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# Gateway Policy Explorer: Retirement Series

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## Denmark

### Public Own Old-Age Benefit Plan Details

1992-2023

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## Preface

This document is intended for researchers who want to understand the evolution of policy or the policy in place at a particular point in time. This document is not intended for financial advice or to aid in decision-making. The authors have made significant effort to identify and collect historical information pertaining to these policies, to accurately represent these policies, and to communicate how policies may interact to determine legal requirements, eligibility for benefits, and/or benefits levels. The policies presented in this document focus on rules applicable to most individuals aged 50 and older from 1992. Many systems include special policies or alternative eligibility rules for specific groups. We encourage all users to complete their own review of literature in this area depending on the research questions they have in mind.

If you have feedback or questions or identify an error, please contact [policy@g2aging.org](mailto:policy@g2aging.org).

## Background — Gateway Policy Explorer: Retirement Series

The *Gateway Policy Explorer* (<http://g2aging.org/policy-explorer>) is part of the Gateway to Global Aging Data (<http://g2aging.org>) project. The *Retirement Series* captures historical policy that affects the birth cohorts of respondents in the surveys covered by the Gateway. It was motivated by the rapid evolution of policies affecting older people across the world. As the Health and Retirement Study (HRS) began in 1992 and many of the international network of studies (HRS-INS) cover more than a decade, understanding the policies in place at the time of the survey has become more demanding for researchers.

*Why are we tracking past policy?* Individuals make choices based on current policies and the outcomes we see today may reflect responses to past policies. When interpreting the survey responses of individuals, an understanding of the policy environment under which those individuals operate is critical. The collection of contextual information in the *Gateway Policy Explorer* aims to support researchers who want to understand or use policy changes in their research and provide context for longitudinal or cross-country differences. Over the period 2023–2026 the *Gateway Policy Explorer* will be expanded to include information on retirement, long-term care, education, and other policies affecting the life cycle.

The key dimensions to the *Gateway Policy Explorer: Retirement Series* are country and time. We prioritize data collection for each country based on its first interview wave and are continuing to expand our data collection back in time to 1992, the earliest survey date in the HRS-INS.

A separate document, like this one, is developed for each country and each broad category of policies covered in the *Gateway Policy Explorer: Retirement Series*.

## Author and Contributor Disclaimers

† The opinions expressed here are those of authors and do not necessarily reflect the views of the OECD or of its member countries.

# Denmark

Own Old-Age Benefits  
Plan details 1992-2023 \* †

The Danish old-age pension system is a defined benefit system that is comprised of three pension schemes: the national basic pension, the national pension supplement, and the labor market supplementary pension scheme.

## Key Dates

First law: 1989

Major changes since 1992: 2005

The main design of the pension system has remained largely the same since 1992, with changes to pension amounts, reduction formulas, and the statutory retirement age over time.

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† Detailed information and definitions are provided in tables, formulas and a glossary at the end of this document. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: "Alt" + "←"; In Adobe Acrobat on a MAC: "command" + "←"; In Preview on a MAC: "command" + "[".

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## Chapter 1: Policy enacted 1992-2004

### Overview

Denmark's public pension system covers all citizens and long-term residents of Denmark. The Danish national pension ([Folkepension](#)) is a [defined benefit \(DB\)](#) pension scheme based on a person's residency and citizenship. It is funded by general tax revenues of the state and municipality in which the pensioner resides. In addition to the national pension, there is also a Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#)) that is mandatory for all employed residents. In addition to public pension schemes, private occupational pension schemes are also commonly available to residents in the workforce.

Legislative Decree No. 497 of 1989 ([Retsinformation, 1989](#)), effective January 1, 1990, established the [Social Pension Act](#), which is the legal basis for the national pension. It consists of a basic pension and a pension supplement. The Social Pension Act designates municipal boards (kommunalbestyrelsen) as the administrative authority for public pensions. Each municipal board handles the administration of the Social Pension Act as it applies to residents of their municipality, and the benefit amounts, means and income tests, and other calculations are determined by the Ministry of Taxation.

Executive Order No. 47 of 1964 ([Retsinformation, 1964](#)), effective April 1, 1964, establishes the governing rules for Arbejdsmarkedets Tillægspension (ATP), the labor market supplement. Rules and regulations for ATP pension schemes including mandatory membership, employee and employer contributions, benefit calculations, and administration, are established by the Ministry of Labor.

This policy period (chapter) focuses on the public pension schemes for Danish residents and includes historical information on contribution rates, benefit calculations, and eligibility criteria for Danish citizens and residents. In this document, we define own old-age benefit as the statutory pension for employees. We provide limited information about the plans for civil servants or the self-employed.

Other policy changes in this period:

- Act No. 918 of 1998 ([Retsinformation, 1998](#)), effective January 1, 1999, redefined marital status to consider cohabitants as spouses for pension calculation purposes.
- Act No. 287 of 1999 ([Retsinformation, 1999](#)), effective January 1, 2000, allocated different pension supplement amounts based on marital status, with lower supplement amounts for individuals who are married or cohabiting and decreased the statutory retirement age of the national pension from 67 to 65. This act also decreased the earnings-test reduction percentage for Folkepension benefits from 60

### Contributions

This section discusses required contributions to be covered by an old-age benefit system.

#### Employee contribution rate

Contribution requirements vary by pension system.

National Pension ([Folkepension](#))

None ([Legislative Decree No. 411, Chapter 9, Retsinformation 1992](#))

Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Monthly ATP contributions are fixed amounts determined by the number of hours an employee worked within a month ([Legislative Decree No. 675, § 15 PCS 2, Retsinformation 1993](#)). Employees who are required to participate in the ATP pension scheme pay 1/3 of the total monthly contribution ([Legislative Decree No. 675, § 15 PCS 4, Retsinformation 1993](#)). See [Table 1](#) for monthly ATP contribution rates over time. <sup>[1]</sup>

#### Employer contribution rate

Contribution requirements vary by pension system.

National Pension ([Folkepension](#))

None ([Legislative Decree No. 411, Chapter 9, Retsinformation 1992](#))

Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Danish employers are required to contribute 2/3 of the mandatory monthly contribution for each employee ([Legislative Decree No. 675, § 15 PCS 4, Retsinformation 1993](#)). See [Table 1](#) for monthly ATP contribution rates over time.

## Self-employed contribution rate

Contribution requirements vary by pension system.

### National Pension (*Folkepension*)

None ([Legislative Decree No. 411, Chapter 9, Retsinformation 1992](#))

### Labor Market Supplementary Pension (*Arbejdsmarkedets Tillægspension, ATP*)

Contribution to ATP is optional for those who are self-employed, and self-employed workers who elect to participate in an ATP pension scheme are required to pay the entire monthly contribution amount ([Legislative Decree No. 675, § 15 PCS 5, Retsinformation 1993](#)). See [Table 1](#) for monthly ATP contribution rates over time.

Self-employed individuals are eligible to voluntarily contribute to an ATP fund if they have made contributions as a Danish employee for at least three years prior to self-employment ([Legislative Decree No. 675, § 2 PCS 2, Retsinformation 1993](#)).

## Eligibility

This section discusses requirements for an individual to be eligible to receive an old-age benefit from the covered system(s).

### Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**  
Age 67 in 1992, decreased to age 65 in 1999 for individuals born on July 1, 1934 and after ([Legislative Decree No. 675, § 2, Retsinformation 1993](#); [Act No. 287, § 1, Retsinformation 1999](#))
- **Does SRA vary by birth year?** Answer: Yes
- **Does SRA vary by sex?** Answer: No
- **Details by birth year:** See [Table 2](#) for changes in statutory retirement age over time

### Contribution requirements to be eligible to receive benefit

Eligibility requirements vary by pension system.

### National Pension (*Folkepension*)

Eligibility for the national basic pension and pension supplement is based on years of permanent residency in Denmark since the age of 15 ([Legislative Decree No. 411, § 2, Retsinformation 1992](#)). Certain periods of foreign residence are equated with Danish residency for pension eligibility calculations, see [Box 1](#) for details. There are multiple alternative [eligibility tracks](#) to qualifying for benefits.

#### Main Eligibility Track

To be eligible for Folkepension benefits, an individual must satisfy all of the following conditions —

- Age requirements: At least the SRA, which is age 67 in 1992, and age 65 from 1999 to 2004 —see [Table 2](#) for age requirements by birth year ([Legislative Decree No. 411, § 2, Retsinformation 1992](#))
- Contribution Requirements: None
- Residency requirements: 40 years from age 15 to SRA ([Legislative Decree No. 411, § 5 PCS 5, Retsinformation 1992](#)). Individuals who have resided in Denmark for less than 40 years are entitled to benefits proportional to their residency provided they have resided in Denmark for at least 3 years between the ages of 15 and SRA ([Legislative Decree No. 411, § 4, Retsinformation 1992](#))
- Other Requirements: Danish citizenship —see [Box 1](#) for exceptions to citizenship and residency requirements

#### Other Eligibility Tracks (*Førtidspension*) <sup>[2]</sup>

Early retirement pensions (*Førtidspension*) are available to residents whose ability to work is significantly reduced due to injury or illness. Early retirement pensions are available in four forms: highest early retirement pension, intermediate early retirement pension, increased ordinary early retirement pension and ordinary early retirement pension ([Legislative Decree No. 411, § 13 PCS 5, Retsinformation 1992](#)). These alternative eligibility tracks are only available to Danish individuals who have not reached the SRA; eligibility for each of the four other tracks is contingent on the individual having a significant reduction in their ability to work.

### Labor Market Supplementary Pension (*Arbejdsmarkedets Tillægspension, ATP*)

Pensioners are eligible for ATP pension payments when they satisfy all of the following conditions ([Legislative Decree No. 675, § 5, Retsinformation 1993](#)) —

- Age Requirements: At least the SRA

- Contribution Requirements: One day
- Membership Requirements:
  - ◊ An individual is eligible for ATP membership provided they are employed in Denmark or employed abroad for the Danish government, a Danish company, or for a Danish ship ([Legislative Decree No. 675, § 2, Retsinformation 1993](#)). See [Box 1](#) for details on requirements for seafarers who are employed on Danish ships.
  - ◊ An individual who is self-employed can retain their ATP membership if they have at least three years of contributions as an employee ([Legislative Decree No. 675, § 15 PCS 5, Retsinformation 1993](#)).

#### Alternative eligibility requirements that permit starting benefits early but with a penalty

- **Can an individual start benefits before SRA?** Answer: No, early retirement is only available to individuals whose ability to work is significantly reduced due to injury or illness. See *Other eligibility tracks (Førtidspension)* for details.

## Benefits

This section discusses how benefit payment levels are determined conditional on eligibility to receive benefits.

**To receive a benefit, does an individual have to claim it?** Answer: Yes

### Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** [Annuitable](#)

### Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement [progressive](#)?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Varies by benefit type —
  - ◊ National Pension ([Folkepension](#)): No
  - ◊ Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#)): Yes
- **Does the benefit entitlement depend on [national income](#)?** Answer: Yes, benefits are adjusted with changes in [average national wages](#).
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: No
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: No
- **Are future benefit entitlements adjusted for [cost of living](#)?** Answer: Yes
- **If so, what measure is used for adjustment?**  
Benefit amounts are increased annually by the percent change in average wages among all Danish employees.

### Benefit formula for claiming at SRA

The Danish statutory pension system is a [defined benefit](#) system that is comprised of two pension systems. Pensioner's benefits are the sum of their benefits through each of the systems in which they participate. [Formula 1](#) details how total benefits are calculated.

#### National Pension ([Folkepension](#))

- **Basic Pension:** A fixed-rate benefit for pensioners satisfying the [main eligibility track](#). The amount is reduced proportionally if the residency requirement for full benefits is not satisfied ([Legislative Decree No. 411, § 5 PCS 2, Retsinformation 1992](#)). For example, if a pensioner at the age of 67 has resided in Denmark for 30 years since the age of 15, they will receive 75% of the basic pension amount. See [Table 3](#) for basic pension benefit amounts by year.
- **Pension Supplement:** The pension supplement is a targeted scheme that is granted to pensioners based on their income and marital status ([Legislative Decree No. 411, § 17 PCS 2, Retsinformation 1992](#)). See [Table 4](#) for pension supplement amounts by year.

#### Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Eligible beneficiaries receive monthly payments based on the calculated entitlement value of their contribution history ([Legislative Decree No. 675, Chapter 3, Retsinformation 1993](#)). Entitlements earned vary based on the year in which each contribution was made. Additionally, beneficiaries with contributions made prior to January 1, 1982 earn entitlements based on years of contribution during this time period ([Legislative Decree No. 675, § 6, Retsinformation 1993](#)). Seniority entitlements are calculated based on the following:

- Beneficiaries who became contributing members of ATP prior to March 31, 1965 can earn seniority entitlements for a maximum of 17.75 seniority years. They earn seniority entitlements based on their birth year —see [Table 5](#) for details.

- Beneficiaries who began contributing after April 1, 1965 earn seniority entitlements at a fixed rate of 60Kr per contribution year between 1965 and 1972 and 100Kr for each contribution year between 1972 and 1982.

Entitlements for contributions made between January 2, 1982 and January 1, 2002 are earned as a fixed proportion of contributions ([Legislative Decree No. 675, § 8, Retsinformation 1993](#)).

- For contributions made between January 2, 1982 and June 30, 1992:
  - ◊ Entitlements of 100Kr are earned for every 396Kr in contributions made before the age of 60 ([Legislative Decree No. 675, § 8, Retsinformation 1993](#)).
  - ◊ Entitlements of 100Kr are earned for every 324Kr in contributions made after the age of 60.
- For contributions made between July 1, 1992 and December 31, 2001:
  - ◊ Entitlements of 100Kr are earned for every 396Kr in contributions ([Legislative Decree No. 675, § 8a, Retsinformation 1993](#)).

For contributions made between January 1, 2002 and January 1, 2008, entitlements are earned at a fixed rate per 100Kr contributed, based on the individual's age at the time of each contribution ([Legislative Decree No. 1110, § 8b, Retsinformation 2014b](#)). See [Table 6](#) for these entitlement rates.

For all pensioners, contributions made after January 1, 2008 are capitalized based on the market hedgeable rate and on the annual tariff value of ATP pensions, which is evaluated at the beginning of each year ([Legislative Decree No. 1110, § 8c, Retsinformation 2014b](#)).

For details on entitlement calculations, see [Formula 2](#).

ATP payments are [guaranteed deferred annuities](#) and are discounted at the [long-term interest rate of the market](#). Therefore, the discount rate varies from year-to-year.

See [Box 2](#) for an example of this benefit calculation.

#### Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No, early retirement is only available to individuals whose ability to work is significantly reduced due to injury or illness. See *Other eligibility tracks (Førtidspension)* for details.

#### Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

#### Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Whether benefits are reduced or eliminated for work varies by pension system —

National Pension ([Folkepension](#))

Yes

Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

No

#### • Adjustment formula

National Pension ([Folkepension](#))

Reduction in benefit payments for work vary by component of this pension ([Legislative Decree No. 411, § 27, Retsinformation 1992](#)). Details are included in the benefit calculation (see [Formula 1](#)).

##### ◊ Basic Pension

Workers between the [SRA](#) and 70 receive reduced basic pension benefits based on their [income from personal work](#). Their income from personal work is rounded down to the nearest number divisible by 100 for the calculation, and reductions are only made on income in excess of the calculated personal income threshold — [Table 7](#) provides details on income thresholds by year. See [Formula 3](#) for how this applies.

##### ◊ Pension Supplement

Pension supplements are income tested against an individual's [income from all sources](#) in the preceding year ([Legislative Decree No. 411, § 31, Retsinformation 1992](#)). Income level is calculated as the pensioner's annual income plus the spouse's annual income (if applicable). Income earned through a pension benefit in Denmark or another [European Union](#) country is not considered in this calculation ([Legislative Decree No. 411, § 29, Retsinformation 1992](#)). The annual pension supplement



is reduced by a percentage of any income in excess of the personal income threshold provided in [Table 8](#). For pension supplement reduction percentages, and changes by year, see [Table 9](#).

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

## Chapter 2: Policy enacted 2005-2023

### Policy change in 2005

Executive Order No. 42 of 2004 ([Retsinformation, 2004](#)), effective January 1, 2005, established [Opstat Pension](#), a delayed pension claiming bonus for Danish workers over the statutory retirement age who delay claiming benefits and work for a minimum of 1,500 hours in a calendar year.

Other policy reforms include:

- Act No. 1586 of 2006 ([Retsinformation, 2006](#)), effective July 1, 2009, gradually increased the statutory retirement age from 65 to 67 starting with individuals born on or after January 1, 1959.
- Act No. 445 of 2008 ([Retsinformation, 2008](#)), effective July 1, 2008, decreased the minimum work hours requirement for Opstat Pension benefits to 1,000 hours in a calendar year.
- Act No. 477 of 2009 ([Retsinformation, 2009](#)), effective January 1, 2010, increased the Folkepension Supplement reduction rate from 30% to 30.9% for married pensioners, and increased the reduction rate to 32% for pensioners married to individuals who do not receive Folkepension benefits. This reform also increased the reduction rate for single people from 15% to 16%.
- Act No. 1386 of 2011 ([Retsinformation, 2011](#)), effective January 1, 2012, changed the implementation of the increase in statutory retirement ages, starting with individuals born on or after January 1, 1954. This act also decreased the minimum work hours requirement for Opstat Pension from 1,000 hours to 750 hours, effective January 1, 2014.
- Act No. 494 of 2013 ([Retsinformation, 2013](#)), effective June 1, 2013, transferred regulatory and disbursement authority of the national pension system to Udbetaling Danmark.
- Act No. 875 of 2022 ([Retsinformation, 2022](#)), effective June 16, 2022, eliminated reductions to an individual's Folkepension supplement based on their spouse's personal income from work.
- Act No. 726 of 2023 ([Retsinformation, 2023a](#)), effective January 1, 2024, eliminated reductions to the Folkepension basic pension benefit based on personal income from work earned after claiming pension benefits.

## Overview

Denmark's public pension system covers all citizens and long-term residents of Denmark. The Danish national pension ([Folkepension](#)) is a [defined benefit \(DB\)](#) pension scheme based on a person's residency and citizenship. It is funded by general tax revenues of the state and municipality in which the pensioner resides. In addition to the national pension, there is also a Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#)) that is mandatory for all employed residents. In addition to public pension schemes, private occupational pension schemes are also commonly available to residents in the workforce.

Legislative Decree No. 497 of 1989 ([Retsinformation, 1989](#)), effective January 1, 1990, established the [Social Pension Act](#), which is the legal basis for the national pension. It consists of a basic pension and a pension supplement. The Social Pension Act designates municipal boards (kommunalbestyrelsen) as the administrative authority for public pensions. Each municipal board handles the administration of the Social Pension Act as it applies to residents of their municipality, and the benefit amounts, means and income tests, and other calculations are determined by the Ministry of Taxation.

Executive Order No. 47 of 1964 ([Retsinformation, 1964](#)), effective April 1, 1964, establishes the governing rules for Arbejdsmarkedets Tillægspension (ATP), the labor market supplement. Rules and regulations for ATP pension schemes including mandatory membership, employee and employer contributions, benefit calculations, and administration, are established by the Ministry of Labor.

This policy period (chapter) focuses on the public pension schemes for Danish residents and includes historical information on contribution rates, benefit calculations, and eligibility criteria for Danish citizens and residents. In this document, we define own old-age benefit as the statutory pension for employees. We provide limited information about the plans for civil servants or the self-employed.

## Contributions

This section discusses required contributions to be covered by an old-age benefit system.

### Employee contribution rate

Contribution requirements vary by pension system.

#### National Pension ([Folkepension](#))

None ([Legislative Decree No. 528, Chapter 9, Retsinformation 2022a](#))

#### Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Monthly ATP contributions are fixed amounts determined by the number of hours an employee worked within a month ([Legislative Decree No. 1110, § 15 PCS 2, Retsinformation 2014b](#)). Employees who are required to participate in the ATP pension scheme pay 1/3 of the total monthly contribution ([Legislative Decree No. 1110, § 15 PCS 4, Retsinformation 2014b](#)). See [Table 1](#) for monthly ATP contribution rates over time. <sup>[1]</sup>

### Employer contribution rate

Contribution requirements vary by pension system.

#### National Pension ([Folkepension](#))

None ([Legislative Decree No. 528, Chapter 9, Retsinformation 2022a](#))

#### Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Danish employers are required to contribute 2/3 of the mandatory monthly contribution for each employee ([Legislative Decree No. 1110, § 15 PCS 4, Retsinformation 2014b](#)). See [Table 1](#) for monthly ATP contribution rates over time.

### Self-employed contribution rate

Contribution requirements vary by pension system.

#### National Pension ([Folkepension](#))

None ([Legislative Decree No. 528, Chapter 9, Retsinformation 2022a](#))

#### Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Contribution to ATP is optional for those who are self-employed, and self-employed workers who elect to participate in an ATP pension scheme are required to pay the entire monthly contribution amount ([Legislative Decree No. 1110, § 15 PCS 5, Retsinformation 2014b](#)). See [Table 1](#) for monthly ATP contribution rates over time.

Self-employed individuals are eligible to voluntarily contribute to an ATP fund if they have made contributions as a Danish employee for at least three years prior to self-employment ([Legislative Decree No. 1110, § 2 PCS 2, Retsinformation 2014b](#)).

## Eligibility

This section discusses requirements for an individual to be eligible to receive an old-age benefit from the covered system(s).

### Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**

Age 65 in 2004 and gradually increasing to age 67 by 2027 — effective based on pensioner's month and year of birth ([Act No. 1586, § 1, Retsinformation 2006](#); [Act No. 1386, § 1, Retsinformation 2011](#); [Legislative Decree No. 528, § 2, Retsinformation 2022](#)).

- **Does SRA vary by birth year?** Answer: Yes

- **Does SRA vary by sex?** Answer: No

- **Details by birth year:** SRA by birth year changed in 2006 and 2011. Act No. 1586 of 2006, defined a gradual increase in SRA based on an individual's month and year of birth ([Act No. 1586, § 1, Retsinformation 2006](#)). A policy reform in 2011 ([Act No. 1386, § 1, Retsinformation 2011](#)) delayed the birth years for planned increases in SRA. For changes in SRA over time —

- ◇ Before 2012: [Table 2](#)

- ◇ From 2012: [Table 10](#)

## Contribution requirements to be eligible to receive benefit

Eligibility requirements vary by pension system.

### National Pension (*Folkepension*)

Eligibility for the national basic pension and pension supplement is based on years of permanent residency in Denmark since the age of 15 ([Legislative Decree No. 528, § 2, Retsinformation 2022a](#)). Certain periods of foreign residence are equated with Danish residency for pension eligibility calculations, see [Box 1](#) for details. There are multiple alternative [eligibility tracks](#) to qualifying for benefits.

### Main Eligibility Track

To be eligible for *Folkepension* benefits, an individual must satisfy all of the following conditions —

- Age requirements: At least the [SRA](#), which is age 65 in 2005 and gradually increasing to age 67 by 2027 —see [Table 2](#) and [Table 10](#) for age requirements by birth year ([Legislative Decree No. 528, § 2, Retsinformation 2022a](#))
- Contribution Requirements: None
- Residency requirements: 40 years from age 15 to SRA ([Legislative Decree No. 528, § 5 PCS 5, Retsinformation 2022a](#)). Individuals who have resided in Denmark for less than 40 years are entitled to benefits proportional to their residency provided they have resided in Denmark for at least 3 years between the age of 15 and [SRA](#) ([Legislative Decree No. 528, § 4, Retsinformation 2022a](#)).
- Other Requirements: Danish citizenship —see [Box 1](#) for exceptions to citizenship requirements

### Other Eligibility Tracks (*Førtidspension*)<sup>[2]</sup>

Early retirement pensions (*Førtidspension*) are available to residents whose ability to work is significantly reduced due to injury or illness. Early retirement pensions are available in four forms: highest early retirement pension, intermediate early retirement pension, increased ordinary early retirement pension and ordinary early retirement pension ([Legislative Decree No. 528, § 13 PCS 5, Retsinformation 2022a](#)). These alternative eligibility tracks are only available to Danish individuals who have not reached the [SRA](#); eligibility for each of the four other tracks is contingent on the individual having a significant reduction in their ability to work.

### Labor Market Supplementary Pension (*Arbejdsmarkedets Tillægspension, ATP*)

Pensioners are eligible for ATP pension payments when they satisfy all of the following conditions ([Legislative Decree No. 1110, § 5, Retsinformation 2014b](#)).—

- Age Requirements: At least the [SRA](#)
- Contribution Requirements: One day
- Membership Requirements:
  - ◊ An individual is eligible for ATP membership provided they are employed in Denmark or employed abroad for the Danish government, a Danish company, or for a Danish ship ([Legislative Decree No. 1110, § 2, Retsinformation 2014b](#)). See [Box 1](#) for details on requirements for seafarers who are employed on Danish ships.
  - ◊ An individual who is self-employed can retain their ATP membership if they have at least three years of contributions as an employee ([Legislative Decree No. 1110, § 15 PCS 5, Retsinformation 2014b](#)).

## Alternative eligibility requirements that permit starting benefits early but with a penalty

- **Can an individual start benefits before SRA?** Answer: No, early retirement is only available to individuals whose ability to work is significantly reduced due to injury or illness. See *Other eligibility tracks (Førtidspension)* for details.

## Benefits

This section discusses how benefit payment levels are determined conditional on eligibility to receive benefits.

**To receive a benefit, does an individual have to claim it?** Answer: Yes

### Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** [Annuitable](#)

### Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Varies by benefit type —
  - ◊ National Pension (*Folkepension*): No

◇ Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#)): Yes

- **Does the benefit entitlement depend on national income?** Answer: Yes, benefits are adjusted with changes in [average national wages](#).
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: No
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: No
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**

Benefit amounts are increased annually by the percent change in average wages among all Danish employees.

### Benefit formula for claiming at SRA

The Danish statutory pension system is a [defined benefit](#) system that is comprised of two pension systems. Pensioner's benefits are the sum of their benefits through each of the systems in which they participate. [Formula 1](#) details how total benefits are calculated.

#### National Pension ([Folkepension](#))

- Basic Pension: A fixed-rate benefit for pensioners satisfying the [main eligibility track](#). The amount is reduced proportionally if the residency requirement for full benefits is not satisfied ([Legislative Decree No. 528, § 5 PCS 2, Retsinformation 2022a](#)). For example, if a pensioner at the age of 67 has resided in Denmark for 30 years since the age of 15, they will receive 75% of the basic pension amount. See [Table 3](#) for basic pension benefit amounts by year.
- Pension Supplement: The pension supplement is a targeted scheme that is granted to pensioners based on their income and marital status ([Legislative Decree No. 528, § 17 PCS 2, Retsinformation 2022a](#)). See [Table 4](#) for pension supplement amounts by year.

#### Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

Eligible beneficiaries receive monthly payments based on the calculated entitlement value of their contribution history ([Legislative Decree No. 1110, Chapter 3, Retsinformation 2014](#)). Entitlements earned vary based on the year in which each contribution was made. Additionally, beneficiaries with contributions made prior to January 1, 1982 earn entitlements based on years of contribution during this time period ([Legislative Decree No. 1110, § 6, Retsinformation 2014b](#)). Seniority entitlements are calculated based on the following:

- Beneficiaries who became contributing members of ATP prior to March 31, 1965 can earn seniority entitlements for a maximum of 17.75 seniority years. They earn seniority entitlements based on their birth year —see [Table 5](#) for details.
- Beneficiaries who began contributing after April 1, 1965 earn seniority entitlements at a fixed rate of 60Kr per contribution year between 1965 and 1972 and 100Kr for each contribution year between 1972 and 1982.

Entitlements for contributions made between January 2, 1982 and January 1, 2002 are earned as a fixed proportion of contributions ([Legislative Decree No. 1110, § 8, Retsinformation 2014b](#)).

- For contributions made between January 2, 1982 and June 30, 1992:
  - ◇ Entitlements of 100Kr are earned for every 396Kr in contributions made before the age of 60 ([Legislative Decree No. 1110, § 8, Retsinformation 2014b](#)).
  - ◇ Entitlements of 100Kr are earned for every 324Kr in contributions made after the age of 60.
- For contributions made between July 1, 1992 and December 31, 2001:
  - ◇ Entitlements of 100Kr are earned for every 396Kr in contributions ([Legislative Decree No. 1110, § 8a, Retsinformation 2014b](#)).

For contributions made between January 1, 2002 and January 1, 2008, entitlements are earned at a fixed rate per 100Kr contributed, based on the individual's age at the time of each contribution ([Legislative Decree No. 1110, § 8b, Retsinformation 2014b](#)). See [Table 6](#) for these entitlement rates.

For all pensioners, contributions made after January 1, 2008 are capitalized based on the market hedgeable rate and on the annual tariff value of ATP pensions, which is evaluated at the beginning of each year ([Legislative Decree No. 1110, § 8c, Retsinformation 2014b](#)).

For details on entitlement calculations, see [Formula 2](#).

ATP payments are [guaranteed deferred annuities](#) and are discounted at the [long-term interest rate of the market](#). Therefore, the discount rate varies from year-to-year.

See [Box 2](#) for an example of this benefit calculation.

**Adjustments for starting benefits before SRA (Early claiming or retirement)**

- **Are benefits reduced for starting benefits before SRA?** Answer: No, early retirement is only available to individuals whose ability to work is significantly reduced due to injury or illness. See *Other eligibility tracks (Førtidspension)* for details.

**Adjustments for starting benefits after SRA (Delayed claiming or retirement)**

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Age 75 (10 years after SRA) in 2005 and gradually increasing with SRA —see [Table 2](#) for latest claiming age by birth date ([Act No. 319, Chapter 2a, Retsinformation 2004](#)).
- **Adjustment formula**

Effective January 1, 2005, Danish workers who have reached the SRA may opt for [Opstat Pension](#), a delayed claiming bonus if they delayed starting benefits for up to 120 months after their SRA ([Act No. 319, Chapter 2a, Retsinformation 2004](#)). A worker opting to delay benefits in order to receive a delayed claiming bonus must work for a minimum number of hours per calendar year during the waiting period. In 2004, it is 1,500 hours —See [Table 11](#) for changes over time. Individuals who file an application for delayed pension benefits but do not satisfy the minimum work requirements within a year are paid a lump sum of the Folkepension benefits they would have otherwise been entitled to during the period in question. However, this benefit is calculated with a reduction according to [Formula 3](#) based on the individual's actual income during this time period ([Act No. 319, §15d Stk. 4, Retsinformation 2004](#)). See *Benefits* section of this document for details on this calculation.

A worker who chooses to delay starting their retirement benefits will receive a percentage increase in their national pension ([Folkepension](#)) benefit payment based on the length of the [waiting period](#) between setting up a pension and claiming benefits and their life expectancy. Any time period for which minimum work requirements are not met and a lump sum benefit is paid is not included in the calculation of the waiting period for delayed claiming bonuses ([Act No. 319, §15d Stk. 4, Retsinformation 2004](#)). For details on calculating the delayed claiming bonus, see [Formula 4](#). Life expectancy values used for waiting bonus calculations vary by year —for an example of the values from 2005 and 2006, see [Table 12](#).

Life expectancy values for the policy period spanning 2005 to 2022 are available in the additional resources section of this policy's documentation (see end of document).

**Adjustments for starting benefits and continuing to work (Earnings Test)**

- **Are benefits reduced or eliminated while working?** Answer: Whether benefits are reduced or eliminated for work varies by pension system —

National Pension ([Folkepension](#))

Yes

Labor Market Supplementary Pension ([Arbejdsmarkedets Tillægspension, ATP](#))

No

- **Adjustment formula**

National Pension ([Folkepension](#))

Reduction in benefit payments for work vary by component of this pension ([Legislative Decree No. 528, § 25, Retsinformation 2022a](#)). Details are included in the benefit calculation (see [Formula 1](#)).

- ◊ Basic Pension

Workers between the SRA and 70 receive reduced basic pension benefits based on their [income from personal work](#). Their income from personal work is rounded down to the nearest number divisible by 100 for the calculation, and reductions are only made on income in excess of the calculated personal income threshold —[Table 7](#) provides details on income thresholds by year. See [Formula 3](#) for how this applies. From January 1, 2024, the basic pension benefit is not reduced based on personal income from work earned after the individual has begun claiming public pension benefits ([Act No. 726, § 1 No. 26, Retsinformation 2023](#)).

- ◊ Pension Supplement

Pension supplements are income tested against an individual's [income from all sources](#) in the preceding year ([Legislative Decree No. 528, § 29, Retsinformation 2022a](#)). Income level is calculated as the pensioner's annual income plus the spouse's annual income (if applicable). Income earned through a pension benefit in Denmark or another [European Union](#) country is not considered in this calculation ([Legislative Decree No. 528, § 26, Retsinformation 2022a](#)). From June 16, 2022, the spouse's personal income from work is disregarded in this calculation ([Act No. 875, § 2 No. 1, Retsinformation 2022b](#)). The annual pension supplement is reduced by a percentage of any income in excess of the personal income threshold provided

in [Table 8](#). For pension supplement reduction percentages, and changes by year, see [Table 9](#).

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

## Tables and Formulas

**Table 1: ATP Monthly Contribution Amount By Year**

Effective Years	Total Contribution Amount
From January 2016	284.00 Kr/month
2009 - 2015	270.00
2006 - 2008	243.90
1996-2005	223.65
1990-1995	194.40
1988 - 1989	145.80
1982 - 1987	97.20
October 1972 - December 1981	36.00
April 1964 - September 1972	21.60

**Source:** [Historical rates for ATP Lifelong Pension \(Borger.dk, 2023\)](#)

### Box 1: [Residency Equivalency](#)

For pension eligibility, residency is calculated as the time spent as a resident of a Danish municipality since the age of 15. The following periods of time away from Denmark are considered equivalent to residency for benefit eligibility determination ([Legislative Decree No. 497, Kapitel 1, Retsinformation 1989](#)).

- Chartering a Danish ship
  - ◊ Chartered ships must comply with regulations under the [Merchant Shipping Act](#), which requires that the owner is a person of Danish nationality or another legal entity that is established pursuant to Danish legal authority ([Danish Maritime Authority, 2018](#))
- Residence abroad as an employee of a Danish company
- Residence abroad as a representative of Danish public authority
- Residence abroad on official business in Danish public interest
- Time spent as a college student in a foreign country

#### Other Exceptions

- Non-residents: Danish citizens who are not permanent residents of Denmark are entitled to benefits provided they resided within the country for at least 30 years between the age of 15 and retirement.
- Long-time Residents: Permanent residents who are not Danish citizens are eligible for old-age benefits provided they have resided in Denmark for at least 10 years between the age of 15 and retirement, 5 of which must be immediately before being granted entitlement to a public pension benefit.
- Foreign nationals: Foreign nationals who have been granted residency under the [Aliens Act](#) are eligible for Danish public pension benefits regardless of citizenship status.

**Source:** [Bekendtgørelse af lov om social pension \[Promulgation of the Social Pension Act\]](#) ([Retsinformation, 1989](#))



**Table 2: Statutory Retirement Age (SRA) by Birth Year (1992 - 2011)**

Birth Month and Year	SRA	Latest Claiming Age
From July 1960	67	77
January 1960 - June 1960	66.5	77.5
July 1959 - December 1959	66	76
January 1959 - June 1959	65.5	75.5
July 1934 - December 1958	65	75
Before July 1, 1934	67	77

**Source:** Legislative Decree No. 675, § 2 ([Retsinformation, 1993](#)); Act No. 287, § 1 ([Retsinformation, 1999](#)); Act No. 1586, § 1 ([Retsinformation, 2006](#))

**Notes:** Latest claiming age only effective for individuals claiming old age benefits from 2005.

**Formula 1: Own Old-Age Benefit (1992-present)**

$$B_{OA,i,t} = NP_{i,t,t_c} + ATP_{i,t,t_c} + BONUS_{i,t,t_c}$$

- $B_{OA,i,t}$  = Individual  $i$ 's monthly own old-age pension benefit at time  $t$
- $NP_{i,t}$  = National Pension amount that individual  $i$  is entitled to at time  $t$

$$NP_{i,t} = \frac{1}{12} \times \left( \min \left\{ \frac{RES_{i,t_c}}{40}, 1 \right\} \times BA_t - RED_{i,t,m} + SUP_{i,t} \right)$$

- ◇  $RES_{i,t_c}$  = Individual  $i$ 's years of residency at time of claiming  $t_c$  —see [Box 1](#) for more information
- ◇  $BA_t$  = Basic annual national pension amount at time  $t$  —See [Table 3](#) for more information
- ◇  $RED_{i,t,m}$  = Individual  $i$ 's basic pension reduction at time  $t$  based on income from personal work and marital status  $m$ . See [Formula 3](#) for calculation
- ◇  $SUP_{i,t}$  = Individual  $i$ 's annual pension supplement at time  $t$

$$SUP_{i,t} = BAS_{i,t,m} - RP_{i,t,m} \times \max \left\{ (I_{i,t-1} - T_{i,t,m}), 0 \right\}$$

- $BAS_{i,t,m}$  = Basic pension supplement amount based on individual  $i$ 's marital status  $m$  at time  $t$  —see [Table 4](#) for details
- $RP_{i,t,m}$  = Pension supplement reduction percentage based on individual  $i$ 's marital status  $m$  at time  $t$  —see [Table 9](#) for reduction percentage values
- $I_{i,t-1}$  = Individual  $i$ 's income from all sources including personal work, occupational pension schemes, and other income sources plus their spouse's personal income at time  $t - 1$ . From June 16, 2022, spouse's income is not included in this calculation ([Act No. 875, § 2 No. 1, Retsinformation 2022b](#)). From January 1, 2024, personal income earned after benefit claiming has begun is also not included in this calculation ([Act No. 726, § 1 No. 26, Retsinformation 2023a](#)).
- $T_{i,t,m}$  = Income threshold at time  $t$  for marital status  $m$  —See [Table 8](#)
- $ATP_{i,t,t_c}$  = Individual  $i$ 's monthly ATP benefit, based on contribution history and market hedgable rate at time  $t$

$$ATP_{i,t,t_c} = 0.8 \times \frac{E_{i,t}^{\text{TOTAL}}}{LE_{i,t_c} - Age_{i,t_c}} \times MHR_t + S_t$$

- ◇  $E_{i,t}^{\text{TOTAL}}$  = Individual  $i$ 's total ATP entitlement at time  $t$  —see [Formula 2](#) for details on how entitlement value is calculated
- ◇  $LE_{i,t_c}$  = Life Expectancy for individual  $i$  at time of claiming  $t_c$ . See [Table 12](#) for remaining life expectancy values for 2005-2006
- ◇  $Age_{i,t_c}$  = Age of individual  $i$  at time of claiming  $t_c$
- ◇  $MHR_t$  = Accrued interest at time  $t$  based on the market hedgable interest rate
- ◇  $S_t$  = ATP investment fund surplus (if any) at time  $t$
- $BONUS_{i,t}$  = Delayed claiming bonus for individual  $i$  at time  $t$ . See [Formula 4](#) for calculation. Effective from January 1, 2005.

**Source:** The World Bank Financial Systems Department, Financial Policy Division (2007); Legislative Decree No. 528, § 5 PCS 2; § 17 PCS 2 ([Retsinformation, 2022a](#))

**Table 3: Annual Basic Pension Benefit Amount**

Year	Monthly Value	Annual Value
2023	6,694 Kr/month	80,328 Kr/year
2022	6,547	78,564
2021	6,518	78,216
2020	6,419	77,028
2019	6,327	75,924
2018	6,237	74,844
2017	6,160	73,920
2016	6,063	72,756
2015	5,997	71,964
2014	5,908	70,896
2013	5,804	69,648
2012	5,713	68,556
2011	5,552	66,624
2010	5,448	65,376
2009	5,254	63,048
2008	5,096	61,152
2007	4,952	59,424
2006	4,836	58,032
2005	4,741	56,892
2004	4,648	55,776
2003	4,517	54,204
2002	4,377	52,524
2001	4,262	51,144
2000	4,130	49,560
1999	4,002	48,024
1998	3,901	46,812
1997	3,801	45,612
1996	3,798	45,576
1995	3,709	44,508
1994	3,694	44,328
Before 1994	3,403	40,836

**Source:** Statistics Denmark (2024a); Retsinformation (2021); Retsinformation (2022c); Retsinformation (2023b)

**Table 4: Annual Supplemental Pension Benefit Amount**

Year	Single (Enlige) Monthly	Other (Øvrige) Monthly	Single (Enlige) Annual	Other (Øvrige) Annual
2023	7,745 Kr/month	3,963 Kr/month	92,940 Kr/year	47,556 Kr/year
2022	7,472	3,800	89,664	45,600
2021	7,335	3,707	88,020	44,484
2020	7,122	3,576	85,464	42,912
2019	6,923	3,453	83,076	41,436
2018	6,728	3,333	80,736	39,996
2017	6,551	3,223	78,612	38,676
2016	6,399	3,136	76,788	37,632
2015	6,261	3,043	75,132	36,516
2014	6,137	2,966	73,644	35,592
2013	6,028	2,914	72,336	34,968
2012	5,933	2,868	71,196	34,416
2011	5,766	2,787	69,192	33,444
2010	5,658	2,735	67,896	32,820
2009	5,289	2,470	63,468	29,640
2008	5,130	2,396	61,560	28,752
2007	4,985	2,328	59,820	27,936
2006	4,868	2,273	58,416	27,276
2005	4,773	2,228	57,276	26,736
2004	4,679	2,184	56,148	26,208
2003	4,547	2,122	54,564	25,464
2002	4,406	2,056	52,872	24,672
2001	4,290	2,002	51,480	24,024
2000	4,095	1,878	49,140	22,536
1999	3,968	1,798	47,616	21,576
1998	3,298	1,714	39,576	20,568
1997	2,705	1,674	32,460	20,088
1996	2,268	1,668	27,216	20,016
1995	1,880	1,629	22,560	19,548
1994	1,623	1,623	19,476	19,476

**Source:** Statistics Denmark (2024b); Retsinformation (2021); Retsinformation (2022c); Retsinformation (2023b)

**Table 5: ATP Pension Accrued by Seniority (1965-1982)**

Birth Cohort	Annual pension per seniority year
From 1937	100.20Kr/year
1936	102.77
1935	105.47
1934	108.32
1933	111.33
1932	114.51
1931	115.06
1930	115.64
1929	116.25
1928	116.90
1927	117.60
1926	118.34
1925	119.14
1924	120.00
1923	118.62
1922	117.12
1921	115.50
1920	113.74
1919	111.82
May 1918 - December 1918	109.71
October 1905 - April 1918	108.00
January 1905 - September 1905	105.00
1904	111.43
1903	120.00
1902	139.20
1901	168.00
1900	216.00
1899	312.00
1898	600.00

**Source:** [Retsinformation \(2014\)](#)

**Table 6: ATP Pension Entitlement for each 100Kr Contribution (2002-2008)**

Age at Contribution	Pension Entitlement	Age at Contribution	Pension Entitlement
16	18.30 Kr	42	12.17 Kr
17	18.02	43	11.96
18	17.75	44	11.76
19	17.48	45	11.56
20	17.21	46	11.35
21	16.95	47	11.15
22	16.69	48	10.95
23	16.43	49	10.75
24	16.18	50	10.55
25	15.93	51	10.35
26	15.69	52	10.15
27	15.55	53	9.95
28	15.21	54	9.75
29	14.97	55	9.54
30	14.74	56	9.43
31	14.51	57	9.13
32	14.29	58	8.93
33	14.06	59	8.72
34	13.84	60	8.51
35	13.63	61	8.29
36	13.41	62	8.07
37	13.20	63	7.84
38	12.99	64	7.61
39	12.78	65	7.38
40	12.58	66	7.14
41	12.37	67	7.15

**Source:** [Retsinformation \(2014\)](#)

**Formula 2: ATP Benefit Formula (1992-2023)**

$$E_{i,t}^{\text{TOTAL}} = E_i^{1965-82} + \sum_{n=1982}^{1992} C_{i,n} \times B_i^{1982-92} + \sum_{n=1992}^{2002} C_{i,n} \times \frac{100}{396} + \sum_{n=2002}^{2007} C_{i,n} \times \frac{B_{i,n}^{2002-07}}{100} + \sum_{n=2009}^t E_{2008+}(C_{i,n})$$

- $E_{i,t}^{\text{TOTAL}}$  = Individual  $i$ 's total entitlement at time  $t$
- $E_i^{1965-82}$  = Individual  $i$ 's entitlement base value for contributions made between March 31, 1965 and January 1, 1982

$$E_i^{1965-82} = \begin{cases} \max \left\{ S_i \times CY_{i,1}, S_i \times 17.75 \right\} & \text{For individuals who joined before March 31, 1965} \\ CY_{i,2} \times 60 + CY_{i,3} \times 100 & \text{For individuals who joined on or after April 1, 1965} \end{cases}$$

- ◇  $S_i$  = Annual benefit amount accrued per seniority year for individual  $i$  based on their birth —see [Table 5](#) for details
- ◇  $CY_{i,1}$  = Number of contribution years for individual  $i$  from first contribution to January 1, 1982
- ◇  $CY_{i,2}$  = Number of contribution years for individual  $i$  between April 1, 1965 and January 1, 1972
- ◇  $CY_{i,3}$  = Number of contribution years for individual  $i$  between January 2, 1972 and January 1, 1982

- $C_{i,n}$  = Individual  $i$ 's contributions (in Kr) made in year  $n$
- $B_i^{1982-92}$  = Base for calculated value of entitlements for individual  $i$  for contributions made from January 2, 1982 to July 1, 1992

$$B_i^{1982-92} = \begin{cases} \frac{100}{396} & \text{For contributions made before age 60} \\ \frac{100}{324} & \text{For contributions made after age 60} \end{cases}$$

- $B_{i,n}^{2002-07}$  = Base for calculated value of entitlements based on individual  $i$ 's age at time  $n$  and contributions made between January 2, 2002 and January 1, 2008 —see [Table 6](#) for details
- $E_{2008+}(C_{i,n})$  = Entitlement value of contributions made in year  $n$  to individual  $i$ 's account from January 2, 2008. Entitlement value in year  $t$  ( $> n$ ) is a function based on the annual tariff amount set at the beginning of every year and  $i$ 's contributions. Details on this calculation will be included in the next iteration of this document.

**Source:** [Retsinformation \(2014\)](#), [The World Bank Financial Systems Department, Financial Policy Division \(2007\)](#)

**Box 2: Example of Folkepension Benefit Calculation (1992-2023)**

**Example 1:** A single individual born in 1949 retires in 2013 at the statutory retirement age of 65.

1. Assume that they resided in Denmark for a total of 35 years since the age of 15. The individual's annual basic pension amount is

$$\min \left\{ \frac{35}{40}, 1 \right\} \times 69,648 = 60,942Kr$$

2. Assume their personal income from work in 2012 was 200,000 Kr and they did not receive income from any other sources in 2012.
  - The reduction amount for the basic pension is

$$\max \left\{ 0.3 \times (200,000 - 295,900), 0 \right\} = 0$$

- Their pension supplement amount is

$$72,336 - 0.309 \times \max \left\{ (200,000 - 65,300), 0 \right\} = 30,713.70Kr$$

3. Their monthly national pension benefit amount is

$$\frac{1}{12} \times (60,942 + 30,713.70) = 7,637.98Kr$$

4. Assume the individual's monthly ATP entitlement is 10,000 Kr. Their total monthly pension benefit is

$$7,637.98 + 10,000 = 17,637.98Kr.$$

**Source:** Legislative Decree No. 411, §31 ([Retsinformation, 1992](#)); Act No. 287, §1 No. 6 ([Retsinformation, 1999](#)); [The World Bank Financial Systems Department, Financial Policy Division \(2007\)](#); Legislative Decree No. 528, § 5 PCS 2; § 17 PCS 2 ([Retsinformation, 2022a](#))



**Table 7: Personal Income Calculation Threshold by Year (Basic Pension)**

Year	Single	Married
2023	359,200 Kr/year	359,200 Kr/year
2022	348,700	348,700
2021	344,600	344,600
2020	336,900	336,900
2019	329,600	329,600
2018	322,500	322,500
2017	316,200	316,200
2016	310,000	310,000
2015	305,700	305,700
2014	301,200	301,200
2013	295,900	295,900
2012	291,200	291,200
2011	283,000	283,000
2010	277,700	277,700
2009	267,800	267,800
2008	259,700	259,700
2007	252,400	252,400
2006	246,500	246,500
2005	241,700	241,700
2004	237,000	237,000
2003	230,300	230,300
2002	223,200	223,200
2001	217,300	217,300
2000	210,600	210,600
July 1999 - December 1999	204,100	204,100
January 1999 - June 1999	204,100	138,400
July 1998 - December 1998	176,100	134,900
1995 - 1998	106,700	127,700
1994	106,000	126,300
Before 1994	58,000	58,000

**Source:** [Retsinformation \(2021\)](#); [Retsinformation \(2022c\)](#); [Retsinformation \(2023a\)](#); Author's compilation of data from Ministry of Social Affairs' Annual Guidance on Rate Regulation ([Retsinformation, 2023c](#))

**Formula 3: Earnings Test for Basic Pension Benefit (1992-2023)**

$$RED_{i,t} = \begin{cases} \max\{0.3 \times (PI_{i,t-1} - PIT_{i,t,m}), 0\} & \text{from July 1999} \\ \max\{0.6 \times (PI_{i,t-1} - PIT_{i,t,m}), 0\} & \text{before July 1999} \end{cases}$$

- $PI_{i,t-1}$  = Individual  $i$ 's personal income from work plus their spouse's personal income from work at time  $t - 1$ .
- $PIT_{i,t,m}$  = Personal income threshold for individual  $i$  based on marital status,  $m$ , at time  $t$ . See [Table 7](#).

**Source:** Legislative Decree No. 411, §31 ([Retsinformation, 1992](#)); Act No. 287, §1 No. 6 ([Retsinformation 1999](#))

**Table 8: Personal Income Calculation Threshold by Year (Pension Supplement)**

Year	Single	Married
2023	79,300 Kr/year	158,900 Kr/year
2022	77,000	154,300
2021	76,100	152,500
2020	74,400	149,100
2019	72,800	145,900
2018	71,200	142,800
2017	69,800	140,000
2016	68,400	137,300
2015	67,500	135,400
2014	66,500	133,400
2013	65,300	131,000
2012	64,300	128,900
2011	62,500	125,300
2010	61,300	123,000
2009	59,100	118,600
2008	57,300	115,000
2007	55,700	111,800
2006	54,400	109,200
2005	53,300	107,100
2004	52,300	105,000
2003	50,800	102,000
2002	49,200	98,800
2001	47,900	96,200
2000	46,400	93,200
1999	45,000	90,300
1998	43,900	88,000
1995 - 1997	41,600	83,300
1994	40,900	81,900
Before 1994	15,000	30,000

**Source:** [Retsinformation \(2021\)](#); [Retsinformation \(2022c\)](#); [Retsinformation \(2023b\)](#); Author's compilation of data from Ministry of Social Affairs' Annual Guidance on Rate Regulation ([Retsinformation, 2023c](#))

**Table 9: Reduction Percent for Folkepension Pension Supplement by Year**

Year	Reduction Percent for Singles	Reduction Percent for Married to Spouse without Pension Entitlement	Reduction Percent for Spouse with Pension Entitlement
From 2010	0.309	0.32	0.16
2001 - 2009	0.3	0.3	0.15
Before 2001	0.3	0.3	0.15

**Source:** Legislative Decree No. 411, § 31 ([Retsinformation, 1992](#)); Act No. 477, § 1 No. 1 ([Retsinformation, 2009](#))

**Table 10: Statutory Retirement Age (SRA) by Birth Year (2012 - 2023)**

Birth Month and Year	SRA	Latest Claiming Age
From July 1955	67	77
January 1955 - June 1955	66.5	77.5
July 1954 - December 1954	66	76
January 1954 - June 1954	65.5	75.5
July 1934 - December 1953	65	75
Before July 1, 1934	67	77

**Source:** [Retsinformation, 2011](#); Author's compilation of data from [Retsinformation \(2023\)](#)

**Notes:** Latest claiming age only effective for individuals claiming old age benefits from 2005.

**Table 11: Opstat Pension Minimum Employment per Calendar Year (2005-2023)**

Time Period	Minimum Work Hours
From January 2014	750 hours/year
July 2008 - December 2013	1,000
January 2005 - June 2008	1,500

**Source:** [Retsinformation \(2004\)](#); [Retsinformation \(2008\)](#); [Retsinformation \(2011\)](#)

**Formula 4: Delayed Claiming Bonus (2005-Present)**

$$BONUS_{i,t} = \frac{A_{t_c} - A_{t_a}}{LE_{i,t_c}} \times NP_{i,t}$$

- $BONUS_{i,t}$  = Deferred claiming bonus for individual  $i$  at time  $t$
- $A_{t_a}$  = Age at time of application  $t_a$  for deferred pension
- $A_{t_c}$  = Age at time of claiming  $t_c$  ( $t_c$  must be greater than  $t_a$ )
- $LE_{i,t_c}$  = Life expectancy remaining for an individual of age  $i$  at time of claiming  $t_c$  —See [Table 12](#) for a sample of life expectancy values.
- $NP_{i,t}$  = National pension amount that person  $i$  is entitled to at time  $t$ . See [Formula 1](#) for calculation

**Source:** Act No. 319, Chapter 2a ([Retsinformation, 2004](#))

**Table 12: Life Expectancy: 2005-2006**

Year	Age	Remaining Life Expectancy: Men	Remaining Life Expectancy: Women
2005-2006	65	16.15	19.03
2005-2006	66	15.43	18.23
2005-2006	67	14.73	17.45
2005-2006	68	14.03	16.68
2005-2006	69	13.34	15.93
2005-2006	70	12.67	15.20
2005-2006	71	12.02	14.49
2005-2006	72	11.38	13.79
2005-2006	73	10.77	13.11
2005-2006	74	10.20	12.44
2005-2006	75	9.64	11.81

**Source:** [Statistics Denmark \(2023\)](#)

## Sources

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## Glossary of terms

This section summarizes key definitions from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: "Alt" + "←"; In Adobe Acrobat on a MAC: "command" + "←"; In Preview on a MAC: "command" + "[".

**Aliens Act:** The legislation governing the entry and length of stay of foreign nationals in Denmark. The Aliens Act regulates visas, permanent residency status applications, and rules for refugees seeking asylum.

**Annuitable System:** A pension system that provides a periodic payment for life after the benefit begins.

**Arbejdsmarkedets Tillægspension (ATP):** The Danish Labor Market Supplementary Pension scheme. Membership in the scheme is mandatory for all private and public sector employees in Denmark and benefits are contribution-based.

**Average National Wages:** The mean salary for the working population of a country.

**Claimable Benefit:** A pension where the beneficiary must actively file a claim for benefits with the government's pension authority.

**Cost-of-Living Adjustments (COLA):** Adjustments after an individual begins receiving benefits that increase benefit payments, typically in line with consumer prices or average earnings.

**Defined Benefit system (DB):** An old-age benefit system where a worker's benefits paid at retirement are based on a defined formula typically consisting of contribution years, a measure of final average earnings and a multiplier (sometimes known as an accrual factor).

**Earliest Eligibility:** Earliest age and/or years of contributions required to be eligible to start receipt of a particular type of benefit. Earliest eligibility is the same as statutory eligibility in countries where there is no benefit penalty for claiming before the statutory retirement age.

**Eligibility Track:** Requirements for an individual to start receiving an unreduced old-age pension benefit. An individual typically must satisfy only one eligibility track.

**European Union (EU):** An economic and political union comprising of 27 countries that operate as a single market.

**Folkepension:** The Danish national pension scheme which consists of a basic pension and a pension supplement, funded through general municipal and state tax revenues.

**Latest claiming age:** Latest age where a benefit may be claimed such that benefit payments are increased as an incentive for delaying the start of benefits past the statutory retirement age. Latest claiming age is the same as statutory retirement age in countries where there is no benefit to delayed claiming. Not applicable for non-claimable benefits.

**Lump Sum Benefit:** A pension system that provides an individual with a one-time or limited number of payments. Lump sum benefits are distinct from annuitable or cash balance benefits because they do not continue past a specified time frame. Lump sum benefits use varies by country, but they are sometimes used as death benefits, incentives to delay claiming, or payments to individuals with an insufficient contribution history to be eligible for annuitable benefits.

**Main Eligibility Track (ATP):** An eligibility track for regular old-age benefits that is based primarily on age with a minimal number of required contribution years, i.e., age 65 and at least 1 day of contribution for employees in 2022.

**Main Eligibility Track (Folkepension):** An eligibility track for regular old-age benefits that is based primarily on age, citizenship, and years of residency within Denmark.

**Market Hedgable Rate:** The interest rate required for investment portfolios to offset risk in the financial market.

**Merchant Shipping ActMCA:** Legislation governing all ships that are legally authorized to fly the Danish flag. The act requires that all ships are enrolled in the Danish ship register, comply with European Union regulations on free trade, and meet other requirements established by the Minister for Industry, Business, and Financial Affairs.

**National Income Measure:** In some pension systems, the benefit is dependent on a national income measure, such as average wages. We indicate a pension system depends on the national income measure if the benefit paid is determined by a national income measure (as opposed to an individual's earnings history). For example, the benefit level for the United Kingdom Basic State Pension depends on a level set by the government and does not depend on an individual's earnings. This distinction does not include systems that adjust annual benefits based on a national income measure or index past earnings using a national income measure.

**Opstat Pension:** Deferred pension for individuals who continue to work after reaching the statutory retirement age.

**Personal Income:** Income from all sources including employment, occupational pension schemes, rental properties, and capital gains.

**Personal Income from Work:** Income obtained only through employment or self-employment.

**Progressive Benefit:** A benefit is progressive if people with lower earnings have a greater replacement rate for their contributions.

**Qualified Benefit:** A benefit is qualified if an individual must continue to meet certain standards, such as a means test, to continue receipt of benefits.

**Residency Equivalence:** Periods of time spent away from Denmark that are equated to time spent in Denmark for residency calculation

purposes.

**Social Pension Act:** The Social Pension Act of 1989 established the rules and regulations that currently govern the Danish Folkepension scheme.

**Statutory Retirement Age (SRA):** The age at which individuals are eligible to receive their full benefit. In the United States, this is known as the normal retirement age. In the United Kingdom, this is known as the state pension age.

**Waiting Period:** The period of time between application for pension benefits and claiming pension benefits for individuals who elect to defer their own old age benefits.

## Notes

This section reports notes from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

1. Certain workers who were ATP members prior to January 01, 1982 and were members of collective bargaining units are exempt from contribution rate increases. These workers’ annual contributions cannot exceed 1,166.40Kr.
2. In this version of the Gateway Policy Explorer (own old-age benefits), we exclude eligibility tracks related to disability. In the future, we aim to add a series on disability policy where benefits based on impairments to one’s ability to work would be included.

## Version information

*Current Version: 1.0 (January 2024)*

### Version History

- 1.0 (January 2024): First version.

## Additional resources

The following resources provide additional details for the interested reader:

Nordic Co-operation (2023). The Danish Pension System.

Available at: <https://www.norden.org/en/info-norden/danish-pension-system>

Features: Provides details on the current version of Denmark’s pension system.

Statistics Denmark (2023). HISB8: Life table (2 years tables) by sex, age and life table.

Available at: <https://www.statbank.dk/statbank5a/default.asp?w=1280>

Features: Provides 2-year life expectancy estimate tables for Denmark.

Other papers of interest include:

- OECD (2020). Pensions at a Glance: Country Profiles- Denmark.  
Available at: <https://www.oecd.org/els/public-pensions/PAG2021-country-profile-Denmark.pdf>
- Denmark Agency for Digital Government (2023). ATP Livslang Pension.  
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