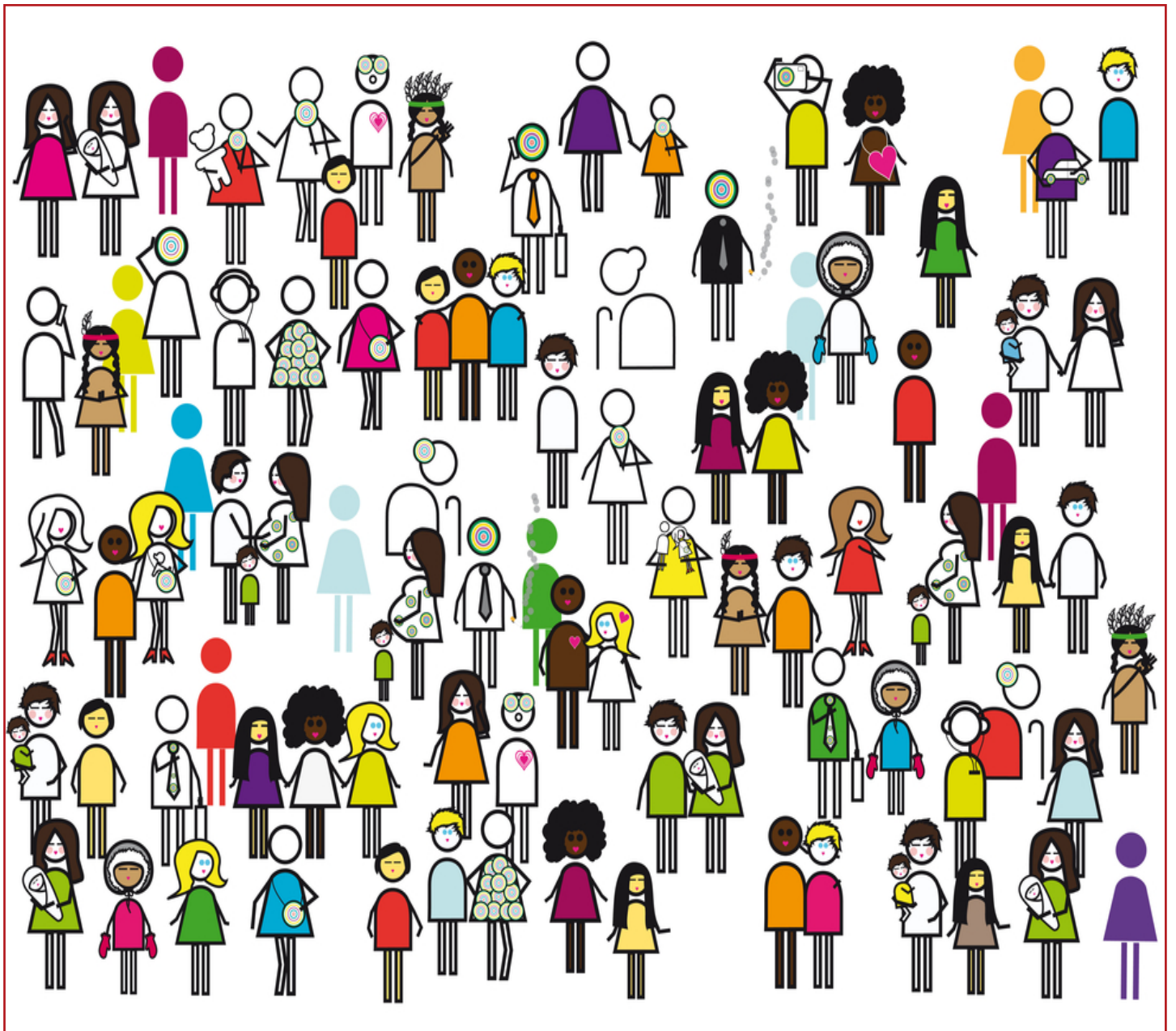


Social Protection in the Nordic Countries

Scope, expenditure and financing



Social Protection in the Nordic Countries 2011/2012

Social Protection in the Nordic Countries 2011/2012

Scope, Expenditure and Financing

Social Protection in the Nordic Countries 2011/2012
Scope, Expenditure and Financing

Version 56:2013

© Nordic Social Statistical Committee 2013

Published by the Nordic Social Statistical Committee (NOSOSCO)

Artillerivej 5, DK-2300 Copenhagen S

Tel. +45 32 68 51 48

E-mail: mail@nom-nos.dk

Website: nowbase.org

Editor: Jesper Munk Marcussen

Layout and Graphics: Lene Kokholm

Translation: Lone Dalgaard

ISBN 978-87-90248-64-2

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 scopes and contents of social welfare measures.

The Committee is composed in such a way that each country has three representatives and a number of substitutes. The countries chair the Committee in turn for three years, with Finland having the chairmanship for the period 2011-2013.

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 publication.

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 in the report are the most recent ones available in the spring of 2013, i.e. data are, where possible, from 2012 and otherwise from 2011. In respect of legislation and benefit rates, reference is made to current legislation and the rates applying in 2012.

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, 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.

Jesper Munk Marcussen, Head of NOSOSCO's Secretariat, is the editor of *Social Protection in the Nordic Countries, 2011/12*.

Contents

Short Introduction to Concepts Used in This Book	7
Chapter 1. Changes in the Nordic Social Policies in 2011 and 2012	8
Chapter 2. Population and Income Distribution	18
Chapter 3. Families and children	30
Chapter 4. Unemployment	66
Chapter 5. Illness	94
Chapter 6. Old Age, Disability and Surviving Relatives	119
Chapter 7. Housing Benefits	181
Chapter 8. Other Social Benefits	189
Chapter 9. Social Expenditure	205
Appendix 1. Method	226
Appendix 2. Basis for the Adjustment of Social Benefits	236
Appendix 3. Nordic Social Policies	239
Appendix 4. Further Information	243
Publications by NOSOSCO	245

Symbols Used in the Tables:

Data not available	..
Data non-existent	.
Less than half of the used unit	0 or 0.0
Nil	-

Short Introduction to Concepts Used in This Book

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

Social incidents

A large part of this book has been built on a number of social incidents - birth, unemployment, illness, incapacitation and old age. The individual chapters describe rules and social benefits in connection with such incidents.

Compensation rates in typical cases

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

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

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

AW

Besides, the typical cases are graduated according to earnings prior to the social incident. The concept Average Wage earner (AW) is used. AW is defined as the average income for a wage earner. Compensations are calculated in connection with earnings of different percentages of AW. Consequently, AW 67 per cent is an income (prior to the social incident) of 67 per cent of AW.

Disposable income as PPP

The compensation rate can be used to compare social benefits with income from work. But as the basic earned income level varies from one country to another, also purchasing power parities, PPP, are used. PPP express the purchasing power of each individual currency. The disposable income converted into PPP can therefore be used to compare the purchasing power of the social benefits. We use the EU standard PPP-Euro in which the total purchasing power for the EU equals 1.

Also here, equivalent data are used in some cases, taking into account the size of the household in order to compare conditions of the various types of households.

Chapter 1

Changes in the Nordic Social Policies in 2011 and 2012

DENMARK

Economy: Danish economy is still affected by the international recession. In 2011, growth was 1.1 per cent, while it in 2012 was negative at -0.5. In 2013, GDP is expected to increase by 0.5 per cent, while it in 2014 is expected to increase by 1.6 per cent. The employment rate declined from 2011 to 2012 by 7 000 people. In recent years, the employment rate is, however, about 2.8mn people in employment. Through 2013 and 2014, the employment rate is expected first to decline slightly and then to increase gradually as the trend slowly improves. The unemployment rate in per cent of the labour force (cf. the EU definition) by and large remained the same in 2011 and 2012 at 7.7 per cent. The unemployment rate is expected to decline by 0.4 percentage points in 2013 to 7.3 per cent and is expected to decline by another 0.3 percentage points to 7.0 per cent. Inflation decreased from 2.7 per cent in 2011 to 2.4 per cent in 2012. In 2013, inflation of 0.9 per cent is expected, after which it is expected to increase to 1.4 per cent in 2014.

The deficit in the Government funds increased from DKK 35bn in 2011 to DKK 78bn in 2012. The increase in the deficit from 2011 to 2012 should be seen in connection with the payments of voluntary early retirement pensions that are estimated to increase the deficit by 1 per cent of GDP in 2012. The deficit is expected to amount to DKK 23bn (1.2 per cent of GDP) in 2013 and DKK 31.1bn (1.6 per cent of GDP) in 2014. The deficits are consequently expected to be reduced to less than 3 per cent of GDP. The deficits reflect among other things that the slowdown in the international economy still weakens the prospects of Danish economy.

Social policy/welfare policy: In 2012-2013, many changes took place in the social area and in the employment area. A number of large reforms were implemented, such as a disability pension reform in 2012. The most important changes are described below.

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

In March 2012, a temporary prolongation of the unemployment benefit period and the entitlement to holidays for recipients of cash assistance and special benefits,

etc., was adopted to help those who would lose their right to unemployment benefits in the second half of 2012.

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

As from 1 July 2012, the threshold of the allowance payable in case of lost income from work in connection with minding disabled children in the home was increased, so that a maximum of DKK 27 500 shall be payable a month (2012 level) in case of full-time child minding as against the previous DKK 20 241 (2012 level).

Regarding escort of children and youth between 12 and 15 years suffering from reduced capacities, the Government's proposal was adopted in March 2012 with effect immediately thereafter. The amendment entitles children and youth of the target group to be escorted for up to 15 hours a month to self-selected activities outside of their homes. This increases their possibilities of living a life on equal terms with other children and youth. The scheme is an extension of an existing scheme for youth between 16 and 18 years.

Moreover, a number of initiatives deriving from the Child Reform from 2011 were launched from July 2012 with the aim of enhancing the municipal initiatives vis-a-vis disadvantaged children and youth, which makes it easier to obtain access to the homes of disadvantaged families if there are grounds for suspicion as to children's and youth's failure to thrive in order to ensure that they get help in time. Furthermore, the rules governing inter-municipal reports are strengthened: the SSD cooperation is extended, in which professionals across sectors can discuss concerns about a specific child. The Parliamentary Ombudsman and the spokesperson function of the Council for Children are also enhanced.

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

It has also become possible to obtain an increased supplement for dental care for those with few means as well as support towards payment of rent for tenants at risk of being evicted. The support must, however, be temporary, and consequently cannot be a permanent rent subsidy.

In December 2012, the Danish Government adopted a bill on amendment of the Act on Active Employment Measures; Act on the Responsibility for and the Manage-

ment of Active Employment Measures; Act on an Active Social Policy; Act on Social Pension and several other acts; reform of disability pension and flex jobs, including introduction of resource periods; rehabilitation teams; flex wage supplements, etc., which entered into force on 1 January 2013. This was a basic reform of the entire disability pension and flex job area. The new rules are meant to enhance the initiatives towards prevention of disability pension, and as a rule, disability pension shall not be awarded to people under the age of 40 years. To prevent award of disability pension, a resource period is initiated consisting of an individually adapted holistic and interdisciplinary measure. The rules on flex jobs have also been changed to the effect that people with only a little capacity for work left can be referred to flex jobs and so avoid disability pension. Rehabilitation teams in the municipalities and resource periods adapted to the individual become the core in the new measure.

Organizational changes: In the period 1 October 2012 to 1 March 2013, a number of local authority tasks in the social area were amalgamated administratively in the newly established authority Payment Denmark. Rules on the future administration in case-handling areas in which decisions are made mainly on the basis of objective criteria were laid down. The amalgamation into Payment Denmark includes retirement pension, housing benefits, maternity benefits, child allowance, child and youth benefit as well as payment/recovery of advanced child maintenance, etc. To these should be added payments of disability pensions, as award of disability pensions still rests with the local authorities.

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

Finally, a new agreement was concluded in 2012 on a new structure for the government administration. The new structure includes a simplification of the complaint's structure in the social area and the employment area.

THE FAROE ISLANDS

Economy: The Faroese economy is experiencing growth, and there are several indications that the community is getting back on track during the financial crisis. GDP has increased by 2 to 3 per cent in recent years, and this trend is expected to continue. The unemployment rate on the Faroe Islands has in the crisis years not reached the same heights as in the other Nordic countries, and since the peak at around 7 per cent in 2011, the unemployment rate has fallen to the present 4.7 per cent.

In return, the Faroese community is affected by a minor, but regular relocation, which is characteristic of peripheral regions, and which may have had an impact on the generally low unemployment rate among particularly young people in recent years. It is a considerable challenge for the Faroese community to make in particular

the younger part of the population move back after years of education and work abroad.

Social policy/welfare policy: With effect from 1 January 2013, legislation was introduced aimed at enhancing the affiliation to the labour market of people who for different reasons have been marginalized in the labour market. The Act on Employment-Promoting Measures has resulted in a change of the rehabilitation benefits and the scheme concerning sheltered employment. In addition to this, fixed benefits to cash assistance recipients were introduced at the same time to the effect that the benefits to a higher degree are depending on a responsibility to provide for dependents and age than on means-testing.

Changes were made in the housing sector for people with disabilities to the effect that more communal housing units and centres for the disabled and people with special needs are being constructed. Relief centres and youth boarding houses for children and youth with special needs are being established.

A new Act on Compulsory Pension Savings was adopted and enters into force on 1 January 2014. The Act entails that everyone over 21 years must save up a certain percentage of their taxable income in private pension funds based on the Faroe Islands. Salaries/wages and income-related benefits make up the main elements of the savings basis, while lump-sum compensations and disability pensions are exempt from the savings requirement.

Several changes were made as to sickness benefits. One of them is the extended entitlement to sickness benefits for a child's 2nd day of illness payable to parents with children under 14 years. As to disability pensioners, a tightening was made resulting in the period of entitlement to sickness benefits being halved to 20 days as from 1 January 2013. At the same time, entitlement to sickness benefits was abolished in respect of recipients of the maximum disability pension.

Organizational changes: An amalgamation of the social administration (Almannastovan) and the national service scheme for home nursing and institutions (Nærverkið) was implemented, and the amalgamated enterprise is called Almannaverkið. The aim was to establish an administrative unit to take care of citizens' needs in connection with payment of cash assistance and administration of services. The new organization has been divided into areas that reflect the various needs of citizens. The care sector for the elderly remains an independent unit, as the intention is that this area shall be handed over to the local authorities in 2014.

FINLAND

Economy: According to preliminary data, the GDP volume decreased by 0.8 per cent in 2012.

GDP is expected to decrease in 2013 by 0.4 per cent and to increase by 1.2-1.9 per cent per year after that.

The growth of the employment rate was slower in 2012, and the employment rate remained almost at the same level as the year before. The unemployment rate among youth between 15 and 24 years decreased to 19 per cent, but is still high. In

the other age groups, the unemployment rate remained almost unaltered. The number of long-term unemployed people continued to increase.

The social expenditure was in 2012 an estimated EUR 60bn which, taking inflation into account, was 3 per cent more than the year before. The expenditure also increased in relation to GDP, and the GDP ratio was almost 31 per cent.

Social policy/welfare policy: In its programme, the Government has as one of the three priority areas laid down the cross-administrative measure programme for reducing social exclusion, poverty and health problems. The programme which runs for the entire government period creates a permanent operational model by means of which measures to promote welfare and health and to reduce inequalities are integrated in every social decision. The programme constitutes an umbrella for the more than 30 projects that support those goals.

The Government has approved the national development programme for social and health care (the Kaste programme) for the years 2012-2015. This programme is the main programme for the Ministry of Social and Health Affairs' administrative area consisting of six sub-programmes and containing the key goals for the development of social and health care and means to obtain them. The aim of the Kaste programme is to diminish the differences in the welfare and health of the population, and to set up structures and services in the social and health sector in a client-oriented way.

The legislation on support to the functional capacity of the elderly population and on social and health services to the elderly (the so-called Act on Services for the Elderly) shall be adopted at the end of 2012 and shall enter into force on 1 July 2013. The Act improves the right of the elderly to get qualitative social and health care services as well as their possibilities of getting influence.

The recommendations of the working group that prepared a total reform of the social legislation have been completed. They include a proposal for new social legislation and a plan for the revision of the special legislation and other legislation concerning social security.

In 2012, the Government made a decision in principle regarding the security of people living alone and services for people with developmental deficiencies. The purpose of a gradual phasing out of the institutional care for developmentally disabled people so that it after 2020 will be replaced by individual services in ordinary housing units.

As part of the improvement of the basic security scheme, the unemployment benefits and the social assistance amount were increased at the beginning of 2012. The increased basic daily cash benefits within the income security scheme for the unemployed also improved the income-related unemployment benefits. The means-testing of the labour market support has been changed to the effect that the applicant's spouse's income as from 1 January 2013 no longer affects the amount of the labour market support. The preparation of changes to the Act on Income Security for the Unemployed still continues. The aim is to simplify the legislation and increase the incentives.

One of the Government's key projects is the social guarantee to young people aimed at improving employment and preventing social exclusion of young people.

The aim is to create realistic possibilities of sitting for an exam after the basis level and to find employment to all young people. Another aim is to prevent young people from ending up in inactivity for long periods of time. The youth guarantee, which came into force at the beginning of 2013, entails that all young people under 25 years and newly graduated youth under 30 years are offered a place in work; job practice; study; youth workshop or rehabilitation no later than three months from their signing up as unemployed job seekers. The youth guarantee also comprises an education guarantee guaranteeing a place in education or training to all youth who recently concluded basic training.

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

The preparation of the legislation on the organization, development and supervision of social and health services has progressed as a comprehensive whole. The responsibility for the organization of social and health services is determined on the basis of the number of inhabitants in the municipality in accordance with uniform guidelines in the entire country. Social and health services can be organized by the local authorities, the areas at the basic level and the social and health area. The services are usually organized according to the model in cooperation with the responsible municipalities. Services can be produced by municipal or private operators, just as today. All municipalities partake in the financing of the social and health services. Each social and health area is attached to a special receiving area (erva). There are five special receiving areas in Finland. The drawing up of an Act on the Organization of Social and Health Care will be commenced shortly, and the Act shall enter into force in 2015.

ICELAND

Economy: In 2012, economic growth in Iceland was slightly less significant than in 2011, and inflation has at the same time increased slightly. There has been a recession in Iceland from the beginning of the financial crisis in October 2008, but in 2012 economic growth was 1.6 per cent compared with 3.1 per cent in 2011. Inflation was slightly higher in 2012. It was 4.8 per cent on average compared with 4.0 per cent in 2011 and 5.4 per cent in 2009. In 2013, inflation is expected to be 3.5 per cent.

GDP is expected to increase by 1.7 per cent in 2013, which is almost the same as in 2012. Anxiety after the crisis has resulted in the economy growing very slowly, and private consumption has grown slowly due to a high level of debt among Icelandic families and businesses and the anxiety in the economy. The investment level has been very low and is not expected to grow much in 2013.

Traditionally, Iceland has had a low unemployment rate, even in comparison to the other Nordic countries. The unemployment rate changed enormously after the financial crisis in 2008 from being 1 per cent or lower to 8 per cent in 2009 when it was at its highest. The unemployment rate has decreased slowly again, and in 2012,

it was 6 per cent on average after being 7.4 per cent in 2011. The unemployment rate seems to be on its way down, although it is still very high in comparison to what has been the norm in Iceland. The unemployment rate has decreased in all age groups in 2012. Although the unemployment rate is still highest in the age group 24 years and younger, it has declined by 1 per cent from 2011. There was no difference in the unemployment percentages regarding women and men in 2012. The unemployment rate is higher in Reykjavik and the capital region than in other parts of the country, and people with a low level of education make up the main part of those without a job. Many projects and programmes have been launched in cooperation with local authorities, unions and the labour market parties to counteract unemployment and for education.

The Welfare Watch was established after the crisis to monitor welfare and to find out how the crisis affected families and individuals. There is special focus on children and families and those who are worst off. The Welfare Watch publishes "Social Indicators" with the aim of informing about the social and health status in the country and function as an Icelandic welfare barometer. Hagstofa Islands (Statistics Iceland) is responsible for the storage and updating of the indicators, while the Ministry of Welfare publish them on an annual basis and as often as possible. "Social Indicators" are considered an important socio-political tool that is to be published regularly just as the financial indicators.

The Government action plan for initiatives to ease the debt burden for individuals and families after the financial crisis consists of a combination of general guidelines and new special solutions. A special office, Ombudsman for the Indebted (Umboðsmaður skuldara), works especially with individuals and families with large debts. After the crisis, reducing families' and individuals' burden of debt has gone very slowly, which explains the lower demand in Iceland.

The cost of living in Iceland has been increasing in recent years measured in relation to the price index, and despite pay rises, the real income decreased by 0.1 per cent between 2011 and 2012.

Social policy/welfare policy: In 2012, all social benefits were increased by 3.9 per cent to follow the price index. Otherwise, there were not any significant changes made to the welfare system in 2012, but a working group under the Ministry of Welfare has worked on a proposal for a reform of the pension system, and the first changes will take place on 1 August 2013, of which pensioners' and disability pensioners' basic supplement from the National Insurance Scheme shall no longer be reduced due to payments from pension funds, and pensioners shall have better possibilities of having other incomes without it leading to a reduction of the pension supplement.

The working group continues its work in 2013 towards a simpler pension system with fewer reductions due to other income, so changes will probably follow at the end of 2013 or the beginning of 2014. Due to a change of Government in June 2013, it is not quite clear when the work will continue.

Organizational changes: Iceland got a new Government in June 2013, and the Ministry of Welfare that dealt with welfare and health has now got two ministers: one for

welfare and one for health, although there is still only one ministry: the Ministry of Welfare. The Minister for Welfare deals with social policy.

NORWAY

Economy: While growth is modest at our trading partners and the insecurity comprehensive, Norwegian economy is characterized by a marked recovery. The Norwegian economy entered 2013 with less unemployed capacity than it looked like at the middle of 2012. The recovery is supported by high oil prices and a low interest rate. Labour immigration is high, the employment rate has increased and the unemployment rate is still stable and low. On the basis of the wage settlements in the spring of 2013, a wage increase of 3.5 per cent is estimated in the Revised National Budget 2013, which is clearly higher than the wage increase of our trading partners. At the same time, price increases are low, which boosts the purchasing power. Low interest rates and an improved purchasing power contribute to increased demand from the households. Both private consumption and housing prices are increasing. The contrast to the situation of most of our trading partners is large.

A marked recovery in the demand from households and oil enterprises has contributed to increasing GDP for Mainland Norway by 2.5 per cent in 2011 and 3.5 per cent in 2012 and GDP for all of Norway by 1.2 and 3.2 per cent, respectively. Growth of GDP for Mainland Norway is estimated at 2.6 per cent this year and 3.0 per cent in 2014.

The recovery of the Norwegian economy in recent years is reflected in an increasing employment rate and a low and stable unemployment rate. In the first quarter of 2013, the participation rate was 70.9 per cent, i.e. 2 680 000 people, which was an increase of 24 000 people, but a reduction of 0.5 percentage points from the previous year. The decline in the participation rate is a result of a higher population growth than the growth of the labour force. In the same period, 2 583 000 people are in work, which is an increase of 12 000 people from the previous year. At the same time, 98 000 people are unemployed, which is an increase from 86 000 in the first quarter of the previous year.

Social policy/welfare policy: A key objective of the authorities is to facilitate an including working life of which everyone can be part. The collaboration between the authorities and the labour market parties on a more including working life is an important instrument to reach overall goals in the employment, work environment and inclusion policies. An enhanced intent agreement on a more including working life with joint efforts to prevent and reduce absence due to illness and to enhance the inclusion. The agreement shall expire in December 2013.

A new pension system came into force in 2011. The new system shall secure future pensions and contribute to ensuring the sustainability of the Norwegian welfare state. The reform provides for an individually adapted transition from work to pension. It is possible to draw full or partial pension from the age of 62 years to 75 years. Moreover, proposals were presented in May 2011 for a new disability pension and retirement pension to disabled people and were adopted by the Storting the same year. The new system is scheduled to be initiated in 2015.

Organizational changes: The Labour and Welfare Administration was reorganized in the years 2006-2007 by way of the so-called NAV reform. One of the main purposes of the organizational reform was to get more people in work or participating in activation measures and to reduce the number of people that have benefits or assistance as their main source of income. A more user-friendly, coordinated and efficient administration was another key objective of the reform. In the period 2007-2013, an evaluation of the reform, both a process and an effect evaluation, is being carried out. The results of the effect evaluation shall only be available by the end of the evaluation period.

SWEDEN

Economy: GDP increased considerably less in 2012 and the first six months of 2013 than in 2011. Swedish production depends highly on export which has developed unusually feebly in recent years due to the slow recovery abroad. Uncertainty as to the ending of the Euro crisis also contributed to the national demand developing very slowly as Swedish households and enterprises have held back both consumption and investments.

GDP is expected to increase by 1.1 per cent in 2013 and to gather speed again in 2014. The reason for this is that the uncertainty concerning the Euro crisis is expected to diminish, and the Swedish households will then be equipped to increase their consumption. Due to the present low capacity utilization, also the production can increase quickly when demand sets in.

On average 4 672 000 people aged 15 to 74 years were in work in 2012, which is an increase of 29 000 people compared with 2011. The largest increase took place among people born abroad. Women accounted for the largest increase at 23 000 more women in work. Also the unemployment rate increased in 2012, which is a result of the number of people in the work force increasing, and above all people aged 65 to 74 years. On average, 7.7 per cent of the labour force was unemployed in 2012, which is an increase of 0.2 percentage points compared with 2011. In 2013, the number of people in work increased further to 4 716 000 people in the second quarter. The unemployment rate increased to 8.7 per cent in the second quarter of 2013. As the employment rate is expected to continue increasing at the same rate while the number of people in the labour force is expected to decrease somewhat, the unemployment rate is estimated to decrease somewhat in 2014.

Social policy/welfare policy: After many years of decline in the number of sickness benefit days, the number of sickness benefit days increased in 2011, and the increase is expected to continue in 2012. Also in the first six months of 2013, the number of sickness benefits will increase. That the number of sickness benefit days increases in 2011 and 2012 is a result of time limits having been introduced in the sickness insurance scheme. The time limits result in many people leaving the sickness insurance scheme in 2010. A large part of the non-insured returned to applying for sickness benefits after three months which results in the anticipated increase in the number of people drawing sickness benefits in 2011 and 2012.

The number of whole year equivalents that are supported by social compensations and contributions such as sickness benefits, sickness and activity allowances, labour

market support and financial assistance decreased during all of the 2000s (except in 2009). A whole-year equivalent corresponds to a person receiving full compensation for a whole year, i.e. two people, who have been unemployed for six months, will, put together, become one whole-year equivalent.

In 2011 and 2012, the number was largely unaltered, as it increased by 0.4 per cent. The number of sickness benefit recipients has decreased continuously since 2002, but this trend turned in 2011, and in 2012, the number increased for the second year in a row. In 2013, the number of whole year equivalents is expected to increase, as only the number of recipients of sickness and activity allowances is expected to decline.

The total number of transfers to households has decreased since 2009, whereas it is expected to increase again in 2012 by just over 4.5 per cent. Pension payments account for the steepest increase due to high inflation and a high income index at the same time as the number of pensioners increases. The expenditure on unemployment increases somewhat as the labour market measures are increased. Transfers to households are expected to continue increasing in 2013.

The high cost threshold for both visits to out-patient units and for medicines has increased as from 1 January 2012. The high cost threshold in out-patient treatment will be increased by SKK 200 to SKK 1 100, and the high cost threshold for medicines will be increased by SKK 400 to SKK 2 200.

All pensioners receiving housing supplements get SKK 170 more a month since 1 January 2012. Also pensioners who have previously had a too high income to get housing supplements, will now be entitled to up to SKK 170 per month in housing supplement.

As from 1 January 2012, both parents can draw parental benefits at the same time for 30 days in the child's first life year.

Also some rules regarding the establishment of the level of the housing benefits to households with or without children have been changed so that they are more advantageous for the beneficiary.

Organizational changes: A new authority, The State Service Centre, was set up on 1 June 2012. This authority is in agreement with authorities under the Government responsible for providing services of administrative support to the authorities. The aim of the new authority is to reduce the administrative costs of increasing or maintaining quality to the authorities. The authority is financed by charges payable by the associated authorities.

Chapter 2

Population and Income Distribution

Links to supplementary information:

[EUROSTAT - database](#)

[EU-SILC database](#)

Table 2.1 Total fertility rate in the EU, Faroe Islands, Iceland and Norway, 2011

Denmark	1.75	Austria	1.42	Hungary	1.23	Portugal	1.35
Faroe Islands	2.27	Belgium	1.81	Ireland	2.05	Romania	1.25
Finland	1.83	Bulgaria	1.51	Italy	1.4	Slovakia	1.45
Iceland	2.02	Cyprus	1.35	Latvia	1.34	Slovenia	1.56
Norway	1.88	Estonia	1.52	Lithuania	1.76	Spain	1.36
Sweden	1.90	France	2.01	Luxembourg	1.52	The Czech Republic	1.43
		Germany	1.36	Malta	1.49	The Netherlands	1.76
		Greece	1.42	Poland	1.3	United Kingdom	1.96

Source: EUROSTAT; Statistics Faroe Islands 5-yearly average

Population

The demographic composition of the populations 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.

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

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

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

The development of fertility, average life expectancy and migration appears from Table 2.3. It should be noted that there are differences in the premises applied by

the individual countries in the calculation of the figures in Table 2.3. Figure 2.1 shows the development of the Nordic populations until 2050 based on the national population projections.

Table 2.2 Mean population by gender and age, 2012

	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	230	8	2	10	216	8	16	10	223	9	406	9
7-17 "	383	14	4	16	336	13	23	15	351	14	582	12
18-24 "	252	9	2	10	240	9	16	10	238	9	467	10
25-49 "	928	33	8	32	879	33	54	34	892	35	1 593	34
50-64 "	534	19	5	18	567	21	28	18	466	19	880	19
65-79 "	360	13	3	11	335	13	15	9	267	11	632	13
80- "	85	3	1	3	87	3	7	4	80	3	186	4
Total	2 771	100	25	100	2 660	100	160	100	2 517	100	4 746	100
<i>Women</i>												
0-6 years	218	8	2	9	207	8	17	10	212	8	385	8
7-17 "	365	13	4	16	321	12	24	15	334	13	551	12
18-24 "	242	9	2	9	230	8	17	11	227	9	445	9
25-49 "	914	32	7	30	840	31	55	34	845	34	1532	32
50-64 "	535	19	4	18	578	21	29	18	451	18	873	18
65-79 "	394	14	3	11	398	14	14	9	291	12	677	14
80- "	147	5	1	6	179	7	5	3	142	6	312	7
Total	2 816	100	23	100	2 754	100	161	100	2 501	100	4 773	100
<i>Men and Women</i>												
0-6 years	448	8	5	10	423	8	32	10	435	9	791	8
7-17 "	748	13	8	16	657	12	47	15	686	14	1 133	12
18-24 "	494	9	5	9	470	9	34	11	465	9	912	10
25-49 "	1 842	33	15	31	1 719	32	109	34	1 736	35	3 125	33
50-64 "	1 069	19	9	18	1 145	21	57	18	917	18	1 752	18
65-79 "	755	14	5	11	733	14	30	9	558	11	1 308	14
80- "	232	4	2	4	266	5	11	4	222	4	498	5
Total	5 587	100	48	100	5 414	100	321	100	5 019	100	9 519	100

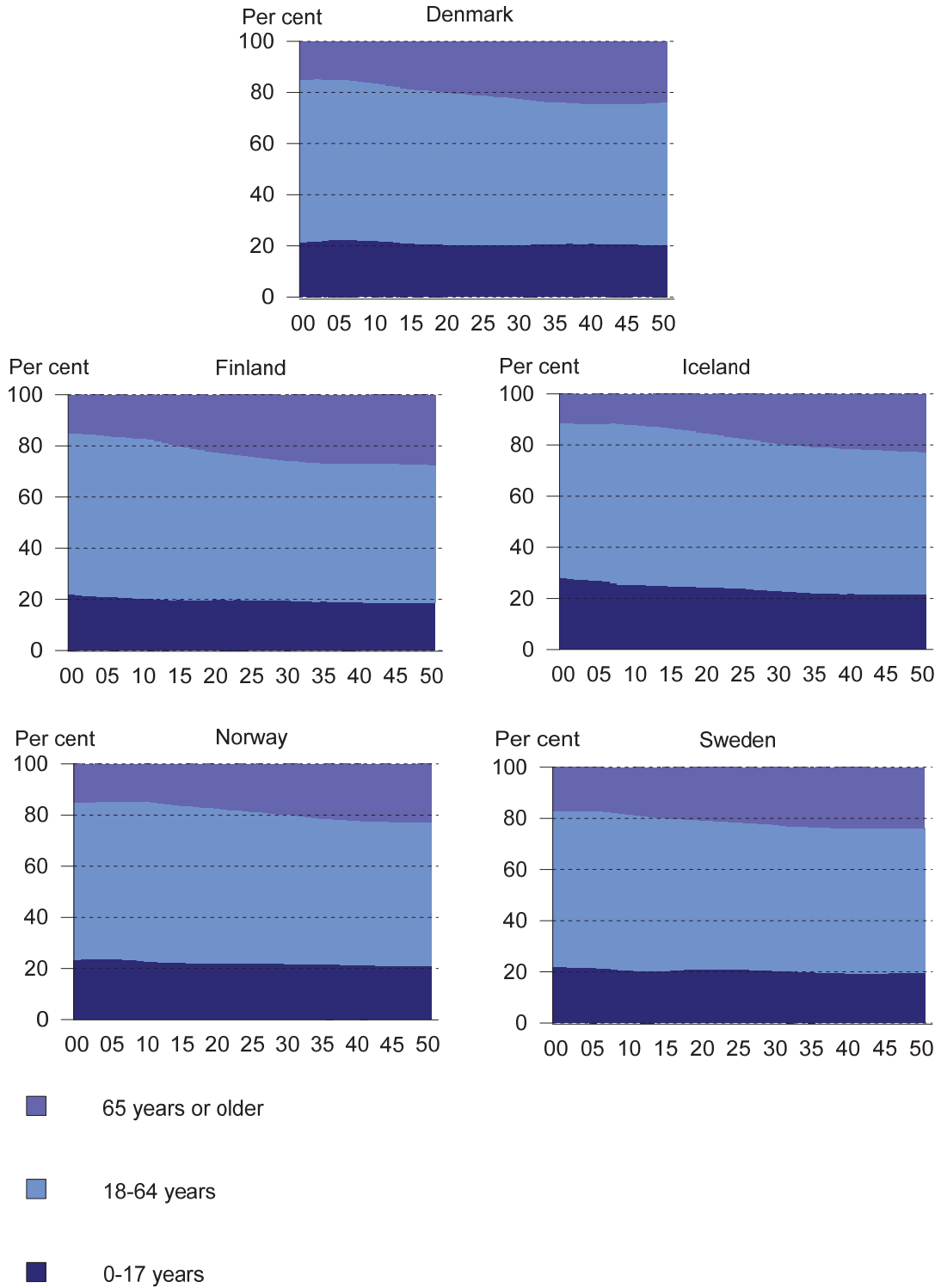
Table 2.3 Outline of the background for the population projections in the Nordic countries

	Denmark ¹⁾		Faroe Islands		Finland		Iceland		Norway		Sweden	
	2012	2050	2012	2050 ²⁾	2012	2050	2012	2050	2012	2050	2012	2050
<i>Average life expectancy</i>												
- Men	77.9	85.8	79.6	..	77.5	85.7	80.7	86.7	79.4	84.8	79.9	85.7
- Women	81.9	87.9	84.6	..	83.4	89.9	83.8	88.1	83.4	88.0	83.5	87.9
Fertility rate	1.7	1.9	2.4	..	1.8	1.8	2.1	2.0	1.9	1.9	1.9	1.9
<i>Number of children born</i>												
1 000	58	68	0.6	..	59.0	62.0	4.6	4.9	60.0	76.0	113	131
<i>Net migration, 1 000</i>												
	24	8	-0.3	..	17	17	0	1	47	12	51	16

1 Fertility in respect of people of Danish origin only

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

Figure 2.1 Mean populations in percentages broken down by age groups 2000-2012 and projections 2012-2050



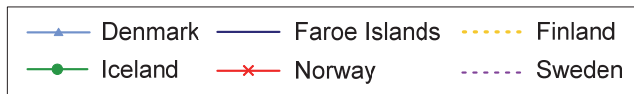
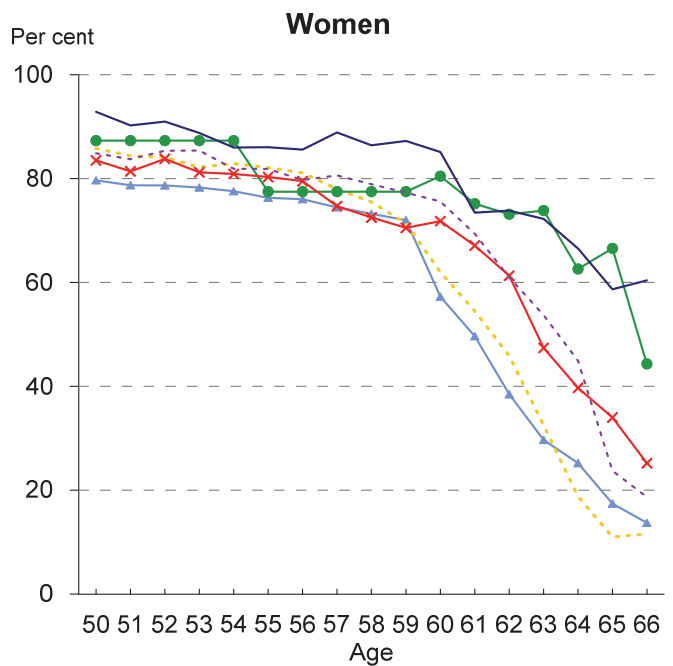
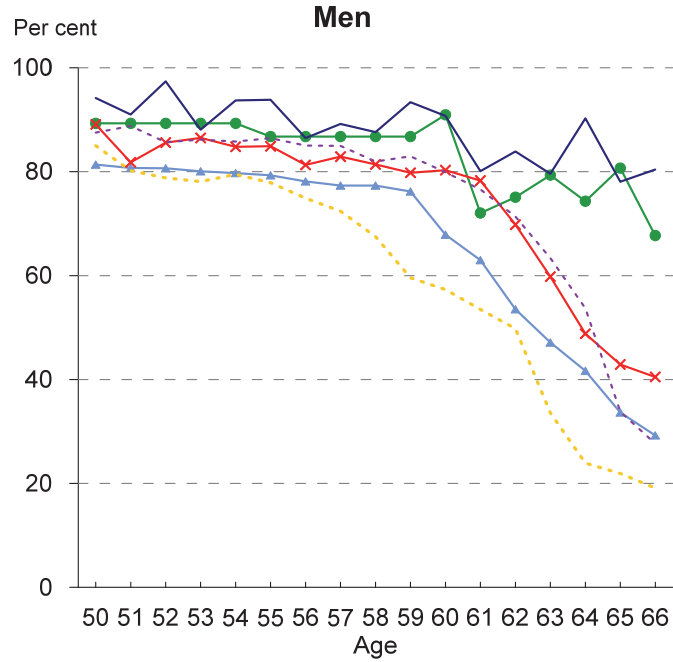
Early Retirement from the Labour Market

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

Figure 2.2 shows the employment rate for men and women in the age group 50-66 years in 2012, and Figures 2.3 and 2.4 show the development in the employment rate for 60- and 64-year-old men and women, respectively, in the period 2000-2012.

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

Figure 2.2 People in employment as percentages of the population, broken down by age and gender 2012¹⁾



1) Faroe Islands 2010, Denmark 2011

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

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 2000-2012 also differs from one country to another. Particularly in Finland and 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 in respect of both men and women. This applies to both men and women.

Figure 2.3 Men of the ages 60 and 64 years in employment. Per cent 2000-2012

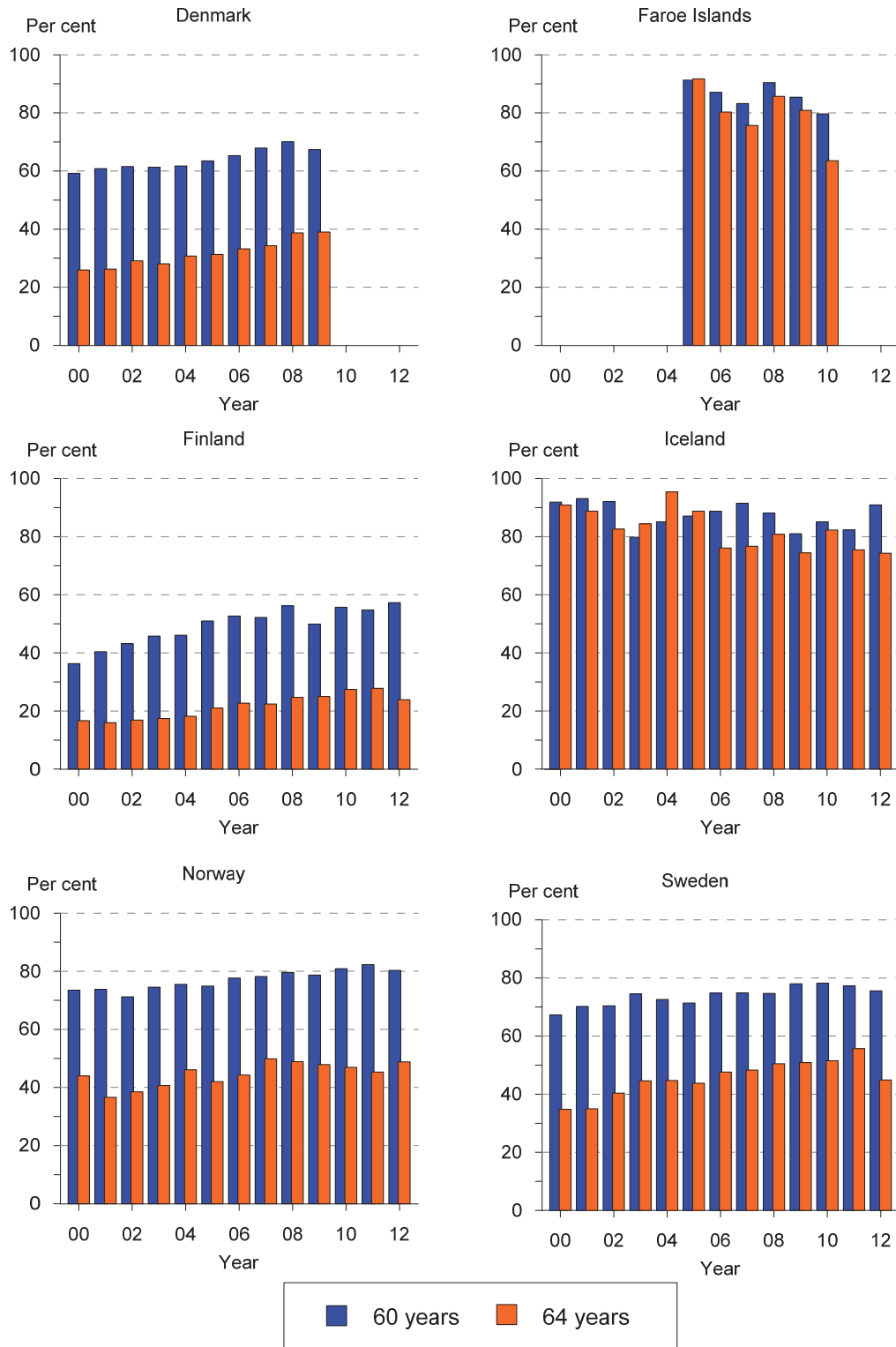
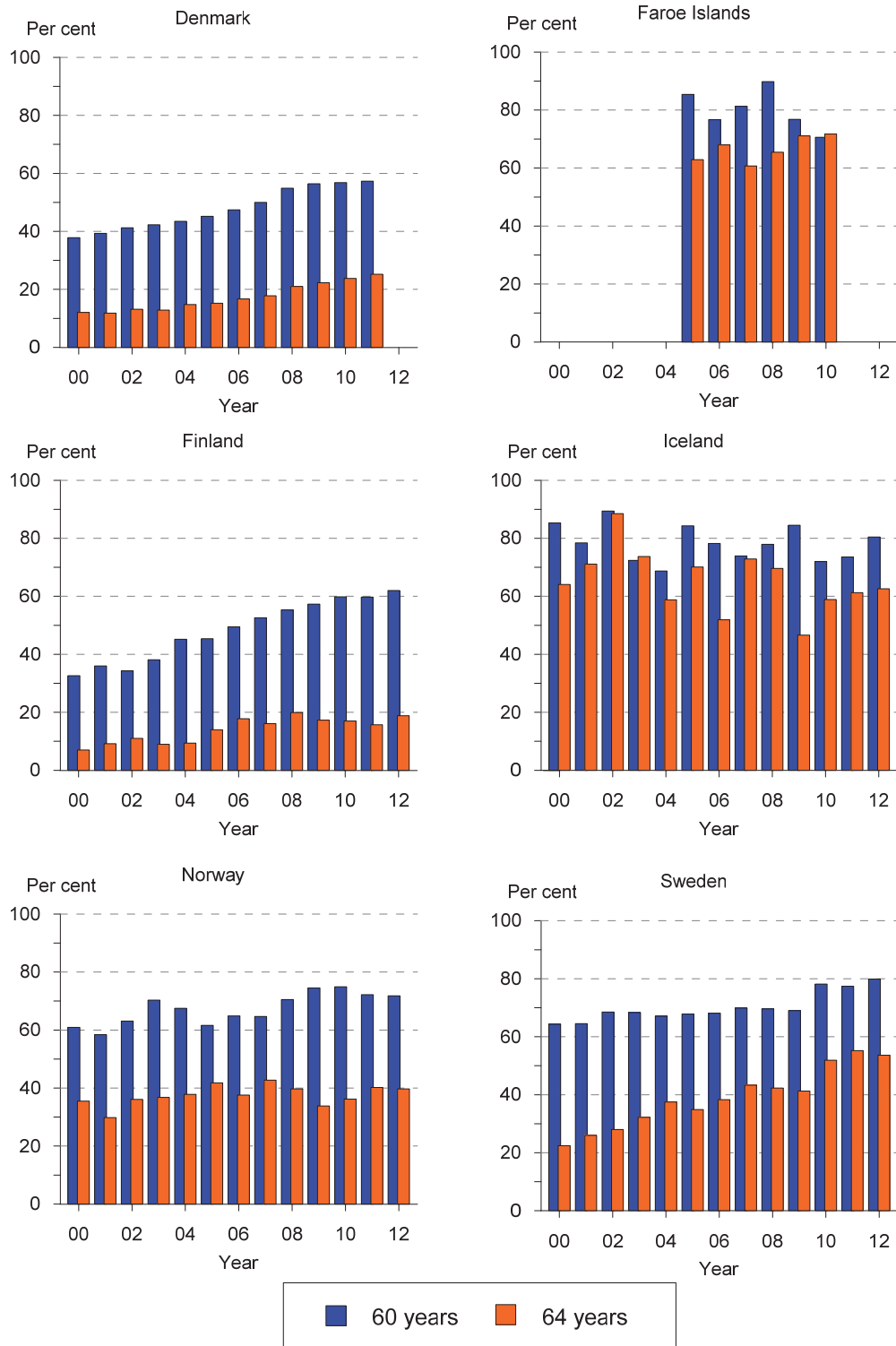


Figure 2.4 Women of the ages 60 and 64 years in employment Per cent 2000-2012



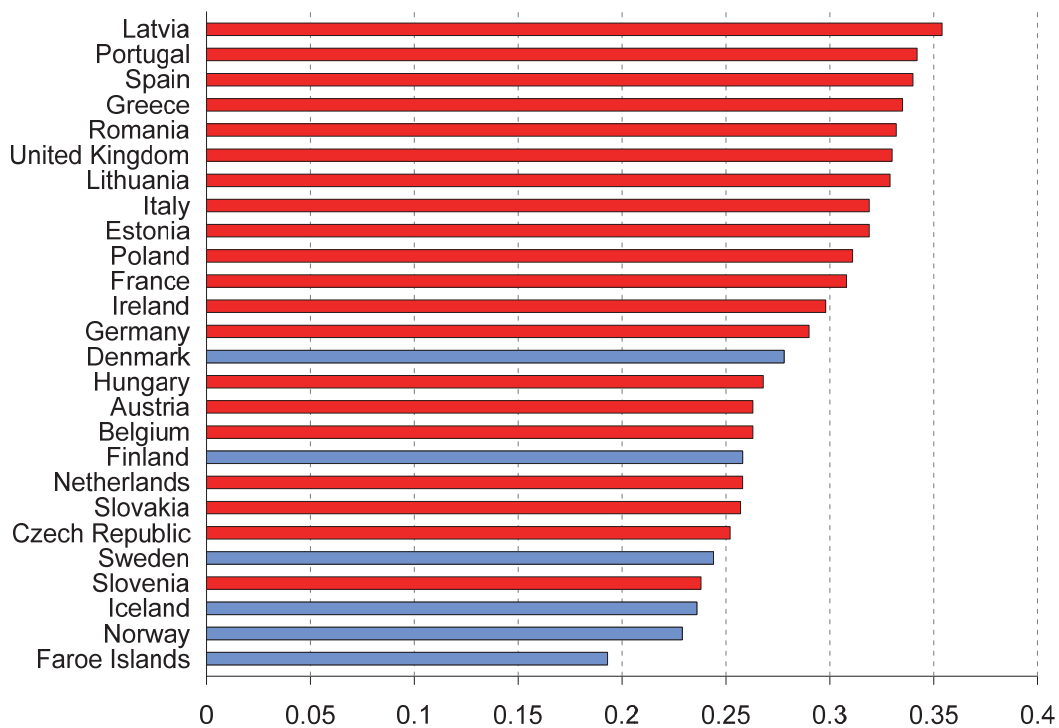
Income Distribution

Figure 2.5 shows income distribution expressed by way of Gini coefficients for the Nordic countries and selected EU countries in 2010 (the Gini coefficient is a measure of dispersion for the degree of inequality in for example income distribution. In case of a completely equal distribution, the value is 0 and 1 in case of the most unequal distribution¹).

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

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

Figure 2.5 Gini coefficients for the Nordic countries and selected EU countries in 2011^{1,2}



Source: EU-SILC, Statistics Faroe Islands

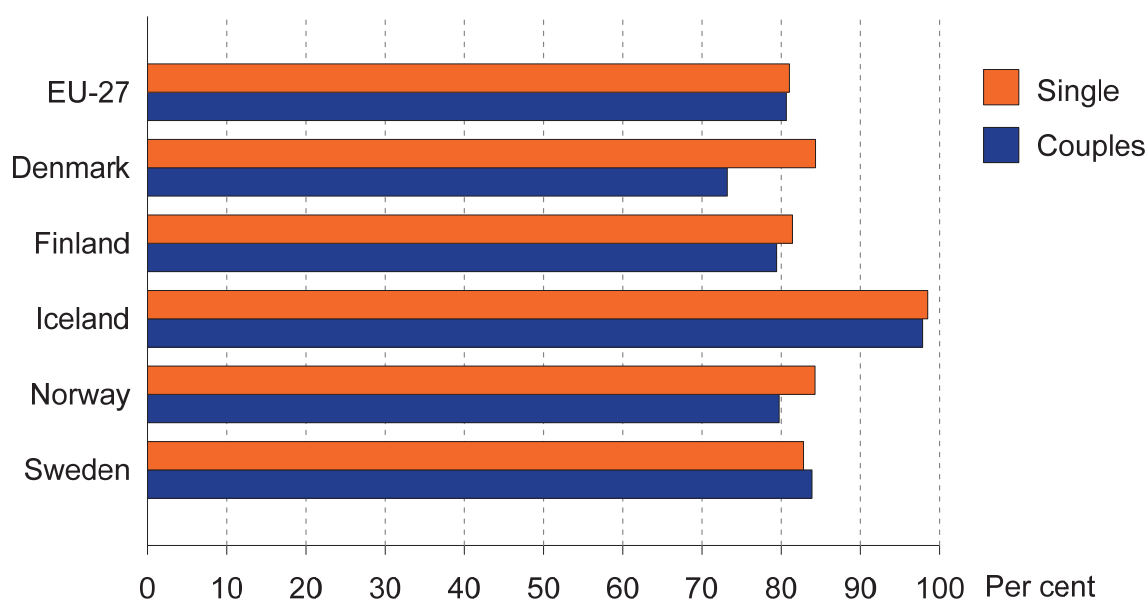
- 1 The actual income is from 2010, because data from 2011 are based on incomes from 2010
- 2 The Faroe Islands 2010

Pensioners' Incomes Compared with Other Households

Figure 2.6 shows the disposable incomes in families where at least one person in the household is 65 years or older. The incomes are shown as percentages of the disposable incomes for single people and couples younger than 65 years.

As can be seen from the Figure, families 65+ years have a lower disposable income on average in all the countries than have families younger than 65 years. This applies to both single people and couples, but single people have a considerably higher percentage share than do couples with the exception of Sweden where the figures are almost identical.

Figure 2.6 Incomes for single people/couples 65+ years as percentages of the incomes for single people/couples younger than 65 years, 2010¹⁾



Source: EU- SILC

1 The actual income is from 2009, because data from 2010 are based on incomes from 2009

Risk of Poverty

Tables 2.4 and 2.5 show the ratios of the population living in households with an income of less than 50 and 60 per cent, respectively, of the median equivalent disposable income in 2010.

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

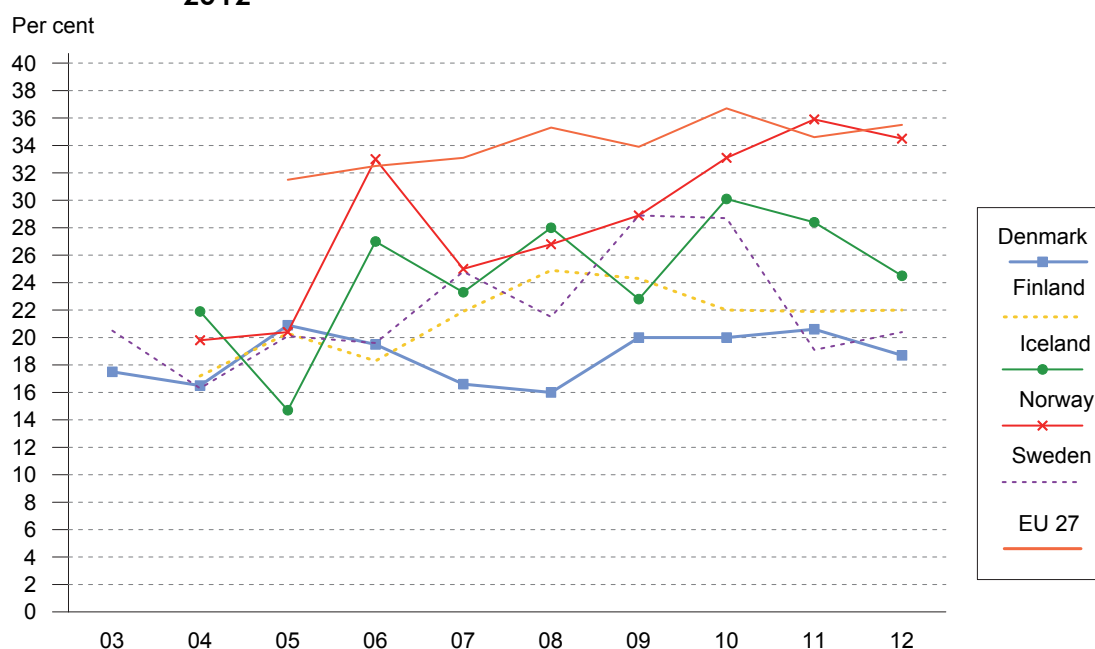
Table 2.4 Ratios of the total population living in households with an income of less than 50 per cent of the median equivalent disposable income, per cent 2011¹

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

Source: EU-SILC

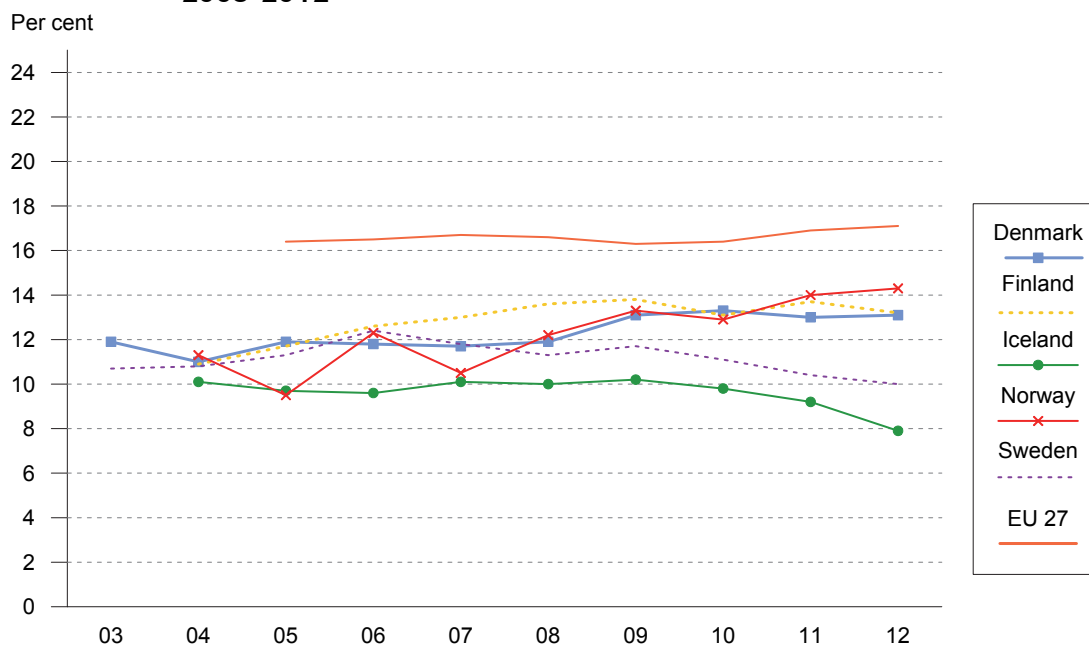
1 The actual income is from 2010, because data from 2011 are based on incomes from 2010

Figure 2.7 Single parents living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2003-2012



Source: EU-SILC

Figure 2.8 Total populations living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2003-2012



Source: EU-SILC

Table 2.5 Ratio of the total population living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2011¹⁾

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

Source: EU-SILC

1 The actual income is from 2010, because data from 2011 are based on incomes from 2010

Chapter 3

Families and Children

Links 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 in per cent of the GDP on families and children, there are somewhat larger differences in the spending patterns of the EU countries.

Table 3.1 Expenditure on families and children as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2010

Denmark	4.0	Austria	3.1	Hungary	2.9	Portugal	1.7
Faroe Islands	5.7	Belgium	2.2	Ireland	3.7 ^p	Romania	1.3 ^p
Finland	3.3	Bulgaria	2.0	Italy	1.3 ^p	Slovakia	1.8 ^p
Iceland	3.1	Cyprus	2.1	Latvia	1.5 ^p	Slovenia	2.2 ^p
Norway	3.1	Estonia	2.3	Lithuania	2.2 ^p	Spain	1.5 ^p
Sweden	3.1 ^p	France	2.7 ^p	Luxembourg	4.0	The Czeck Republic	1.3
		Germany	3.2 ^p	Malta	1.2	The Netherlands	1.2 ^p
		Greece	1.8	Poland	0.8	United Kingdom	1.9 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannamálaráðið*

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

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

Table 3.2 Number of households by family type, 2012

	Denmark ^{4,5)}	Finland	Iceland ¹⁾	Norway	Sweden ^{2,3)}
<i>Number of households with children aged 0-17 years (1 000)</i>	772	578	49	636	1 112
- in per cent of all families	26.7	19.3	39.8		19.6
Of whom (per cent)					
- Married	59.8	61.0	57.0	53.7	77.6
- Cohabiting	17.0	18.6	23.4	24.8	
- Single	23.2	20.4	19.7	21.5	22.4
Total	100.0	100.0	100.0	100.0	100.0
<i>Distribution of children (per cent)</i>					
1 child	41.5	43.7	44.1	45.1	44.4
2 children	42.5	38.2	35.4	39.0	41.4
- 3 or more children	16.0	18.1	20.5	15.9	14.2
Average number of children per household	1.8	1.8	1.6	1.7	1.7
<i>Number of childless households (1 000)</i>	2 103	2 413	74	1 722	4 558
Of whom (per cent)					
- Married	26.9	25.4	43.9	29.7	27.2
- Cohabiting	8.5	8.9	4.7	7.5	
- Single	64.6	65.8	51.4	62.9	72.8
Total	100.0	100.0	100.0	100.0	100.0
<i>Single parents (p.c.)</i>					
Men	17.8	13.6	9.0	19.9	23.0
Women	82.2	86.4	91.0	80.1	77.0
Total	100.0	100.0	100.0	100.0	100.0
<i>Single people with no children (p.c.)</i>					
Men	50.4	48.8	52.2	50.4	50.9
Women	49.6	51.2	47.8	49.6	49.1
Total	13.6	100.0	100.0	100.0	100.0
<i>Average number of people per household</i>	1.9	1.8	2.4	2.2	1.7

1 Figures taken from Hagstofa Iceland's committee survey on living conditions (EU-SILC)

2 Figures projected by means of the simulation model FASIT and based on Statistics Sweden's committee survey of household economies

3 Cohabiting individuals counted as married people

4 Furthermore, 16 545 families consist of children under the age of 18 living away from home. Children aged 0-24 years living at home

5 2013

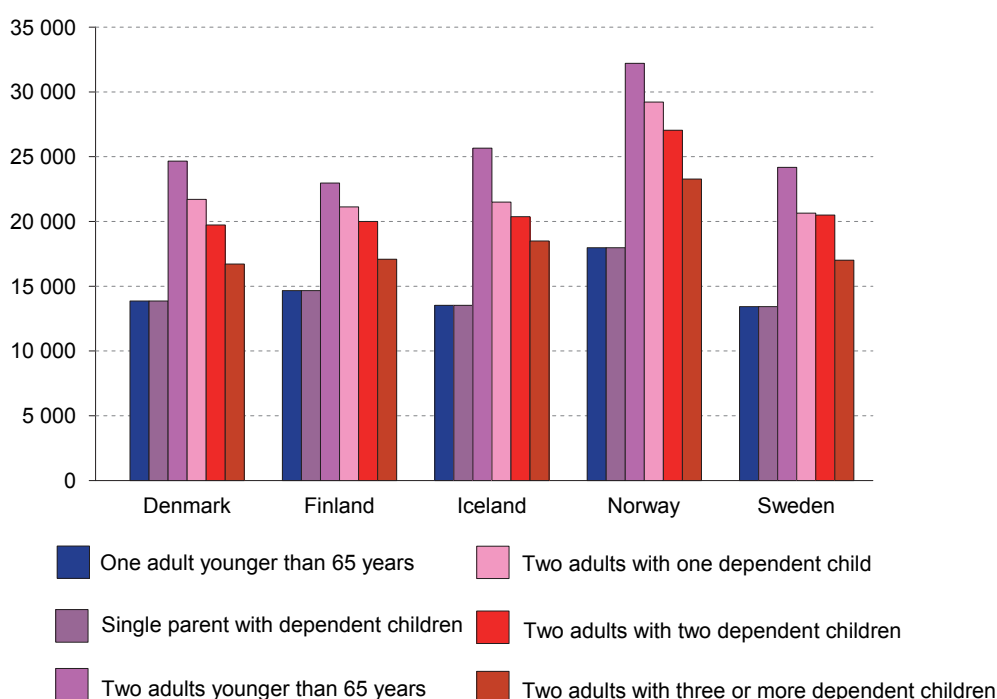
Figure 3.1 shows the average disposable incomes broken down by family types and measured in PPP-Euro in 2010. The incomes have been adjusted (equivalent incomes) in relation to household size and composition in order to make household sizes more comparable (see Appendix 1).

The purpose of Figure 3.1 is to compare different households according to family types, and the Figure thus shows the disposable incomes of the adults in the household, for which reason households without children include only households without elderly members. Especially the category single-adult households includes many students and others who are not in permanent employment. This partly explains the relatively low incomes for single-adult households. In all the countries, single providers have the lowest incomes.

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

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

Figure 3.1 Equivalent average disposable incomes broken down by family types, PPP Euro, 2010¹⁾



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

1 The actual income is from 2009, because data from 2010 are based on incomes from 2009

Cash Benefits to Families and Children¹

Daily Cash Benefits in Connection with Childbirth and Adoption

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

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

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

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

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

In the other Nordic countries, people who are not affiliated with the labour market also qualify for a benefit. In Finland, Iceland and Sweden, only a small amount is awarded (a basic amount), however, and in Norway, the benefit is a non-recurrent payment which is mainly payable to mothers. In 2013, the amount is NOK 35 263 per child.

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

¹ Benefits payable to children who have lost one or both parents are described in Chapter 6.4. Special benefits granted as supplementing 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, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Gainfully employed (employees)						
Maximum period (weeks) in which maternity benefit shall be payable	50 ²⁾	52	44 (48) ³⁾	39	47/57 ⁵⁾	69
Maternity benefit to mothers before birth (weeks)*	4	4-8	5-8	4	3	9
Maternity benefits (weeks):						
- Mother only	18	14	18	13	9	8
- Father only	-	4	(4) ³⁾	13	10	8
- Either mother or father	32 ²⁾	30	26 ⁴⁾	13	26/36	52
Additionally:						
Father together with mother	2	2	3	-	2 ⁶⁾	4+2 ⁸⁾
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
Not gainfully employed						
Maximum period (weeks) in which maternity benefit shall be payable	50	..	44	39	Non-recurrent amount ⁷⁾	69
Benefits subject to tax?	Yes	..	Yes	Yes	No	Yes
Leave period sharable with father?	Yes	..	Yes for a maximum of 26 weeks	Yes	⁵⁾	Yes

- 1 The total number of reimbursable weeks includes the number of weeks, in which mothers are entitled to benefits prior to giving birth
- 2 The common leave period of 32 weeks may be prolonged by 8 or 14 weeks to 40 or 46 weeks. The total leave period will consequently be 58 or 64 weeks. When a leave period is prolonged, the daily cash benefits will be reduced accordingly, so that the total amount for the 40 or 46 weeks equals the amount payable for 32 weeks
- 3 Fathers drawing 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 24 working days (the so-called bonus days of leave)
- 4 In the event of multiple births, the maternity-benefit period shall be extended by 60 days for the second child and each subsequent child
- 5 47 weeks at a compensation level of 100 per cent, or 57 weeks at a compensation level of 80 per cent
- 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. 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 35 263 is exempt from tax. The non-recurrent payment is payable to mothers. A father is entitled to a non-recurrent amount if the mother has died, and/or he has assumed sole custody of the child
- 8 Parents may receive parental benefits at the same time for 4 weeks, but the days will be included in the total number of parental benefit days. Besides, an insured person other than the mother can draw benefits for 2 extra weeks in connection with the birth of a child

Table 3.4 Amount of income-substituting cash benefits in the event of childbirth, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Amount of maternity benefits (per week) as percentages of any previous income	100 ²⁾	100	Normally 70-90 ⁴⁾	75-80 ⁵⁾	80/100	77,6 / 80 ¹⁰⁾
Income ceiling per week for full compensation, in national currency ¹⁾	3 940	6 250	No maximum	89 147		8 434
Income ceiling per week for full compensation, in PPP-Euro ¹⁾	387	614		481	0	739
Minimum amount per week, national currency	-	-	138	21 384 ⁶⁾	⁸⁾	1 260 ¹¹⁾
Minimum amount per week, in PPP Euro	.	.	113			
Maximum amount per week, in national currency	3 940	6 250 ³⁾		69 767	⁹⁾	6 545
Maximum amount per week, in PPP Euro	387	614		376	.	574
<i>Not gainfully employed</i>						
Maximum amount per week, in national currency	Depend- ing on previous benefit		138	12 932 ⁷⁾	⁸⁾	1 260
Amount of daily cash benefits per week, in PPP Euro		.	113	70	.	110

- 1 The income ceiling is the income maximum (previous income) in relation to which maternity benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 When the joint leave period of 32 weeks is extended to 40 or 46 weeks, daily cash benefits shall be reduced accordingly, so that they correspond to 80 per cent for 40 weeks and to about 70 per cent for 46 weeks
- 3 The maximum amount per week is less contribution of 12 per cent payable to the holiday account.
- 4 90 per cent of an earned income up to a maximum of EUR 53 072 per year for the first 56 days of the maternal leave period. For incomes exceeding EUR 53 072, it is 32.5 per cent. For the following 49 days, it is 70 per cent of an earned income of up to EUR 34 495 per year
- 5 Income in the last 12 months prior to the childbirth determines the level of cash benefits in the following way: They amount to 80 per cent of the income from work up to ISK 46 512 per week, but 75 per cent of weekly wages above that amount and up to the income ceiling (ISK 69 767)
- 6 The minimum amount is payable when the employment has been between 25 and 49 per cent. The minimum amount payable when the employment has been between 50 and 100 per cent is ISK 29 637 per week. ISK 29 637 per week is payable to full-time students
- 7 Shall also be payable when the employment is less than 25 per cent.
- 8 For mothers who have not earned a right to maternity benefits, a non-recurrent payment of NOK 35 263 may be granted per child
- 9 Calculated as maternity benefits for mothers in work, the maximum amount will be NOK 9 476 per week at a 100 per cent compensation for 47 weeks, or NOK 7 580 at an 80 per cent compensation for 57 weeks
- 10 The compensation level is 80 per cent, but the conversion factor for the income on which the compensation is based makes the compensation level 77.6 per cent
- 11 Benefits at the lowest level (for a total of 90 days) apply to parents in and out of employment, respectively

In the Faroe Islands, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of days immediately after childbirth, at the same time as mothers draw maternity benefits. In Norway, fathers are entitled to two weeks of unpaid leave in connection with childbirth. In the public sector and in large parts of the pri-

vate sector, there are, however, collective agreements granting compensation for those two weeks.

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

In Iceland, 13 weeks of the parental leave is reserved for fathers and 13 weeks for the mothers, and another 13 weeks may be divided freely between them. In Norway, 12 weeks are reserved for the father.

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

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

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

Equivalent Disposable Income and Compensation Levels when Drawing Maternity Benefits

Figure 3.3 shows the equivalent disposable income at two different income levels for a couple with no other children than the new-born, and for a couple who already has two children, respectively. Definition of the equivalent incomes appears from Annex 1.

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

As can be seen from Table 3.5, the compensation payable to a single parent receiving maternity benefit differs somewhat in the Nordic countries. The higher compensation payable in Denmark, the Faroe Islands and Norway for an AW (the average pay for a blue-collar worker) = 67 per cent is primarily due to the child allowance payable for new-born children, but also to the housing benefit being higher for families with children than it is for childless families.

Figure 3.2 Equivalent disposable income for a single parent drawing maternity benefits, per month (December), 2012, in PPP-Euro

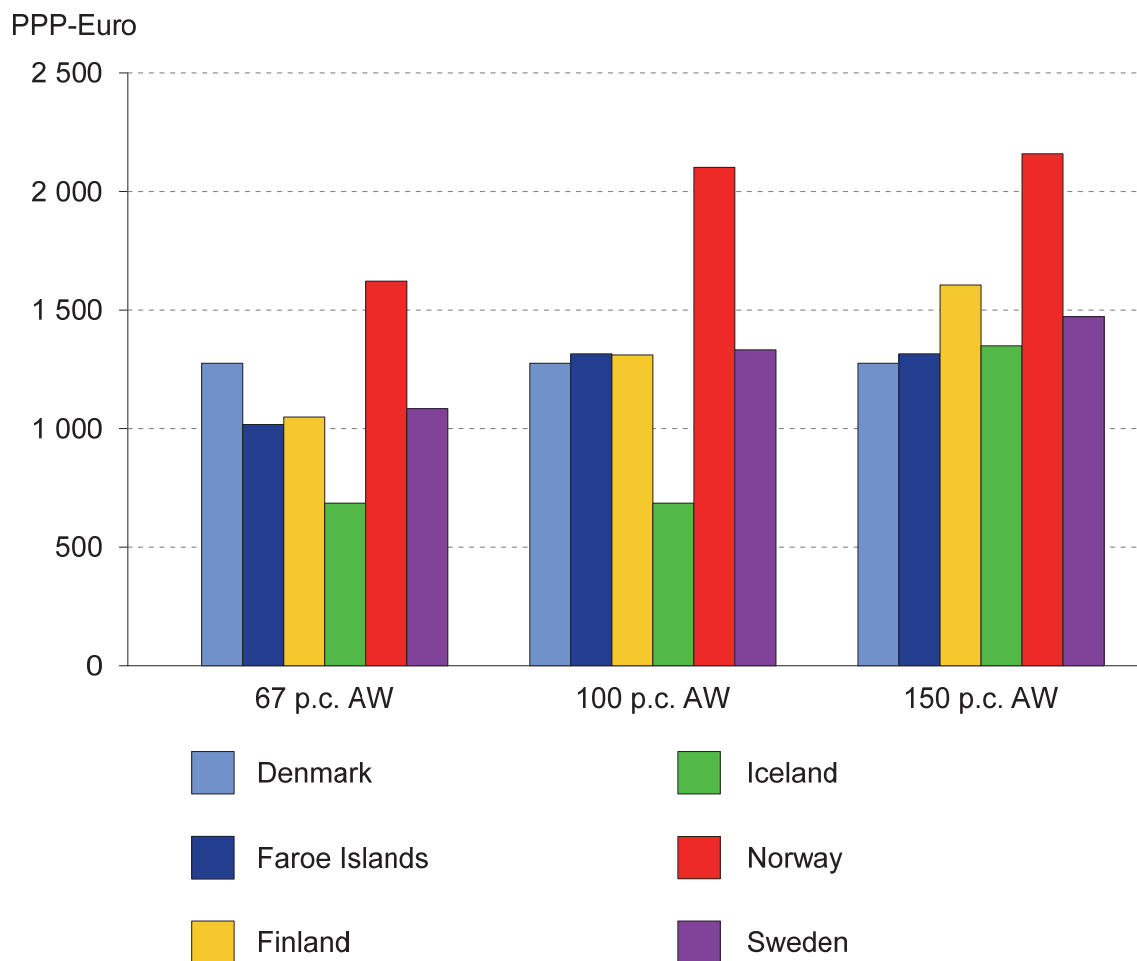


Figure 3.3 Equivalent disposable income for a couple where the one earning the least before the childbirth draws parental benefits, per month (December), 2012, in PPP-Euro

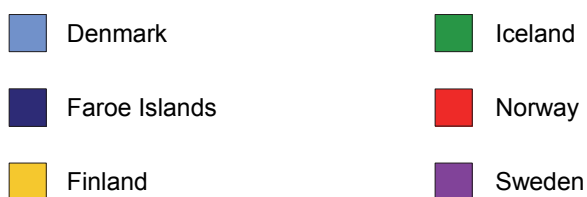
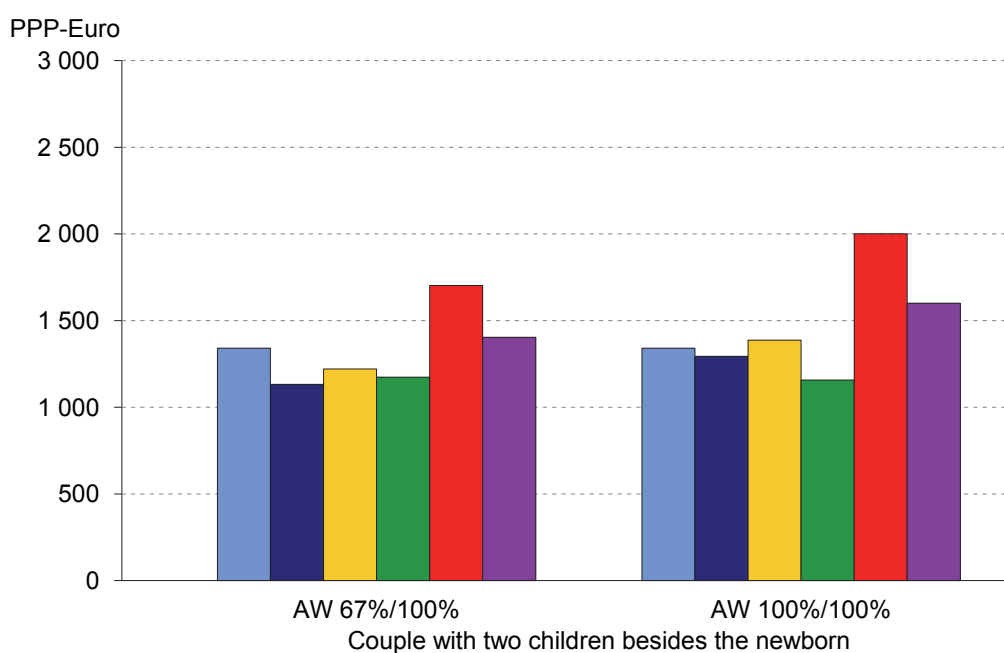
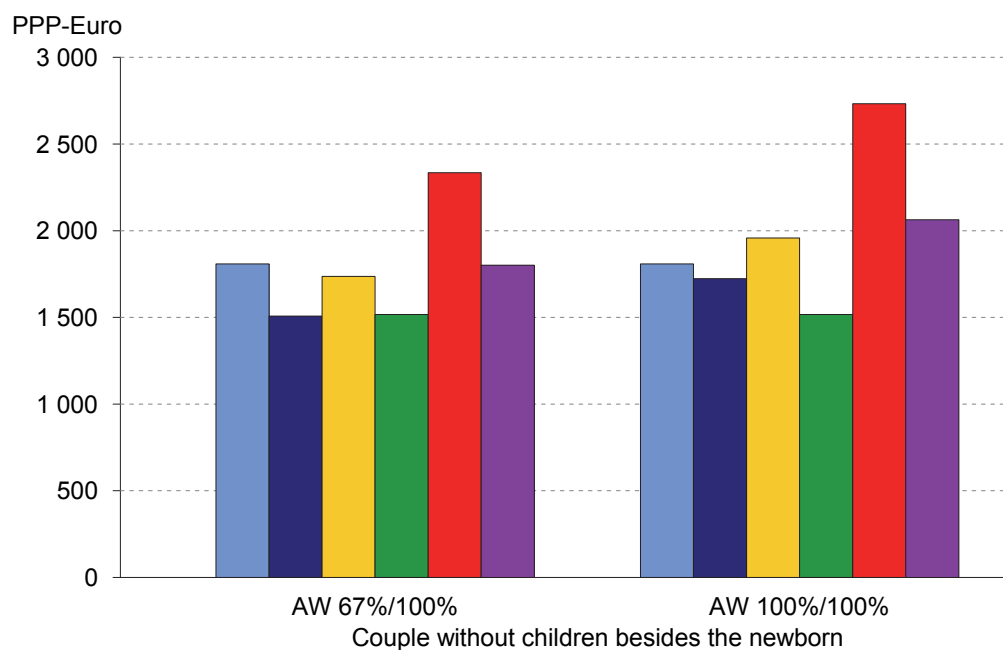


Figure 3.4 Equivalent compensation level for a single parent with a new-born when drawing parental benefits, AW 100 per cent, 2007-2012

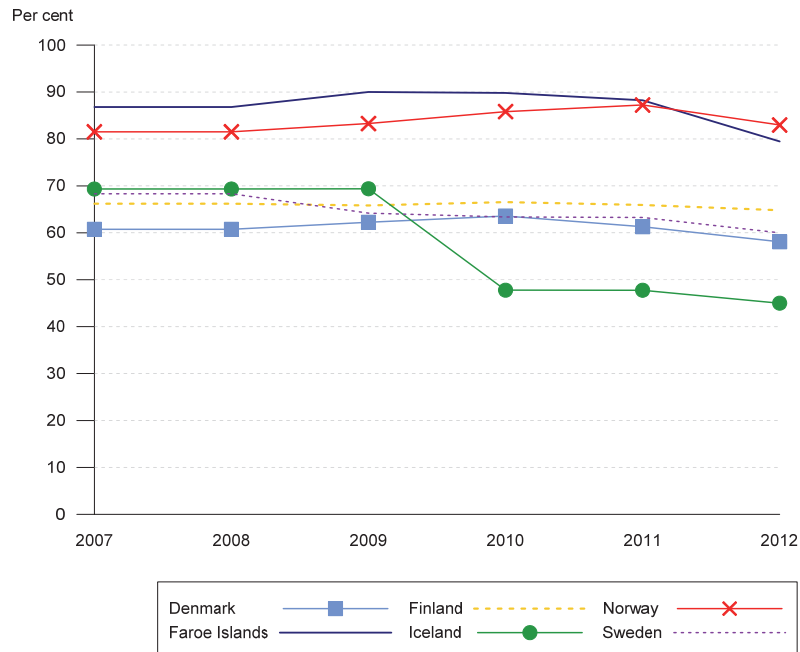


Figure 3.5 Equivalent compensation level for a couple with two children apart from the new-born when drawing parental benefits, AW 67/100 per cent, 2007-2012

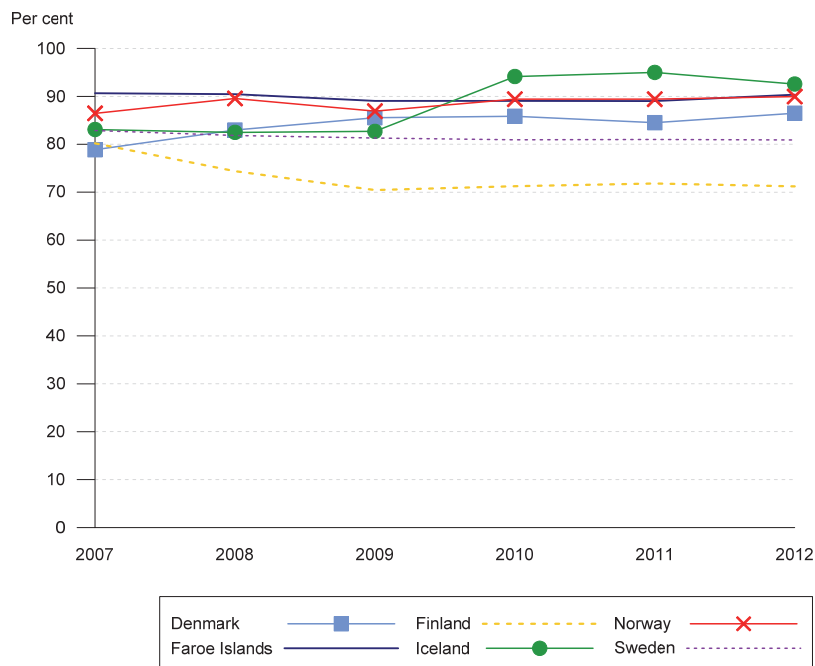


Table 3.5 Equivalent compensation level per month for a single parent with no other children than the new-born drawing maternity benefits, as percentages of disposable incomes from work (December), 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 p.c. AW	72	77	65	62	85	65
100 p.c. AW	58	79	65	45	83	60
150 p.c. AW	45	56	58	63	60	50

Table 3.6 Equivalent compensation levels for a couple drawing parental benefits as percentages of disposable income from work, when the partner earning the least before the childbirth draws benefits, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couple with no other children than the new-born</i>						
67/100 p.c. AW	82	86	76	86	85	76
100/100 p.c. AW	69	84	74	74	85	74
<i>Couple two children apart from the new-born</i>						
67/100 AW	86	90	71	93	90	81
100/100 AW	73	88	72	81	90	78

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

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

Table 3.7 Number of days with daily cash benefits in connection with pregnancy, childbirth or adoption during the year, 2000-2012

	Denmark ¹⁾²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
<i>Number of days (1 000) in which maternity benefits were drawn</i>					
2000	13 150	15 232	696	10 910	37 100
2005	20 281	15 751	1 122	11 017	44 254
2010	21 238	16 668	1 236	12 748	51 451
2011	20 755	16 760	1 129	12 986	51 947
2012	19 582	16 627	1 067	12 784	52 496
<i>Number of days in which maternity benefits were drawn per new-born</i>					
2000	196	268	161	184	410
2005	316	273	262	194	463
2010	335	273	252	207	508
2011	352	280	251	216	450
2012	336	279	235	212	470
<i>Of which men in per cent</i>					
2000	5.5	4.2	2.9	6.9	13.7
2005	5.9	5.5	32.7	8.8	20.5
2010	7.1	7.1	31.7	14.5	23.9
2011	7.4	8.3	29.0	17.5	24.5
2012	..	8.7	28.4	19.8	25.1

1 The calculation method was revised in 2002

2 The number of days as to the years 2010 and 2011 have been revised and consequently reduced by about 8 per cent

3 Data relate to recipients of parental benefits in connection with childbirth and adoption and during pregnancy

4 Data relate to net days with parental benefits, pregnancy benefits and temporary parental benefits in connection with childbirth and adoption

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 parental leave for 13 weeks as mothers enjoy. These changes can be seen from the statistics, which reveal that there are significantly more men than before drawing paternity benefits.

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

The Swedish figures are not comparable with those from the other countries, as the benefits are payable for more days per child than is the case in any of the other countries. Besides, parental daily cash benefits may be payable until a child reaches the age of eight years.

Adoption Allowance

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

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

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

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

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

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

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

Table 3.8 Newly adopted children during the year receiving adoption allowance, 2005-2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
2000	..	7	..	..		1 000
2005	625	9	..	..	607	976
2010	397	11	161	31	344	692
2011	358	9	170	37	280	543
2012	253	6	179	35	264	484

Table 3.9 The amount of the adoption allowance, 2012, in national currency

Denmark	Faroe Islands	Finland ¹⁾	Iceland ²⁾	Norway	Sweden
48 458	75 000	..	568 692	43 880	40 000

1 In Finland, the adoption allowance depends on the country of origin of the child. Parents adopting children from Estonia get EUR 1 900; from China, Colombia, South Africa and Kenya, EUR 4 500; from Ethiopia, the Philippines and Russia, EUR 3 800, and parents adopting children from any other country get EUR 3 000 adoption allowance

2 In Iceland, the adoption allowance is payable as a lump-sum subsidy on application. If several children are adopted at the same time, an adoption allowance that amounts to 20 per cent of this is payable for each additional child

Cash Benefits to Parents Minding Children

Table 3.10 Rules applying to leave schemes concerning child minding as per December 2012, in national currency

	Leave schemes for people in gainful employment?	Length of leave period	The amount of the subsidy	Number of children covered by the scheme
Denmark	No ¹⁾	-	-	-
Faroe Islands	No	-	-	-
Finland	Yes	Until the child turns 3 years	327 per month + 98 for additional children under 3 years + 63 for each additional child under 7 years + income-tested supplement of a maximum of 175	..
Iceland	No	-	-	-
Norway	Yes	¹⁾	Option of graded parental benefits	
Sweden	Yes	From the child turns 1 year to it turns 3 years	Up to 3 000 per month per child	8 568 ³⁾

1 The parental benefits period may be prolonged until the child has turned three years in combination with part-time work

2 Days can be taken until the child turns 8 years or finishes the first grade

3 The number of children receiving municipal care support in 2011

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

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

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

Parents may also choose to work reduced hours if they have children under the age of three. They will then be awarded a reduced minding allowance of EUR 94 per month.

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

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

In Norway, cash benefits are payable for children who are not attending kindergarten on a full-time basis. On 1 August 2012, cash benefits for two-year-old children lapse. The full cash benefit rate has been increased to NOK 5 000 per month for children aged 13-18 months. The full cash benefit rate has been increased to NOK 3 303 per month for children aged 19-23 months. The benefit is neither needs- nor income-tested and is tax free. A relatively reduced amount is payable if a child attends kindergarten on a part-time basis.

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

Minding Ill Children

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

In all the countries, parents themselves decide whether the mother or the father shall stay at home to mind a child. In Sweden, it is also possible for an insured person other than one of the parents to take time off to mind an ill child and to draw daily cash benefits. In Norway, single providers are entitled to 20 days of absence and couples to 10 days of absence each to mind an ill child.

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

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

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

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

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

Child Allowance

Table 3.11 Rules applying to child allowance, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Child allowance income-tested?	No ¹⁾	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 ²⁾ /Yes	Yes	Yes	No	Yes	Yes
Supplements payable for any additional children?	No	No	Yes	Yes	No	Yes
Extra child allowance payable to single parents?	Yes	Yes	Yes	Yes	Yes	No
Special child allowances granted to special groups?	Yes ³⁾	No	No	No	Yes ⁴⁾	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

4 A special supplement to the child allowance is payable in Norway for children resident in the Finnmark, a few municipalities in the northernmost part of Troms and on Svalbard

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

Table 3.12 The annual amount of child allowance, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK ⁽¹⁾	DKK	EUR	ISK ⁽²⁾	NOK ⁽³⁾	SEK
Couples with:						
1 child	13 500	9 956	1 250	-	11 640	12 600
2 children	27 000	19 912	2 632	58 350	23 280	27 000
3 children	37 632	29 868	4 395	129 551	34 920	45 048
Single parent with:						
1 child	23 804	16 376	1 833	226 198	23 280	12 600
2 children	42 408	32 752	3 797	456 890	34 920	27 000
3 children	58 144	49 128	6 143	687 582	46 560	45 048
Allowance in PPP-EURO						
Couples with:						
1 child	1 326	978	1 022	-	1 002	1 105
2 children	2 652	1 956	2 152	315	2 005	2 367
3 children	3 451	2 934	3 594	698	3 007	3 949
Single parent with:						
1 child	2 338	1 608	1 499	1 219	2 005	1 105
2 children	4 165	3 217	3 105	2 463	3 007	2 367
3 children	5 466	4 825	5 024	3 706	4 010	3 949

1 Calculations were made on the basis of a family allowance for 3-6-year-olds of DKK 13 500 per year to both single parents and couples. The allowance for the 0-2-year-olds amounted to DKK 17 064 per year, and to DKK 10 632 per year for the 7-14-year-olds. The youth allowance for the 15-17-year-olds amounted to DKK 10 632.

2 In Iceland, the amount of the allowance is subject both to the number of children in a family and to the family income. The maximum allowance to a couple with one child aged 1-18 years is ISK 152 331 and ISK 253 716 to single parents. For each child in addition to the first one, a maximum of ISK 181 323 is payable to cohabiting couples and ISK 260 262 to single parents. Besides, a supplement of ISK 61 191 is payable for children between 0 and 6 years, irrespective of income. Where a couple's annual income (in 2011) exceeds ISK 3 600 000 and that of a single parent ISK 1 800 000, the allowance will be reduced by 3 per cent of the earnings exceeding the maximum amount for one child, 5 per cent for two children and 7 per cent for three or more children. The reduction of the allowance for children aged 1-6 years is 3 per cent for one child; 6 per cent for two children and 9 per cent for three or more children. All calculations in the Table were made for one child under 7 years and the average annual income for couples with children and for single parents.

3 Single providers with young children are granted a supplement of NOK 7 920 irrespective of the number of their children. In addition, NOK 3 840 are payable per child to recipients living in Northern Troms, the Finnmark and on Svalbard.

Advance on Maintenance Allowance for Children

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

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

Norway introduced new rules applying to calculation of contributions in 2003. The amount of the allowance is based on the principle that the mother and the father share the expenses for the maintenance of the child in relation to their financial

abilities. The division between the parents takes into consideration the time the contributor spends with the children so that parents spending a lot of time with the children pay a smaller contribution. Entitlement to advances on the maintenance allowance depends on the recipient's income level.

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

Table 3.13 The amount of the maintenance allowance advances, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway ¹⁾	Sweden
Maximum amount per child per year, in national currency	14 736	12 672	1 776	290 760	17 040	15 276
Maximum amount per child per year, in PPP Euro	1 447	1 245	1 452	1 567	1 467	1 339

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

Table 3.14 Number of children receiving maintenance allowance advances as percentages of the population under 18 years, 2000-2012

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
2000	14	9	10	19	18	16
2005	13	9	9	19	14	13
2010	17	8	9	18	11	12
2011	17	8	9	18	11	11
2012	17	..	9	18	10	11

1 The statistics include only the number of children under 18 years

2 Number of children under 19 years

Other Social Benefits

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

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

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

Services to Families and Children

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

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

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

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

Day Care Institutions and Family Day Care

Day care institutions for pre-school children

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

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

In all the countries, local authorities must ensure that there are 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.

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

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

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

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

In Norway, the local authorities are obliged to provide places in kindergartens.

Children turning one year before the end of August are upon application entitled to a place in a kindergarten from the month of August that year. The child is entitled to a place in the municipality in which it lives.

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

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

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

Family day care

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

Pre-school classes

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

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

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

On the Faroe Islands, pre-school classes are only provided in three facilities.

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

In Sweden, the local authorities are obliged to provide all 6-year-olds with a minimum of 525 hours in a pre-school class. In the autumn 2011, 96 per cent of all 6-year-olds attended pre-school classes, whereas 1 per cent had already started in primary school. All 6-year-olds are entitled to start school if their parents so wish. After school, children from pre-school classes and primary school may stay in the after-school clubs.

Children of school age

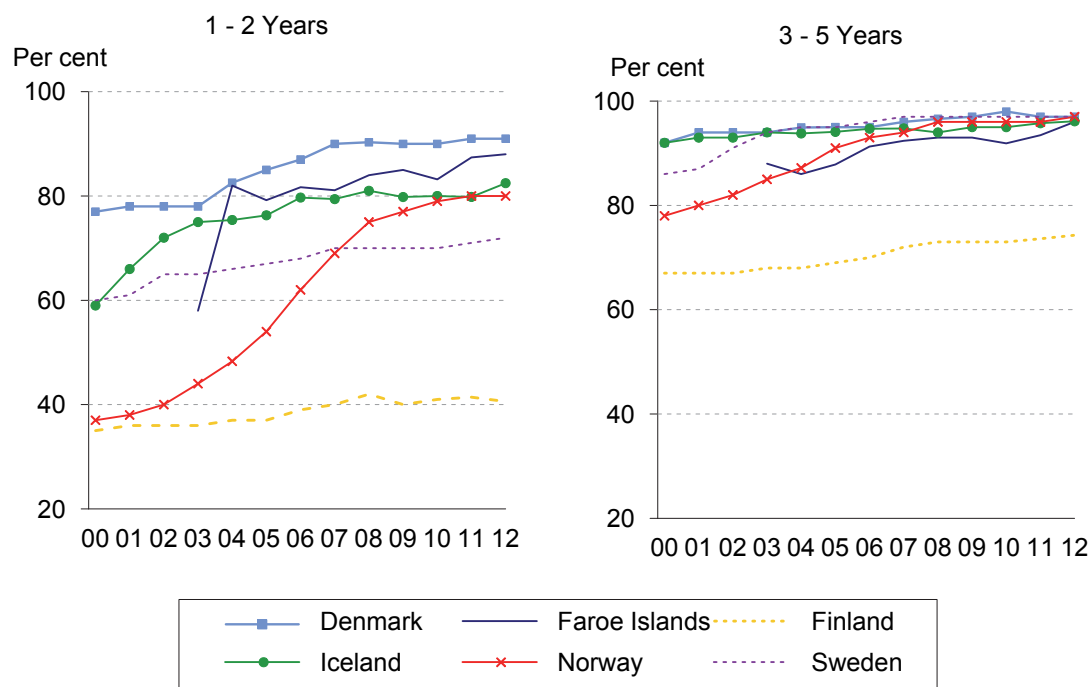
In all the countries, there are day-care options for children of school age. Minding can take place either in special youth centres for children of school age or be integrated in the minding of pre-school children in day-care institutions. In Norway, the responsibility for the development of after-school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

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

Children enrolled in day care institutions and publicly financed day care

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

Figure 3.6 Children 1-5 years enrolled in day care institutions or publicly financed family day care as percentages of the age group, 2000-2012



Cf. notes to Table 3.16

Table 3.15 Rules applying to child-minding in public day care institutions and family day care, 2012

	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	Yes, children who have reached the age of 12 months before 1 September in the year, in which a place is applied for	Yes, from the age of 12 months ^{2,4)}
Centrally laid down rules governing user payment?	Yes	Yes	No for private	No	Yes	Yes
Upper limit to the user-payment amount? If yes, amount should be stated. National currency	Yes, a maximum of 25 per cent of the estimated gross expenditure	No	Yes, for a family's first child 264 per month, and for subsequent children 238 per child per months	Yes, not exceeding the average municipal expenditure per child in day care institutions	2 330 per month	Yes, a maximum of 1 260 per month for the youngest child

Continues

Continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Option of full-time or part-time places free of charge? <i>Children of school age</i>	Yes	Yes	Yes	No	Yes	Yes
All children entitled to a place in a youth club/after-school club scheme?	Yes ¹⁾	No	No, but minding facilities must be provided either mornings or afternoons for children in the first or second grade	Yes, depending on municipality, however, but only for children in the age group 6-9 years	No	Yes, from the age of 6 years until the Spring of the year in which the pupil turns 13 ^{3,4)}
Centrally laid down rules governing user payment?	Yes, but not for after-school club schemes	Yes	..	No	Local authorities must only charge the actual expenses	Yes
Upper limit to the user-payment amount? National currency	Yes, a maximum of 30 per cent of the estimated gross expenditure on youth clubs, but none on after school clubs	No	..	No	Decided by the local authorities	Yes, a maximum of 840 per month for the youngest child
Option of full-time or part-time places free of charge?	Yes	Yes	..	Decided by the local authorities	Decided by the local authorities	Yes
Age limit to minding of children of school age	Until 14 years	None	..	6-9 years	Up to and including 10 years and 12 years for children with special needs	6-12 years

- 1 All children are entitled to be registered for a place, and the local authorities must provide an adequate number of places, but there is no minding guarantee as for children aged 0-6 years
- 2 Must be provided to children whose parents work, study, are on parental leave or are unemployed
- 3 Must be provided if the parents work or study
- 4 Must be provided if the child is in special need due to situation of the family. Children who for physical, mental or other reasons need special support in their development must also be provided with places in children's institutions

Table 3.16 Children enrolled in day care institutions and publicly financed family day care in percentages of the respective age groups, 2000-2012

	Denmark ¹⁽²⁾	Faroe Islands	Finland ¹⁾	Iceland	Norway ³⁾	Sweden
2000						
< 1 year	15	..	2	7	2	.
1-2 years	77	..	35	59	37	60
3-5 years	92	..	66	92	78	86
0-5 years, total	75	..	46	68	52	66
6 years	90	..	67	.	.	77
0-6 years, total	77	..	49	.	.	68
7-10 years	63	..	3	.	.	51
2005						
< 1 year	15	21	1	6	3	-
1-2 years	85	79	37	76	54	67
3-5 years	95	88	69	94	91	95
0-5 years, total	79	74	47	73	64	71
6 years	88	83	67	.	.	84
0-6 years, total	80	75	50	.	.	73
7-10 years	63	28	1	.	.	61
2010						
< 1 year	17	15	1	7	4	.
1-2 years	90	83	41	80	79	70
3-5 years	98	92	73	95	96	97
0-5 years, total	82	76	50	75	75	74
6 years	92	98	71	.	.	86
0-6 years, total	84	79	53	.	.	75
7-10 years	76	32	3	.	.	69
2011						
< 1 year	19	16	1	8	4	.
1-2 years	91	87	41	80	80	71
3-5 years	97	93	74	96	96	97
0-5 years, total	83	79	51	76	76	74
6 years	93	96	68	.	.	86
0-6 years, total	84	82	53	.	.	76
7-10 years	77	37	2	.	.	70
2012						
< 1 year	19	23	1	7	4	.
1-2 years	91	88	41	82	80	72
3-5 years	97	96	74	96	97	97
0-5 years, total	83	82	51	77	76	75
6 years	93	94	70	.	.	86
0-6 years, total	85	84	54	.	.	77
7-10 years	77	37	2	.	.	71

1 Figures are including children in publicly subsidised private day care

2 Children in after school clubs are also included

3 Includes children in public and private kindergartens

Table 3.17 Children enrolled in day care institutions and publicly financed family day care (1 000), by age, 2000-2012

	Denmark ¹⁾	Faroe Islands	Finland ¹⁾	Iceland ¹⁾	Norway ²⁾	Sweden
2000						
< 1 year	10	..	1	-	1	-
1-2 years	103	..	40	5	44	111
3-5 years	192	..	122	12	144	242
0-5 years, total	306	..	163	17	189	353
6 years	65	..	44	.	.	81
0-6 years, total	370	..	207	.	.	434
7-10 years	171	..	8	.	.	255
2005						
< 1 year	10	0	1	6	2	-
1-2 years	110	1	41	76	62	136
3-5 years	189	2	117	94	159	271
0-5 years, total	310	3	159	73	223	407
6 years	60	1	38	.	.	76
0-6 years, total	369	4	197	.	.	484
7-10 years	176	1	3	.	.	238
2010						
<1 year	11	0	1	0	3	.
1-2 years	118	1	49	8	99	158
3-5 years	192	2	131	13	175	317
0-5 years, total	322	3	180	21	277	475
6 years	61	1	41	.	.	91
0-6 years, total	382	4	222	.	.	566
7-10 years	202	1	2	.	.	275
2011						
<1 year	12	0	1	0	3	.
1-2 years	117	1	51	8	100	164
3-5 years	192	2	134	13	179	324
0-5 years, total	321	3	185	21	282	489
6 years	61	1	40	.	.	92
0-6 years, total	382	4	226	.	.	581
7-10 years	202	1	1	.	.	290
2012						
<1 year	11	0	1	0	2	.
1-2 years	114	1	50	8	100	166
3-5 years	192	2	135	14	183	331
0-5 years, total	316	3	185	22	286	497
6 years	62	1	42	.	.	95
0-6 years, total	378	4	228	.	.	592
7-10 years	202	1	1	.	.	300

1 Figures are including children in publicly subsidised private day care

2 Children in after school clubs are also included

3 Includes children in public and private kindergartens

Child and Youth Welfare

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

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

Preventive measures

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

Table 3.18 Children and adolescents receiving support measures during the year

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden ¹⁾
	2011	2012	2011	2011	2012	2012
0-17 years	23 881	348	72 236	4 186	33 726	23 893
in p.c. of the age group	2	3	7	5	3	1
18-22 years	3 721	69	9 223	131	2 010	4 277
in p.c. of the age group	1	2	3	1	1	1

1 Year: 0-17, 18-20

2 Figures for Norway show support measures for children not placed in care

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 for Finland, Norway and Sweden. In Finland, the placement frequency is somewhat higher than in the other Nordic countries.

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

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

In the Faroe Islands, the authorities use placement facilities in Denmark. The share of Faroese children and youth placed in institutions in Denmark makes up about 5 per cent.

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

Table 3.19 Children and adolescents placed away from their homes, by age and per 1 000 inhabitants in the respective age groups, 2000-2011

	2000	2005	2010	2011		
				Total	Boys	Girls
<i>Denmark¹⁾</i>						
0-6 years	4.0	3.3	4.2	4.3	4.3	4.3
7-14 years	11.6	10.9	10.7	10.4	11.3	9.5
15-17 years	26.8	25.9	26.0	25.0	26.2	23.8
0-17 years	10.6	10.3	10.9	10.7	11.3	10.1
<i>The Faroe Islands</i>						
0-6 years	..	..	0.6	1.1	1.2	0.9
7-14 years	..	..	4.0	5.7	7.4	4.0
15-17 years	..	..	8.1	8.5	8.2	8.9
0-20 years	..	..	3.4	4.4	5.2	3.6
<i>Finland</i>						
0-6 years	5.7	6.7	7.3	7.4	7.6	7.2
7-14 years	9.6	11.1	13.1	13.5	14.6	12.3
15-17 years	16.1	20.9	25.9	27.2	26.9	27.5
0-17 years	9.2	11.4	13.2	13.5	14.0	13.0
<i>Iceland²⁾</i>						
0-6 years	2.5	0.6	0.5	1.0	1.2	0.9
7-14 years	4.5	2.9	3.0	3.6	4.5	2.7
15-17 years	8.3	12.5	15.7	14.3	16.1	12.4
0-17 years	4.8	4.1	3.8	4.4	5.1	3.6
<i>Norway</i>						
0-6 years	3.6	4.1	4.8	5.2	5.3	5.1
7-14 years	7.9	8.8	10.5	11.1	11.6	10.5
15-17 years	17.4	18.0	22.5	22.5	23.7	21.0
0-17 years	..	..	..	..	..	..
<i>Sweden</i>						
0-6 years	3.6	3.9	4.1	4.4	4.3	4.3
7-14 years	7.1	7.7	8.4	8.6	9.1	8.1
15-17 years	16.8	17.1	24.6	28.0	34.1	21.5
0-17 years	..	..	..	..	..	..

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

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

Figure 3.7 Children and adolescents aged 0-17 years placed away from their homes per thousand of total number, 2000-2012

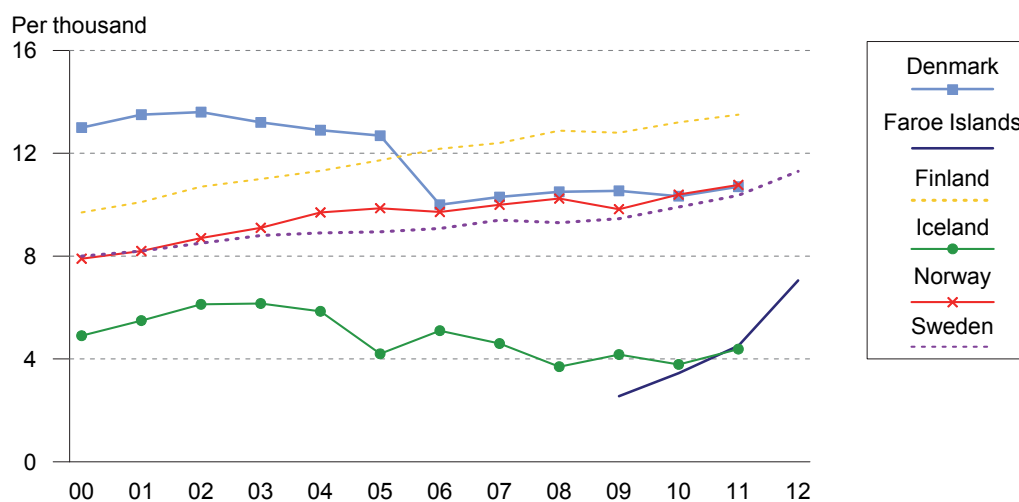


Table 3.20 Children and adolescents in placements per 31 December in the year, broken down by placement facility, in per cent

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ^{2,3)}	Sweden ⁴⁾
	2012	2012	2011	2011	2011	2012
Foster care	57	80	59	54	70	63
Residential institution	22	20	31	25	14	35
Other place	22	-	10	21	16	2
Total	100	100	100	100	100	100

1 Iceland during the year

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

3 Norway 0-22 years

4 1 November 2012. Foster care includes emergency family care and “network homes”. Residential institutions include care homes and homes with special supervision

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

Differences and similarities in the expenditure on families and children

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

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

Sweden and Norway, who have the largest expenditure on daily cash benefits in connection with childbirth and adoption, also have the longest leave schemes. In Denmark, cash benefits to parents minding children cover leave schemes for child-

minding; in Finland, allowances for minding children in the home. In Norway, the amount covers expenditure on a child-minding scheme. This is a scheme aimed at granting single providers a subsidy towards child minding to enable them to be professionally active. Similar allowances do not exist in the other countries.

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

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

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

Changes in the social expenditure on families and children from 2010 to 2011

In Denmark, the expenditure on both cash benefits and services decreased from 2009 to 2010. The total decrease was a little less than DKK 530m, corresponding to a decrease of 0.7 per cent. The highest decrease took place in the expenditure on services which decreased by just over DKK370mn, corresponding to a decrease 0.9 per cent. The expenditure on cash benefits decreased by little less than DKK 160mn, corresponding to a decrease of 0.6 per cent.

In the Faroe Islands, the social expenditure on families and children decreased from 2010 to 2011 by 0.6 per cent, corresponding to a decrease of DKK 4mn. This decrease in the expenditure concerned daily cash benefits and allowances connected with child maintenance. There was a minor increase in the service sector in the expenditure on day care and residential institutions and foster care, whereas there was a decrease in the expenditure on the child welfare service.

In Finland, the expenditure increased by 0.8 per cent at constant prices. The expenditure on day care institutions and family day care increased by 3.6 per cent, whereas the expenditure on residential institutions increased by 4.4 per cent at constant prices.

In Iceland, the social expenditure on families and children decreased by 8.2 per cent from 2010 to 2011 at constant prices. The expenditure on cash benefits decreased by 15.5 per cent at constant prices, which was a result of both a decrease in the daily cash benefits payable in connection with childbirth and adoption of 15.8 per cent and a decrease in the family and child allowances of 16.8 per cent at constant prices. The expenditure on services decreased by 1.6 per cent at constant prices.

In Norway, the expenditure on families and children increased by 5.5 per cent from 2010 to 2011 at constant prices. Cash benefits increased by 1.6 per cent, while

the expenditure on services increased by 8.6 per cent. Cash benefits amounted to 41.8 per cent of the total expenditure on families and children in 2011. The expenditure on daily cash benefits in connection with childbirth and adoption increased by 5.7 per cent. The increase in the expenditure on services (day care institutions and family day care) was 7.6 per cent. At the end of 2011, 283 000 children had places in kindergartens. That was an increase of 1 000 as compared to 2010.

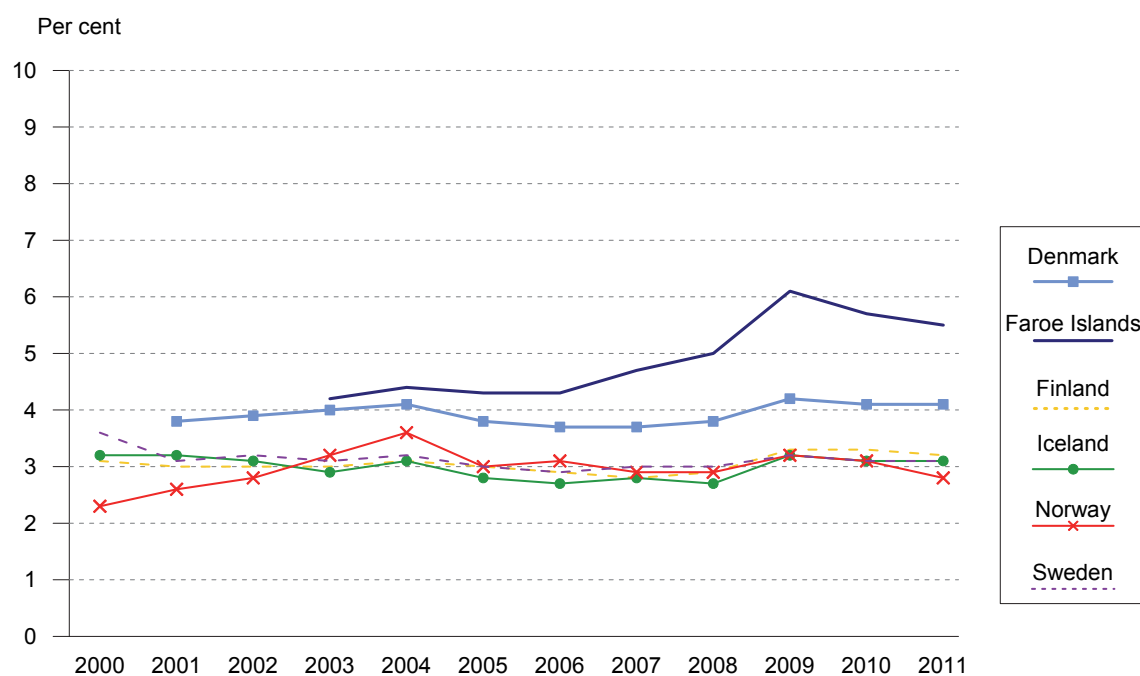
In Sweden, the expenditure on families and children increased by 1.2 per cent at constant prices. The expenditure on parental benefits in connection with childbirth and adoption increased steeply from 2009 to 2010, but remained almost unaltered between 2010 and 2011. Between 2010 and 2011, the expenditure on services increased the most by 2.9 per cent at constant prices.

Table 3.21 Expenditure on and financing of cash benefits and services to families and children, 2011, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Daily cash benefits in connection with childbirth and adoption	9 874	169	1 060	8 080	15 431	25 580
B. Birth allowances	-	1	12	-	364	22
C. Parental benefits when mind- ing children (leave schemes, etc.)	17	-	379	-	1 347	173
D. Family or child allowances	18 615	146	1 436	9 221	14 883	24 140
E. Supplements	-	-	-	-	-	-
F. Other	614	10	94	2 646	3 430	2 031
a. of which advances on mainte- nance allowances to children	-	2	94	1 082	458	2 031
Cash benefits, total	29 120	325	2 987	19 947	35 456	51 946
<i>Services, million</i>						
A. Day care Institutions and fami- ly day care	26 534	316	2 075	14 847	34 064	36 723
B. Residential institutions (child and youth welfare)	9 120	85	619	4 311	8 246	10 736
C. Home help to families	-	-	22	408	1 265	3 058
D. Other	8 562	5	392	6 325	5 769	5 466
Services, total	44 215	407	3 108	25 891	49 344	55 983
Total expenditure, million	73 335	732	6 095	45 839	84 799	107 929
Expenditure as percentage of GDP	4.1	5.5	3.2	2.8	3.1	3.1
<i>Financed by (per cent)</i>						
- Public authorities	100.0	88.9	84.0	81.6	83.4	79.2
- Employers	0.0	6.5	11.8	18.4	9.5	20.3
- The insured (contributions and special taxes)	0.0	4.6	4.2	0.0	7.1	0.5
<i>Changes 2010-2011 in terms of 2011 prices</i>						
- Million	1 288	-5	48	-4 121	4 443	1 074
- Per cent	1.8	-0.6	0.8	-8.2	5.5	1.0

Table 3.22 Expenditure on cash benefits and services to families and children, PPP 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	513	659	454	339	614	475
- Per child 0-17 years	2 370	2 541	2 260	1 349	2 724	2 339
Services, total per capita	779	825	473	440	854	512
- Per child 0-17 years	3 598	3 179	2 353	1 751	3 791	2 521
Families and children, total per capita	1 293	1 484	927	779	1 468	987
- Per child 0-17 years, in total	5 968	5 720	4 613	3 099	6 515	4 861

Figure 3.8 Expenditure on benefits to families and children, 2000-2011, per cent of GDP

User charges payable for child-minding

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

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

In the Faroe Islands, user payment amounts to 25 per cent of the total running costs.

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

In Iceland, user payment for places in the municipal day care institutions amounted to 14.6 per cent of the total running costs, and user payment for after-school clubs amounted to about 23 per cent of the total running costs.

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

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

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

Table 3.23 Rules and amounts applying to user payment, 2012, in national currency

	Denmark	Faroe Islands	Finland	Iceland ³⁾	Norway	Sweden
Laid down centrally or locally?	Centrally	Centrally	Centrally	Local authorities	Centrally	Centrally
Amount of maximum user payment	In day care institutions and day care a maximum of 25 per cent of the budgeted gross running costs. For children in youth clubs, parental charges are max. 30 per cent of the budgeted gross running costs ¹⁾	.	EUR 264 per month for the family's first child and for subsequent children EUR 238 per child per month in municipal day care	.	NOK 2 330 per month	SEK 1 260 per month for the family's first child in pre-school and SEK 840 per month for the family's first child in a youth centre
Amount means-tested?	No. Yes for a partly or wholly free place	No	Yes	.	No ⁴⁾	Yes
Discount for siblings?	Yes	Yes	Yes	.	Yes	Yes
Free places available?	Yes	Yes	Yes	.	Yes	No
Ratio of user charges of the total operating	21 p.c. ²⁾	25 p.c.	14 p.c.	15 p.c. ³⁾	14-17 p.c.	9 p.c. ⁵⁾

1 No ceiling for after-school club schemes, however

2 Includes day care; nursery; kindergarten; age-integrated institutions; after-school club schemes and youth centres

3 Share of the user payments of the total expenditure, 2012

4 But all municipalities must have schemes providing low-income families with children with a reduction or exemption from paying parental charges

5 2010

Chapter 4

Unemployment

Links 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, Faroe Islands, Iceland and Norway, 2010

Denmark	2.4	Austria	1.7	Hungary	0.9	Portugal	1.4
Faroe Islands	2.2	Belgium	3.8	Ireland	3.5 ^p	Romania	0.6
Finland	2.4	Bulgaria	0.6	Italy	0.8 ^p	Slovakia	0.9 ^p
Iceland	1.6	Cyprus	1.1	Latvia	1.3 ^p	Slovenia	0.7 ^p
Norway	0.8	Estonia	0.8	Litthuania	0.8 ^p	Spain	3.5 ^p
Sweden	1.4 ^p	France	2.2 ^p	Luxembourg	1.3	The Czeck Republic	0.8
		Germany	1.7 ^p	Malta	0.5	The Netherlands	0.9
		Greece	1.7	Poland	0.4	United Kingdom	0.7

^p Preliminary data

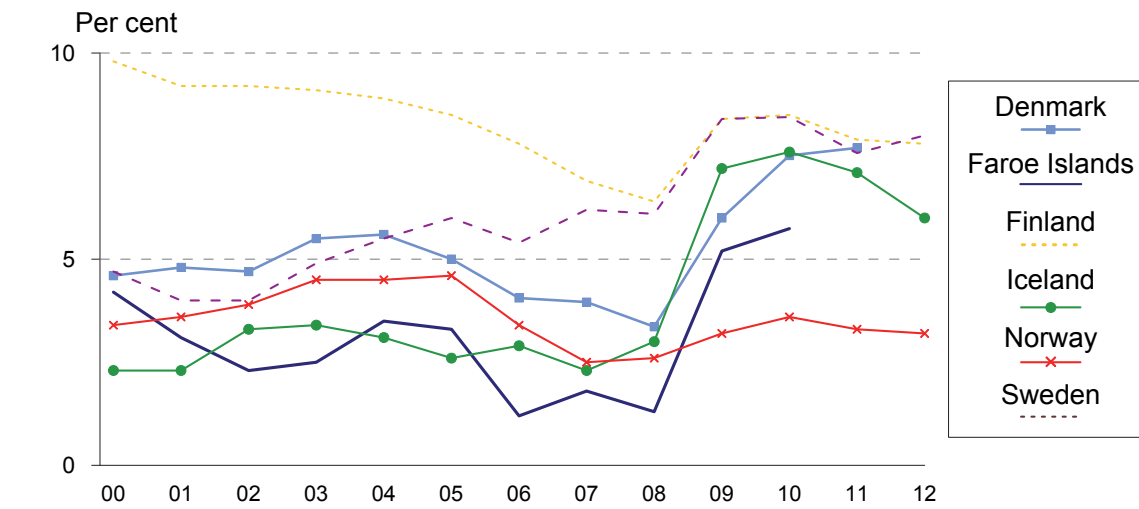
Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almanamálaráðið

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

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

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

Figure 4.1 Development in the unemployment rate, 2000-2012



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

Table 4.2 Population aged 16-64 years broken down by gender and activity, 2012

	Denmark	Faroe Islands ¹⁾	Finland ¹⁾	Iceland	Norway ¹⁾	Sweden ²⁾
<i>Men</i>						
aged 16-64 years (1 000)	1 821	..	1 783	102	1 698	3 054
Of which in per cent:						
Employed, total	75.0	..	69.8	81.9	77.7	76.8
- <i>Full-time</i>	64.0	..	63.5	70.9	67.4	67.3
- <i>Part-time</i>	11.0	..	6.3	11.0	10.1	9.5
Unemployed	6.0	..	6.4	5.9	3.0	7.0
Not gainfully employed	19.0	..	23.8	12.4	19.3	16.1
Total	100.0	..	100.0	100.0	100.0	100.0
<i>Women</i>						
aged 16-64 years (1 000)	1 792	..	1 741	100	1 616	2 956
Of which in per cent:						
Employed, total	70.0	..	68.1	78.2	73.8	72.9
- <i>Full-time</i>	45.0	..	54.9	51.5	44.4	44.8
- <i>Part-time</i>	25.0	..	13.2	26.7	29.0	28.0
Unemployed	6.0	..	5.3	5.5	2.1	6.1
Not gainfully employed	24.0	..	26.6	16.3	24.1	21.0
Total	100.0	..	100.0	100.0	100.0	100.0
<i>Men and Women</i>						
aged 16-64 years (1 000)	3 613	..	3 524	202	3 314	6 010
Of which in per cent:						
Employed, total	73.0	..	69.0	79.4	75.8	74.9
- <i>Full-time</i>	55.0	..	59.2	61.2	56.2	56.2
- <i>Part-time</i>	18.0	..	9.7	18.2	19.3	18.6
Unemployed	6.0	..	5.9	6.2	2.6	6.5
Not gainfully employed	21.0	..	25.2	14.5	21.6	18.5
Total	100.0	..	100.0	100.0	100.0	100.0

1 Population 15-64 years

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

Table 4.3 Development in the unemployment rate by gender, 2000-2012

	Average number of unemployed	Expenditure as percentage of the labour force					
		Total	Men	Women	16-24-years-old		
					Total	Men	Women
<i>Denmark¹⁾</i>							
2000	131 000	4.6	4.0	5.2	6.5	6.5	6.5
2005	143 000	5.0	4.6	5.5	8.6	8.5	8.8
2010	218 347	7.5	8.3	6.6	13.7	15.7	11.6
2011	221 000	7.7	7.8	7.6	14.2	15.6	12.7
2012	218 412	7.7	7.7	7.7	14.1	14.7	13.5
<i>Faroe Islands²⁾</i>							
2000	1 000	4.2	2.5	6.6			
2005	930	3.3	2.9	3.9	9.5	9.2	9.8
2010	374	1.3	1.0	1.7	1.0	0.9	1.1
2011	1 450	5.2	6.0	4.3	6.3	7.7	4.8
2012	1 490	5.4	4.8	6.3	5.5	5.3	5.7
<i>Finland³⁾</i>							
2000	253 000	9.8	9.1	10.6	21.4	21.1	21.6
2005	220 000	8.5	8.3	8.7	20.1	20.6	19.5
2010	224 000	8.5	9.3	7.7	21.4	23.8	19.0
2011	208 000	7.9	8.6	7.2	20.1	21.8	18.4
2012	206 000	7.8	8.5	7.1	19.0	19.9	18
<i>Iceland⁶⁾</i>							
2000	3 700	2.3	1.8	2.9	4.7	5.7	3.6
2005	4 300	2.6	2.6	2.6	7.2	8.5	6.0
2010	13 700	7.6	8.3	6.7	16.2	18.4	14.1
2011	12 700	7.1	7.8	6.2	14.6	18.4	10.7
2012	10 900	6.0	6.4	5.7	13.6	14.7	12.4
<i>Norway⁴⁾</i>							
2000	81 000	3.4	3.6	3.2	10.2	9.9	10.6
2005	111 000	4.6	4.8	4.4	12.0	12.5	11.5
2010	94 000	3.6	4.1	3.0	9.3	10.8	7.7
2011	86 000	3.3	3.5	3.1	8.6	9.3	7.9
2012	86 000	3.2	3.6	2.7	8.6	10.0	7.2
<i>Sweden⁵⁾</i>							
2000	203 100	4.7	5.0	4.2	8.1	8.6	7.4
2005	270 400	6.0	6.2	5.7	14.3	15.9	12.7
2010	408 800	8.4	8.6	8.3	25.0	26.4	23.4
2011	370 633	7.6	7.5	7.7	22.6	21.5	23.6
2012	393 600	8.0	8.4	7.7	22.8	24.1	21.4

1 Data based on the labour force surveys covering the 15-66-year-olds

2 Data from 2005 are based on the annual labour force survey in November. Cover 16-64-year-olds

3 For Finland, the age group is the 15-24-year-olds instead of the 16-24-year olds

4 Data based on the labour market surveys (AKU). As from 2006, the minimum age limit for participation in the AKU was lowered from 16 to 15 years

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

6 Data based on the labour market surveys (AKU)

Cash Benefits in the Event of Unemployment

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

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

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

Unemployment Benefits

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

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

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

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

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

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

Qualifying for Daily Cash Benefits

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

In Denmark, one year's membership of an unemployment fund is required. The first time, a full-time insured member applies for benefits, he/she must have worked as an employee for 1 924 hours (corresponding to 52 weeks of full-time employment) within the past three years prior to becoming unemployed, or for a similar period have run his/her own business to a considerable extent. Part-time insured people must have worked as employees for 1 258 hours. The benefit period is two years in a period of three years. A member shall be entitled to a new benefit period when

he/she has accumulated 1 924 hours of work within the unemployment benefit period, or in a similar period has run his/her own business to a considerable extent. Part-time insured people must have had another 1 258 hours of work in the unemployment benefit period.

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

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

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

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 daily cash benefit amount. The benefit is payable for working days. Unemployment benefits are payable for a maximum period of three years, with the exception of 2010 and 2011 in which benefits shall also be payable for the fourth year. The first period in which unemployment benefits are payable is based on previous regular work. A person may qualify for a new unemployment-benefit period by means of activities that may be equalled to work. This may be labour-market training, a period of voluntary work, employment with a temp subsidy, or a period in which a person has received a subsidy in order to set up a business of his/her own.

In Norway, a prerequisite for qualifying for unemployment benefits is an earned income of NOK 127 868 in the past calendar year, or at least NOK 255 735 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 170 490 results in a benefit period of 104 weeks, whereas an earned income of less than NOK 170 490 results in a benefit period of 52 weeks. To be entitled to unemployment benefits, one must have

worked hours that were reduced by at least 50 per cent of the normal working hours prior to becoming unemployed.

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

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

In Denmark and Iceland, there 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.

Table 4.4 Rules applying to payment of cash benefits in the event of unemployment as per December 2012, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Conditions of entitlement to unemployment benefits	1 924 hours of work within 3 years. 1 year's membership of an unemployment insurance fund. 1 258 hours for part-time employees	Daily benefit is 75 p.c. of the annual income from work divided by 253	At least 34 weeks of work (at least 18 hours per week) in the preceding 28 months	Employment for at least 25 p.c. for at least 3 months during the past 12 months to be entitled to unemployment benefits. After 12 months of full-time employment, one is entitled to the full daily cash benefit amount	A decrease in working hours of at least 50 per cent and an annual income of at least NOK 127 868 for the past calendar years or at least NOK 255 735 for the past 3 calendar years. Besides, the unemployed person must be actively 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. After at least 480 consecutive hours of work in the period and work for at least 50 hours a month. This requirement applies to the 12 months prior to becoming unemployed
Age limit for the entitlement to receive unemployment benefits	19-64 years ¹⁾	No maximum	17-67 years ²⁾	16-69 years	16-66 years	16-64 years ³⁾
Waiting period (days)	-		7	-	3	7 days
Maximum number of unemployment benefit days	520 within the past 3 years (5 benefit days per week)		500 (5 benefit days per week)	260 days per year for 3 years	52/104 weeks of 5 days	300/450 ⁴⁾
Benefit reobtainable?	Yes		Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 1 924 non-subsidized hours of work in the past 3 years; 1 258 hours for the part-time insured ⁵⁾	4 150	By complying with the requirement of 34 weeks' work within 28 months	By complying with the requirement of 6 months full-time work within the past 24 months	Reobtained when the insured again comply with the requirement of minimum income	By complying with the new rules (cf. above) during the present benefit period

Continues

Continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Benefits subject to tax?	Yes		Yes	Yes	Yes	Yes
Supplement for children?	No		Yes	Yes	Yes	No
<i>Non-insured individuals</i>		Needs-tested social assistance				
Age limit for entitlement to unemployment benefit	18-64 years	.	17-67 years ²⁾	18 years or older	67 years	20-64 years ³⁾
Maximum benefit period	.	.	.	.	.	300/450 ⁴⁾

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

Table 4.5 Amount of cash benefits in connection with unemployment as per December 2012, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Maximum amount (per week, national currency)	90 per cent of the income from work for 5 days a week	80 per cent of the income from work for the first 253 days, then 75 per cent	Income-related benefit: on average 70 per cent of previous income from work. Basic amount: EUR 156.80 + child supplement: 25.30-47.90	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 a fixed amount again + child supplement ²⁾	62.4 p.c. of income from work, max 6x basic amount (492 732)	80 per cent of income from work ³⁾ for the first 200 days, then 70 per cent/day, 5 days per week
Income ceiling per week of full compensation, national currency ¹⁾	4759	6250	No maximum	60 809		4 250/per week for the first 200 days, then 4 857/per week
Income ceiling per week for full compensation in PPP-Euro ¹⁾	430	614	.	328	816	373/per week for the first 200 days, then 418/per week
Minimum amount per week, national currency	3 230		.	ISK 9 643	534	1 600 ⁴⁾
Minimum amount per week, in PPP Euro	317			52	132	138 ⁴⁾
Maximum amount per week, national currency	3 940	4 743	.	34 500, fixed amount	5 913	3 400
Maximum amount per week, in PPP Euro	387	466		208	509	292
<i>Non-insured individuals</i>						
Maximum amount per week, national currency	Normal benefit: 2 584 providers: 3 433 Youth under 25 years: living at home 804 living away from home 1 665	Needs-tested social assistance	156.80 + child supplement 25.30-47.90 per week	Income-tested social assistance	.	1 600 ^{4,5)}

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

2 Cash assistance increases by 4 per cent for each child under the age of 18 years.

3 As from July 2009, only certain social-Protection expenses can be included.

4 Provided the applicant has worked full-time.

5 Provided the applicant has previously worked full time without absence during the framework period (12 calendar months).

Equivalent Disposable Income and Compensation Levels when Receiving Unemployment Benefit

Figure 4.2 shows the equivalent disposable incomes at two different income levels for a couple when the one earning the least starts drawing unemployment benefits. Figure 4.3 shows the equivalent disposable incomes in the event of unemployment for single people with one child and single childless people, calculated at three different income levels. Figures 4.4, 4.5 and 4.6 show the development in the compensation levels in recent years. In Figure 4.6, the disposable incomes for non-insured individuals are shown. Table 4.6, 4.7 and 4.8 show the compensation levels as percentages of previous earnings from work. As can be seen from the figures and tables, the compensation for insured unemployed individuals is considerably larger than it is for non-insured unemployed individuals. For single parents with one child in the lowest income group, the compensation is, however, slightly lower for insured unemployed individuals than for non-insured unemployed individuals in Iceland. This is due to the calculations concerning insured people taking into account the extent 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 contributions 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 in general to single childless people.

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

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

Table 4.6 Compensation levels for an insured couple of whom the lowest AW draws unemployment benefits, as percentages of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couples with no children</i>						
67/100 p.c. AW	93	93	73	66	80	86
100/100 p.c. AW	79	92	77	79	83	73
<i>Couples with two dependent children</i>						
67/100 p.c. AW	93	91	69	70	81	86
100/100 p.c. AW	78	90	72	84	84	73

Table 4.7 Compensation level for a single person drawing unemployment benefits, as percentages of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Single person with no children</i>						
67 p.c. AW	84	82	68	50	74	64
100 p.c. AW	60	69	59	61	66	44
150 p.c. AW	44	47	50	43	47	33
<i>Single parent with one child</i>						
67 p.c. AW	92	86	89	75	86	77
100 p.c. AW	74	79	75	68	73	58
150 p.c. AW	57	55	57	50	51	44

Table 4.8 Compensation level for a non-insured single childless person when unemployed, per month (December), 2012

	Denmark	Faroe Islands	Finland	Iceland	Sweden
67 p.c. AW	58	92	52	53	52
100 p.c. AW	42	64	38	51	36
150 p.c. AW	30	44	28	36	27

Figure 4.2 Equivalent disposable incomes per month for an insured couple when the partner earning the least draws unemployment benefits in 2012

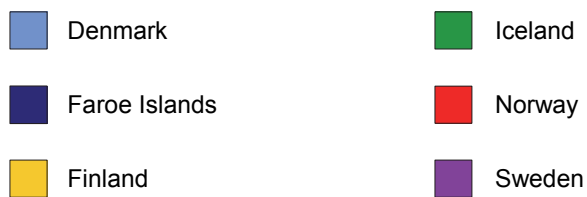
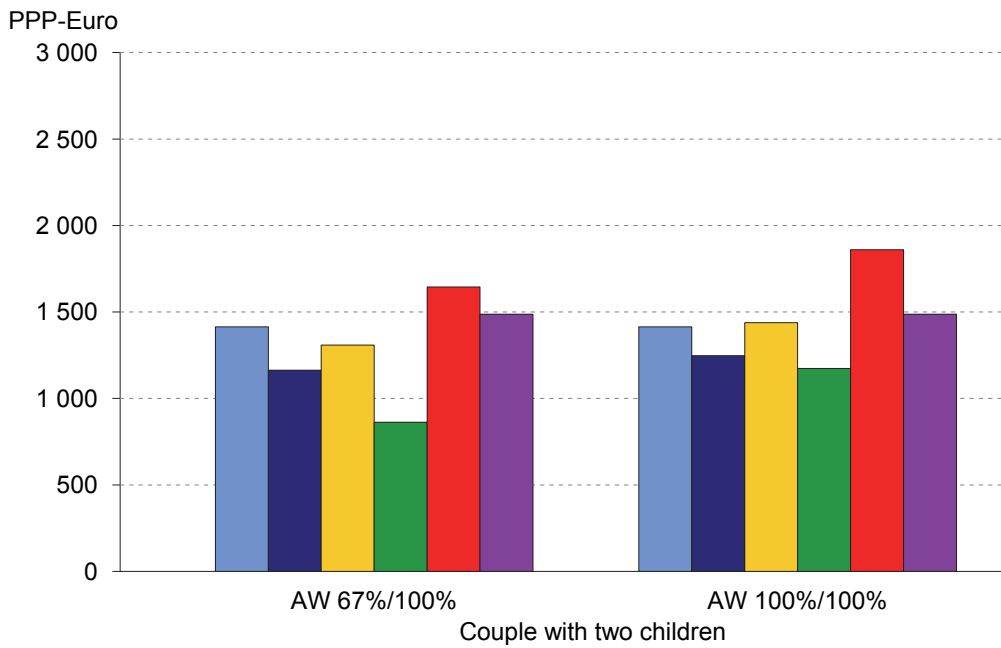
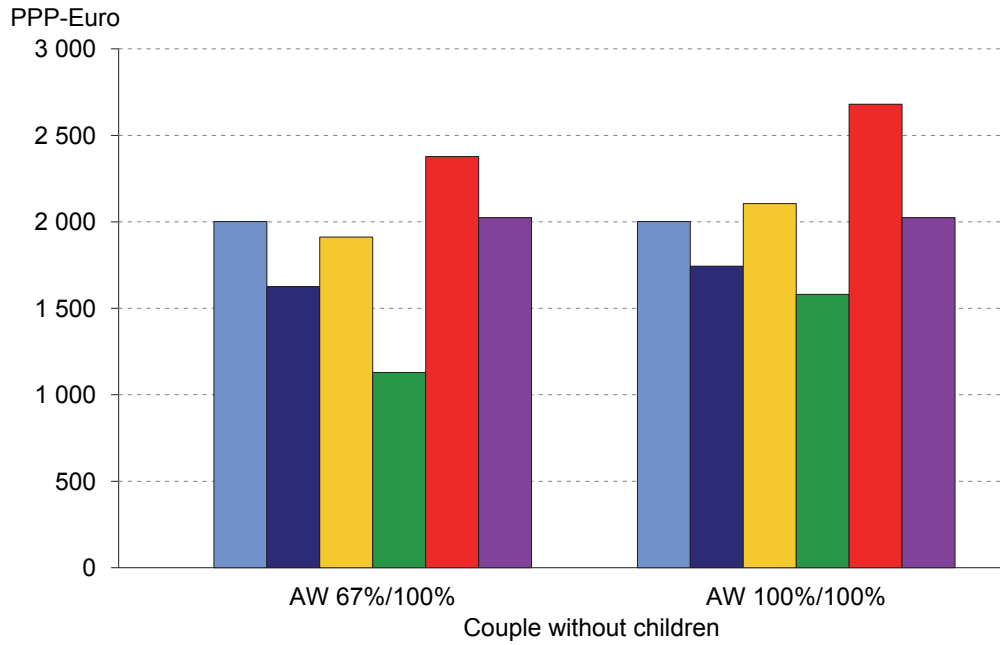


Figure 4.3 Equivalent disposable income for a single parent drawing unemployment benefit, per month (December), 2011, in PPP-Euro

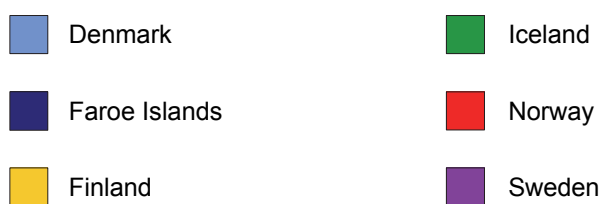
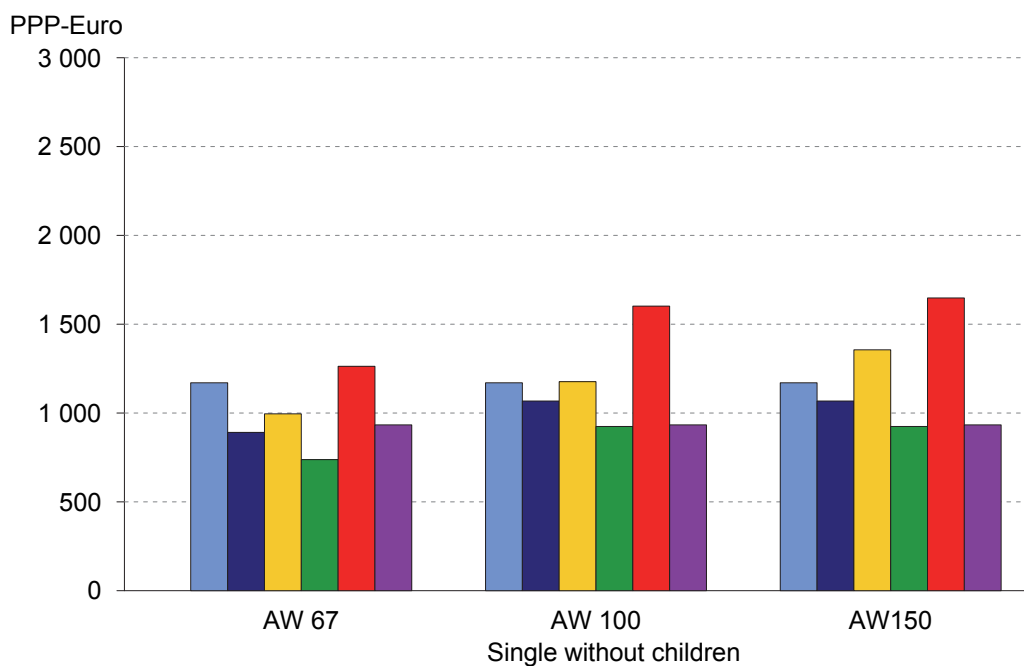
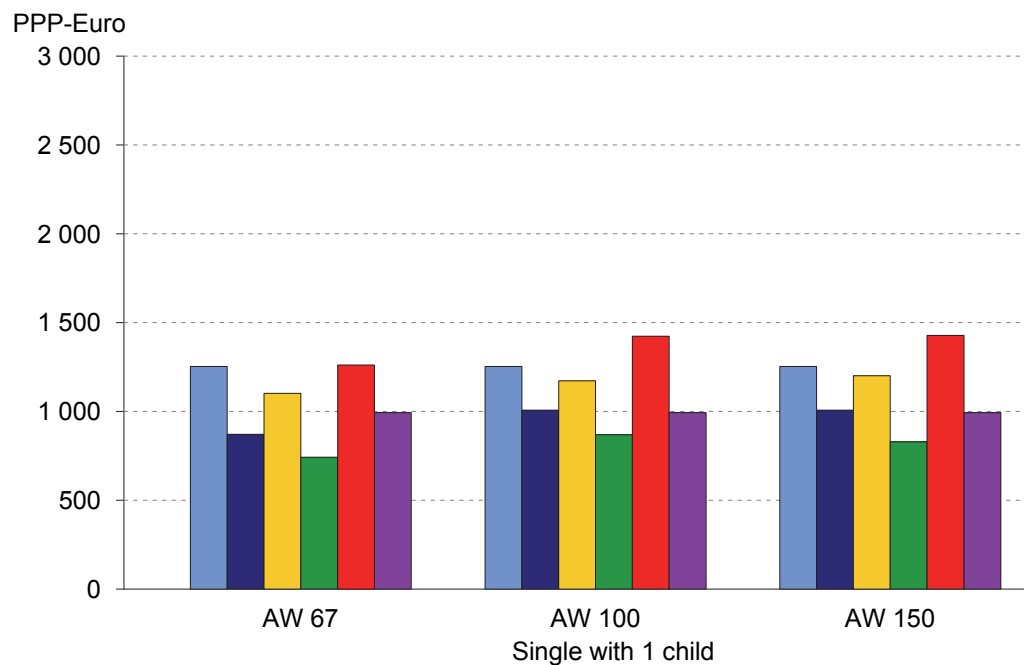


Figure 4.4 Compensation level for a single parent with one child when drawing unemployment benefits, AW 100 per cent, 2007-2012

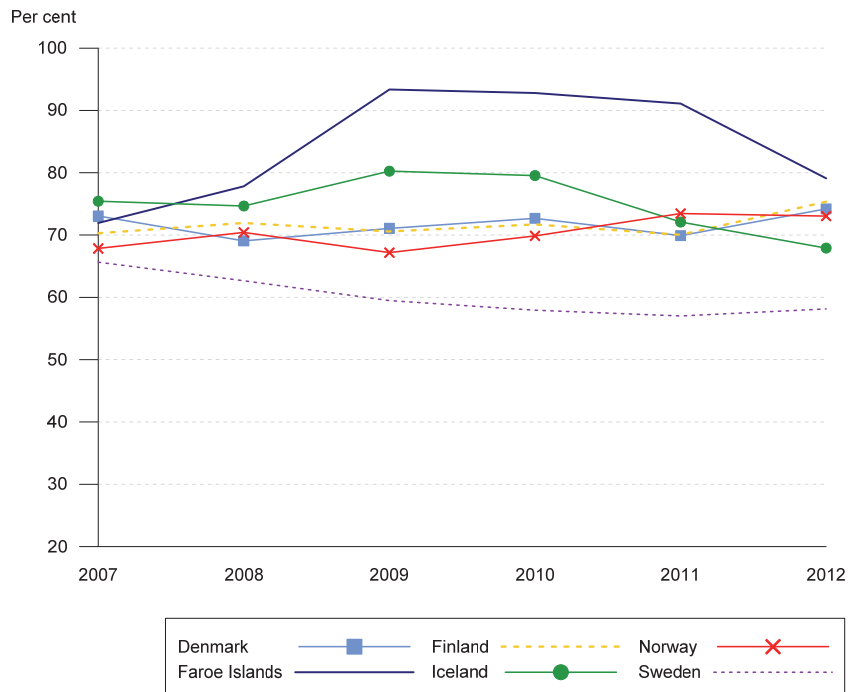


Figure 4.5 Compensation level for a couple with two children when the parent earning the least draws unemployment benefits, AW 67/100 per cent, 2007-2012

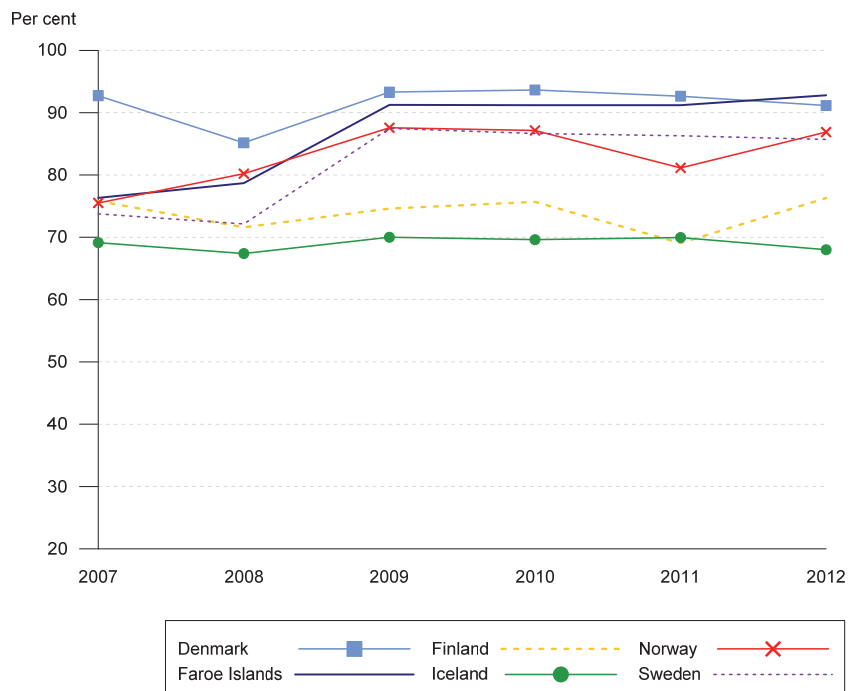


Figure 4.6 Compensation level for a non-insured single childless person when unemployed, AW 100 p.c., 2007-2012

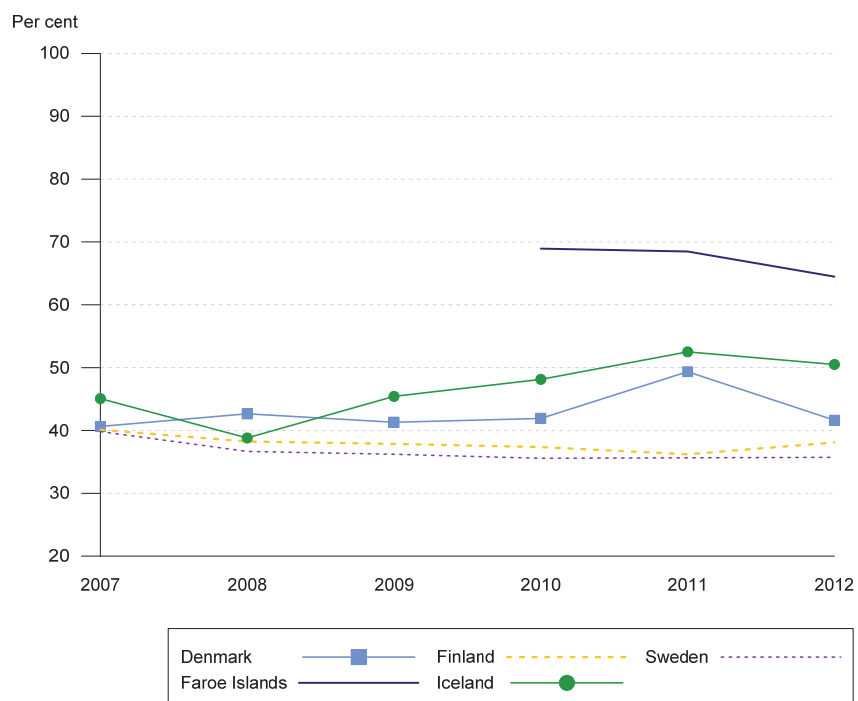


Table 4.9 shows the number of people affected by unemployment for at least one day of the respective years. A comparison of the data in Tables 4.3 and 4.9 consequently indicates that a relatively large number of unemployed individuals find work again in less than a year, but there are also differences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

Table 4.9 Number of people (1 000) drawing daily cash benefits for at least one day in connection with unemployment, 2000-2012

	Denmark	Faroe Islands	Finland ¹⁾	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
<i>2000</i>						
Insured individuals	490	2	340	7	165	629
Non-insured individuals	70	1	287	.	.	65
Total	560	3	603	7	165	681
Total as percentage of the labour force	20	12	23	4	7	16
<i>2005</i>						
Insured individuals	470	3	329	10	172	523
Non-insured individuals	73	0	241	.	.	92
Total	543	3	549	10	172	601
Total as percentage of the labour force	20	10	21	6	7	13
<i>2010</i>						
Insured individuals	330	1	408	27	170	327
Non-insured individuals	95	0	199	.	.	38
Total	421	2	580	27	170	359
Total as percentage of the labour force	16	7	22	15	7	7
<i>2011</i>						
Insured individuals	324	..	333	25	152	256
Non-insured individuals	92	..	208	.	.	36
Total	411	..	508	25	152	286
Total as percentage of the labour force	16	..	19	14	6	6
<i>2012</i>						
Insured individuals	327	1	333	23	133	254
Non-insured individuals	94	0	217	..	..	39
Total	421	1	522	23	133	286
Total as percentage of the labour force	16	5	20	13	5	6

1 As a result of amendments to the law regarding compensation to unemployed individuals, people partaking in employment-enhancing measures not drawing unemployment benefits are also included in the data from 2010. Previously, only people drawing unemployment benefits (some of whom partook in employment-enhancing measures) were included

2 Calculated on the basis of the number of approved unemployment benefit applications

3 Calculated on the basis of the number of approved unemployment benefit applications. There is a new group of measures applying from January 2009 with further changes from March 2010

4 Double registration may occur, as a person may have been registered as being both insured and non-insured during one and the same year. In 2011, about 6 000 individuals were counted as being both insured and non-insured. In 2012, about 7 000 individuals drew both an income-related and a basic amount

Job Training and Activation

In all the Nordic countries, activation is in focus. The lower age limit for use of labour market measures is 18 years in Finland and 16 years in Iceland. In Norway, the age limit is 16 years, with the exception of the use of ordinary education and training where the age limit is 26 years. In Denmark, the age limit is 15 years for some measures. In Sweden, the age limit varies depending of type of measure. The purpose of activation is primarily to qualify unemployed people for ordinary employment, but also to motivate them to apply for employment or education and training.

In Denmark, the activation aspects in the labour-market and social policies have played an increasingly important part since the labour market reform in 1994.

Unemployed recipients of daily cash benefits under the age of 25 must be ordered to complete an education on ordinary terms. They are, however, entitled to get the education as a measure, ie. to get their usual benefit for the first six months. Recipients of unemployment benefits under 30 years are no later than after 13 weeks entitled to and obliged to accept an employment measure by way of skills upgrading, job practice or subsidized employment.

Recipients of unemployment benefits between 30 and 60 years are no later than nine months of unemployment entitled and obliged to accept an employment measure by way of guidance and skills upgrading, job practice or subsidized employment. Recipients of unemployment benefits who have turned 60 years are entitled to and obliged to accept an employment measure no later than after six months of unemployment. All recipients of unemployment benefits are furthermore entitled to and obliged to accept a new offer of an employment measure when they have received public benefits for a total of six months after termination of the first employment measure.

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 guidance and skill upgrading, job practice or subsidized employment. Recipients of cash assistance of 30 years or more must be offered activation no later than 19 months after having been granted cash assistance. All recipients of cash assistance, apart from those over 30 years, who draw benefits, not only due to unemployment, are furthermore entitled to and obliged to accept a new offer of activation when they have drawn cash assistance for six months after termination of the first activation offer.

Unemployed people are entitled to wages during subsidized employment, while the benefits payable in connection with the other employment 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 re-

gional differences in the unemployment rates. Unemployed people who want to start their own businesses are also entitled to assistance.

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

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

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

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

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

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

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

The cyclically dependent programmes and measures that are offered include vocational training, aimed at increasing an unemployed person's possibilities of finding work and at making it easier for the employers to employ people with the relevant

skills. There are also work experience schemes that are to provide job-seekers with vocational guidance, in-service training and vocational experience via the employment service. There is a job guarantee for young people between the ages of 16 and 24 years. The purpose of the job guarantee is to provide special measures at an early stage in order for young people to find a job or receive education or training.

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

Table 4.10 Number of people in activation, 2000-2012

	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		Activation in p.c. of the labour force at the time of calculation/during the year	
	Total	16-24-year-olds	Total	Total	16-24-year-olds	Total
<i>Denmark</i>						
Total 2000	221 534	34 828	87 239	10 507	3.2	2.6
Total 2005	244 818	32 041	70 159	7 580	2.5	2.1
Total 2010	392 036	67 607	101 999	16 192	3.8	4.5
Total 2011	394 762	70 698	101 327	17 101	3.8	4.7
Total 2012	406 461	71 399	89 803	15 682	3.4	4.3
Of which:						
- Subsidized employment	188 249	27 206	42 008	5 249	1.6	1.4
- Education/training	329 989	62 625	47 794	10 432	1.8	2.9
- Other ¹⁾
<i>Finland²⁾</i>						
Total 2000	226 077	62 748	83 660	18 873	3.2	5.6
Total 2005	213 683	58 404	79 531	16 152	3.0	5.0
Total 2010	263 249	63 534	100 146	18 118	3.7	5.7
Total 2011	267 927	61 151	109 133	17 747	4.1	5.5
Total 2012	253 967	59 718	107 492	16 829	4.0	5.1
Of which:						
- Subsidized employment	71 157	10 635	30 548	4 627	1.1	1.4
- Education/training	52 255	9 306	27 626	4 851	1.0	1.5
- Other	130 555	39 777	49 318	7 351	1.8	2.2
<i>Iceland³⁾</i>						
Total 2000	3 811	764	..	..	2.4	2.6
Total 2005	6 325	1 271	..	..	3.8	4.5
Total 2010	15 208	4 095	..	..	8.4	13.6
Total 2011	18 233	3 104	..	..	10.1	10.2
Total 2012	15 877	3 609	..	..	8.8	11.6
Of which:						
- Subsidized employment	2 581	443	..	..	1.4	1.4
- Education/training	10 336	2 581	..	..	5.7	8.3
- Other	2 960	585	..	..	1.6	1.9
<i>Norway⁴⁾</i>						
Total 2000	..	..	11 439	3 520	0.5	1.1
Total 2005	59 622	..	13 150	4 087	0.5	1.3
Total 2010	63 555	..	16 119	5 162	0.6	1.4
Total 2011	64 226	..	15 636	4 952	0.6	1.4
Total 2012	66 330	..	16 822	5 353	0.6	1.4
Of which:						
- Subsidized employment	..	..	1 388	..	0.1	..
- Education/training	..	..	5 463	..	0.2	..
- Other	..	..	8 785	..	0.3	..

Continues

Continued

	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		Activation in p.c. of the labour force at the time of calculation/during the year	
	Total	16-24-year-olds	Total	Total	16-24-year-olds	Total
<i>Sweden</i>						
Total 2000	470 970	..	166 159	..	3.8	..
Total 2005	595 138	..	185 986	..	4.1	..
Total 2010	.	..	309 679	..	6.4	..
Total 2011	.	..	300 855	..	6.6	..
Total 2012	.	..	305 706	..	6.6	..
Of which:						
- Subsidized employment	.	..	..	..	..	..
- Education/training	.	..	..	..	..	..
Other ¹⁾

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

Figure 4.7 Development in the activation as percentages of the labour force at the time of calculation, 2000-2012

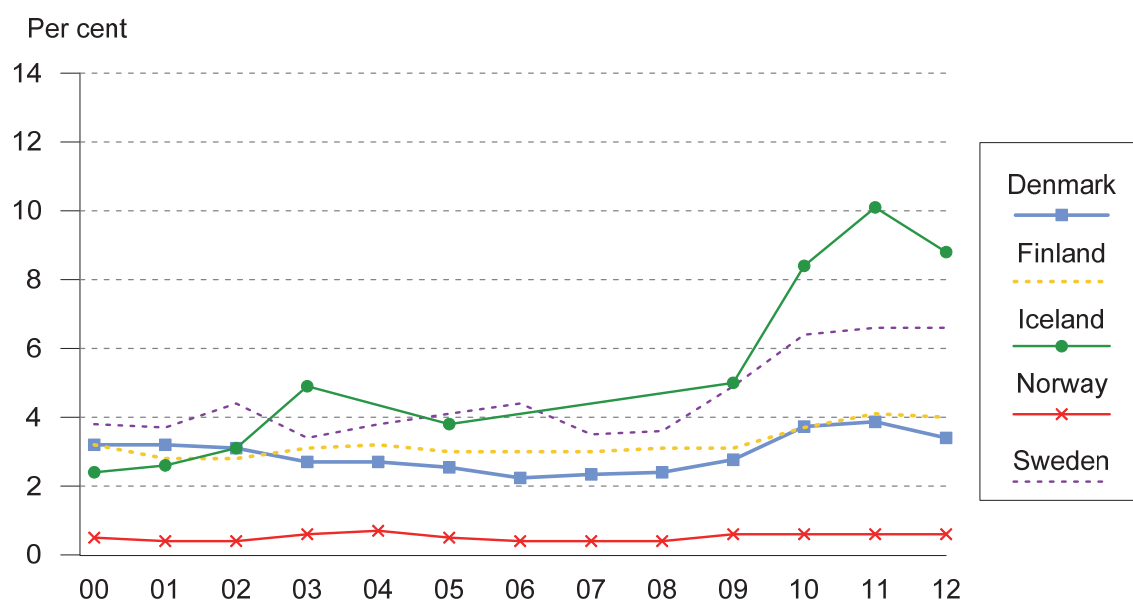
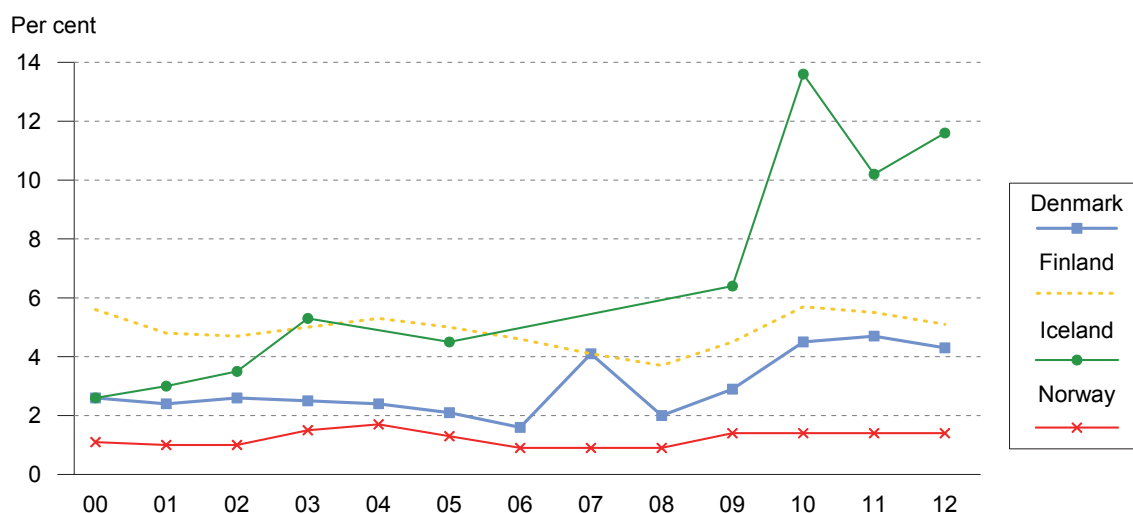


Figure 4.8 Development in the activation as percentages of the 16-24 year-olds at the time of calculation, 2000-2012



Cash Benefits in the Event of Unemployment

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

Employment Services

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

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

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

The main tasks of the employment services and the job centres (in Denmark) are guidance concerning employment and training/education, provision of work to the unemployed and other job seekers as well as provision of services to enterprises in connection with recruitment of labour. In the Faroe Islands, it is the responsibility of

the job centres to set up the contact between employer and job-seeker. In Norway, such tasks fall under the NAV centres.

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, the NAV centres or the job centres to help enterprises find individuals with the proper qualifications for vacant positions.

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

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

Expenditure on and Financing of Benefits in Connection with Unemployment

Differences and similarities in the expenditure on unemployment

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

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

Changes in the Expenditure on Unemployment from 2010 to 2011

In Denmark, the expenditure increased from 2009 to 2010 by DKK 6.2bn, corresponding to a growth rate of 17.1 per cent. The increase was due to increased expenditure on the 'daily cash benefit scheme' of DKK 3.2bn and the 'cash benefits in connection with job training' of DKK 1.4bn as a result of the increasing unemployment rate.

In the Faroe Islands, the expenditure increased from 2010 to 2011 by 15.8 per cent, corresponding to an increase of DKK 45mn. The expenditure increase was mainly a result of an increase in the cash expenditure, particularly in respect of daily cash benefits where the effect of an increased unemployment rate was the main reason.

In Finland, the expenditure on the unemployment decreased by 14.2 per cent and on cash assistance by 16.0 per cent at constant prices. The unemployment rate was 8.4 per cent in 2010 and 7.8 per cent in 2011.

In Iceland, the expenditure on unemployment decreased in total by 3.5 per cent from 2010 to 2011 at constant prices as a result of decreases in the unemployment rate. The number of days for which unemployment benefits were payable decreased by 22.7 per cent from 2010 to 2011. The expenditure on cash benefits decreased by 5.7 per cent at constant prices, which was essentially a result of a decrease in the unemployment benefits of 7.6 per cent at constant prices. The expenditure on services increased by 48.3 per cent at constant prices, which was mainly due to increased expenditure on activation measures for the unemployed.

In Norway, the expenditure unemployment increased by 2.6 per cent from 2010 to 2011 at constant prices. The expenditure on cash benefits decreased by 12.6 per cent, while the expenditure on services decreased by 12.4 per cent. Cash benefits were 67.0 per cent of the total expenditure on unemployment in 2011 as against 67.1 per cent in 2010. The expenditure on daily cash benefits decreased by 11.1 per cent from 2010 to 2011, and in that same period (annual average) the unemployment rate decreased from 3.6 per cent of the labour force to 3.3 per cent. (labour market survey AKU).

In Sweden, the expenditure on unemployment decreased in 2011. At constant prices, the expenditure decreased by 14.3 per cent. The decrease is mainly due to a reduced benefit compensation, which decreased by 28 per cent. The decrease is due to the number of unemployed people decreasing by 8 per cent, but first and foremost to a larger part of the unemployed not being entitled to benefits.

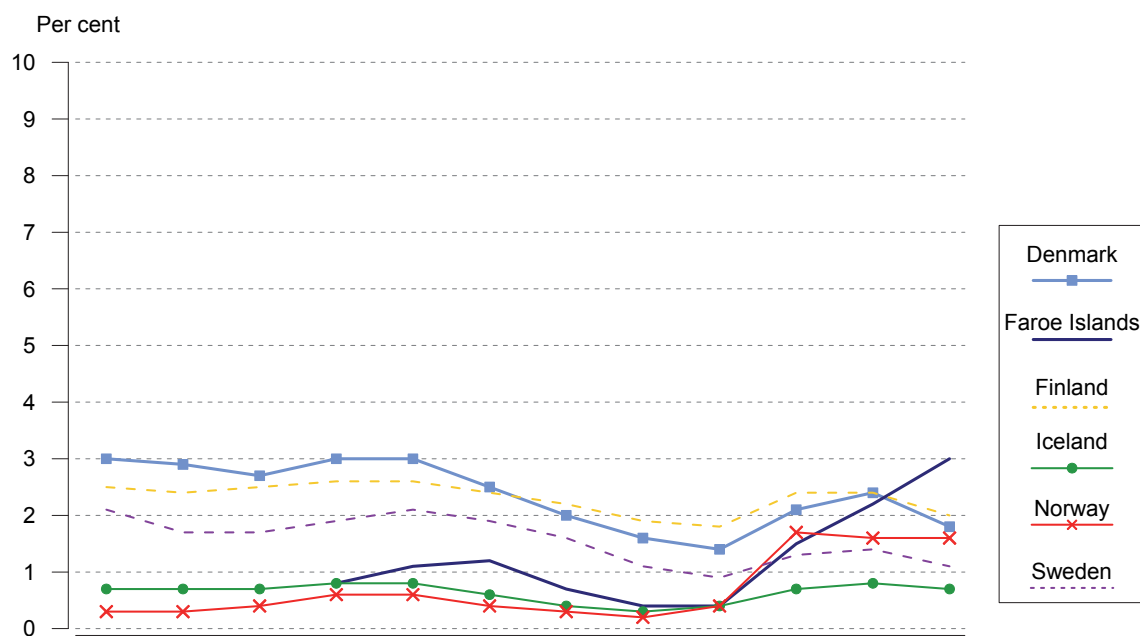
Table 4.11 Expenditure on and financing of unemployment benefits, 2011, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway ¹⁾	Sweden
<i>Cash benefits, million</i>						
A. Unemployment benefits	18 929	308	2 830	22 386	11 264	14 179
B. Partial unemployment benefits	-	-	92	-	-	-
C. Pension for labour market reasons	-	-	312	-	113	-
D. Cash benefits payable during vocational training	-	19	100	-	1 031	15 108
E. Compensating benefits	-	-	-	-	-	1 830
F. Other	3 612	-	-	1 411	-	37
Cash benefits, total	22 540	328	3 335	23 797	12 409	31 154
<i>Services, million</i>						
A. Mobility and resettlement	-	-	3	-	-	88
B. Services in connection with vocational training	-	5	377	-	847	6 451
C. Other	9 596	-	164	1 584	5 254	2 390
a. Of which employment services	-	-	164	1 584	5 254	2 272
Services, total	9 596	5	544	1 584	6 102	8 929
Total expenditure, million	32 137	332	3 879	25 382	18 510	40 083
Expenditure as percentage of GDP	1.8	3	2.0	1.6	0.7	1.1
<i>Financed by (per cent)</i>						
- Public authorities	65.8	12	58.2	0.4	55.3	11.9
- Employers	0.0	44	30.0	99.6	25.8	77.7
- The insured (contributions and special taxes)	34.2	44	11.8	0.0	18.8	10.4
<i>Changes 2010-2011 in terms of 2011 prices</i>						
- Million	-11 268	46	-643	-932	-2 328	-6 557
- Per cent	-26.0	16.0	-14.2	-3.5	-11.2	-14.1

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

Table 4.12 Expenditure on cash benefits in connection with unemployment in PPP, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	397	664	507	404	215	285
- Per person aged 16-64 years	623	1 076	786	619	331	448
Services, total per capita	169	10	83	27	106	82
- Per person aged 16-64 years	265	15	128	41	163	128
Expenditure on unemployment, total per capita	567	674	590	431	321	367
- Per person aged 16-64 years	888	1 092	914	660	494	577

Figure 4.9 Expenditure on benefits to families and children, 2000-2011, per cent of GDP

Chapter 5

Illness

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social Expenditure](#)

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

Table 5.1 Expenditure on illness as percentages of GDP in the EU, Faroe Islands, Iceland and Norway 2010

Denmark	7.3	Austria	7.4	Hungary	5.7	Portugal	7.0
Faroe Islands	8.2	Belgium	8.0	Ireland	12.3 ^p	Romania	4.4
Finland	7.5	Bulgaria	4.2	Italy	7.3 ^p	Slovakia	5.6 ^p
Iceland	8.6	Cyprus	5.0	Latvia	3.7 ^p	Slovenia	7.9 ^p
Norway	8.0	Estonia	4.8	Lithuania	4.7 ^p	Spain	7.2 ^p
Sweden	7.4 ^p	France	9.2 ^p	Luxembourg	5.7	The Czech Republic	6.3 ^p
		Germany	9.5 ^p	Malta	5.7	The Netherlands	10.6 ^p
		Greece	8.2	Poland	4.5	United Kingdom	8.6

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almanamálaráðið

Paid Absence Due to Illness

The structures of the wage and daily cash benefit schemes concerning illness vary considerably from one country to the next. In principle, everyone in 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 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Employees qualify for sickness benefits on the following conditions:	Daily cash benefits from employer: 8 consecutive weeks of employment with a minimum of 74 hours of work. Daily cash benefits from local authorities: Employment for 26 weeks with a minimum of 240 hours of work ¹⁾	Paid work for a total of at least 120 hours in a period of 13 weeks. In case of legitimate absence, the past 5 weeks shall be used as a basis	Work for 3 months or 55 days consecutively	Pay during illness depending on period of employment. After 1 year of employment, salary/ wage shall be payable for 1 month, increasing to 3 months after 5 years of employment	Qualifying time is 4 weeks. The income basis must amount to a minimum of 50 per cent of the basic amount in converted annual income	Insured from the first day of employment and an annual income of at least SEK 10 600
Self-employed people qualify for sickness benefits on the following conditions:	Work in one's own business to a considerable extent for six months within the past 12 months	Eligibility period is 4 weeks provided annual insurance has been taken out	Same rules as apply to employees	Same rules as apply to employees	Same rules as apply to employees ⁷⁾	Self-employed people choose the number of waiting days and are therefore able to influence their own contributions. The more waiting days, the lower their own contributions
Maximum period of sickness benefit/sick pay:	52 weeks within 18 months ²⁾	40 weeks within one year For lowest and intermediate disability pensioners, only 20 weeks within one year	52 weeks within 2 years ³⁾	52 weeks within 2 years	52 weeks within 3 years	364 days at normal level and 550 days at continuation level, then 90 days without sickness benefits
Waiting period?	No	No	No ⁴⁾	Yes ⁵⁾	No	Yes
Length of waiting period:	-	-	-	..	-	7 days (14, 30, 60 or 90 days for self-employed people)

To be continued

Continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Employer period?	Yes	Yes	Yes ⁴⁾	Yes	Yes	Yes
Length of employer period:	30 days	2 days	10 working days	1 month ⁶⁾	16 days	2 weeks ⁹⁾
Wage/salary payable during illness?	Yes	Yes	Yes	Yes	Yes	Yes
Statutory payment of wage/salary during illness?	No	No	Yes ⁴⁾	Yes	Yes	Yes
Rules applying to part-time absence due to illness?	Yes	No	Yes	Yes	Yes	Yes
Payment of wage/salary during illness according to agreement?	Yes	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 at least 18 months, are apprentices in paid work-training schemes or are employed in a flexi job are also entitled to sickness benefits. Before 2 July 2012, the employment requirement in relation to the local authorities was employment for at least 13 weeks and work for at least 120 hours
- 2 The sickness benefit period may be prolonged under special circumstances. This applies, for instance, where it is deemed likely that rehabilitation, including job training, can be implemented, when the person who is off sick is receiving or is waiting for medical treatment, or where an application for disability pension has been submitted for consideration. In addition, a sickness benefit period may be prolonged in case of serious illness or industrial injuries
- 3 Employers or self-employed people who have already received sickness benefits for the maximum period (52 weeks) may receive benefits for another 50 days due to the same illness after having returned to work for at least 30 consecutive days
- 4 Sickness benefits shall neither be paid for the day on which an employee falls ill nor for the following 9 working days. During that period, employers pay full wages/salaries according to law
- 5 In the public sickness insurance scheme
- 6 According to law, wages/salaries shall be payable during illness depending on the length of the employment period. After 1 year of employment, salary/ wage shall be payable for 1 month, increasing to 3 months after 5 years of employment. Most collective agreements contain agreements on pay during illness exceeding those three months
- 7 Besides, there are a number of special provisions for self-employed people
- 8 People suffering from serious illness are exempt from any limitation of time
- 9 In the employer period, there is a waiting period of one day. This also applies to people who are not employed. The employer period is two weeks as from 1 January 2005

Table 5.3 Amount of sickness benefits payable to employees per December, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Amount of benefits as percentages of income from work	100	100	70 usually ²⁾	100 ⁴⁾	100	80/77.6 ⁴⁾
Income ceiling per week for full compensation, national currency ¹⁾	3 940 ²⁾	3641	No maximum	No maximum	9 476	6 329
Income ceiling per week for full compensation in PPP-Euro ¹⁾	387 ³⁾	358	.	.	816	555
Minimum amount per week, national currency	.	.	138 ³⁾	.	790	161/147
Minimum amount per week, in PPP Euro	.	.	109	.	.	14/13
Maximum amount per week, national currency	3 940 ²⁾	4 096	.	.	9 476	4 914/ 4 606
Maximum amount per week, in PPP Euro	387 ³⁾	402	.	.	816	431/404
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No	No	No

- 1 The income ceiling is the income maximum (previous income) in relation to which sickness benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 2013: DKK 4 005
- 3 2013: 536.94 PPP-Euros
- 4 70 per cent of the income from work up to EUR 34 495 per year; then 40 per cent of the income between EUR 34 496 and EUR 53.072 per year and after that 25 per cent. Partial sickness benefits amount to 50 per cent of the sickness benefits
- 5 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
- 6 Pay during illness depending on period of employment
- 10 People who are off sick get 77.6 per cent for the first 364 days, then 72.5 per cent for a maximum of 550 days. People suffering from long-term illness may be awarded 77.6 per cent without any limitation of time

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 sickness benefits.

In Denmark, sickness benefits are payable by the employer for the first 30 days if an employee has been working consecutively for the 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 Central Government 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 depending on their seniority. After one year of employment, an employee is entitled to one month's sick pay in case of illness.

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

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

Sick Pay According to Collective Agreements and the Like

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

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

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

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

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

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

In Sweden, all employees in the public sector shall be paid wages/salaries according to collective agreements as a supplement to sickness benefits. Sickness benefits correspond to just under 80 per cent of the income from work up to the income ceil-

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

Sickness Benefits

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

In Denmark, employees are entitled to sickness benefits from the local authorities, provided they have been active in the labour market for the past consecutive 13 weeks prior to their absence and during that period have been employed for at least 240 hours. Individuals, who qualify for unemployment benefits or have completed vocational training for the duration of at least 18 months, are in paid work-training schemes or employed in flexi-jobs, are also entitled to sickness benefits from the local authorities. As to self-employed people, it is assumed that they have worked in their own businesses for at least six months within the past 12 months, of which the latest month must be just prior to the absence due to illness. The sickness benefits are calculated on the basis of income from work in their own businesses.

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

In Finland, sickness benefits are payable both to those in work and to the self-employed, including those who work for themselves (e.g. work from home or study). No income-related sickness benefits shall be payable if the annual income from work amounts to less than EUR 1 324. Up to an annual income of EUR 34 495, the compensation level 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 41 061 per 1 May 2012. This income limit does not apply to sickness benefits payable in the employer period. The maximum amount of sickness benefits payable is NOK 492 732 annually per 1 May 2012.

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

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 2011 was SEK 42 800. Compensation is just under 80 per cent, but only for an earned income of a maximum of SEK 318 000. If the ill person is unemployed and thus not entitled to sick pay, there is a maximum limit of SEK 486 per day as against SEK 676 payable to the other groups.

Waiting Periods

The rules applying to waiting periods also vary from one country to another. In Denmark, there are no waiting periods for employees if a paid employer period exists. As to self-employed people, and people who work freelance, there is a waiting period of 14 days in Denmark, 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 benefits from the first or the third day of absence. The insurance premium is higher for self-employed people who wish to receive daily cash benefits from the first day of absence, than it is for self-employed people who wish to receive daily cash benefits from the third day of absence. For self-employed people, who have taken out insurance, daily cash benefits shall amount to at least two-thirds of the maximum amount of daily cash benefits. Self-employed people may take out insurance (at a higher premium) entitling them to the full maximum daily cash benefit amount.

In the Faroe Islands, there is no waiting period.

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 who have pension insurance are entitled to sickness benefits according to the same principles as apply to wage earners. There is, however, a waiting period of the day on which a person falls ill and the following three working days.

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

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

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

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

Other Conditions

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

In the Faroe Islands, sickness benefits shall be payable for a maximum of 40 weeks within a 12 months period, after which social assistance may be payable according to need. In the Faroe Islands, sickness benefits are payable by the Faroese social administration. Pensioners receiving retirement pension are not entitled to sickness benefits, nor are people over 70 years.

In Denmark, the period may, in some cases, be pro-longed beyond the 52 weeks.

In Sweden, sickness benefits are usually payable for a maximum of 364 days in a 15 months period. In some cases, the period may be prolonged. The evaluation of reduced working capacity and entitlement to sickness benefits is made according to a so-called rehabilitation chain. In the first 90 days, it is made in relation to normal work. After 90 days, entitlement to sickness benefits is evaluated on the basis of the insured's ability to carry out some kind of work for the present employer. After 180 days, the insured shall only be entitled to sickness benefits if s/he is not able to carry out some kind of work in the labour market. It is possible to have the evaluation of the capacity for work deferred if special reasons so warrant, or if it in some other way is unreasonable. Changed in January 2010. As to the self-employed, evaluation is made of the first 180 days. After that, the individual is evaluated in respect of the ordinary labour market. As to unemployed individuals, the capacity for work is evaluated in relation to the entire labour market from the first day.

In 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 as from the fifth week and up to and including the eighth week, counted from the first day of absence, shall be reimbursed at 50 per cent. As from the ninth week up to and including the 52nd week, counted from the first day of absence, Central Government shall reimburse 30 per cent of the expenditure on sickness benefits. Where the ill person during the above mentioned period has returned gradually to work, Central Government shall reimburse 50 per cent of the municipal expenditure on sickness benefits from the

time, when the ill person gradually recommences work. Local authorities defray the expenditure on sickness benefits in full after the 52nd week.

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.

Disposable Income and Compensation Levels in Case of Illness

Figure 5.1 shows the disposable income at three different income levels for a single childless person who draws sickness benefits. Figure 5.2 shows the development in the compensation grade for AW 100 per cent in recent years. Table 5.4 shows the compensation grade at three different income levels for a single childless person. In Iceland, full compensation is payable in the event of illness (cf. Table 5.1).

As can be seen from Table 5.4, there are considerable differences in the compensation grades in case of illness. In the lowest income brackets, there is full compensation in case of illness both in the Faroe Islands and in Norway. The differences are partly subject to the amount of daily cash benefits in relation to the income from work (they are highest in Denmark, the Faroe Islands and Norway and lowest in Finland), partly by the amount of the maximum amount which is relatively low in Denmark in relation to Sweden and - especially - Norway. Finally, it is significant that there in Finland is no upper limit to the amount of the daily cash benefits. There is, however, a compensation of only 25 per cent if the annual pay exceeds EUR 53 072 (2012).

Figure 5.1 Disposable incomes for a single childless person per month when drawing sickness benefits, 2012, in PPP Euro

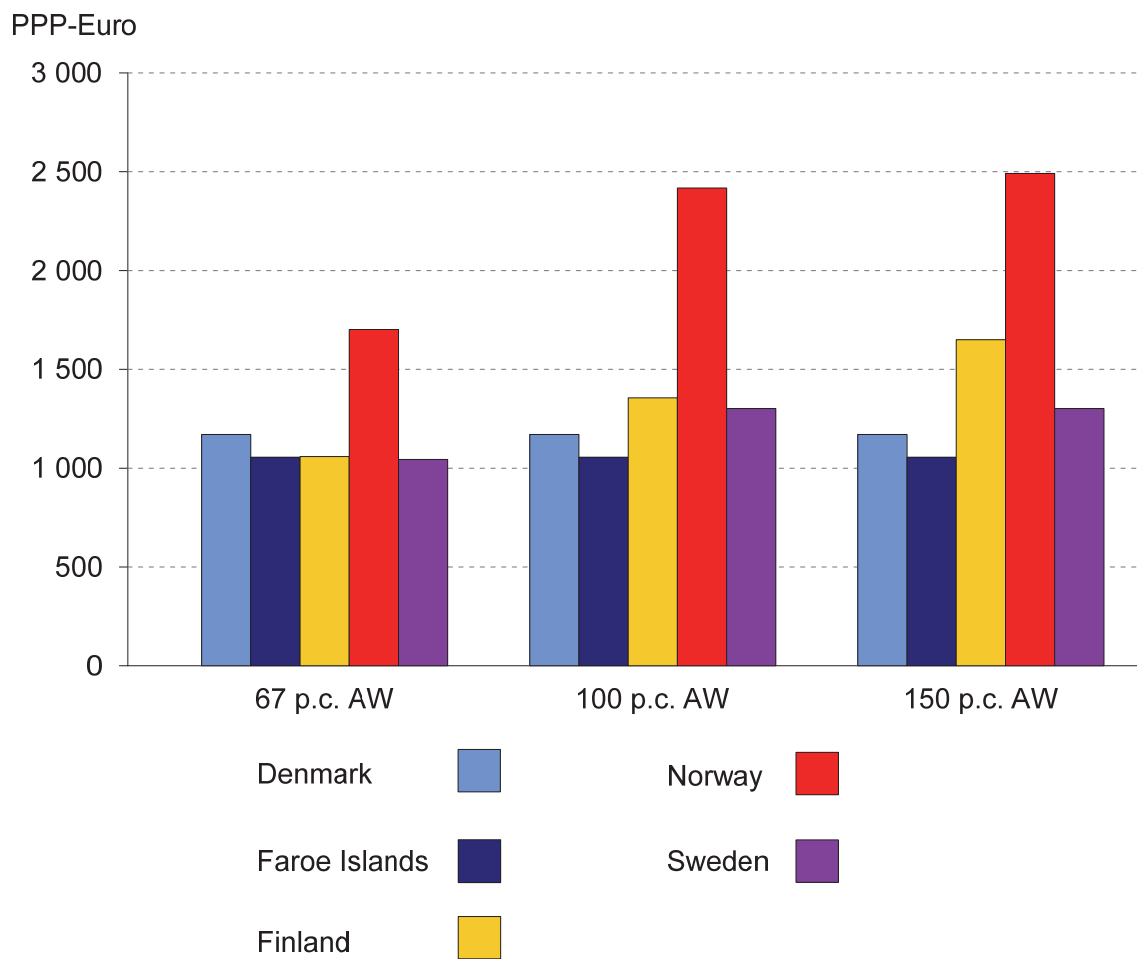


Figure 5.2 Compensation level for a single childless person when drawing sickness benefits, AW 100 per cent , 2007-2012

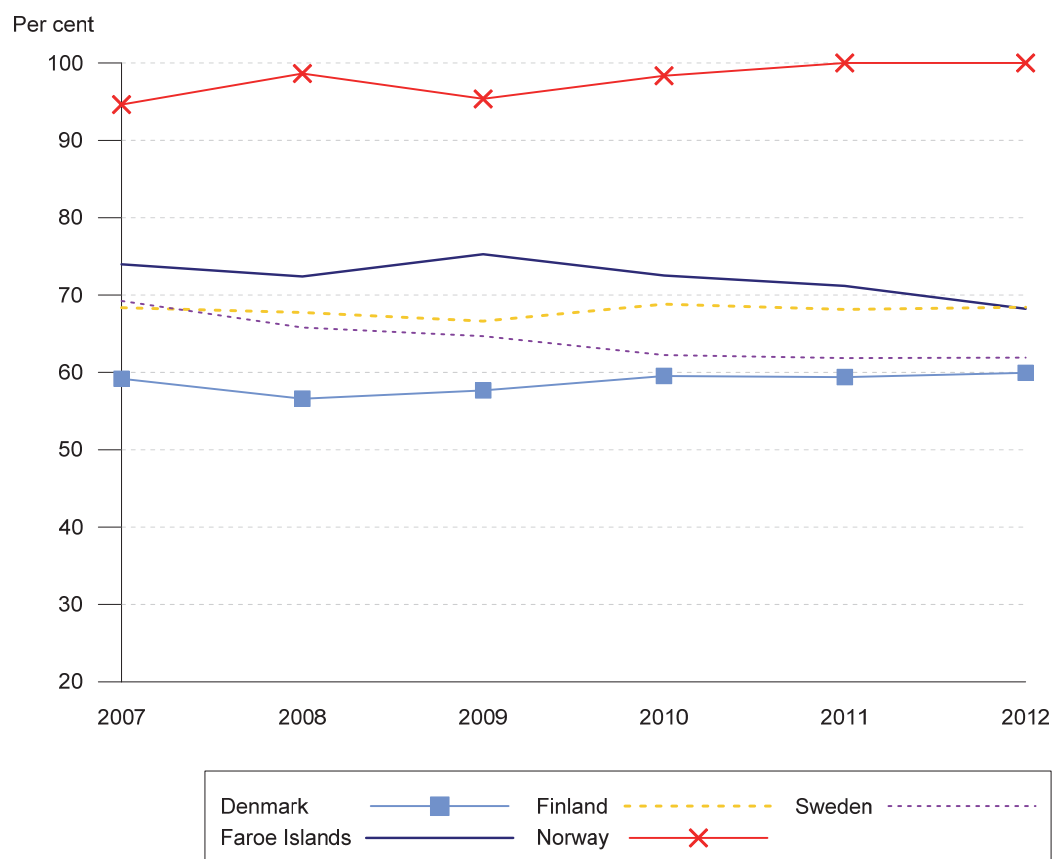


Table 5.4 Compensation level for a single childless person drawing sickness benefits as percentages of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Norway	Sweden
67 p.c. AW	84	98	73	100	72
100 p.c. AW	60	68	68	100	62
150 p.c. AW	44	47	61	71	46

Length of Absence Periods

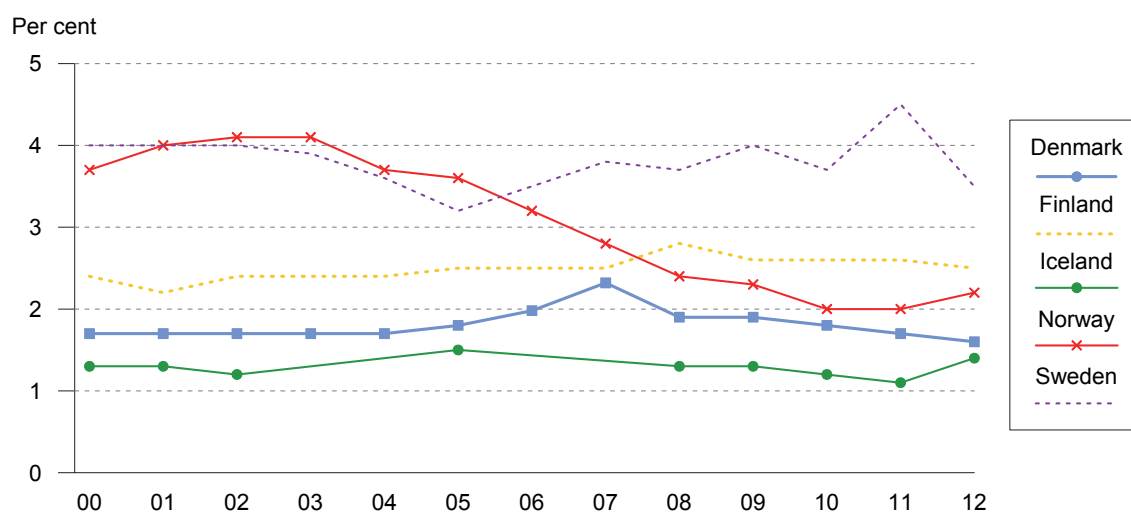
Table 5.5 Employees' calculated absence due to illness for at least one week as percentages of all employed, 2000-2012¹⁾

	Denmark ²⁾	Finland ²⁾	Iceland	Norway	Sweden
<i>2000</i>					
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
<i>2005</i>					
Men	1.5	2.1	1.2	2.6	2.8
Women	2.2	2.8	1.9	3.9	4.4
Total	1.8	2.5	1.5	3.2	3.6
<i>2010</i>					
Men	1.4	2.4	1.0	3.0	1.5
Women	2.3	2.8	1.5	4.4	2.5
Total	1.8	2.6	1.2	3.7	2.0
<i>2011</i>					
Men	1.5	2.5	0.8	3.4	1.5
Women	2.0	2.8	1.4	5.8	2.5
Total	1.7	2.6	1.1	4.5	2.0
<i>2012</i>					
Men	1.3	2.2	1.3	2.8	1.7
Women	2.0	2.9	1.5	4.4	2.7
Total	1.6	2.5	1.4	3.5	2.2

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

2 15-64-years-olds

Figure 5.3 Development in employees' calculated absence due to illness for at least one week as percentages of all employed, 2000-2012



The extent of the absence due to illness varies considerably from one country to another; it is least pronounced in 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 in the sickness benefit scheme for activity. The amendment has resulted in an increase in part-time absence due to illness.

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

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

In Denmark, part-time illness amounted in 2008 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, 33.2 per cent of all concluded sickness benefit payments from the National Insurance Scheme in 2011 related to part-time absence. In Sweden, the absence is calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.

Figure 5.4 Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force, 2002-2012

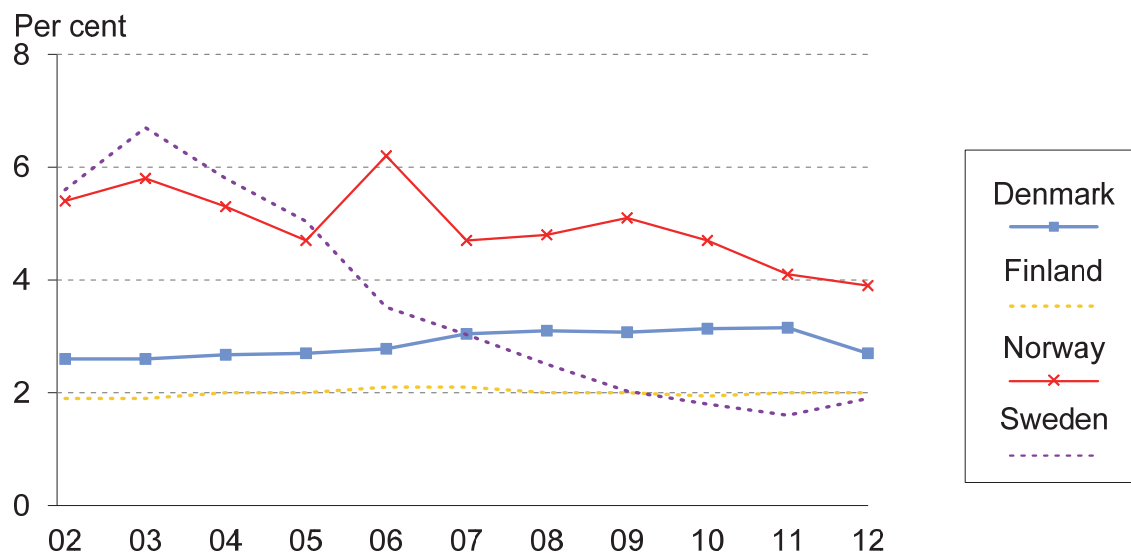


Table 5.6 Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force broken down by gender, 2012

	Denmark	Faroe Islands	Finland	Norway	Sweden ¹⁾
Men	32 795	..	23 538	38 550	36 270
Women	43 999	..	27 748	66 194	57 728
Men and Women	76 794	..	51 286	104 744	93 998
<i>Per cent of labour force</i>					
Men	2.2	..	1.8	2.7	1.4
Women	3.3	..	2.3	5.2	2.4
Men and Women	2.7	..	2.0	3.9	1.9

1 Number of people receiving sickness benefits in December 2012

Table 5.7 Number of concluded sickness benefit periods of at least 15 days (per cent), 2012

	Denmark ¹⁾	Faroe Islands	Finland	Norway ²⁾	Sweden
<i>Men</i>					
<i>Duration (days)</i>					
15-29	7	..	37	35	30
30-89	42	..	39	33	38
90-179	23	..	11	14	14
180-359	15	..	10	11	9
360+	13	..	3	7	8
Total	100	..	100	100	100
<i>Women</i>					
<i>Duration (days)</i>					
15-29	6	..	41	38	32
30-89	41	..	39	32	38
90-179	25	..	10	14	13
180-359	16	..	8	11	8
360+	13	..	2	6	9
Total	100	..	100	100	100
<i>Men and Women</i>					
<i>Duration (days)</i>					
15-29	6	..	40	37	31
30-89	41	..	39	32	38
90-179	24	..	10	14	14
180-359	16	..	9	11	8
360+	13	..	2	6	9
Total	100	..	100	100	100

11 The period for which the employer must pay for the absence due to illness was prolonged as from January 2012 from 21 days to 30 days

12 Data from Norway include sickness benefit periods for all groups of sickness benefit recipients. For employees, only periods of at least 17 days have been registered. For other groups, all sickness benefit periods have been included. These were mainly pay-able from and including the 15th day of illness

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

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

In some cases, sickness benefits may also be payable in Denmark after more than one year of absence due to illness.

The approximately 11 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 may instead qualify for a "work clarification" allowance.

Men and women's absence due to illness shows a rather unequal pattern in the various countries. In general, men have the highest absence rate as to the long periods of 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/regional authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government and in the Faroe Islands the Government. In Norway, Central Government is responsible for the specialized health sector (first and foremost the hospitals), whereas local authorities are responsible for the primary health sector. In the present system within the primary health sector, practically everyone is attached to a specific general practitioner, as is the case in Denmark and the Faroe Islands.

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

Hospitals

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

It is very difficult to obtain comparable data in respect of the capacity of the health services in the Nordic countries, as the organization of this area varies considerably from one country to another. There is, however, a general tendency towards the periods of

hospitalization becoming still shorter, and towards more and more patients being treated at outpatient clinics.

In all the countries, there has been a tendency to-wards 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 further-more linked to the primary health services.

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

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

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

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

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

In all the countries, transport expenses in connection with illness are subsidized.

Dental Treatment

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

part of the population, citizens pay for the majority of the treatment themselves. Dental treatment of adults is mainly handled by private dentists.

In Finland, the population is entitled to dental treatment, and people may choose between municipal and private dental treatment. The sickness insurance fund reimburses the expenditure on private treatment. The amount that the patients have to pay themselves for municipal dental treatment is smaller than that payable for private treatment.

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

Expenditure on and Financing of Benefits in Connection with Illness

Differences and similarities in the expenditure illness

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

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

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

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

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

Changes in the social expenditure on illness from 2010 to 2011

In Denmark, the expenditure decreased from 2009 to 2010 by DKK 215mn, corresponding to a decrease of 0.2 per cent. The decrease concerned services that decreased by DKK 415mn, corresponding to a decrease of 0.4 per cent, whereas the expenditure on cash benefits increased by just under DKK 200mn, corresponding to 1.0 per cent.

In the Faroe Islands, there was a decrease of 2.9 per cent in the total expenditure on illness from 2010 to 2011, corresponding to a decline of DKK 30mn. The expenditure on cash benefits is due to a decline in the expenditure on sickness benefits. To this should be added a decrease in the expenditure on services of DKK 23mn. The reason is a reduction in the expenditure on the hospital sector.

In Finland, the expenditure on cash benefits increased by 1.6 per cent at constant prices. The expenditure on primary healthcare increased by 1.5 per cent and on specialized healthcare by 2.8 per cent. The expenditure on payments to insured people increased by 0.9 per cent.

In Iceland, social expenditure on illness remained the same in 2011. The expenditure on services declined by 0.6 per cent, while the expenditure on cash benefits increased by 2.9 per cent at constant prices. The main reason for the expenditure increase on cash benefits is the increase in real wages from 2010 to 2011 resulting in higher expenditure on daily cash benefits in the employer period. The reason for the decrease of 0.6 per cent in the expenditure on services is a continued budget cut from 2010 to 2011 due to the financial crisis.

In Norway, the expenditure on illness increased by 2.6 per cent from 2010 to 2011 at constant prices. Cash benefits were reduced by 0.4 per cent, while the expenditure on services increased by 4.1 per cent. Cash benefits amounted to 31.9 per cent of the total expenditure on health care and illness in 2011. Expenditure on general daily cash benefits and daily cash benefits in the employer period declined by 0.1 and 0.6 per cent, respectively.

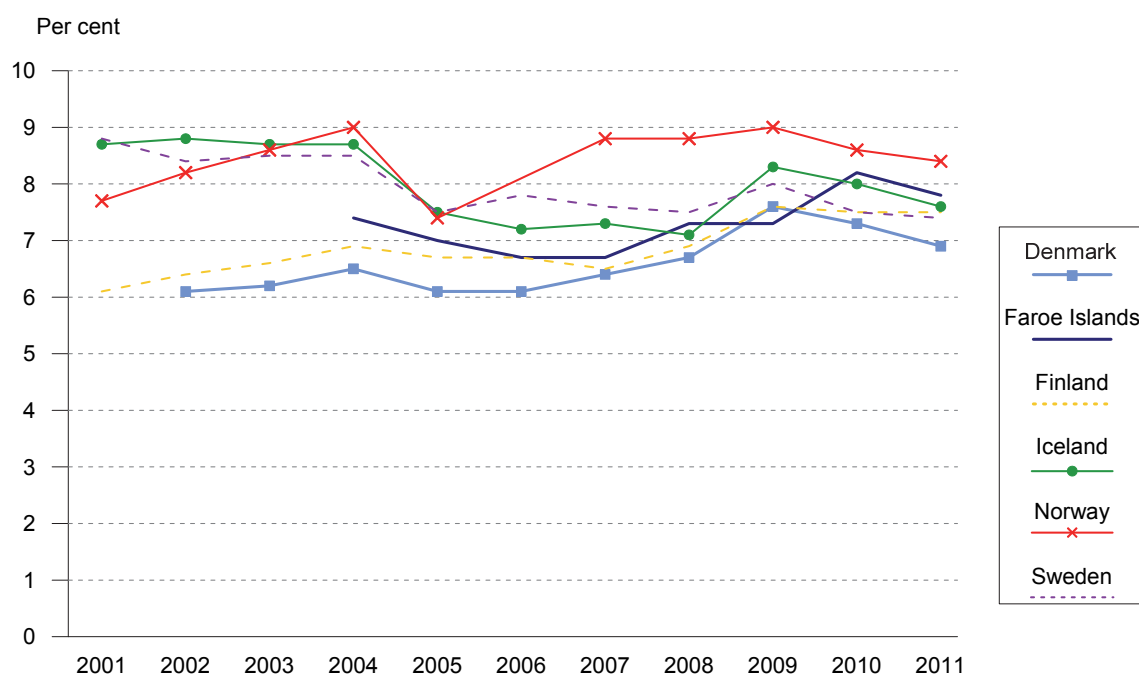
In Sweden, the expenditure on illness increased by 2.4 per cent from 2010 to 2011 at constant prices. The absence due to illness increased in 2011, which resulted in an increase in the expenditure on cash benefits by 8.0 per cent. The expenditure on services increased by 1.4 per cent in 2011. Apart from treatment of illness, also the expenditure on medication is included.

Table 5.8 Expenditure on and financing of sickness benefits, 2011, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A Paid absence due to illness	18 666	61	2 389	23 040	65 636	38 481
Of which:	-	-	-	-	-	-
a. Ordinary sickness benefits	14 687	54	845	1 254	34 748	24 544
b. Daily cash benefits in employer period	3 979	3	1 153	-	30 888	13 011
c. Sick pay	-	-	197	21 461	-	-
d. Special daily cash benefits in the event of industrial injury or work-related illness	-	4	151	325	-	926
B. Other	167	-	-	183	798	136
Cash benefits, total	18 833	61	2 389	23 223	66 434	38 617
<i>Services, million</i>						
Services, total	104 396	972	11 767	113 652	141 839	221 261
Total expenditure, million	123 229	1 033	14 156	136 876	208 273	259 878
Expenditure as percentage of GDP	6.9	7.8	7.5	8.4	7.6	7.4
<i>Financed by (per cent)</i>						
- Public authorities	96.1	89.7	69.8	83.5	65.0	85.0
- Employers	3.8	0.3	20.4	16.5	26.4	14.7
- The insured (contributions and special taxes)	0.1	10.1	9.8	0.0	8.6	0.3
<i>Changes 2010-2011 in terms of 2011 prices</i>						
- Million	-7 354	-30	221	-84	5 289	4 301
- Per cent	-5.6	-2.9	1.6	-0.0	2.6	1.7

Table 5.9 Expenditure on cash benefits in connection with illness in PPP, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	332	123	363	394	1 150	353
Cash benefits per person of the ages 16-64 years	520	199	563	604	1 775	556
Services, total per capita	1 840	1 972	1 790	1 930	2 456	2 024
Expenditure on illness, total per capita	2 172	2 095	2 153	2 325	3 606	2 377

Figure 5.5 Expenditure on sickness benefits, 2000-2011, per cent of GDP

User Charges Payable for Health Services

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

Maximum User Charges

In Denmark, a new subsidy system based on need was introduced on 1 March 2000 in which the subsidy granted depends on an individual's consumption of subsidized medicine. In 2012, subsidies to a consumption of medicine of less than DKK 890 per year shall not be granted, after which the subsidy shall gradually increase to 85 per cent of expenses exceeding DKK 3 130 per year. For children under 18 years, a subsidy of 60 per cent shall, however, be granted to expenditure on medicine of less than DKK 890. For the chronically ill, a 100 per cent subsidy is given to the part of the user charges exceeding DKK 3 655 per year.

In Finland, there is a so-called expenditure ceiling of EUR 633 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 shall be reimbursed in full, if they exceed EUR 157.25 per year.

In Iceland, the maximum user charge payable for out-patient treatment at hospitals in the primary health care sector and at specialists' is ISK 29 500 per year in 2012 for people in the age group 18-66 years and ISK 8 900 for children under 18 years. For pensioners aged 70 years or more and disability pensioners as well as people who have been unemployed for more than six months, the maximum user charge payable is ISK 7 400. When a patient has reached the maximum amount, s/he only has to pay a small part of the rates. There are also special rules governing payment for physiotherapy, occupational therapy and other therapeutic treatment.

In Norway, 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 1 980 in 2012. Expenses above that amount shall be covered by Central Government. People younger than 16 years are exempt from paying user charges. There is also a user charge ceiling regarding physiotherapy; a few kinds of dental treatment; residential stays at rehabilitation institutions and private rehabilitation institutions that have an agreement regarding regional health measures. This user charge ceiling was in 2012 NOK 2 560. In Sweden, a maximum user charge is payable per year for general medical treatment, physiotherapy, etc., and another maximum user charge for medicine. In case one or both parents jointly have several children younger than 18 years, such children are exempt from paying user charges if the purchase of medicine for them in total exceeds the maximum amount fixed for user charges. As to the municipal care schemes, there are no government rules applying to maximum user charges.

*Medical Treatment, Etc.***Table 5.10** User charges payable for medical visits as at 1 January 2012, in national currency

	Uniform rules in the entire country?	Amount of user charges	Exceptions
Denmark	Yes	None	A small group that has a free choice of doctor pays minor amounts for medical treatment
Faroe Islands	Yes	None	None
Finland	Yes	Public 13.80 ¹⁾ 18.90 for visits between 8 pm and 8 am on week-days and Saturdays, Sundays and Holidays. Private: at least 40 per cent	No payment for children under 18 years
Iceland	Yes	1 000 (daytime)-3 800 (evening and night) for visits to general practitioners; other rules apply to visits to specialists	500 (daytime)-1 850 for children under 18 years and pensioners aged 70 years or older (800 -3 200 for pensioners aged 67-69 years), disabled and long-term unemployed people, and where pensioners' expenses in a calendar year exceed 7 000 and children's exceed 8 900, then 400 (daytime) - 900
Norway	Yes	General practitioner/general specialized practitioner 136/180 (daytime) 229/269 (evening and night)	Free after paying user charges up to 1 980 (user charge group 1) and 2 560 (user charge group 2). Children under 16 years are exempt from paying in user charge group 1
Sweden	No	150-350	No payment for children under 18 years

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

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

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

In Finland, EUR 11 is payable for temporary home nursing per visit by a general practitioner, and EUR 7 per visit by a nurse. For continuous care in the home, an amount is payable depending both on the extent of the care and on a patient's financial situation.

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

In Norway, user charges payable for medical visits vary. For treatment in the daytime hours NOK 136 or NOK 180 depending on whether or not the doctor has special-

ized in general medicine. For medical visits outside the daytime hours and at the emergency medical service, user charges are NOK 229 or 269. No user charge is payable for home nursing.

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

Dental Treatment

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

In Finland, adults' payment of user charges for municipal dental treatment made up 21 per cent of the expenditure. Treatment of children younger than 18 years is free of charge. The sickness insurance fund reimburses part of the costs for dental treatment in the private sector. On average, patients' user charges totalled 61-65 per cent of the expenditure.

The sickness insurance scheme in Iceland pays a rate for dental treatment which has been laid down by the Ministry of Welfare. The rate is usually different from the rate used by the private dentists as they are allowed to fix their own prices. In Iceland, people over 67 years and disabled people are reimbursed between 50 and 100 per cent of the expenses (of the rate of the sickness insurance scheme), depending on their incomes. Children under the age of 18 are reimbursed an average of 55-60 per cent of the total costs (of the rate of the sickness insurance scheme).

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

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

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

	Uniform rules in the entire country?	Amount of user charges	Exceptions	The share of user charges of the total expenditure on pharmaceuticals
Denmark	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine in the primary sector	No	25 p.c.
Faroe Islands	Yes	.	No	About 25 p.c.
Finland ¹⁾	Yes	58 per cent of the amount, maximum 700.92 per year, and then 1.5 per medical product	In connection with some diseases, only 3 shall be payable or 28 per cent of the amount (depending on disease)	About 28 p.c.
Iceland	Yes	Depending on the type of medicine	Pensioners and disabled people: 880 + 50 per cent of the rest of the price, but no more than 1 350/1 700	About 31 p.c.
Norway	Yes	38 p.c. per prescription	For children under 16 years and people who only receive minimum pension: no user charges A maximum of 520 per delivery of a quantity of three months' use	36 p.c.
Sweden	Yes	0-2 200 per year	-	25 p.c.

1 The sickness insurance scheme reimburses 42, 72 or 100 per cent of the expenditure on prescription drugs that have been prescribed with a view to treating a disease. As to drugs that are reimbursed by 100 per cent, clients always pay EUR 3, however. Of the expenditure on the pharmacy's doses dispensing, people who have turned 75 years are reimbursed 42 per cent. There is an own risk in connection with medicine costs for each calendar year. When the so-called charge has been reached, clients pay only EUR 1.50 per product. The charge ceiling, or the annual own risk, was in 2012 EUR 700.92

*Hospitalization***Table 5.13** User charges payable for hospitalization and hospital treatment as at 01 January, 2012,

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

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

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

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

Chapter 6

Old Age, Disability and Surviving Relatives

Links 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 6.1.1 Expenditure on the elderly, the disabled and surviving relatives as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2012

Denmark	12.2	Austria	14.6	Hungary	10.5	Portugal	13.2
Faroe Islands	12.8	Belgium	11.3	Ireland	6.6 ^p	Romania	8.8
Finland	11.7	Bulgaria	9.0	Italy	17.3 ^p	Slovakia	7.8 ^p
Iceland	5.7	Cyprus	9.7	Latvia	9.4 ^p	Slovenia	11.2 ^p
Norway	7.9	Estonia	7.9	Lithuania	8.1 ^p	Spain	10.7 ^p
Sweden	12.6 ^p	France	14.4 ^p	Luxembourg	8.1	The Czech Republic	9.2
		Germany	11.8 ^p	Malta	10.7	The Netherlands	11.8 ^p
		Greece	14.1	Poland	11.3	United Kingdom	11.5

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almannáttaráðið

The Structure of This Chapter

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

Number of Pension Recipients

The data in Table 6.2.1 do not include child pensioners, recipients of widow's /widower's pension or partial retirement pensioners. In respect of Denmark, the total number of pensioners includes recipients of voluntary early retirement benefits aged 60-64 years. As widow's pension has been abolished in Denmark and in the Faroe Islands, the number of pension recipients in Denmark and in the Faroe Islands is overestimated in relation to the other Nordic countries. After the legislative reform in 2005 in Finland, it has become possible to retire from work at a time of one's own choice between the ages of 63 and 68 years, and the number of retirement pensioners has been steeply increasing since the first of the large cohorts reached the age of 63 in 2008. Besides, there were 23 511 people in December 2012 aged 60-68 years drawing partial retirement pension.

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

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

Taxation of Pensions

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

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

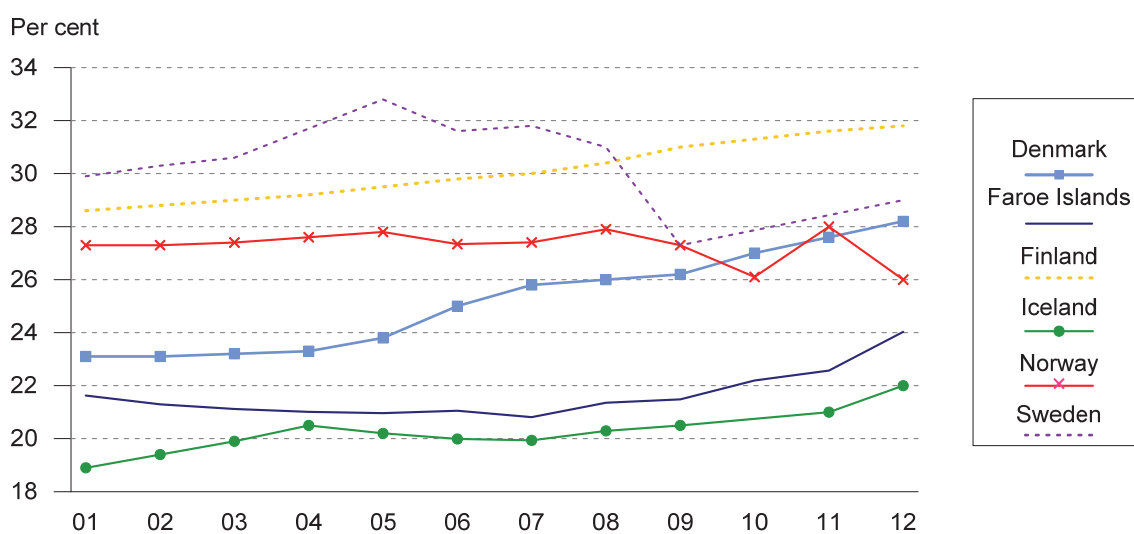
In Finland, no unemployment benefits or sickness insurance contributions are payable of the pension income.

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

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

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

Figure 6.1.1 Pension recipients as percentages of the age group 16-18 years or older, 2000-2012¹⁾



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

Table 6.1.2 Pension recipients by age, in thousands and as percentages of the age group, December 2012

	Denmark ¹⁾		Faroe Islands		Finland		Iceland ²⁾		Norway		Sweden ²⁾	
	1 000	As per- centa ges of each age group	1 000	As per- centa ges of each age group	1 000	As per- centa ges of each age group	1 000	As per- centa ges of each age group	1 000	As per- centa ges of each age group	1 000	As per- centa ges of each age group
<i>Men</i>												
16-39 years	19	3	0	2	17	2	2	4	15	2	28	2
40-49 "	26	6	0	3	19	5	1	6	22	7	26	4
50-54 "	18	10	0	6	18	10	1	9	17	13	22	8
55-59 "	22	13	0	8	34	18	1	11	24	19	32	11
60-62 "	15	14	0	14	37	33	1	12	32	37	12	7
63-64 "	1	14	0	17	63	81	0	16	46	67	32	26
65-66 "	68	91	0	21	74	98	1	47	45	68	114	93
67+ "	36	98	3	100	373	105	15	96	312	105	758	109
Total	532	25	4	21	635	29	23	19	513	28	1 025	26
<i>Women</i>												
16-39 years	17	2	0	1	14	2	3	5	14	2	26	2
40-49 "	30	7	0	4	16	5	2	11	29	8	38	6
50-54 "	22	12	0	8	15	8	1	14	24	15	34	12
55-59 "	29	16	0	12	30	16	2	16	35	23	49	17
60-62 "	20	19	0	19	37	32	1	21	31	36	10	6
63-64 "	14	19	0	25	65	79	1	24	31	55	26	21
65-66 "	73	97	0	33	80	99	2	57	34	59	116	93
67+ "	45	99	4	101	530	105	19	98	395	104	916	106
Total	658	30	5	26	787	34	30	24	593	30	1 216	31
<i>Men and Women</i>												
16-39 years	36	2	0	2	31	2	5	4	29	2	54	2
40-49 "	56	7	0	4	34	5	4	9	51	6	64	5
50-54 "	40	11	0	7	33	9	2	11	41	10	56	10
55-59 "	51	15	0	10	64	17	3	13	59	15	81	14
60-62 "	34	17	0	16	74	32	2	16	63	37	22	6
63-64 "	24	16	0	21	128	80	1	20	77	80	58	24
65-66 "	141	94	0	26	154	98	3	52	79	77	230	93
67+ "	808	99	7	101	904	105	34	97	707	106	1 673	107
Total	1 190	27	8	24	1 423	32	53	22	1 106	26	2 239	29

1 The first age group is 18-39 years for Denmark

2 Data include pensioners resident or not resident in the country. Number of recipients in December 2012. The first age group is 18-39 years, for Sweden 19-39 years. In Sweden, disability pension can only be granted until the age of 64 years

Table 6.1.3 Pension recipients not residing in the country, by age, in thousands and as percentages of the age group at the time of census, 2012

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
<i>Men</i>						
16-54 years	1.3	0.0	0.5	0.1	..	2.8
55-64 "	1.3	0.0	2.8	0.1	..	60.2
65+ "	20.3	0.1	21.1	0.3	..	63.1
Total	22.9	0.1	24.5	0.6	..	95.5
<i>Women</i>						
16-54 years	0.8	0.0	0.5	0.2	..	1.8
55-64 "	1.1	0.0	3.4	0.1	..	48.1
65+ "	19.2	0.1	32.7	0.5	..	49.8
Total	21.1	0.1	36.5	0.8	..	96.5
<i>Men and Women</i>						
16-54 years	2.1	0.0	1.0	0.4	..	4.6
55-64 "	2.5	0.0	6.2	0.2	..	108.3
65+ "	39.5	0.2	53.8	0.8	..	112.9
Total	44.0	0.2	61.0	1.4	..	96.0

1 The following age groups were used: 18-59 years, 60-64 years and 65+ years

2 The following age groups were used: 16-54 years, 55-64 years and 65+ years

3 Data for Norway cannot be separated

4 People living abroad and receiving sickness and activity compensation are not included in this Table, as it is not possible to separate them

6.2 Old Age

Table 6.2.1 Expenditure on the elderly as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2012

Denmark	12.2	Austria	12.7	Hungary	9.2	Portugal	11.3
Faroe Islands	8.3	Belgium	9.1	Ireland	5.5 ^p	Romania	8.0
Finland	10.7	Bulgaria	8.2	Italy	14.7 ^p	Slovakia	6.8 ^p
Iceland	5.1	Cyprus	8.5	Latvia	9.1 ^p	Slovenia	9.6 ^p
Norway	7.7	Estonia	7.8	Lithuania	7.5 ^p	Spain	8.4 ^p
Sweden	12.1 ^p	France	12.5 ^p	Luxembourg	6.1	The Czech Republic	8.5
		Germany	9.7 ^p	Malta	8.9	The Netherlands	10.6 ^p
		Greece	11.9	Poland	9.3	United Kingdom	11.4

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almanamálaráðið

Retirement Pension Structures and Income-Adjustment

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

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

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

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

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

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

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

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

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

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

A pension supplement shall be payable to pensioners with no or only a small household income. Moreover, other personal supplements are payable to pensioners providing for children, and to pensioners with special need of care. In Finland, employment pension is the most important part of the pension system as 85 per cent of the pension expenditure originates from employment pensions. The retirement pension depends entirely on the amount of the employment pension. No retirement pension shall be payable if the employment pension exceeds about EUR 1 258 per month for single people and about EUR 1 120 for married or cohabiting people in 2012.

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

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

In Sweden, a guaranteed pension is payable to people receiving a low income-related pension or none at all. The guaranteed pension is scaled down against the income/supplementary pensions and is maximum of SEK 93 720 for single pensioners born in 1937 or before, and SEK 91 200 for pensioners born in 1938 or later. The income-related pension is called income pension and is based on the contributions paid during one's entire working period. Premium pension is a supplement, which is a fund-based pension giving full liberty to choose from different funds in the pension authorities' "funds market". One can choose from Swedish funds, foreign funds and interest funds.

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

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

Table 6.2.2 Pension recipients by types of benefit, 2012¹⁾

	Denmark	Faroe Islands	Finland	Iceland	Norway	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	Private collective agreements

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

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

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. 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, the income-adjustment of the retirement pension payable by the National Social Insurance Scheme in relation to pensioners' income from work has now been discontinued. The disability pension is also income-adjusted in relation to income from work exceeding a certain level (graded disability pension, etc.). 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 and have as a rule equal pension status in relation to the Norwegian scheme.

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

Qualifying Age for Pensions to the Elderly

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

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

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

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

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

In Finland and in the old Swedish system, one may draw statutory retirement pension before the statutory pensionable age (in Finland, as from 62 years), but the pension amount shall be reduced (in Finland, the accrued pension shall be permanently reduced by 0.6 per cent for each remaining month until one turns 63 years, i.e. a maximum of 7.2 per cent.

As from 1 January 2011, one can choose to draw retirement pension from the national pension scheme when one turns 62 years (new pension scheme) if one has accumulated pension rights that exceed the minimum level at 67 years. It is now possible to accumulate further pension points up to the age of 75 years.

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

Basic Pension/Guaranteed Minimum Pension to the Elderly

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

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

Moreover, health and heating allowances and a personal supplement may be granted to pensioners with low incomes and high expenses. Pensioners with low incomes and a small disposable capital may be awarded a supplementary pension allowance (the so-called pensioner's cheque), which is payable once every year in January. In 2012, the amount was DKK 11 200.

In the Faroe Islands, the basic amount is not income-adjusted. The regular pension supplement is adjusted in relation to taxable income. All old-age pensioners receive an employment pension of DKK 33 240. Pensioners with no or a low income may be awarded an annual household supplement of DKK 7 416. All amounts are from 2012.

In Finland, retirement pension is based solely on employment pension. The basic pension plays a less significant part after the reforms in 1996-2001. The Act on guaranteed pension entered into force on 1 March 2011. Guaranteed pension is only payable to those whose total other gross income from pensions is lower than EUR 707.26 per month in 2012. The maximum guaranteed pension is EUR 713.73 per month in 2012. The amount of the guaranteed pension is influenced by all other pensions from Finland and abroad. These shall be deducted at 100 per cent from the pension. The minimum amount of guaranteed pension is EUR 6.47 per month.

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

In Norway, the guaranteed minimum pension consists of basic pension plus a special supplement before the pension reform. In the accumulation system in the new pension system, the basic pension and special supplements are replaced by the guaranteed pension, which is a guaranteed minimum amount.

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

Table 6.2.3 Rules applying to basic pension/retirement pension, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Pensionable age	65 years	67 years	65 years	67 years	67 years From 62 years if precious accumulation, cf. Table 6.2.5, is high enough	From 65 years
Residence in the country for at least:	3 years between the ages of 15 and 65 years	3 years between the ages of 15 and 67 years	3 years after the age of 16 years	3 years between the ages of 15 and 67 years	3 years between the ages of 16 years and the end of the calendar year in which the insured person 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 DK between the ages of 15 and 67 years	40 years of residence in the country between the ages of 15 and 65 years	After 40 years of residence in the country between the ages of 15 and 65 years	40 years of residence in the country between the ages of 16 and 66 years	40 years of residence
Pension on the basis of the length of the residence?	Yes	Yes	Yes, and other pensions	Yes, and income	Yes, and pension points and marital status Pensions are life expectancy-adjusted	Yes
Pension dependent of previous income?	No	No	No	No	No	Yes
Minimum pension per month in national currency	1/40 of maximum pension	1/40 of basic amount and contributions paid on the basis of solidarity	No statutory minimum	.	Lowest pension is 1/40 Rate per 1 May 2012 for single people is about 339	No statutory minimum
Maximum pension per month in national currency	If the income does not exceed a certain level: Pension 11.646 for single pensioners living alone; 8 581 for married or cohabiting pensioners	10 746 for single pensioners and 8 860 for married pensioners	713.73	.	Rate depends on marital status and accumulation period Rate per 1 May 2012 for single people with a 40/40 accumulation period is about 13 551	7 999 single people born 1937 or before; 7 126 married people born 1937 or before; 7 810 single people born 1938 or later; 6 967 married people born 1938 or later
Supplements:	Supplementary pensions; health supplement; heating allowance; personal supplement	Child allowance and personal supplements	Child allowance	Child allowance; certain special supplements	Income-adjusted spouse supplement; child allowance	Wife supplement; housing supplement

Continues

Continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Indexation after pensioning:	100 per cent of the wage development with a reduction, if the increase exceeds 2 per cent	Adjusted according to special legislation. Pensions payable on the basis of solidarity shall be adjusted annually but not according to a fixed rate	Consumer price index 100 per cent	Wage development, at least as to the consumer price index	Minimum pension level regulated by wage growth adjusted by change in life expectancy, pensions above this level are adjusted by the minimum wage growth with a deduction of 0.75 per cent	Consumer price index 100 per cent

Table 6.2.4 Monthly incomes for single people, who have never had any income from work, at the time of pensioning, 2012, in national currency

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ³⁾	Sweden ⁴⁾
<i>Single people</i>						
Basic amount	5 713		} 714	32 775	12 535 ⁴⁾	7 999
Supplement	7 112	6 939		170 230	..	
Housing benefits	2 461	3 807	464		..	4 541
Total, before tax	15 286		1 177	203 005	..	12 540
After tax	12 036	10 746	1 177	173 735	..	11 280
After tax in PPP-Euro	1 182	9 862	..	936	..	989

1 Housing benefits according to family type model

2 Since 2008, the pension supplement no longer forms part of the pension

3 The benefit to single people or pensioners with a spouse with a low income or pension

4 Minimum pension level

Supplementary Pension/Employment Pension to the Elderly

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

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

The pension is financed through contributions from employees and employers. In 2012, the average employer contribution was 17.35 per cent of the wage income; 5.15 per cent for employees under 53 years and 6.5 per cent for employees aged 53 years or more.

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

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

Table 6.2.5 Basis for award of employment pension/supplementary pension, 2012

	Denmark	Finland	Iceland	Norway	Sweden ¹⁾
Pensionable age	65 years	63-68 years	65-67 years	From 62 years	From 61 years
Higher pension at postponed retirement?	Yes		Yes	Yes	
Full pension shall be awarded on the following conditions	"Full pension" does not exist	"Full pension" does not exist	Contribution period of 40 years	40 years of employment from the age of 17 to the age of 69 years As from 2010, accumulation is also possible from 70 years to 75 years.	"Full pension" does not exist
Pension on the basis of	Paid contributions	Age-dependent accumulation rate and total income from work from the age of 18 years	Duration of membership and contributions paid, credited pension points	Pension points (20 years with the highest number of points credited), income from work and life expectancy	Total income from all working years, time of pensioning, life expectancy
Accrued periods	None	When income-related parental, sickness, rehabilitation, unemployment benefits or study grants are received and for passed exams	None	Years of minding children under 7, nursing of a disabled, ill or elderly person	Minding of infants, military service or the like, studies, income-related activities/sickness benefits
Indexation:					
- before pensioning:	No (adjusted when there are sufficient means)	Wages/salaries 80 p.c. + price index 20 p.c.	Wages/salaries	Wage growth	Income index (based on wage and price according to the formula)
- after pensioning:	No (adjusted when there are sufficient means)	Price index 80 p.c. + wages/salaries 20 p.c.	Prices. In older funds for public employees: wages/salaries	Wage growth less 0.75 percentage points if the pension level is sufficiently above the minimum level	Income index less 1.6 percentage points
Pension adjusted for life expectancy for the first time in the year:	Adjusted regularly	2010	.	2011	2001

1 The income-related pension payable to people born after 1953 but before 1963, consists apart from employment pension, which is still payable, of income pension. For people born after 1962, the entire income-related pension consists of income pension

The Number of Retirement Pension Recipients

As it appears from Tables 6.2.6 and 6.2.7, there are large differences from one country to another as to how many people receive both basic and employment pension, and how many receive only basic pension. As it appears from Figure 6.2.1, the number of retirement pensioners increased steeply from 2004 to 2007 in Denmark as a result of the lowering of the pensionable age from 67 to 65 years. In Finland and the Faroe Islands, the number of retirement pensioners increased as a result of an increase in the segments of the oldest age groups of the population. The pensionable age is between 63 and 68 years. In Norway, the increase is due to the demographic composition of the population, and the pension reform in 2011 made it possible to retire early between the ages of 62 and 67 years. Moreover, a pension scheme based on collective agreements (AFP) was introduced which makes it possible to retire between the ages of 62 and 67 years.

In the public sector, the AFP scheme still applies between 62 and 67 years. After the pension reform, AFP is now payable in the private sector as a life-long supplement to the retirement pension from the National Insurance Scheme which one can draw from the age of 62 years at the earliest.

Table 6.2.6 Retirement pensioners, total, and pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension at year-end, 2000-2012

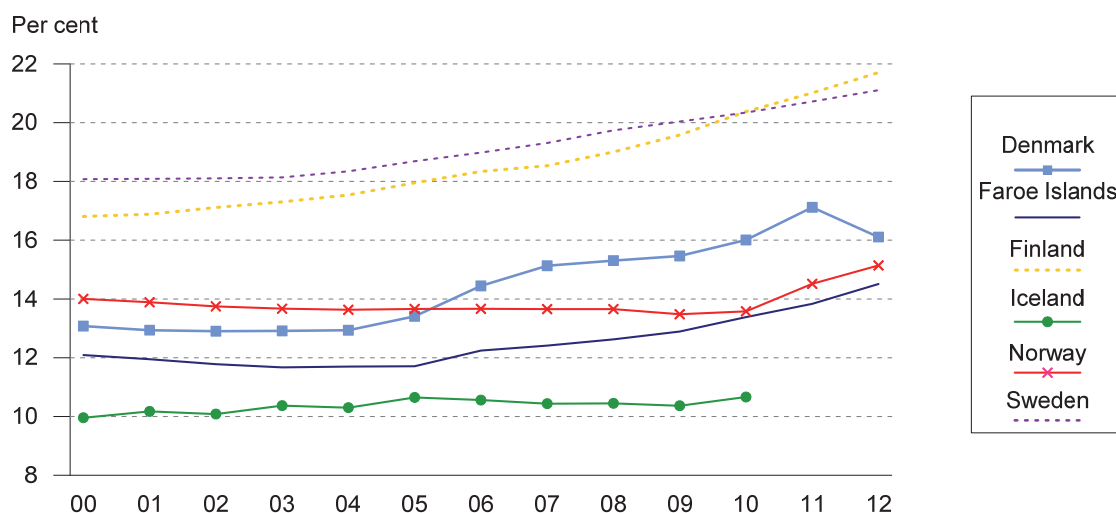
	Recipients of retirement pension, total				Retirement pensioners receiving only basic pension			
	Men (1 000)	Women (1 000)	Men p.c.	Women p.c.	Men (1 000)	Women (1 000)	Men p.c.	Women p.c.
<i>Denmark</i>								
2000	290	416	41	59	49	195	20	80
2005	347	461	43	57	57	170	25	75
2010	407	514	44	56	10	100	9	91
2012	443	546	45	55	4	85	4	96
<i>Faroe Is-lands</i>								
2000	3	3	50	50	1	1	43	57
2005	3	3	50	50	.	.	.	.
2010	3	4	43	57	1	1	54	46
2012								
<i>Finland¹⁾</i>								
2000	339	531	39	61	14	76	16	84
2005	395	569	41	59	12	52	19	81
2010	463	630	42	58	13	46	22	78
2012	506	669	43	57	13	43	23	77
<i>Iceland</i>								
2000	13	16	45	55	1	2	31	70
2005	14	17	45	55	1	2	31	69
2010	15	19	44	56	1	1	37	63
2012	16	20	45	55	1	1	36	64
<i>Norway</i>								
2000	258	371	41	59	33	204	14	86
2005	262	367	42	58	24	168	12	88
2010	287	377	43	57	23	162	13	88
2012	355	405	47	53	21	144	13	87
<i>Sweden</i>								
2000	694	910	43	57	24	202	11	89
2005	591	796	43	57	20	141	12	88
2010	872	1 036	46	54	18	94	16	84
2012	928	1 081	46	54	17	80	18	82

1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years

Table 6.2.7 Pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension and supplementary /employment pension at year-end 2000-2012

	Retirement pensioners drawing receiving both basic and supplementary/employment pension			Retirement pensioners drawing only employment pension (new Finnish and Swedish systems)		
	Total (1 000)	Men p.c.	Women p.c.	Total (1 000)	Men p.c.	Women p.c.
<i>Denmark</i>						
2000	463	52	48	.	.	.
2005	581	50	50	.	.	.
2010	811	49	51	.	.	.
2012	900	49	51	.	.	.
<i>Finland¹⁾</i>						
2000	683	41	59	97	48	52
2005	417	32	68	457	52	48
2010	424	31	69	611	52	48
2012	425	31	69	693	52	48
<i>Iceland</i>						
2000	25	44	56	.	.	.
2005	26	44	56	.	.	.
2010	25	41	59	.	.	.
2012	27	42	58	.	.	.
<i>Norway³⁾</i>						
2000	392	58	43	.	.	.
2005	437	55	46	.	.	.
2010	478	55	45	.	.	.
2012	595	56	44	.	.	.
<i>Sweden</i>						
2000	1 378	49	51	.	.	.
2005	1 226	47	53	297	52	49
2010 ²⁾	922	45	55	874	51	49
2012	797	44	56	1 111	50	50

- 1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years
- 2 Pensioners drawing basic and supplementary/employment pensions are pension recipients according to the old system, while it according to the new Swedish system is an income-based pension combined with another kind of pension. Pensioners drawing supplementary pension and/or guaranteed pension and number of pensioners drawing income pension (income-dependent pension less income pension), i.e. supplementary pension with or without guaranteed pension/income pension (new system)
- 3 As from 1 January 2011, a new retirement pension scheme was introduced in Norway. The data are consequently not quite comparable with previous years

Figure 6.2.1 Development in retirement pensioners as percentage of entire population, 2000-2012

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 cents 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, such pension schemes are insignificant, as there is no upper limit to the amount of the employment pension.

Retirement Pension Amounts

Table 6.2.8 Average payment of statutory retirement pensions (before tax) per month, 2012

	KR/EUR			KKP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	10 379	11 299	..	1 019	1 110	..
Faroe Islands ²⁾	8 386	8 920	8 669	824	876	851
Finland ³⁾	1 752	1 147	1 408	1 433	938	1 151
Norway ³⁾	19 785	14 662	17 051	1 704	1 263	1 468
Sweden ⁴⁾	8 911	12 073	10 364	781	1 058	909

1 Average payment of statutory retirement pension to pensioners residing in Denmark in January 2012 plus calculated payment of one's own pension in the form of ATP which is assumed to amount to DKK 1 220

2 Average payment of retirement pension in May 2011 and payment of special basic pension. People in nursing homes drawing a special, reduced pension, are not included

3 Average pension amount in December

4 Average pension amount paid out in December, including maintenance support to the elderly

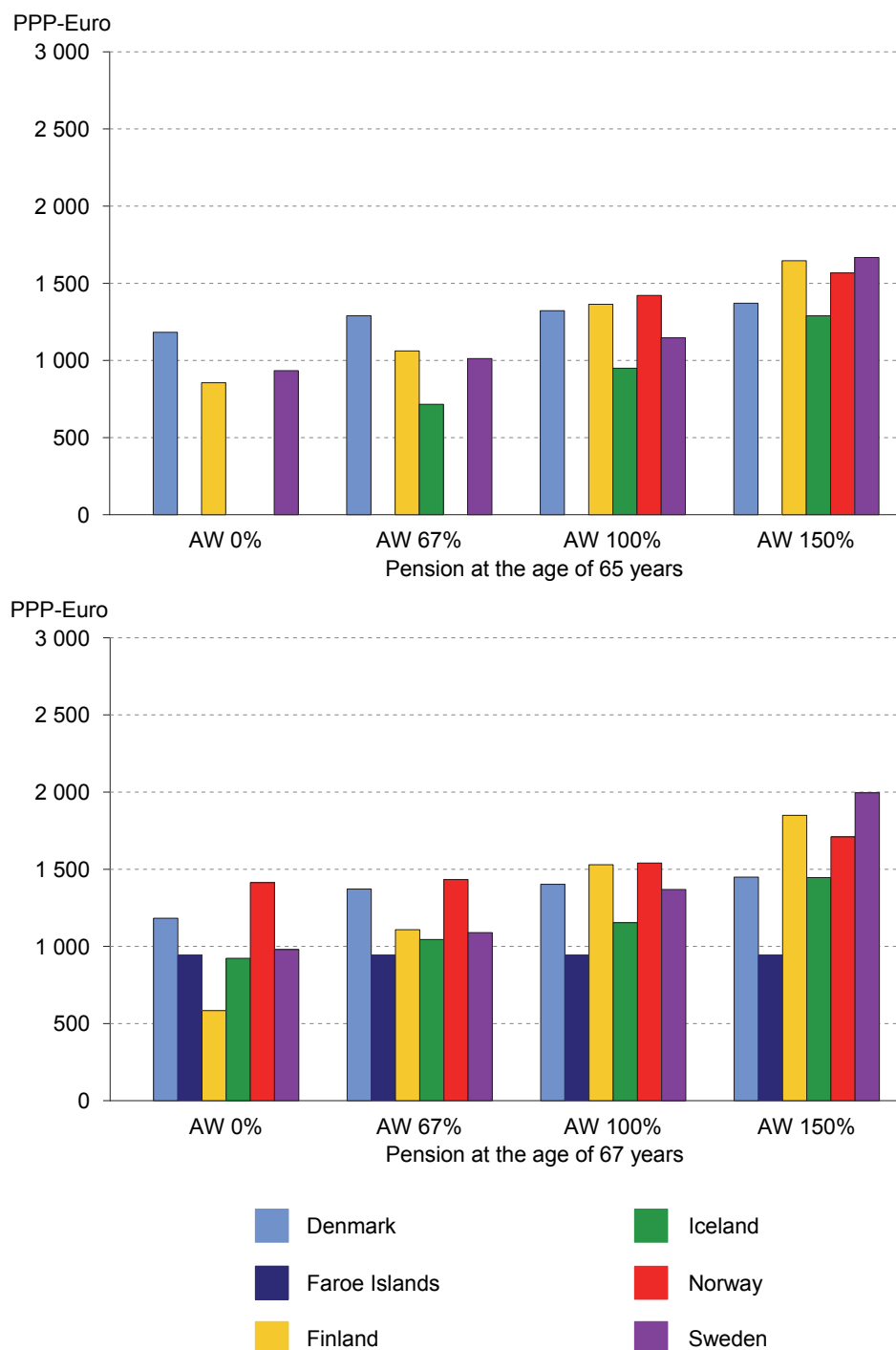
There are large differences in the benefits payable to men and women. While men receive the highest amount in Finland, Norway and Sweden due to a larger accumulation of employment pension, men in Denmark and in the Faroe Islands receive the least. This is a result of more men receiving supplementary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

Disposable Income and Compensation Levels when Drawing Retirement Pension

Figure 6.2.2 shows the disposable income at four different income levels (including the maximum amount of employment pension and labour market pension/supplementary pensions) for a single retirement pensioner without children in PPP-Euro at the time of pensioning. Figures 6.3.3 and 6.4.4 show the development in the compensation levels in recent years. Table 6.2.9 shows the compensation level as a percentage in relation to previous income for a 65-year-old, and Table 6.2.10 shows the compensation level for a 67-year-old.

As it appears from the figure and the table, there are considerable differences in the compensation levels at the transition to pension. This is above all due to the employment pension which is a full pension in the old Swedish pension system. It also applies to some extent to the Icelandic employment pension schemes. The very high compensation levels for the lowest income groups in Denmark 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 the assumption that recipients receive full compensation from the employment pension scheme, which is 60 per cent of their previous earnings. Secondly, the effect of the income adjustment for an average AW is limited. In Norway, another important factor is that pensioners are subject to particularly favourable tax rules. Besides, the minimum pension is relatively high in Denmark, and the employment pension is generally high in Sweden. The Danish retirement pension includes retirement pension and supplementary pensions.

Figure 6.2.2 Disposable monthly income (of single childless people) when drawing retirement pension (including employment pension) in PPP-Euro, 2012



The 65-year-olds are not included for AW0 and AW67 because it is required that the retirement pension must not exceed the lowest pension level at the age of 67 years, in order for the pension to be drawn before the age of 67 years. This requirement is not met in the case of AW0 and AW67, and consequently they have not been included

Figure 6.2.3 Compensation level for single childless people when drawing retirement-pension at the age of 65 years, AW 100 p.c., 2007-2012

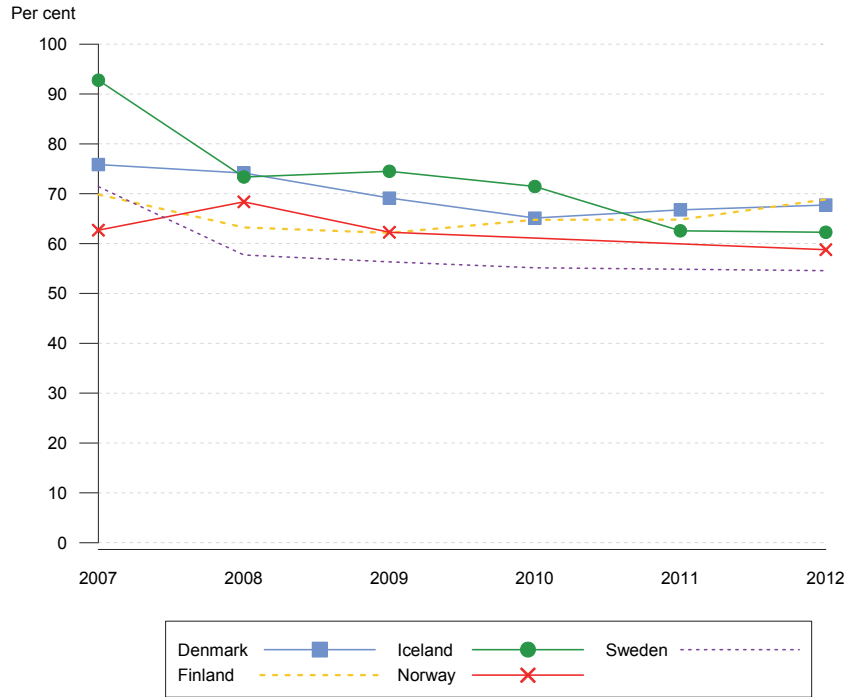


Figure 6.2.4 Compensation level for single childless people when drawing retirement-pension at the age of 67 years, AW 100 p.c., 2008-2012

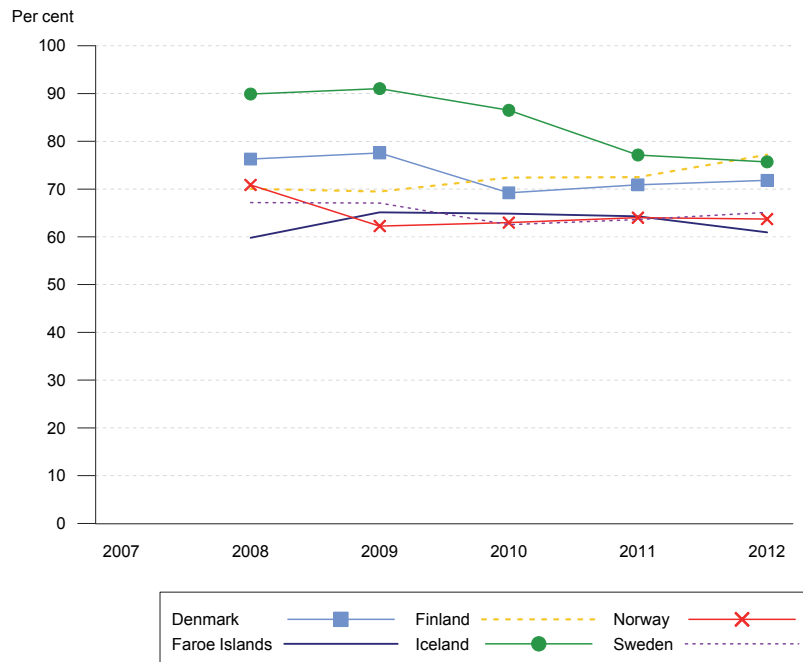


Table 6.2.9 Compensation grades for single childless people when drawing retirement pension at the age of 65 years as percentages of disposable incomes when in work, 2012

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
67 p.c. AW	92	73	49	.	70
100 p.c. AW	68	69	62	59	55
150 p.c. AW	51	61	60	45	59

1 In Iceland, only employment pension is payable at age 65 and then at a reduced rate

Table 6.2.10 Compensation grade for single childless people when drawing retirement pension at the age of 67 years as percentages of disposable incomes when in work, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 p.c. AW	98	87	76	71	84	75
100 p.c. AW	72	61	77	76	64	65
150 p.c. AW	54	42	68	67	49	71

Special Retirement and Partial Retirement Pensions

Special retirement pensions comprise several types of pension granted to people of working age and cannot be regarded as traditional retirement pensions. Social or health-related criteria and/or circumstances in the labour market or agreements enable people voluntarily to retire partly or completely.

In Denmark, such pensions include a voluntary early retirement pension, which was a voluntary retirement scheme for members of an unemployment fund, aged 60-64 years. In 1999, a number of changes of the voluntary early retirement pension were introduced to make it more financially advantageous to postpone transfer to voluntary early retirement until the age of 62 years. With the withdrawal reform in 2011, a number of changes were again made to the voluntary early retirement scheme, such as a decrease of the voluntary early retirement period from 5 to 3 years and an advance of the increase of the voluntary early retirement age.

There is also a "flex benefit", which is a voluntary retirement scheme for people of the age group 60-64 years working in "flex-jobs" in line with the voluntary early retirement scheme. The partial retirement pension scheme for the 60-64-year-olds who are not covered by the voluntary early retirement scheme is being phased out and is only used by very few people.

In the Faroe Islands, people between the ages of 18 and 66 years, whose working capacities have been reduced by at least 50 per cent, may, where social and health circumstances so warrant, be granted the lowest amount of disability pension.

In Finland, employees and self-employed people who have turned 62 years may be awarded retirement pension. Early 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 60 years in 2012. Farmers, who stop farming before reaching the pensionable age, may be granted a special pension. A new rule was re-

cently introduced to the effect that only people who have turned 60 years and were born before 1950 are entitled to the Finnish unemployment pensions. This is described in Chapter 4.

In 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 retire on an AFP pension fixed by collective agreements. There are three further pension schemes 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 years.

In Sweden, new partial retirement pensions have not been awarded since 2000.

Table 6.2.11 Average monthly amounts of special retirement pension and partial-retirement pensions before tax, December 2012

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Voluntary early retirement pension ¹⁾	13 940	1 369
"Flex benefits"	13 506	1 326
Partial retirement pensions	9 460	929
<i>Faroe Islands²⁾</i>		
Lowest disability pension	9 456	929
<i>Finland³⁾</i>		
Partial retirement pensions	716	586
Special pensions to farmers	975	797
<i>Norway⁴⁾</i>		
Pension fixed by collective agreement, private sector, old rules	19 858	1 710
Pension fixed by collective agreement	5 053	435
Special pension to fishermen	6 159	530

1 Maximum amount in 2011, as there are no statistics on partial retirement pension

2 Average pension amount paid out in November

3 Average pension amount paid out in December

4 Average annual amount in 2012 divided by 12. As from 2011, pension fixed by collective agreement can be drawn together with retirement pension. The total amount is then 21 714

Table 6.2.12 Pensioners drawing special retirement/partial-retirement pensions, by gender and age, 2012

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Ordinary lowest disability pension ¹⁾	22 061	1 932	1 906	4 096	5 739	2 892	5 496	.	.
Voluntary early retirement pension ²⁾	107 880	.	.	.	.	45 792	62 088	.	.
<i>Faroe Islands</i>									
Lowest disability pension	309	9	18	31	58	45	81	29	38
<i>Finland</i>									
Partial retirement pensions	23 511	.	.	.	.	9 545	13 338	293	335
Special pensions to farmers	20 155	.	.	401	589	2 133	2 301	5 207	9 544
<i>Norway</i>									
Pension fixed by collective agreement ³⁾	36 369	.	.	.	.	14 003	4 571	12 856	4 939
Special pension to sailors ²⁾	12 992	.	.	.	.	.	.	.	.
Special pension to fishermen	1 920	.	.	.	.	.	.	.	.

1 Increased ordinary PEN11

2 Number of recipients of voluntary early retirement in week 52 2012 (drawn directly from voluntary early retirement database by the PLT)

3 Data apply to the private sector only contrary to previous years when they also included the public sector. A new scheme for the private sector was introduced in 2011

4 It is not possible to break down recipients of the special pension to sailors by gender and age

Services to the Elderly

Institutions and Home Help, etc., for the Elderly

The majority of the older population lives in ordinary housing. Only a minority lives in housing specially adapted to older people. Such housing exists in all the countries, and the layout depends on the need for care of the elderly and can be divided into: Their design depends on the elderly's need of care and can be divided into:

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

Elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards - in Finland, often in the so-called health centres. In all the countries, there are also special wards in some nursing homes where elderly people who live on their own may be admitted on a short-term basis when needed. In all the countries, home help is provided to the elderly. The extent of the help is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. With the exception of the Faroe Islands, such help is a municipal matter and is provided by municipally or privately employed staff.

The statistics concerning home help in the Nordic countries are not easily compared. While the figures for Denmark, the Faroe Islands, Norway, Finland and Sweden are situation-statements, the Icelandic data contain information on how many people received help during the year.

Figure 6.2.5 People living in institutions or in service housing and people receiving home help, as percentages of the age group 65 years or older, 2000-2012

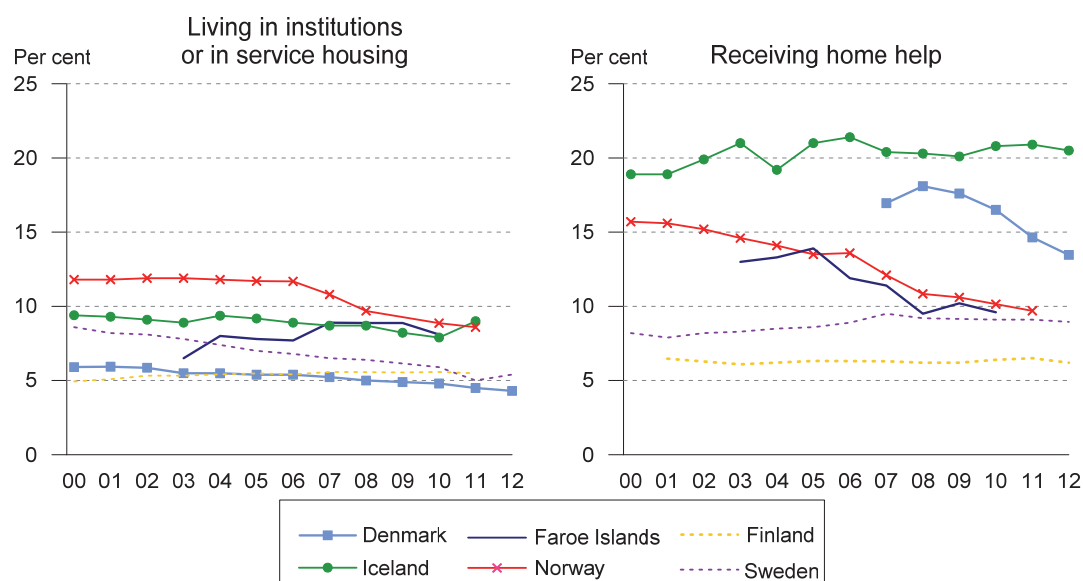


Table 6.2.13 People aged 65 or older living in institutions or in service housing, in total and as percentages of the total number of elderly, at the time of census

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland ³⁾	Norway	Sweden ⁴⁾
	2012	2012	2012	2011	2011	2012
<i>People of the ages</i>						
65-74 years	6 118	28	8 044	375	8 372	9 617
75-79 years	5 314	45	7 220	467	7 675	10 801
80+	30 731	339	38 593	2 778	50 027	77 507
Total 65/67+ years	42 163	412	53 857	3 620	66 074	97 925
<i>As percentages of the respective age groups</i>						
65-74 years	1.0	0.9	1.4	1.8	2.0	0.9
75-79 years	3.1	3.4	3.9	6.1	5.9	3.5
80+ years	13.3	16.1	14.4	24.5	22.6	15.6
Total 65/67+ years	4.3	6.2	5.3	9.0	8.6	5.4

1 Includes residents in nursing homes, sheltered housing, special care housing units and special long-term housing units (special housing units use the age group over 67 years). Recipients as percentages of the age group, per October 2012

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

3 Covers inhabitants in nursing homes and sheltered housing. Statement as per December 2011

4 Statement as per 1 October 2012. The age group 65+ years furthermore includes people staying on a short-term basis as well as residents in service housing

Table 6.2.14 People aged 65 years or older receiving home help

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
	2012	2011	2012	2012	2011	2012
<i>Recipients of home help</i>						
65-74 years	25 713	56	9 652	1 692	11 830	23 349
75-79 years	22 071	75	9 838	1 720	9 753	21 536
80+	85 025	455	43 865	5 099	52 569	118 698
Total 65+ years	132 810	586	63 355	8 511	74 152	163 583
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	4.4	2.0	1.7	7.5	2.8	2.3
75-79 years	13.0	5.5	5.3	22.6	7.5	6.9
80+ years	36.7	23.5	16.3	43.4	23.7	23.8
Total 65+ years	13.5	9.6	6.2	20.5	9.7	8.9

1 Home help to people living in a home of their own, with the exception of service housing. Recipients as percentages of the age group, per October 2012

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

3 Including residents in service housing units getting practical assistance (home help) and home nursing. Residents getting only home nursing are not included

4 People having been granted home help as at 01 October 2012 and living in houses or flats of their own

Support Schemes and Leisure Activities

In the Nordic countries, there are various kinds of support schemes and activating measures for pensioners, either on a municipal or a private basis. The range of services and activities provided varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes mainly aim at enabling elderly people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hair-dressing, pedicure, gardening and snow clearing. There are also washing and clothes-mending schemes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. Part of the activities may take place in the special centres for the elderly.

The transport service scheme is a service to elderly or disabled people who are unable to use public transport or to get about on their own at all.

Expenditure on and Financing of Cash Benefits and Services to the Elderly

Differences and Similarities in the Social Expenditure on the Elderly

In the following, differences and similarities in the expenditure on the elderly are described. Unless otherwise stated, comparisons are made in PPP per capita.

The expenditure on services to the elderly in Finland must be seen partly in connection with part of the services for the elderly being provided at Finnish health care centres and partly in connection with relatively high user charges. The expenditure in Denmark is a result of a very high level of assistance towards performance of daily tasks.

The low expenditure in Iceland is due to both demography and the high employment rate among the elderly compared with the other Nordic countries.

Changes in the Social Expenditure on the Elderly from 2010 to 2011

In Denmark, the expenditure increased from 2010 to 2011 by DKK 36.5bn, corresponding to a growth rate of 16.7 per cent. The increase is first and foremost a result of increased expenditure on cash benefits, but the expenditure on services also increased from 2010 to 2011.

In the Faroe Islands, the total expenditure on the elderly increased by 3.3 per cent from 2010 to 2011. The increase corresponds to an augmentation of the total expenditure of DKK 36mn. One of the reasons is the increase in the share of elderly people, combined with low supplementary personal incomes leading to an increase in the expenditure on basic pensions. To this should be added a minor increase in the expenditure on services.

In Finland, the expenditure on retirement pensions increased by 3.1 per cent at constant prices. Both the average pension amount and the number of pensioners increased. The number of retirement pensioners increased by 41 700 individuals, and the new pensioners drew higher pensions. The number of pension recipients has been increasing since the first of the large cohorts reached the age of 63 in 2008. From the age of 63 to 68, retirement with pension is possible. The expenditure on services to the elderly increased by 1.1 per cent at constant prices. The largest increase occurred in the expenditure on home help and sheltered housing.

In Iceland, the expenditure on the elderly increased by 13.9 per cent from last year in terms of 2011 prices. The expenditure on cash benefits increased by 15.5 per cent. The expenditure on supplementary pension increased by 7.0 per cent. The expenditure on basic pension increased by 30.9 per cent due to higher pensions, a lump sum payment to all basic pension recipients in June 2011 and due to a general reduction of pensioners' other taxable incomes in relation to which the pension is adjusted. The expenditure on services decreased by 1.7 per cent at constant prices.

In Norway, the expenditure on the elderly increased by 10.8 per cent at constant prices. Cash benefits increased by 12.1 per cent, while the expenditure on services increased by 7.1 per cent. Cash benefits amounted to 74.7 per cent of the total expenditure on the elderly. The expenditure on basic pensions, employment pensions and supplementary pensions increased by 6.7 per cent, 13.5 per cent and 9.5 per cent, respectively. While the number of recipients of retirement pensions increased by 54 868 people from the end of 2010 to the end of 2011, the number of people drawing employment pensions increased by 16 472 people (in total). The number of retirement pensioners in the National Insurance Scheme was at the end of 2011 760 025 people.

In Sweden, the expenditure on the elderly increased by 0.4 per cent at constant prices from 2010 to 2011. This expenditure mainly consists of cash benefits as the pensions decreased by 1.8 per cent. The expenditure on services increased, however, by 5.8 per cent.

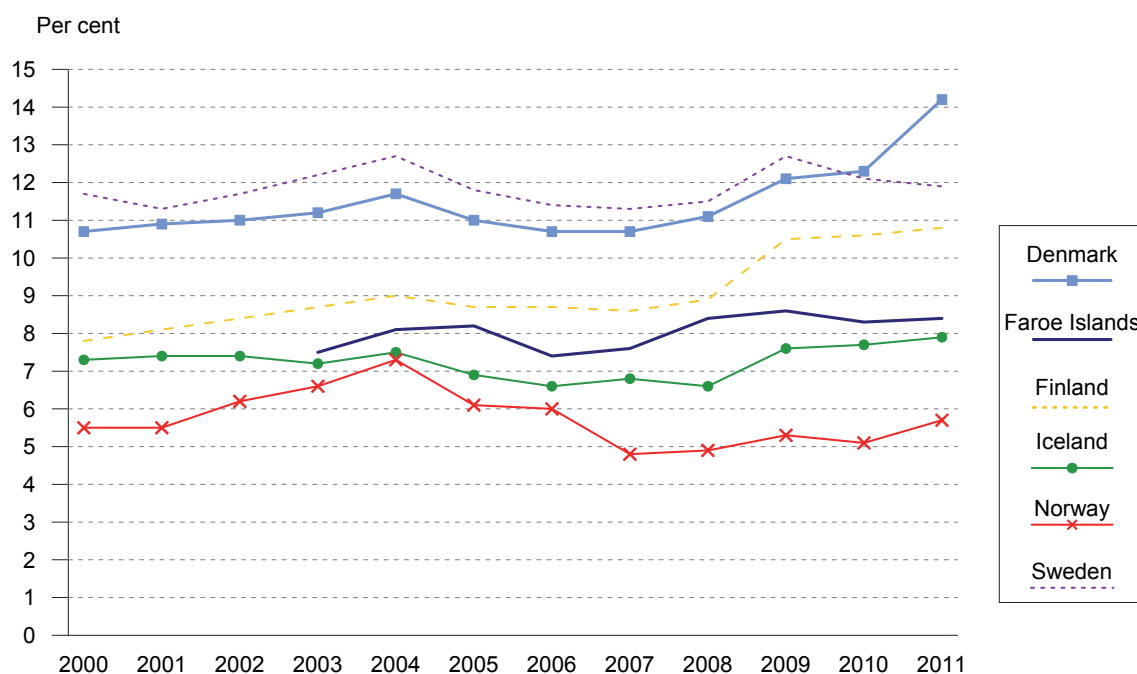
Table 6.2.15 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2011, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Retirement pensions	196 110	704	16 779	85 714	156 190	329 620
Of which:	-	-	-	-	-	-
a. Basic/minimum pension	101 630	639	1 575	34 466	54 350	63 861
b. Supplementary/employment pension	11 080	-	15 034	51 248	81 517	174 879
c. Supplementary pension	83 401	61	171	-	17 879	90 880
B. Special retirement pensions	20 281	41	1 122	-	5 557	-
C. Partial pensions	24	-	235	-	141	-
D. Other	-	20	51	-	-	535
Cash benefits, total	216 415	765	18 187	85 714	161 889	330 155
<i>Services, million</i>						
A. Institutions, etc.	-	203	722	4 190	29 390	55 558
B. Help to carry out daily activities	-	129	642	1 634	20 167	27 056
C. Other	38 558	20	832	1 747	5 238	3 345
Services, total	38 558	353	2 197	7 570	54 795	85 959
Total expenditure, million	254 973	1 118	20 384	93 285	216 683	416 114
Expenditure as percentage of GDP	14.2	8.4	10.8	5.7	7.9	11.9
<i>Financed by (per cent)</i>						
- Public authorities	56.6	71.4	21.1	23.4	45.2	28.6
- Employers	22.8	14.8	61.4	51.5	33.2	49.6
- The insured (contributions and special taxes)	20.6	13.8	17.4	25.1	21.6	21.8
<i>Changes 2010-2011 in terms of 2011 prices</i>						
- Million	36 508	35	606	11 330	21 085	1 313
- Per cent	16.7	3.3	3.1	13.9	10.8	0.3

Table 6.2.16 Expenditure on cash benefits to the elderly in PPP/capita and per pensioner, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits per capita	3 815	1 550	2 767	1 456	2 803	3 020
Retirement pension per pensioner	20 194	..	15 674	..	18 631	14 550
Services per person aged 65 years or more	3 971	4 698	1 875	1 032	6 223	4 219
Total services and benefits to the elderly per capita	4 495	2 266	3 101	1 584	3 752	3 806

Figure 6.2.6 Expenditure on pensions, other cash benefits and services to the elderly, 2000-2011, as percentages of GDP



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, and laundry services. In return, care and cleaning are free of charge. In return, care and cleaning are free of charge. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges payable for nursing homes and home help amounted to a total of DKK 1.69bn in 2011, corresponding to 4 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes and in collective housing pay rent according to centrally fixed rules. Rent consists of housing costs and a service charge. The latter consists of a basic amount and an income-adjusted supplement. User charges for home help depend on a household's income. User charges for amounted to about 3 per cent of the total expenditure on home help.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. User charges must not exceed 85 per cent of one's net income and there must be at least EUR 99 per month left for personal use. In 2011, user charges

for institutional stays amounted to 21 per cent of the total expenditure. For permanent home help, a suitable monthly fee can be charged, depending on the quality and extent of the service as well as the recipient's ability to pay and the size of the household. User charges amounted to about 15 per cent of the total expenditure on home help.

In Iceland, user charges payable for nursing home stays depend on the income. Those who only draw basic pension pay it all for their stay and get paid a fixed amount, called "pocket money". The rest of the expenditure is paid by Central Government for recipients of basic pension. Those having higher incomes pay more for their stays, but there is an impassable maximum. All services at the nursing home are included, with the exception of hair dressing and pedicure which can be purchased in-house at some of the nursing homes. User charges payable for home help amounted to 9.4 per cent of the municipal expenditure in 2011.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of rules laid down centrally. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. Up to 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. Payment must be limited so that everyone keeps 25 per cent of the basic amount of the social insurance scheme in addition to a free amount. User charges payable for stays at institutions amount to a little more than 15 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 which is personal care and nursing or home nursing, relief or support measures.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. There is also a maximum user charge for care for the elderly, but local authorities are free to fix the amount of user charges within that framework.

Each recipient of social services is entitled to keep a certain amount of money to be able to pay for personal expenses that are not included in the charges paid for help in the home. This is called a proportional amount.

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, 2010

Denmark	4.9	Austria	2.3	Hungary	2.1	Portugal	2.2
Faroe Islands	4.4	Belgium	2.0	Ireland	1.3	Romania	1.6
Finland	3.6	Bulgaria	1.4	Italy	1.7 ^p	Slovakia	1.7 ^p
Iceland	3.5	Cyprus	0.7	Latvia	1.3 ^p	Slovenia	1.7 ^p
Norway	4.4	Estonia	1.9	Lithuania	2.1 ^p	Spain	1.7 ^p
Sweden	4.5 ^p	France	1.9 ^p	Luxembourg	2.6	The Czech Republic	1.5
		Germany	2.4 ^p	Malta	0.9	The Netherlands	2.5 ^p
		Greece	1.3	Poland	1.4	United Kingdom	3.0 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almanamálaráðioð

Disability Pension Structures and Income-Adjustment

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

The main principles for receiving disability pension are the same as for retirement pension. 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, the disability pension has in principle been abolished and replaced by sickness and activity benefits.

Table 6.3.2 Disability Pension Structures, 2012¹⁾

	Denmark	Faroe Islands	Finland	Iceland ²⁾	Norway ²⁾	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed mini- mum 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	Four-fifth of the years from the age of 15 years until the time when pension is payable	Four-fifth of the years from the age of 15 years until the time when pension is payable	40 years	40 years	40 years	40 years
Employment pension	.	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	.	.	-	.	Employees and self-employed people	Employees and self-employed people
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	-	Private collective agreements

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

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

In Iceland, the basic amount payable to disability pensioners is adjusted both in relation to their own income from work and to half of their house-hold 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 shall be withdrawn completely, if an income exceeds a certain level.

In Norway, disability pensions are income-adjusted in relation to income from work exceeding a certain level. The basic pension is fixed according to marital status and any spouse's income from work and capital. Married and cohabiting couples are treated equally.

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

Disability Pension Depending on Health

In all the Nordic countries, people whose working capacities have been reduced by physical and/or mental disabilities may be entitled to disability pensions. Disability pension is called sickness pension in Finland and invalidity pension in Iceland and Norway.

In Sweden, disability pension is called activity and sickness benefits as from 2003. This benefit is now included in the sickness insurance scheme, whereas it previously formed part of the general pension system.

Basis for Disability Pension

In Denmark, the statutory retirement pension (old-age pension) and disability pension were previously integrated in a coherent set of rules. Disability pensioners were awarded basic pensions according to the same rules as apply to retirement pensioners. Besides, pensioners who were granted intermediate amounts of disability pension also received an invalidity allowance, and pensioners who had been granted the highest amount of disability pension also received an unemployables amount in addition to the invalidity allowance.

On 1 January 2003, a new disability pension scheme came into force. Disability pension now consists of one total benefit, which for single people almost corresponds to the unemployment benefit and for married/co-habiting couples corresponds to about 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 pensions in accordance with the previous rules, shall still receive pension according to those rules. Disability pensioners according to the new scheme do not receive invalidity and unemployability allowances. As part of the disability pension reform, compulsory contributions to the ATP as well as a voluntary supplementary savings scheme for disability pensioners were introduced.

All disability pensioners are free to join the latter scheme. 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 amounted to DKK 5 652 annually in 2012.

In the Faroe Islands, disability pension is composed of a basic amount, a supplement and an invalidity allowance. The supplement is adjusted according to award level. In addition, disability pensioners drawing the highest and the intermediate pension shall be awarded an invalidity amount, which is neither income-adjusted nor exempt from tax. People drawing the lowest disability pension are awarded a special taxable supplement. In Finland, Iceland and Norway, disability pensions are granted in the form 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 and sickness benefit will be awarded. The sickness allowance is a temporary benefit. The disability pension was part of the general pension system, while the activity and sickness benefit is part of the sickness insurance scheme. People of the

ages 30 to 64 years may receive sickness allowance if their working capacity is reduced. People of the ages 19 to 29 years may be awarded an allowance due to a reduced activity level. This allowance is always limited to one to three years.

For the calculation of employment pension, which is done on the basis of any previous income from work, the time up to the statutory pensionable age is usually included in Finland, Iceland and Norway.

In Finland, the percentage payable to disability pensioners for the period from they are awarded disability pension till they reach the statutory pensionable age is, however, lower than it is for retirement pensioners. As from 2010, the percentage was, however, raised also for the 50-63-year-olds from 1.3 per cent to 1.5 per cent. To this should be added a non-recurrent increase of the sickness pension after five years of receipt in respect of people drawing long-term sickness pensions. The maximum of the non-recurring increase is at the age 24-31 years 25 per cent of the pension amount and declines by 1.0 per cent for each extra year lived. It will not be payable after the age of 55 years. The increase was paid for the first time in 2010, but it also applies to sickness pensions that started before 2005. If the lack of working capacity began in 2010, the life expectancy coefficient is also used in connection with sickness pensions the first time; it only affects the accrued pension, however, and not the share of the remaining time.

In Iceland, a new age-conditioned benefit to disability pensioners was introduced on 1 January 2004. The aim is for people who become disability pensioners at an early age to be granted an increased basic pension, as the person in question has not had the opportunity to participate in working life and thus has not been able to accumulate any employment pension. The benefit may be payable from the 18th year and will be reduced in relation to age, when one becomes a disability pensioner. Those who are 18 or 19 years of age when they are granted disability pension shall receive twice the basic amount, which will be gradually reduced until they reach the age of 66 years.

In Norway, three different rehabilitation benefits were combined on 1 March 2010 into one benefit (work clarification allowance). The permanent disability pension will be calculated in the usual way.

Table 6.3.3 Rules applying to basic pension/disability pension 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
Pensionable age	18-64 years	18-66 years	16-64 years	16-65 years	18-64 years	19-64 years
Minimum level of incapacity for work	Incapacity for work	Lack of capacity for work	No specific level indicated	50 p.c.	50 p.c. (in the reactivation phase 20 per cent)	25 p.c.
Pension on the basis of:	Degree of incapacity for work, residence period and income	Residence period and degree of incapacity for work	Length of residence and other pensions	Degree of incapacity for work; residence period and income	Degree of incapacity for work; length of insurance period and family situation	Length of residence; amount of income-based sickness/activity allowance and degree of incapacity for work
Reference income or calculation basis	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	The pension is based on the pensionable income, i.e. income from work and income from certain benefits: sickness benefit, unemployment benefit and parental-leave benefit
Minimum pension per month in national currency	1/40 of the maximum	1/40 of the basic amount	No statutory minimum	.	1/40 of 5 817 (married) or of 6 844 (single) People who are not entitled to employment pension/supplementary pension are furthermore awarded a special supplement of at least 1/40 of between 5 064 and 6 844	Guaranteed pension of between 7 700 and 8 800 according to age ²⁾

Continues

Table 6.3.3 Rules applying to basic pension/disability pension, 2012 continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
Maximum pension per month in national currency	If the income does not exceed a certain level: 69 800 per year for single pensioners living alone; 119 600 per year for married or cohabiting pensioners	15 084 for single people and 13 000 for married couples	713.73 per month	.	Rate depends on marital status and accumulation period Rate per 1 May 2012 for single people with a 40/40 100 p.c. incapacity for work and without entitlement to employment/supplementary pension is 13 688 (basic pension + special supplement)	The maximum for income-related sickness and activity benefit is 17 600 per year
Index-adjustment after pensioning	100 per cent of the wage development with a reduction, if the increase exceeds 2 per cent	Adjusted according to special legislation.	Consumer price index 100 per cent	Wage development, at least as to the consumer price index	Wage development	Price index 100 per cent
Accumulation with income from work, national currency	Possible to have other income. The pension shall be gradually reduced at an income exceeding a certain amount (cf. above 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 3-24 months if the pension recipient finds work, and the monthly income from work is at least 713.73	Possible reduction benefits	With the exception of the first year with a full, temporary disability pension, the recipient may have an annual income from work up to the basic amount (May 2012 82 122) People who are partially incapacitated for work may furthermore have an income from part-time work In case of a higher income, the level of the disability pension shall be re-evaluated	Possible in some cases. People who have been awarded pension in accordance with the rules applying before 1 July 2008 can make use of "variable settlement". It is also possible to apply for a subsidized stay in order to try to work

1 Sickness/activity benefit

2 The guaranteed level of sickness/activity benefits is based on among other things the times of visits to Sweden. A lower amount may therefore be payable to some individuals who have not turned up for some time

Table 6.3.4 Rules governing employment-based disability pension, 2012

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
Pensionable age	.	18-66 years	18-62 years	16-69 years	16-66 years	19-64 years
Minimum degree of incapacity for work	.	At least a 50 per cent reduction of the capacity for work. Grade of disability pension may depend on age and possibility of rehabilitation	Disability pension: 3/5. Partial disability pension: 2/5	50 p.c.	50 p.c. (in the reactivation phase 20 per cent)	25 p.c.
Pension on the basis of:	.	Lack of capacity for work for physical or mental reasons	Accumulation-based pension increased by accumulation for life expectancy at the time of retirement, income for each year, age-dependent accumulation rate	Degree of incapacity for work and accrued pension amount in accordance with accrued pension points increased by further accumulation years until the pensionable age	Degree of incapacity for work and 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)	Average of the three highest annual incomes from a framework period immediately preceding the year in which the disability arose, depending on the degree of incapacity for work
Reference income or calculation basis	.	Basic amount and supplements shall be adjusted according to the latest fiscal income	On the basis of the annual income. No income ceiling. For projected years, the calculation basis is the income from the five previous years. The accrual rate for uncovered periods is based on the income on which the benefits are based. After five years of receipt, a non-recurrent increase is added to a long-term sickness pension, the maximum increase of which is 25 per cent of the pension amount at the age of 24-31 years is. It will decrease for each year lived by 1 percentage point and will not be payable after the age of 55 years	Income without ceiling	Accrued pension points and future pension points until the age of 66 years. People who have become incapacitated for work before the age of 26 years shall be awarded extra pension points for the future	The pension is based on the pensionable income, i.e. income from work and income from certain benefits: sickness benefit, unemployment benefit and parental-leave benefit

Continues

Table 6.3.4 Rules applying to employment-based disability pension, 2012, continued

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
Maximum pension per month in national currency	.	For single people 11 137 For married people 9 372	No statutory maximum	No statutory maximum	20 120 per month (basic pension in addition)	17 600 per month
Indexation:						
- before pensioning:	.	Adjusted according to special legislation	Wages/salaries 80 p.c. + price index 20 p.c.	Wages/salaries	Wage development	..
- after pensioning:	.	Adjusted according to special legislation.	Price index 80 p.c. + wages/salaries 20 p.c.	Prices, but in older funds for public employees: salaries	Wage development	Price index 100 p.c.
Accumulation with income from work	.	Possible to have other income	Possible, if income amounts to 40-59 per cent of the pensionable pay, the full disability pension shall be changed to a partial disability pension. If income exceeds 60 per cent of the pensionable pay, the pension shall be stopped, if the changes are temporary, and discontinued if the changes are permanent	..	With the exception of the first year with full temporary disability pension or disability pension, the recipient is allowed an annual income from work of up to the basic amount (May 2012, 82 122) People who are partially incapacitated for work may furthermore have an income from part-time work In case of a higher income, the level of disability pension shall be re-evaluated	Possible in some cases. People who have been awarded pension in accordance with the rules applying before 1 July 2008 can make use of "variable settlement". It is also possible to apply for a subsidized stay in order to try to work

1 There is no employment-based disability pension in the public pension scheme in Denmark, but most collective agreements in the labour market comprise pension agreements, including disability pension

2 Sickness/activity benefit

Circumstances Influencing the Number of Disability Pensioners

In the Nordic countries, there are a number of alternative benefits that affect both the award of disability pensions and the number of disability pensioners. Sickness benefits are payable for a maximum of one year in the other countries, with a possibility of prolongation in Denmark, however. In Sweden, disability pensions have as from 2003 been replaced by a sickness and reduced activity benefit.

In Norway, a work clarification allowance is normally payable before disability pension can be awarded.

Also the other disability-pension schemes (in this report referred to as special retirement pensions) may affect the number of disability pensioners. 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 sickness pensioners than would otherwise have been the case in those countries. In Norway, the AFP scheme (pensions fixed by collective agreements) affects the number of disability pensioners. Several studies have shown that about 20 per cent of the AFP pensioners would have been disability pensioners, had the scheme not existed.

The amount of the disability pension, including pension supplements, is in principle either higher or equal to the pensions awarded to retirement pensioners in all the countries. In addition, a number of special supplements may be payable in Denmark, prior to the disability pension reform in 2003, and in the Faroe Islands as well as an employment pension in the other countries, as mentioned above.

Disposable Income and Compensation Levels when Drawing Disability Pension

Figure 6.3.1 shows the disposable income for a single 50-year-old disability pensioner who has previously been in work, and who has completely lost his capacity for work, at four different income levels as PPP-Euro, and Figure 6.3.2 shows the development level for AW 100 per cent in recent years. Table 6.3.5 shows the compensation level as a percentage of previous income from work. In Denmark, disability pension is independent of any previous income. There are, however, in Denmark supplementary benefits payable from agreement-based pension schemes, which have not been included in the calculation. Disability pensions in the other countries are calculated on the basis of previous income from work.

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

Figure 6.3.1 Disposable monthly income for a single 50-year-old disability pensioner with no capacity for work left, in PPP-Euro, 2012

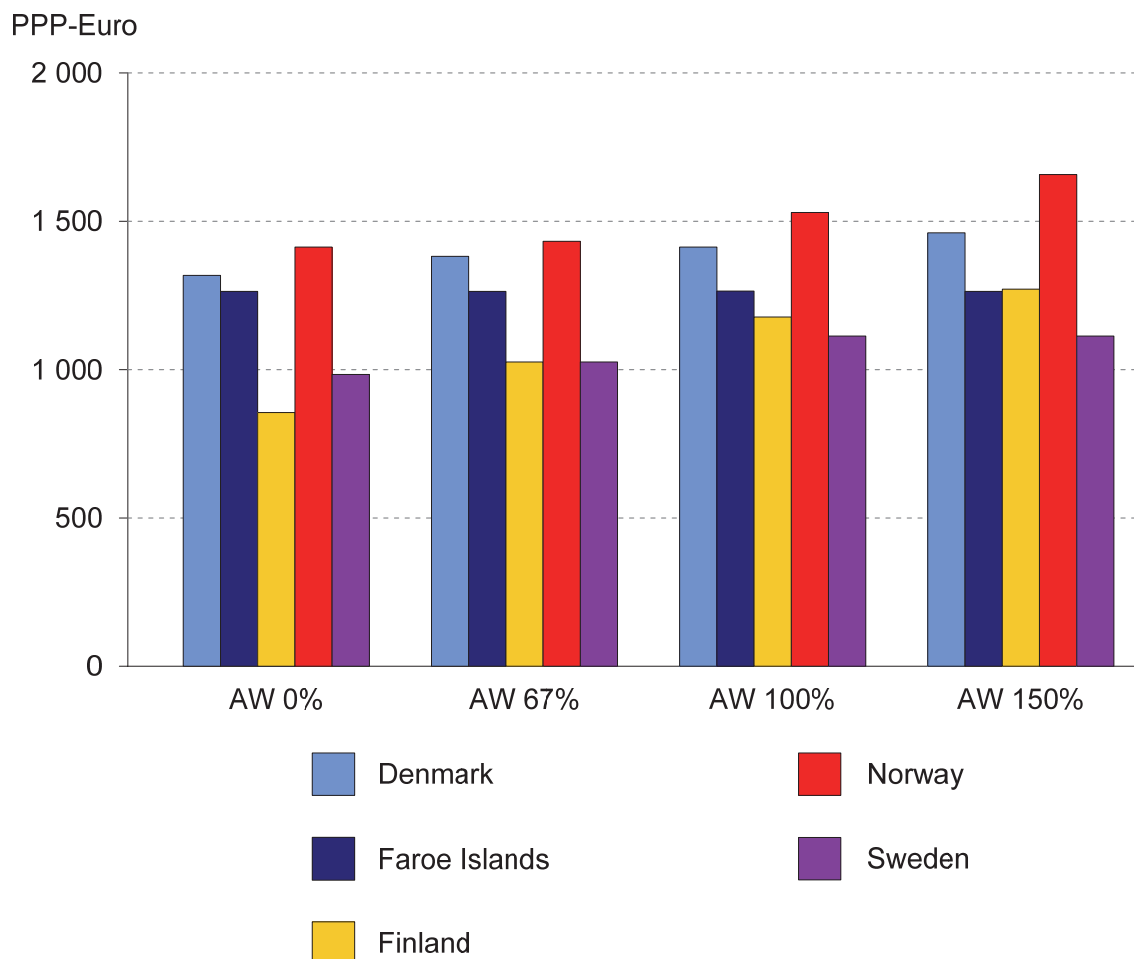


Table 6.3.5 Compensation level for a single 50-year-old disability pensioner with no capacity for work left, as a percentage of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Norway	Sweden
67 p.c. AW	99	117	70	84	71
100 p.c. AW	72	82	59	63	53
150 p.c. AW	54	56	47	47	39

Figure 6.3.2 Compensation level for a single 50-year-old childless disability pensioner, AW 100 per cent

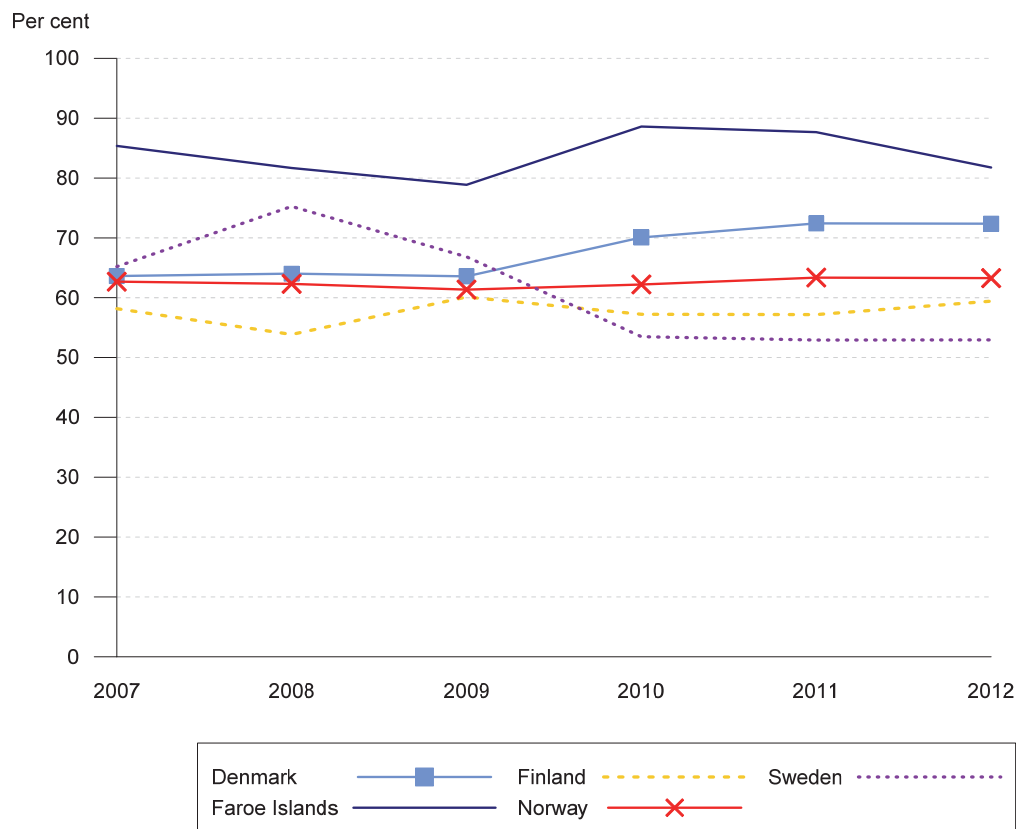


Table 6.3.6 Average payment of statutory disability pensions (before tax) per month, 2012

	KR/EUR			KKP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	14 848	13 998	14 386	1 458	1 375	1 413
Faroe Islands ²⁾	12 530	11 315	..	1 231	1 111	..
Finland ³⁾	1 136	943	1 044	929	771	854
Norway	17 812	14 402	15 857	1 534	1 240	1 366
Sweden ⁴⁾	10 652	9 340	9 885	934	819	867

- 1 Average payment of highest and intermediate disability pension, ordinary and increased ordinary disability pension and new disability pension in January 2012
- 2 Average payment in November 2011 for the highest and the intermediate disability pensions
- 3 Average pension amount paid out in December
- 4 Average pension amount paid out in December, including housing supplements. Sickness and activity benefit has replaced the disability pension as from 2003

Number of Disability Pension Recipients

In Denmark, only one kind of disability pension can be awarded after the disability pension reform in 2003. The new disability pension may be awarded to people suffering from a permanently reduced capacity for work to such a degree that the person in question cannot maintain him/herself through employment on regular terms or in a flex job.

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

In Finland, the number of disability pensioners decreased, and it continues to do so.

There has been a decrease in the number of new disability pensioners in Iceland since 2003. The decrease in the number of new applications may be explained by a tightening of the rules governing award of disability pensions as well as by changes in the labour market in the form of a declining unemployment rate.

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

Table 6.3.7 Number of pensioners drawing disability pensions in the form of basic/minimum pensions and/or supplementary/employment pensions, in total and as percentages, 2012

	Denmark ²⁾	Faroe Islands	Finland	Iceland ³⁾	Norway	Sweden ⁴⁾
<i>Number</i>						
18-19 years ¹⁾	1 099	12	1 544	208	1 012	2 979
20-29 "	10 583	74	11 912	1 761	8 942	27 260
30-39 "	24 374	98	17 698	2 693	18 513	24 073
40-49 "	55 891	229	34 315	3 793	50 563	64 309
50-54 "	92 554	174	32 169	2 528	41 431	56 283
55-59 "	.	232	60 207	2 675	59 540	81 397
60-64 "	61 065	401	92 858	2 941	84 158	121 564
Total 18-64 years ¹⁾	245 566	1 220	250 703	16 599	264 159	377 865
65-66 years	.	198			45 728	
<i>Per cent</i>						
18-19 years ¹⁾	0.4	1.0	0.6	1.3	0.4	0.8
20-29 "	4.3	6.1	4.8	11.1	3.4	7.2
30-39 "	9.9	8.0	7.1	16.3	7.0	6.4
40-49 "	22.8	18.8	13.7	23.5	19.1	17.0
50-54 "	37.7	14.3	12.8	14.8	15.7	14.9
55-59 "	.	19.0	24.0	15.5	22.5	21.5
60-64 "	24.9	32.9	37.0	17.6	31.9	32.2
Total 18-64 years ¹⁾	100.0	100.0	100.0	100.0	100.0	100.0

1 For Finland and Norway, the age groups starts at 16 years; at 17 years for Iceland and at 19 years for Sweden

2 Data from 2011. Data from Denmark for the age groups 50-54 years and 55-59 years have been combined and are placed in the category 50-54 years

3 Icelandic data refers to 2011

4 Number of recipients in December 2012

Table 6.3.8 Recipients of disability pensions and new accessions of disability pensioners, by gender, 2012

	Recipients	New awards	New awards in per cent of population of qualifying age
<i>Denmark¹⁾</i>			
Men	102 968	6 891	0.4
Women	120 010	7 559	0.4
<i>Faroe Islands</i>			
Men	723	..	..
Women	816	..	..
<i>Finland</i>			
Men	130 657	11 295	0.6
Women	120 046	11 283	0.7
<i>Iceland^{2,3)}</i>			
Men	7 078	35	0.0
Women	10 831	189	0.2
<i>Norway⁴⁾</i>			
Men	132 157	12 171	0.8
Women	177 730	17 135	1.2
<i>Sweden^{5,6)}</i>			
Men	157 029	8 127	0.3
Women	220 836	8 593	0.3

1 Number of recipients is in this table calculated as at the beginning of the year; in the other pension tables, the number has been calculated at the end of the year

2 Pensionable age 17-66 years

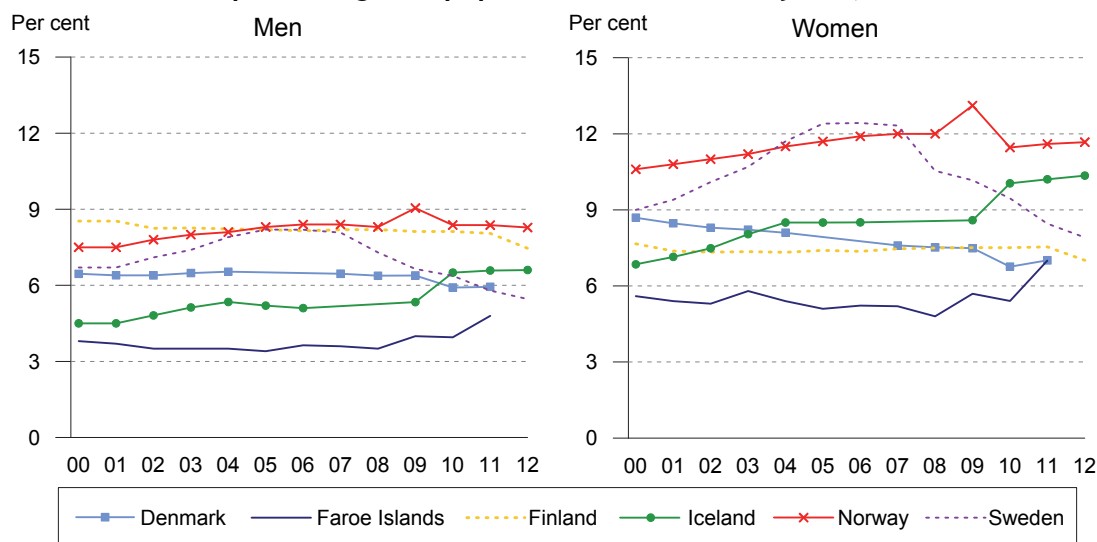
3 2011

4 Pensionable age 18-67 years. The accession is seen in relation to the non-disabled part of the population

5 The activity and sickness benefit has replaced the disability pension as from 2003

6 Number of recipients is from December 2012

Figure 6.3.3 Pensioners drawing disability pensions in the form of basic /minimum pensions and/or supplementary/employment pensions as percentages of population 16/18-64/66 years, 2000-2012^{1, 2)}



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

2 From 1 March 2010, people who received temporary disability benefits were transferred to a new benefit called work clarification benefit (rehabilitation). From now on, the Figure shows only recipients of permanent disability pension, and the number is therefore smaller than in 2009

Rehabilitation Benefits

People whose capacity for work has been reduced due to physical, mental or social factors may be granted support towards education, retraining and re-schooling where it is deemed necessary for their future abilities to manage on their own and to support their families. Support may also be granted towards meeting special expenses incurred by such education or training. Education may consist of training in the open labour market. Support is provided by way of wages/salaries or wage/salary supplements. In addition, special support may be granted towards acquisition of tools, etc., and towards setting up a business.

In Denmark, support is granted as a fixed rehabilitation allowance corresponding to the maximum amount of the daily cash benefits. Payment of the rehabilitation allowance is subject to rehabilitation being initiated according to a fixed occupational plan. The allowance is payable until the occupational plan has been implemented, but usually for a maximum of five years. In respect of young people under the age of 25, the rehabilitation allowance equals half the maximum amount. 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, a rehabilitation allowance is payable when it is deemed necessary out of consideration for a person's risk of becoming ostracised 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, equal the amount of the sickness benefits. The amount of daily cash benefits payable by the accident- and traffic-insurance schemes as well as from the statutory employment-related pension scheme usually corresponds to the amount that would have been payable in that same period.

In Iceland, a rehabilitation allowance is payable by the social insurance scheme when an injured person is no longer entitled to sickness or industrial-injury benefits. As a rule, the allowance is payable for a maximum of 12 months or until a decision has been made as to the future of the disabled person in question. The allowance equals the disability pension and is awarded according to the same criteria; it is, however, never awarded for more than 18 months. Everyone receiving rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is being paid.

In Norway, three different rehabilitation benefits were combined into one benefit with effect from 1 March 2010. To be entitled to the new benefit, the work clarification allowance, recipients must be undergoing active treatment, participate in a work-oriented measure or receive some other kind of follow-up aimed at finding, or keeping, a job.

The benefit is awarded to people who have completely used their entitlement to sickness benefits but who still suffer from a reduction of their working capacities of at least 50 per cent. The benefit may be awarded for up to four years and may be prolonged in certain cases. It will be calculated on the basis of any pension-entitling income earned in the last year, or as an average of the last three years prior to the working capacity being reduced by at least 50 per cent. The benefit amounts to 66 per cent of the calculation basis (which equals a maximum of NOK 492 732 per 1 May 2012) and is managed by the Norwegian Labour and Welfare Service. A minimum benefit of NOK 164 244 is payable per 1 May 2012.

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. Occupational rehabilitation measures may for example be work training, tests at a labour market institute and education/training.

Table 6.3.9 People drawing rehabilitation benefits, 2012

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ⁴⁾	Sweden ⁵⁾
<i>People receiving rehabilitation benefits during the year</i>						
Men	5 828	206	41 614	718	..	6 690
Women	8 429	287	63 417	1 162	..	13 601
Total	14 257	493	105 031	1 880	..	20 291
Total 65/100 000+ years	401	206	1 935	5	..	212
<i>People receiving rehabilitation allowance as at December 2010</i>						
Men	3 769	86	17 196	414	68 529	2 482
Women	5 397	125	25 055	718	98 702	5 169
Total	9 166	211	42 251	1 132	167 231	7 651
Total 65/100 000+ years	258	86	779	9	..	80

- 1 Recipients of rehabilitation allowances, including rehabilitation allowances during occupational practice periods
- 2 Includes rehabilitation cash benefits and services payable by the Social Insurance Institution (in addition, the employment pension funds paid rehabilitation allowances/services in 2012 to 11 138 people, 5 300 men and 5 838 women)
- 3 2011
- 4 On 1 March 2010, the benefits rehabilitation allowance and temporary disability pension were included in the work clarification benefits. Data from 2010 are therefore not comparable with data from previous years
- 5 Includes only people receiving rehabilitation allowances. The number of people receiving special allowances cannot be calculated

Compensation for Industrial Injuries

In all Nordic countries, people who have suffered industrial injuries are entitled to either sickness benefits or equivalent benefits in the event of a temporary loss of their working capacities. In case of long-term or permanent loss of working capacity, disability pension or a similar benefit will be pay-able.

An industrial injury is defined as an accident at work or work-related illness causing temporary or permanent loss of the ability to work.

In all the countries, compulsory industrial injury insurance schemes have been established, but according to somewhat differing rules. The industrial injury insurance fund pays out compensation for permanent injuries and for lost capacity for work, either by way of a non-recurrent payment or of monthly payments. Normally, the industrial injury insurance fund also covers expenses for treatment that are not covered by the general sickness insurance scheme.

In Denmark, compensation is granted for the loss of capacity for work if an industrial injury has reduced working capacities by at least 15 per cent. In addition, a non-recurrent payment is payable if the degree of the permanent injury is 5 per cent or more. Compensation 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 80 per cent of the annual earnings. Disability compensation may also be granted where the industrial injury has reduced an injured person's capacity for work by 5 per cent or more. In Finland, one is entitled to a pension if one's capacity

for work has been reduced by at least 10 per cent. The pension payable to a person who is completely incapable of working amounts to 85 per cent of the previous income from work. An employee who is partly (partially) incapacitated is entitled to part of a full pension amount corresponding to the reduction of the capacity for work. The compensation level for pensions on the grounds of accidents drops to 70 per cent of any income from work when a recipient turns 65 years. Pension in the event of an accident payable to a partly disabled employee shall also be reduced when he turns 65 years.

In Iceland, entitlement to wages/salaries during illness (absence due to an accident) plays the most important part for an injured person. But for people who are not entitled to wages/salaries, or when the period in which one is entitled to wages/salary has expired, those concerned are entitled to daily cash benefits from the general industrial injury insurance fund. This benefit is a fixed amount independent of wages/salary earned prior to the accident. The benefit is usually payable for a maximum of 52 weeks. If 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 in the form of annuities in the event that one's capacity for work has been permanently reduced by at least one-fifth (6.6 per cent). The annuity will normally be calculated on the basis of an insured person's sickness-benefit-entitling income. The annuity is calculated by comparing the income which the individual would have earned, had s/he not been injured, with the income s/he is estimated to earn after the injury. The annuity is the difference between the incomes, but can never exceed 7.5 price-basis amounts per year, which was SEK 42 800 in 2011.

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 the Disabled

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 ¹⁾	Faroe Islands	Finland	Iceland	Norway ²⁾	Sweden ³⁾
	2012	2010	2012	2012	2011	2012
Recipients of home help under 65 years, total	24 413	55	7 174	3 244	32 759	16 395
Recipients of home help as percentages of the age group 18-64 years	0.7	0.1	0.2	1.2	0.8	0.2

1 Home help to people living in a home of their own, with the exception of service housing. Recipients as percentages of the age group 18-64 years per October 2012

2 Including residents in service housing units getting practical assistance (home help). Comprises recipients receiving both home nursing and practical assistance, and recipients receiving only practical assistance. Residents getting only home nursing are not included

3 Includes people in homes of their own who had been granted home help as at 01 October 2012

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

	Denmark ¹⁾	Faroe Islands ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾
	2012	2011	2012	2011	2011	2012
Under 65 years, total	14 342	11	20 942	834	21 814	27 748
As percentages of the age group 18-64 years	0.4	0.0	0.5	0.4	0.5	0.4

1 Includes residents in nursing homes, sheltered housing, special care housing units and special housing units (special housing units use the age group under 67 years). Recipients as percentages of the age group 18-64 years per October 2012

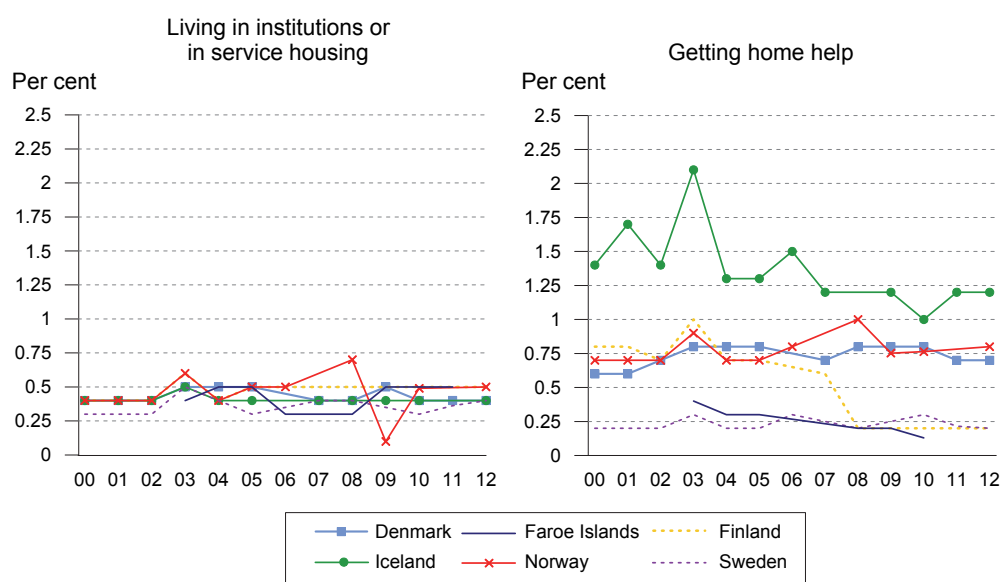
2 Data apply to residents in special care housing units as well as to people admitted to institutions of the age group 0-66 years

3 People in permanent residence and short-term stays as at 01 October 2012 at institutions or in service housing

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

As mentioned above, the statistics concerning home help in the Nordic countries are not easily compared. While the data for Denmark, the Faroe Islands, Norway, Finland and Sweden are situation-statements, the Icelandic data contain information on the number of people receiving help during the year.

Figure 6.3.4 People living in institutions or in service housing and people getting home help, as percentages of the age group 18-64 years, 2000-2012



Support Schemes and Leisure Activities

In the Nordic countries, there are various kinds of support schemes and activating measures for the disabled, either on a municipal or a private basis. The range of services and activities provided varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes mainly aim at enabling disabled people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains or alarms to call help, home-visiting schemes, physiotherapy and occupational therapy, hairdressing, pedicure, gardening and snow clearing. There are also washing and clothes-mending schemes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. In all the countries, there are so-called daytime measures aimed at vari-

ous target groups, such as people with mental disabilities, to provide help by way of rehabilitation, employment and feeling of community.

Moreover, there is a transport service scheme for elderly or disabled people who are unable to use public transport or to get about on their own at all.

Personal Assistance

In all the Nordic countries, people with severe disabilities qualify for financial support towards payment for personal assistance and help to cope with daily tasks.

In Denmark, people suffering from a considerable and permanently reduced physical or mental capacity 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 considerably and permanently reduced physical or mental capacities, who are active in some way, for example in connection with work, which makes it necessary to grant very special support. In 2010, about 2 000 people made use of the scheme to employ assistants.

The local authorities may also grant 15 hours of accompaniment per month to people under 67 years, who are unable to get about in their own due to considerably and permanently reduced physical or mental capacities. People, who have been granted 15 hours of accompaniment per months when they turn 67 years, will maintain this right after the age of 67 years. Besides, the local authorities may grant assistance by way of a special contact person to people who are deaf and blind, and see to it that people suffering from mental disabilities get offered a support and contact person. In 2010, 14 000 people made use of these 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 suffering from permanently reduced physical or mental capacities may be granted personal help and assistance. The aim is to give disabled people an opportunity to live an independent and active life. The disabled person and his/her support person jointly 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 people who are highly in need of the help of others to manage daily life. The need for help and support must be assessed by a doctor, and where necessary, also by another employee from the social and health service. In 2012, 13 460 people made use of the scheme.

Also in Iceland, personal assistance to deal with daily life may be granted.

Personal assistance may also be granted to people who need to free themselves from social isolation. Finally, families with disabled children may receive relief from another family, who looks after the child/ children - usually one or two weekends a month.

In Norway, all local authorities must offer schemes for user-controlled personal assistance.

What signifies this scheme is that the recipient of the help acts as a manager of the assistant. The user may also choose to act as an employer and thus assume a larger responsibility for the organization and the scope of the help in relation to his own needs. From 2006, the scheme of user-managed personal assistance was extended to also include users who cannot handle the employer role by themselves.

Moreover, there is a pilot scheme concerning function assistants for the disabled in work. The assistants are to provide practical help during working hours to people who are severely disabled. The aim is to enable severely disabled people to remain in normal employment and to enable those who have not previously been in the labour market to assume a normal job. As per July 2011, the scheme comprised about 110 users.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, getting dressed or communication with others (the so-called basic needs). Help may also be granted towards other needs in daily life, if these cannot be managed in any other way. Personal assistance is based on the condition that the assistance must provide a disabled person with increased abilities to lead an independent life. Help and assistance must be available at different times day and night and must be offered by a limited number of people. Personal assistance is granted by way of a personal assistant or a financial supplement to employment of such an assistant. Local authorities cover the expenses for up to 20 hours of assistance per week. Should the need exceed 20 hours per week, Central Government shall cover the expenses for the hours exceeding 20 per week. In 2010, about 16 000 people received personal assistance.

Rehabilitation

In all the countries, there are specialized institutions for retraining, assessment of working capacity and re-schooling of disabled people and other occupationally impaired groups. Furthermore, sheltered workshops have been established for disabled people who are unable to maintain a job in the open labour market.

In Denmark, people with reduced capacities for work are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and in sheltered workshops. People with permanently limited capacity for work may furthermore find employment with private or public employers in flex jobs or wage-subsidized sheltered jobs. Flex 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 2012, there were 56 000 people working in flex jobs.

People who have been approved for a flex job and who are unemployed, and people who will become unemployed after employment in a flex job, may according to

special rules be granted a special benefit. In the fourth quarter of 2012, 20 700 people received this special benefit.

In the Faroe Islands, people with reduced capacities for work are offered assessment of their work capacity, 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 capacities for work may be employed by private or public employers in wage-subsidized jobs.

In Finland, the public health sector and the Social Insurance Institution provide the largest part of the medical rehabilitation. The Social Insurance Institution also offers assessment of capacity for work. The employment pension funds initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve his ability and capacity for work and to ease his return to the labour market. The accident and traffic insurances furthermore offer rehabilitation to their clients. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

With the transfer of services to people with disabilities from central to local government in 2011 in Iceland, the responsibility for disabled people's work participation moved from Central Government's Special Services (Statens Specielle Tjenester) to the Ministry of Labour. Before 2011, Central Government's Special Services were responsible for sheltered work in the labour market and for sheltered workshops for disabled people. Now the responsibility is with the Ministry of Labour, just as it is for other citizens. People with reduced working capacities shall have their work situation adapted to their special needs. At the same time, it is possible to borrow various technical aids from the Technical Aids Centre under the National Insurance Scheme.

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. People with reduced capacities for work may have their work adapted according to their special needs. At the same time it is possible to borrow various technical aids from the Technical Aids Centre.

People with various disabilities may get treatment and guidance at a number of retraining institutions. Disabled people, who have no connection with the labour market, may also borrow technical aids to ease their daily life.

In Sweden, people with reduced working capacities may participate in various labour market measures via the employment service. A person who, due to a disability, cannot get a job in the open labour market may find employment at The Institution for Sheltered Work through the employment service. In the recruitment process, people with mental and intellectual incapacities as well as people with several disabilities are given priority.

Expenditure on and Financing of Cash Benefits and Services to the Disabled

Differences and Similarities in the Social Expenditure on the disabled

In the following, differences and similarities in the expenditure on the elderly, disabled are described. Unless otherwise stated, comparisons are made in PPP per capita.

In respect of cash benefits per capita to the disabled, Norway spends the most, which is due to medical rehabilitation being included under Rehabilitation but under Illness in the other countries (included in the sickness benefits). In the other countries, rehabilitation is carried out during illness (included in the sickness benefits).

Changes in the Social Expenditure on the Disabled from 2010 to 2011

In Denmark, the expenditure increased from 2009 to 2010 by DKK 1.2bn, corresponding to a growth rate of 1.5 per cent. The increase concerned cash benefits that increased by a little over DKK 1.5bn, corresponding to a growth rate of 2.7 per cent, whereas the expenditure on services decreased by a little over DKK 0.3bn, corresponding to a decrease of 1.3 per cent.

In the Faroe Islands, there was a slight decrease in the social expenditure from 2010 to 2011 of 7.8 per cent, corresponding to 44mn. The reason was a decline in the cash benefits in connection with income compensation when caring for a disabled child. As to services, the expenditure on rehabilitation decreased.

In Finland, the expenditure on disability pension decreased by 1.3 per cent at constant prices. The number of disability pensioners decreased by 6 800. The total expenditure on cash benefits to the disabled increased by 4.4 per cent. The expenditure on services increased by 5.7 per cent. The largest increase occurred in the expenditure on services in accordance with the Act on Services and Support to the Disabled and to Sheltered Housing.

In Iceland, the expenditure on the disabled increased by 5.3 per cent at constant prices, of which the expenditure on cash benefits increased by 6.5 per cent, whereas the expenditure on services increased by 1.0 per cent. The basic pension increased by 9.3 per cent, while employment pensions increased by 6.5 per cent.

In Norway, the expenditure on the disabled increased by 5.3 per cent from 2010 to 2011 at constant prices. Cash benefits increased by 6.2 per cent, while the expenditure on services decreased by 1.1 per cent. Cash benefits amounted to 87.9 per cent of the total expenditure on the disabled, and the expenditure on basic pensions and supplementary pensions amounted to 20.0 and 28.3 per cent each, in total 48.3 per cent. The number of disability pension recipients at year-end increased by 5 565 individuals from 2010 to 2011 and counted 301 088 individuals in 2010. Payments of rehabilitation benefits amounted to NOK 36 750mn in 2011. The number of rehabilitation benefit recipients was at the end of 2011 171 760 people.

In Sweden, the expenditure on the disabled decreased by 7.7 per cent from 2010 to 2011 at constant prices. Cash benefits decreased by 12.5 per cent, while the ex-

penditure on services decreased by 3.4 per cent. The reason for the decline in expenditure is that the sickness and activity compensation is decreasing, which it has been doing for several years now. This is due to the sickness and activity compensation having become time-limited, and that the award has become more restrictive.

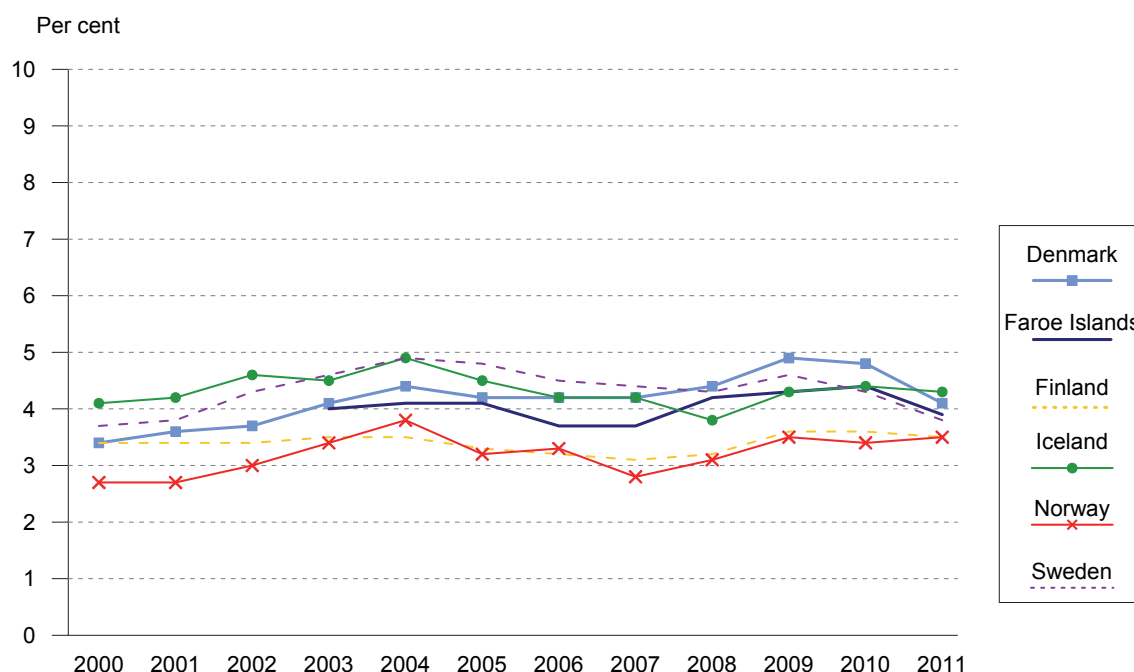
Table 6.3.12 Expenditure on and financing of pensions, other cash benefits and services to the disabled, 2011, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A.Disability pensions	40 983	218	3 512	45 433	63 139	54 146
Of which:	-	-	-	-	-	-
a. Basic/minimum pension	40 983	218	730	31 834	23 436	13 278
b. Supplementary/employment pension	-	-	2 772	13 599	33 117	34 663
c. Supplementary pension	-	-	10	-	6 586	6 205
B.Retirement pension due to reduced working capacity	-	10	0	-	-	-
C.Nursing contribution	-	-	532	-	3 427	3 841
D.Supplement towards economic integration of the disabled	2 427	-	142	-	36 326	952
E. Other	4 607	13	178	-	134	-
Cash benefits, total	48 017	241	4 363	45 433	103 026	58 939
<i>Services, million</i>						
A.Institutions, etc.	9 814	148	168	10 603	1 168	20 829
B.Help to carry out daily activities	5 284	30	568	108	5 228	35 227
C.Rehabilitation	-	72	605	-	6 125	5 479
D.Other	9 457	32	853	1 650	1 616	10 948
Services, total	24 555	282	2 195	12 361	14 137	72 483
Total expenditure, million	72 571	523	6 558	57 795	117 163	131 422
Expenditure as percentage of GDP	4.1	3.9	3.5	3.5	4.3	3.8
<i>Financed by (per cent)</i>						
- Public authorities	94.5	93.8	52.2	55.3	32.1	60.4
-Employers	5.5	4.4	34.4	33.8	39.8	38.7
-The insured (contributions and special taxes)	0.0	1.8	13.5	10.8	28.2	0.9
<i>Changes 2010-2011 in terms of 2011 prices</i>						
-Million	-13 569	-45	-83	2 882	5 851	-14 419
-Per cent	-15.8	-7.9	-1.3	5.3	5.3	-9.9

Table 6.3.13 Expenditure on cash benefits to the disabled in PPP/capita and per pensioner, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The disabled</i>						
Cash benefits per capita	846	488	664	772	1 784	539
Disability pension per disability pensioner	18 233	12 441	11 051	13 746	17 658	11 680
Services per capita	433	571	334	210	245	663
Total services and benefits to the disabled per capita	1 279	1 059	998	982	2 029	1 202

Figure 6.3.5 Expenditure on pensions, other cash benefits and services to the disabled, 2000-2011, as percentages of GDP



User Charges

User charges payable for stays at institutions, disabled people and home help are levied according to different sets of rules in the Nordic countries.

The conditions concerning user charges payable for stays at institutions for the disabled are fixed centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in housing units are paid their pension in full and must then pay for services provided as part of their stay, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. In 2011, user charges amounted DKK 399mn, corresponding to 3 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes and in collective housing pay rent according to centrally fixed rules. In Finland, user charges payable for long-term care depend on a patient's income. It must not exceed 85 per cent of the net income, and there must be at least EUR 99 left per month for personal use. In 2011, user charges for institutional stays amounted to 9 per cent of the total expenditure. For permanent home help, a suitable monthly fee can be charged, depending on the quality and extent of the service as well as the recipient's ability to pay and the size of the household. User charges payable for home help depend on a household's income. User charges amounted to about 15 per cent of the total expenditure on home help in 2011.

In Iceland, there are no institutions for the disabled, but various types of sheltered housing units and collective housing. The residents pay the rent and other services that became the responsibility of the local authorities in 2011. In Iceland, user charges for home help amounted to 9.4 per cent of the municipal expenditure in 2011.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of rules laid down centrally. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. Up to 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. Payment must be limited so that everyone keeps 25 per cent of the basic amount of the social insurance scheme for personal use in addition to the free amount. User charges payable for stays at institutions amount to about 15 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 170 per month. Besides, user charges must not be charged for that part of the help which is personal care and nursing or home nursing, relief or support measures.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. There is also a maximum user charge for care for the elderly, but local authorities are free to fix the amount of user charges within that framework.

6.4 Surviving Relatives

Table 6.4.1 Expenditure on surviving relatives as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2010

Denmark	0.0	Austria	2.0	Hungary	1.3	Portugal	1.9
Faroe Islands	0.2	Belgium	2.1	Ireland	1.1 ^p	Romania	0.8
Finland	1.0	Bulgaria	0.9	Italy	2.6 ^p	Slovakia	1.0 ^p
Iceland	0.6	Cyprus	1.2	Latvia	0.3 ^p	Slovenia	1.7 ^p
Norway	0.3	Estonia	0.1	Lithuania	0.6 ^p	Spain	2.2 ^p
Sweden	0.5 ^p	France	1.9 ^p	Luxembourg	1.9	The Czech Republic	0.7
		Germany	2.1 ^p	Malta	1.8	The Netherlands	1.2 ^p
		Greece	2.2	Poland	2.0	United Kingdom	0.1

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almanamálaráðið

Pensions to Widows and Widowers

The increased participation by women in the labour market and changes in the distribution of income between spouses has contributed to the survivor's pension becoming less important. In Denmark and the Faroe Islands, pension to widows and widowers has been abolished, but in the Faroe Islands widower's pension is payable through the disability pension system. It is necessary to have been married to receive this benefit. Pensioners can, when losing a spouse, be paid a survivor's pension on a short term basis, corresponding to 3 months' pension. The number of recipients of survivor's pension is not registered separately. A survivor's allowance is payable to non-pensioners in Denmark whose spouse or partner dies. The survivor's allowance is income and property-adjusted and will be granted as a non-recurrent payment.

In Finland, family pension may be granted to the surviving spouse if the parties got married before the surviving spouse turned 65 years and s/he 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 apply to people in registered partnership.

In Iceland, survivor's pension has been abolished as a basic pension but is still being paid by the employment pension system. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/herself.

In Norway, pension is granted to surviving spouses and cohabitants. Pension may also be granted to survivors if they have either previously been married to each other or have had joint issue. In Sweden, the current widow's pension will lapse on a long-term basis for most survivors. In the old system, a condition for being awarded widow's pension was that one had married no later than 1989. In Finland, Norway and Sweden, widows and widowers are entitled to survivor's pension by way of basic pen-

sion/guaranteed minimum pension and employment pension. In Sweden, survivor's pension is also payable in most cases.

Table 6.4.2 Pensioners aged 18-64/66 years drawing statutory survivor's pension, 2000-2012

	Finland ¹⁾		Iceland ²⁾		Norway ³⁾		Sweden ⁴⁾	
	M	W	M	W	M	W	M	W
2000	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2005	9 128	40 586	1 974	2 570	2 124	22 085	2 314	46 210
2010	8 778	34 368	1 831	2 137	2 265	19 210	2 056	33 232
2011	8 399	32 329	1 803	2 141	2 087	18 505	2 018	30 534
2012	7 914	30 010	..	..	1 973	17 517	1 987	28 116

1 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2012, the number of survivor's pensioners over 64 years was 192 189 women and 31 022 men

2 Only pensioners aged 16-65 years receiving employment pension

3 Excluding widows and widowers receiving disability pensions

4 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 pensions were income-adjusted from 1997-2002

Table 6.4.3 Average monthly amount of statutory survivor's pension, (before tax), per month, 2012

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Finland ¹⁾	209	595	537	171	487	439
Norway	5 440	8 382	8 083	468	722	696
Sweden ²⁾	7 102	5 544	5 647	623	486	495

1 Average pension amount paid out in December

2 Average amount as at December 2012 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to surviving relatives from both basic pension and income-based pension

The basic pension/guaranteed minimum pension will be revoked when the surviving spouse becomes entitled to the basic/guaranteed minimum pension from the retirement pension scheme.

Moreover, the basic/guaranteed minimum pension will lapse in the event that a survivor is awarded disability pension. Pension is payable to the surviving relative in the form of employment pension or supplementary pension.

In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's retirement- and disability-pension systems for surviving relatives. They are granted the highest amount from their own employment pension or 55 per cent of the sum of their own and the deceased's accumulated 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 in the form of basic pension and supplementary/employment pension. Child pension is granted to children under 18 years if one or both parents are deceased. In Denmark and in the Faroe Islands, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland and Iceland, a child pension is payable until the age of 21 years if the child/youth is receiving education, while it in Sweden is payable up to and including the month of June the year in which the child turns 20 years. In Norway, child pension is payable until a child turns 18 years. If both parents are deceased, and the child is receiving education, pension may be payable until the child turns 20 years. In Iceland, a fixed amount is granted by the public authorities, which is payable to those providing for the children, but the pension varies from one labour market pension fund to another. If both parents are deceased, the double amount is payable. The Employment Pension Fund also pays child pension to the providers. In Norway, 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 pensions 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, total, 2000-2012¹⁾

	Denmark	Faroe Islands	Finland	Iceland ²⁾	Norway	Sweden
<i>Number of children receiving child pension</i>						
2000	17 278	201	28 476	1 300	14 074	29 570
2005	23 700	179	25 694	1 375	14 075	32 333
2010	20 100	140	22 506	1 529	13 525	28 934
2011	19 900	189	21 808	1 505	13 510	27 945
2012	18 843	..	21 147	..	13 157	26 738
As percentage of children of the qualifying age	1.6	..	1.7	1.9	1.2	1.2

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

Table 6.4.5 Average monthly statutory amount of child pension, before tax, 2012

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden
KR/EUR	..	1 074	346	22 680	2 517	2 592
PPP-Euro	..	105	283	122	217	227

1 Average monthly amount paid by the public authorities in 2010

2 Amount paid on average as at December

Expenditure on and Financing of Benefits and Services to Surviving Relatives

Differences and Similarities in the Social Expenditure on Surviving Relatives

In the following, differences and similarities in the expenditure on surviving relatives are described. Unless otherwise stated, comparisons are made in PPP per capita.

As to surviving relatives, Finland spends the most and Denmark and the Faroe Islands the least.

Changes in the Social Expenditure on Surviving Relatives from 2010 to 2011

In Denmark, there was by and large only expenditure on funeral assistance. The funeral assistance expenditure decreased by DKK 11mn from 2009 to 2010, corresponding to a decrease of 7.4 per cent.

In the Faroe Islands, there were no changes in the expenditure from 2010 to 2011, but nevertheless there was a total increase in the expenditure of 2.0 per cent.

In Finland, the expenditure on cash benefits to surviving relatives decreased by 4.7 per cent at constant prices. The number of recipients of widow/widower's pension decreased by 1 200.

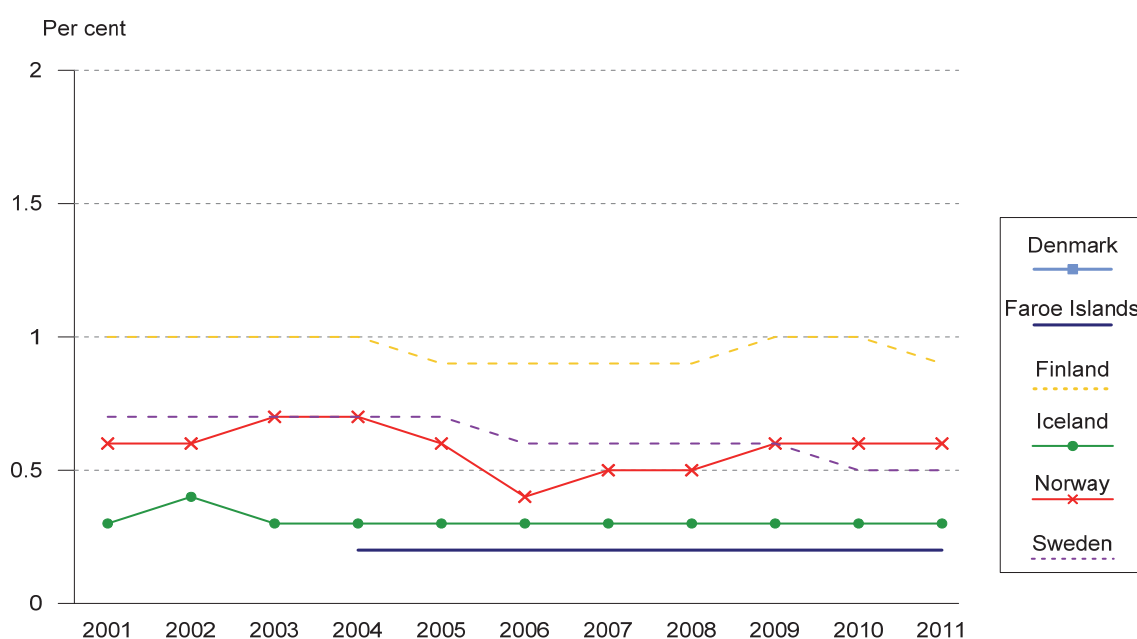
In Iceland, the expenditure on surviving relatives increased by 6.7 per cent at 2011 prices.

In Norway, the expenditure on surviving relatives increased by 13.5 per cent from 2010 to 2011. Cash benefits increased by 13.7 per cent, while the expenditure on services increased by 5.0 per cent. Cash benefits amounted to 97.9 per cent of the total expenditure on survivors. There were 20 592 recipients of cash benefits at the end of 2010, which was 883 fewer than in 2010.

In Sweden, where the expenditure on surviving relatives consists of cash benefits only, the expenditure decreased by 7.6 per cent at constant prices from 2010 to 2011.

Table 6.4.6 Expenditure on and financing of benefits to surviving relatives, 2011, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million</i>						
A. Survivor's pensions	2	19	1 661	9 722	7 586	16 362
Of which:	-	-	-	-	-	-
a. Basic/minimum pension	-	-	34	319	1 413	773
b. Supplementary/employment pension	-	-	1 607	9 403	1 085	14 720
c. Supplementary pension	2	19	21	-	5 211	869
B. Benefits in case of death	-	-	34	72	237	-
C. Other	-	2	-	-	6	-
Cash benefits, total	2	21	1 695	9 793	7 829	-
-Per capita (PPP)	0	43	258	166	136	-
<i>Services, million</i>						
A. Funeral allowance	135	2	5	-	168	-
B. Other	-	-	-	-	-	-
Services, total	135	2	5	-	168	-
Total expenditure, million	137	23	1 700	9 793	7 997	16 362
Expenditure as percentage of GDP	0.0	0.2	0.9	0.6	0.3	0.5
<i>Financed by (per cent)</i>						
- Public authorities	100.0	4.5	5.8	1.4	17.0	3.8
- Employers	0.0	63.7	72.3	62.7	60.9	93.9
- The insured (contributions and special taxes)	0.0	31.8	22.0	36.0	22.1	2.3
<i>Changes 2010-2011 in terms of 2011 prices</i>						
- Million	-11	1	-83	610	953	-1 338
- Per cent	-7.4	2.5	4.7	6.7	13.5	-7.6

Figure 6.4.1 Expenditure on benefits to surviving relatives, 2000-2011, as percentages of GDP

Chapter 7

Housing Benefits

Links to supplementary information:

[EUROSTAT - database](#)

[Social Expenditure](#)

Table 7.1 Expenditure on housing benefits as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2010

Denmark	0.8	Austria	0.1	Hungary	0.5	Portugal	0.0
Faroe Islands	.	Belgium	0.2	Ireland	0.3 ^p	Romania	0.0
Finland	0.5	Bulgaria	0.0	Italy	0.0 ^p	Slovakia	:
Iceland	1.1	Cyprus	1.1	Latvia	0.1 ^p	Slovenia	0.0 ^p
Norway	0.2	Estonia	0.1	Lithuania	0.0 ^p	Spain	0.2 ^e
Sweden	0.5 ^p	France	0.8 ^p	Luxembourg	0.3	The Czech Republic	0.1
		Germany	0.6 ^p	Malta	0.2	The Netherlands	0.4 ^p
		Greece	0.4	Poland	0.1	United Kingdom	1.5

p Preliminary data

e Estimated data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts

Housing Benefits to Families

In all the countries, with the exception of the Faroe Islands, housing benefits are granted to both families with children and childless families. In all the Nordic countries, the purpose of housing benefits is to provide people with low incomes and high housing costs with good and secure housing. In Norway, there is only one housing benefit scheme covering everyone with the exception of students and people with military or civilian official duties who have their own housing benefit schemes. Benefits are granted to both people in rented accommodation and to home owners. In Denmark, the benefit is only payable to families living in rented accommodation. In Iceland, the benefit is payable to families who live in rented accommodation, but also to families who own their accommodation. In connection with the award, a family's income and the size of the housing debt are taken into consideration. In the other countries, housing benefits may also be granted to families who own their accommodation. A family's income, its housing costs and the number of children in the household are taken into consideration when a benefit is being granted. The scopes of the schemes vary greatly from one country to another.

Table 7.2 Average housing benefits per month to families 2012

	Denmark ¹⁾	Finland ²⁾	Iceland ³⁾	Norway	Sweden ²⁾
<i>Average housing benefit per month per family in KR/EUR</i>					
Married or cohabiting couples					
- with children	1 930	370	30 793	3 153	2 495
- without children	738	231	24 039	2 649	893
Single people					
- with children	2 387	379	50 934	2 718	2 397
- without children	570	227	26 434	2 210	882
<i>Average housing benefit per month per family in KR/EUR</i>					
Married or cohabiting couples					
- with children	190	303	166	272	219
- without children	72	189	130	228	78
Single people					
- with children	235	310	275	234	210
- without children	56	186	142	190	77

1 April 2013 (not retirement pensioners)

2 Average payment in December 2012

3 Average housing benefits in December 2011 to families in rented accommodation in the municipality of Reykjavik

In addition to the housing benefit, a subsidy may be granted, which will partly or fully cover any deposit payable, in order to enable people with a poor economy to find appropriate and reasonable accommodation.

In Denmark, there was an increase of 15 per cent in the number of housing benefit recipients from 2000 to 2005, despite the reform of the rules governing housing benefits that was gradually implemented in the years 1999-2003. The increase was presumably a result of the increased construction activities. 2008 and the subsequent years have to some extent been characterized by the financial crisis. The recession - and presumably also the very large offer of private flats to let - has resulted in a rise in the number of recipients.

In the 2000s, minor annual variations in the Finnish data have been caused by the financial security as well as by legislative changes. The number of recipients was at its lowest in 2008. Due to the financial downturn in 2009, people applied for the common housing benefits to a higher degree than before. During 2010 and 2011, the situation evened out. As it becomes still more common to live alone, and the income levels in some groups of single people are weakened, the share of people living alone and drawing housing benefits has increased at the expense of families with children.

Table 7.3 Households receiving housing benefits at the end of the years 2000-2012*

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden ²⁾
2000					
Married or cohabiting couples	33 619	33 359	780	5 360	50 016
- with children	21 284	25 559	417	4 954	47 622
- without children	12 335	7 800	363	406	2 394
Couples, p.c. of all households of couples	..	3	..	..	..
Single people	136 051	136 993	3 681	17 982	195 368
- with children	61 700	50 184	1 296	15 725	161 548
- without children	74 351	86 809	2 385	2 257	33 820
Single people, percentage of all single people	..	-	..	..	..
2005					
Married or cohabiting couples	31 727	24 245	1 285	6 135	51 437
- with children	16 320	19 198	728	5 435	47 150
- without children	15 407	5 047	557	700	4 287
Couples, p.c. of all households of couples	..	2	2	..	..
Single people	168 906	130 569	8 704	22 434	223 829
- with children	71 570	43 330	2 912	14 670	164 620
- without children	97 336	87 239	5 792	7 764	59 209
Single people, p.c. of all single people	..	14	22	..	..
2010					
Married or cohabiting couples	36 131	23 526	1 607	10 322	53 964
- with children	15 856	17 852	1 094	8 063	49 768
- without children	20 275	5 674	513	2 259	4 196
Couples, p.c. of all households of couples	..	2	2	..	..
Single people	167 336	140 628	13 088	46 946	183 535
- with children	63 268	40 855	3 773	16 659	126 724
- without children	104 068	99 773	9 315	30 287	56 811
Single people, p.c. of all single people	..	14	27	..	..
2011					
Married or cohabiting couples	38 711	23 592	1 616	10 427	
- with children	16 533	17 685	1 117	8 234	47 860
- without children	22 178	5 907	499	2 193	3 688
Couples, p.c. of all households of couples	..	2	2	..	..
Single people	169 267	143 772	12 847	50 135	
- with children	62 386	40 817	3 705	16 977	120 341
- without children	106 881	102 955	9 142	33 158	55 378
Single people, p.c. of all single people	..	14	27	..	..
2012					
Married or cohabiting couples	42 779	25 254	1 617	9 191	53 134
- with children	18 731	18 983	1 122	6 993	49 638
- without children	24 048	6 271	495	2 198	3 496
Couples, p.c. of all households of couples	..	2	2	..	3
Single people	174 160	155 411	12 543	50 694	179 668
- with children	63 213	42 893	3 762	16 993	123 049
- without children	110 947	112 518	8 781	33 701	56 619
Single people, p.c. of all single people	..	16	26	..	5

*Until 65 years

1 Data only for families living in rented accommodation.

2 The exact number of households receiving housing benefits in 2011 was 226 042. Some households may have been awarded the benefit during the year and have thus not been included

In Sweden, housing benefits are payable continuously as a preliminary subsidy based on the income information provided by the applicant. The final amount is fixed on the basis of a calculation each calendar year. Housing benefits are payable to families with children and to young people without any children. The amount of the preliminary benefit depends first and foremost on the family income. Housing costs, location and the size of a family also influences the benefit. Housing benefits consist of three parts. The first part is the housing costs; the second part is a separate supplement for children living at home, and the third part is a youth supplement payable to those who have children that no longer live in the home. The rules governing income-adjustment were introduced in 1997, and since then fewer households have received housing benefits than in previous years. Since then, fewer households have received housing benefits than was the case in previous years. This changed in 2009 when the number of households receiving housing benefits increased by about 2 per cent. The increase in the number of households receiving housing benefits is especially related to young people, while the number of families with children receiving housing benefits continues to decrease.

Housing Benefits to Pensioners

In all the Nordic countries, with the exception of the Faroe Islands, housing benefits are payable to pensioners. The amount of the housing benefit depends on a pensioner's personal income, rent costs, etc. Housing benefits to pensioners are exempt from tax in all the countries except Iceland.

Table 7.4 Pensioners receiving housing benefits at the end of the years 2000-2012

	Denmark ¹⁾	Finland	Norway ²⁾	Sweden ³⁾
<i>2000</i>				
Pensioner couples	61 577	13 013	4 271	..
Single pensioners	269 161	139 451	78 547	..
Total number of households	330 738	152 464	82 818	..
Total number of pensioners	..	163 223	..	458 337
Total number of pensioners, p.c. of all pensioners	..	.	..	..
<i>2005</i>				
Pensioner couples	57 918	12 043	2 664	..
Single pensioners	278 466	150 141	72 404	..
Total number of households	336 384	162 184	75 068	..
Total number of pensioners	..	171 643	..	429 533
Total number of pensioners, p.c. of all pensioners	..	14.4	..	..
<i>2010</i>				
Pensioner couples	53 231	10 970	2 547	13 807
Single pensioners	280 573	161 468	62 996	231 240
Total number of households	333 804	172 438	65 543	245 047
Total number of pensioners	..	179 319	..	382 698
Total number of pensioners, p.c. of all pensioners	..	14.2	..	..
<i>2011</i>				
Pensioner couples	52 698	10 729	2 509	14 622
Single pensioners	280 351	164 760	60 340	237 554
Total number of households	333 049	175 489	62 849	252 176
Total number of pensioners	..	182 138	..	387 021
Total number of pensioners, p.c. of all pensioners	..	14.2	..	..
<i>2012</i>				
Pensioner couples	52 833	10 447	2 488	14 879
Single pensioners	280 746	167 245	55 840	238 595
Total number of households	333 579	177 692	58 328	253 474
Total number of pensioners	..	184 186	..	381 923
Total number of pensioners, p.c. of all pensioners	..	14.2	..	..

1 As from 2003 inclusive of new disability pensioners drawing housing benefits according to the new rules as a result of the disability pension reform from 1 January 2003

2 Retirement and disability pensioners

3 135 976 people in 2005; 138 232 in 2007; 137 475 in 2009; 127 214 in 2010; 122 847 in 2011 and 117 440 in 2012 receiving sickness/activity benefits

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in, but after 1 July 2008 only in the form of a loan. A heating supplement may be granted by way of personal supplements according to the Pensions Act to help cover heating costs. The benefit is payable to both retirement and disability pensioners in the old system. 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. Pensioners who are allotted a special dwelling for the elderly by the local authorities receive housing benefits on especially favourable terms.

In Finland, housing benefits may be granted on the grounds of age or when one has become entitled to pension. Housing benefits are payable to pensioners with low incomes, regardless of their living in their own or in rented accommodation. Also heating costs and water costs are taken into consideration, if they are not included in the rent. The rent costs that can be approved per year depend on the location of the accommodation as well as of the size of the family. Since 2008, housing benefits to pensioners have been segregated as benefits proper, which mean that they no longer form part of the basic pension amount.

Table 7.5 Average housing benefits per month to pensioners, 2012

	Denmark ¹⁾	Finland	Norway	Sweden
Average housing benefits per month to married or cohabiting pensioners				
- KR/EUR	2 297	191	2 504	2 126
- PPP-Euro	226	156	216	186
Average housing benefits per month to single pensioners				
- KR/EUR	2 922	204	1 708	2 446
- PPP-Euro	287	166	147	214

1 Including retirement and disability pensioners

In Iceland, a supplement to the basic pension is payable to people living alone. The benefit is not directly linked to the rent costs, but will mainly be granted to pensioners, who live alone and have low incomes.

In Norway, all recipients of pensions or social insurance are entitled to housing benefits. In Sweden, housing benefits are payable to retirement pensioners, recipients of sickness and activity benefits and people receiving survivor's pensions who have low personal incomes. Housing benefits are granted according to rules applying uniformly to the entire country.

Expenditure on and Financing of Housing Benefits

Differences and Similarities in the Social Expenditure on Housing Benefits

There are distinct differences in the amounts spent by each country on housing benefits, measured as PPP per capita. Denmark spends the most, while Norway spends the least. In Denmark, Finland and Sweden, housing benefits play an important part for pensioners with low pension incomes, but particularly in Sweden, there are many single providers with low incomes receiving housing benefits. In Finland, housing benefits are since 2008 payable as a separate benefit, which means that they no longer form part of the basic pension.

Changes in the Social Expenditure on Housing Benefits from 2010 to 2011

In Denmark, the expenditure on housing benefits increased from 2010 to 2011 by DKK 741mn, corresponding to a growth rate of 5.5 per cent.

In Finland, the expenditure on housing benefits increased by 1.8 per cent at constant prices. The number of households that received ordinary housing benefits increased by 1.9 per cent. The number of pensioner households increased by 1.5 per cent.

In Iceland, the expenditure on housing benefits increased by 5.4 per cent at 2010 prices, of which the expenditure on benefits to people owning their homes increased by 6.4 per cents as a result of increased support towards easing of the debt burden of individuals and families after the financial crisis.

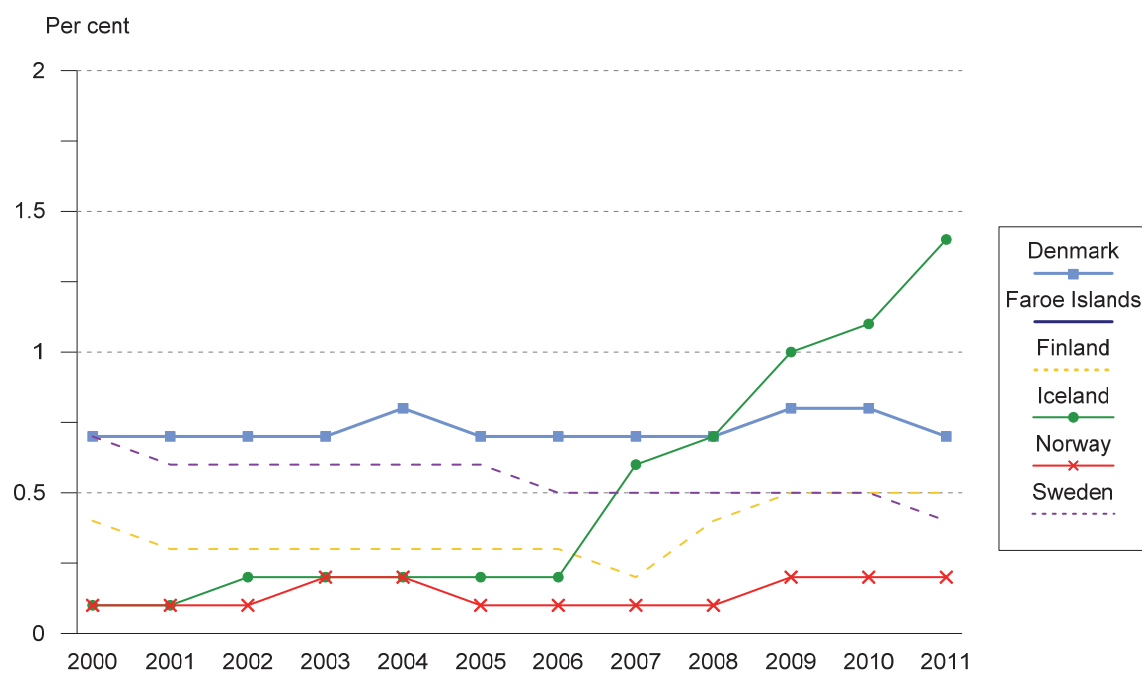
In Norway, the expenditure on housing benefits increased by 8.3 per cent at constant prices. There was an increase in the expenditure on recipients living in rented accommodation (12.4 per cent) and recipients living in their own house or flat (7.1 per cent). The expenditure on people living in rented accommodation amounts to 65.1 per cent of the total expenditure.

In Sweden, the expenditure on housing benefits increased by 1.2 per cent at constant prices. The expenditure on the elderly increased by 4.0 per cent and on families by 5.7 per cent.

Table 7.6 Expenditure on and financing of housing benefits, 2011

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Services, million</i>					
A. Housing benefits to people in rented housing	12 701	938	4 679	2 946	15 551
a. Of whom elderly	9 198	179	-	481	7 594
B. Housing benefits to owner-occupiers	-	34	18 969	603	-
a. Of whom elderly	-	12	-	191	-
Services, total	12 701	973	23 648	4 524	15 551
Total expenditure, million	12 701	973	23 648	4 524	15 551
Total expenditure per capita, PPP-Euro	224	1 972	3 597	77	269
Expenditure as percentage of GDP	0.7	0.5	1.4	0.2	0.4
<i>Financed by (per cent)</i>					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	0.0	0.0	0.0	0.0	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	0.0	0.0
<i>Changes 2010-2011 in terms of 2011 prices</i>					
- Million	-741	18	6 737	347	-184
- Per cent	-5.5	1.8	39.8	8.3	-1.2

Figure 7.1 Expenditure on housing benefits as percentages of GDP, 2000-2011



Chapter 8

Other Social Benefits

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social Expenditure](#)

The previous chapters described social benefits granted in connection with defined social incidents and target groups. In a number of cases, social incidents that cannot be covered by the previous chapters occur, however. It is difficult to compare the extent of 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, Faroe Islands, Iceland and Norway, 2010

Denmark	0.9	Austria	0.3	Hungary	0.1	Portugal	0.3
Faroe Islands	0.5	Belgium	0.8	Ireland	0.6	Romania	0.2
Finland	0.7	Bulgaria	0.2	Italy	0.1 ^P	Slovakia	0.4 ^P
Iceland	0.7	Cyprus	1.4	Latvia	0.1 ^P	Slovenia	0.5 ^P
Norway	0.7	Estonia	0.1	Lithuania	0.4 ^P	Spain	0.3 ^P
Sweden	0.7 ^P	France	0.6 ^P	Luxembourg	0.5	The Czech Republic	0.2
		Germany	0.2 ^P	Malta	0.4	The Netherlands	2.0 ^P
		Greece	0.6	Poland	0.2	United Kingdom	0.2 ^P

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannamálaráðið*

Special Circumstances in the Various Countries

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

In Denmark, the Faroe Islands and Iceland, non-insured unemployed people not qualifying for unemployment benefits may under certain circumstances be entitled to social assistance in the event of unemployment, whereas non-insured unemployed people in Finland and Sweden are entitled to a special labour market benefit in accordance with the labour market legislation - and often also supplementary financial support, cf. Chapter 4 (financial assistance). In Norway, unemployment insurance is compulsory in that everyone who becomes unemployed and complies with the requirement of previous income is entitled to unemployment benefits; cf. Chapter 4 (Cash Benefits in Connection with Unemployment).

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 towards payment of removal expenses in Denmark, support to servicemen in Finland, assistance to nationals living abroad and support towards payment of non-recurrent expenses.

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

Cash Benefits

Social Assistance

In all Nordic countries, social assistance may be granted when all other support options in connection with loss of income or other life events have been exhausted. Consequently, the assistance, which is means-tested in all the countries, is the last resort of assistance granted by the social security systems. It will be given either as a substitute for other sources of income or as a supplement to a very low personal income. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, spectacles, equipment in the home and removal expenses.

The assistance is awarded and granted according to need in order to meet costs of living, with the exception of Iceland where the assistance is granted if an income drops under a certain level. In all the countries, 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, the amount of the social assistance (cash assistance) depends among other things of the age of the cash assistant recipient as well as of any obligation to provide for children. The amount of the cash assistance depends for example of whether one is older or younger than 25 years.

Wealth and income also affects the cash assistance. It is not possible to be awarded cash assistance if one or one's spouse has any assets. The local authorities shall, however, disregard amounts of up to DKK 10 000 per person.

To be entitled to cash assistance in Denmark, one must as a starting point have been resident in Denmark for seven out of the past eight years. If one does not comply with this condition, one may instead apply for start help. It is possible to be awarded cash assistance if a social incident has occurred, such as illness, unemployment or dissolution of cohabitation.

If one applies for cash assistance solely on the grounds of unemployment, one must be available for the labour market. To be available means that one is obliged to turn up for the interviews that the local authorities convene; that one accepts the reasonable offers of activation or work provided by the local authorities, and that one is actively seeking employment. If one is unavailable for the labour market, one

shall be subject to sanctions. The local authorities can give various forms of sanctions that reduce the cash assistance.

In the Faroe Islands, assistance granted in accordance with the Welfare Act is divided into temporary and permanent assistance. Temporary assistance will be provided in case of illness, divorce or lack of working opportunities. Permanent assistance will be awarded at an amount corresponding to the amount which retirement pensioners, who have no other income, receive plus a supplement for each child corresponding to the child supplement according to the Pension Act.

In Finland, Central Government fixes the basic amount of the social assistance each year, but the local authorities are responsible for payments. Cash assistance may be payable in the event that payment of other benefits is delayed. The local authorities may also grant preventive social assistance in time to help people coping with any income difficulties. In case a person on several occasions refuses to accept a job offer or training, the social assistance may be reduced by 20 or 40 per cent.

In Iceland, the local authorities are obliged to pay out social assistance to those unable to provide for themselves. The Ministry of Welfare has drawn up guidelines for what should be taken into consideration in connection with the award, but the basic amount is not fixed by Central Government.

In Norway, the Government has drawn up recommended guidelines for the award of support, which include the expenditure on current, daily costs towards maintenance. The government guidelines are a recommended starting point for the estimates that local authorities have to make. Such estimates are based on all applicants' incomes and financial rights as well as all expensed necessary for life sustenance. There is no regulated upper limit to the amount of the assistance, which may also be granted in the form of a loan. The social authorities may in special cases grant financial assistance to people who are in need of help in order to overcome or adapt to a difficult situation in which they would otherwise not qualify for social assistance. People drawing social assistance may have to fulfil a number of conditions. The conditions must first and foremost contribute to the recipient of the benefit improving his/her situation as well as the possibility of providing for him/herself, such as turning up at guidance meetings, applying for relevant jobs, participating in vocational courses and activities, in training or other activities. People of working age with a considerably reduced capacity for work and earning are according to the Act on Social Services of the Norwegian Labour and Welfare Service entitled to participate in a qualification programme combined with a qualification benefit. Entitlement to the qualification programme presupposes that one is not entitled to benefits according to the Social Security Act or the Labour Market Act, which entails that the primary target group is people whose main source of income is social assistance. The benefit is not income-adjusted, but the qualification benefit is taxable and amounts to NOK 170 490 annually for people over 25 years per 1 May 2013. People under 25 years get two thirds of the full benefit amount. The benefit is adjusted annually. A child allowance of NOK 27 per day may be awarded as a supplement. Participation in a qualification programme may be planned for up to one year with a prolongation of one year and a further prolongation of 6 months in special cases. The programme

must be full time, individually adapted and may e.g. include motivating, training, treatment and labour market measures with the aim of qualifying the person concerned for working life.

In Sweden, the purpose of social assistance, which is called "financial assistance", is twofold if the need cannot be met in any other way. It must guarantee a family a reasonable financial standard of living and must prevent and rehabilitate. Local authorities usually offer unemployed social assistance recipients measures preparing them for work. Those fit for work that do not apply for work or accept work offers or the like will often lose their entitlement to financial assistance. Central Government fixes national standards each year for the usual subsistence expenses, such as food, clothing and consumer goods. Usual subsistence expenses also include rent and transport.

When the amount of the social assistance is being calculated, a recipient's total income is taken into consideration, such as maintenance allowance, child allowance, housing benefit, etc. If, for instance, the housing benefit is increased by SEK 200 per month, the social assistance amount will be reduced accordingly. As in Norway, there is no upper limit, and financial assistance may also be granted provided it will be paid back later, for example where a person expects an income that makes it possible to pay back the amount.

Table 8.2 Rules governing award of social assistance, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Social assistance payable as a fixed amount in the entire country?	Yes	Yes	Yes ³⁾	Yes ⁴⁾	No ⁵⁾	No ⁶⁾
Social assistance calculated individually by local authorities?	No	No	Yes	Yes	Yes	Yes
Do housing costs influence the amount of the social assistance?	No ¹⁾	Yes	Yes	Yes	Yes	Yes
Social assistance taxable?	Yes	No	No	No	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 ²⁾	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) can in general not be granted as a supplement to a low income from work. Award of cash assistance is subject to the occurrence of a life event such as for example unemployment or dissolution of marriage or cohabitation
- 3 Each year, a "national standard" is fixed, which local authorities apply when calculating social assistance, cf. the text above. Local authorities may also award a so-called preventive social assistance individually
- 4 The Government has drawn up recommended guidelines for the estimates that local authorities are to make. In 2011, the maximum amount for single people over 18 years was ISK 157 493 and for cohabiting couples ISK 236 240 in the municipality of Reykjavík. Income earned the month in which the application is made and the month before that shall be deducted from the amount with the exception of child and housing benefits
- 5 The Government has drawn up recommended guidelines as a basis for the estimates that local authorities are to make
- 6 Central Government fixes a national standard each year for the entire country concerning the usual subsistence expenses. Besides, one may be granted social assistance towards payment of reasonable rent costs and certain other needs

Equivalent Disposable Income and Compensation Levels when Drawing Social Assistance

Tables 8.3-8.6 show the equivalent compensation level for different family types when drawing social assistance as percentages of income from work broken down by AW. The compensation levels are given after tax, payment for day care institutions and rent costs. Figures 8.1 and 8.2 show the development in compensation levels in recent years. The compensation level is highest in Denmark but decreases in all the countries with an increasing AW.

Table 8.7 shows the equivalent disposable income when drawing social assistance broken down by family types. The equivalent disposable income is after deduction of tax, payment for day care institution and rent. The amount, which singles and couples have to live on when receiving social assistance, varies somewhat from one Nordic country to another, the amount being largest in Denmark and the Faroe Islands

and smallest in Sweden. It should be noted, however, that it is only in Denmark and Iceland that non-insured people receive social assistance in case of unemployment. In Norway, everyone is in principle insured in case of unemployment, cf. Chapter 4, but the compensation levels are nevertheless stated for a person who for some reason is not insured against unemployment. In Finland and Sweden, non-insured people get a special benefit which can be supplemented by social assistance. Table 8.7 shows only people receiving social assistance, however.

Table 8.3 Compensation level after tax and rent costs for a single childless person when drawing social assistance, as a percentage of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 p.c. AW	52	107	26	28	9	32
100 p.c. AW	33	75	19	27	6	20
150 p.c. AW	22	51	14	19	4	14

Table 8.4 Equivalent compensation level when drawing social assistance, after tax, payment for day care institution and rent costs for a couple with two children when both parties draw social assistance as percentages of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67/100 AW	55	88	31	30	9	32
100/100 AW	45	75	28	27	8	26

Table 8.5 Compensation level after tax, payment of day care institution and rent costs for a single parent with 1 child when drawing social assistance, as a percentage of disposable income from work, 2012

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 p.c. AW	79	106	41	55	20	46
100 p.c. AW	60	84	32	42	15	31
150 p.c. AW	43	59	24	33	10	22

Table 8.6 Equivalent compensation level when drawing social assistance after tax and payment for day care institution and rent for a couple without children where both work, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67/100 AW	39	88	19	26	11	18
100/100 AW	32	75	16	23	9	15

Figure 8.1 Compensation level for a single parent with one child when drawing social assistance, AW 100 per cent

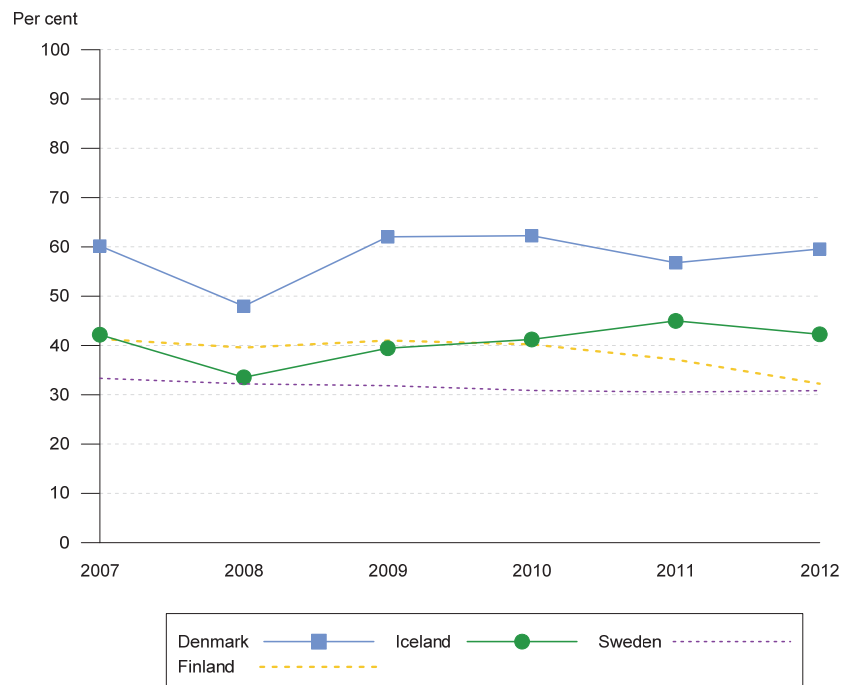


Figure 8.2 Compensation level for a couple with two children where both adults draw social assistance, AW 67/100 per cent

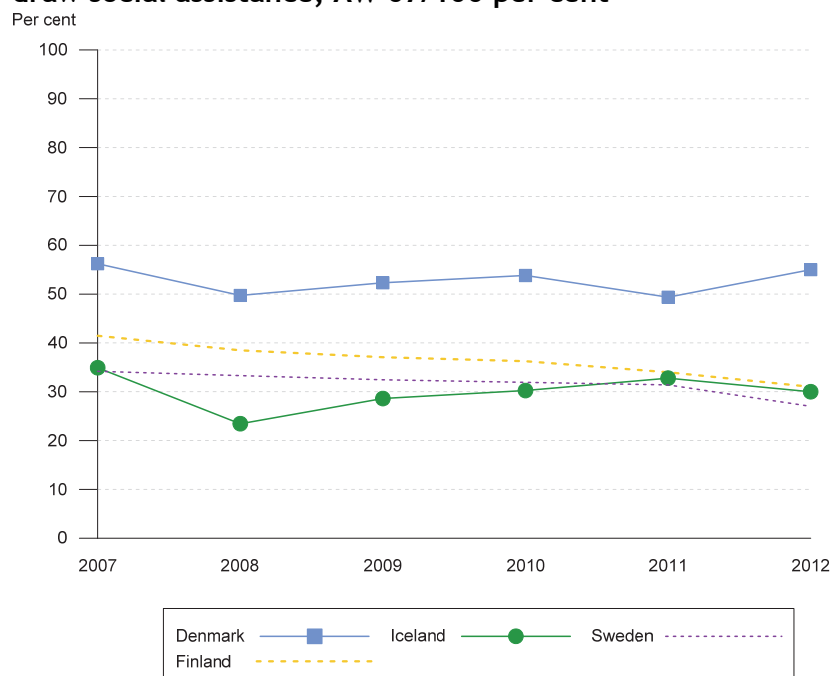


Table 8.7 Equivalent monthly disposable income after tax, payment for day care institution and rent when drawing social assistance, (December), 2012

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Kroner/Euro</i>						
Single parent with one child	7 904	10 928	614	100 285	3 338	4 546
Single person with no children	5 166	11 744	461	75 370	1 769	3 840
Couples with two children	7 084	11 208	654	71 214	2 022	5 286
Couples with no children	7 420	15 659	523	86 365	3 514	4 200
<i>PPP-Euro</i>						
Single parent with one child	776	1 073	502	541	287	399
Single person with no children	507	1 153	377	406	152	337
Couples with two children	696	1 101	535	384	174	463
Couples with no children	729	1 538	427	466	303	368

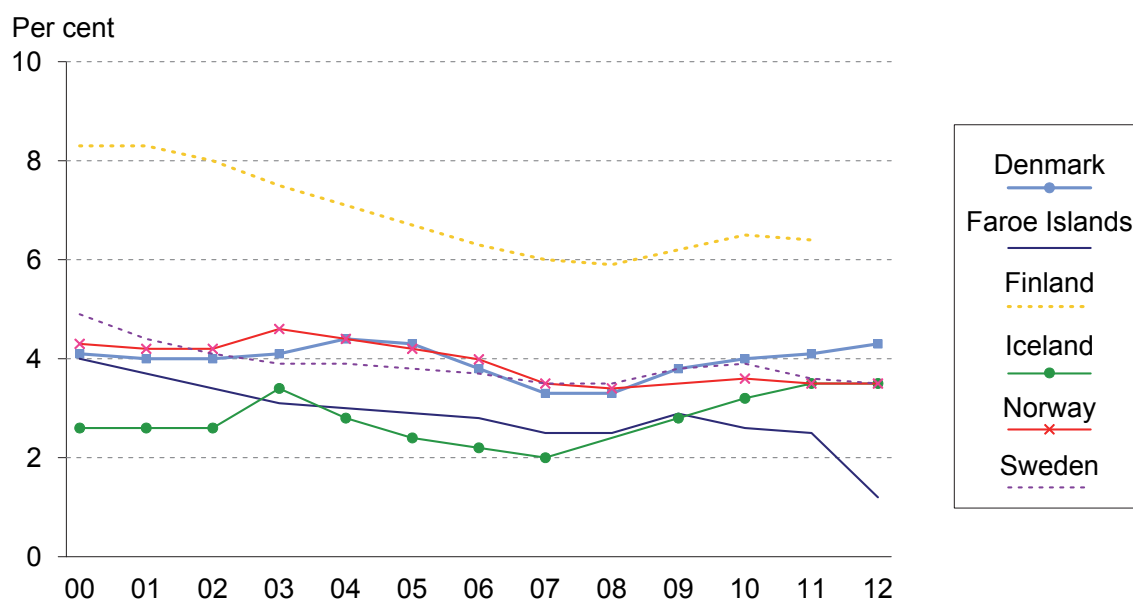
1 The benefit is the same as to non-insured unemployed people but in this calculation rent has been included as an expense

Table 8.8 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
	2012	2012	2011	2012	2011	2012
In thousands	189	0	277	8	137	268
As percentages of the population aged 16/18 years or over	4.3	1.2	6.4	3.5	3.5	3.5

Note: Calculations based on all people of 18 years or over. Children are not included. Married couples drawing social assistance but where the assistance is payable in the name of one of the spouses, count as two individuals. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The Swedish figures include refugees

Figure 8.3 Individuals drawing social assistance during the year as percentages of the population 16-18 years or over, 2000-2012



Cf. note for Table 8.6

Table 8.9 Individuals 16-18 years or over drawing social assistance, in total and as percentages of the population at the time of census, 2000-2012

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden ³⁾
<i>Total</i>						
2000	..	430	147 824	1 841	63 732	..
2005	..	447	124 882	1 794	68 843	135 565
2010	87 250	429	137 410	2 608	59 134	163 686
2011	94 170	398	135 730	3 165	56 372	158 610
2012	105 372	437	..	3 147	..	154 537
<i>As percentages of the population aged 16/18 years or over</i>						
2000	..	1.3	3.7	0.9	1.9	..
2005	..	1.3	3.0	0.8	1.9	1.9
2010	2.0	1.2	3.2	1.1	1.6	2.2
2011	2.2	1.1	3.1	1.3	1.5	2.1
2012	2.4	1.2	..	1.3	..	2.0

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

2 As from 2003, data include recipients of introduction benefits and so cannot be directly compared with data from before 2003

3 People over 18 years in households receiving social assistance who drew assistance in November. Between 1993 and 2011, the introduction benefit was included in the statistics on financial assistance according to the Act on introduction benefits to refugees and certain foreigners. As from 2012, the statement on financial assistance is exclusive of introduction benefits

Table 8.10 Individuals drawing social assistance during the year, by age, in total and as percentages of their age groups

	Recipients		Recipients as percentage of the age group			
	Total	18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark 2012</i>						
Recipients Total	190 314	10.8	6.9	4.3	1.8	0.2
New Total	57 974	5.0	1.8	0.9	0.4	0.0
<i>Faroe Islands 2012</i>						
Recipients Total	429	31.0	37.5	21.2	8.4	1.1
New Total	..	..	..	..	..	..
<i>Finland 2011</i>						
Recipients Total	277 277	14.1	8.6	6.9	4.5	1.5
New Total	75 708	4.9	2.1	1.5	1.1	0.6
<i>Iceland 2012</i>						
Recipients Total	8 396	7.1	5.5	2.5	1.4	0.5
New Total	4 378	3.7	2.9	1.3	0.7	0.2
<i>Norway 2011</i>						
Recipients Total	136 744	5.9	5.4	3.9	1.9	0.5
New Total	49 374	2.6	1.9	1.3	0.6	0.2
<i>Sweden 2012¹⁾</i>						
Recipients Total	267 755	7.6	5.0	3.7	2.4	0.5
New Total	68 373	2.3	1.2	0.7	0.4	0.3

1 Includes only people with a complete personal identification number. Between 1993 and 2011, the introduction benefit was included in the statistics on financial assistance according to the Act on introduction benefits to refugees and certain foreigners. As from 2012, the statement on financial assistance is exclusive of introduction benefits

Table 8.11 Families drawing social assistance during the year as percentages of all families, by type of family

	Denmark	Finland	Iceland	Norway	Sweden
	2012	2011	2012	2011	2012
<i>Families by type (per cent)</i>					
Single men	8.9	13.8	17.0	7.3	10.2
- with children	9.4	15.9	17.5	6.2	22.6
- without children	8.9	13.7	16.9	7.3	7.4
Single women	6.5	10.2	12.9	6.1	8.8
- with children	20.2	25.4	22.1	14.3	8.4
- without children	4.1	8.3	8.2	4.4	8.8
Married/cohabiting couples	4.2	3.0	0.8	2.5	1.8
- with children	6.0	4.7	1.1	3.3	2.5
- without children	2.7	2.1	0.5	1.9	1.1
<i>Total</i>	6.1	8.1	6.3	4.6	5.7
- with children	8.4	7.2	5.4	5.3	..
- without children	5.2	8.3	6.8	4.4	..

Note: Data from 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 local authorities handle the integration activities in respect of newly arrived refugees and other foreigners, who are offered a 3-year integration programme comprising courses in social knowledge, the Danish language and active offers. Foreigners who are covered by the integration programme are entitled to cash assistance. Central Government reimburses 50 per cent of the local authorities' expenditure on the cash assistance during the 3-year integration programme and furthermore grants a number of supplements towards payment of the local authorities' expenditure.

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. Such cases are very rare in the Faroe Islands, and until now years have passed between each application for asylum or residence permit on humanitarian grounds.

In Finland, asylum seekers must be accommodated in a refugee centre, and during the application process the vital needs of the applicants will be met, such as accommodation, social assistance and any health services needed. Besides, interpretation and legal aid may be provided in connection with the application procedure. Courses are also provided, and after three months, applicants are entitled to work outside of the centre. Asylum seekers may also try to find accommodation on their own, but then no payment is provided.

Asylum seekers receive 30 per cent less social assistance than people living in the country as they are provided with a number of services in the centre. Social assistance is exempt from tax. If a person is in need of language courses, the amount payable may be reduced by 20 per cent. Asylum seekers are not insured in case of illness and neither do they are entitled to child supplement or housing benefits. Central Government covers part of the local authorities' expenditure just as Central Government may reimburse some services, such as interpretation.

In Iceland, refugees are granted social assistance from the moment they are received into the country which Central Government pays the first 12 months.

In Norway, asylum seekers and refugees who have been received in a government reception centre are granted a maintenance allowance according to special rules applying to people staying at such centres. 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 of the Norwegian Labour and Welfare Service in the same way as to all other recipients of social assistance.

A scheme was introduced entitling and obliging newly arrived immigrants in need of basic qualifications to partake in an individually planned training programme. The programme must run for a year and must be full time. Participation entitles to a benefit of NOK 164 244 as at 1 May 2012. The benefit is taxable. The programme contains courses in Norwegian, civics and other measures preparing immigrants for taking on work later. As a supplement to the benefit, supplementary social assistance may be awarded according to current rules.

In Sweden, an act on establishment measures for part of the newly arrived immigrants was introduced in December 2010. The act applies to newcomers of working age as well as orphan newcomers of the age group 18-19 years. When a newcomer arrives, the municipal job centre must hold an establishment meeting with him/her that is to result in an establishment plan. Such a plan must run for no more than 24 months. The establishment plan must describe the activities in which the newcomer must participate in order to find employment as quickly as possible. At the job centre, newcomers are assisted by a so-called establishment contact, and it is up to the newcomers to choose such a person. During the drawing up of the establishment plan, establishment benefits are SEK 231 per day, five days a week. Benefits increase to SEK 308 when the newcomers participate in the activities stated in the plan.

The establishment benefit is payable by Central Government, and newcomers will be awarded the same benefit irrespective of where in the country they reside. In some cases, establishment benefits can be supplemented by further benefits. The amount of the establishment benefit is fixed by the job centre and paid by the social insurance fund, while supplementary benefits are fixed and payable by the Swedish Social Insurance Agency.

The local authorities are still reimbursed by Central Government as they still bear great responsibility for the setting up of newcomers. The local authorities both get a basic benefit and a 'standard benefit. These benefits are to cover the expenditure on housing, civics and interpreting.

At present, most of the asylum seekers or refugees that are received into the Nordic countries are people arriving at the borders applying for asylum. The statistics include both people who arrived at the border of the country concerned and applied for asylum without being rejected and convention refugees.

Table 8.12 Number of refugees received, exclusive of reunified families, who have been granted residence permits in the Nordic countries, 2000-2012

	Denmark	Finland	Iceland	Norway	Sweden
2000	5 156	1 167	31	6 800	10 546
2005	1 147	1 347	2	3 999	7 332
2010	2 124	1 535	10	6 831	12 241
2011	2 259	2 123	11	6 105	12 938
2012	2 583	2 534	9	7 185	18 791

Table 8.13 Number of asylum seekers, 2000-2012

	Denmark	Finland	Iceland	Norway	Sweden
2000	10 347	3 170	25	10 843	16 303
2005	1 283	3 574	87	5 402	17 530
2010	5 115	4 018	44	10 064	31 819
2011	3 806	3 088	75	9 053	29 648
2012	6 184	3 129	120	9 785	43 887

Services

This section deals only with services that are not aimed at any particular sector, such as services offered to substance abusers. Such offers are provided both by the health care services and by the social assistance system.

In all the Nordic countries, there are also a number of services that are not specifically aimed at any of the previously mentioned target groups. These may include unspecified services provided by the social authorities; help in case of crises; family counselling; centres for battered women; reestablishment centres; shelters for the homeless and others with special social problems, who may be in need of temporary accommodation.

Treatment of Alcohol and Drug Abuse

Special institutions for abusers provide treatment of substance abusers. There are both institutions for alcohol abusers and institutions for drug addicts. Some of these are privately owned institutions that have agreements with the public authorities concerning cover of their running costs. In all the countries, part of the treatment is provided by the psychiatric treatment system.

In all five countries, outpatient treatment is also provided, and in some of the countries efforts are made to include families and social networks in the treatment.

In Denmark, Finland and Sweden, compulsory treatment may be initiated if an abuser is deemed to be a danger to him/herself or to people in his or her environment. In Norway, people may be compulsorily admitted to an institution for up to three months for examination and planning of treatment. Also pregnant abusers may be compulsorily admitted to an institution and kept there during the entire pregnancy, if the abuse is of such a nature that it is likely to harm the child, and that other measures may not be sufficient.

It is difficult to assess the number of abusers and the treatment of them, as treatment of abusers cannot be statistically separated from other somatic and psychiatric treatment. In Denmark, just under 14 600 were in drug abuse treatment in 2010.

Expenditure on and Financing of Other Social Benefits

The expenditure on other social benefits is largest in Norway followed by Denmark and smallest in the Faroe Islands in PPP per capita.

The relatively high expenditure in Denmark is a result of non-insured people not qualifying for unemployment benefits being awarded cash benefits. In Finland and Sweden, such individuals are awarded a cash labour market benefit that may be supplemented by social assistance if need be. A large part of the expenditure on social assistance in Finland and Sweden is supplementary benefits to unemployed individuals. Besides, the number of received refugees and asylum seekers that is received into the country also plays a part, as they in all the countries are awarded social assistance or some other income-substituting benefit. There are also some differences amongst the countries as to whether abusers are treated in special institutions or in the regular somatic and psychiatric treatment systems.

Changes in the Expenditure on Other Social Benefits from 2010 to 2011

In Denmark, the expenditure increased from 2009 to 2010 by DKK 610mn, corresponding to an increase of 4.1 per cent. The expenditure increase derived primarily from services that increased by DKK 548mn, corresponding to 12.1 per cent.

In the Faroe Islands, there was a slight increase from 2010 to 2011 of 2.0 per cent, corresponding to DKK 3mn. There was in particular a minor increase in the expenditure on social assistance.

In Finland, the expenditure on other social benefits increased by 7.3 per cent at constant prices. The main reason for this was the new guaranteed pension. This pension is payable to those whose other pension does not exceed the maximum amount that qualifies them for the minimum amount of the guaranteed pension. The expenditure on social assistance decreased by 0.8 per cent.

In Iceland, the expenditure on other social benefits decreased by 13.3 per cent at 2011 prices, of which cash benefits decreased by 3.6 per cent, whereas services dropped by 24.9 per cent.

In Norway, the expenditure on other social benefits increased by 4.7 per cent from 2010 to 2011 at constant prices. The expenditure on cash benefits decreased by 0.4 per cent, while the expenditure on services increased by 8.4 per cent. The expenditure on services made up 60.0 per cent of the total expenditure.

In Sweden, the expenditure on other social benefits decreased by 2.4 per cent. Cash benefits decreased by 2.9 per cent, and the expenditure on care increased by 1.4 per cent. Above all, the expenditure on social assistance and on institutions contributed to the increase.

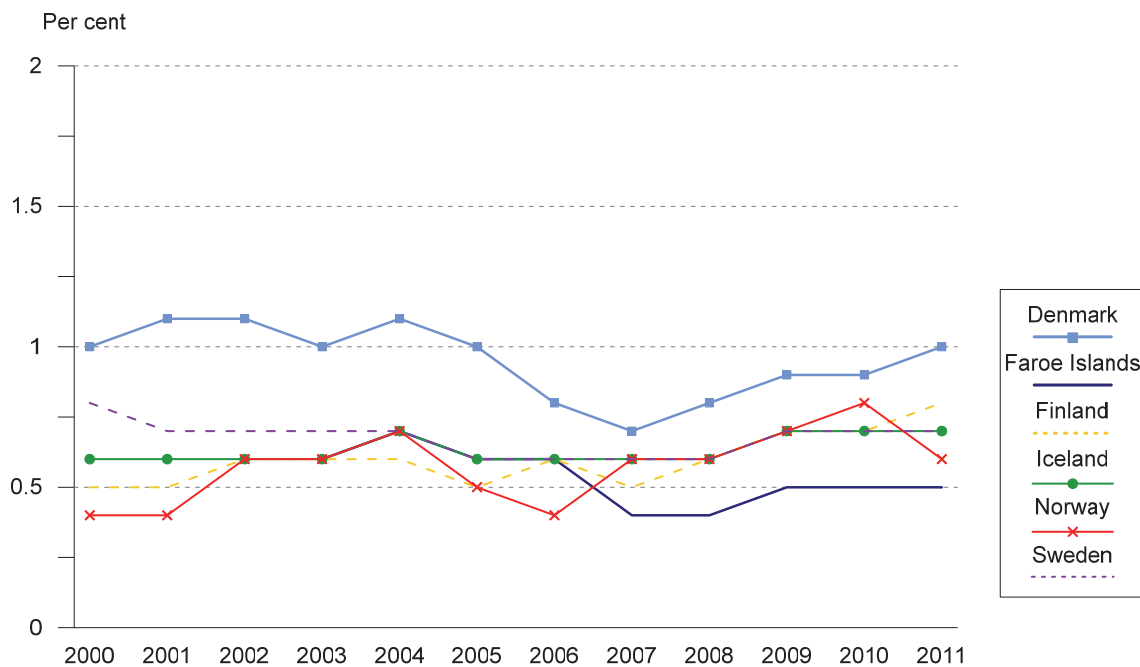
Table 8.14 Expenditure on and financing of other social benefits, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Income-substituting/ supplementing benefits	10 702	49	635	4 997	7 128	11 262
a. Of which social assistance	-	35	616	3 679	4 794	11 262
B. Other assistance	2 997	-	159	1 280	831	661
Cash benefits, total	13 699	49	794	6 276	7 959	11 923
<i>Services, million</i>						
A. Institutions, etc.	966	4	157	-	2 228	3 480
B. Rehabilitation and treatment of abusers	1 266	10	189	977	5 457	5 503
C. Other	2 494	2	305	3 125	4 231	2 811
Services, total	4 725	17	651	4 102	11 916	11 794
Total expenditure, million	18 424	65	1 444	10 378	19 875	23 717
Expenditure as percentage of GDP	1.0	0.5	0.8	0.6	0.7	0.7
<i>Financed by (per cent)</i>						
- Public authorities	95.9	100.0	97.7	78.5	98.2	100.0
- Employers	4.1	0.0	2.3	20.2	1.0	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	1.3	0.8	0.0
<i>Changes 2010-2011 in terms of 2011 prices</i>						
- Million	2 782	2	98	-1 599	897	-649
- Per cent	17.8	3.2	7.3	-13.3	4.7	-2.7

Table 8.15 Expenditure on other social benefits and services in PPP/capita, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	241	99	121	107	138	109
Services, total	83	33	99	70	206	108
Other social benefits, total	325	132	220	176	344	217

Figure 8.4 Expenditure on other social benefits 2000-2011 as percentages of GDP



Chapter 9

Social Expenditure

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social Expenditure](#)

[Society at a Glance 2011 - 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 expenditures as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2010

Denmark	32.4	Austria	29.5	Hungary	22.5	Romania	17.4
Faroe Islands		Belgium	28.4	Italy	28.6 ^p	Slovakia	18.0 ^p
Finland	29.7	Bulgaria	17.6	Latvia	17.6 ^p	Slovenia	24.3 ^p
Iceland	24.3	Cyprus	21.3	Lithuania	18.3 ^p	Spain	25.2 ^p
Norway	25.1	Estonia	17.9	Luxembourg	22.3	The Czech Republic	19.5
Sweden	29.9 ^p	France	32.0 ^p	Malta	19.6	The Netherlands	30.2 ^p
		Germany	29.4 ^p	Poland	18.6	The Netherlands	28.3 ^p
		Greece	28.2	Portugal	25.5	United Kingdom	27.1

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almannáttaráðgjöf.

Table 9.2 Social expenditures per capita on social benefits and services, broken down by main groups in the EU, the Faroe Islands, Iceland and Norway, 2010, PPP-Euro

	Families and children	Unemployment	Illness	Old Age, Disability and Surviving Relatives	Housing benefits	Other social benefits	Total
Denmark	1 245.8	750.5	2 258.0	5 269.6	232.4	270.5	10 026.8
Finland	923.4	683.4	2 095.7	4 261.0	144.4	203.3	8 311.2
Iceland	849.3	447.5	2 328.4	2 482.9	287.5	203.6	6 599.3
Norway	1 389.8	360.4	3 510.9	5 430.2	72.3	328.2	11 091.9
Sweden	943.7	411.9	2 257.2	5 107.7	139.0	215.2	9 074.6
Belgium	636.6	1 102.2	2 329.0	3 892.1	64.1	235.0	8 258.9
Bulgaria	214.9	64.5	455.3	1 119.2	1.0	27.1	1 882.0
Cyprus	500.3	250.4	1 174.8	469.1	262.9	361.7	5 019.4
Estonia	357.9	118.9	752.8	1 546.6	7.9	23.1	2 807.1
France	701.2	578.3	2 432.9	4 305.7	217.1	201.6	8 436.7
Germany	926.7	491.6	2 752.4	4 132.2	182.4	51.5	8 536.9
Greece	384.1	366.3	1 758.8	3 297.3	82.2	132.5	6 021.2
Hungary	459.4	142.9	894.7	1 947.4	83.2	17.9	3 545.6
Ireland	1 142.3	1 095.1	3 833.3	2 489.3	104.1	190.5	8 854.6
Italy	321.4	206.4	1 793.1	4 672.4	6.1	18.0	7 017.4
Latvia	187.8	164.7	459.5	1 352.5	17.8	29.8	2 212.2
Lithuania	306.7	112.7	664.3	1 388.6	0.3	100.5	2 573.1
Luxembourg	2 603.4	820.4	3 726.0	5 680.0	198.8	325.2	14 632.4
Malta	250.7	111.1	1 170.6	2 376.4	32.9	66.1	4 007.7
Poland	120.3	63.9	690.2	1 943.8	8.7	22.5	2 849.5
Portugal	286.1	282.0	1 365.0	2 986.4	0.4	65.7	4 985.6
Romania	190.5	64.1	504.9	1 183.4	2.5	31.4	1 976.9
Slovakia	315.5	165.5	996.5	1 674.3		83.1	3 234.9
Slovenia	450.4	139.4	1 638.0	2 708.1	1.9	121.2	5 058.9
Spain	369.6	866.8	1 761.5	3 041.6	54.8	56.9	6 151.3
The Czech Republic	260.5	159.7	1 231.1	2 094.6	22.2	44.1	3 812.1
The Netherlands	401.7	508.9	3 453.3	4 644.2	123.6	668.3	9 799.9
United Kingdom	511.8	199	2 350.3	3 915.2	414.0	59.1	7 449.5

The account of the social expenditure has been divided into four sections. First, an account is given of the social expenditure trends from 2000 to 2011; then the purposes of the social expenditure are described, followed by the financing of the total social expenditure, and finally the significance of taxation in relation to the total social expenditure is shown.

Development in the Social Expenditure, 2000-2011

The development in the social expenditure, in total and per capita, at current and at constant prices and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 2000, appears from the tables below. It should be noted that all the countries now use the ESA95/SNA-93 classification when calculating the GDP, which has resulted in corrections to the gross domestic products.

Table 9.3 Social expenditures, total and per capita, 2000-2011

	Social Expenditure		Social Expenditure per capita		Social Expenditure per capita aged 16-64 years	
	At current prices, million KR/EUR	At 2011 prices, million KR/EUR	At current prices, KR/EUR	At 2011 prices, KR/EUR	At current prices, KR/EUR	At 2011 prices, KR/EUR
Denmark						
2000	373 495	466 046	69 978	87 318	104 962	130 971
2005	467 251	529 395	86 273	97 747	130 478	147 832
2010	583 628	595 185	104 007	106 067	164 218	167 470
2011	613 642	613 642	110 231	110 231	172 740	172 740
Faroe Islands						
2003	2 447	2 804	51 060	58 504	80 670	92 431
2005	2 709	3 023	56 145	62 658	88 134	98 358
2010	3 884	3 905	80 058	80 491	129 514	130 214
2011	3 906	3 906	80 710	80 710	130 753	130 753
Finland						
2000	33 142	40 017	6 403	7 731	9 567	11 552
2005	42 001	47 671	8 006	9 087	12 003	13 623
2010	54 645	56 538	10 211	10 565	15 692	16 236
2011	56 695	56 695	10 522	10 522	16 308	16 308
Iceland¹⁾						
2000	131 390	249 255	467 324	886 541	717 535	1 361 206
2005	222 271	344 076	751 260	1 162 950	1 135 291	1 757 430
2010	377 070	392 274	1 191 604	1 239 653	1 810 104	1 883 092
2011	407 110	407 110	1 276 150	1 276 150	1 953 718	1 953 718
Norway¹⁾						
2000	360 341	444 827	80 237	99 049	123 766	152 784
2005	463 983	525 229	100 358	113 605	152 870	173 049
2010	647 016	654 533	133 587	135 139	203 905	206 274
2011	692 007	692 007	139 712	139 712	215 542	215 542
Sweden						
2000	674 658	805 962	76 043	90 843	118 252	141 267
2005	855 600	950 572	94 755	105 273	145 075	161 178
2010	1 016 094	1 046 228	107 916	111 116	169 553	174 581
2011	1 029 946	1 029 946	108 998	108 998	171 454	171 454

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

Table 9.4 Social expenditures in relation to GDP, 2000-2011

	GDP, million KR/EUR	Social Expenditure as percentage of GDP	Index for social expenditure in relation to GDP (2000 = 100) ¹⁾
Denmark			
2000	1 293 964	28.9	100
2005	1 551 967	30.1	104
2010	1 742 700	32.6	113
2011	1 791 518	34.3	119
Faroe Islands			
2003	8 582	28.5	100
2005	10 039	27.0	95
2010	12 942	30.0	105
2011	13 254	29.5	103
Finland			
2000	132 272	25.1	100
2005	157 162	26.7	106
2010	179 721	29.6	118
2011	189 489	29.9	119
Iceland			
2000	683 748	19.2	100
2005	1 026 718	21.6	113
2010	1 534 227	24.3	127
2011	1 631 969	24.9	130
Norway			
2000	1 510 866	23.8	100
2005	2 154 573	21.5	90
2010	2 523 226	25.6	108
2011	2 749 963	25.2	106
Sweden			
2000	2 196 764	30.7	100
2005	2 670 547	32.0	104
2010	3 330 581	30.0	98
2011	3 499 914	29.4	96

Source: Eurostat

1 The index year for the Faroe Islands is 2003. The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

Table 9.5 Social expenditures per capita, 2000-2011 (PPP-Euro at 2011 prices)¹⁾

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
2000	8 576	5 746	6 322	4 779	8 530	7 964
2005	9 600	6 154	7 431	6 269	9 783	9 229
2010	10 418	7 906	8 640	6 682	11 638	9 741
2011	10 827	7 927	8 604	6 879	12 032	9 555

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

Social Expenditure by Type and Purpose

The social expenditure is broken down by type into cash benefits and services. In the distribution of the benefits according to purpose, the division is made in respect of the social needs or risks the benefit is primarily aimed at relieving. The distribution of the social expenditure according to the purpose of the benefit is rather stable in the individual country. New legislation and changes in the social patterns have, however, given rise to shifts in the distribution. The comparison of the countries shows some differences in the distribution of the social expenditure according to purpose. The main reason for this is to some extent differences in the countries' priority of benefits for various purposes.

Table 9.6 Social expenditures as percentages, by main groups, 2000-2011¹⁾

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>2000</i>						
Families and children	13.1	..	12.5	11.7	12.8	9.8
Unemployment	10.5	..	10.4	1.3	2.7	6.5
Illness	20.2	..	23.8	39.2	34.3	27.4
The elderly	38.0	..	31.8	28.5	29.6	37.3
The disabled	12.0	..	13.9	13.9	16.4	12.2
Surviving relatives	-		4.0	2.6	1.2	2.2
Housing benefits	2.4	..	1.5	0.7	0.5	2.1
Other social benefits	3.7	..	2.1	2.1	2.6	2.4
Total	100.0	..	100.0	100.0	----- 100.0	100.0
<i>2005</i>						
Families and children	12.9	19.0	11.6	13.9	12.1	9.8
Unemployment	8.6	4.5	9.3	1.8	2.7	6.2
Illness	20.7	28.0	25.9	34.8	32.2	24.3
The elderly	37.5	29.8	33.7	28.6	29.5	38.3
The disabled	14.4	15.8	12.9	15.1	19.1	15.4
Surviving relatives	-	0.5	3.6	2.6	1.2	2.2
Housing benefits	2.4	.	1.1	1.0	0.6	1.8
Other social benefits	3.4	2.5	2.0	2.3	2.6	2.0
Total	100.0	100.0	100.0	----- 100.0	100.0	100.0
<i>2010</i>						
Families and children	12.4	19.3	11.0	12.9	12.5	10.4
Unemployment	7.5	7.5	8.2	6.8	3.2	4.5
Illness	22.5	27.8	25.3	35.3	31.7	24.9
The elderly	37.7	28.3	36.0	21.1	30.5	40.4
The disabled	14.9	14.8	12.1	14.1	17.4	14.2
Surviving relatives	0.0	0.6	3.2	2.4	1.1	1.7
Housing benefits	2.3	0.0	1.7	4.4	0.7	1.5
Other social benefits	2.7	1.7	2.4	3.1	3.0	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2011</i>						
Families and children	12.5	19.1	11.0	11.4	12.5	10.7
Unemployment	5.5	8.7	7.0	6.3	2.7	4.0
Illness	21.0	27.0	25.6	34.0	30.7	25.7
The elderly	43.4	29.2	36.9	23.1	32.0	41.2
The disabled	12.4	13.7	11.9	14.3	17.3	13.0
Surviving relatives	0.0	0.6	3.1	2.4	1.2	1.6
Housing benefits	2.2	0.0	1.8	5.9	0.0	1.5
Other social benefits	3.1	1.7	2.6	2.6	2.9	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

Figure 9.1 Social expenditure as percentages, by main groups, 2011

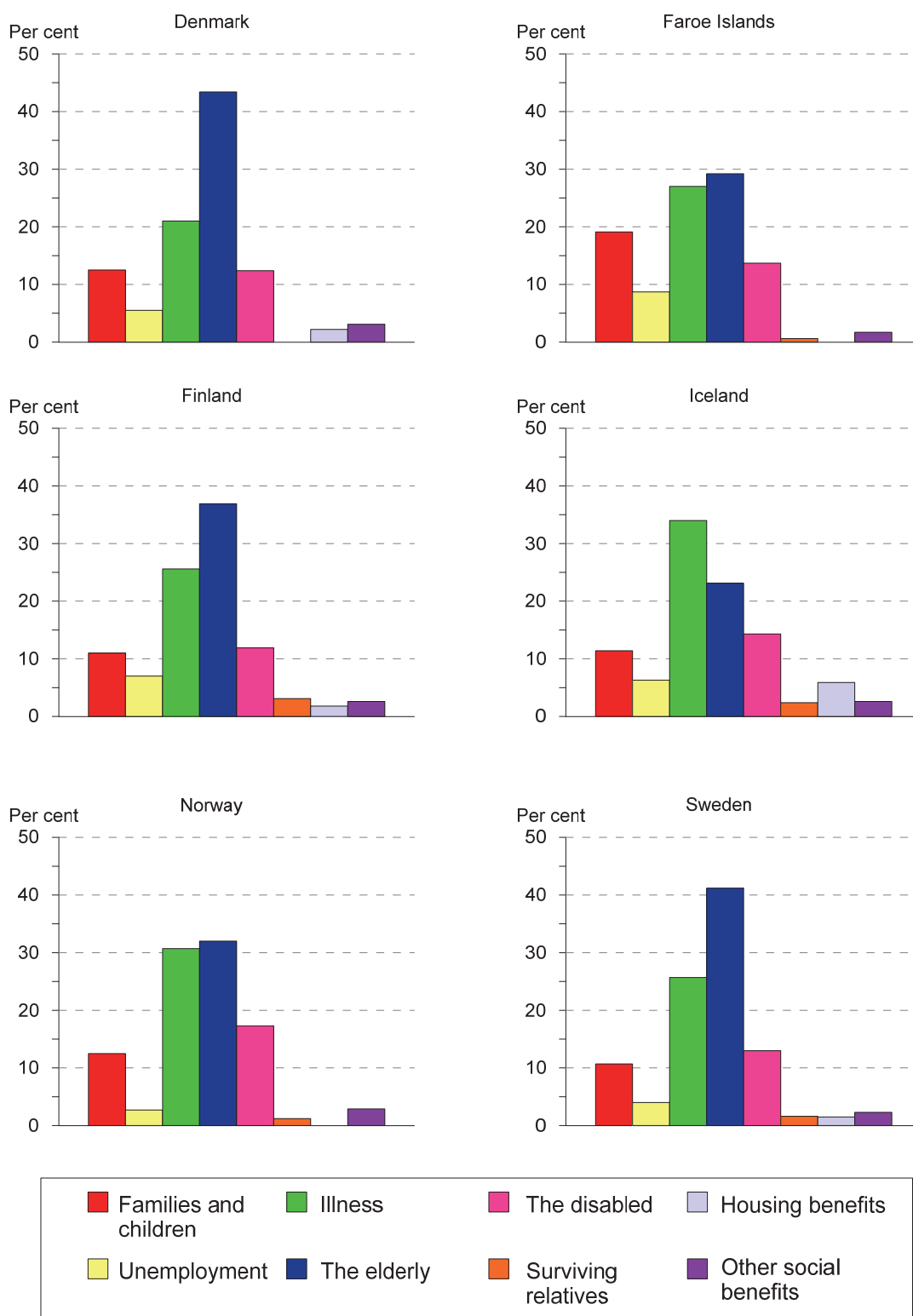


Table 9.7 Social expenditure by type and purpose, as percentages of GDP, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.6	2.5	1.6	1.2	1.3	1.5
Services	2.5	3.1	1.6	1.6	1.8	1.6
Total	4.1	5.5	3.2	2.8	3.1	3.1
<i>Unemployment</i>						
Cash benefits	1.3	2.5	1.8	1.5	0.5	0.9
Services	0.5	0.0	0.3	0.1	0.2	0.3
Total	1.8	2.5	2.0	1.6	0.7	1.1
<i>Illness</i>						
Cash benefits	1.1	0.5	1.3	1.4	2.4	1.1
Services	5.8	7.3	6.2	7.0	5.2	6.3
Total	6.9	7.8	7.5	8.4	7.6	7.4
<i>The elderly</i>						
Cash benefits	12.1	5.8	9.6	5.3	5.9	9.4
Services	2.2	2.7	1.2	0.5	2.0	2.5
Total	14.2	8.4	10.8	5.7	7.9	11.9
<i>The disabled</i>						
Cash benefits	2.7	1.8	2.3	2.8	3.7	1.7
Services	1.4	2.1	1.2	0.8	0.5	2.1
Total	4.1	3.9	3.5	3.5	4.3	3.8
<i>Surviving relatives</i>						
Cash benefits	0.0	0.2	0.9	0.6	0.3	-
Services	0.0	0.0	0.0	-	0.0	-
Total	0.0	0.2	0.9	0.6	0.3	0.5
<i>Housing benefits</i>						
Services	0.7	-	0.5	1.4	0.2	0.4
Total	0.7	-	0.5	1.4	0.2	0.4
<i>Other social benefits</i>						
Cash benefits	0.8	0.4	0.4	0.4	0.3	0.3
Services	0.3	0.1	0.3	0.3	0.4	0.3
Total	1.0	0.5	0.8	0.6	0.7	0.7
<i>Cash benefits, total</i>	19.5	13.5	17.8	13.1	14.4	14.9
<i>Services, total</i>	13.3	15.4	12.2	11.6	10.3	13.5
<i>Social expenditure, total¹⁾</i>	32.8	28.9	30.0	24.7	24.6	28.4

1 The total social expenditure is in this table shown without administration costs

Table 9.8 Social expenditure as percentages, by type and purpose, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	40	44	49	44	42	48
Services	60	56	51	56	58	52
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	70	99	86	94	67	78
Services	30	1	14	6	33	22
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	15	6	17	17	32	15
Services	85	94	83	83	68	85
Total	100	100	100	100	100	100
<i>The elderly</i>						
Cash benefits	85	68	89	92	75	79
Services	15	32	11	8	25	21
Total	100	100	100	100	100	100
<i>The disabled</i>						
Cash benefits	66	46	67	79	88	45
Services	34	54	33	21	12	55
Total	100	100	100	100	100	100
<i>Surviving relatives</i>						
Cash benefits	1	91	100	100	98	..
Services	99	9	0	0	2	..
Total	100	100	100	100	100	..
<i>Housing benefits</i>						
Services	100	.	100	100	100	100
Total	100	.	100	100	100	100
<i>Other social benefits</i>						
Cash benefits	74	75	55	60	40	50
Services	26	25	45	40	60	50
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	59	47	61	53	58	53
<i>Services, total</i>	41	53	39	47	42	47
<i>Social expenditure, total⁽¹⁾</i>	100	100	100	100	100	100

Financing of the Social Expenditure

In order to illustrate the financing of the social expenditure in the Nordic statistics, the direct financing of services and benefits and the current contributions paid into social funds are included. Contrary to previously, interest and other capital gains are now included in the social expenditure statistics. Interest and capital gains are mainly found in the funds established to guarantee pension payments, but also in other social-insurance schemes. This will be further dealt with in the following section.

Distribution of Current Contributions by Sources of Financing

Current contributions to the financing of the social expenditure are, in the Nordic statistics, broken down by the sources contributing to the individual benefits, i.e. public authorities and employers, contributions and special taxes payable by the insured as well as interest and capital gains (other financing). As mentioned in Appendix 1, social expenditure is listed as net amounts, which means that investments, etc., and user charges payable by the citizens for social services have not been included.

There are many similarities in the financing of the social security systems in the Nordic countries but also major differences.

Cash benefits that are income-related are in Finland and Sweden financed by employer and employee duties, but the basic insurance scheme is financed by way of government expenditure. Local authorities play the most important part when it comes to financing of services. Even in this case, Central Government plays a significant part through the general non-earmarked government grants.

The public authorities' (Central Government, regions, counties and local authorities) direct financing of the social cash benefits vary from about 81.7 per cent in the Faroe Islands to about 16 per cent in Sweden. Both in Finland and Sweden, the largest contributors to the social cash benefits are the employers, whereas the insured's contributions and special taxes make up the largest part in Denmark, while the public authorities' direct financing of services vary from 99.9 per cent in the Faroe Islands to 87.7 per cent in Sweden (cf. Table 9.10).

In Denmark, Finland and Sweden, the regions are responsible for the hospital sector. In the Faroe Islands, Norway and Iceland, Central Government is responsible for the hospital sector. In most Nordic countries, the local authorities are responsible on a daily basis for services such as child minding, child and youth welfare, health care and nursing and care for the elderly and the disabled.

In Denmark, the local authorities are responsible for the administration of cash benefits, while the responsibility in the other countries rests with the insurance institutions or is a matter for Government authorities.

All the Nordic countries have high ambitions as regards the social sector, which entails that the financing comprises very large amounts with both large macro-economic and budgetary significance.

The fiscal quotas, i.e. the sum of the direct and the indirect taxes as a proportion of the GDP, are in general high and among the highest in the world.

In spite of the many common traits, there are, however, considerable differences.

It should be mentioned that Finland and Sweden to a higher degree than the other countries rely on employer duties for the financing of the social cash benefits. More than half of the cash benefits are in those two countries financed by duties payable by employers. The share payable by the employees is highest in Denmark. The local authority financing of the cash benefits is in general limited. It is highest in Denmark, where Central Government does not fully reimburse the local authorities their expenditure on cash benefits.

In respect of the financing of social services, the most significant difference is the distribution of the burden between Central Government and the local authorities. This reflects the government grants' importance to the financing and the extent to which the grants are general or earmarked. In Denmark and Sweden, where the grants are mainly general, the local authorities finance the majority of the expenditure on services. In Finland, which has a high proportion of grants distributed on sectors, Central Government's share of the financing is considerably higher.

The distribution of current contributions to the financing of the social expenditure during the years 2000-2009 is shown in Figure 9.1. Other financing sources are for the most part yields from the pension funds.

Table 9.9 Current contributions to the financing of the social expenditure, as percentages broken down by public authorities, employers, the insured's contributions and other financing, 2000-2011¹⁾

	Public authorities, total	Employers	The insured's contributions and special taxes	Other financing	Total
<i>Denmark</i>					
2000	64	9	20	7	100
2005	63	10	18	8	100
2010	65	11	20	5	100
2011	74	12	12	2	100
<i>Faroe Islands</i>					
2003	82	8	6	4	100
2005	81	9	6	4	100
2010	79	10	11	0	100
2011	79	10	11	1	100
<i>Finland</i>					
2000	43	38	12	7	100
2005	44	38	11	6	100
2010	46	36	12	6	100
2011	46	35	12	7	100
<i>Iceland</i>					
2000	51	39	9	-	100
2005	33	26	6	35	100
2010	52	34	7	6	100
2011	55	35	7	3	100
<i>Norway¹⁾</i>					
2000	60	24	14	1	100
2005	58	26	14	1	100
2010	56	27	15	1	100
2011	56	27	15	2	100
<i>Sweden</i>					
2000	47	40	9	4	100
2005	48	41	9	2	100
2010	51	37	9	2	100
2011	53	36	10	2	100

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001 to 2006 and before are not quite comparable with the data concerning 2002-2007 and later

Figure 9.2 Current contributions to the financing of the social expenditure, 2000, 2005, 2010 and 2011

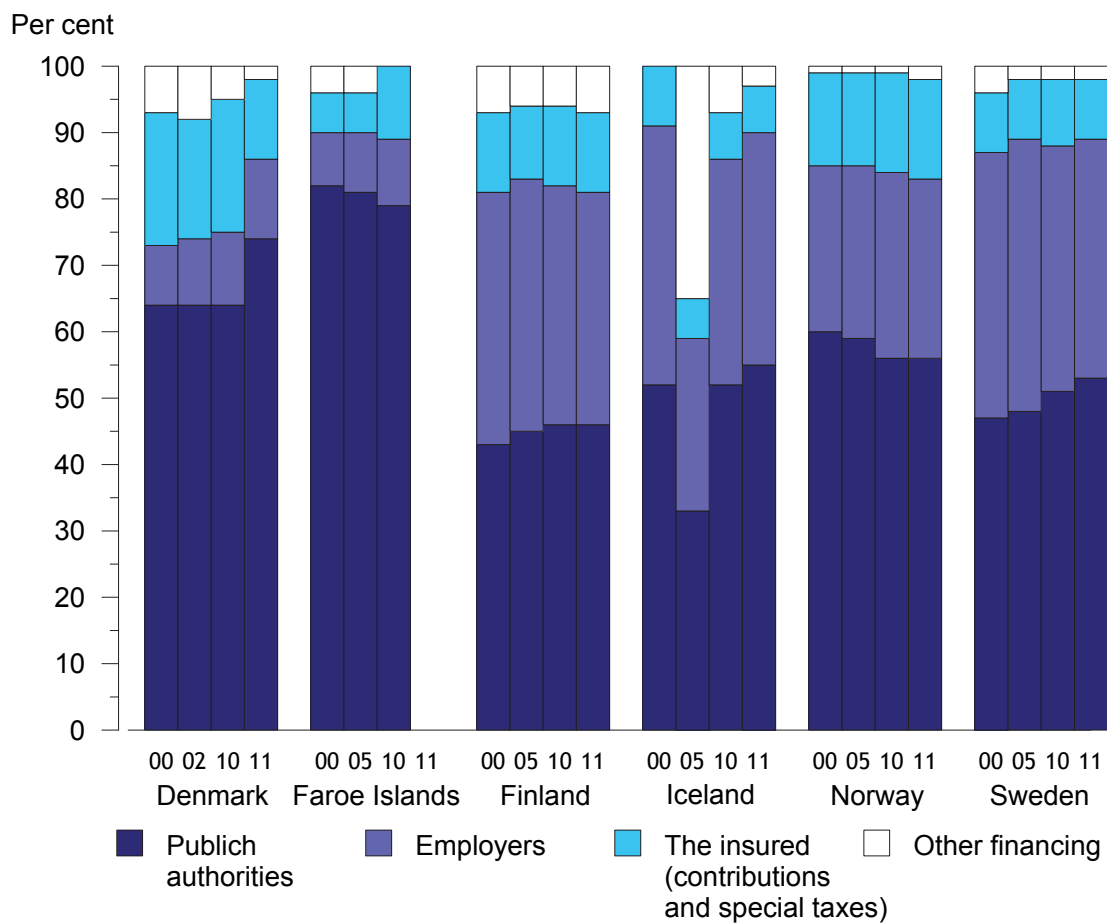


Table 9.10 Financing of the social expenditure, as percentages, 2011

	Public authorities, total	Of whom Central Government	Employers (contributions and premiums)	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>						
Cash benefits, total	59.3	46.3	19.1	17.8	3.8	100.0
Services, total	100.0	43.4	-	-	-	100.0
<i>The Faroe Islands</i>						
Cash benefits, total	61.7	57.3	21.1	17.2	-	100.0
Services, total	94.6	75.4	-	5.1	0.3	100.0
<i>Finland</i>						
Cash benefits, total	24.1	22.0	59.2	16.7	-	100.0
Services, total	83.9	39.1	9.0	7.1	-	100.0
<i>Iceland</i>						
Cash benefits, total	23.9	21.4	59.2	11.8	5.1	100.0
Services, total	98.8	74.2	1.2	0.0	-	100.0
<i>Norway</i>						
Cash benefits, total	27.7	25.9	44.2	24.7	3.4	100.0
Services, total	92.7	43.6	4.1	3.0	0.1	100.0
<i>Sweden</i>						
Cash benefits, total	17.1	15.3	61.3	17.6	4.0	100.0
Services, total	98.0	22.4	2.0	-	-	100.0

Block Grants and Government Reimbursement to Local and County Authorities

In the Nordic countries, the local authorities are responsible for the administration of part of the social services and benefits.

Local, regional and county authorities receive block grants and/or reimbursements from Central Government. A block grant may be given as a general contribution or may be earmarked for specific purposes and may, for instance, be calculated on the basis of the number of inhabitants and their age distribution or according to the tax base in the individual municipalities. Block grants may for example be calculated on the basis of the number of inhabitants and age distribution or of the tax basis in each municipality.

Government reimbursement may be laid down by law as percentages of the municipal expenditure or as fixed amounts. Government reimbursement may also be calculated as the difference between expenditure and contributions from other sources, including municipal contributions.

In Denmark, local authorities administer the main part of the social cash benefits and meet the costs of those benefits in the first instance; the costs are subsequently reimbursed, fully or partly, by Central Government. In the other Nordic countries, social benefits are mainly administered by government or other central bodies.

Funds for Pension Purposes

The contributions financing the social expenditure are normally spent on current payments in the course of the year, but are, especially in relation to pensions, also used for the establishment of funds.

The purpose of the funds may be to guarantee that means are available for future payments (premium re-serve systems). Establishment of funds may also occur in distribution systems (where the costs should, in principle, be covered by the contributions of the current year) so as to create a buffer to reduce variations in incoming and outgoing payments over time.

In Norway, social expenditure, including expenditure on employment pensions, is currently financed by way of the public budget, and consequently the expenditure is excluded from Table 9.11. The Social Security Fund is an independent, public fund and does not contribute directly to the financing of the running costs of the social security service.

Table 9.11 Size of funds for pension purposes, December 2012, billion KR/EUR

	Basic pension/Guaranteed minimum pension	Employment pension	Supplementary pensions
<i>Denmark</i> ¹⁾
<i>Finland</i>	0.1	149	10
<i>Iceland</i> ²⁾	.	2 098	.
<i>Sweden</i> ³⁾	.	958	.

1 Supplementary pension includes ATP and the special pension-savings scheme, but not the Employees' Capital Pension Fund

2 2011

3 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, also large differences from one country to another. The largest tax-free cash benefits are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but not in the other Nordic countries. According to the ESSPROS specification, housing benefits count as services.

In order to evaluate the significance of such differences, both the OECD and EUROSTAT have developed various methods to calculate the net social expenditure.

In the OECD calculations of the net social expenditure, both direct and indirect taxes have been deducted from the social expenditure. Similarly, the calculated values of the tax relief granted on social grounds have been added. In order to avoid

double taxation, tax relief that is granted in connection with lower taxation and has consequently already been calculated, has not been included.

Several methodological and practical questions still remain in connection with the net social expenditure calculations.

The EU calculations are based on the social expenditure less direct taxes, cf. Figure 9.2. Indirect taxes are not included in the calculations. From the Figure, it appears that France has the highest social expenditure, followed by Sweden, and that Latvia has the lowest.

In all the European countries, the net social expenditure is smaller than in the traditional statement of the social expenditure. There are, however, considerable differences from one European country to another.

In Table 9.12, the tax percentages, including the social expenditure for a single childless person with an average wage earner's pay (AW100) were included. The data were taken from typical cases 0 and 1 to 6 (cf. Appendix 1).

As to maternity benefits, the data apply to a single parent with no other children than the new-born.

The Table illustrates the taxation differences amongst the various countries, both as to wages/salaries and to social benefits. Iceland, being the country with the lowest taxation on earned income, imposes practically no tax on social services. Also in the other countries, taxation on several of the benefits is much lower and especially so on pensions. The table does not provide an in-depth explanation of the significance of taxation to the social benefits but contributes to illustrating the impact thereof.

The majority of the social cash benefits are taxable in the Nordic countries.

In several other OECD countries, a large part of the cash benefits is not subject to tax, or there are favourable tax rules concerning this type of income. Consequently, the tax system compensates in this way for low social cash benefits.

In several countries, tax relief instead of direct cash benefits is granted on social grounds. Tax relief for children will for example equal child supplements.

In the Nordic countries, very little tax relief is granted on social grounds.

In addition to the direct taxation, recipients of social cash benefits also pay indirect tax on their consumption, and there are substantial differences from one country to another. The traditional way of illustrating the social expenditure does not allow for such differences of taxation.

Table 9.12 Tax percentages and social rates and dues payable on wages/salaries and social benefits per month for a single childless AW, 2012, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Wages/salaries, before tax	32 620	26 466	3 445	406 000	39 242	32 363
Wages/salaries, after tax	19 883	15 752	2 423	282 921	28 075	23 983
Tax on wages/salaries, in per cent	28	36	22	26	21	18
Disposable income in per cent of the gross amount	61	60	70	70	72	74
Maternity benefits, before tax	17 073	25 000	2 388	160 000	39 242	25 113
Maternity benefits, after tax	11 351	14 953	1 783	141 089	29 133	17 338
Tax on maternity benefits, in per cent	27	36	24	7	18	23
Maternity benefits, disposable income in per cent of the gross amount	66	60	75	88	74	69
Unemployment benefits, before tax	17 073	17 500	1 856	211 583	24 487	14 563
Unemployment benefits, after tax	11 326	10 873	1 439	171 475	18 602	10 645
Tax on unemployment benefits, in per cent	27	33	21	14	16	19
Unemployment benefits, disposable income in per cent of the gross amount	66	62	78	81	76	73
Sickness benefits, before tax	17 073	17 264	2 186		39 242	21 282
Sickness benefits, after tax	11 920	10 745	1 658		28 075	14 848
Tax on sickness benefits, in per cent	27	33	23		21	22
Sickness benefits, disposable income in per cent of the gross amount	70	62	76		72	70
Retirement pension, before tax	15 939		2 129	211 120	18 383	18 191
Retirement pension, after tax	11 436		1 668	176 165	16 501	13 089
Tax on retirement pension, in per cent	28		20	15	8	28
Retirement pension, disposable income in per cent of the gross amount	72		78	83	90	72
Disability pension, before tax	19 258	15 094	1 768		20 518	17 600
Disability pension, after tax	13 460	12 876	1 440		17 763	12 702
Tax on disability pension, in per cent	30	13	17		10	28
Disability pension, disposable income in per cent of the gross amount	70	85	81		87	72
Social assistance, gross	11 114	11 744	932	175 493	9 671	8 568
Social assistance, net	8 645	11 744	932	163 217	9 671	8 568
Tax on social assistance, in per cent	23	0	0	8	0	0
Social assistance, non-insured individuals, disposable income in per cent of the gross amount	78	100	100	93	100	100

Table 9.13 Taxation of cash benefits 2011

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentage of all cash benefits	Cash benefits subject to tax, as percentage of all cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and Children	73 335	29 120	66	34
II. Unemployment	32 137	22 540	3	97
III. Illness	123 229	18 833	-	100
IV. The elderly	254 973	216 415	1	99
V. The disabled	72 571	48 017	5	95
VI. Surviving relatives	137	2	-	100
VII. Housing benefits	12 701	-	..	..
VIII. Other social benefits	18 424	13 699	9	91
IX. Administration	26 134	..	..	..
Total I -IX	613 642	348 626	7	93
<i>Finland</i>				
I. Families and Children	6 095	2 987	52	48
II. Unemployment	3 879	3 335	-	100
III. Illness	14 156	2 389	-	100
IV. The elderly	20 384	18 187	0	100
V. The disabled	6 558	4 363	12	88
VI. Surviving relatives	1 700	1 695	2	98
VII. Housing benefits	973	..	..	..
VIII. Other social benefits	1 444	794	81	19
IX. Administration	1 506	..	..	..
Total I -IX	56 695	33 750	8	92
<i>Iceland</i>				
I. Families and Children	45 839	19 947	50	50
II. Unemployment	25 382	23 797	6	94
III. Illness	136 876	23 223	1	99
IV. The elderly	93 285	85 714	0	100
V. The disabled	57 795	45 433	5	95
VI. Surviving relatives	9 793	9 793	2	98
VII. Housing benefits	23 648	23 648	88	13
VIII. Other social benefits	10 378	6 276	-	100
IX. Administration	4 116	..	..	..
Total I -IX	407 110	237 833	15	85

To be continued

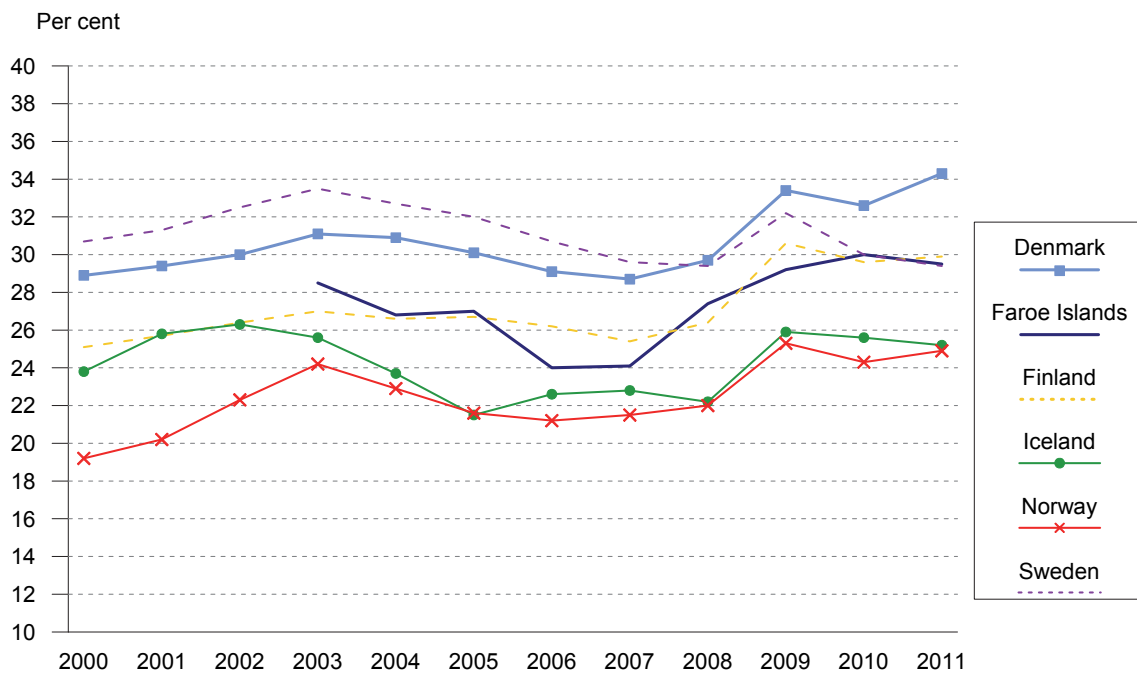
continued

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentage of all cash benefits	Cash benefits subject to tax, as percentage of all cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and Children	84 799	35 456	49	51
II. Unemployment	18 510	12 409	0	100
III. Illness	208 273	66 434	0	100
IV. The elderly	216 683	161 889	0	100
V. The disabled	117 163	103 026	3	97
VI. Surviving relatives	7 997	7 828	0	100
VII. Housing benefits	4 524	..	..	..
VIII. Other social benefits	19 875	7 959	60	40
IX. Administration	13 350			
Total I -IX	691 174	395 001	7	94
<i>Sweden</i>				
I. Families and Children	107 929	51 946	51	49
II. Unemployment	40 083	31 154	0	100
III. Illness	259 878	38 617	0	100
IV. The elderly	416 114	330 155	0	100
V. The disabled	131 422	58 939	2	98
VI. Surviving relatives	16 362	16 362	0	100
VII. Housing benefits	15 551	0	..	..
VIII. Other social benefits	23 717	11 923	100	0
IX. Administration	18 890	0	..	..
Total I -IX	1 029 946	539 096	0	1

Table 9.14 Taxable and non-taxable cash benefits, total and as a ratio of GDP, 2000-2011¹⁾

	Non-taxable cash benefits			Taxable cash benefits		
	Total, million KR/EUR	As percentage of GDP	As percentages of all cash benefits	Total, million KR/EUR	As percentage of GDP	As percentages of all cash benefits
<i>2000</i>						
Denmark	23 737	2	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>2005</i>						
Denmark	25 970	2	9	250 079	16	91
Finland	2 730	2	11	23 001	15	89
Iceland	8 719	1	8	99 440	10	92
Norway	26 444	1	10	243 125	13	90
Sweden	34 379	1	7	455 309	17	93
<i>2010</i>						
Denmark	23 057	..	7	312 118	..	93
Finland	2 787	2	8	30 139	17	92
Iceland	28 756	2	14	183 660	12	87
Norway	25 528	1	7	342 100	14	93
Sweden	40 126	1	7	502 724	15	93
<i>2011</i>						
Denmark	24 992	..	7	323 634	..	93
Finland	2 795	1	8	30 955	16	92
Iceland	34 774	2	15	203 059	12	85
Norway	25 804	1	7	369 197	13	93
Sweden	40 217	1	7	498 879	14	93

1 Norwegian data from before and after 2001 are incomparable

Figure 9.3 Social expenditures as percentages of GDP, 2000-2011

Appendix 1

Method

The present report employs the structure and definitions used in the ESSPROS 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, employers and insured individuals or households. The incoming funds are used for current payments in the course of the year and in some cases for the establishment of funds to ensure future payments. According to need and rules, such funds may also cover current payments.

Yield on funds by way of income from interest and property is primarily found in relation to pensions. Where transfers to funds are made, and where means from funds have been used towards the financing of the current social expenditure, these will be listed by net amounts in the expenditure statistics.

Benefits from public authorities payable only to their own employees are regarded as benefits payable by an employer. Certain benefits payable by employers to their employees, such as sickness benefits payable for part of a period of illness, are regarded as being financed by the employer, even though such benefits in other connections will be regarded as part of an employee's salary.

Charges payable by citizens (user charges) for social services have not been included in the social expenditure tables. Yield on real property is included as part of the financing according to the ESSPROS method of calculation.

Specifications

Specifications of the individual expenditure entries can be seen [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

The calculations made in connection with typical cases aim at making the country-specific data as comparable as possible amongst the countries.

The calculations reflect the income levels for people receiving transfer incomes - typical cases I-VII - compared with a situation with incomes from work - typical case 0 - in the Nordic countries. On this basis, the compensation levels are calculated for different income levels from 67 per cent up to 150 per cent of the wages of an average wage earner (the so-called AW-wages; see below).

A special workgroup was set up to be in charge of and responsible for the calculations used in the typical cases and the income distribution.

The calculations of the typical cases which form the basis for tables and figures regarding compensation in the event of lapse of income are currently revised as regards the number of family types. In return, the calculation basis has remained unaltered in relation to the revision in 1998.

When calculating disposable incomes, both housing benefits and payment for day care of children have been taken into consideration. Since the amount of both housing benefits and payment for day care institutions depend on the household income, this plays a significant part as to compensation in connection with the social events in the calculations of the typical cases.

In the typical case concerning social assistance, the disposable income is also assessed after payment of rent.

Since 2004, the OECD (Statistics Faroe Islands in respect of the Faroe Islands) has used the wages of an Average Wage Earner (AW), as the development in most of the OECD countries has entailed that the wages of an APW are no longer the best basis for comparative studies.

On the NOSOSCO homepage, there are compensation calculations for 2004 for both an AW and an APW.

The calculations must be made on as recent a set of rules and legislative basis as possible, for which reason the code of practise applying in 2010 was used. The OECD AW exists for 2009 only, and so the countries have updated the OECD 2009 AW to 2010 prices by using the national wage indexes, cf. the table below:

Construction of an AW for 2012

		AW 2011	Wage index 2012	AW 2012
Denmark	DKK	386 500	1.01	390 365
Faroe Islands	DKK	308 665	1.03	317 587
Finland	EURO	39 936	1.04	41 334
Iceland	ISK	4 392 000	1.11	4 872 000
Norway	NOK	453 000	1.04	470 900
Sweden	SEK	376 309	3.20	388 351

Note: The source for the Faroe Islands is the Hagstofa Føroya (Statistics Faroe Islands)

The most important factors in the calculations of typical cases are described below:

Employer's Costs

In order better to illustrate the overall taxation in the Nordic countries in terms of income tax and social contributions, employer costs, i.e. gross wages plus statutory social contributions, have been included. (The person concerned is assumed to work in the private sector). Consequently, two accounts of the net income (i.e. gross wages less income tax and social contributions payable by the employee) as to "gross income" were prepared: net income in relation to employer costs and net income in relation to gross wages. As a supplement, the net income after payment of rent has also been included in order to calculate the typical case concerning social assistance.

In respect of Denmark, employers' statutory social contributions cannot be calculated. It is, however, estimated that for an employee with a salary corresponding to that of an AW, the contributions constitute about 1.5 per cent of the salary. This estimate is only used in typical case 0 for single people earning wages corresponding to that of an AW. In the calculation of the lowest AW values, social assistance has not been included, even though people with such an income would be entitled to it.

Tax Payment

Average national rates of taxation have been used, i.e. the average municipal rates of taxation including the average church tax percentages as well as the state tax.

Gross Income

The gross income is the income from work and excludes, for instance, child allowance and housing benefit.

Disposable Income

The disposable income is calculated as gross income plus child allowance and housing benefit less income tax, social security contributions payable by employees and charges payable for day care institutions. In the case of Denmark, Finland and Sweden, the social security contributions payable by employees include contributions to the voluntary unemployment insurance scheme by way of membership fees to the unemployment funds. Union contributions have, however, not been included in the calculations.

Disposable incomes are calculated on a yearly basis, both for employees in work and for those receiving various social benefits. The calculations are based on the assumption that the people in question receive the social benefits throughout the year, even if this in some cases is not possible (e.g. maternity benefit). The listed incomes per month are the annual amounts divided by 12.

Equivalent Disposable Income

To make the disposable income comparable among house-holds of different sizes, a household's disposable income is usually divided by an equivalent weight. In the present publication, the so-called modified OECD scale also used in EU-SILC has been applied.

On this scale, the first adult in the household is given the weight 1, and any other adults in the house-hold are given the weight 0.5. Children between 0-13 years are given the weight 0.3, whereas older children are given the weight 0.5.

This entails that for a couple with two young children, the equivalent weight will be $1+0,5+0,3+0,3 = 2,1$.

If a household's annual disposable income is DKK 500 000, the equivalent disposable income will be:

$$500\ 000/2,1, = \text{DKK } 238\ 000$$

Compensation Level

The compensation level conveys the income one has after a social incident (e.g. income in the form of un-employment benefits in the event of unemployment) in relation to the income one would have earned from work had the social incident not occurred. The income is measured as equivalent disposable income, and the compensation level is given in per cent.

Compensation level = $100 * \text{Equivalent disposable in-come after the incident} / \text{equivalent disposable income before the incident}$.

Children's Ages and Use of Day Care Institutions

Child allowances and charges payable for day care institutions are calculated on the basis of the following family types:

- A single parent with an infant of 0 years, i.e. a new-born baby in typical case I
- A single parent with a child of five, i.e. a child attending a day care institution
- A couple with two children aged five and eight, i.e. a child attending a day care institution and a child attending school, still needing after-school care

Charges payable for day care institutions are, where possible, calculated on the basis of average charges and national rules governing payments. For Norway, the rates applying in Oslo have been used; for the Faroe Islands, the rates applying in Torshavn have been used and for Iceland, the rates applying in Reykjavík have been used. As to Finland, it is assumed that also other children of preschool age make use of day care facilities on a part-time basis only.

In all the typical cases, it is assumed that the children are attending day care institutions, with the exception of the infant in typical case I. As regards child allowances, child maintenance to single parents, corresponding to the amount of the contributions payable in advance by the public authorities have been included in addition to the actual child allowance to single parents and couples with children, cf. Chapter 3.

Housing Costs and Housing Benefits

In all the cases, the families are assumed to live in rented accommodation. The amount of the housing costs/rent depends solely on family type but is independent of the income level. Housing costs include rent proper and in the typical case concerning social assistance also heating costs.

It has not been possible to determine the amount of rent for the individual family types in a consistent way for all the countries. In some countries, rent is fixed 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 is 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 benefits, whereas the rent itself has not been included in the calculation of the disposable income, with the exception of typical case 0 (as a supplement) and the typical case concerning social assistance. Rent in Iceland in these cases is built on data that cover only Reykjavik. For Norway, housing benefits/rent are based on statistics for Oslo in the first quarter of 2011. It has in this case been assumed that the rent depends on the size of the family.

Housing benefits are estimated by means of a housing benefit calculator from the Husbanken. Also here, rates as in Oslo have been assumed.

Outline of Typical Cases, 2012

The various typical cases used in the present publication appear from the Table below:

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
Typical case 0 Income and tax in typical case for an AW	Single parent with one child. AW 67 per cent, AW 100 per cent and AW 150 per cent	Single person with no children. AW 67 per cent, AW 100 per cent and AW 150 per cent	Couple with two children. AW 67/100 per cent and AW 100/100 per cent	Couple with no children. AW 67/100 per cent and AW 100/100 per cent
Typical case I Compensation level concerning childbirth	Single parent with a new-born child drawing daily cash benefits, in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent		Couple with two children (5 and 8 years) apart from the new-born, where the person earning the lowest income draws daily cash benefits, in relation to a couple with two children (5 and 8 years), where both adults are in work. AW 67/100 per cent and AW 100/100 per cent	Couple with a new-born child where the person earning the lowest income draws daily cash benefits, in relation to a childless couple where both work. AW 67/100 per cent and AW 100/100 per cent
Typical case II Compensation level in typical case concerning unemployment for insured individuals	Single parent with one child drawing unemployment benefits, in relation to a single parent in work with one child. AW 67 per cent and AW 100 per cent	Single childless person drawing unemployment benefits, in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent	Couple with two children (5 and 8 years), where the person earning the lowest income draws unemployment benefits, in relation to a couple with two children (5 and 8 years), where both adults work. AW 67/100 per cent and AW 100/100 per cent	Childless couple, where the person earning the lowest income draws unemployment benefits, in relation to a childless couple, where both adults work. AW 67/100 per cent and AW 100/100 per cent
Typical case III Compensation level in typical case concerning unemployment for insured individuals		Single childless person drawing cash assistance in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent. It is assumed that the person is at least 30 years of age		
Typical case IV Compensation level in typical case concerning sickness		Single childless person drawing sickness benefits in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent		

To be continued

continued

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
Typical case V Compensation level in typical case concerning retirement pension	.	Single childless person receiving retirement pension in relation to a single childless person in work. AW 0 (on the assumption that the person in question has never been in work), AW 67 per cent and AW 100 per cent (on the assumption that the person in question has been in work for 40 years)	.	.
Typical case VI Compensation level in typical case concerning disability pension	.	Single childless person receiving disability pension (pensionable age 50 years) in relation to a single childless person in work. AW 0 (on the assumption that the person in question has never been in work), AW 67 per cent and AW 100 per cent (on the assumption that the person in question has been in work for 40 years)	.	.
Typical case VII Compensation level in typical case concerning social assistance	Single parent with one child drawing social assistance in relation to a single parent in work with one child. AW 67 per cent, AW 100 per cent and AW 150 per cent	Single childless person drawing social assistance in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent	Couple with two children (5 and 8 years), where the person earning the lowest income draws unemployment benefits, in relation to a couple with two children (5 and 8 years), where both adults work. AW 67/100 per cent and AW 100/100 per cent It is furthermore assumed that neither adult has paid work or any other income-substituting benefits	Childless couple, where the person earning the lowest income draws social assistance in relation to a childless couple, where both adults work. AW 67/100 per cent and AW 100/100 per cent The partners have neither any income from work nor any other income-related benefits

Calculations of Income Distribution

The calculation basis for the tables on income distribution and poverty is as follows:

EU-SILC definitions:

The first EU-SILC survey appeared in 2004 with income data for 2003, and data are now available for 2004-2009 for the income years 2003-2008.

Data relating to people aged 16 years and over living in private households are gathered by way of surveys.

People at risk of becoming poor are defined as the percentage share of the population having an equivalent disposable income under 60 per cent of the median.

For each person, the equivalent disposable income is defined as his/her disposable household income divided by the equivalent weight of the household.

The total disposable household income was calculated by adding all personal incomes of the household members plus any other income at household level. The disposable household income is divided by members' equivalent weight, and a measure thus appears of the financial standard making households with different compositions of adults and children more comparable.

The disposable income is a household's total income after tax including social transfer incomes, and according to EUROSTAT's definitions, capital yield is not included in the disposable income.

Other income such as interest rates, dividends and yield on investments has been included. Capital income from i.a. sale of shares and bonds has not been included. Social income transfers cover disability, retirement and survivor's pensions and other family allowances, child allowances, 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 was, however, included earlier.

Households

A household consists of individuals living together and sharing the household economy. EU-SILC does not include people staying in institutions/nursing homes, prisons, etc. A household can also consist of other types of family structures.

Single people

One-person households consist of one adult (over 17 years) and any children living at the same address, irrespective of the children's ages.

Cohabiting Couples

Cohabiting couples consist of 2 adults (over 17 years) and any children living at the same address, irrespective of the children's ages. Households with more than two adults have also been included in this group.

Children

The age limit for dependent children has been fixed at 16 years (0-16). People of the ages 17-24 years, who are financially inactive and who live in the same household as at least one parent, also count as dependent children.

Purchasing Power Parities

Purchasing power parities (PPP) are defined as the currency conversion factor corresponding to the purchasing power of the individual currencies. This means that a certain amount, when converted from different currencies by means of PPP factors, will buy the same amount ("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.

Purchasing power parities (PPP) for the Nordic countries, 2011 and 2012

	PPP 2011	PPP 2012
Denmark	10.19	10.18
The Faroe Islands	10.19	10.18
Finland	1.22	1.22
Iceland	184.56	185.52
Norway	11.66	11.61
Sweden	11.57	11.41

The PPP calculations in the present report are in PPP-Euro (EU27=1) as regards private consumption. 2010 estimates were used. As no separate PPP is calculated for the Faroe Islands, the Danish PPP has been used here.

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 social expenditure in the Nordic countries with that of other EU Member States, one must bear in mind that social cash benefits are more often than not subject to tax in the Nordic countries, whereas part of these benefits are exempt from tax in the other EU countries. Furthermore, there is tax relief in several countries (tax reductions) for families with children, but such amounts are not included as social expenditure.

It should also be noted that the boundaries between the social and the education sectors vary from one country to another. There is, for instance, a very early school start in several of the European countries, for which reason it is difficult to compare the expenditure on the minding of preschool children.

The OECD and EUROSTAT are in the process of developing models for the calculation of the social net expenditure (after tax), cf. Figure 9.2.

It should be mentioned that the OECD calculations of expenditure on the health care sector differ considerably from the calculations in the ESSPROS system and in the present report. While efforts are made in the ESSPROS to obtain as exact data as possible on the expenditure on social services to the elderly and the disabled, the majority thereof in the OECD statements in A System of Health Accounts were included as health expenditure. Besides, the expenditure in the ESSPROS is based on net calculations, while the OECD statements are based on gross expenditure (i.e. including investments, user charges, etc.).

Other Factors

Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later. A detailed description thereof for Norway can be found in the 2004 report.

Appendix 2

Basis for the Adjustment of Social Benefits

DENMARK: All transfer incomes and a number of other rates are adjusted annually as at 1 January by means of a rate adjustment percentage reflecting the development in the annual wages/salaries in the labour market, but with a reduction if the pay development exceeds 2 per cent. Consequently, the annual adjustment by means of the rate adjustment percentage comprises the rates for social pensions, sickness, maternity and unemployment benefits, voluntary early retirement benefits, cash assistance, rehabilitation allowances, child allowances and child supplements as well as housing subsidies. The various amounts that are included in the basis for the calculation of the various kinds of benefits and support are also adjusted by means of the rate adjustment percentage. The housing subsidy is adjusted with the increase in the consumer price index. This also applies to child and youth allowances which are normally regulated by what corresponds to the increase in the consumer price index two years before the relevant calendar year. In 2012 and 2013, the child and youth allowance is subjected to further adjustment cuts in each of the years by 1.9 per cent in relation to the normal adjustment.

The maximum amount of the unemployment benefit is adjusted by means of the rate adjustment percentage. In respect of people receiving individual daily cash benefits below the maximum amount, the basis for calculation of the individual daily cash benefits (i.e. the previous earned income) shall be adjusted by means of the rate adjustment percentage. Daily cash benefits will then amount to 90 per cent of the new calculation basis. Recipients of individual daily cash benefits below the maximum amount consequently also have their benefits adjusted as per 1 January.

The maximum amount of the sickness and maternity benefit is also adjusted by means of the rate adjustment percentage. In respect of people receiving less than the maximum amount, and whose daily cash benefits therefore amount to 100 per cent of their previous earnings, the benefit shall be adjusted to the extent that the wages payable by their employers are typically adjusted in accordance with the collective agreement.

The adjustment has been laid down in both an act on a rate adjustment percentage and in the individual acts on the various cash benefits, etc. The rate adjustment percentage is calculated on the basis of the adjustment of the annual wages/salaries for workers and civil servants in the year lying two years before the year concerned by the rate adjustment percentage, seen in relation to the year three years previously. The rate adjustment percentage for 2010 was thus fixed on the basis of the ad-

justment of the annual wages/salaries from 2007 to 2008. If the change in the annual wages/salaries exceeds 2.3 per cent, the rate adjustment percentage shall be reduced by 0.3 per cent. If the change in the annual wages/salaries exceeds 2 per cent but not 2.3 per cent the rate adjustment percentage shall be reduced by the part exceeding 2 per cent (i.e. by between 0 and 0.3 per cent). An amount corresponding to the reduction will be transferred to the rate adjustment pool used for measures in the social, health and labour market areas with a view to improving the conditions for recipients of transfer incomes as well as groups at risk.

THE FAROE ISLANDS: The adjustment of the social benefits is based on special legislation laying down the annual adjustment. The adjustment takes place on 1 January of the year. The legislation covers pensions, pension supplements, special supplements to pensioners and maintenance allowance, with the exception of the basic amount of the retirement pension which is not adjusted.

A few benefits are adjusted 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 in the private labour market.

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.

Employment pension is increased annually. In respect of 20 per cent of the recipients in relation to the wage/salary development, and in respect of 80 per cent of the recipients in relation to the consumer prices.

Besides, the earnings and the amount of earnings-related pension is adjusted to the level of the year of one's retirement by means of a wage factor, where wage changes are weighted by 80 per cent and price increases are weighted by 20 per cent. Also income ceilings in connection with sickness benefits and maternity benefits are adjusted annually by means of the wage factor.

As from 1 March 2011, the minimum benefits (sickness benefits, maternity, paternity and parental benefits and rehabilitation benefits) child supplement and support towards private child minding were linked to the retirement pension index.

ICELAND: All social benefits are adjusted annually as at 1 January in relation to the wage/salary and price developments of the adjustment percentage. The benefits in question are: basic pension to retirement and disability pensioners, unemployment benefits, public sickness benefits and maternity benefits to those not gainfully employed. Moreover, the income levels concerning basic and disability pensions are adjusted in relation to the wage/salary development as at 1 September each year.

The employment pension is adjusted in relation to the consumer price index.

NORWAY: The retirement pension payable by the Social Insurance Scheme is calculated on the basis of the basic amount of the Social Insurance Scheme. As part of the pension reform, new adjustment rules were introduced as from 2011 applying to the basic amount and pension payable by the Social Insurance Scheme. The basic amount is fixed

by the King and is adjusted annually from 1 May in accordance with the growth rate of the income of those in active employment. The rules are based on the anticipated wage development in the adjustment year, adjusted for any deviations between anticipated and actual wage development in the previous year. From 1 May 2012, any deviations between anticipated and actual wage development shall apply to the past two years. Negotiations are carried out between the Government and the pensioners' organizations over the basis for the adjustment. Retirement pensions shall first be adjusted by the income development (basic amount), and from this sum 0.75 per cent is deducted when the pension amount is sufficiently above the minimum level. The levels of the lowest pension levels are adjusted in accordance with the income development and are then adjusted for the effect of the life expectancy adjustment concerning 67-year-olds in the adjustment year.

Disability pension is calculated on the basis of any previous pensionable income and the basic amount of the Social Insurance Scheme.

The temporary Social Insurance Scheme benefit, the work-clarification benefit, is calculated on the basis of a recipient's previous pensionable income. The benefit is adjusted annually in line with the changes in the basic amount from the Social Insurance Scheme.

Sickness benefits are not adjusted during a period of illness. Consequently, sickness benefits shall not be adjusted if changes occur in an ill person's wage/salary level or in the basic amount during his/her sickness benefit period.

The income basis for the fixation of daily cash benefits in case of unemployment is fixed for the entire period at the transition to unemployment benefits and shall not be changed, should changes occur in the general income level in society.

Financial social assistance is a means-tested benefit. The assistance is calculated specifically and individually. Government guidelines for the calculation of support for maintenance (financial social assistance) are provided to adults and children in different age groups. The guidelines are evaluated and revised annually by the ministry.

SWEDEN: The benefits that are supplements to incomes from work or continuations thereof (such as pensions) are more often than not automatically adjusted on the basis of the price development. The price basic amount is used for the adjustment of the minimum pension amount. The pension level and the ceiling for the sickness and the parental insurance schemes (sickness and parental benefits) are important examples of benefits that are adjusted by the price basic amount.

Benefits that are means-tested are often adjusted in a different way.

In respect of the national standard of the social contribution (social assistance), the Government makes decisions every year as to an adjustment on the basis of price changes and the calculations of the National Consumer Agency on how large an amount different family types need for maintenance. The system makes it possible to take changed consumer patterns, etc., into account.

Housing benefits are fixed amounts and will be awarded on the basis of given incomes. They will only be altered following political decisions. The same applies to maintenance allowance advances.

Although the child supplement is a general allowance it is not adjusted on the basis of the price development but only following a political decision.

Appendix 3

Nordic Social Policies

The Nordic Welfare Model

The Nordic welfare model may be characterized in the following way:

1. The public welfare policy is rather comprehensive and covers social security, social services, health, education and training, housing, employment, etc., with the purpose of meeting the most basic needs.
2. Government involvement has been strong in all fields of policy. The political measures to obtain full employment have been based on macroeconomic policy, social policy and an active labour market policy, in which the labour market parties play a significant role
3. The Nordic welfare systems are based on high degrees of universalism, meaning that all citizens are entitled to basic social security and services irrespective of their position in the labour market. This universalism has contributed to broad public support to the welfare policy.
4. The income protection is based on two elements: In most schemes, there is an income-independent basic insurance and an income-dependent benefit to those who have been in the labour market. Compared with other industrialized countries, public income transfers play a significant part, for which reason the ratio of the social expenditure of GDP has been high. Public financing of transfer incomes has been considerable, and consequently the tax level has been high.
5. The Nordic countries may also be characterized as service states where local democracy plays a significant part. Social and health services are financed by way of taxes with no high user charges, and the aim is that all citizens have their needs met. Local and regional authorities (municipalities and counties) provide the services and more often than not they also produce them.
6. The income distribution is relatively levelled. The income disparities in the Nordic countries as to wage/salary distribution and disposable incomes are limited compared with other countries. There are no large gabs between the various income groups, and consequently poverty and differences in the standard of living have been relatively limited.

7. Equal opportunities are a basic principle in the Nordic welfare states. In the Nordic countries, women's participation rate is high, and in most families there are two providers. Social measures are based on individual rights so that women are not financially dependent on their spouses.

Although the basic principles of the Nordic welfare countries still apply, user charges are becoming more and more common instead of all welfare services being financed via taxes. The setting up of funds for pension financing also becomes increasingly significant.

Organization of the Nordic Social Policy

DENMARK: Denmark has a three-tiered administration system (State, regions and municipalities). The tax system is two-tiered as only the State and the local authorities can levy taxes.

The overall responsibility for the legislation and structure of the social policy rests with the Danish parliament and Central Government, whereas the municipal and regional authorities administer and pay the majority of the social benefits and services.

The municipal authorities are responsible for the main part of the social cash benefits, such as pensions, sickness benefits, rehabilitation, housing benefits, benefits to refugees and social assistance, and they meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by the State. The administration and payment of a number of benefits are made by Payments Denmark.

Administration and payment of unemployment benefits are, however, carried out by the voluntary unemployment insurance funds.

The local authorities are also responsible for and administer the main part of the social services, such as day care, residential institutions and preventive measures aimed at children and adolescents, housing for the disabled and the socially vulnerable groups as well as care and nursing for the elderly and the disabled (home nursing, home help, nursing homes, etc.). The costs are financed by municipal taxation and block grants from the State.

The regional authorities bear the day-to-day responsibility for health services including the running of hospitals and the administration of services and benefits from the National Health Insurance Service, including payments to general practitioners and dentists as well as subsidies for medication. The regional authorities' expenditure is financed by block grants from the State and municipal contributions in the health care sector.

The local authorities are responsible for the employment measures aimed at enterprises, the insured unemployed and the remaining target groups (recipients of cash benefits, rehabilitation, sickness benefits, etc.).

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 insurance scheme 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 instead of being based on reimbursement schemes. The subsequent Faroese social legislation could thus be adapted to special Faroese conditions, and the Danish authorities' supervisory obligations could be discontinued.

Part of the retirement pensions is administered and financed by the labour market parties. It is a labour market pension payable to everyone from the age of 67 years on a basis of solidarity. The pension is payable to everyone residing on the Faroe Islands. Foreigners may, however, apply for the pension, and entitlement to it follows from the registered address and residence in the Faroe Islands throughout one's working life.

FINLAND: In Finland, Central Government has the overall responsibility for the legislation. The taxation system is a two-tiered system (State and municipalities), but the administrative system is three-tiered (State, regions and municipalities).

The pension system consists of two parts: an employment pension and a national retirement pension. The employment pension is a work-related and insurance-based pension, while the national retirement pension is awarded to all citizens in the country receiving only a small employment pension or none at all. The private sector's employment pension schemes are managed by private insurance companies. Housing benefits consist of three parts.

The local authorities are responsible for both the health and social services provided to all residents in the municipalities. Public health care services are supplemented by private health care services, for which the expenses are partly reimbursed by the public Sickness Insurance Scheme.

Cash benefits in connection with unemployment consist of an earnings-related allowance and a basic allowance. Most employees are covered by the unemployment insurance fund and are entitled to the accrual-based benefits.

ICELAND: There is a two-tiered taxation and administration system in Iceland (State and municipalities). The State has the main responsibility for the legislation, including decision-making and responsibility for the social policy. It is also responsible for the majority of the social services, such as hospitals, health centres (primary health care) and home nursing.

Local authorities are responsible for home help, institutions and care of children and youth, and from 2011 for the disabled. Local authorities are in cooperation with the State also responsible for services to the elderly.

As regards income transfers (social cash benefits and pensions), the State partly shares the responsibility with the labour market parties. Pensions are partly administered by the National Social Security Institution (basic pensions) and partly by an

independent pension fund (labour market pensions) administered by the contributors (employees and employers).

The Unemployment Insurance Scheme is 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 (unemployment benefits, sickness benefits, rehabilitation benefits (work clarification benefits) and pensions) are administered by Central Government through the National Insurance Scheme.

The National Insurance Scheme is financed by contributions from employers, employees and the State. The employers' contributions depend on the regional zone in which the enterprise is located (five different zones in all).

Local authorities administer and are responsible for the social assistance, primary health care, home help and home nursing, institutions for children, youth, the elderly and the disabled.

The State has taken over the responsibility.

SWEDEN: There is a three-tiered administrative system in Sweden (State, county and municipal authorities). The State is responsible for most income transfers, such as sickness benefits, parental benefits, unemployment benefits and the industrial injury insurance scheme administered by the Swedish Social Security Fund. The majority of the pensions comes from the pension funds and is administered by the contributors. The county authorities are responsible for the hospitals and most of the primary health sector (health centres). The local authorities are responsible for home help and home nursing, social assistance and institutions and care for children, young people, the elderly and the disabled.

Appendix 4

Further Information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices in the respective countries.

Further information is obtainable from the following:

DENMARK

Statistics Denmark www.dst.dk

The Danish Health and Medicines Authority

www.sst.dk

SFI - The Danish National Centre for Social Research

www.sfi.dk

The Ministry of Employment

www.bm.dk

Payments Denmark

www.udbetingdanmark.dk

The National Labour Market Authority
www.ams.dk

The Labour Market Supplementary Pension Scheme

www.atp.dk

The Ministry of Social Affairs, Children and Integration

www.sm.dk

The Social Appeals Board

www.ast.dk

The Danish Agency for Labour Retention and International Recruitment

www.sfr.dk

THE FAROE ISLANDS

Almannamálaráðið
(Ministry of Social Affairs)

www.amr.fo

Hagstova Føroya (Statistics Faroe Islands)

www.hagstova.fo

FINLAND

The Retirement Pension Authority

www.kela.fi

(THL) National Institute for Health and Welfare

www.thl.fi

Finnish Centre for Pensions www.etk.fi

The Ministry of Social Affairs and Health

www.stm.fi

Statistics Finland

www.stat.fi

Ministry of Employment and the Economy

www.tem.fi

ICELAND

Hagstofa Íslands (Statistics Iceland)

www.statice.is

Vinnumálastofnun (Directorate of Labour)

www.vinnumalastofnun.is

Landssamtök Lífeyrissjóða
(The National Icelandic Pension Funds)
www.ll.is

Velferðarráðuneytið
(Ministry of Welfare)
www.velferdarraduneyti.is

NORWAY

Statistics Norway
www.ssb.no
Norwegian Labour and Welfare
Administration
www.nav.no

SWEDEN

Ministry of Health and Social Affairs
www.regeringen.se

The Swedish Social Insurance Agency
www.forsakringskassan.se

The Swedish Unemployment Insurance
Board, IAF
www.iaf.se

The Swedish Pensions Agency
www.pensionsmyndigheten.se

Tryggingastofnun Ríkisins
(The Social Insurance Administration)
www.tr.is

Ministry of Labour and Social Affairs
www.regjeringen.no/ad

The National Board of Health and
Welfare
www.sos.se

Statistics Sweden
www.scb.se

The Swedish National Agency for Educa-
tion
www.skolverket.se

Publications by NOSOSCO after 2000

Recurrent Publications

Every year, Nososco publishes Social tryghed i de nordiske lande (English version Social Protection in the Nordic Countries). Furthermore, the theme publications below have been published.

Nordic/Baltic Social Protection Statistics 2000.

Nordic Social-Statistical Committee no. 19:03. Copenhagen 2003.

Sustainable Social and Health Development in the Nordic Countries. Seminar 27th May 2003, Stockholm. Nordic Social-Statistical Committee no. 22:03. Copenhagen 2003.

Sustainable Social and Health Development in the Nordic Countries. Seminar 6th April 2006, Oslo. Nordic Social-Statistical Committee no. 29:06. Copenhagen 2006.

Ålderspensionssystem i Norden. Nordisk Socialstatistisk Komité nr. 34:08. Copenhagen 2008.

Old-age Pension Systems in the Nordic Countries. Nordic Social-Statistical Committee no. 35:09. Copenhagen 2009

Opmuntrer de nordiske systemer 60-74-årige til at arbejde? Nordisk Socialstatistisk Komité nr. 38:09. Copenhagen 2009

Do the Nordic Welfare Systems Encourage the 60-74-Year-Olds to Work? Nordic Social-Statistical Committee no. 39:10. Copenhagen 2010

Udfordringer for den Nordiske Velferdsstaten. Sammenlignbare indikatorer Nordisk Socialstatistisk Komité nr. 41:10. Copenhagen 2009

Challenges to the Nordic Welfare State. Comparable Indicators. Nordic Social-Statistical Committee no. 42:10. Copenhagen 2010

Ungdomsarbejdsledighed i Norden - En studie av rettigheter og tiltak for unge arbeidssøkere. Nordisk Socialstatistisk Komité nr. 47:11. Copenhagen 2011

Youth Unemployment in the Nordic Countries - A Study on the Rights of and Measures for Young Jobseekers. Nordic Social-Statistical Committee no. 50:11. Copenhagen 2011

Udfordringer for den Nordiske Velferdsstaten. Sammenlignbare indikatorer. 2. edition

Nordisk Socialstatistisk Committee nr. 52:13. Copenhagen 2013