

*Chapter 7*

# Old Age, Disability and Survivors

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. The relatively small part of these expenses spent in the Nordic countries is first and foremost a result of enhanced efforts being made in respect of families, children, and unemployed people.

**Table 7.1 Expenditure on the elderly, the disabled and survivors as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2003**

Denmark	50.7	Austria	56.8	Italy	68.1
Faroe Islands	49.2	Belgium	53.9	Luxembourg	50.6
Finland	52.9	France	48.1	The Netherlands	51.3
Iceland	44.8	Germany	50.7	Portugal	57.6
Norway	47.4	Greece	55.9	Spain	51.2
Sweden	54.3	Ireland	28.2	United Kingdom	54.3

Note: See Table 4.1.

## The Structure of this Chapter

While the other chapters have followed the chapter structure of ESSPROS, the descriptions of the elderly, the disabled and survivors have in this report been gathered in one chapter. As the rules in the Nordic countries governing pensions are largely identical and more often than not based on the pension systems for the elderly, it was considered most expedient to describe the pension systems together. The expenditure on home nursing has, where possible, been included in the chapter on illness. As to Sweden, it has only partly been possible to separate home nursing from the rest.

The structure of this chapter is as follows: first, a description is given of retirement from the labour market for people aged 50-65/67 years; then follows a general description of pensioners' incomes followed by a general description of the pension system as well as a description of cash benefits and services provided to the elderly, the disabled and survivors, respectively. At the end of this chapter, there is an overall description of the social expenditure on the elderly, the disabled and survivors.

## **Early Retirement from the Labour Market**

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

Figure 7.1 shows the employment rate for men and women in the age group 50-66 years in 2004, and Figures 7.2 and 7.3 show the development in the employment rate for 60- and 64-year-old men and women, respectively, for the period 1990-2004.

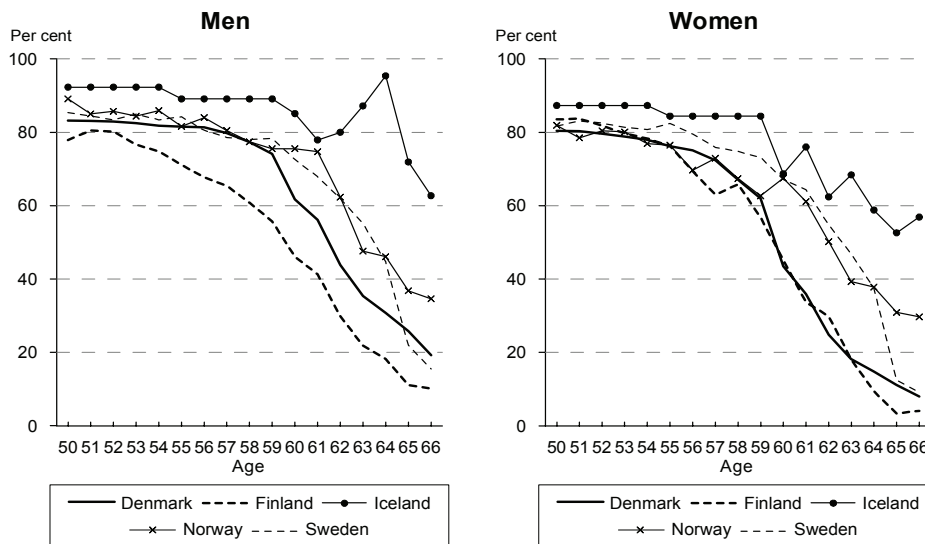
As it appears from Figure 7.1, men have a higher employment rate in general than have women. In all the Nordic countries, the employment frequency declines markedly with age in respect of both men and women. There are, however, also large differences from one country to another. Both in respect of men and women, the highest employment rate is found in Iceland, and the lowest in Finland. These differences are mainly to be found in different occupational structures, with the resulting different damages to the health of the labour force, differences in the unemployment situation in the 1990s, as well as differences in the possibilities of withdrawing early from work with public income-substituting benefits.

Early retirement from the labour market is most common in Denmark and Finland. Those two countries have the most comprehensive public retirement schemes, and the unemployment rate has been relatively high for a long period of time. Early retirement is least common in Norway and especially so in Iceland, where there are no other public retirement schemes than health-related disability pension as well as a very limited unemployment problem. Sweden holds a position in the middle, both in respect of public retirement schemes and the extent of the unemployment.

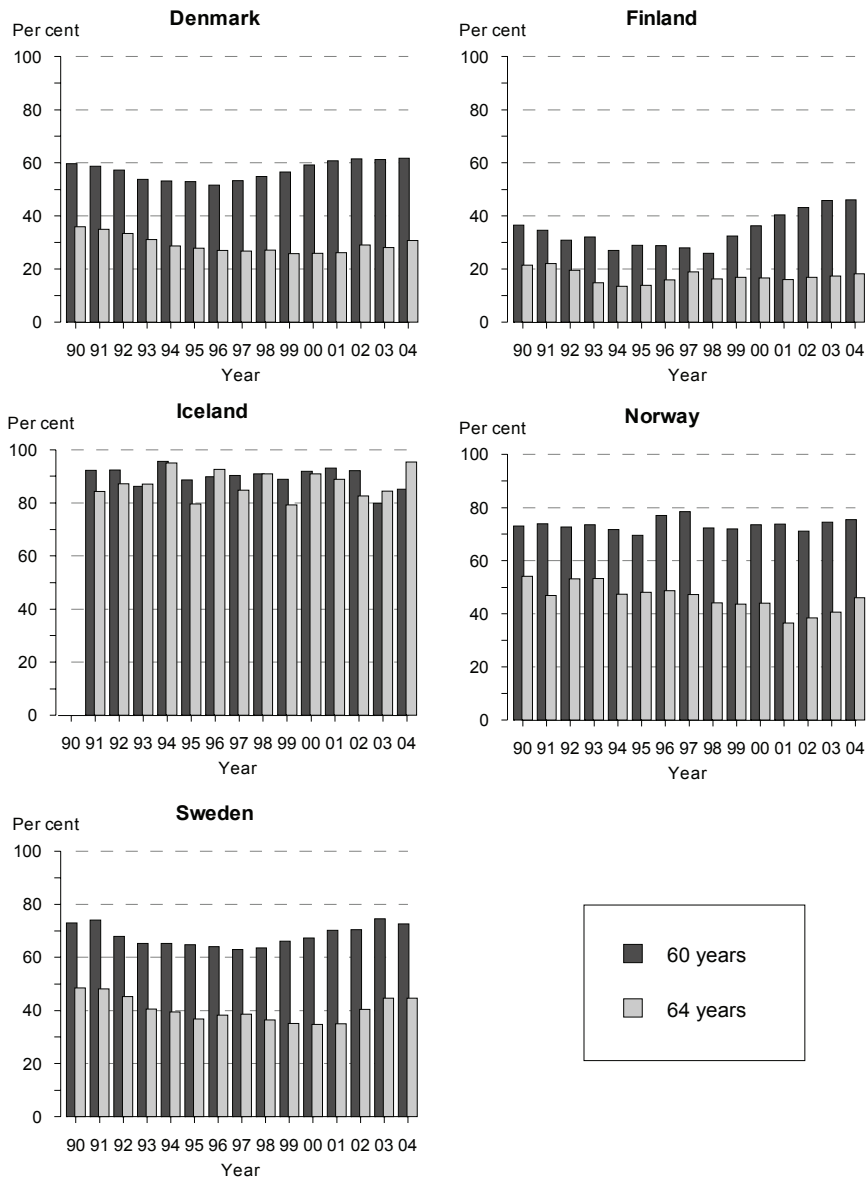
There are distinct differences amongst the countries as to the employment rate for the 60- and 64-year-old men and women, with the highest rate of employment found in Iceland and the lowest in Finland, followed by Denmark.

The development during that same period also differs from one country to another. While there was a decline in the employment rate for men in Denmark, Finland and Sweden until the middle of the 1990s, the rate has risen again. As regards women, recent years have seen an increase in the employment rate for the 60 year-olds in Denmark, Finland and Sweden, while the employment rate for the 64 year-olds shows a somewhat uneven pattern.

**Figure 7.1 People in employment as percentages of the population, broken down by age and sex, 2004**

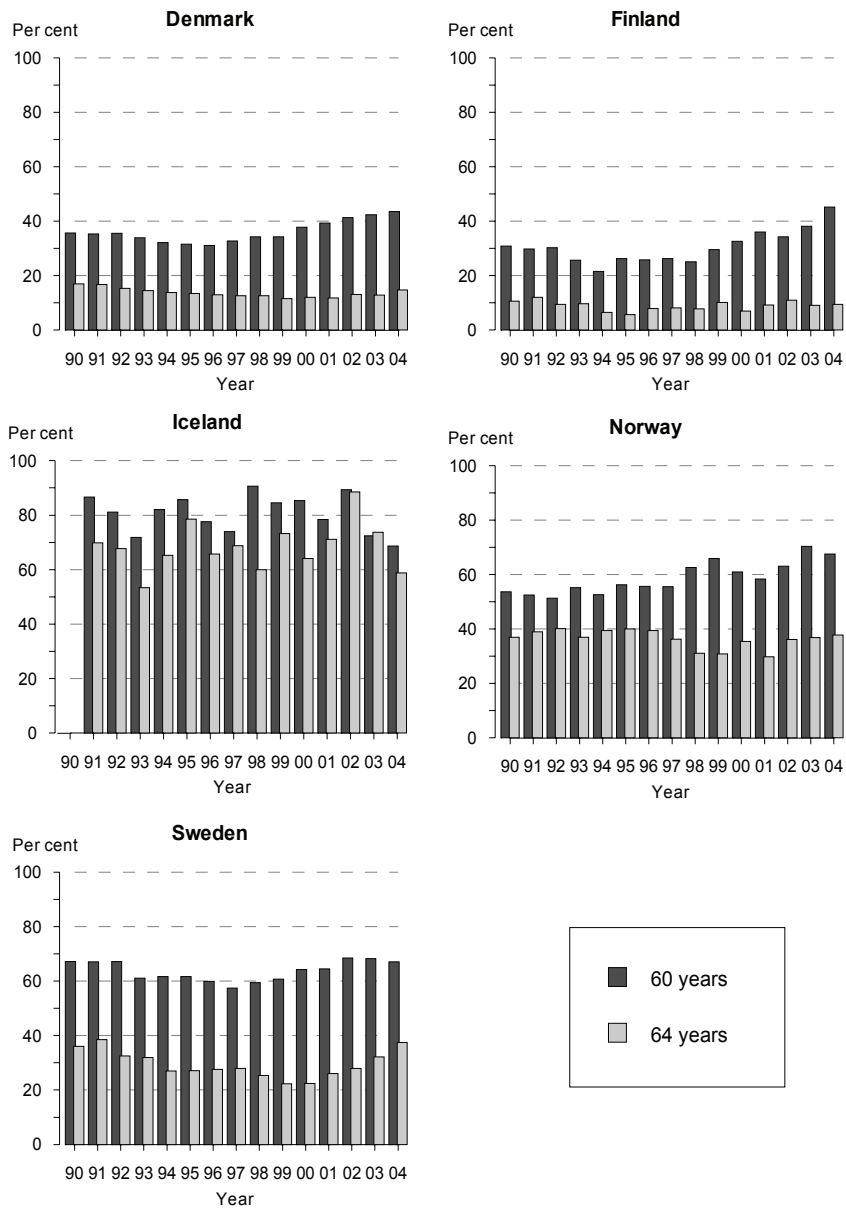


**Figure 7.2 Men of the ages 60 and 64 years in employment. Per cent, 1990-2004**



Note concerning Denmark: Calculation method changed as from 2002.

**Figure 7.3 Women of the ages 60 and 64 years in employment. Per cent, 1990-2004**



Note concerning Denmark: Calculation method changed as from 2002.

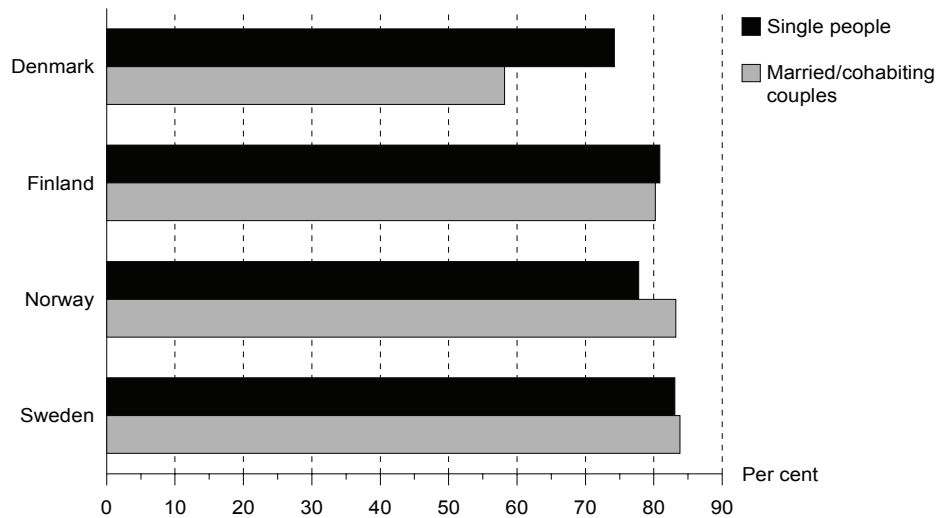
## Pensioners' Incomes

Figure 7.4 shows the disposable income for families, where the key person, i.e. the person earning the most, is over 65/67 years, as a percentage of the disposable income for single people and couples under 65/67 years. As in the other chapters, equivalent incomes have been used. The disposable income is the factor income (income from work + capital income) plus social cash benefits less tax.

As can be seen from the figure, families over 65/67 years have a lower disposable income on average in all the countries than have families under 65/67 years. This applies to both single people and couples.

In Denmark, single people over 65/67 years have a relatively higher disposable income than have couples. As to single people over or under 65/67 years, the differences in the average disposable incomes are most significant in Denmark. As to couples, the difference is most significant in Denmark and least so in Finland. This is due to the employment pension being relatively small in Denmark. Income from supplementary pension schemes, included in Figure 7.4 (but not in Figure 7.6), probably plays a more important part in Denmark and Norway than it does in Sweden and Finland. Apparently, the schemes are not sufficiently developed to level off the considerable differences in the statutory employment pension schemes.

**Figure 7.4 Disposable incomes for single people and couples over 65/67 years as percentages of the disposable incomes for single people and couples under 65/67 years, 2003**



## Pensions

The purpose of pensions is to guarantee all citizens a certain level of income in connection with old age, disability, early retirement from the labour market or loss of provider. In all the countries, pension is payable to the elderly. In addition, there are a number of schemes, which ease the transition to retirement pension: the so-called special retirement pensions.

The various pension types are in this publication divided as follows: Pensions, where health criteria are predominant, are described under disability pension. As from 2003, the disability pension was replaced by an activity or sickness allowance. These have been included here instead of the previous disability pensions. The allowance may be granted from the age of 19 years and is reduced in relation to the previous disability pension. The rules governing the award of disability pension have furthermore become more restrictive.

The special retirement pensions cover many different types of pensions, which ease the transition from work to retirement. In respect of the Danish disability pensions (anticipatory pensions), it applies that the ordinary and the increased ordinary disability pensions, according to the rules applying until 1

January 2003, are regarded as special retirement pensions. As to the Faroese disability pensions, it applies that the intermediate and the highest amounts of disability pensions are regarded as disability pensions, whereas the lowest disability pension is regarded as special retirement pensions. The Finnish unemployment pensions are included in Chapter 5, Unemployment.

As regards loss of provider, Finland, Iceland, Norway and Sweden have a special survivors' pension payable to surviving spouses and children. Surviving spouses may in the Faroe Islands be awarded intermediate or lowest disability pension. In all the countries, a pension is payable to children, in Denmark and in the Faroe Islands by way of a special child allowance, however.

## **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 pensions (employment pensions) to those who have been active in the labour market. Besides, there are supplementary pension schemes laid down by law or by collective agreements. In all the countries, there are also private pension-saving schemes, but they have not been included in the present report.

No clear distinctions can be made between the three pension systems, especially not between the employment pensions and the supplementary pensions.

The Nordic statistics consequently differ somewhat from the European statistics, where the basic and the employment pensions are described together as the first pillar in the pension system and the supplementary pensions as the second pillar, while the private pensions, which are not included in this report, are described 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 employment pensions are described together.

In Denmark and Iceland, the statutory basic pension may be discontinued, if a recipient has any other income exceeding a certain level, in Denmark, however, only by way of income from work in respect of retirement pensioners.

In the Faroe Islands, the statutory basic pension may be discontinued for disability pensioners as a result of other incomes, while everyone over the age of 67 is guaranteed the statutory basic pension irrespective of any other in-



come. Individuals, who stay in nursing home, receive a special reduced pension towards payment for special needs, however.

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

The Finnish reform has been implemented, where the Swedish one is still in the making.

Instead of differentiating between basic pension and employment pension everyone is guaranteed a minimum pension, irrespective of their affiliation to the labour market. People who have accumulated sufficient employment pension through work will not be awarded the guaranteed minimum pension. Although this basic principle is the same in the Finnish and in the Swedish systems, the pension schemes are structured in very different ways.

In Finland, the employment pension is the most important part of the pension system as 80 per cent of the pension expenditure stem from the employment pensions.

In Norway, everyone is guaranteed a minimum pension, irrespective of any previous affiliation to the labour market. In order to become entitled to any pension in addition to the minimum pension, a person must have accumulated sufficient employment pension through activities in the labour market.

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

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

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.2 Pension recipients by type of pension, 2004<sup>1)</sup>**

	Denmark	Faroe Islands <sup>2)</sup>	Finland	Iceland <sup>3)</sup>	Norway <sup>3)</sup>	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pension	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years.	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years
Length of residence to obtain full ba- sic 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
Supplemen- tary pensions	Statutory for public-sector employees (civil servants)	Statutory for public-sector employees (civil servants)	-	-	Statutory for public-sector employees (civil servants)	-
	Public collec- tive agree- ments	Public collec- tive agree- ments	-	-	Public collec- tive agree- ments	Public collec- tive agree- ments
	Private collec- tive agree- ments	Private collec- tive agree- ments	-	-	-	Private collec- tive agree- ments

1 As a result of the concluded EU/EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost uniform. As a main rule, one must have been resident for at least three years in the country in question between the ages of 15 and 65-67 in order to become entitled to a pension. Periods of employment in an EU Member State, or in another country with which a social-insurance convention has been concluded, may be taken into account in the calculation of compliance with the residence requirement. The rules governing employment pension in Denmark apply only to retirement pensioners.

2 In the Faroe Islands, the employment pension scheme is financed and administered by the labour-market parties, but this part of the pension is solidary, and everyone over the age of 67 is paid the same amount. In principle, it has the same effect as the basic amount of the retirement pension, and so it is in this report regarded as a basic pension and is called special basic pension.

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

**Table 7.3 Supplements to the basic pension/guaranteed minimum pension, 2004**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Child supplement</i>	No/Yes <sup>1)</sup>	Yes	Yes	Yes	Yes	No <sup>7)</sup>
- Income-tested?	No/Yes <sup>2)</sup>	No	No	No	Yes	-
- Taxable?	No	No	Yes	No	Yes	-
<i>Supplements to people receiving only the basic pension/guaranteed minimum pension</i>	Yes/No <sup>3)</sup>	Yes	. <sup>5)</sup>	Yes	Yes	No
- Income-tested?	Yes	Yes	. <sup>5)</sup>	Yes	Yes	Yes
- Taxable?	Yes	Yes	. <sup>5)</sup>	Yes	Yes	Yes
<i>Housing benefit</i>	Yes <sup>4)</sup>	No	Yes	No <sup>6)</sup>	Yes	Yes
- Income-tested?	Yes	-	Yes	Yes	Yes	Yes
- Taxable?	No	-	No	Yes	No	No
<i>Spouse supplement where only one spouse receives pension</i>	No	No	No	No	Yes	No
- Income-tested?	-	-	-	-	Yes	-
- Taxable?	-	-	-	-	Yes	-
<i>Wife/spouse supplement</i>	No	No	No	No	No	No <sup>7)</sup>

\* Besides, there is a relieve and nursing supplement to the disabled in all the countries, which is neither taxable nor income-adjusted, with the exception of Iceland, where the supplement is both income-adjusted and taxable.

- 1 Parents, who are retirement pensioners, or who have been awarded disability pension before 1 January 2003, are entitled to ordinary and special child allowances. According to the new rules from 2003, disability pensioners are only entitled to child allowance, if they are single providers (similar to all other citizens).
- 2 The ordinary child allowance is not income-adjusted as is the special child allowance.
- 3 Retirement pensioners and people who have been awarded disability pension before 1 January 2003 may be awarded a pension supplement in addition to the basic pension. Disability pension consists according to the new rules from 2003 of one total amount, which will be income-adjusted and is subject to tax.
- 4 Retirement pensioners and people who have been awarded disability pension according to the rules in force before 1 January 2003 may be awarded housing benefits depending on their income, the size of their accommodation and the rent. The benefit is not part of the pension. Disability pensioners do not qualify according to the new rules from 2003 for housing benefits, but for rent subsidies. Rent subsidy is less favourable than housing benefits.
- 5 The retirement pension is totally dependent on the employment pension. People who have either a small or no employment pension are guaranteed a minimum amount. The basic pension is taxable.
- 6 There are special pension supplements that are not directly linked to the housing expenses, but they are primarily given to pensioners who have high housing costs, and who live alone.
- 7 Since 1990, no new child supplement has been granted, and it will have totally disappeared by the year 2005. The wife supplement has been phased out since 1990 and will only be granted in special cases according to interim provisions.

In Denmark, the employment pension depends solely on the length of the contribution period and the extent of the employment, whereas it in the other countries depends on the pension creditable period and the amount of income from work.

The statutory retirement pension in Finland depends on the amount of the employment pension and the supplementary pensions. The basic pension will not be payable if the employment pension exceeds EUR 1 017 per month.

Income-substituting benefits, other than pensions, entitle recipients to pensions in some countries in relation to the supplementary/employment pensions, and in other countries only in certain cases.

In Denmark, the basic amount of the statutory retirement pension is income-adjusted/income-tested on the basis of a recipient's own income.

Retirement pensioners and disability pensioners, who were awarded disability pension before 1 January 2003, may be awarded a pension supplement and personal supplements, which will both be income-adjusted in relation to the household income. The supplementary pension to retirement pensioners will also be income-adjusted in relation to the household income. The total basic amount, which is awarded to disability pensioners, will be income-adjusted in relation to a household's income, however with the limitation that the income of a spouse or partner only contributes to a reduction of the pension until a certain level. The special child allowance and housing benefit to pensioners will be income adjusted, also according to a household's income. The various supplements awarded to the disabled will not be income-adjusted.

In the Faroe Islands, there is no income-adjustment of the basic amount of the retirement pension, while the basic amount of the disability pension will be income-adjusted in relation to any personal income. This also applies to pension supplements and the special supplement to retirement pensioners. Other personal supplements will not be income-adjusted. The basic pension will for all pensioners be fixed according to marital status.

In Finland, the statutory retirement pension is completely dependent on the employment pension. The full amount of the statutory retirement pension guarantees a minimum amount to people who receive only a small or no employment pension. The basic pension shall be payable if the employment pension does not exceed EUR 1 017 per month. Other incomes (other than pensions) do not affect the amount of the statutory retirement pension. The rent subsidies payable to pensioners depend largely on a pensioner's and any spouse's incomes. The value of a pensioner's and any spouse's accommodation is, however, not taken into account, if they are owner-occupiers.

There are no income-tested supplements in general to people who receive basic pensions (cf. Table 7.3), but such a supplement is, however,

payable to front veterans who receive a small employment pension or none at all. The extra front supplement is influenced by the same pension incomes, as is the basic pension. All front veterans who participated in the war 1939-1944 or in 1918 are entitled to the front supplement. In 2004, there were 103 604 recipients of the front supplement.

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's income from capital. Similar rules apply to the pension supplement that 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 the working life. The pension supplement will be stopped completely, if an income exceeds a certain level.

In Norway, retirement pension is income-tested in relation to income from work for pensioners aged 67-70 years. Income testing ceases when a pensioner reaches the age of 70. The early retirement pension will also be income-tested in relation to income from work over a certain level. For all pensioners, the basic pension will be fixed according to marital status and the income from work and capital of any spouse.

Married and cohabiting couples are treated equally according to a set of rules.

In Sweden, the housing supplement to pensioners is income-tested. In accordance with the new legislation from 2003, the housing supplement will be payable to those living in Sweden, who receive a benefit by way of full retirement pension, activity or sickness allowances, widower's pension, special survivor's pension or wife supplement. Even those, who have a pension or a disability allowance from another EU state, may be awarded housing benefits.

## Taxation of Pensions

In Denmark and Sweden, pensioners are taxed according to the same rules as apply to other taxpayers. This is also the case in Iceland. In the other countries, tax rules are especially favourable for pensioners, which means that persons with low pension incomes are not liable to pay tax.

Housing benefits to pensioners, as well as special supplements to disabled persons, are exempt from tax in all the countries, with the exception of Iceland. Child supplements payable to pensioners are exempt from tax in Denmark, the Faroe Islands and Iceland, but subject to tax in Finland and Norway.

## Number of Pension Recipients

The figures in Table 7.4 do not include child pensioners, widow/widower pensioners or partial retirement pensioners. In respect of Denmark, the total number of pensioners includes recipients of voluntary early retirement benefit (178 447 people) aged 60-66 years, as well as recipients of transition benefit (5 276 people) aged 57-59 years. As the widow's pension is abolished in Denmark and the Faroe Islands, the number of pension recipients in Denmark and the Faroe Islands is overestimated in relation to the other Nordic countries.

One reason for the high rates of pension in Finland to the 60-64 year-olds is that public-sector employees are usually pensioned off at the age of 63. Besides, there are several early retirement pension schemes in Finland, such as unemployment pension and an early retirement pension for the 60-64 year-olds, as well as an individual early retirement pension for the 58/60-64 year-olds. There were, moreover, 36 438 people in 2004 aged 58-64 years who received partial retirement pension. Were they to be included in the calculations, 72.9 per cent of the 60-64 year-olds and 24.5 per cent of the 55-59 year-olds would be pensioners.

In Sweden, there were 190 persons aged 61-64 years in 2004, who received partial retirement pensions. Individuals receiving sickness and activity benefits are included in the total number of pension recipients.

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

OLD AGE, DISABILITY AND SURVIVORS

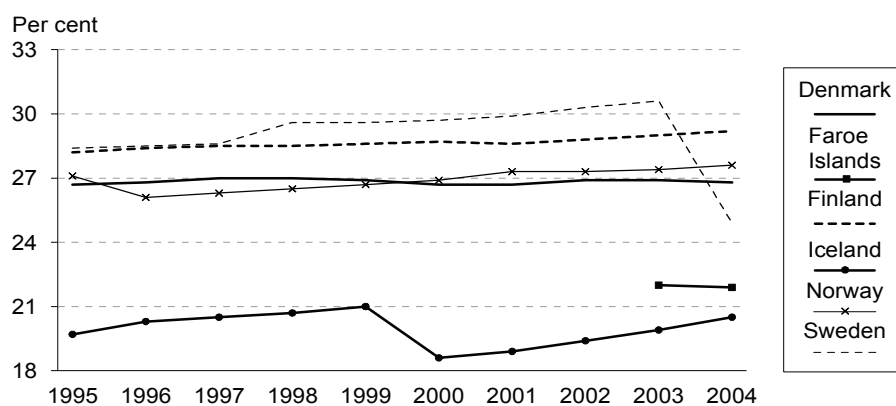
**Table 7.4 Pension recipients by age and as percentages of the age group as at December 2004**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
<i>Men</i>						
16-39 years	1.8	1.4	2.0	3.1	2.3	2.3
40-49 "	5.6	3.2	5.9	6.2	6.9	6.5
50-54 "	8.9	5.7	12.5	7.5	11.7	11.0
55-59 "	11.7	9.2	21.7	9.3	18.2	15.9
60-64 "	50.2	15.6	64.1	13.6	38.9	33.8
65-66 "	79.3	22.7	104.6	45.3	66.2	98.8
67+ "	102.7	102.4	104.6	99.4	104.1	105.9
Total	23.6	18.3	26.1	17.7	23.8	27.3
<i>Women</i>						
16-39 years	1.5	1.8	1.5	4.7	2.6	3.2
40-49 "	6.3	5.8	4.8	9.4	10.0	11.2
50-54 "	11.2	10.9	10.1	12.0	18.1	19.3
55-59 "	16.8	16.0	19.0	15.4	27.5	28.1
60-64 "	66.6	28.3	67.7	23.4	46.5	48.9
65-66 "	86.5	36.7	105.1	55.7	66.1	97.9
67+ "	101.6	102.6	103.7	100.7	103.3	103.8
Total	29.9	25.9	32.0	23.3	31.2	36.0
<i>Men and women</i>						
16-39 years	1.6	1.5	1.8	3.9	2.4	2.7
40-49 "	5.9	4.4	5.4	7.8	8.4	8.8
50-54 "	10.1	8.2	11.3	9.7	14.8	15.1
55-59 "	14.2	12.3	20.4	12.3	22.8	22.0
60-64 "	58.4	21.6	65.9	18.6	42.7	41.3
65-66 "	83.0	29.4	104.9	50.4	66.1	98.3
67+ "	102.1	102.5	104.0	100.1	103.6	104.7
Total	26.8	21.9	29.2	20.5	27.6	31.7

Note: Further information see appendix 4 on [www.nom-nos.dk](http://www.nom-nos.dk).

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

**Figure 7.5 Pension recipients by age and as percentages of the age group 16+, 1995-2004**



## Old Age

### Pensions to the Elderly

#### *- Various Forms of Transition to Retirement*

The qualifying age for basic pension/guaranteed minimum pension is 65 years in Finland and Sweden and 67 years in Denmark, the Faroe Islands, Norway and Iceland. In Denmark, the statutory pensionable age has been lowered from 67 to 65 years. The lowering of the qualifying age will be introduced gradually from 1 July 2004 to 1 July 2006. For individuals born before 1 July 1939 the pensionable age will remain 67 years, while it is 65 years for individuals born after 1 July 1939.

In Denmark, Finland, Norway and in the old Swedish system, the qualifying age for employment pension is the same as for basic pension, whereas it is 65-70 years in Iceland. In Finland, the general pensionable age for public-sector employees is 63 years, but it is currently being raised successively to 65 years. As from 2005, the retirement age is optional between the ages of 63 and 68 years. In the new Swedish pension system, the qualifying age for the employment pension is flexible from the age of 61 years.



The qualifying age for the supplementary and individual pension schemes is 60 years in Denmark.

In all the countries, retirement pension is payable both by way of a basic and a guaranteed minimum pension and of an employment pension, with the exception of the Faroe Islands.

The pensions are usually adjusted in relation to the general wage and/or price development in the various countries.

In the Faroe Islands, there is no adjustment of the basic amount of the retirement pension, whereas all pension supplements and personal supplements will be augmented by 4 per cent per year. Besides, the special basic pension will be adjusted once a year.

In Norway, the Government adjusts the basic amount annually, following negotiations between the State, the unions and the insured's associations.

In Denmark, it has since 1 July 2004 been possible to postpone the time of pensioning for up to 10 years and thus accumulate a life-long supplement to the retirement pension. In order to get the supplement, one must work for at least 1 500 hours a year corresponding to 29 hours per week during the period, in which the pensioning is postponed.

In Finland and in the old Swedish system, one may be granted a basic pension and/or an employment pension before the statutory pensionable age, but in that case the pension amount will be reduced. Similarly, the pension amount will be higher if retirement is postponed beyond the statutory pensionable age. In Denmark, the employment pension will be increased if it has not been paid out before a pensioner reaches the age of 70. In Norway, people between the ages of 67 and 70 will have their retirement pension means-tested against any income from work, and it is still possible to accumulate further pension points. In Sweden, the annual pension amount will increase, the longer one waits to claim the pension.

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

In Denmark, the Faroe Islands, Iceland and Norway, the basic pension consists of a basic amount and a supplement.

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

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.5 Income for single people and couples, who have never had any income from work, at the time of pensioning, 2004**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>						
- Basic amount	4 648	4 169	496	21 249	4 898	4 648
- Supplement	5 104 <sup>1)</sup>	3 656	-	82 984	3 886	4 679
- Housing benefit	1 532	-	227	-	-	1 532
- Total before tax	11 284	7 825	773	104 233	8 784	10 859
- After tax	8 691	7 459	-	91 135	8 784	8 266
- After tax in PPP-Euro	883	757	672	843	798	788
<i>Married couples (both pensioners)</i>						
- Basic amount	9 296	6 626	873	42 498	8 082	9 296
- Supplement	5 218 <sup>1)</sup>	5 750	-	121 131	7 772	4 368
- Housing benefit	1 812	-	311	-	-	1 812
- Total before tax	16 326	12 376	1 184	163 629	15 854	15 476
- After tax	13 076	11 942	1 184	154 694	15 854	12 226
- After tax in PPP-Euro	1 328	1 212	1030	1 432	1 440	1 165

1 The supplement includes supplementary pension allowances of DKK 425 for single people and DKK 850 for couples.

2 The benefit payable to single people, who live alone, includes a supplement of ISK 18 197.

Moreover, pensioners with low incomes besides their pensions and high expenses for inter alia heating and medicine may be granted a personal supplement. In 2003, a supplementary pension allowance was introduced (pensioners' cheque) to retirement pensioners, which is payable once every year in January. The supplementary pension allowance is income-adjusted and taxable. In 2004, the scheme has been improved as a basic personal allowance was introduced in the income before the supplementary pension allowance will be phased out.

In the Faroe Islands, there is no income-adjustment of the basic amount of the retirement pension and the special basic pension. The ordinary pension supplement is adjusted in relation to a household's income. Pensioners, who live in nursing homes, receive a special, reduced pension towards coverage of personal needs. This benefit amounted in 2004 to DKK 821 per month.

In Finland, a pension reform was implemented in 1996 to the effect that entitlement to basic pension was evaluated in relation to other pension incomes. At the beginning of 1997, the basic amount and the pension supplement were combined into one benefit (guaranteed minimum pension). The basic pension plays a less significant part after the reforms in 1996.

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

A supplement is payable in addition to the basic amount. The amount of this supplement depends on a pensioner's other income and on any spouse's income.

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

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

### *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 to the labour market.

In Finland, the employment pensions are insurance based and cover all employees and self-employed individuals without any income ceiling. The pension is calculated on the basis of the past 10 years' earnings.

The pension is financed through contributions from employees and employers. In 2004, the average contribution was 4.6 per cent of the income from work from employees and 16.8 per cent from the employers.

In Iceland, the employment pension funds paid out more than what was payable as basic pension by the public authorities in 2002. In Norway, the employment pension is part of the security provided by the National Social Insurance Scheme and is calculated in relation to previous income. In Denmark, a special pension saving scheme (SP) was introduced in 1999, to which all employees and recipients of various transfer incomes contribute. Payment into this pension scheme was suspended in 2004.

As it appears from Table 7.6 and 7.7, 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 a basic pension. As it appears from Figure 7.6, the number of retirement pensioners increased from 2003 to 2004 as a result of the lowering of the pensionable age from 67 to 65 years.

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**Table 7.6 Pensioners receiving retirement pension, in total, and pensioners receiving basic pension/guaranteed minimum pension at the end of the year 2004**

	Retirement pensioners, total			Retirement pensioners who only receive basic/ minimum pension				
	Total (1 000)	Men (1 000)	Women (1 000)	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
Denmark	746	316	431	205	44	161	21.4	78.6
Faroe Islands	6	3	3	.	.	.	.	.
Finland <sup>1)</sup>	917	369	549	69	12	57	17.4	82.6
Iceland	31	14	17	3	1	2	30.9	69.1
Norway	626	260	366	200	25	175	12.5	87.5
Sweden	1 650	725	925	171	20	151	11.7	88.3

Note: Further information see appendix 4 on [www.nom-nos.dk](http://www.nom-nos.dk).

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

**Table 7.7 Pensioners receiving retirement pension by way of basic pension/guaranteed minimum pension and employment pension at the end of the year 2004**

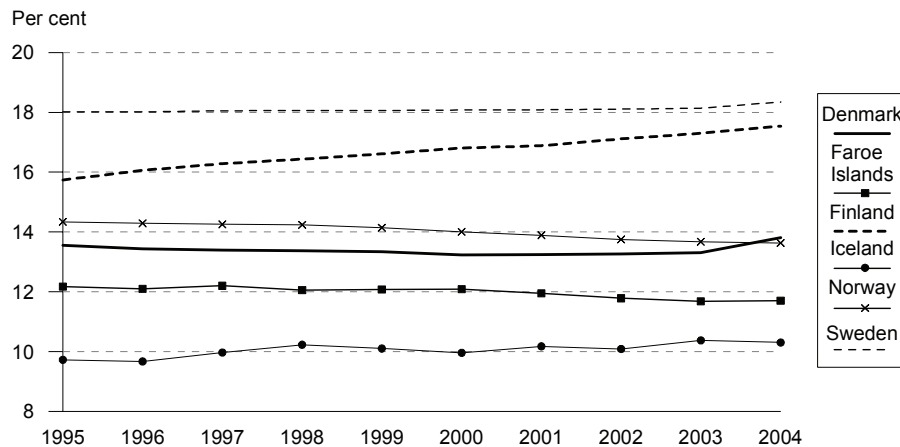
	Retirement pensioners who receive both basic/ minimum and employment pension					Retirement pensioners who only receive employment pension (new Finnish and Swedish system)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
Denmark	541	272	269	50.2	49.8	..	..	..	..	..
Finland <sup>1)</sup>	421	134	287	31.8	68.2	428	223	205	52.1	47.9
Iceland	26	12	15	44.2	55.8	..	..	..	..	..
Norway	426	235	191	55.2	44.8	..	..	..	..	..
Sweden <sup>2)</sup>	1 280	602	678	47.0	53.0	199	103	96	51.8	48.2

Note: Further information see appendix 4 on [www.nom-nos.dk](http://www.nom-nos.dk).

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

2 Pensioners with basic and employment pensions are pension recipients according to the old system, while pension recipients according to the new Swedish system are the income-based pension plus any other kind of pension.

**Figure 7.6 Development in retirement pensioners in percent of population, 1995-2004**



In Norway, the decrease is due to the demographic composition of the population. In 2000, the number of retirement pensioners was about 629 000, while the number was about 626 000 in 2004. During that same period, there was an increase in the population of 2.2 per cent.

### *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 these schemes to varying degrees.

In Denmark, about 90 per cents of all full-time employees and in Norway about 60 per cent are covered, while in Sweden, almost all wage earners are covered by the supplementary pension schemes. In Finland, these pension schemes are insignificant, as there is no upper limit to the amount of the employment pension.

## Pension Amounts

As can be seen, 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 the Faroe Islands receive the least, which is a result of more men receiving supplementary pensions, which has a bearing on the basic pension.

**Table 7.8 Average payment of statutory retirement pensions per month, 2004**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	7 553	8 077	7 859	767	820	798
Faroe Islands <sup>2)</sup>	6 125	6 287	6 215	622	638	631
Finland <sup>3)</sup>	1 329	837	1 035	1 146	728	900
Iceland <sup>4)</sup>	..	..	126 636	..	..	1 172
Norway <sup>3)</sup>	13 137	9 604	11 071	1 193	872	1 006
Sweden <sup>5)</sup>	11 748	8 365	9 851	1 120	797	939

1 Average payment of statutory retirement pension in January 2004 and calculated payment of own pension by way of ATP in 2004 per recipient of statutory retirement pension.

2 Average payment of retirement pension in May 2004 and payment of special basic pension. People in nursing homes, who receive a special, reduced pension, are not included.

3 Average payment of pension in December.

4 Expenditure on both basic and employment pensions, divided by the number of recipients of basic pension have been included. About 90 per cent of those receiving basic pension also receive employment pension.

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

**Figure 7.7 Disposable incomes when receiving retirement pension (including employment pension) as percentages of disposable income from work, 2004**

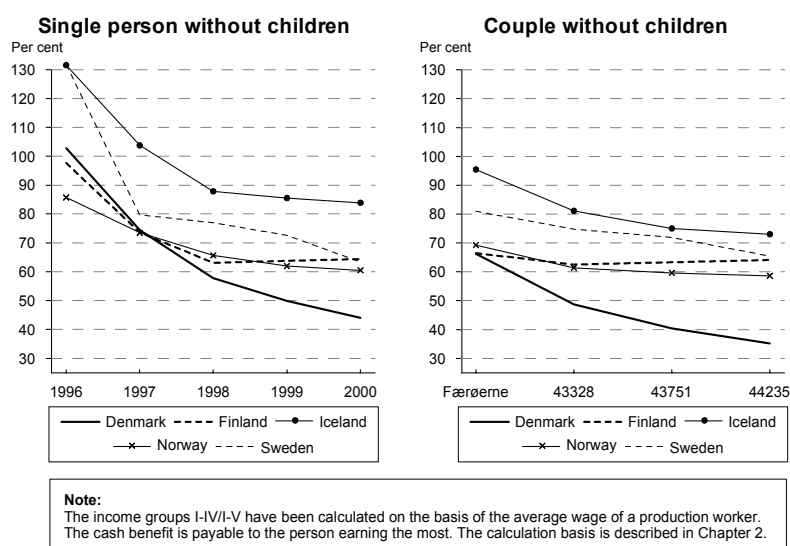


Figure 7.7 first and foremost shows the disposable income at five different compensation levels (including the maximum amount of employment pension) for a single retirement pensioner, in per cent of the disposable income from work. It also shows the disposable income at four income levels (including employment pension) for a married couple of pensioners, in per cent of disposable income from work.

As can be seen from the figures, there are considerable differences in the compensation levels in relation to the transition to pension. This applies both to countries and to differences between single people and couples. One reason for this is the employment pension, which is very low in Denmark, but a full pension in the old Swedish pension system. This also applies to some extent to the Icelandic employment pension schemes. The very high compensation levels for the lowest income groups in Denmark, Finland and Sweden is a result of the relatively high amount of housing benefits payable to pensioners in those countries. In Finland and Norway, an important factor is that especially favourable tax rules apply to pensioners. Besides, the minimum pension is relatively high in Denmark, and the employment pension is generally high in Sweden. As from 2003, pensioners in Sweden pay tax according to the same rules as apply to people, who have an earned income.

The differences in the compensation levels in the various countries, in particular in relation to the high-income brackets, reflect to a certain degree the significance of the supplementary pension schemes (not included in the figures). These schemes are most important in Denmark and Norway.

## Special Retirement and Partial Retirement Pensions

### *- Schemes Facilitating the Transition from Working Life to Life as a Pensioner*

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

In Denmark, such pensions are first and foremost the ordinary and increased ordinary disability pension (anticipatory pension), which until 2003 was awarded to people aged 18-66 years whose working capacity was re-

duced by at least 50 per cent for health and/or social reasons. In Denmark, the number of new recipients of the ordinary and increased ordinary disability pension has decreased steeply during recent years, which is mainly due to an enhanced effort to maintain people with reduced working capacities in employment, possibly on special conditions.

As a result of the reform of the disability-pension scheme, the number of recipients of ordinary and increased ordinary disability pension decreases from 2003, as this scheme is being phased off. Ordinary and increased ordinary disability pension may only still be awarded, if the application was handed in before 1 January 2003.

Secondly, such pensions include the voluntary early retirement pay, which is a voluntary retirement scheme for members of an unemployment fund, aged 60-66 years. In 1999, a number of changes of the disability pension scheme were introduced to make it more advantageous financially to continue working and to postpone the transfer to voluntary early retirement. Thirdly, a transition allowance, which is a voluntary retirement scheme for long-term unemployed recipients of daily cash benefits aged 50-59 years.

**Table 7.9 Average monthly amounts of the special retirement/partial retirement pensions as per December 2004**

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Ordinary and increased ordinary disability pension <sup>1)</sup>	8 656	879
Voluntary early retirement pay <sup>2)</sup>	10 979	1 115
Partial retirement pension <sup>3)</sup>	6 290	639
Transition allowance <sup>2)</sup>	10 895	1 106
<i>Faroe Islands<sup>4)</sup></i>		
Lowest disability pension	5 387	547
<i>Finland<sup>3)</sup></i>		
Partial retirement pension	551	479
Special pensions to farmers	783	681
<i>Norway<sup>4)</sup></i>		
Pension fixed by collective agreement	13 669	1 142
Special pension to sailors	4 956	450
Special pension to fishermen	4 846	440
Special pension to woodsmen	5 595	508
<i>Sweden<sup>5)</sup></i>		
Partial retirement pension	1 718	164

1 Average pension paid out in January 2004.

2 Average benefit amount paid out in 2004.

3 Average pension paid out in December 2004.

4 Average monthly amount, December 2004 (average annual amount in 2004 divided by 12).

5 Average pension paid out in November, the last month in which partial retirement pension was payable.



Accession to this scheme was stopped by the end of 1995, for which reason the number of recipients has dropped considerably. Fourthly, partial pension, which is awarded to employees and self-employed people aged 60-66 years, who wish partly to retire from the labour market. Fifthly, flexi-benefit, which is a voluntary retirement scheme for people in flexi-jobs of the age group 60-66 years in line with the voluntary early-retirement scheme. By the end of 2004, 900 people received flexi-benefit.

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, and where social and health circumstances so warrant, may be granted the lowest disability pension.

In Finland, employees and self-employed people who have turned 60 years may be awarded early retirement pension. In the public sector, the age limit is 58 years. Early retirement reduces the pension, also after the recipient has reached the age of 65 years. All early retirement pensioners have been included in the statistics on retirement pensioners. Self-employed people and employees, who have been working for a long time, may choose partial pension when they reach the age of 58 years. Farmers, who stop running their farms before reaching the pensionable age, may receive a special pension. The Finnish unemployment pensions are described in Chapter 5.

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.10 Pensioners receiving special retirement/partial retirement pensions, by sex and age, 2004**

	Total	-49		50-59		60-64		65+	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Ordinary and increased ordinary disability pension	58 137	6 096	6 575	8 279	13 195	5 082	11 930	1 840	5 140
Voluntary early retirement pay <sup>1)</sup>	183 723	.	.	1 594	3 682	57 350	75 026	22 807	23 264
Partial retirement pension	1 207	.	.	.	.	380	107	614	106
<i>Faroe Islands</i>									
Lowest disability pension	440	16	47	35	85	41	113	30	73
<i>Finland</i>									
Partial retirement pension	36 438	.	.	7 864	9 197	9 327	10 050	.	.
Special pensions to farmers	33 759	.	.	1 232	2 094	3 535	4 705	9 394	12 799
<i>Norway</i>									
Pension fixed by collective agreement	35 613	.	.	.	.	10 333	8 145	9 646	7 489
Special pension to sailors <sup>2)</sup>	15 743	..	..	..	..	..	..	..	..
Special pension to fishermen	1 816	..	..	..	..	..	..	..	..
Special pension to woodsmen	21	..	..	..	..	..	..	..	..
<i>Sweden<sup>3)</sup></i>									
Partial retirement pension	190	..	..	..	..	..	..	..	..

1 Including 5 276 people in the age group 50-59 years receiving transition allowance. The transition allowance was introduced in 1992 as a temporary measure. Access to the scheme was discontinued at the end of 1995.

2 It is not possible to break down recipients of special pension to sailors by sex.

3 Number of partial retirement pension in November 2004. The last month in which partial retirement pension was payable.

In Norway, it was decided in 1989 to introduce a scheme of pensions fixed by collective agreements (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 60 per cent of people in work may obtain a pension fixed by collective agreements.

There are three further pension schemes that are adapted to the social insurance scheme, and they function as special early retirement schemes for people under the age of 67. In the pension schemes 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 63.

In Sweden, it has not been possible to award new partial pensions since 2000. The pensions already awarded shall be payable until the recipient becomes a retirement pensioner. The number of people receiving partial pension will therefore gradually decrease until the scheme will be completely abolished in 2004.

## 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 countries, and the layout depends on the need of the elderly for care and may be divided into:

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

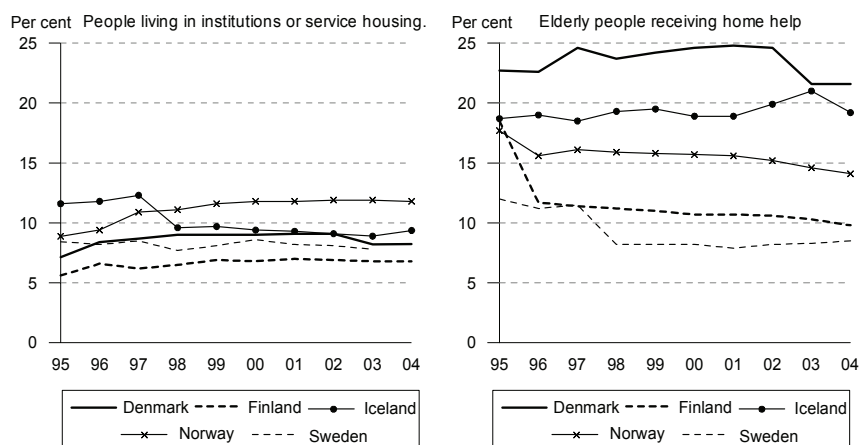
Elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards - often in the so-called geriatric wards. In all the countries, there are also special wards in some nursing homes where elderly people who live in their own homes may be admitted on a short-term basis when needed. In all the countries, home help is provided to the elderly. The extent of the assistance is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. With the exception of the Faroe Islands, the assistance is a municipal matter and is provided by municipal 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 and Sweden are situation-statements, the Icelandic and Finnish data contain information on how many people received help during the year. The Swedish data cover people who had been granted home help per October. Besides, the Finnish statistics comprise households, whereas they for the other countries comprise individuals. The decrease in the ratio of elderly, who live in nursing homes, housing for the elderly, etc., and in the ratio of elderly, who

## OLD AGE, DISABILITY AND SURVIVORS

receive home help from 2002 in Denmark (cf. Figure 7.8) is a result of changes in the statistics. Up until and including 2002, the statement thus includes persons aged 67 years and more, while it from 2003 includes persons aged 65 year and more.

**Figure 7.8 People living in institutions or service housing and people receiving home help in percent of the age groups 65 years or more, 2004**



**Table 7.11 People aged 65 and over living in institutions or service housing, total and as percentages of the total number of elderly, December 2004**

	Denmark	Faroe Islands <sup>1)</sup>	Finland	Iceland	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>People of the ages</i>						
65-74 years	10 554	27	8 343	383	7 733	8 733
75-79 years	10 437	47	9 645	545	11 077	12 763
80+ years	45 867	380	38 686	2 314	52 284	83 291
Total, 65/67+ years	66 858	454	56 674	3 242	71 094	113 826
<i>As percentage of the respective age groups</i>						
65-74 years	2.4	1.0	1.9	2.1	3.1	1.2
75-79 years	6.6	3.5	5.4	7.5	7.9	4.1
80+ years	20.8	21.4	19.0	25.7	24.5	17.3
Total, 65/67+ years	8.2	8.0	6.8	9.4	11.8	7.3

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

2 Calculation as per 1 October 2004. Besides, people staying on a short-term basis are included in the age group 65+ years.

**Table 7.12 Elderly, who receive home help, 2004**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland <sup>3)</sup>	Iceland	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>Recipients of home help</i>						
65-74 years	} 66 208	98	13 757	..	10 805	16 799
75-79 years		155	39 310	..	15 176	20 218
80+ years	109 454	505	28 140	..	59 232	95 300
Total 65+ years	175 662	758	81 207	6 663	85 213	132 317
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	} 11.2	3.8	3.1	..	4.3	2.2
75-79 years		11.7	13.2	..	10.8	6.4
80+ years	49.6	28.5	33.9	..	27.8	19.8
Total 65+ years	21.6	13.3	9.8	19.2	14.1	8.5

1 People of the age groups 65-79 and 80+ years.

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

3 Households in the age groups 65-74, 75-84 and 85+ years.

4 Age groups 67-74, 75-79 and 80+ years. Including residents in service housing who receive practical assistance (home help).

5 People who as at 1 October 2004 had been granted home help and who live in their own house or flat.

### *Support Schemes and Leisure Activities*

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

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

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.

# Disabled People

## Health-Related Disability Pension

### *- Social Grounds are Evaluated in Different Ways in Respect of Award of Disability Pension*

In all the Nordic countries, persons whose working capacity has been reduced by physical and/or mental disabilities may be entitled to a disability pension (anticipatory pension in Denmark, but called disability pension in the following), which in Sweden is called activity or sickness allowance as from 2003. These benefits form part of the sickness-insurance scheme, whereas they were previously part of the ordinary pension scheme.

In addition to the ordinary disability pension, which covers the whole working-age population, Finland has a special disability-pension scheme (individual early-retirement pension) based on less strict health criteria for the age group 58-64 years.

### *Disability Pension Basis*

In Denmark, the statutory retirement pension (retirement pension), disability pension, widow's pension and disability pension were integrated in a coherent set of rules. Disability pensioners were awarded basic pension according to the same rules as apply to retirement pensioners. Besides, pensioners who were granted the intermediate amount of disability pension also received a disability allowance, and pensioners who had been granted the highest amount of disability pension also received an unemployables amount in addition to the disability allowance. The disability allowance and the unemployables amount are not earnings-related, and besides, the disability allowance is exempt from tax.

In 2003, however, a new disability pension scheme entered into force. The disability pension now consists of one coherent benefit, which for single people almost corresponds to the unemployment benefit, and for married/co-habiting couples corresponds to 80 per cent thereof. The new rules apply to applications for disability pension submitted after 1 January, which means that people, who have been awarded disability pension in accordance with the previous rules, will still receive pension according to those rules and for a number of years to come

will make up the majority of disability pensioners in Denmark. In Denmark, disability pensioners do not receive employment pension.

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

In Finland, Iceland and Norway, disability pension is granted by way of a basic pension/guaranteed minimum pension and an employment pension according to the same rules as apply to retirement pensions. As from 2003, the disability pension has been changed in Sweden to the effect that an activity or sickness allowances will be awarded in future. The sickness allowance is a temporary allowance. The disability pension was part of the ordinary pension system, while the activity or sickness allowances are part of the sickness insurance system. People of the ages 30 to 64 years may receive the allowance for a limited period, depending on for how long one's working ability is estimated to be reduced. People of the ages 19 to 29 years may be awarded an allowance due to reduced activity. This allowance is always limited to one to three years. For the calculation of the employment pension, which is done on the basis of any previous income from work, the time up to the statutory pensionable age is usually included in Finland, Iceland and Norway. In Finland, the percentage for the disability pension for the period from the early retirement pension to the statutory pensionable age is, however, lower than it is for retirement pensioners.

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

As from 2004, the disability pension scheme in Norway was divided into two benefits, a temporary benefit and a permanent disability pension. Temporary dis-

ability pension may be granted for a period of one to four years, when there is a certain possibility that the recipient may get back into the labour market either full time or part time. The benefit will be calculated as rehabilitation and disability benefits. The permanent disability pension will be calculated as before.

### *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 pension and the number of disability pensioners. In Sweden, for example, sickness benefit is payable without any time limit, whereas sickness benefit is payable for a maximum of one year in the other countries, with a possibility of prolongation in Denmark, however. In Sweden, the disability pension has as from 2003 been replaced by a sickness and reduced activity allowance.

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

Also the other disability pension schemes (which in this report are referred to as special retirement pensions) may affect the number of disability pensioners. The existence of schemes such as the voluntary early retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer disability pensioners than would otherwise have been the case in those countries. In Norway, the AFP scheme (pensions fixed by collective agreements) affects the number of disability pensioners. Several surveys have shown that about 20 per cent of the AFP pensioners would have been disability pensioners, had the scheme not existed.

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

### *Compensation Levels*

Figure 7.9 shows the compensation level for a single 50 year-old disability pensioner who has previously been in work, and who has completely lost his working capacity. The highest level is found in Sweden and the lowest in Finland and Norway for people who previously had a low income. As to



higher incomes, the compensation level is lowest in Denmark, where the disability pension is independent of any previous income. The disability pension in the other countries is calculated in relation to previous income from work.

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

**Table 7.13 Average monthly amount of statutory disability pension, 2004**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	11 252	10 701	10 963	1 142	1 086	1 113
Faroe <sup>2)</sup>						
Islands	9 187	8 757	8 967	972	889	910
Finland <sup>3)</sup>	1 060	856	965	922	744	839
Iceland <sup>4)</sup>	..	..	120 176	..	..	1 113
Norway	12 894	9 681	11 056	1 171	879	1 004
Sweden <sup>5)</sup>	9 846	8 412	8 999	939	802	858

1 Amount of highest and intermediate disability pension on average and new disability pension in January 2004.

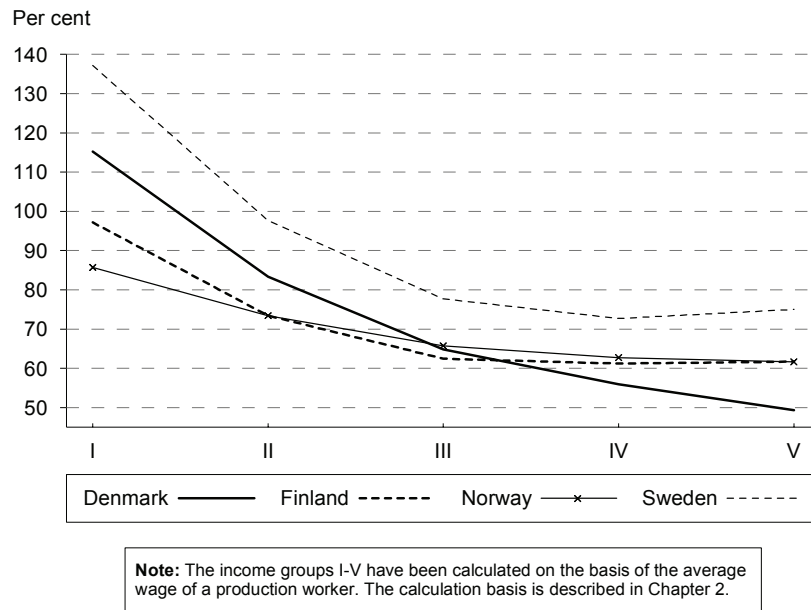
2 Average payment per month (average annual amount in 2004, divided by 12 in respect of the maximum and intermediate disability pension).

3 Average pension amount as per December.

4 Expenditure on both basic and employment pensions divided by the number of disability pensioners who receive basic pension has been included. About 55 per cent of the disability pensioners also receive employment pension.

5 Average pension amount in December, including housing supplement. Sickness/activity allowance replaced the disability pension as from 2004.

**Figure 7.9 Compensation level for a single 50 year-old disability pensioner with no working capacity left, 2004**



### *Number of Disability Pension Recipients*

There has been an increase in the number of new awards of the intermediate and the highest disability pension in Denmark in recent years, while the number of new awards of the general disability pensions (special retirement pensions) declined. In 2002, the number of new awards increased as a result of the fact that local authorities closed many cases before the new disability pension reform entered into force on 1 January 2003.

After the reform only one kind of disability pension may be awarded. The new disability pension may be awarded to people who suffer from a permanently reduce working capacity to such a degree that the person in question cannot maintain him/herself through employment on the usual terms or in a flexi job. The number of new awards in 2003 and 2004 in Table 7.14 thus comprises all awards of the new pension as well as new awards of the intermediate and maximum disability pension according to the old scheme, for which applications had been submitted prior to 1 January 2003.

The increase in the number of new awards is thus related to the fact that all new awards of disability pensions are now included here.

In the Faroe Islands, no major legal changes have taken place, which have influenced the number of new awards. The number of disability pensions has also been stable during the period.

In Finland, there has been a decline in the number of disability pension recipients. This is a result of the qualifying age for individual disability pension having been raised, and to older long-term unemployed people receiving unemployment pension and consequently not applying for disability pension.

The increasing number of disability pensioners in Iceland in recent years is a result of changes implemented in the assessment of the disability degree to the effect that it will be based on medical data only. Moreover, there have been changes in the labour market.

As from 1 September 1999, the disability degree has been assessed solely on the basis of medical criteria, where previously also social criteria were taken into account. The number of disabled people has, however, increased more than expected in 1999.

This may be a result of the social-insurance institute having neglected to summon applicants to a medical examination, which may have resulted in an incomplete basis for assessment.

**OLD AGE, DISABILITY AND SURVIVORS**

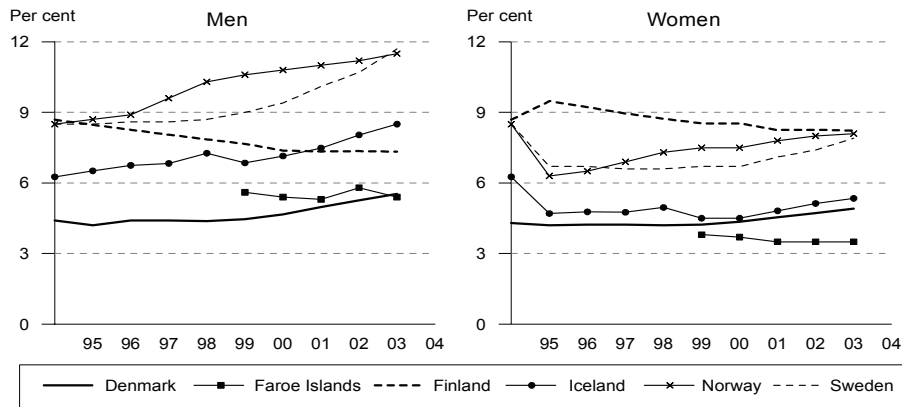
**Table 7.14 Recipients of disability pension and new accession of disability pensioners, by sex, 1995-2004**

	Denmark <sup>1)</sup>		Faroe Islands <sup>2)</sup>		Finland		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	M	W	M	W	M	W	M	W	M	W	M	W
<i>1995</i>												
Recipients	82 166	83 871	..	..	165 348	144 156	4 250	5 769	103 401	132 900	185 413	223 163
New accession	5 941	5 087	..	..	..	..	502	723	12 006	13 299	18 639	20 565
New accession as percentage of population of qualifying age	0.3	0.3	..	..	..	..	0.6	0.9	0.9	1.0	0.7	0.8
<i>2000</i>												
Recipients	81 426	83 367	820	1181	147 022	129 247	4 172	6 108	119 160	160 413	189 727	248 216
New accession	4 332	4 237	126	97	13 004	11 691	378	801	13 529	16 150	21 303	27 934
New accession as percentage of population of qualifying age	0.2	0.2	0.8	0.8	0.8	0.7	0.4	0.9	1.0	1.3	0.8	1.1
<i>2003</i>												
Recipients	87 900	94 790	783	1 134	142 775	124 365	4 928	7 460	128 202	173 012	211 166	296 123
New accession	6 339	6 588	72	120	15 043	13 013	512	873	13 398	15 445	26 800	38 600
New accession as percentage of population of qualifying age	0.4	0.4	0.5	0.9	0.9	0.8	0.5	0.9	1.0	1.2	0.9	1.4
<i>2004</i>												
Recipients	91 190	100 128	593	765	142 611	124 361	5 203	7 896	132 202	178 682	220 988	318 654
New accession	7 456	8 078	44	58	15 089	13 297	425	714	13 706	16 742	29 120	44 041
New accession as percentage of population of qualifying age	0.4	0.5	0.3	0.5	0.9	0.8	0.4	0.8	1.0	1.3	1.0	1.6

Note: Further information see appendix 4 on [www.nom-nos.dk](http://www.nom-nos.dk).

- 1 The number of recipients in this table calculated as at the beginning of the year; in the other pension tables, as at year-end.
- 2 Also included recipients of the lowest disability pension, who belong under special retirement pensions.
- 3 Pensionable age 16-66 years.
- 4 Pensionable age 16-67 years.
- 5 Activity and sickness allowance replaces the disability pension as from 2003.

**Figure 7.10 Pensioners receiving disability pension by way of basic/minimum pension and/or employment pension as percentages of population 16/18-64 years, 1995-2004**



As from March 2003, most of the applicants have been examined by the social insurance fund's physicians. The result of this altered practise can be seen in the near future.

Both in Norway and Sweden, the rules governing award of disability pension have been tightened. In Norway, there was an increase in the number of new awards. In Sweden, there was an increase in the number of awards throughout the period.

In Table 7.14 and Figure 7.10, the Danish figures are inclusive of disability pensioners according to the new rules as a result of the disability-pension reform from 2003. In Sweden, the activity and sickness allowance replaces the disability pension as from 2003. New benefits are awarded to people of the age group 19-64 years.

## Rehabilitation

People whose working capacity has been reduced due to physical, mental or social factors may be granted support to education, retraining and re-schooling where it is deemed necessary for their future possibilities to manage on their own and to support their families.

Support may also be granted towards meeting special expenses incurred by such education or training. Education may consist of training in the open labour market. Support is provided by way of wages/salaries or wage/salary

supplements. In addition, special support may be granted towards acquisition of tools, etc., and towards setting up a business.

In Denmark, support is granted as a fixed rehabilitation allowance corresponding to the maximum amount of 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 is half the maximum amount. With a view to maintaining and integrating weak groups in the labour market, an enhancement of the work-related rehabilitation scheme took place in 1999.

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

In Finland, about 86 per cent of the people in rehabilitation programmes receive rehabilitation benefit from the Social Insurance Institution. In such cases, the daily cash benefit equals the amount of the sickness benefit. The amount of the daily cash benefits from the accident and traffic insurance schemes as well as from the statutory employment-related pension scheme depends on the paying authorities.

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

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

In Norway, two different kinds of benefit may be granted to people undergoing rehabilitation. One is granted in connection with medical rehabilitation. This benefit is granted to people, who have exhausted their entitlement to sickness benefits, and whose working capacity is still reduced by at least 50 per cent. In order to be entitled to this benefit, the recipients must

be undergoing active treatment with a view to improving their working capacity. The other benefit is connected with occupational rehabilitation. The benefit will be granted in connection with measures that are deemed necessary and expedient for the recipient to be able to get or maintain a job. Rehabilitation may be schooling, work training, wage subsidies, etc. Both benefits are short-term benefits and will be calculated on the basis of any pensionable income paid during the past year, or as an average of the last three years prior to the working capacity becoming reduced by at least 50 per cent. Both benefits amount to a maximum of 66 per cent of the calculation basis up to six times the basic amount, which was NOK 56 861 as per 1 January 2004. The medical rehabilitation is administered by the social security authorities, while the occupational rehabilitation is administered by the labour-market authorities. The rehabilitation proper, both the medical and the occupational may be carried out in a co-operation between *inter alia* the health, labour-market, and social-insurance authorities.

In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. A rehabilitation benefit as well as special benefits may be awarded instead of sickness benefit. The rehabilitation benefit is in that case awarded to people who participate in occupational rehabilitation, and the special benefits shall cover the expenses incurred by the rehabilitation, such as travel expenses. The occupational rehabilitation measures may for example be job training, analysis at a labour market institute and education/training.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.15 People receiving rehabilitation benefit during the year and as at December 2004**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>People receiving rehabilitation benefit during the year</i>						
Men	11 922	77	23 267	229	46 053	17 822
Women	21 524	114	37 135	433	63 535	38 243
Total	33 568	191	60 402	662	109 588	56 065
<i>People receiving rehabilitation benefit as at December 2004</i>						
Men	8 015	24	5 384	255	20 874	5 579
Women	15 272	31	6 779	484	29 750	12 210
Total	23 299	55	12 163	739	50 624	17 789

1 Excluding refugees, people receiving support towards meeting special costs, etc., undergoing rehabilitation and people undergoing retraining in the general labour market in a wage/salary subsidized job. Total during the year includes 122 not stated, and total per December includes 12 not stated in respect of sex.

2 Includes only rehabilitation benefit payable by the Social Insurance Institution (86 per cent of all payments).

3 Include only rehabilitation benefits that were paid by the Social Insurance Institute.

4 People, who have only received rehabilitation benefits. Besides, 62 536 people received occupational rehabilitation on average in 2004. 67 226 received rehabilitation benefit as per December 2004.

5 Includes only people receiving rehabilitation benefit. The number of people receiving special benefits cannot be calculated. People, who received rehabilitation benefit as at 31 December 2004.

## Compensation for Industrial Injury

In all Nordic countries, people who have suffered an industrial injury are entitled to either sickness benefit or an equivalent benefit 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 is payable.

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

In all the countries, compulsory industrial-injury insurance funds have been established, but according to somewhat differing rules. The industrial-injury insurance fund pays out compensation for permanent injuries and for lost ability to 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 ability to work if an industrial injury has reduced the working capacity by at least 15 per cent. In addition, a non-recurrent payment is payable if the degree of the permanent injury is 5 per cent or more. Compensation is calculated on the basis of 80 per cent of an injured person's previous annual income.

In the Faroe Islands, disability compensation will be granted where the industrial injury has reduced an injured person's ability to work by 5 per cent or more. The compensation is as a rule calculated on the basis of two thirds of a fisherman's guaranteed minimum wage.

In Finland, one is entitled to a pension if one's working capacity is 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 incapable of working is entitled to part of the full pension corresponding to the reduction of the working capacity. The compensation level for pension on the grounds of accidents drops to 70 per cent of the income from work when a recipient turns 65 years. Pension in the event of accident to a partly disabled employee shall also be reduced when he turns 65 years.

In Iceland, entitlement to wages during illness (absence due to an accident) plays the most important part for an injured person. People who are not entitled to wages/salaries, or in the event that the period in which one is entitled to receive wages/salary has expired, the people concerned are entitled to daily cash benefits from the general industrial injury insurance fund. This benefit is a fixed amount independent of the wages/salary earned prior to the accident. The benefit is usually payable for a maximum of 52 weeks.

In Norway, one may be granted disability pension in the event that an industrial injury or a work-related accident reduces one's working capacity by 30 per cent, where a reduction of the working capacity of 50 per cent is normally required in order to be awarded disability pension. A loss of a minimum of 15 per cent of the ordinary working capacity is required in order for a compensation to be awarded (compensation for loss of working capacity).

In Sweden, compensation is granted by way of annuities in the event that one's working capacity has been permanently reduced by at least one fifth (6.6 per cent). The annuity shall normally be calculated on the basis of an insured person's sickness-benefit entitling income.

## Care Allowance to Disabled People

In all the Nordic countries, families may receive financial support from the public authorities to cover expenses for taking care of a physically or mentally ill child in the home. The rules vary somewhat from one country to another, but the aims of the schemes are identical, i.e. to make it financially possible for families to maintain a child in their homes 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 that the person concerned needs 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 for Disabled People

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

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

1. Institutions (nursing homes/homes for the long-term ill).
2. Service housing (sheltered housing/service flats/collective housing).

**Table 7.16 People under 65 years living in institutions or in service housing, December 2004**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
Under 65 years, total	27 599	90	29 669	3 384	26 854	16 376
Under 65 years as percentage of the age group	0.8	0.3	0.7	1.3	0.7	0.2

1 Including special housing for the elderly.

2 Persons under 67 years

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

4 Persons with permanent residence and short-term stays.

**Table 7.17 People under 65 years receiving home help, 2004**

	Denmark	Faroe Islands <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
Recipients of home help under 65 years, total	16 156	146	19 620	969	17 460	27 302
Recipients of home help as percentage of the age groups under 65 years	0.5	0.5	0.4	0.4	0.4	0.4

1 People under 67 years.

2 Households. Out of the 29 669, 5 682 were disabled.

3 Households under 67 years, including residents in service housing who receive practical assistance (home help).

4 Includes people in their own homes who had been granted home help as at 1 October 2004.

In addition to these special types of accommodation, disabled people may also, to varying degrees, be offered long-term medical treatment in hospital wards in the so-called long-term-care wards.

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

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

### *Personal Assistance*

In all the Nordic countries, people with severe disabilities qualify for financial support towards payment of personal assistance and help to cope with daily life.

In Denmark, persons under 65 years who suffer from a considerably and permanently reduced physical or mental capacity, and who need personal help and support to carry out the necessary practical chores in their homes for more than 20 hours per week, may choose to have a supplement towards payment of the employment of assistants. Besides, local authorities may grant a supplement to cover the expenses of employment of assistants to carry out care, surveillance and accompaniment to persons suffering from a considerably and permanently reduced physical or mental capacity, who are active in some way, for example in connection with work, which

makes it necessary to grant very special support. At the end of 2004, 2 259 people were covered by the schemes for employment of assistants.

Local authorities also grant 15 hours of accompaniment per month to persons under 65 years, who are unable to get about by themselves due to a considerably and permanently reduced physical or mental capacity. Besides, local authorities may grant assistance by way of a special contact person to people who suffer from reduced sight and hearing, and see to it that people suffering from mental disabilities get offered a support and contact person. At the end of 2004, 12 602 people were covered by the accompaniment and contact-person schemes.

In the Faroe Islands, child-minding needs in families with disabled children, whose needs cannot be met in the general day-care institutions, has been solved by the employment of personal support persons. Support persons also serve as relief to the family and therefore meet a more comprehensive need than the one a traditional institution may provide.

People between 18 and 66 years who suffer from a permanently reduced physical or mental capacity may be granted personal help and assistance. The aim is that the disabled person may be given 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 with the contents of 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 of a personal assistant. This supplement is earmarked for severely disabled persons who are highly in need of the help of others to manage daily life. The need for help and support must be assessed by a doctor, and where necessary, also by another employee from the social and health service. In 2004, 4 029 people were covered by the scheme.

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

Personal assistance may also be granted to people who need to free themselves from social isolation. Finally, families with disabled children may receive relief from another family who takes care of the child/children - usually one or two weekends a month.

In Norway, there are also schemes for personal assistance, and local authorities may offer their help by way of user-dependent assistance. The number of assistance hours shall be determined by an individual's need for help. What signifies this scheme is that the recipient of the help acts as an employer for the assistant and thus assumes a larger responsibility for the organization

and the scope of the help in relation to his own needs. Since 1994, local authorities have been subsidized in order for them to promote such schemes. In 2004, local authorities received subsidies for 565 people. For those who do not wish to receive assistance in this way, it is the local authorities' responsibility to offer some other kind of help, such as home help or a "support contact". The number of hours will be determined by an individual's need. Moreover, there is a function-assistants scheme. The assistants are to provide practical help, during working hours, to people who are severely disabled, and are managed by the recipient. The aim is to enable severely disabled people to remain in normal employment and to enable those who have not previously been in the labour market to assume a normal job.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, dressing or communication with others (the so-called basic needs). Help may also be granted to other needs in daily life, if these cannot be managed in any other way. Personal assistance is based on the condition that the assistance must provide a disabled person with increased possibilities of leading an independent life. Help and assistance must be available at different times day and night and must be offered by a limited number of people. Personal assistance is granted by way of a personal assistant or a financial supplement to employment of such an assistant. Local authorities cover the expenses for up to 20 hours of assistance per week. Should the need exceed 20 hours per week, Central Government shall cover the expenses for the hours exceeding 20. In 2004, about 17 000 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 working capacities are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and sheltered workshops. At the end of 2004, these measures covered 22 637 people. People with permanent limited working capacities may furthermore find employment with private or public employers in flexi jobs or wage-subsidized sheltered jobs. Flexi jobs are given to persons who are not receiving any social pension whereas sheltered jobs are given to disability pensioners. At the end of 2004, there were 33 165 people in flexi jobs and 6 026 in sheltered jobs.

People, who have been approved for a flexi job and who are unemployed, and people, who will become unemployed after employment in a flexi job, may according to special rules be granted a temporary benefit. At the end of 2004, 10 655 people received a temporary benefit for unemployed persons who have been admitted to the flexi job scheme.

In the Faroe Islands, people with reduced working capacities are offered assessment of working 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 working capacities may as in Denmark be employed by private or public employers in wage-subsidized jobs.

In Finland, the Social Insurance Institution offers rehabilitation including assessment of working capacity. The health sector provides the largest part of the medical rehabilitation. The employment-pension funds initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve his ability and capacity for work and to ease his return to the labour market. The accident and traffic insurances furthermore offer rehabilitation to their clients. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

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

In Norway, the labour-market and social-insurance authorities co-operate when it comes to measures aimed at activating the disabled in the labour market. People with reduced working capacities may have their work adapted according to their special needs. It is also possible to borrow various technical aids from the technical-aids centres. There are sheltered workshops for people with reduced working capacities. Besides, people with disabilities may receive treatment and guidance at a number of retraining institutions. Disabled people, who have no connection with the labour market, may also borrow technical aids to ease their daily life. Comprehensive occupational rehabilitation is offered to the extent necessary and expedient for the person in question in order for him to return to working life or to keep a suitable job. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get a job on ordinary terms. Occupational rehabilitation is based on training, job training and guidance. Besides, there are permanent, sheltered work places. In 2004, about 57 000 people on average were making use of the various vocational measures.

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.

### *Support Services and Leisure Activities*

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

Support schemes are mainly aimed at enabling disabled people to remain in their own homes for as long as possible. The service schemes include delivery of meals, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hairdressing and pedicure, gardening and snow clearing. There are also schemes for washing and mending clothes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. In all the countries there are so-called daytime measures aimed at various target groups, such as people with mental disabilities, to provide help by way of rehabilitation, employment and sense of community.

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

## Survivors

### **Pensions to Widows and Widowers**

The increased participation by women in the labour market and changes in the distribution of income between spouses have contributed to the survivor's pension becoming less important. In Denmark and the Faroe Islands, pension to widows and widowers has been abolished. Pensioners, who cohabit with another pensioner, may in the event of their partner's death be paid a short-term survivor's pension consisting of both pensioners' total pension for three months. In the Faroe Islands, it is, however, necessary to be married to

receive this benefit. The number of recipients of survivor's pension is not registered separately. A survivor's allowance is payable to non-pensioners in Denmark whose spouse or partner dies. The survivor's allowance is income and property-adjusted and will be granted as a non-recurrent payment. In 2004, 697 people were granted survivor's allowance, of whom 577 people were under the age of 67.

In Finland, a prerequisite for being awarded survivor's pension is that the partners were married, and that the marriage had taken place before the age of 65. Registered partnership may also entitle to survivor's pension, if the partners have a child. The pension paid is influenced by a survivor's own employment pension as well as by one's own pension, or one's own estimated employment pension. Within the employment-pension system, pension may also be awarded, if the survivor is under 50 years of age and if the survivor has received disability pension continuously for at least three years prior to the spouse's death.

In Iceland, survivor's pension has been abolished as a basic pension, but is still being paid by the employment-pension scheme. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/her.

In Norway, pension is granted to surviving spouses, registered partners and cohabitants. Pension may also be granted to survivors if they have either previously been married to each other or have had joint issue. In Sweden, the current widow's pension shall lapse on a long-term basis for most survivors. In the old system, a condition for being awarded widow's pension was that one had been married no later than 1989. In Finland, Norway and Sweden, widows and widowers are entitled to survivor's pension by way of basic pension/guaranteed minimum pension and employment pension.

The basic pension/guaranteed minimum pension shall be revoked when a survivor becomes entitled to the basic pension/guaranteed minimum pension from the retirement-pension scheme. The basic pension/guaranteed minimum pension shall also be revoked in the event that a survivor is awarded disability pension. Pension is payable to a survivor by way of an employment pension or a supplementary pension.

In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's retirement and disability-pension system for survivors. They may choose between their own employment pension, the deceased's accumulated employment pension or 55 per cent of the sum of their own and the deceased's accumulated employment pension.

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



**Table 7.16 Pensioners aged 18-64/66 years receiving statutory survivor's pension, 1995-2004**

	Denmark <sup>1)</sup>		Faroe Islands <sup>1)</sup>		Finland <sup>2)</sup>		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	M	W	M	W	M	W	M	W	M	W	M	W
1995	.	.	.	.	5 814	52 767	171	735	1 854	30 023	2 147	64 423
2000	.	.	.	.	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2003	.	.	.	.	8 797	42 641	1 766	2 350	2 041	23 205	1 782	49 181
2004	.	.	.	.	8 926	41 219	1 804	2 456	2 112	22 520	2 047	47 586

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

2 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2004, the number of pensioners over 64 years receiving survivor's pension was 186 898 women and 23 240 men.

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

4 Not including widows and widowers receiving disability pension.

5 Includes widow's pension to people under 65 years as well as transition pension and special pension to survivors. The transition period has varied during the period and was in 2004 10 months. Survivor's pension was income-adjusted from 1997-2002. As from 2003, all pensioners pay tax according to the same rules as apply to income from work.

**Table 7.17 Average monthly amount of statutory survivor's pension, 2004**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark	.	.	.	.	.	.
Faroe Islands	.	.	.	.	.	.
Finland <sup>1)</sup>	178	480	442	155	417	384
Iceland	..	..	..	..	..	..
Norway	4 515	6 713	6 524	410	610	593
Sweden <sup>2)</sup>	6 773	6 529	6 539	646	622	623

1 Amount paid on average as at December.

2 Average amount as at December 2004 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to survivors, including guaranteed pension and retirement pension supplements.

## Child Pension

### *- Children are secured in Case of Parents' Deaths*

In all the Nordic countries, child pension has been introduced by way of a basic pension and an employment pension. Child pension is granted to children under 18 years if one or both parents have died. In Denmark and the Faroe Is-

## OLD AGE, DISABILITY AND SURVIVORS

lands, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland, Iceland, Norway and Sweden, child pension may be payable until a child turns 20 years if the child/youth receives education. In Iceland, a fixed amount is granted by the public authorities, which is payable to those providing for the children, but the pension varies from one labour-market pension fund to another. If both parents have died, the double amount is payable. The Employment Pension Fund also pays child pension to the providers. In Norway, this applies only if both parents are deceased. Child pension, which is granted due to education or vocational training to young people in the age group 18-20 years is payable according to the Social Assistance Act. In Norway, the pension may in exceptional cases be granted to 21 year-olds.

In Denmark, the Faroe Islands, Finland, Norway and Sweden, child pension may furthermore be granted by way of supplementary pension if a deceased was a member of such a pension scheme.

**Table 7.18 Children receiving child pension by way of basic pension and/or employment pension, total, 1995-2004<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden <sup>3)</sup>
<i>Number of children receiving child pension</i>						
1995	17 590	213	29 338	1 325	13 658	31 208
2000	17 278	201	28 476	1 300	14 074	29 570
2003	17 680	215	26 871	1 306	13 995	31 708
2004	17 701	167	26 109	1 321	14 039	31 927
<i>As percentage of children of the qualifying age groups</i>						
	1.5	1.2	2.0	1.7	1.3	1.5

1 Entitled were, in 2003, 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.

3 In per cent of children 0-19 years.

**Table 7.19 The average monthly statutory amount of child pension, 2004**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden
KR/EUR	892	877	279	16 025	1 866	2 602
PPP-Euro	90	89	243	148	169	248

1 Amount paid on average per month from public authorities.

2 Amount paid on average as at December.

## Expenditure on and Financing of Benefits and Services to the Elderly, the Disabled and Survivors

### *Differences and Similarities in the Social Expenditure on the Elderly, the Disabled and Survivors*

In the following, differences and similarities in expenditure on the elderly, the disabled and survivors are described. Unless otherwise stated, comparisons are made in PPP per capita. Denmark and Sweden spend the most on cash benefits to the elderly, and the Faroe Islands and Iceland spend the least. Regarding expenditure on retirement pensions, calculated in PPP per pensioner, Denmark spends the most and the Faroe Islands and Finland the least. As regards services, calculated as PPP per person aged 65 years or older, expenditure is highest in Iceland and lowest in Finland.

The low expenditure on services for the elderly in Finland must be seen partly in connection with part of the services for the elderly being provided at Finnish health centres and partly in connection with relatively high rates of user charges.

In total, Denmark and Sweden spend the most and the Faroe Islands and Iceland the least on the elderly, calculated as PPP per capita. The low expenditure in Iceland is due to the high employment rate among the elderly compared with the other Nordic countries.

In respect of cash benefits per capita to the disabled, Norway spends the most, which is due to the fact that medical rehabilitation is included under rehabilitation, but under illness in the other countries (included in the sickness benefits). The Faroe Islands and Finland spend the least on cash benefits per capita. In return, Denmark spends the most on disability pension per disability pensioner, while Finland spends the least. The expenditure on services to the disabled is highest in the Faroe Islands and in Sweden and lowest in Finland. In total, Norway spends the most and Faroe Islands the least on the disabled, calculated as PPP per capita. As to survivors, Finland spends the most and Denmark the least.

### *Changes in the Social Expenditure on the Elderly, the Disabled and Survivors from 2003 to 2004*

In Denmark, the expenditure on retirement pensions increased as a result of the gradual lowering of the pensionable age from 67 to 65 years as from 1 July 2004 and the improvement of the supplementary pension (pensioners' cheque). There was also a considerable increase in the expenditure on the ATP and the employment pensions. The expenditure on the voluntary early retirement scheme increased as a result of an increase in the number of recipients of 6 700 from 2003 to 2004. This was counterbalanced by a decrease in the expenditure on the transition allowance, as the closing of the access to this scheme resulted in a further decline in the number of recipients of about 4 200 from 2003 to 2004. To this should be added a decrease in the expenditure on the ordinary and increased ordinary disability pensions under special retirement pensions as a result of a decline in the number of pensioners of 9 400 from 2003 to 2004. There has also been a shift from these disability pensions to the maximum and intermediate disability pensions.

The total expenditure on the maximum and the intermediate disability pensions and on the new disability pension after the reform thus increased from 2003 to 2004 as a result of an increase in the number of pensioners of almost 7 500. As a result of the disability pension reform from 2003, the maximum and the intermediate disability pensions have also gradually being discontinued. The expenditure on industrial-injury insurance furthermore increased from 2003 to 2004.

Moreover, there was an increase in the expenditure on care and nursing, etc., for both the elderly and the disabled, and on the expenditure on institutions, collective housing units, etc., for the disabled. There was also an increase in the expenditure on measures concerning people with reduced working capacities, including people in flexi jobs.

In the Faroe Islands, the expenditure on the elderly increased by 3.4 per cent from 2003 to 2004. The increase in the cash benefits was about 2 per cent, which was mainly a result of an increase in the averagely paid pension. The expenditure on services increased by 6 per cent. More institutional places were provided for the elderly, which increased the running costs. The increased number of places in institutions has not made itself felt in the expenditure on home help, which also increased by 5.7 per cent.

The expenditure on the disabled remained almost the same with an increase of 0.7 per cent. The disability pension was adjusted by 4 per cent, but as the access to the scheme was limited, the expenditure on cash benefits increased by only 0.1 per cent. The expenditure on care and the non-

institutionalized treatment of the disabled increased by about 8 per cent, while there was a marked decline in the expenditure on technical aids. The increased expenditure on survivors was mainly due to an increase in the pension to survivors.

In Finland, the expenditure on the elderly increased by 4.8 per cent from 2003 to 2004 at constant prices. The number of retirement pensioners (including early retirement pensioners) increased by 15 345 people. The average retirement pension was 2.6 per cent at constant prices, which was a result of the averagely paid disability pension amount being higher in 2004 than in 2003. Enhanced efforts were made in the care for the elderly in their own homes, and this expenditure increased by 13.6 per cent. The expenditure on institutions increased by 8.2 per cent at constant prices. The expenditure on the disabled increased by 4 per cent at constant prices, while the number of disability pensioners declined by 168 people. The expenditure on disability pensions increased, however, by 2.3 per cent at constant prices, as the average disability pension was a little higher in 2004 than in 2003. The expenditure on care for the disabled increased by 6.3 per cent at constant prices, and especially the expenditure on general treatment and rehabilitation increased. The expenditure on survivors increased by 2 per cent due to the number of recipients of survivor's pension increasing by 1.240 people. On the other hand, the number of recipients of child pension decreased by 762.

In Iceland, the expenditure on the elderly increased by 6.5 per cent at constant prices. The expenditure on the basic pension decreased due to a decline in the number of people who receive only basic pension. The explanation is technical changes in the way in which the basic pension is paid to those, who live in nursing homes, where one previously had to pay directly for one's stay. As from 1 January 2004, those living in nursing homes will no longer have the basic pension paid out to them, rather it will be paid to the nursing home. The scheme includes about 800 pensioners with an expenditure of about ISK 1.8-2 billion, which were transferred from cash benefits to services. The expenditure on employment pension from the pension funds continues to increase due to a higher wage/salary development and an increase in the number of people being entitled to employment pension. The expenditure on services increased by 19.5 per cent, where the expenditure on institutions increased by 22 per cent. This was due to the fact that more nursing home places for the elderly have been provided.

The expenditure on the disabled increased by 8.4 per cent at constant prices, while the expenditure on services increased by 3 per cent and the cash benefits by 11.2 per cent. The basic pensions increased by 11.7 per

cent, which was partly due to a new age-limited benefit to those that are young when becoming disabled and thus not accumulating any right to employment pension, and partly by the number of disability pensioners having increased. Finally, part of the increase was due to a higher wage/salary level. The expenditure on survivors decreased by 0.5 per cent.

In Norway, the expenditure on the elderly increased by 4.9 per cent at constant prices, while the expenditure on the disabled increased by 8.0 per cent and on survivors by 6.4 per cent. The increase in the expenditure on the elderly was first and foremost a result of the expenditure on the retirement pension and especially an increase in the number of retirement pensioners, who were entitled to employment pension. While the number of recipients of retirement pension increased by 1 946 from 2003 to 2004, the number of pensioners who are entitled to employment pension increased by 5.142 during the same period. The amount payable on average increased by 4.8 per cent from 2003 to 2004 at constant prices. The increase in the expenditure on the disabled was first and foremost due to an increase in the cash benefits. Payment of disability pension increased by 4.2 per cent on average from 2003 to 2004 at constant prices. The increase in the expenditure on survivors was also due to an increase in the cash benefits. While the number of surviving spouses with pensions from the social security fund decreased by 2.4 per cent from 2003 to 2004, the expenditure on the total pensions increased by 3.9 per cent during the same period.

In Sweden, the expenditure on the elderly increased by 3.1 per cent. The increasing expenditure was mainly due to higher pension payments and higher expenditure on home help. The expenditure on the disabled increased by 7.3 per cent, the main reason being a continued increase in the number of disability pensioners, of whom quite a few came from the sickness-insurance system. In 2003, 0.9 per cent of the population of the entitled age was disability pensioners. In 2004, the number had increased to 1 per cent. The increase corresponds to about 50 000 individuals. The expenditure on survivors increased by 0.7 per cent.

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.20 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2004**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Retirement pensions	103 132	464	10 390	40 428	91 383	239 487
Of which:						
a. Basic/Minimum pension	64 798	413	1 761	19 362	37 609	27 961
b. Employment pension	5 435	-	8 307	21 067	44 046	159 217
c. Supplementary pension	32 899	33	314	-	9 728	52 309
B. Special retirement pensions	32 089	30	857	-	2 416	-
C. Partial retirement pension	95	-	257	-	105	25
D. Other	27	17	97	-	-	588
Cash benefits, total	135 344	512	11 601	40 428	93 903	240 100
Services, million						
A. Institutions, etc.	1 869	177	619	15 818	17 830	47 994
B. Assistance to carry out daily tasks	24 086	92	457	836	12 166	17 852
C. Other	1 286	18	391	981	3 154	2 929
Services, total	27 240	288	1 467	17 636	33 150	68 775
Total expenditure, million	162 584	800	13 068	58 064	127 053	308 875
Expenditure as percentage of GDP	11.7	8.1	9.0	7.3	7.5	12.7
Financed by (per cent)						
- Public authorities	53.2	84.0	21.5	30.7	52.7	33.9
- Employers	23.5	9.3	63.6	53.1	28.4	45.0
- The insured (contributions and special taxes)	23.3	6.6	14.9	16.2	18.9	21.2
Changes 2003-2004 in terms of 2004 prices						
- Million KR/EUR	4 494	26	597	3 551	5 932	9 185
- Per cent	2.8	3.4	4.8	6.5	4.9	3.1

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.21 Expenditure on and financing of pensions, other cash benefits and services to disabled people, 2004**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Disability pensions	26 486	163	3 160	20 319	46 601	66 828
Of which:						
a. Basic/Minimum pension	26 486	163	722	15 013	17 820	14 813
b. Employment pension	-	-	2 037	5 306	23 652	44 474
c. Supplementary pension	-	-	14	-	4 397	7 541
B. Early retirement benefit due to reduced working capacity	3 875	8	214	-	-	-
C. Care allowance	-	-	77	-	2 969	3 412
D. Subsidies to financial integration of the disabled	9 025	-	85	-	17 984	2 337
E. Other	2 691	8	284	245	409	-
Cash benefits, total	42 077	179	3 821	20 564	67 963	72 577
Services, million						
A. Institutions, etc.	8 939	95	153	4 151	770	15 459
B. Assistance to carry out daily tasks	5 061	47	300	230	3 279	19 711
C. Rehabilitation	2 652	42	495	4 989	9 614	4 436
D. Other	1 978	44	408	433	1 224	8 354
Services, total	18 630	228	1 356	9 804	14 887	47 960
Total expenditure, million	60 707	407	5 178	30 368	82 849	120 537
Expenditure as percentage of the GDP	4.4	4.1	3.5	3.8	4.9	4.9
Financed by (per cent)						
- Public authorities	67.6	93.9	36.3	43.5	42.5	43.2
- Employers	8.3	4.3	49.0	47.2	33.8	55.7
- The insured (contributions and special taxes)	24.1	1.7	14.6	9.3	23.7	1.2
Changes 2003-2004 in terms of 2004 prices						
- Million	3 457	3	199	2 363	6 151	8 160
- Per cent	6.0	0.7	4.0	8.4	8.0	7.3



**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.22 Expenditure on and financing of cash benefits and services to survivors, 2004**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Survivors' pensions	1	14	1 406	5 299	5 278	18 007
Of which:						
a. Basic/Minimum pension	-	-	39	308	1 279	1 308
b. Employment pension	-	-	1 314	4 991	1 035	15 868
c. Supplementary pension	1	14	54	-	2 964	831
B. Death grants	-	-	35	62	71	-
C. Other	-	2	-	-	13	-
Cash benefits, total	1	16	1 441	5 362	5 363	18 007
Services, million						
A. Funeral grants	139	2	4	-	103	-
B. Other	-	-	-	-	-	-
Services, total	139	2	4	-	103	-
Total expenditure, million	140	17	1 446	5 362	5 465	18 007
Expenditure as percentage of the GDP	0.0	0.2	1.0	0.7	0.3	0.7
Financed by (per cent)						
- Public authorities	100.0	2.6	7.0	1.4	39.6	0.0
- Employers	0.0	65.0	72.6	70.9	42.2	97.7
- The insured (contributions and special taxes)	0.0	32.5	20.4	27.8	18.1	2.3
Changes 2003-2004 in terms of 2004 prices						
- Million	-4	2	29	-27	329	125
- Per cent	-2.9	11.6	2.0	-0.5	6.4	0.7

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.23 Expenditure on cash benefits to the elderly, the disabled and survivors in PPP/capita and per pensioner, 2004**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The elderly</i>						
Cash benefits per capita	2 552	1 084	1 929	1 294	1 869	2 556
Retirement pension per pensioner	14 041	8 132	10 509	12 117	13 262	13 840
Services per person 65 years and older	3 465	4 609	1 592	4 832	4 471	4 276
Total benefits and services to the elderly per capita	3 065	1 693	2 172	1 859	2 529	3 288
<i>The disabled</i>						
Cash benefits per capita	793	380	635	658	1 353	773
Disability pension per pensioner	13 641	12 206	9 724	13 563	13 618	11 808
Services per capita	351	482	225	314	296	510
Total benefits and services to the disabled per capita	1 145	862	861	972	1 649	1 283
<i>Survivors</i>						
Total per capita	3	36	240	172	109	192

### *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 and institutions for disabled people are defined centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in nursing homes, etc. are paid their pension in full and must then pay for services provided as part of their stay in the nursing home, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. User charges are estimated to amount to about DKK 1.4 billion in 2004. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges amounted to about DKK 80 million in 2004.

In the Faroe Islands, inhabitants in nursing homes pay no rent, but in return their retirement pension is reduced to DKK 790 per month towards personal needs. The inhabitants thus have no expenses to pay on rent, food,

hairdressing, etc. Pensioners, who have an income besides their pension (such as supplementary pensions) must, however, pay for their stay in a nursing home. User charges amount to 10 per cent of a pensioner's supplementary income. In institutions for the mentally disabled, user charges amounted to about 4 per cent of the total expenditure. User charges depend on a household's income. In 2004, user charges amounted to 2 per cent of the total expenditure on home help.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. It may at most amount to 80 per cent of the net income and there must be at least EUR 80 per month left for personal use. In 2004, user charges amounted to 19 per cent of the total expenditure. User charges for home help depend on a household's income. User charges amounted to about 15 per cent of the total expenditure on home help.

In Iceland, residents in nursing homes pay for part of their stay in the home, provided they have an employment pension over a certain level. The proportion of user charges of the total expenditure was about 4 per cent in 2004, while user charges for home help amounted to 10 per cent of the local authorities' expenditure.

In Norway, user charges payable for stays in institutions depend on a patient's income and are fixed on the basis of centrally laid down rules. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. User charges for stays at institutions amount to a little more than 10 per cent of the total running costs of the institution. User charges payable for home help are fixed by the individual local authorities, but the amount must not exceed the actual costs. If an income is low, user charges may not exceed NOK 150 per month. Besides, user charges may not be charged for that part of the help that is personal care and nursing or home nursing.

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