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Gateway Policy Explorer: Retirement Series

Denmark

Public Old-Age Social Assistance Plan Details

1998-2023

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Version: 1.0 (January 2024)

This project is funded by the National Institutes of Health, National Institute of Aging, RO1 AG030153.

Please cite as “Gateway to Global Aging Data (2025). *Gateway Policy Explorer: Denmark, Public Old-Age Social Assistance Plan Details, 1998-2023*, Version: 1.0 (January 2024), University of Southern California, Los Angeles. <https://doi.org/10.25553/gpe.ret.sa.dnk>”

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.

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

Old-Age Social Assistance
Plan details 1998-2023 * †

Denmark provides social assistance to Danish residents who have experienced a change in their social circumstances such as an illness, unemployment, or change in marital status. These cash benefits are granted by local municipalities in accordance with guidelines established by the Ministry of Social Affairs. Social Assistance is also available to individuals who are over the statutory retirement age and not entitled to social pension benefits.

Key Dates

First law: 1997

Major changes since 1997: None

Aktivloven (Lov om Aktiv Socialpolitik), the Act on Active Social Policy, was passed by Legislative Act No. 455 of 1997 and effective July 1, 1998. This law established centralized eligibility criteria and benefit calculations for social assistance benefits granted by Danish municipal governments. Prior to the enactment of this act, Danish municipal governments provided social assistance to eligible individuals on a case-by-case basis.

In 2014, the Danish government increased the full eligibility age for social assistance benefits from 25 to 30, and began to consider cohabitating partners as equivalent to married spouses for benefit calculations.

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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" + "[".

Chapter 1: Policy enacted 1998-2023

Overview

Denmark provides social assistance to Danish residents who have experienced a change in their social circumstances such as an illness, unemployment, or change in marital status. These cash benefits are granted by local municipalities in accordance with guidelines established by the Ministry of Social Affairs. Social Assistance is also available to individuals who are over the statutory retirement age and not entitled to social pension benefits.

The Act on Active Social Policy was passed by Legislative Act No. 455 of 1997 ([Retsinformation, 1997](#)) and effective July 1, 1998. This law established centralized eligibility criteria and benefit calculations for social assistance benefits granted by Danish municipal governments. Prior to the enactment of this act, Danish municipal governments provided social assistance to eligible individuals on a case-by-case basis.

This document reviews social assistance policies providing non-contributory cash benefits for subsistence affecting individuals aged 50 and older. The Danish social assistance system provides different regulations, benefit amounts, and eligibility criteria on cash assistance for adults younger than the age of 25 (1992-2013) and for adults younger than the age of 30 (2014-2023). Details on social assistance for younger adults are not provided in this document.

Other policy reforms during this period include:

- Act No. 417 of 2003 ([Retsinformation, 2003](#)), effective January 1, 2005, implemented a cash assistance benefit ceiling for individuals claiming cash assistance benefits for longer than 6 months consecutively.
- Act No. 239 of 2006 ([Retsinformation, 2006](#)), effective July 1, 2006, implemented a minimum work hours requirement for social assistance eligibility. This reform required that individuals work for a minimum of 300 hours in a 24-month period in order to remain eligible for cash assistance benefits. However, individuals claiming benefits between July 1, 2006 and March 31, 2007, were only required to document 150 hours of work for a 12-month period.
- Act No. 176 of 2007 ([Retsinformation, 2007](#)), effective March 1, 2007, incorporated the use of the post-retirement age determined by the Act on Unemployment Insurance as the full eligibility age for the old-age requirement for social assistance benefits.
- Act No. 476 of 2009 ([Retsinformation, 2009](#)), effective July 1, 2009, increased the minimum work hours requirement for social assistance benefits from 300 hours to 450 hours of work in a 24-month period. The reform was implemented gradually, and individuals who were already receiving cash assistance by the effective date were not subject to the increase until July 2011.
- Act No. 461 of 2011 ([Retsinformation, 2011a](#)), effective July 1, 2011, changed the minimum work hours requirement to 225 hours in a 1-year period.
- Act No. 1364 of 2011 ([Retsinformation, 2011b](#)), effective January 1, 2012, repealed the minimum work hours requirement and the cash assistance benefit ceiling.
- Act No. 1356 of 2011 ([Retsinformation, 2011c](#)), effective January 1, 2012, introduced a gradual increase in the post-retirement age, starting with individuals born on or after January 1, 1954.
- Act No. 894 of 2013 ([Retsinformation, 2013a](#)), effective January 1, 2014, amended the Act on Active Social Policy to consider cohabitating partners over the age of 25 to be equivalent to spouses for cash assistance applications and benefit amount calculations.
- Act No. 1612 of 2013 ([Retsinformation, 2013b](#)), effective January 1, 2014, increased the minimum age for full cash allowance benefits from 25 to 30.
- Act No. 166 of 2014 ([Retsinformation, 2014a](#)), effective March 1, 2014, substantially increased the hourly work income that is excluded when calculating cash assistance deductions from 15.23 Kr/hour to 25 Kr/hour.
- Act No. 1522 of 2014 ([Retsinformation, 2014b](#)), effective January 1, 2016, amended the Act on Active Social Policy to stop considering cohabitating partners to be equivalent to spouses for benefit applications and benefit amount calculations.
- Act No. 292 of 2016 ([Retsinformation, 2016](#)), effective October 1, 2016, re-instated the cash assistance benefit ceiling and the 225-hour work rule. The new cash assistance benefit ceiling applies to all benefit recipients, regardless of how long they have been claiming benefits. This amendment also includes a benefit reduction of 1,000 Kr or 500 Kr for individuals who do not meet the 225-hour work requirement.

Eligibility

This section discusses requirements for an individual to be eligible to receive public social assistance at ages 50 and greater

Age requirements to start benefits without penalty

- **Full eligibility age (FEA)**

Age 25 through 2013; age 30 since 2014 ([Legislative Decree No. 707, § 3, Retsinformation 1998](#)).

Requirements to be eligible to receive benefit

- **Does eligibility depend on the individual's current income (i.e., income tested)?** Answer: Yes
- **Does eligibility depend on the individual's current assets (i.e., asset tested)?** Answer: Yes ([Legislative Decree No. 707, § 27, Retsinformation 1998](#))

- **Details by benefit program:**

An individual is eligible for a social assistance cash benefit if they satisfy the following conditions:

- ◊ Citizenship or residency requirements: The applicant must be a Danish citizen or permanent resident, or a citizen of another EEA country ([Legislative Decree No. 707, § 3, Retsinformation 1998](#)).
- ◊ Age or work requirements: Applicants must satisfy all conditions from one of the following categories:
 - Change in Circumstances ([Legislative Decree No. 707, Chapter 4, Retsinformation 1998](#))
 - They have reached the age of 30, or age 25 if applying before January 1, 2014 ([Legislative Decree No. 707, § 25, Retsinformation 1998](#); [Legislative Decree No. 1193, § 25, Retsinformation 2014c](#)).
 - They recently experienced a change in their circumstances in the form of illness, unemployment, or termination of cohabitation with a spouse or partner.
 - The change in the individual's circumstances is an obstacle in their ability to support themselves and their family.
 - The needs created by this change in circumstances cannot be met through other services provided by the Danish government.
 - If the applicant is capable of working or being educated, they must register as Jobparat (job-ready) or Aktivitetsparat (activity-ready) with their municipality within one week of receiving benefits.
 - The applicant and their spouse or cohabitating partner (2014-2015) or applicant and their spouse (1992-2013 and 2016-2023) do not have a reasonable offer of work that would remediate the need for economic assistance
 - The applicant and their spouse or cohabitating partner (2014-2015) or applicant and their spouse (1992-2013 and 2016-2023) have accepted opportunities to improve their circumstances such as employment promotion measures, unless they are unable due to illness.
 - If claiming benefits for more than 12 months in a 36 month period, the applicant and their spouse or cohabitating partner (2014-2015) or applicant and their spouse (1992-2013 and 2016-2023) have both satisfied the minimum work hours requirement if both spouses are claiming social assistance benefits (from July 1, 2006). If only one partner is claiming cash assistance, then they are still required to meet the minimum work hours requirement, but their partner is not subject to these criteria. For 2006, this requirement is 150 hours of work over a 12-month period. See [Table 1](#) for changes to minimum work hour requirements.
 - Old Age ([Legislative Decree No. 707, § 27, Retsinformation 1998](#))
 - The individual is over the full eligibility age —age 60 in 1992 and gradually increasing from March 2007. See [Table 2](#) and [Table 3](#) for full eligibility age by birth year ([Act No. 1540, § 74, Retsinformation 2006](#))
 - They are not eligible for social pension benefits due to accrual conditions
 - If the individual is married, their spouse does not earn any income other than income from state pension
- ◊ Limited assets requirements: The calculated value of the applicant's personal assets cannot be used to meet their financial needs. When calculating the value of household assets, the municipality only uses the value of assets that exceeds 10,000 Kr for single individuals and 20,000 Kr for individuals who are married or cohabitating ([Legislative Decree No. 707, § 27, Retsinformation 1998](#)). Assets that the municipality deems necessary for maintaining housing standards, for family business opportunities, or for achieving educational opportunities, are disregarded.

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
- **To continue to receive a benefit, does an individual have to remain qualified?** Answer: Yes

Factors effecting computation of benefit entitlement

- **Does the benefit amount depend on the individual's birth year (regardless of age)?** Answer: No
- **Is the benefit adjusted if an individual delays claiming it?** Answer: No
- **Are future benefit entitlements adjusted for [cost of living](#)?** Answer: Yes, benefit amounts are adjusted annually by the Ministry of Social Affairs
- **If so, what measure is used for adjustment?** Average wages ([Organisation for Economic Co-operation and Development, 2019](#)).

Benefit formula

Cash assistance is given on a monthly basis by municipalities to individuals who meet the eligibility criteria with benefit amounts established by the Ministry of Social Affairs ([Legislative Decree No. 707, § § 89, 109, Retsinformation 1998](#)). See [Table 4](#) for details on benefit amounts. If the applicant or their spouse earns income from working, this income, excluding a predetermined amount, is subtracted from the monthly cash assistance amount ([Legislative Decree No. 797, §30, §31 Stk. 1, Retsinformation 1998](#)). This predetermined amount was 29.43 Kr per hour worked in 2023. For historical rates of income per work hour excluded from the cash assistance benefit deduction, see [Table 5](#).

Cash assistance is not granted to individuals with a calculated value of personal assets that can be used to meet their financial needs. When determining whether or not an individual's assets can meet their financial needs, the municipality only uses the value of assets that exceeds 10,000 Kr for single individuals and 20,000 Kr for individuals who are married ([Legislative Decree No. 707, § 27, Retsinformation 1998](#)). Individuals who are cohabitating with a partner are considered married and subject to the 20,000Kr threshold if applying for benefits from 2014 to 2015 ([Act No. 894, § 2a, Retsinformation 2013a](#)). Individuals who are cohabitating with a partner but not married are considered single for asset calculations for the policy period from 1992 to 2013 and 2016 to 2023 ([Act No. 1522, § 1, Retsinformation 2014a](#)). Assets that the municipality deems necessary for maintaining housing standards, for family business opportunities, or for achieving educational opportunities, are disregarded.

For individuals claiming cash assistance benefits from 2004 to 2011, a cash assistance ceiling applies to their total benefit amount if they have claimed benefits for 6 consecutive months. The benefit ceiling limits the total cash benefits an individual can receive through cash assistance, student grants, housing and special support benefits, and transitional benefits. The individual's total monthly cash assistance amount and any additional benefits claimed through the Act on Active Social Policy, in addition to any housing allowance claimed through the Act on Individual Housing Allowance, cannot exceed the benefit ceiling. For 2004, this ceiling is 8,172 Kr for married and cohabitating couples with no dependents. For cash assistance ceilings from 2004 to 2023, see [Table 6](#).

For individuals claiming cash assistance benefits from October 1, 2016, a cash assistance ceiling applies to their total benefit amount for every month in which benefits are claimed, regardless of how long they have been claiming cash assistance benefits. The individual's total monthly cash assistance claimed through the Act on Active Social Policy cannot exceed the benefit ceiling. For 2016, this ceiling is 11,143 Kr for married individuals with no dependents.

Effective October 1, 2016, individuals who do not meet the minimum work requirement of 225 hours of work in a 12-month period are also subject to a monthly benefit reduction if they have received cash assistance benefits for at least 12 of the preceding 36 months ([Act No. 292, §13f Stk. 6, Retsinformation 2016](#)). This reduction amount is 1,000 Kr if the individual's calculated cash assistance, prior to this reduction, was the maximum benefit amount. The reduction is 500 Kr for individuals whose calculated cash assistance benefit is lower than the maximum benefit ([Act No. 292, §13g, Retsinformation 2016](#)).

Tables and Formulas

Table 1: Minimum Work Requirements for Cash Benefits (2006-present)

Year	Minimum Work Hours	Period of Time to Meet Work Requirement
From October 2016	225 hours	12 months
January 2012 - September 2016	No minimum hours	No required work period
July 2011 - December 2011	225	12 months
July 2009 - June 2011	450	24 months
April 2007 - June 2009	300	24 months
July 2006 - March 2007	150	12 months

Source: Retsinformation ([2003](#), [2009](#), [2011b](#), [2011c](#), [2016](#))

Table 2: Social Assistance Full Eligibility Age (2012 - 2023)

Birth Month and Year	FEA
From January 1963	3 years before Statutory Retirement Age
July 1959 - December 1962	64
January 1959 - June 1959	63.5
July 1956 - December 1958	63
January 1956 - June 1956	62.5
July 1955 - December 1955	62
January 1955 - June 1955	61.5
July 1954 - December 1954	61
January 1954 - June 1954	60.5
Before January 1954	60

Source: [Retsinformation \(2006b\)](#); [Retsinformation \(2011a\)](#)

Table 3: Social Assistance Full Eligibility Age (March 2007 - December 2011)

Birth Month and Year	FEA
From July 1960	62
January 1960 - June 1960	61.5
July 1959 - December 1959	61
January 1959 - June 1959	60.5
Before January 1959	60

Source: **Source:** [Retsinformation \(2006b\)](#); [Retsinformation \(2011a\)](#)

Table 4: Cash Assistance (1997-2023)

Year	With Dependent Children	Without Dependent Children
2023	15,874 Kr/month	11,944 Kr/month
2022	15,570	11,716
2021	15,547	11,698
2020	15,355	11,554
2019	15,180	11,483
2018	14,993	11,282
2017	14,808	11,143
2016	14,575	10,968
2015	14,416	10,849
2014	14,203	10,689
2013	13,952	10,500
2012	13,732	10,335
2011	13,345	10,044
2010	13,096	9,857
2009	12,629	9,505
2008	12,249	9,219
2007	11,904	8,959
2006	11,625	8,749
2005	11,397	8,577
2004	11,174	8,409
2003	10,859	8,172
2002	10,522	7,919
2001	10,181	7,647
2000	9,865	7,410
1999	9,559	7,180
July 1998 - December 1998	9,317	6,998
July 1997 - August 1998	9,100	6,825

Source: Legislative Decree No. 455, §25 ([Retsinformation 1997](#)); Legislative Decree No. 707, §25 ([Retsinformation 1998](#)); Legislative Decree No. 614, §25 ([Retsinformation 2001](#)); Legislative Decree No. 1193, §25 ([Retsinformation 2014b](#)); Author's compilation of data from Ministry of Labor's Guidance on Rates ([Retsinformation 2022](#))

Table 5: Hourly Income from Work Excluded from Cash Assistance Deduction (1998-2024)

Year	Hourly Labor Income
2024	30.37Kr/hour
2023	29.43
2022	28.66
2021	28.40
2020	27.84
2019	27.32
2018	26.78
2017	26.25
2016	25.74
2015	25.38
March 2014 - December 2014	25
January 2013 - February 2014	15.23
2012	14.99
2011	14.57
2010	14.30
2009	13.79
2008	13.38
2007	13
2006	12.70
2005	12.45
2004	12.21
2003	11.87
2002	11.50
2001	11.20
2000	10.85
1999	10.51
1998	10.24

Source: Legislative Decree No. 1031, § 31 Stk. 1 ([Retsinformation \(1998\)](#)); Act No 166 ([Retsinformation, 2014a](#)); Author's compilation of data from Ministry of Labor's Guidance on Rates ([Restinformation 2022](#))

Table 6: Cash Assistance Benefit Ceiling (2004-2023)

Year	Married with dependents	Married with no dependents	Single with dependents	Single with no dependents
2023	15,874 Kr/month	11,944 Kr/month	16,550 Kr/month	14,447 Kr/month
2022	15,570	11,716	16,617	14,171
2021	15,547	11,698	16,209	11,150
2020	15,355	11,554	16,009	13,975
2019	15,180	11,423	15,827	13,816
2018	14,993	11,282	15,632	13,645
2017	14,808	11,143	15,439	13,477
2016	14,575	10,968	15,196	13,125
2011	13,345	10,044	16,648	13,265
2010	13,096	9,857	16,338	19,096
2009	12,629	9,505	15,755	9,505
2008	12,249	9,219	15,281	12,249
2007	11,904	8,959	14,850	11,904
2006	11,625	8,749	14,502	11,625
2005	11,397	8,577	14,218	11,397
2004	11,174	8,409	13,939	11,174
2003	10,859	8,172	13,546	10,859

Source: [Retsinformation \(2003\)](#); Author's compilation of data from Ministry of Labor's Guidance on Rates ([Restinformation 2022](#))

Sources

This section records key sources consulted when we collected the institutional details reported in this document. Archived versions of these sources are available at the Gateway Policy Explorer website (<http://g2aging.org/policy-explorer>).

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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” + “[”.

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

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.

European Economic Area (EEA): A single economic market across 30 European countries, established by a free trade agreement. It includes all European Union countries as well as Iceland, Liechtenstein, and Norway.

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

Full Eligibility Age (FEA): The age at which individuals are eligible to receive their full benefit. For dependent benefits or social assistance, the full eligibility age may differ from the statutory retirement age for own old-age pension benefits.

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.

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.

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.

Social Assistance Act: The Social Assistance Act provides the legislative framework under which municipalities provide cash benefits, in kind benefits, and other forms of assistance to Danish residents who are in need of support. The legislation establishes protocols including a social assistance application process, benefit calculation, means test, and appeals process.

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.

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). Social Assistance in Denmark.

Available at: <https://www.norden.org/en/info-norden/social-assistance-denmark>

Features: Provides details on the current version of Denmark's social assistance system.

Other papers of interest include:

- Denmark Ministry of Social Affairs and Integration (2011). Social Policy in Denmark.
Available at: <https://www.oim.dk/media/14947/social-policy-in-denmark.pdf>
- Denmark Agency for Digital Government (2023). Social Assistance.
Available at: <https://lifeindenmark.borger.dk/money-and-tax/social-benefits/social-assistance>