5.2	4.3
65-66 years	18.6	19.7	19.1	15.3	16.9	16.0
<i>Finland</i>						
16-19 years	0.5	0.4	0.4	0.6	0.4	0.5
20-29 "	1.7	1.3	1.5	1.7	1.4	1.5
30-39 "	2.9	2.3	2.6	2.9	2.3	2.6
40-49 "	5.6	4.7	5.2	5.6	4.7	5.1
50-59 "	15.5	13.8	14.6	15.3	13.7	14.5
60-64 "	27.3	24.8	26.0	26.6	24.5	25.5
Total 16-64 years	8.1	7.4	7.8	8.2	7.5	7.8
65-66 years	.	.	.	.	.	.
<i>Iceland</i>						
16-19 years	1.2	1.0	1.1	1.5	1.0	2.5
20-29 "	2.7	3.4	3.0	2.5	3.2	5.7
30-39 "	3.4	6.5	4.9	3.4	6.4	9.8
40-49 "	5.7	10.0	7.8	5.6	10.0	15.6
50-59 "	8.2	13.7	10.9	8.2	14.1	22.3
60-64 "	13.9	23.3	18.6	14.3	23.1	37.4
Total 16-64 years	5.1	8.5	6.8	5.1	8.5	13.6
65-66 years	17.7	29.6	23.8	18.1	29.5	47.6
<i>Norway</i>						
18-19 years	0.8	0.6	0.7	0.8	0.7	0.8
20-29 "	1.6	1.5	1.6	1.7	1.6	1.7
30-39 "	3.4	4.3	3.8	3.4	4.4	3.9
40-49 "	7.1	10.4	8.7	7.0	10.6	8.8
50-59 "	15.0	22.6	18.7	14.7	22.4	18.5
60-64 "	28.2	38.4	33.3	27.9	38.4	33.1
Total 18-64 years	8.4	11.9	10.1	8.4	12.0	10.2
65-66 years	38.8	47.3	43.1	37.3	46.3	41.9
<i>Sweden<sup>1)</sup></i>						
16-19 years	2.0	1.5	1.8	2.2	1.6	1.9
20-29 "	2.2	2.2	2.2	2.3	2.3	2.3
30-39 "	2.9	4.6	3.7	2.9	4.5	3.7
40-49 "	6.4	10.9	8.6	6.3	10.8	8.5
50-59 "	13.5	21.1	17.3	13.3	20.8	17.0
60-64 "	23.8	33.7	28.7	23.3	33.2	28.2
Total 16-64 years	8.2	12.4	10.3	8.1	12.3	10.2
65-66 years	.	.	.	.	.	.

**SUPPLEMENTARY TABLES**
**Table 7.3.a Families receiving housing benefits at the end of the years 1995-2008**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway	Sweden
<i>Number of recipients</i>					
<i>1995</i>					
Married and cohabiting couples	33 610	74 402	645	5 016	198 044
- with children	21 672	49 753	372	5 016	180 798
- without children	11 938	24 649	273	..	17 246
Single people	141 265	139 414	1 976	13 740	352 416
- with children	66 026	55 838	657	13 740	228 021
- without children	75 239	83 576	1 319	-	124 395
<i>2000</i>					
Married and 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
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
<i>2007</i>					
Married and cohabiting couples	29 695	21 100	1 062	6 055	49 514
- with children	15 092	16 572	519	5 337	45 930
- without children	14 603	4 528	543	718	3 584
Single people	157 758	121 135	8 815	23 783	198 347
- with children	64 116	40 081	2 630	14 691	146 217
- without children	93 642	81 054	6 185	9 092	52 130
<i>2008</i>					
Married and cohabiting couples	29 050	20 318	..	6 307	47 253
- with children	14 293	15 940	..	5 276	44 442
- without children	14 757	4 378	..	1 031	2 811
Single people	154 411	119 068	..	30 483	181 963
- with children	61 931	38 866	..	16 142	134 947
- without children	92 480	80 202	..	14 341	47 016

1 Figures for 1995 are 1996.

**Table 7.4.a Pensioners receiving housing benefits at the end of the years 1995-2008**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden <sup>2)</sup>
<i>1995</i>				
Married or cohabiting pensioners	68 872	13 732	5 771	42 300
Single pensioners	263 130	131 557	42 869	512 300
Total	332 002	145 289	48 640	554 700
<i>2000</i>				
Married or cohabiting pensioners	61 577	13 013	4 271	..
Single pensioners	269 161	139 451	78 547	..
Total	330 738	152 464	82 818	458 337
<i>2007</i>				
Married or cohabiting pensioners	56 978	11 600	2 445	..
Single pensioners	280 373	152 992	64 310	..
Total	337 351	164 592	66 755	415 851
<i>2008</i>				
Married or cohabiting pensioners	55 789	11 179	2 247	..
Single pensioners	279 313	156 837	64 214	..
Total	335 102	168 016	66 461	408 566

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules of the anticipatory-pension reform from 1 January 2003.

2 Inclusive of 135 976 people in 2005, 137 696 in 2006, 138 232 in 2007 and in 2008 138 276 people who received sickness/activity allowance.

**SUPPLEMENTARY TABLES**
**Table 9.7.a Social expenditure broken down by type and purpose as percentages of GDP, 2007**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.5	1.8	1.5	1.4	1.4	1.5
Services	2.2	2.6	1.3	1.6	1.4	1.4
Total	3.7	4.5	2.8	3.0	2.8	3.0
<i>Unemployment</i>						
Cash benefits	1.5	0.4	1.7	0.2	0.2	0.9
Services	0.1	0.0	0.2	0.0	0.1	0.2
Total	1.6	0.4	1.9	0.2	0.3	1.1
<i>Illness</i>						
Cash benefits	1.1	0.6	1.1	1.6	2.3	1.5
Services	5.4	6.1	5.4	7.2	4.9	6.1
Total	6.4	6.7	6.5	8.9	7.3	7.6
<i>Old age</i>						
Cash benefits	8.9	4.8	7.6	4.4	5.0	8.9
Services	1.7	2.7	1.0	0.4	1.8	2.4
Total	10.7	7.6	8.6	4.8	6.8	11.3
<i>Disability</i>						
Cash benefits	2.9	1.6	2.2	2.0	3.4	2.5
Services	1.3	2.1	0.9	0.7	0.7	1.9
Total	4.2	3.7	3.1	2.7	4.2	4.4
<i>Survivors</i>						
Cash benefits	0.0	0.0	0.9	0.5	0.3	0.6
Services	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.9	0.5	0.3	0.6
<i>Housing</i>						
Services	0.7	0.0	0.2	0.6	0.1	0.5
Total	0.7	0.0	0.2	0.6	0.1	0.5
<i>Other social benefits</i>						
Cash benefits	0.5	0.3	0.3	0.3	0.2	0.3
Services	0.2	0.1	0.3	0.3	0.4	0.3
Total	0.7	0.4	0.5	0.6	0.6	0.6
<i>Cash benefits, total</i>	16.5	9.5	15.3	10.5	12.9	16.2
<i>Services, total</i>	11.5	13.7	9.3	10.9	9.4	12.9
<i>Social expenditures, total<sup>1)</sup></i>	28.0	23.3	24.6	21.4	22.3	29.0

1 The total social expenditure is in this table exclusive of administration costs.



**Table 9.x Current contributions to the financing of the social expenditure in per cent, broken down by public authorities, employers, the contributions made by the insured and other financing, 1995-2007**

	Public authorities total	Employers	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>					
1995	71	9	14	6	100
2000	64	9	20	7	100
2005	63	10	18	8	100
2007	62	12	21	6	100
<i>Faroe Islands</i>					
1995	..	..	..	..	..
2002	82	8	6	4	100
2005	81	9	6	4	100
2007	76	11	9	4	100
<i>Finland</i>					
1995	46	34	14	7	100
2000	43	38	12	7	100
2005	44	38	11	6	100
2007	43	38	12	7	100
<i>Iceland</i>					
1995	61	31	8	-	100
2000	51	39	9	-	100
2005	33	26	6	35	100
2007	42	38	7	13	100
<i>Norway<sup>1)</sup></i>					
1995	62	22	15	-	100
2000	60	24	14	1	100
2005	58	26	14	1	100
2007	55	28	15	1	100
<i>Sweden</i>					
1995	50	37	5	8	100
2000	47	40	9	4	100
2005	48	41	9	2	100
2007	47	40	10	3	100

1 There has been a change in the calculation method for the social expenditure, so that figures from before 2002 are not completely comparable with figures from after 2002.

**SUPPLEMENTARY TABLES**

**Table 9.9.a Tax percentages and social duties on wages/salaries and social benefits, per month, for a single childless AW, 2008**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Wages/salaries, gross	29 949	24 463	3 054	341 441	35 100	29 191
Wages/salaries, net	18 049	15 035	2 132	244 141	24 995	21 014
Tax on: wages/salaries in per cent	35		30		29	28
Daily cash benefits in connection with pregnancy and birth, gross	15 069	24 463	2 100	273 152	34 554	22 652
Daily cash benefits in connection with pregnancy and birth, net	13 859	17 374	1 832	217 668	27 500	17 956
Tax on daily cash benefits in connection with pregnancy and birth	35		26		26	31
Unemployment benefits, gross	15 069	14 848	1 425	179 636	21 562	14 620
Unemployment benefits, net	10 216	9 667	1 110	170 270	16 312	10 598
Tax on unemployment benefits	32		22		24	28
Sickness benefits, gross	15 069	16 969	1 918		34 554	19 880
Sickness benefits, net	10 216	10 884	1 445		24 654	13 827
Tax on sickness benefits	35		25		29	30
Retirement pension, gross	18 425		1 700	191 207	21 556	16 814
Retirement pension, net	13 385		1 348	179 083	17 089	12 129
Tax on retirement pension	32		21			28
Disability pension, gross	15 394	14 076	1 328		18 245	22 466
Disability pension, net	11 554	12 280	1 149		15 576	15 813
Tax on disability pension	30		18		15	30
Social benefits, non-insured persons, gross	9 138		504	95 325	4 720	7 706
Social benefits, non-insured persons, net	7 697		822	113 325	4 720	7 706
Tax on social benefits, non-insured persons	25		20			22

**Table 9.10.a Cash benefits exempt from tax/subject to tax, in total and as percentages of GDP, 1995-2008**

	Cash benefits exempt from tax			Cash benefits subject to tax		
	Total, million KR/EUR	As percent- age of GDP	As percent- age of all cash benefits	Total, million KR/EUR	As percent- age of GDP	As percent- age of all cash benefits
<i>1995</i>						
Denmark	18 764	2	9	188 292	18	91
Finland	2 685	3	13	17 977	19	87
Iceland	6 574	2	15	37 653	8	85
Norway	20 204	2	14	126 225	14	86
Sweden	32 458	2	9	328 367	19	91
<i>2000</i>						
Denmark	23 737	2	11	199 950	15	89
Finland	2 601	2	12	18 599	14	88
Iceland	5 672	1	9	57 501	9	91
Norway	23 736	2	12	178 615	13	88
Sweden	32 695	2	8	352 586	16	92
<i>2007</i>						
Denmark	26 252	2	10	249 799	15	90
Finland	2 788	2	10	23 794	14	90
Iceland	9 865	1	8	108 311	9	92
Norway <sup>1)</sup>	25 634	1	9	254 305	12	91
Sweden	36 836	1	7	459 978	16	93
<i>2008</i>						
Denmark	20 319	..	7	258 958	..	93
Finland	2 850	2	10	24 663	14	90
Iceland	17 447	1	12	126 686	10	88
Norway <sup>1)</sup>	25 095	1	9	268 222	12	91
Sweden	36 833	1	7	458 219	15	93

1 Figures up until 2001 are not comparable with figures for 2006 and 2007.

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