2014/2015

Social Protection in the Nordic Countries

Scope, Expenditure and Financing

nososco
Nordic Social Statistical Committee 62:2016

Social Protection in the Nordic Countries 2014/2015

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Preface

The Nordic Social Statistical Committee (NOSOSCO), under the auspices of the Nordic Council of Ministers, is tasked with co-ordinating social statistics from the Nordic countries, and with comparing analyses and descriptions of the scope and content of social welfare measures.

The Committee comprises three representatives from each country, along with a number of substitutes. The chair rotates among the countries, following the same sequence as the Presidency of the Nordic Council of Ministers. In 2016, Finland holds the chair.

NOSOSCO publishes its findings on social trends and development in its report *Social Protection in the Nordic Countries*. The report has included data from the Faroe Islands since 2003, and the Faroe Islands gained full membership of the Committee in 2005.

The Nordic countries' EU membership or participation in the EEA co-operation entails an obligation to report social protection data to the EU statistical office (EUROSTAT). As a result, NOSOSCO has decided to adopt the specifications and definitions used in EUROSTAT's ESSPROS framework.

This report contains the most recent available data as of autumn 2016, i.e. data from 2015 where possible, or otherwise from 2014. In respect of legislation and benefit rates, reference is made to current legislation and rates applying in 2015.

To assist the Committee Secretariat in its preparation of the report, NOSOSCO set up an editorial group. In addition, a working group contributed calculations regarding life situations and income distribution. See nowbase.org for an overview of NOSOSCO's members and working groups.

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Symbols used in the tables:

Data not available	..
Data non-existent	.
Less than half of the used unit	0 or 0.0
Nil	-
Per cent in tables/figures	%
Per year	P.a.

Purpose and structure of this book

The basic purpose of *Social Protection in the Nordic Countries* is to provide an overview of available statistics regarding social protection in a form that facilitates comparisons between the countries. The Nordic social protection systems can essentially be seen as variations of the same model, and therefore there is much to be learned from comparing the countries.

Introductory chapters

The following section consists of two short texts on concepts and data sources. They serve as an introduction to the rest of the book and help the reader to make the most of the tables and figures.

Chapter 1 provides an overview of changes in Nordic social policy since the last edition. Chapter 2 presents data concerning population and income distribution, which serves as background for the description of the social systems in subsequent chapters.

ESSPROS

The rest of the book is structured according to EUROSTAT's framework ESSPROS (European System of integrated Social PROtection Statistics). All Nordic countries, with the exception of the Faroe Islands, report data on social protection to EUROSTAT. As a result, ESSPROS serves as an established common basis for comparisons of expenditure in different areas.

The structure of chapters 3 to 8 follows that of the sub-chapters in ESSPROS. However, Social Protection traditionally differs from this model, as it first covers families and children, followed by unemployment. Chapter 6 brings together three groups – old age, disability and survivors – in order to gather all descriptions relating to pensions in one chapter.

The chapters describe the rules applying to and the rate of the benefits in each area, statistics on recipients and national expenditure on them. Chapter 9 covers the total expenditure.

Appendices

The appendices apply a more exhaustive method of description. Two appendices provide an overview of the basis currently used by the countries to regulate social benefits. There then follows a general description of Nordic social policy and how it is implemented in each country. The final appendix consists of a list of the key institutions in each country, along with website addresses where further information is available.

Short introduction to concepts used in this book

This section provides a short introduction to important concepts used in this book. A detailed description of the methods is found in Appendix 1.

Social events

Much of this book deals with different social events – birth, unemployment, sickness, incapacitation and old age. The individual chapters describe the rules and social benefits related to such events.

Compensation rates in life situations

For each social event, a compensation rate has been calculated for a range of life situations. The level of the compensation rate is the income following the social event as a percentage of the income prior to the social event, e.g. how much one earns after becoming unemployed, compared to how much one earned while in employment.

Life situations are classified according to the size of the household. This means that compensation rates are calculated for singles or couples, with or without children.

In the event of childbirth, the compensation rate is adjusted to take into account the increased size of the household.

AW

Life situations are classified according to earnings prior to the social event. Here, the concept of the *Average Worker (AW)* is employed. AW is defined as the average income for a full time waged worker in the private sector. Compensation is calculated for different percentages of AW. A table or figure indicating, e.g. AW 75 per cent means the income prior to the social event was 75 per cent of AW (for more details, see the section on income distribution in Chapter 2).

Disposable income in PPS

The compensation rate can be used to compare social benefits and income from work. However, as the basic earned income level varies between countries, purchasing power standards (PPS) are used instead. PPS expresses the purchasing power of each individual currency. The disposable income converted into PPS can therefore be used to compare the purchasing power of social benefits. The report uses EU standard PPS, in which the total purchasing power of the EU equals 1. In some cases, equivalent data are used that take into account the size of the household in order to compare conditions in the various types of households.

Data sources

Generally, NOSOSCO's data comes either directly from the national authorities in the various countries or from the international databases to which all countries submit reports.

The Nordic countries are well served in terms of both documentation and national statistics agencies. Much of the data stems from the governments' comprehensive records of benefit payments.

The Nordic countries' use of personal identification numbers makes it possible to group benefits according to gender and age, while the tax systems generate statements of income distribution and calculations of average income.

NOSOSCO's calculations of social benefits in life situations comprise key data and are based directly on the legislation of the countries that define the benefits.

The national accounts are another source of data regarding social benefits.

The links below provide access to further data or background data for NOSOSCO's calculations.

EUROSTAT database

EU-SILC database

Society at a Glance - OECD Social Indicators

Background tables on nowbase.org (Compensation rates in life situations and Social expenditure

Chapter 1

Changes in Nordic social and welfare policies in 2015 and 2016

DENMARK

Economy: The annual growth rate has slowed from 1.3 per cent in 2014 to 1.0 per cent in 2015.

Employment continues to increase, rising by 28 600 people between 2014 and 2015. During the same period, the unemployment rate for the labour force continued to fall, from 5.0 per cent in 2014 to 4.6 per cent in 2015.

A drop in oil prices and the weakening of the effective krone have driven the growth in the Danish economy. Interest rates continue to be low. At the same time, the labour market appears strong, with increasing employment and falling unemployment. This development is expected to continue in the coming years. The challenge will be to ensure a sufficient labour supply.

Social policy/welfare policy: The reform of the labour market continues. A reform of social assistance, as well as of sickness benefits, came into effect in 2014. Agreements aimed at facilitating international recruitment and combating social dumping have also been signed. A new reform introduced in 2015 has changed the rules concerning social assistance and lowered the maximum amount people can receive. This reform comes into effect in 2016. In September 2015, a new benefit for immigrants came into effect. An agreement about a new system for unemployment benefits has also been signed, and is expected to come into effect in 2017. A reform of the reimbursement system between national and local authorities came into effect in 2016. The purpose of the reform, which stipulates, among other things, declining reimbursement as the unemployment period increases, is to support effective labour market policy.

Organisational changes: Following the general election in June 2015, the political orientation of the parliamentary majority shifted from centre-left to centre-right, and a minority government solely consisting of members of the Venstre party was formed.

THE FAROE ISLANDS

Economy: In recent years, the economy has experienced fairly high annual growth, with a growth in GDP of 5.8 per cent 2014 and an expected growth of 6.2 per cent in

2015. Faroese industries – especially fisheries – are highly reliant on oil, and therefore benefit from currently low oil prices. The Faroe Islands' main exports are sea-based products, which means that the export rates benefit from current levels of demand, especially for salmon. The unemployment rate has fallen as low as 2.6 per cent – the lowest point in the past eight years. At the same time, the population as a whole has been increasing. Generally high birth rates and net migration have resulted in the Faroe Islands' highest-ever population: almost 50 000 inhabitants.

Social policy/welfare policy: According to the poverty risk indicators, single-parent families have a high risk of poverty, which has been the case for several years. Initiatives aimed at increasing child benefits in general were introduced in 2015. In 2016, a family benefit aimed at low-income families was introduced.

Organisational changes: The parliamentary election in autumn 2015 led to a change of government. Over the next four years, the government will consist of a coalition of social democrats, republicans and a small liberal party.
For more on current government policy, visit: http://www.government.fo/the-government/coalition-agreement/

FINLAND

Economy: The recession that began in 2012 has led to a situation of low growth. Total GDP grew by 0.2 per cent in 2015. The volume of investments grew by 0.7 per cent in 2015 and households' real disposable income increased by 1.0 per cent. Inflation was zero. The volume of exports fell by 0.2 per cent, but the volume of imports increased by 1.7 per cent. Government debt increased from 46.6 per cent of GDP in 2014 to 48.1 per cent in 2015. The budget deficit was –3.1 per cent of GDP.

The employment rate was 0.7 per cent higher in 2015 (68.1) than in 2014. The labour force grew by 10 000 people, but the number of unemployed people increased by 20 000. As a result, the annual average unemployment rate was 9.4 per cent, an increase of 0.7 per cent from the previous year. The unemployment rate among young people aged 15–24 years rose by 0.5 per cent to 22.4 per cent in 2015. The number of long-term unemployed people (more than 12 months) continued to rise, with an increase of 19 500 persons (resulting in a total of 109 000). The number of new claimants for disability pensions fell slightly, by around 200, resulting in a total of 18 600 new cases.

The total expenditure on social policy and welfare in 2015 was EUR 67 billion, 3 per cent higher than the previous year. As a proportion of GDP, this is 32.6 per cent, 0.7 per cent higher than in 2014. The most important challenges for the Finnish economy are to improve cost-competitiveness, increase exports and create more employment.

Social policy/welfare policy: The Ministry of Social Affairs and Health coordinated and carried out a horizontal development programme, initiated by the previous Government, which focused on preventing poverty, inequality and marginalisation. The programme evaluation indicates that the overall state of health of the population has improved, but also that socio-demographic inequalities in health and welfare create future challenges and demand new measures.

As a result of increases in the debt burden and the budget deficit, the previous Government launched a major structural policy programme. Based on this, labour-market partners and the government agreed on a new pension reform. In September 2015, the Government presented the proposal for new pension legislation to Parliament. The bill was approved in the early part of 2016 and new legislation on pensions will come into effect on 1 January 2017. The aims are to prolong working life in relation to lifespan by gradually raising the minimum retirement age from 63 to 65, and to strengthen the sustainability of pensions and budget financing.

New legislation on the general housing benefit entered into force on 1 January 2015. Housing benefit recipients can now take an earned income deduction. The aim is to encourage unemployed persons to accept low-paying work. Under the new system, earned income does not immediately lead to a cut in housing benefit. The new system has led to positive outcomes. Many recipients have earned additional income, the number of recipients who are couples with children has grown, and there is less need for income allowance (which is paid by the local authorities).

In addition, new legislation on industrial accidents and occupational diseases entered into force on 1 January 2015. This legislation combines provisions from three previous statutes and lays down employees' rights and obligations, which were previously based on legal praxis.

In 2015, amendments were made to the Health Insurance Act concerning reimbursement for medicinal products. These amendments entered into force on 1 January 2016. The aim is to reduce costs so that reimbursements for medicinal products will be EUR 25 million lower in 2016 than in 2015.

The new Government, elected in May 2015, set out a programme consisting of five strategic priorities. The Ministry of Social Affairs and Health is responsible for carrying out measures in the priority area "Wellbeing and Health". Several key projects implemented in 2016–2019 will strengthen customer-responsive services, promote healthy lifestyles, reform services for children and families, develop home care for the elderly, and enhance informal care and family care.

Organisational changes: At the beginning of 2015, the duties of the Ombudsman for Equality and the Ombudsman for Children were transferred from the Ministry of Social Affairs and Health to the administrative branch of the Ministry of Justice.

The previous Government initiated the process of transferring income assistance from the local authorities to the Social Insurance Institution (Kela). The local authorities previously financed and administered income assistance (previously called social assistance). This organisational reform is part of the previous Government's structural policies. Parliament passed legislation on the reform in winter 2015, and it will come into force on 1 January 2017. The aims are to create a uniform national system, to ensure equal treatment for citizens and to make administration more effective.

Following the general election in spring 2015, the Governments' political orientation shifted from a broad coalition to a centre-right one. The previous Government prepared a major reform of the integrated national social and health care system. The new government will continue this work by establishing 18 regions that have elected

councils and the right to collect county tax. The county government administration will also have other tasks. The aims of the reform are to prevent inequalities in health and to gain greater control over the operational costs of health care and social services. The Government's goal is to implement the new system of regional government and health care from the beginning of 2019.

For more on current governmental policy, visit:
http://valtioneuvosto.fi/en/sipila/government-programme

ICELAND

Economy: The economic growth rate in Iceland in 2015 was 4 per cent, compared to 1.8 per cent in 2014. The inflation rate was 1.6 per cent in 2015, compared to 4.3 per cent in 2014.

The unemployment rate has traditionally been very low in Iceland, even compared to the other Nordic countries. The unemployment rate increased drastically after the crisis of 2008, from 1-2 per cent or lower to a peak of 8 per cent in 2009. The unemployment rate, measured as those who receive unemployment benefits, was 2.9 per cent in 2015 compared to 3.6 per cent in 2014 – in other words, it is gradually falling in the wake of the sharp increase in the aftermath of the economic crisis in October 2008. The unemployment rate is higher amongst women than men, and higher in the age group 24 years and younger, than amongst older age groups. Many projects and programmes aimed at enhancing the skills and education of unemployed people were launched in the aftermath of the economic crisis, in co-operation between the state, local authorities, labour unions and employers' organisations. These programmes led to positive results.

According to the European survey of income and living conditions (EU-SILC), unemployment was 4 per cent in 2015, compared to 5 per cent in 2014. The EU-SILC results show that income in Iceland was more evenly distributed than at any point since the survey was first conducted in Iceland in 2004. The Gini coefficient was 22.7 per cent in 2014, compared to the peak of 29.6 per cent in 2009. The same applies to the proportion of people at risk of poverty in Iceland, which is at its lowest point since the survey began.

Social policy/welfare policy: "Nordic Welfare Watch", under the auspices of the Nordic Council of Ministers, was part of the Icelandic Presidency Programme 2014. This three-year project is aimed at promoting and strengthening the sustainability of Nordic welfare systems through co-operation, research and mutual exchanges of experience and knowledge. Its other objectives are to develop solutions and coordinate actions to meet future challenges, and to develop welfare indicators that can inform policy. The project is divided into three separate projects: "Nordic Welfare Indicators" and the research projects "Welfare consequences of financial crises" and "The Nordic Welfare Watch – In response to crises".

Organisational changes: Early in 2014, the Ministry of Welfare was divided into two separate entities: Health; and Social Services and Housing. This organisational change followed a merger in 2011 in which the Ministry of Social Care and Social Security and the Ministry of Health were consolidated into the Ministry of Welfare. This is a single

ministry comprising one permanent secretary but two ministers, and shares access to support services such as a finance department, PR and IT services.

NORWAY

Economy: Economic growth in Norway was 1.6 per cent in 2015 compared to 2.2 per cent in 2014. The equivalent numbers for mainland Norway (excluding oil) were 1.0 and 2.3 per cent. Fixed capital formation decreased by 4.2 per cent, with a 15 per cent decrease in the oil sector, and zero per cent in mainland Norway. Household final consumption expenditure continued to rise, by 2.0 per cent. The Norwegian economy is highly dependent on exports, which increased by 3.4 per cent in 2015. Traditional goods (all goods except oil) grew by 4.8 per cent. During the same period, imports grew by 1.1 per cent.

During 2015, 74 per cent of the population aged 15–66 was employed.

The number of unemployed persons increased by 17 000 in 2015, to 135 000 persons, while the unemployment rate increased by 0.6 percentage points to 4.9 per cent. The unemployment rate was 5.7 per cent among men and 4 per cent among women. Among young persons aged 15-24, the unemployment rate increased by 2.2 percentage points to 10.0 per cent. The unemployment rate among foreign-born persons was 7.9 per cent.

Social policy/welfare policy: The number of full-year equivalents in receipt of economic support, in the form of social assistance or benefits such as sickness benefits, sickness or activity compensation, labour market support and financial aid, was 656 000 in 2014, corresponding to 18.8 per cent of the population aged 16-67. The term "full-year equivalent" refers to the number of individuals who can be supported for an entire year on full benefits. For example, two people who have each been unemployed full-time for six months amount to one full-year equivalent.

Link to current governmental policies:
https://www.regjeringen.no/contentassets/77d435e6aa6d421480708c971ce734a9/no/pdfs/nou201620160015000dddpdfs.pdf

https://www.regjeringen.no/contentassets/8f9e56528fb340eb9f6515cc21ab5119/no/pdfs/stm201520160033000dddpdfs.pdf

http://www.statsbudsjettet.no/upload/Statsbudsjett_2016/dokumenter/pdf/stmeld.pdf

SWEDEN

Economy: Economic growth in Sweden increased by 4.1 per cent in 2015 compared to 2.3 per cent in 2014. The largest contribution came from the gross fixed capital formation, which increased by 7.3 per cent. Investment in buildings and plants made the largest contribution to the increase. Household final consumption expenditure also continued to rise, by 2.6 per cent. The biggest increases were in spending on transport and vehicles, as well as recreation and culture. The Swedish economy is highly dependent on exports, which increased by 5.9 per cent in 2015. During the same period, imports grew by 5.4 per cent. Net exports accounted for 0.4 per cent of GDP growth.

During 2015, the number of employed persons aged 15-74 was 4 837 000, an increase of 65 000 compared to 2014. The biggest increase (42 000) consisted of people born abroad.

The number of unemployed persons decreased by 25 000 to a total of 386 000 persons. The unemployment rate decreased by 0.5 per cent to 7.4 per cent. The unemployment rate was 7.5 per cent among men and 7.2 per cent among women. Among young persons aged 15-24, the unemployment rate decreased by 2.6 per cent to 20.3 per cent. The unemployment rate among foreign-born persons was 16.0 per cent. Among people born in Sweden, the unemployment rate was 5.4 per cent.

Social policy/welfare policy: The number of full-year equivalents receiving economic support, in the form of social assistance or benefits, such as sickness benefits, sickness or activity compensation, labour market support and financial aid, was 809 475 in 2015, corresponding to 14.3 per cent of the population. The term "full-year equivalent" refers to the number of individuals who are supported for an entire year on full benefits. For example, two people who have both been unemployed full-time for six months amount to one full-year equivalent.

The number of full-time equivalents rose sharply in the early 1990s – by almost 60 per cent between 1990 and 1994. Except for a few years, the number steadily increased until 2011. It has since remained relatively constant.

The number of full-year equivalents in receipt of sickness or activity compensation, which accounts for about 36 per cent of the total number of full-year equivalents, has decreased since 2006. In 2015, the number decreased by 1.7 per cent.

The number of full-year equivalents in receipt of sickness benefits decreased steadily from 2002 until this trend was broken in 2011. In 2015, the number of full-year equivalents in receipt of sickness benefits increased for the fifth year in a row, by 11.9 per cent.

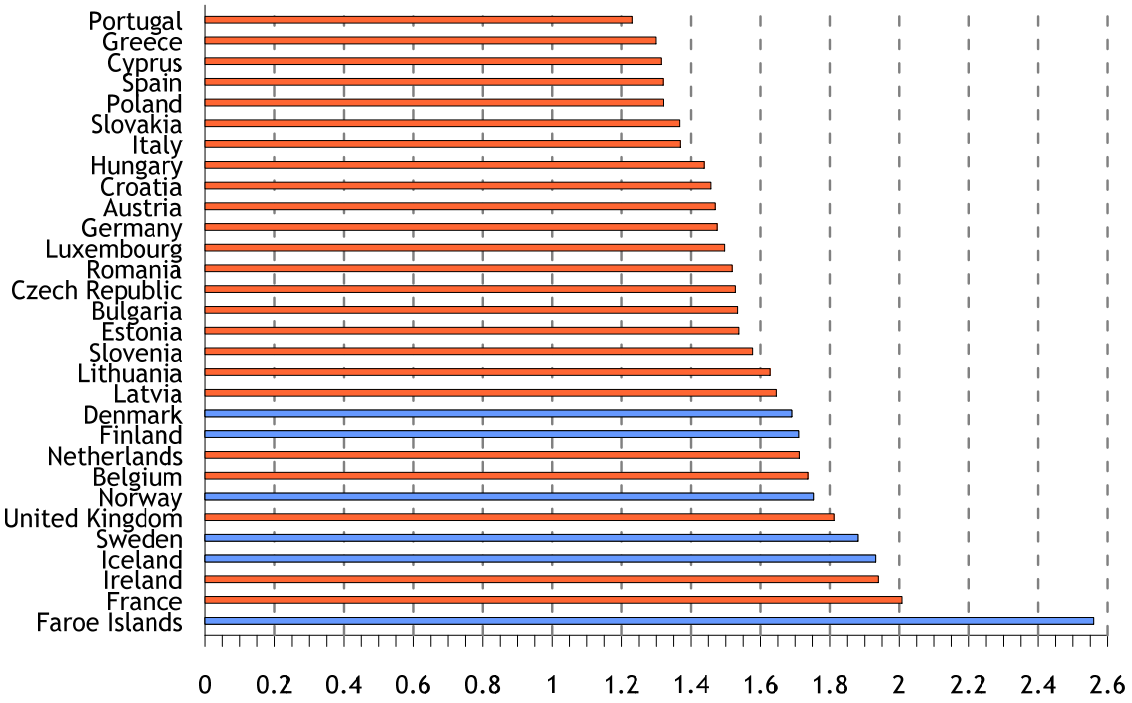
The number of full-year equivalents in labour market programmes increased slightly, while the number of full-year equivalents in receipt of unemployment benefits and economic aid decreased in 2015.

Chapter 2

Population and income distribution

This chapter describes the fertility rates, population size and projections for the Nordic countries. It defines the links between early retirement and employment rates, and compares income distribution by family type and risk of poverty for the different age groups.

Figure 2.1 Total fertility rates in the EU, The Faroe Islands, Iceland and Norway, 2014



Source: EUROSTAT; Statistics Faroe Islands 5-yearly average

Population

The Nordic countries vary in terms of their demographic composition, which informs, e.g. in relation to the need for child-minding facilities, activities for children and adolescents, the number of unemployed people and their age groups, the number of retirement-age pensioners, and the care and nursing needs of the oldest age groups.

The overall fertility rate, as presented in Figure 2.1 above, has been relatively stable in the Nordic countries in recent years, with the highest rates in the Faroe Islands and Iceland.

Table 2.1 presents the Nordic countries' populations, divided by gender, in 2015.

In all of the countries, the number of people in the oldest age groups has increased, which also increases the need for care and nursing, cf. Figure 2.2.

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

Table 2.1 Population by gender, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Men	2 811 014	25 274	2 696 677	166 228	2 611 968	4 901 603
Women	2 848 701	23 639	2 782 854	164 587	2 577 926	4 897 583
Men and women	5 659 715	48 913	5 479 531	330 815	5 189 894	9 799 186

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

Figure 2.2 Population by gender and age as a percentage of total population 2015

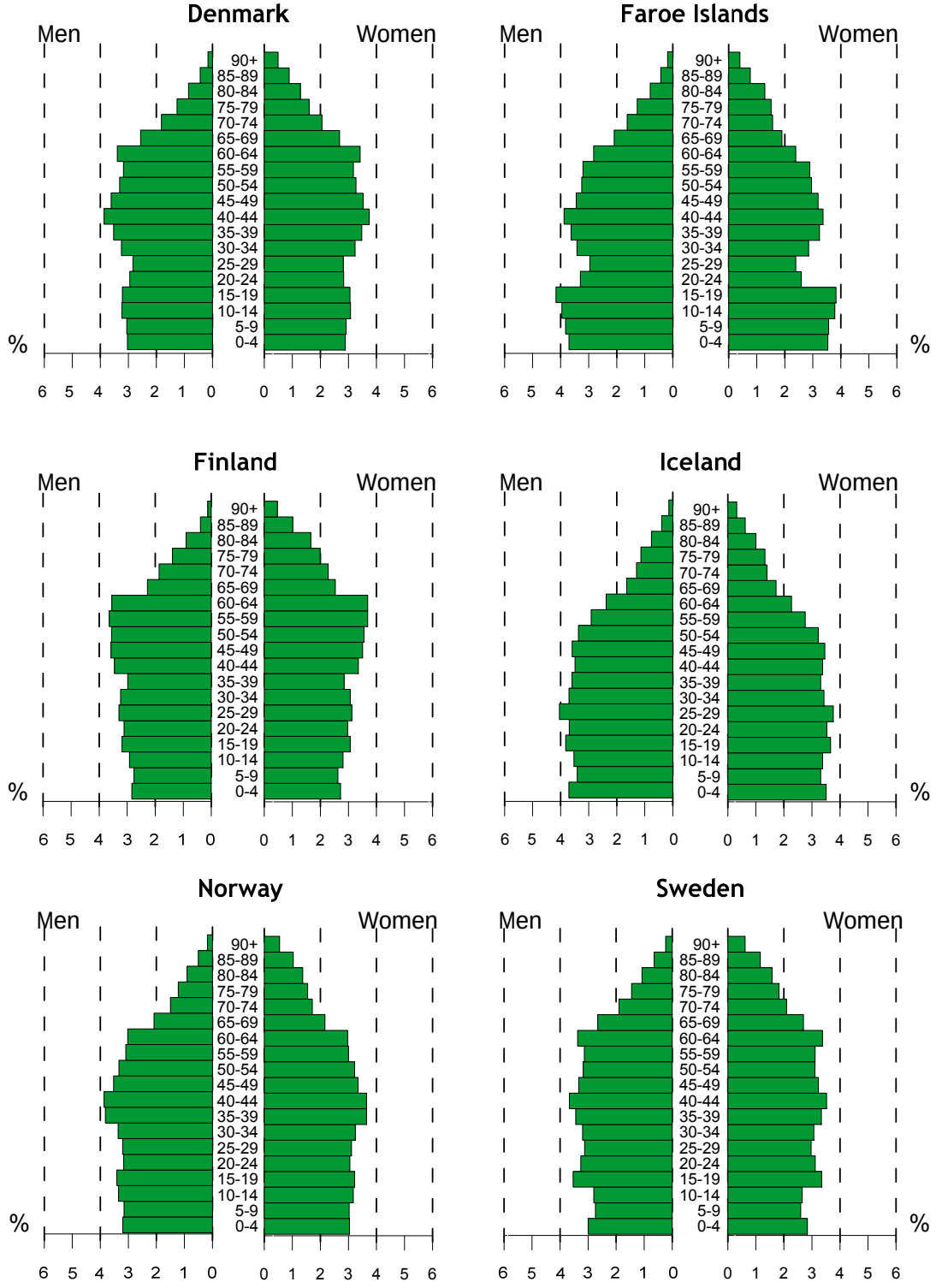


Table 2.2 Outline of the background for population projections in the Nordic countries

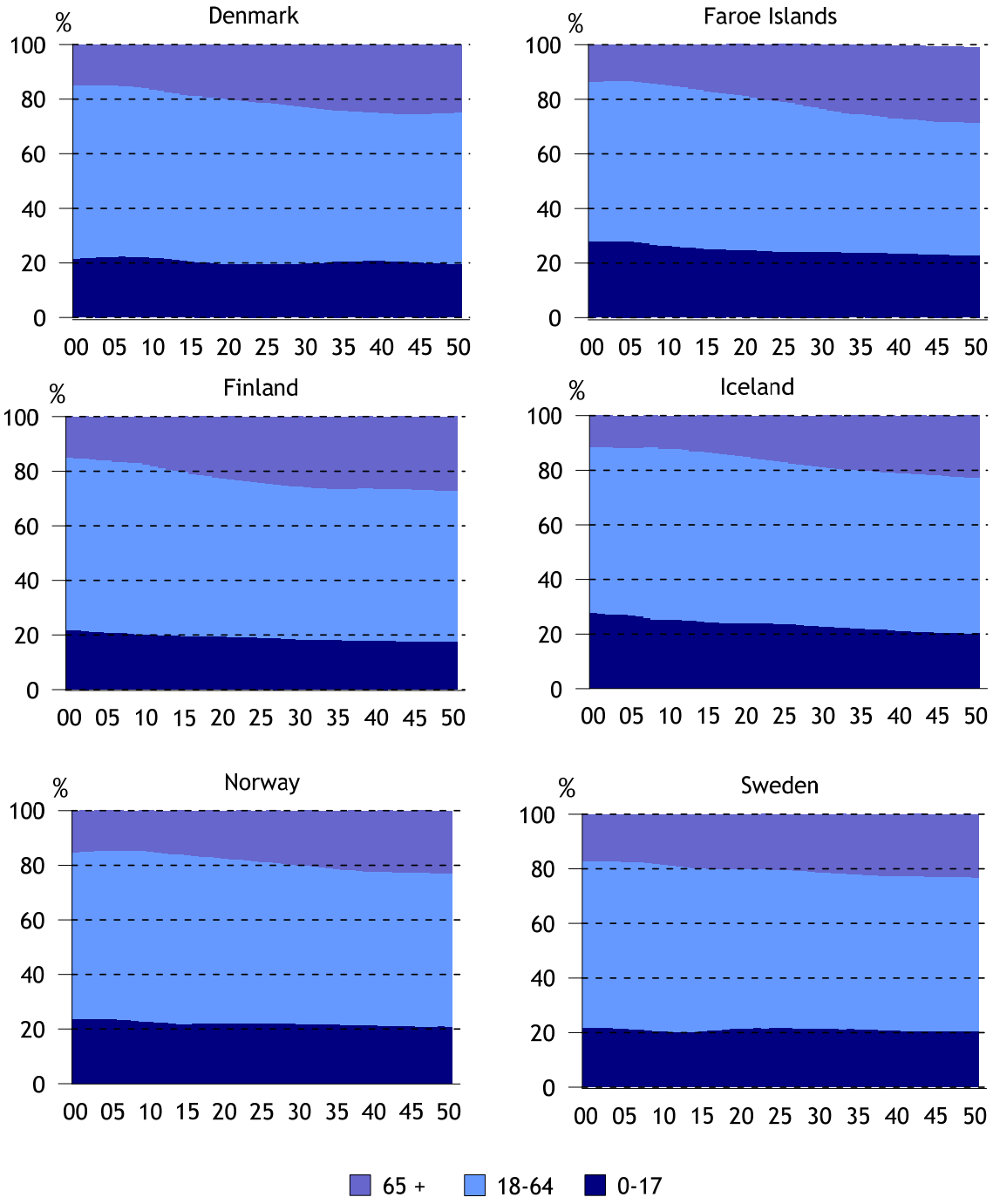
	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	2015	2050	2015	2050[1]	2015	2050	2015	2050	2015	2050	2015	2050
Average life expectancy												
- Men	79.4	86.0	78.3	..	78.5	85.7	79.5	83.0	80.4	85.2	80.3	85.5
- Women	83.4	88.4	84.5	..	84.1	89.5	83.5	87.2	84.2	88.1	84.0	88.1
Fertility rate	1.7	1.9	2.4	..	1.7	1.7	2.0	1.9	1.7	1.8	1.9	1.9
Number of children born, (1 000)	58.2	67.7	0.6	..	55.5	55.0	4.6	4.7	59.1	71.2	114.9	144.7
Net migration (1 000)	48.9	9.4	0.3	..	12.4	17.0	0.9	0.8	29.8	17.1	78.4	22.6

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

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

Table 2.2 shows the predictions for fertility, average life expectancy and migration. Note that the different countries use a different basis for their calculations.

Figure 2.3 Mean populations (%) by age group 2000-2015 and projections 2015-2050



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

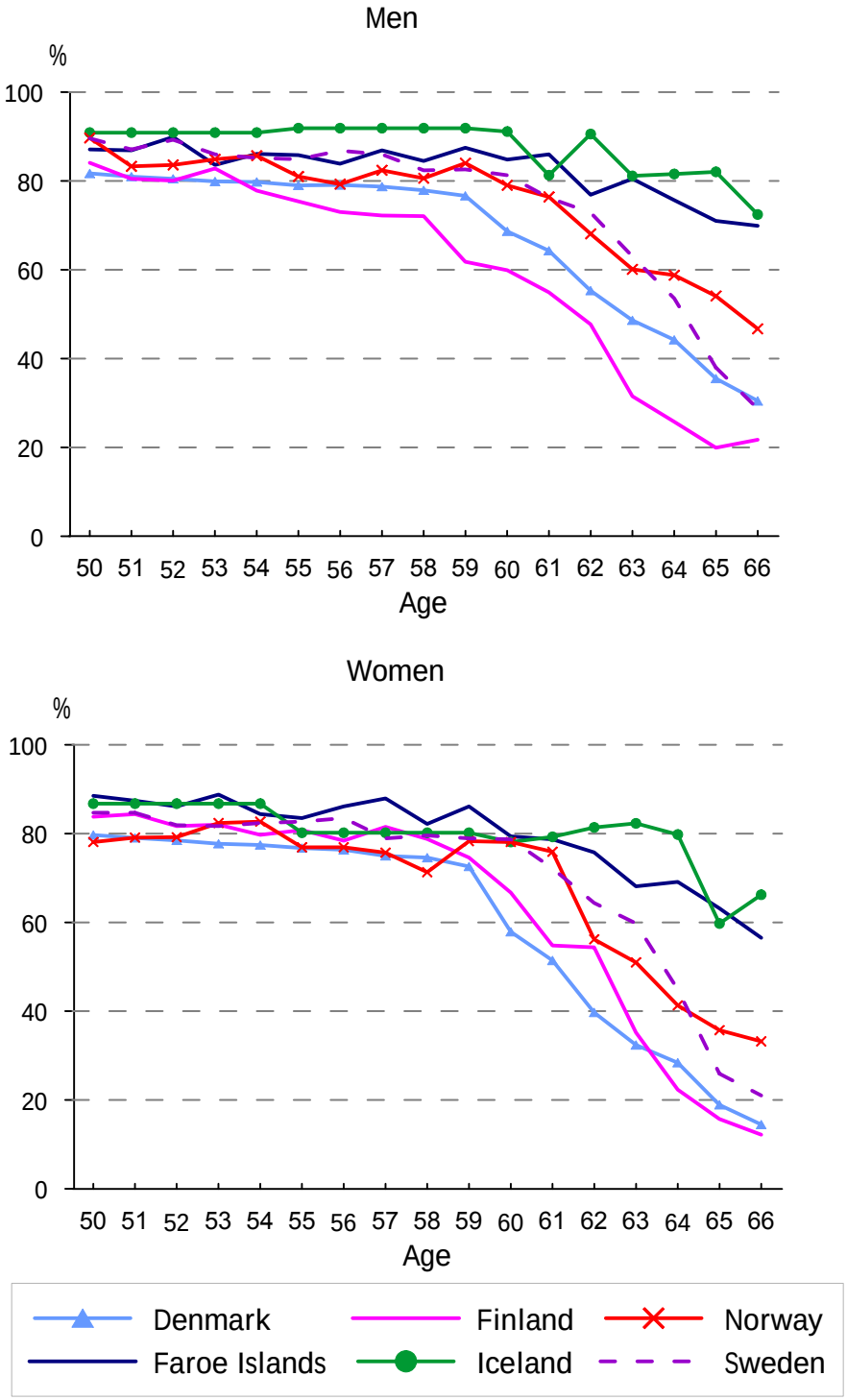
Figure 2.3 shows predictions for the Nordic populations until 2050, based on national projections. In all six countries, the 65+ group will account for more than 20 per cent of the population in 2050.

Early retirement from the labour market

The length of time that people remain active on the labour market is an essential determinant of expenditure on the elderly and disabled.

Figure 2.4 shows that the employment rate is generally higher for men than for women. In all of the Nordic countries, employment frequency declines markedly with age for both men and women. However, there are also differences between the countries. These are mainly related to different occupational structures, which lead to different consequences for the health of the labour force and variation in unemployment patterns. There are also differences in terms of opportunities for early retirement with income-substituting benefits, including the pension age in the various countries.

Figure 2.4 Employment rates in 2015, aged 50-66, by gender[1]



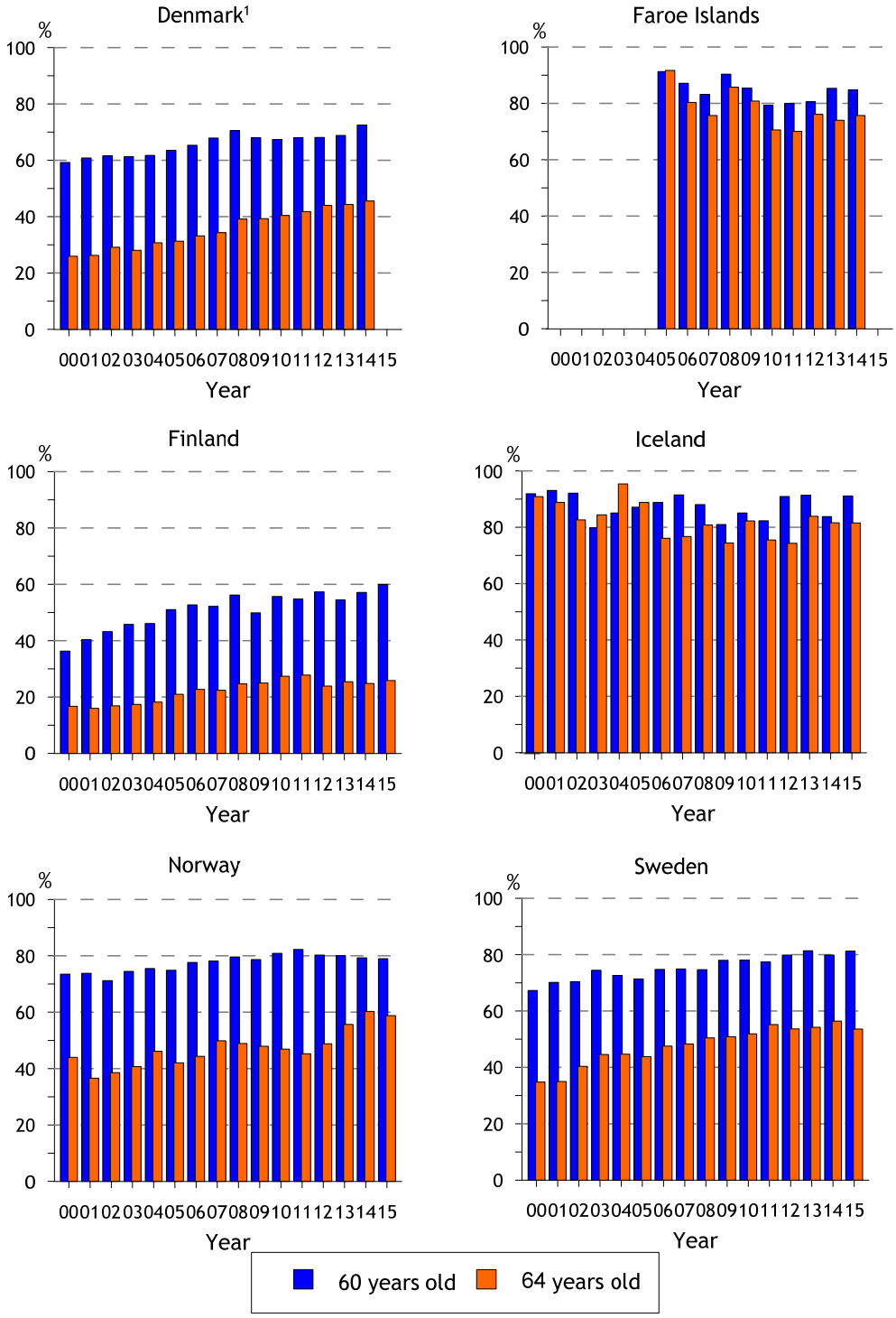
Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Denmark and Faroe Islands 2014

Early retirement from the labour market is most common in Denmark and Finland, which have the most wide-ranging schemes. In the Faroe Islands, the only state-funded early retirement scheme is the health-related disability pension. Iceland does not have state-funded schemes, except for the health-related disability pension and the state pension for sailors at 60. In terms of retirement age, Sweden falls between the other Nordic countries.

Figures 2.5 and 2.6 show the employment rate for 60- and 64-year-old men and women, respectively, in the period 2000–2015. As can be seen, there are substantial differences between the countries in terms of employment frequency for 60- and 64-year-old men and women. The trend for this period also differs from country to country, with particularly large fluctuations in the Faroe Islands and Iceland. In the latter, employment rates for elderly women were particularly low in the years 2008–2009.

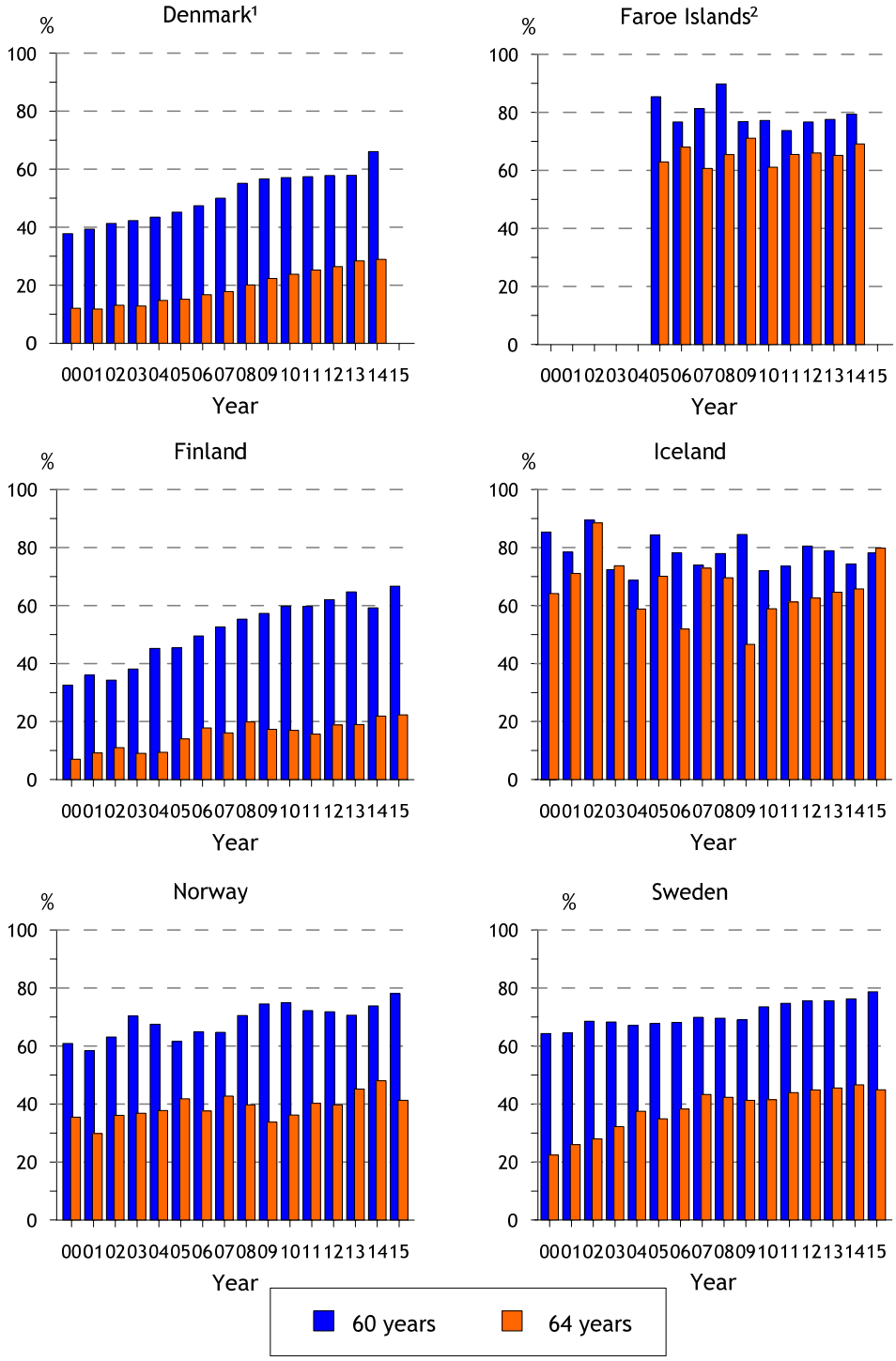
Figure 2.5 Employment rates in 2000-2015, aged 60 and 64 years, men



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Data from 2008 onwards has been revised and refers to employment status as of November in the year concerned
2 For Faroe Islands. The figures for 2011 are from the census. Figures from 2012 onwards are subject to the LFS adjustment of the calculation method

Figure 2.6 Employment rates in 2000-2015, aged 60 and 64 years, women



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Data from 2008 onwards has been revised and refers to employment status as of November in the year concerned
2 The figures for 2011 are from the census. Figures from 2012 onwards are subject to the LFS adjustment of the calculation method

Income distribution

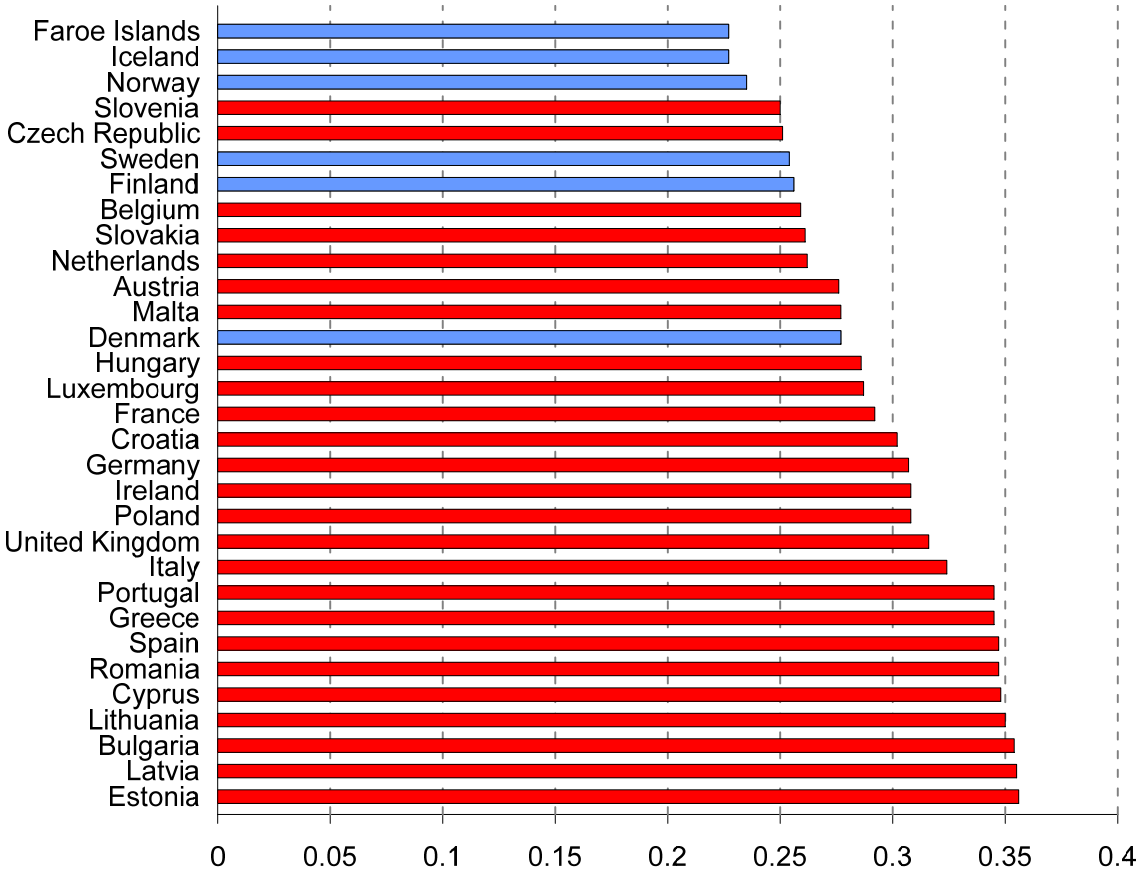
The following chapters feature recurring sections that describe the compensation rates of social benefits for various family types and income levels. Here, income levels are measured in relation to AW, i.e. the average full-time wage in the private sector. As a "standard measurement" for social benefits, we use a compensation rate of 75 per cent of AW for single people, and 75/100 per cent of AW for couples. Data concerning the distribution of income from work indicates that the majority of waged workers earn between 50 and 100 per cent of AW. Consequently, we estimate that 75 per cent of AW is the most representative rate for the part of the population at whom the benefits are aimed.

Figure 2.5 shows the income distribution expressed by Gini coefficients for the Nordic countries and selected EU countries in 2014. The Gini coefficient is a measure of dispersion for the degree of inequality in, e.g. income distribution. For a completely equal distribution, the value is 0; for the most unequal distribution, it is 1.

Compared with other countries, there is a low level of income inequality in the Nordic countries. The differences in income distribution are smallest in the Faroe Islands, Norway and Iceland, and somewhat larger in Finland, Sweden and, especially, Denmark.

The similarities in income distribution in the Nordic countries are due to a range of factors, mainly income transfers and taxation.

Figure 2.7 Gini coefficients for EU and the Nordic countries in 2014[1]



Source: EU- SILC; FO, Statistics Faroe Islands

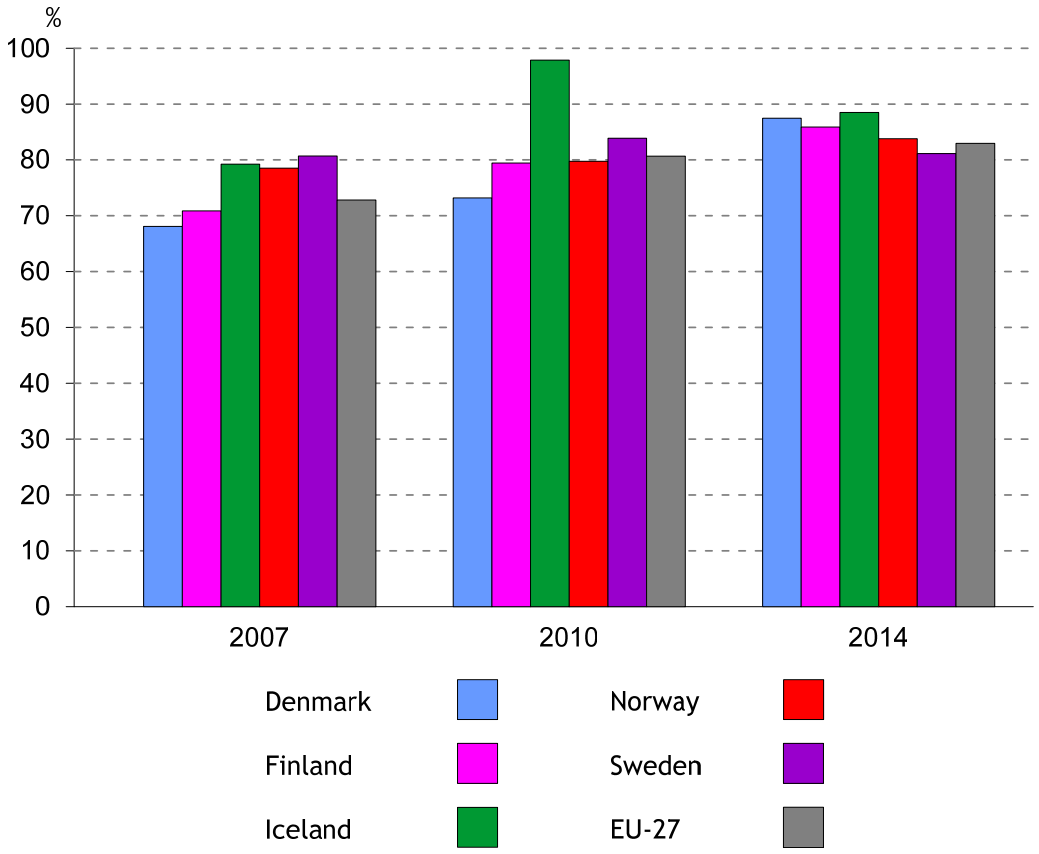
1 The actual income is derived from 2013 because the figures for 2014 are based on income generated in 2013

Pensioners' incomes compared with other households

Figure 2.8 shows disposable incomes for couples where at least one person in the household is aged 65+. The income is shown as a percentage of disposable income for couples where both partners are under 65.

The figure shows that, in all of the Nordic countries, the average disposable income is lower for couples aged 65+ than for younger couples. It also shows that, in recent years, the incomes of couples aged 65+ are closer to the incomes of younger couples, particularly in Iceland.

Figure 2.8 Income of couples aged 65+ as percentage of the income of couples under 65, 2007-2014[1]



Source: EU- SILC

1 The calculations are based on income in the previous year

Risk of poverty

The income method is the most widely used method of measuring the risk of poverty and drawing international comparisons. It is based on a calculation of disposable household income that effectively identifies the upper limit of the household's consumption options, and thereby the household's level of welfare. Traditionally, the Nordic countries have based this calculation on 50 per cent of the median equivalent disposable income, whereas the EU's analyses have been based on 60 per cent of this figure.

Note, however, that these calculations are susceptible to variation depending on the definitions used. The largest differences between the countries and in relation to the EU average relate to single parents, single elderly people and couples with at least one partner aged 65+.

Measuring the risk of poverty by means of the income method is not without its challenges. The main finding of analyses based on this method is that some families have lower incomes than others. However, this does not indicate whether or not fam-

ilies living below the poverty–risk level have a reasonable standard of living, nor does the calculation take into account debt and property.

The income method compares the risks of poverty between countries, as the equivalent income is measured in relation to each country's median income. However, other methods of measuring the risk of poverty have to be deployed when comparing the standard of living or the fulfilment of social needs. Those methods are not addressed in this book.

Table 2.3 Share of people living in households with an income of less than 50 per cent of the median equivalent disposable income after social transfers, per cent, 2014[1]

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden	EU28
Single person with dependent children	0.9	29.6	7.1	14.3	13.6	19.8	18.7
One adult younger than 65	24.5	14.6	19.0	13.5	23.9	21.8	29.7
One adult 65 years or over	3.7	4.6	8.0	2.8	4.6	9.5	10.2
Two adults with one dependent child	4.9	5.2	2.4	3.6	2.4	5.6	8.6
Two adults with two dependent children	1.5	4.1	2.0	1.7	1.8	4.1	9.2
Two adults younger than 65 years	4.0	3.7	4.1	2.1	4.3	5.6	7.9
Two adults, at least one aged 65 years or over	2.1	2.3	0.9	0.6	0.8	2.1	5.0
All households	12.1	4.1	12.8	7.9	10.9	15.1	17.2

Source: EU-SILC; FO, Statistics Faroe Islands

1 Actual income is derived from 2013 because the figures for 2014 are based on income generated in 2013

Table 2.3 shows the ratio of the population living in households with an income that is less than 50 per cent of the equivalent disposable income median (after social transfers) in 2014.

The income method shows the effect of the systems in the Nordic countries, where particularly vulnerable groups are eligible for financial support. One purpose of financial redistribution in welfare states is to reduce the proportion of the population in financially vulnerable positions. However, only a few countries have defined the risk of poverty in greater detail.

Table 2.3 shows that, with the exception of Sweden and, in particular, the Faroe Islands, single parents in all countries are below the EU average. The table also shows that Finland and Sweden have higher numbers of single elderly people in households with low incomes. The potential reasons for this are explored in greater depth in Chapter 6.

Generally, the calculation shows that all of the Nordic countries have a relatively small proportion of households consisting of couples with a low income.

Table 2.4 Share of people living in households with an income of less than 60 per cent of the median equivalent disposable income after social transfers, per cent, 2014[1]

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden	EU28
Single person with dependent children	13.0	48.8	20.7	22.3	28.4	33.7	32.4
One adult younger than 65	33.5	24.7	31.7	20.8	30.6	33.0	27.9
One adult 65 years or over	14.3	59.0	32.5	16.0	24.7	34.6	21.1
Two adults with one dependent child	7.9	13.7	5.6	6.2	4.7	10.2	13.6
Two adults with two dependent children	4.2	7.5	4.9	4.0	3.5	6.3	15.0
Two adults younger than 65 years	6.7	7.5	8.3	8.4	5.7	8.4	11.5
Two adults at least one aged 65 years or over	6.0	7.8	4.7	1.8	1.6	6.0	10.2
All households	12.1	10.3	12.8	7.9	10.9	15.1	17.2

Source: EU-SILC; FO, Statistics Faroe Islands

1 The actual income is derived from 2013, as the figures for 2014 are based on income generated in 2013

Table 2.4 shows the proportion of the population living in households with an income of less than 60 per cent of the equivalent disposable income median (after social transfers) in 2014.

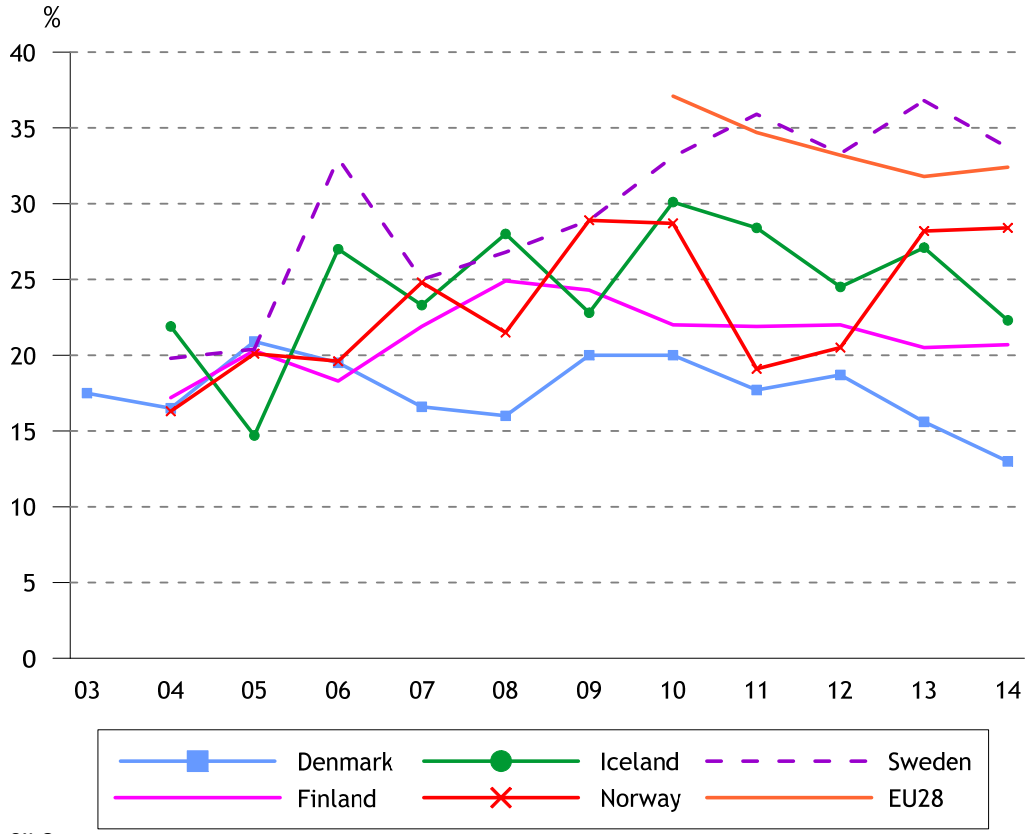
Here, this proportion represents a larger income group than is the case in Table 2.3, and therefore also a larger share of the households in the Nordic countries. For single parents, the proportions in the Faroe Islands and in Sweden are higher than the EU average, while the other countries are somewhat lower. For single people under 65, the Faroe Islands and Iceland are below the EU average, while Denmark, Finland and Sweden are above it.

Table 2.4 does not show the same degree of difference between the two types of household seen in Table 2.3. This can be explained, at least to some extent, by variations in social transfers to families and children.

In the Nordic countries, the proportion of households consisting of couples at risk of poverty is low compared to the EU average.

For the group consisting of single people aged 65+, there are large differences between the countries. The highest figure is seen in the Faroe Islands, the lowest in Iceland. The other countries are placed at around or above the EU average. This can be explained, at least to some extent, by the rule concerning elderly people, as described in Chapter 6 – in particular, the calculation of the share of elderly people in the Nordic countries who receive the lowest social pension.

Figure 2.9 Single person with dependent children living in households with an income of less than 60 per cent of the median equivalent disposable income after social transfers, per cent, 2003-2014[1]

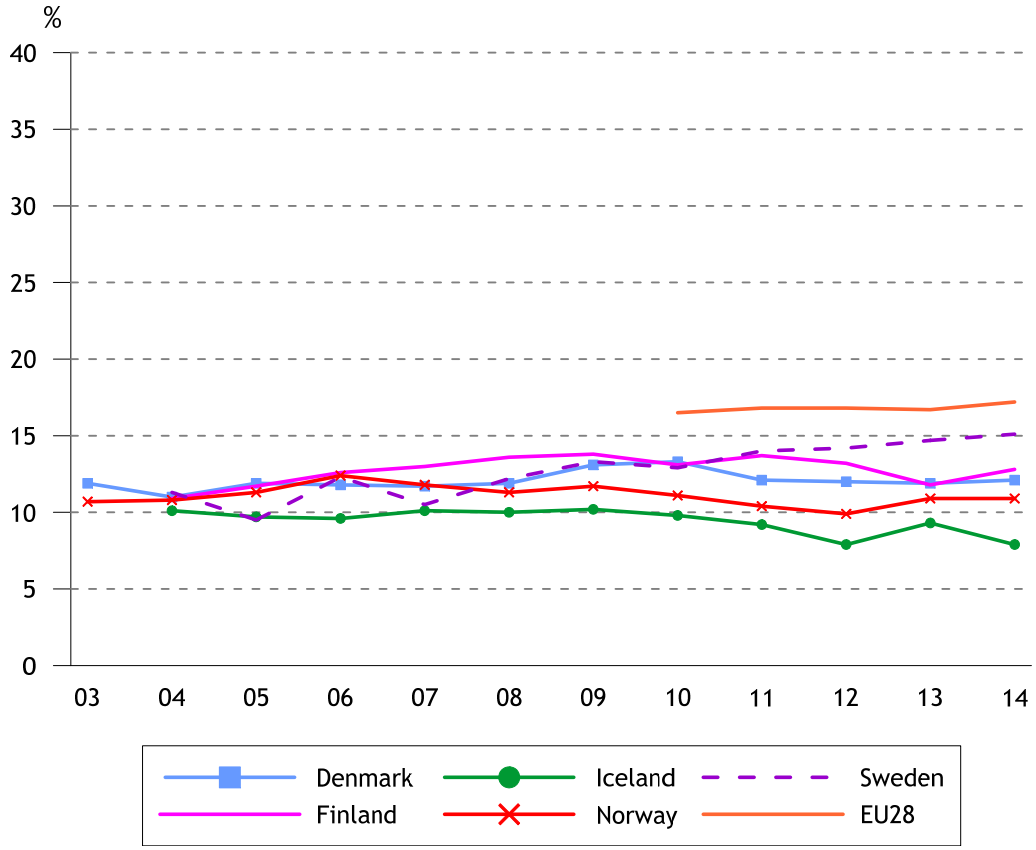


Source: EU-SILC

1 The calculations are based on income for the previous year

For single-parent households at the same income level, Figure 2.9 shows a similar, stable level in both Denmark and Finland. On the other hand, the level in Sweden has increased steeply since 2007 and is on a par with the EU average. As such, Sweden has the highest share of all Nordic countries. In Iceland, the trend has been declining in recent years, which means there has been a reduction in the number of households included.

Figure 2.10 Share of the total population living in households with an income of less than 60 per cent of the median equivalent disposable income after social transfers, per cent, 2003-2014[1]



Source: EU-SILC

1 The calculations are based on income for the previous year

Figure 2.10 shows that, for households with equivalent disposable incomes of less than 60 per cent of the median income after social transfers, all of the Nordic countries are below the EU average. As such, there are fewer households at risk of becoming poor. The level is almost stable in Denmark, Finland and Norway, but it has been increasing in Sweden since 2010.

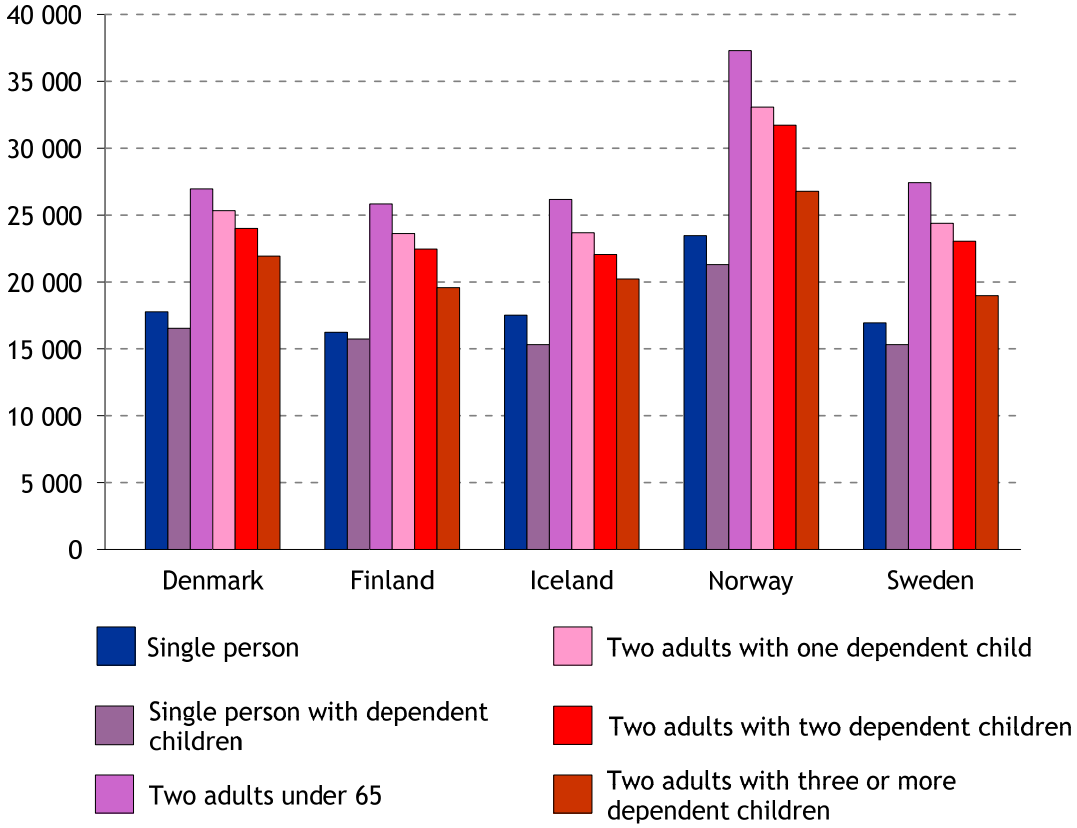
Figure 2.11 shows average disposable incomes broken down by family types and measured in PPS in 2014. The incomes have been adjusted (equivalent incomes) in relation to household size and composition in order to make the household sizes more comparable (see Appendix 1).

The purpose of Figure 2.11 is to compare different households according to family type, based on the disposable incomes of the adults in the household. It should be noted that the category “single person” includes many students and others who are not in permanent employment. This partly explains the relatively low incomes for single-person households. In all of the countries, single providers have the lowest incomes.

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

Several other factors also contribute to the income levels of the households grouped according to family type. For example, there are variations in employment rates and levels of education, and average earnings tend to increase with age.

Figure 2.11 Equivalent average disposable incomes broken down by family types, PPS[1] 2014[2]



Source: EU SILC data. Average equivalent net income in PPS

1 See Chapter 1 and Appendix 1 for definition of PPS
2 The actual income is derived from 2013, as the figures for 2014 are based on income generated in 2013

Chapter 3

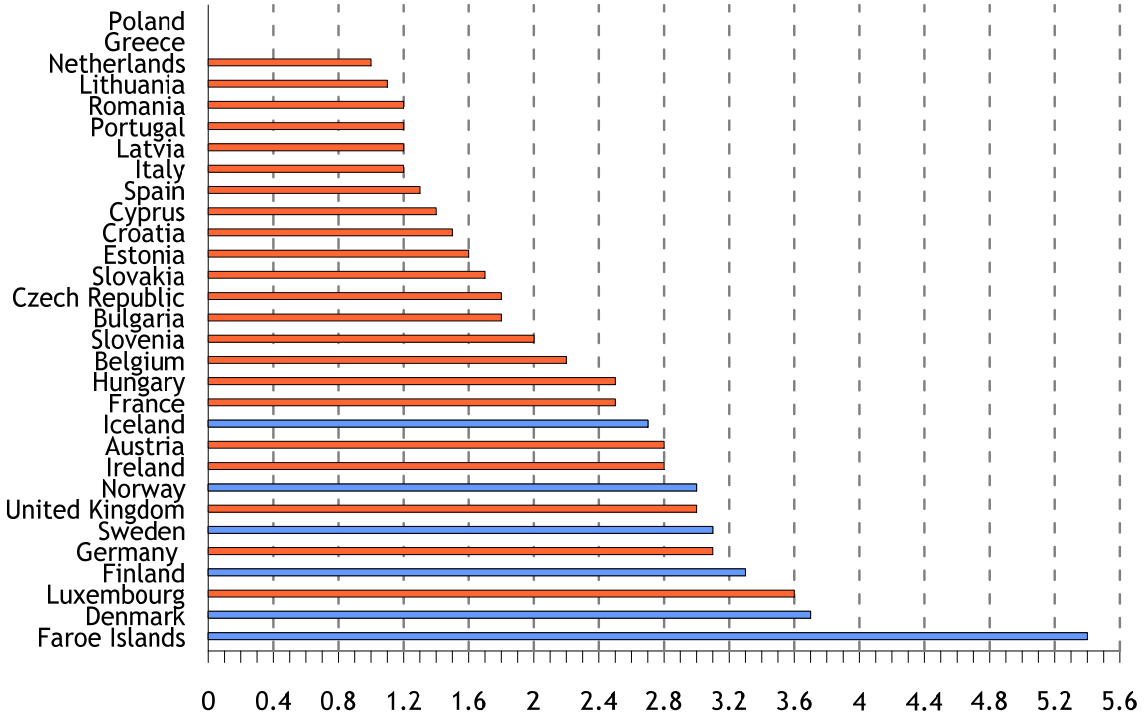
Families and children

This chapter addresses family composition in the Nordic countries. It describes the various benefits associated with childbirth, as well as childcare provision for pre-school and school-age children.

Benefits payable to children who have lost one or both parents are described in Chapter 6.4. Special benefits granted as supplemented social benefits to families and children are described in Chapter 8.

Compared to the rest of the EU, the Nordic countries spend a large proportion of total social expenditure of GDP on families and children, cf. Figure 3.1.

Figure 3.1 Expenditure on families and children as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

However, the Nordic countries differ from the other European countries in that women have a high employment rate (cf. Chapter 4), which increases the need for childcare options during working hours. Further, in the rest of Europe, childcare generally falls under the educational system, which means that the figures in Table 3.1 are not quite comparable.

One characteristic trait of Nordic families is the relatively large number of single parents. In all of the countries, there are considerably more single mothers than single fathers.

Table 3.1 Number of households by family type, 2015

	Denmark[1]	Finland	Iceland[2]	Norway[3]	Sweden[4]
Number of households with children aged 0-17 (1 000)	774	572	49	638	1 163
- % of all families	26	19	38		21
Of whom (%)					
- Married	58	59	56	54	78
- Cohabiting	18	19	26	26	
- Single	24	21	18	20	22
Total	100	100	100	100	100
Number of children (%)					
1 child	42	43	42	45	43
2 children	42	39	38	39	42
3 or more children	16	18	20	16	15
Average number of children per household	2	2	2	2	2
Number of childless households (1 000)	2 209	2477	79	1 794	4 398
Of whom (%)					
- Married	26	25	44	29	32
- Cohabiting	9	9	5	9	
- Single	64	66	50	62	68
Total	100	100	100	100	100
Single parent (%)					
Men	19	14	9	20	27
Women	81	86	91	80	73
Total	100	100	100	100	100
Single people with no children (%)					
Men	51	49	47	50	48
Women	49	51	53	50	52
Total	100	100	100	100	100
Average number of people per household	2	2	2	2	2

Source: DK, Statistics Denmark; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Number of households as per 1 January 2016. Includes children aged 0-24 years living at home. There are also 15 743 families with children under the age of 18 living away from home
2 Figures taken from Statistics Iceland committee survey on living conditions (EU-SILC)
3 Changes in data-collection methods mean that figures from 2014 onwards cannot immediately be compared to figures from 2013 and earlier. One such change is that a number of students have been moved from their formal place of residence to their place of study
4 Projected figures were calculated using the FASIT simulation model. Cohabiting individuals count as married people

Cash benefits to families and children

Daily cash benefits at childbirth and adoption

All of the Nordic countries pay compensation for loss of income during the last few weeks prior to childbirth, and at least the first few months afterwards. Similar benefits are also paid in the event of adoption.

The amount paid depends on both previous income and the length of the leave. Employees are entitled to full pay under collective bargaining agreements.

Mothers are entitled to compensation for any loss of income if they are forced to stop working early in their pregnancy due to work-related activities that could be detrimental to the foetus, or in the event of a difficult pregnancy. The rules governing such circumstances vary from one country to another – in some countries, maternity benefits are payable, whereas sickness benefits or a special benefit are payable in others.

Denmark

It is a prerequisite that the individual concerned meets the employment requirement, i.e. they must either have worked for 120 hours within the last 13 weeks, be entitled to daily cash benefits, have concluded a vocational qualification course of at least 18 months within the past month, or be a paid apprentice.

Faroe Islands

It is a condition for receiving the benefit that the individual concerned is affiliated with the labour market, i.e. is employed or self-employed, or draws unemployment benefit. Other people are entitled to social assistance.

In the other Nordic countries, people who are not affiliated with the labour market also qualify for a benefit. In Finland, Iceland and Sweden, only a small amount is awarded.

Norway

The benefit is a non-recurring payment that is mainly payable to mothers.

Table 3.2 Rules governing income-substituting cash benefits at childbirth, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Barsels dag-penge	Barsils gjald	Föräldra-dagpen-ning	Faedinga-rorlof	Foreldre-penger ved fød-sel	Föräld-rapen-ning
Employed (employees)						
Maximum period (weeks) in which maternity benefit is payable	52[2, 3]	52	53	39	49/59[5]	69
Maternity benefit to mothers be-fore birth (weeks)[1]	4	4-8	5-8	4	3-12	9
Maternity benefits (weeks):						
- Mother only	18	14	18	13	10	8
- Father only	2	4	9	13	10	8
- Either mother or father	32	30	26[4]	13	26/36	52
Additionally:						
Father and mother at the same time	2	2	3	-	2[6]	2
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
Not employed						
Maximum number of weeks in which maternity benefit is payable	..	..	53	39	One-off payment[7]	69
Benefits subject to tax?	..	..	Yes	Yes	No	Yes
Leave period shareable with father?	..	..	Yes, for a maximum of 26 weeks	Yes	[8]	Yes

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Directorate of Labour; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 The total number of reimbursable weeks includes the number for which mothers are entitled to benefits prior to giving birth
2 The standard leave period of 32 weeks may be extended by 8 or 14 weeks to 40 or 46 weeks, making a total of 58 or 64 weeks. When leave is prolonged, daily cash benefits are reduced accordingly, so that the total amount for the 40 or 46 weeks equals the amount payable for 32 weeks
3 The mother is entitled to 4 weeks of maternity benefit before the birth and 14 weeks of maternity bene-fit after the birth. The father is entitled to 2 weeks of paternity benefit after the birth. Furthermore, both parents are entitled to 32 weeks of parental leave benefit, to be shared as they wish
4 In the event of multiple births, the maternity-benefit period is extended by 60 days for the second child and for each subsequent child
5 49 weeks at a compensation level of 100 per cent, or 59 weeks at 80 per cent
6 Fathers are entitled to two weeks' unpaid leave at childbirth. The two weeks may either be taken just before the child is born or immediately thereafter. However, in the public sector and in large parts of the private sector, collective bargaining agreements are in place that grant compensation during those two weeks
7 The one-off payment of NOK 46 000 is tax-free. The father is entitled to a one-off payment if the mother is deceased and/or he has sole parental responsibility
8 Both parents are entitled to draw on maternity benefits at the same time for four weeks, but these days are included twice in the total number of days for which benefits are paid. In addition, an insured person other than the mother can draw benefits for 2 extra weeks upon the birth of a child

Table 3.3 Amount of income-substituting cash benefits at childbirth, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Barselsdag penge	Barsils-gjald	Föräldra-dagpen-ning	Faedinga-rorlof	Foreldre-penger ved fødsel	Föräldra-penning
Gainfully employed (employees)						
Amount of maternity benefits (per week) as % of previous income	100[3, 4]	100	70-90[6]	80	80/100	77/80[7]
Income ceiling per week for full compensation, national currency[1]	No maxi-mum	6 250	No maxi-mum	85 450	..	8 543
Income ceiling per week for full compensation, PPS[1, 2]	.	635	.	458	.	713
Minimum amount per week, national currency	..	..	144	23 261	693/866	1 260[8]
Minimum amount per week, PPS[2]	.	.	118	125	54/67	105
Maximum amount per week, national currency	4 135	6 250[5]	..	85 450	10 295	6 622
Maximum amount per week, PPS[2]	420	635	.	458	808	553
Not gainfully employed						
Maximum amount per week, national currency	..	..	144	13 658	..	1 575
Amount of daily cash benefits per week, PPS[2]	.	.	118	73	.	131

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Directorate of Labour; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 The income ceiling is the maximum income (based on previous income) in relation to which maternity benefits are calculated. Each country uses different principles to calculate the income ceiling
2 See Chapter 1 and Appendix 1 for a definition of PPS
3 When the joint leave period of 32 weeks is extended to 40 or 46 weeks, daily cash benefits are reduced accordingly, corresponding to 80 per cent for 40 weeks and approx. 70 per cent for 46 weeks
4 The amount depends on earned income up to a maximum of EUR 15 per hour and no more than EUR 556 per week
5 The maximum amount per week excludes a 12 per cent contribution to holiday pay. Benefits are subject to mandatory pension savings – minimum 2 per cent, maximum 15 per cent of the pre-taxed amount should be saved
6 90 per cent of earned income, up to a maximum of EUR 55 498 per year, for the first 56 days' maternity leave. For incomes exceeding EUR 55 498, the rate is 32.5 per cent. For the following 49 days, it is 70 per cent of earned income, up to a maximum of EUR 36 419 per year
7 The compensation level is 80 per cent, but the conversion factor for the income on which the compensation is based makes the compensation level 77.6 per cent
8 Benefits at the lowest level (for a total of 90 days) apply to parents in and out of employment, respectively

Faroe Islands, Finland and Sweden
Fathers are entitled to daily cash benefits, at the same time as mothers draw maternity benefits, for a number of weeks after childbirth.

Denmark
Fathers are entitled to two weeks' leave with daily cash benefits from the date of the birth or adoption of the child. However, they may enter into an agreement with their employer to postpone the two weeks to a later date within the first 14 weeks after the birth. Parental leave lasts one year and is very flexible. Parents may, for example, divide the last 32 weeks between them and take turns being on leave, or they may take their leave one after the other or concurrently. The 32 weeks may be extended by eight or 14 weeks, but the total amount of daily cash benefit will remain the same. Parents may also postpone parts of the leave period as long as they use them before the child turns nine.

Finland
Paternity leave is a maximum of 54 working days, i.e. about nine weeks. Fathers may go on leave for 1–18 days (about three weeks) at the same time as mothers draw maternity or parental benefits. The rest may be used after the parental benefit period. Paternal leave must be taken before the child turns two. Either the mother or the father can take parental leave.

Iceland
Fathers and mothers each get 13 weeks of parental leave. Another 13 weeks may be divided freely between them.

Norway
Fathers are entitled to two weeks of unpaid leave at childbirth. However, in the public sector and in large parts of the private sector, collective bargaining agreements are in place that grant compensation for those two weeks.

For children born on or after 1 July 2013, the maternity benefit period has been increased to 49 weeks at 100 per cent or 59 weeks at 80 per cent. At the same time, a tripartite division of the maternity benefit period was introduced, which means that each parent is entitled to ten weeks after the birth (the mother and father quota). The parents then decide upon the rest of the leave (26 or 36 weeks, depending on choice of coverage level).

Generally speaking, the period during which daily cash benefits are payable at birth and adoption is relatively long in the Nordic countries. However, the period of parental leave in Sweden is significantly longer than that of the other countries, with 480 days of parental benefits per child. If parents share the responsibility for looking after the child equally, each is entitled to half of those days.

Equivalent disposable income and compensation rates when receiving maternity benefit

Table 3.4 presents the equivalent compensation rate at four different income levels for a single parent of a newborn who draws maternity benefits. Table 3.5 presents the same

scenarios for a couple when the partner earning the least before the birth draws benefits. Figure 3.2 shows the equivalent disposable income at the four different income levels for a single parent.

Norway provides the highest rate of maternity benefits for a single parent with a newborn. In all of the countries, with the exception of Denmark and Iceland, the rate of maternity benefits increases with the income level.

Table 3.4 shows that the compensation payable to a single parent receiving maternity benefit differs somewhat between the Nordic countries. The higher compensation payable in Denmark, the Faroe Islands and Norway for an AW (the average pay for a blue-collar worker) of 75 per cent is primarily due to the child allowance payable for the newborn child. Another factor may be that housing benefit, when available, is higher for families with children than for childless families.

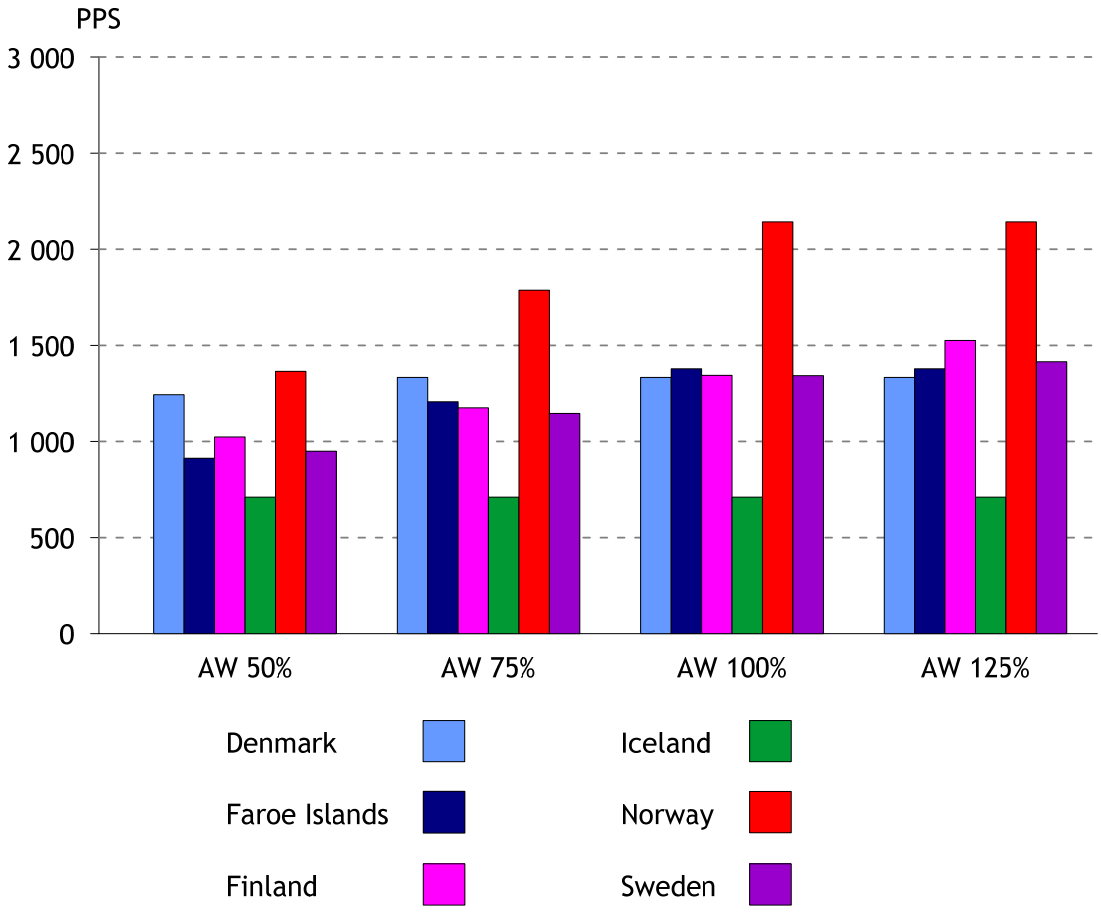
Table 3.4 Equivalent compensation rates per month for a single parent with a newborn and no other children when drawing maternity benefits, as % of disposable income from work, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%	108	100	83	57	97	83
AW 75%	82	93	72	41	90	69
AW 100%	64	82	66	32	84	62
AW 125%	52	67	63	26	70	56

Table 3.5 Equivalent compensation rates for a couple drawing parental benefits as % of disposable income from work, when the partner earning the least before the birth draws benefits, 2015

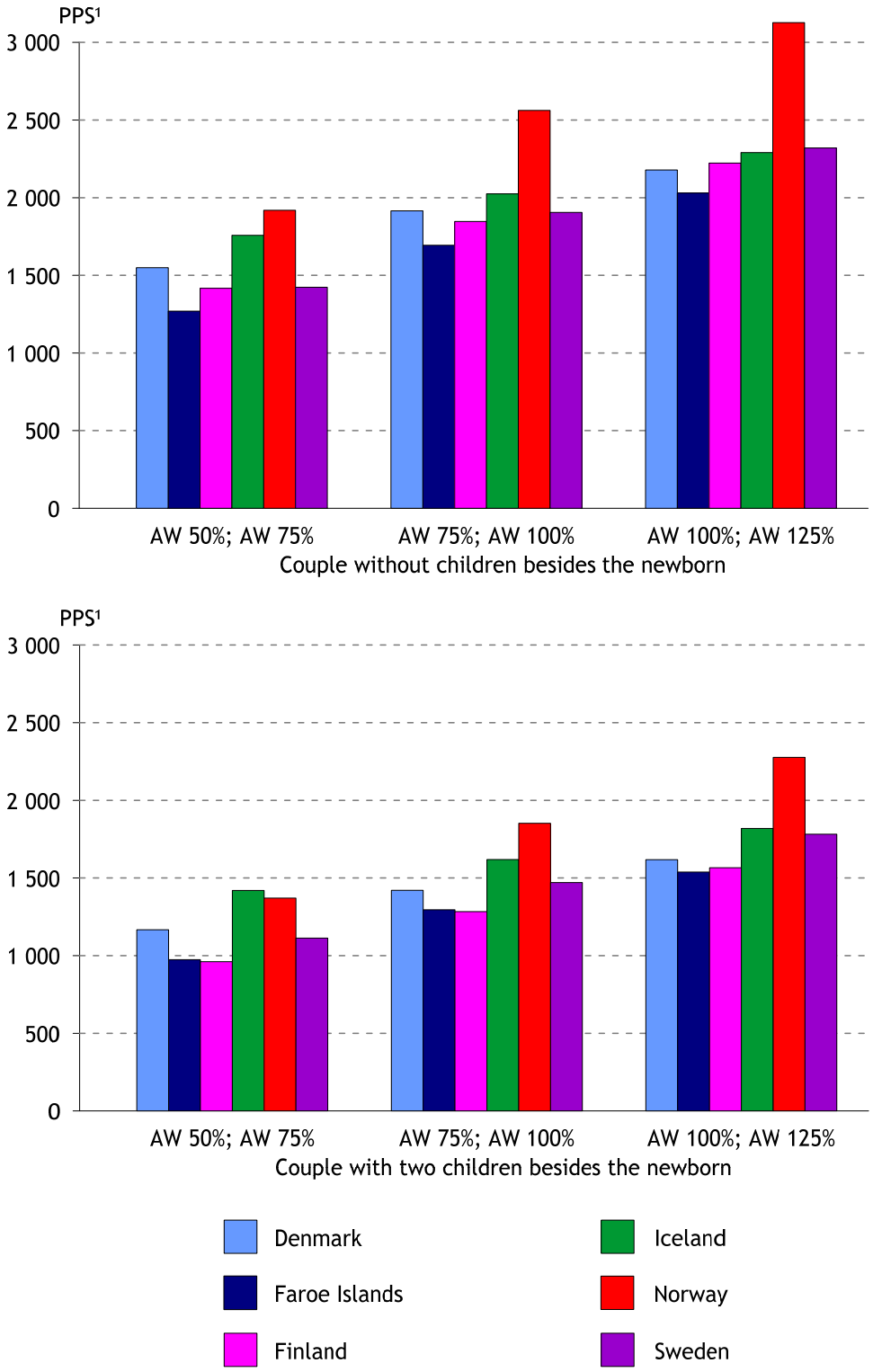
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Couple with newborn and no other children						
AW 50%; AW 75%	86	86	75	89	85	76
AW 75%; AW 100%	78	86	75	77	85	75
AW 100%; AW 125%	70	82	75	70	84	74
Couple with newborn and two other children						
AW 50%; AW 75%	91	91	71	100	90	81
AW 75%; AW 100%	82	91	75	89	89	79
AW 100%; AW 125%	74	86	75	90	88	78

Figure 3.2 Equivalent disposable income for a single parent drawing maternity benefits, per month 2015, PPS[1]



1 See Chapter 1 and Appendix 1 for definition of PPS

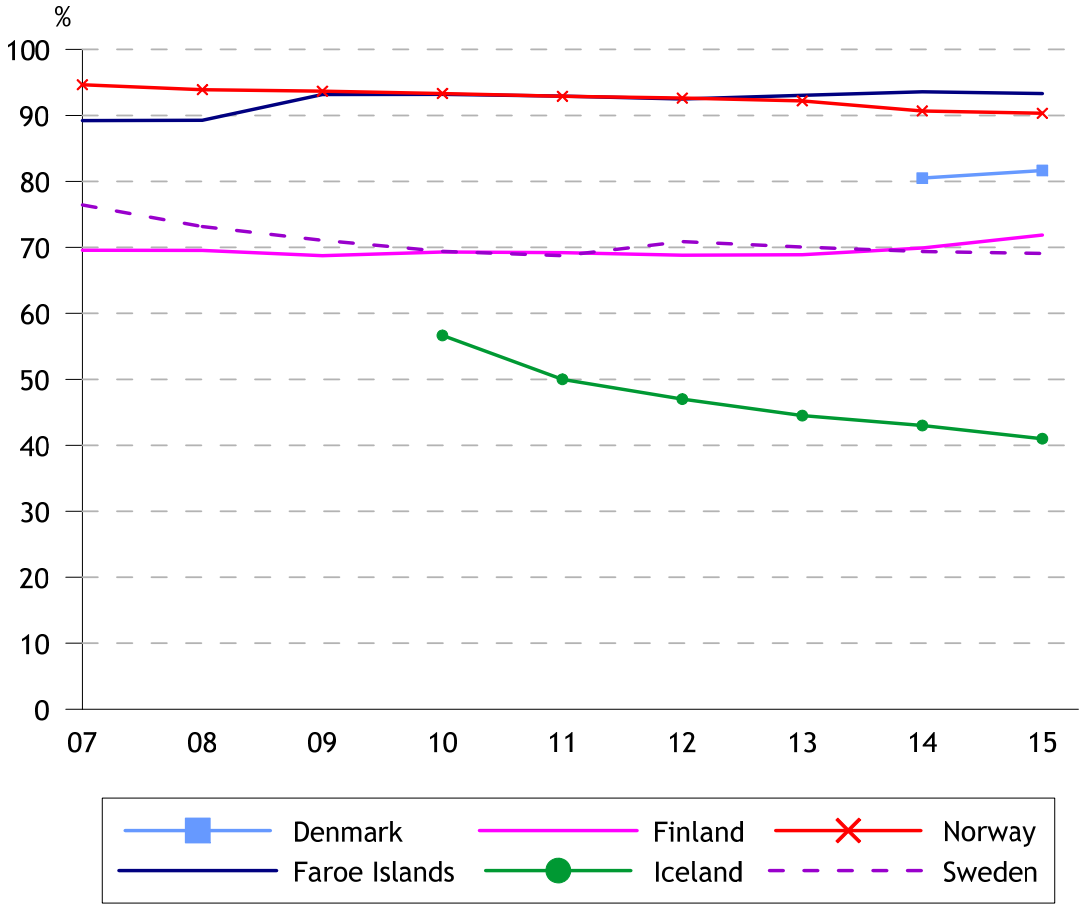
Figure 3.3 Equivalent disposable income for a couple when the partner earning the least before the birth draws parental benefits, per month 2015, PPS[1]



1 See chapter 1 and appendix 1 for definition of PPS

Figure 3.3 shows the equivalent disposable income at three different income levels for a couple with a newborn and no additional children, and for a couple with two additional children, respectively. In all of the countries, the equivalent income is lower for the couple with two other children than for the couple with only the newborn. The couple at AW50/AW75 with two other children and the couple with only the newborn have an equivalent income at about the same level in all of the countries. The couple at AW100/AW125 have a higher equivalent income in Norway compared to the other Nordic countries.

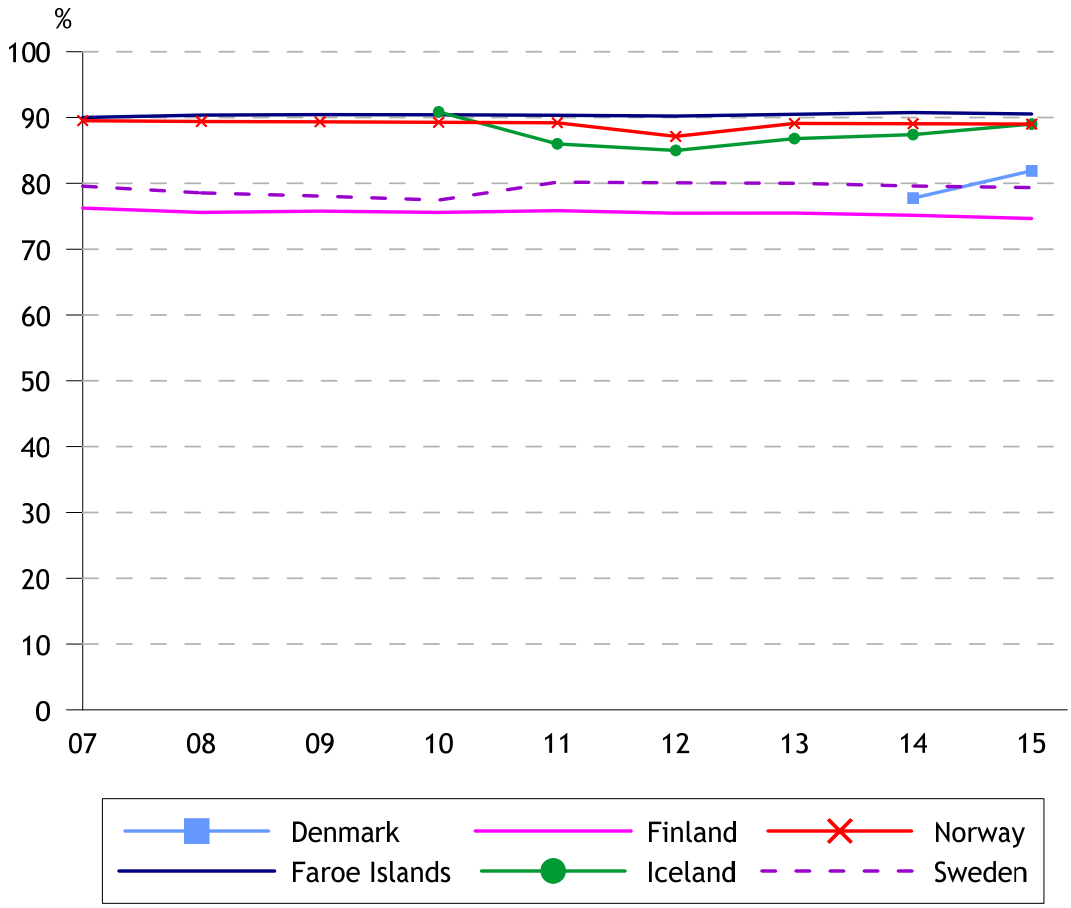
Figure 3.4 Equivalent compensation rate for a single parent with a newborn when drawing parental benefits, AW 75% 2007-2015[1]



1 AW 75 per cent is used as a norm for single people when illustrating compensation rates in this book. For more details, see the section on income distribution in Chapter 2

Figures 3.4 and 3.5 present the development of the compensation rates over the last seven years. The rates have largely remained stable.

Figure 3.5 Equivalent compensation rate for a couple with a newborn and two other children when drawing parental benefits, AW 75/100%, 2007-2015[1]



1 AW 75/100 per cent is used as a norm for couples when illustrating compensation rates in this book. For more details, see the section on income distribution in Chapter 2

Daily cash benefit schemes: take up by men and women

An increasing number of men are making use of daily cash benefit schemes at childbirth and adoption. However, both the number of recipients and the number of days on which parental benefits are payable vary considerably between the countries. This reflects differences between the schemes' coverage, as well as the length of the period in which individuals are entitled to the benefit.

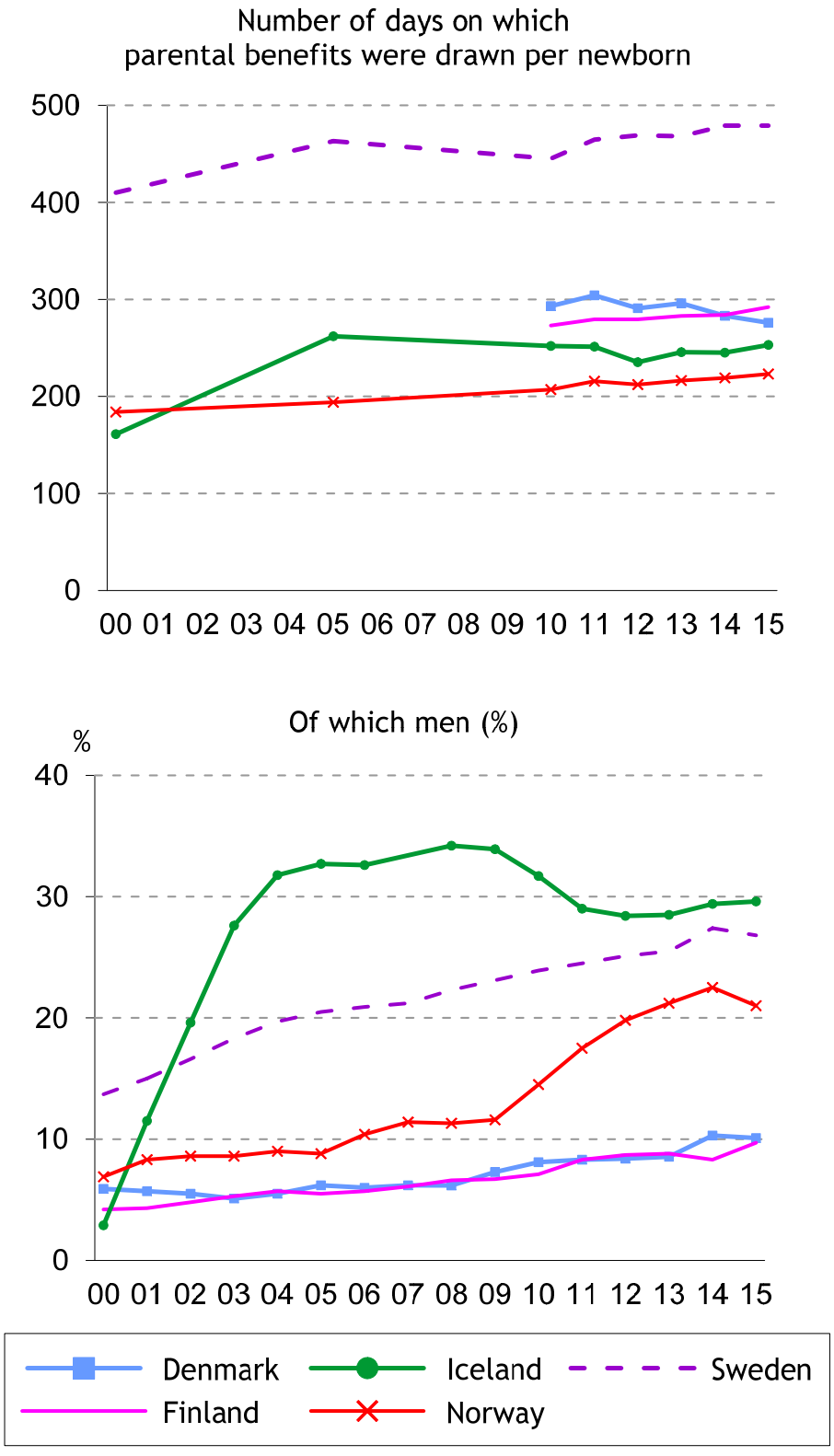
Table 3.6 Number of days with daily cash benefits at pregnancy, childbirth and adoption during the year, 2000-2015

	Denmark[2, 3]	Finland	Iceland	Norway[4]	Sweden[5]
Number of days (1 000) on which parental benefits were drawn					
2000	..	15 232	696	10 910	37 100
2005	..	15 751	1 122	11 017	44 254
2010	18 591	16 668	1 236	12 748	51 451
2014	15 917	16 247	1 053	12 942	54 997
2015	16 258	16 189	1 045	13 161	55 021
Of which men (%)					
2000	..	..	2.9	6.9	14.0
2005	..	..	32.7	8.8	20.9
2010	9.5	7.9	31.7	14.5	24.3
2014	10.3	9.3	29.4	22.5	26.5
2015	10.1	10.7	29.6	21.0	27.3
Number of days on which parental benefits were drawn per newborn[1]					
2000	..	268	161	184	410
2005	..	273	262	194	463
2010	293	273	252	207	445
2014	283	284	245	219	479
2015	276	292	253	223	479

Source: DK, Statistics Denmark; FI, the Social Insurance Institution of Finland; IS; Directorate of Labour; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 Data on number of newborns from NOMESCO
2 The latest amendment to the legislation was made in 2002
3 The data relates to net days with parental benefits, maternity benefits and temporary parental benefits at birth and adoption. The table has been recalculated for 2000–2013
4 The number of days for 2010 has been revised and reduced by about 8 per cent. The data relates to net days with parental benefits at birth and adoption
5 The number of days relates to net days with parental benefits, maternity benefits and temporary parental benefits at birth and adoption. Excluding 10 days set aside for father after birth

Figure 3.6 Number of days with daily cash benefits at pregnancy, childbirth and adoption during the year, 2000-2015



Denmark
In 2002 maternity leave was extended to one year, which partly explains the increase between 2000-2002 in the number of days on which maternity benefits were drawn. However, the number of days has decreased in the last couple of years.

Iceland
The law on parental leave was introduced in 2001 and amended in 2003 to grant fathers the same independent entitlement to 13 weeks' parental leave as mothers. The statistics reflect this change, as it led to a substantial increase in the number of men drawing paternity benefits.

Norway
Fathers are entitled to part of the benefit period (the father quota). This was previously 14 weeks, but was reduced to 10 weeks as of 1 July 2014. The statistics show that fathers now take more days with paternity benefits. Aside from the father quota, fathers' entitlement to paternity benefits is still dependent on mothers being gainfully employed after childbirth, being in receipt of publicly recognised education or being dependent on assistance with childcare due to sickness or injury.

Sweden
The figures are not comparable with those from the other countries, as the benefits are payable for more days per child than in any of the other countries. In addition, parental daily cash benefits may be payable until the child turns eight.

Adoption allowances

Generally speaking, adoptive parents are granted the same benefits as biological parents. If a child is adopted from another country, an allowance is granted to cover part of the expenses incurred. The adoption allowance is a tax-free, non-recurrent payment that varies from country to country.

In all of the Nordic countries, it is a requirement that potential adoptive parents are approved by official public-sector agencies.

Denmark
A subsidy is granted for a child adopted from another country through one of the approved organisations, as long as the parents are permanent residents of Denmark.

Faroe Islands
The High Commissioner (*Rigsombudsmanden*) is responsible for adoption cases. The Faroese social administration pays the adoption allowance once the adoption has been documented. The allowance is payable only to people residing in the Faroe Islands.

Finland
Adoptive parents may apply for a subsidy when an international adoption institute has selected a child aged under 18 years for placement and the adoption board has approved the adoption. To obtain the subsidy, the adoptive parents must be resident in Finland.

Iceland

It is a precondition that a child adopted from abroad was born to citizens of another country who are not resident in Iceland at the time of adoption. The adoptive parents must be resident in Iceland, and must not be related to the child.

Norway

The parents must be approved by the authorities before they are allowed to adopt a child from another country. This approval, known as prior consent, is given for a period of three years, with the possibility of extension by up to one year. Prior consent is only given for children up to five years old. An expert committee evaluates the adoption of children over five.

Sweden

It is a precondition that a child adopted from abroad is under 10 and was born to citizens of another country who are not resident in Sweden at the time of adoption.

Table 3.7 presents the amount paid in adoption allowance in 2015.

Table 3.8 shows the number of adoptions from abroad for which adoption allowance was paid between 2005 and 2015. In all of the Nordic countries, this number was decreasing until 2014. Between 2014 and 2015, the number of adoption allowances increased in Iceland, Norway and Sweden.

Table 3.7 Amount paid in adoption allowance, 2015, in national currency

	Denmark	Faroe Islands	Finland[1]	Iceland[2]	Norway	Sweden
Total	51 583	100 000	4 213	626 855	88 370	40 000
PPS[3]	5 240	10 158	3 449	3 360	6 896	3 337

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS; Directorate of Labour; NO, Directorate of labour and welfare; SV, The Swedish Social Insurance Agency

1 In Finland, the adoption allowance depends on the child's country of origin. Parents adopting children from Estonia receive EUR 1 900; from China, Colombia, South Africa and Kenya, EUR 4 500; from Ethiopia, the Philippines and Russia, EUR 3 800; and from any other country, EUR 3 000
2 In Iceland, the subsidy is payable as a lump sum on application. If more than one child is adopted at the same time, a subsidy amounting to 20 per cent of the lump sum is payable for each additional child
3 See Chapter 1 and Appendix 1 for definition of PPS

Table 3.8 Number of adoptions from abroad for which adoption allowance was paid, 2005-2015

	Denmark[1]	Faroe Islands	Finland	Iceland	Norway	Sweden
2005	625	9	..	..	607	976
2010	433	11	161	31	344	692
2014	126	4	133	20	152	348
2015	84	2	85	22	159	371

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS; Directorate of Labour; NO, Directorate of Labour and Welfare; SV, Swedish Social Insurance Agency

1 Number of children whose parents received benefits during adoption leave. The figures from previous years have been adjusted due to changes in the calculation method

Cash benefits for parental childcare

Denmark
The rules applying to childcare leave were revoked with effect from 2011 when maternity leave was extended to one year in 2002.

Faroe Islands
There are no schemes for parental benefits in connection with childcare.

Finland
Following a period in which they are in receipt of parental daily cash benefits, parents may choose between a place in a local-authority day-care institution or a childcare allowance for young children. The allowance may take the form of a supplement towards childcare costs in the home, or a supplement towards the costs of private childcare. The allowance for private care in the home applies to families with children under three.

Parents may choose to work reduced hours if they have children under the age of three, in which case they receive a lower allowance (max. EUR 243 per month).

Iceland
There are no national schemes for parental childcare benefits, although some local authorities do pay an allowance.

Norway
A graded parental benefit is available in the event of childbirth or adoption. It allows parents to claim reduced parental benefits, in combination with income from work, for a length of time exceeding the standard period. These benefits must be used within three years of the birth or adoption.

Cash benefits are payable for children aged 13–23 months who do not attend a kindergarten on a full-time basis. The rate for full cash benefits is NOK 6 000 per month per child. The benefit is neither needs- nor income-tested and is tax-free. Half of the amount is payable if a child attends kindergarten on a part-time basis (up to 19 hours per week).

Sweden
A voluntary local authority childcare contribution was introduced on 1 July 2008. Local councils may pay a childcare contribution of max. SEK 3 000 for children aged between one and three years who are not currently covered by an existing childcare scheme. The contribution is tax-free and may not be combined with parental benefits paid to the recipient or to their cohabiting partner or spouse.

Other schemes in Norway, Finland and Sweden also enable parents to stay at home without pay in order to take care of their children.

Table 3.9 Childcare leave as per December 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	.	.	Hemvårds-stöd	.	Kontant-støtte	Vårdnads-bidrag
Leave schemes for people in gainful em-ployment?	No	No	Yes	No	Yes	Yes[3]
Length of leave	-	-	Until the child turns 3	-	Until the child turns 3[2]	From the child turns 1 until it turns 3
Amount of benefit in national currency	-	-	343 per month + 103 for addi-tional children under 3 + 66 for each additional child under 7 + income-tested supplement (maximum of 183)	-	Possibility of graded allowance paid to par-ents, up to 6 000 per month	Up to 3000 per month per child
Amount of benefit in PPS[1]	.	.	281 per month + 84 for addi-tional children under 3 + 54 for each additional child under 7 + income-tested supplement (maximum of 150)	.	Possibility of graded allowance paid to par-ents, up to 466 per month	Up to 250 per month per child
Number of children covered by the scheme	.	.	83 568	.	.	7 500[4]

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare; SV, Statistics Sweden

1 See Chapter 1 and Appendix 1 for definition of PPS
2 In combination with part-time work
3 This allowance was stopped in January 2016
4 Number of children for whom parents receive local authority care allowances, 2013

Looking after children who are ill

In all of the Nordic countries, parents are, to varying degrees, entitled to stay at home to look after a sick child. This right is governed by law in Norway and Sweden, and by collective bargaining agreements in the other countries.

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

Regarding the length of time that a parent may stay at home to look after an ill child, Sweden's scheme is the most generous (120 days per year per child), while the schemes in Denmark, the Faroe Islands and Iceland are the least generous.

All of the countries have special rules for chronically or seriously ill children.

Denmark, Faroe Islands, Iceland and Norway
Compensation takes the form of full pay for childcare during short-term sickness.

Finland
The same rules apply as to sickness benefits. In some business sectors, full compensation is payable in cases of short-term sickness.

Sweden
Compensation corresponding to just under 80 per cent of income is payable up to a certain income level (the upper limit for sickness benefits).

Child allowance

All of the countries pay child allowance. These allowances are tax-free and universal – with the exception of Iceland, where the allowance is means-tested. In Iceland, a fixed amount has been paid irrespective of income since 2001, as an extra supplement for all children under the age of seven. In Denmark, the Faroe Islands, Iceland and Norway, child allowance is paid until to the age of 18; in Finland, 17; and in Sweden, 16 (20 for those still in education). Except for the Faroe Islands, child allowances are funded by central government in all of the countries. In the Faroe Islands, local authorities pay just under half of the expenditure on child allowances, by way of a tax deduction from one parent's income. If the deduction is not used in full, the residual amount is payable to the parent concerned.

Table 3.10 Rules governing child allowance, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Børne- og ungeydelse (børne-check)	Barna-frádráttur	Barnbidrag	Barna-bætur	Barne-trygd	Barnbidrag
Means-tested?	No[1]	No	No	Yes	No	No
Tax free?	Yes	Yes	Yes	Yes	Yes	Yes
Equal allowances for children of all age groups?	No	Yes	Yes	No	Yes	Yes
Supplements for additional children?	No	No	Yes	Yes	No	Yes
Extra allowance to single parents?	Yes	Yes	Yes	Yes	Yes	No
Special allowances to special groups?	Yes[2]	No	No	No	No	No

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Statistics Iceland; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 However, the special allowance granted under certain circumstances is means-tested
2 For instance, supplements to families with more than one child born at different times, or supplements to a child when both parents are dead

Table 3.11 The annual amount of child allowance, national currency, 2015

	Denmark[1]	Faroe Islands	Finland	Iceland[2, 3]	Norway[4]	Sweden
Single parent with:						
1 child	24 316	22 996	1 732	313 078	23 280	12 600
2 children	43 172	45 992	3 584	613 171	34 920	27 000
3 children	62 028	68 988	5 787	913 264	46 560	45 048
Couples with:						
1 child	13 500	12 996	1 149	-	11 640	12 600
2 children	27 000	25 992	2 419	32 700	23 280	27 000
3 children	40 500	38 988	4 039	132 919	34 920	45 048
Allowance in PPS[5]						
Single parent with:						
1 child	2 470	2 336	1 417	1 678	1 810	1 051
2 children	4 385	4 672	2 934	3 286	2 714	2 252
3 children	6 301	7 008	4 737	4 895	3 619	3 758
Couples with:						
1 child	1 371	1 320	941	-	905	1 051
2 children	2 743	2 640	1 980	175	1 810	2 252
3 children	4 114	3 960	3 306	712	2 714	3 758

Source: DK, the Ministry for Taxation and Ministry of Employment, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Statistics Iceland; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 Calculations based on family allowance for 3-6-year-olds of DKK 14 076 per year to both single parents and couples. The allowance for 0-2-year-olds amounts to DKK 17 772 per year, and DKK 11 076 per year for 7-14-year-olds. The youth allowance for 15-17-year-olds amounts to DKK 11 076

2 The amount is determined both by the number of children in a family and by the family income. The maximum allowance to a couple with one child aged 1-18 years is ISK 194 081 and ISK 323 523 to single parents. For each additional child, a maximum of ISK 231 019 is payable to cohabiting couples and ISK 331 593 to single parents

3 In addition, a supplement of ISK 1 115 825 is payable for children up to six years old, irrespective of income. Where a couple's annual income (in 2014) exceeds ISK 4 800 000 (for a single parent, ISK 2 400 000), the allowance is reduced by 4 per cent of the earnings that exceed the maximum amount for one child, 6 per cent for two children and 8 per cent for three or more. The reduction of the allowance is 4 per cent for each child aged 1-6. All calculations in the table were made for one child under 7, based on the average annual income for couples with children and for single parents

4 Single providers with young children aged 0-3 are granted a supplement (Barnetrygd) of NOK 7 920, irrespective of the number of the children

5 See Chapter 1 and Appendix 1 for definition of PPS

Advances on child maintenance allowance

For children with non-cohabiting parents, the parent not living with a child usually pays a maintenance allowance. The amount is determined either when a marriage is dissolved or, for unmarried parents, by other legal proceedings. The amount is fixed either by agreement between the parents, by court order or by a local authority ruling.

Denmark, Finland and Sweden

People with high incomes may be ordered to pay a higher amount than the standard allowance.

Norway

The allowance is based on the principle that the mother and the father share the expenses for the maintenance of the child in a manner proportional to their income. The calculation also takes contact time into consideration, i.e. parents who spend a lot of time with their children pay a smaller contribution. The recipient's income level determines their entitlement to advances on the maintenance allowance.

In all of the Nordic countries, if a payment is not made on time, the authorities can pay an advance to the party entitled to the allowance. In Denmark, the Faroe Islands, Iceland and Finland, the amount of the advance may not exceed the ordinary allowance. In Norway, the advance is income-adjusted. The age limit for advance payments is 18 years. In Iceland, Finland and Sweden, this may be extended to 20 if a child is still in education.

Table 3.12 Advances on child maintenance allowance, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway[1]	Sweden[2]
Maximum amount per child per year, national currency	15 468	12 996	1 862	322 356	22 200	15 852
Maximum amount per child per year, PPS[3]	1 571	1 320	1 524	1 728	1 726	1 322

Source: DK, the State Administration; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 Maximum advances on maintenance allowance (annual average). There are three different rates, depending on the recipient's income (national term "barnebidrag"). From 2014, the amount in the table is the annual average for children aged 11 and over. Norway has had four different rates in place since 1 July 2014. The amount for children under 11 was NOK 17 460 (annual average 2014). This amount is comparable with earlier years
2 The value is an annual average. Until September 2015, the monthly maintenance allowance was 1 273 SEK. From 1 October 2015, it increased to 1 573 SEK
3 See Chapter 1 and Appendix 1 for definition of PPS

Table 3.13 Number of children in receipt of advances on maintenance allowance, percentage of population under 18, 2000–2015

	Denmark[1]	Faroe Islands	Finland	Iceland	Norway	Sweden[2]
2000	14	9	10	19	18	16
2005	13	9	9	19	14	13
2010	17	8	9	18	11	12
2014	..	..	10	17	10	10
2015	..	..	10	16	9	10

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 The statistics only include children under 18. The statistics on child allowance were discontinued at the end of 2012
2 Number of children under 19

Other social benefits

Denmark
A special child allowance is payable. Child pensions are described in detail in Chapter 6.

Finland, Iceland and Sweden
A child pension can be paid, in the form of a basic pension and a supplementary/employment pension.

Norway
Tax relief for childcare supplements the standard child allowance. However, the social expenditure statistics do not include the costs of this. The social security fund may also grant single providers a "transition allowance" for maintenance, financial support towards childcare and education grants.

A child pension is payable to children who have lost one or both parents. The child pension takes the form of a basic pension and a supplementary/employment pension.

Services for families and children

The Nordic countries provide children and families with an extensive range of services on a day-to-day basis. Responsibility for these services rests largely with the local authorities, who provide day-care institutions for children and adolescents, pre-school classes, family day-care, childcare in the home, and child and youth welfare schemes.

Physically or mentally disabled children are, to the extent possible, integrated into general care schemes.

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

Families may also be granted assistance to avoid children and adolescents being removed from their homes.

Day-care institutions and family day-care

Day-care institutions for pre-school children

Children of pre-school age attend day-care institutions. All of the countries offer both full- and part-time places. Local authorities are responsible for ensuring that a sufficient number of places are available. Private childcare schemes are also available.

Denmark, Finland and Norway
Cash allowances are available for parents looking after their children in their own homes. The rules differ slightly between the three countries.

Denmark
The national childcare guarantee adopted in 2004 means that local authorities are obliged to supply places in age-appropriate day-care facilities for all children from the age of 26 weeks until school start.

Parents are also entitled to choose a place in a day-care facility in another local authority area. However, local councils may, for capacity reasons, decide to close waiting lists to children from other areas.

Faroe Islands
Local authorities are not legally obliged to provide all children with a kindergarten place.

Finland
All children under seven are entitled to a place in a local authority day-care institution or in family day-care. Parents may also apply to the local authority for a subsidy for childcare in a private home. The Social Insurance Institution pays the amount directly to the institution/private individual looking after the child/children.

Iceland
Some local authorities subsidise young children being placed in family day-care while they are waiting for a place in a council day-care institution. Rules and amounts vary.

Norway
The local authorities are obliged to provide places in kindergartens. Children turning one before the end of August are, upon application, entitled to a place in a kindergarten in their local authority area from August that year.

Sweden
Pre-school activities include all activities for children from the age of one year until school start. These may take place in "pre-school", family day-care or day-care institutions with pre-school activities. Local authorities are obliged to provide pre-school activities or family day-care to:

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

Places must be provided without any unnecessary delay, i.e. within four months of enrolment. Local authorities must take into consideration parents' wishes regarding the type of childcare, and the place provided should be as close to the child's home as possible. In addition, all children must be offered at least 525 hours free of charge at a pre-school from autumn of the year in which they turn three (known as "ordinary pre-school"). Since 1 July 2009, family day-care homes have been replaced by a holistic and flexible family day-care concept known as "educational care".

Family day-care

In all of the Nordic countries, local authorities provide family day-care schemes, largely for pre-school children. Under these schemes, local authorities employ and pay child-minders to look after the children in their homes. As is the case with day-care institutions, parents pay to have their children looked after in family day-care. Private family day-care is also available in all of the countries, but only Norway subsidises it. With the exception of Sweden, the Nordic social statistics do not include these types of childcare are not included.

Pre-school classes

In several of the countries, special classes are provided to prepare young children for school. However, these operate according to somewhat different rules. Outside of school hours, children may participate in after-school clubs or attend day-care institutions.

In Denmark, Iceland and Norway, the compulsory school age is six. In Finland, Sweden and the Faroe Islands, it is seven.

Denmark
The pre-school class is subject to compulsory educational requirements. Over a year, this amounts to at least 1 200 class hours, corresponding to an average of 28 hours per week, divided into 45-minute lessons, over a period of 40 weeks.

Faroe Islands
Only a few schools provide pre-school classes.

Finland
Six-year-olds are entitled to a pre-school place free of charge, comprising 700 hours per year. Participation used to be voluntary, but became compulsory in August 2015. However, prior to this change, nearly all six-year-olds were already enrolled in pre-school education.

Sweden
Local authorities are obliged to provide all six-year-olds with a minimum of 525 hours of pre-school. In autumn 2015, 97 per cent of all six-year-olds attended pre-school, whereas 1 per cent had already started primary school. All six-year-olds are entitled to start primary school if their parents so wish. Children enrolled in pre-school and primary school may attend after-school clubs.

Children of school age

All of the countries provide day-care options for children of school age. These consist of either special youth centres or integrated institutions that also care for pre-school children. In Norway, the school sector is responsible for the development of after-school clubs. This is also generally the case in Denmark, Iceland and Sweden, but the options vary from one local authority to another.

Different upper age limits are placed on entitlement to places at youth centres/after-school clubs.

Denmark
Some councils set the age limit at ten years, others at 14. In principle, a Danish after-school scheme can include children of all age groups at the school in question, i.e. it may also offer activities for older pupils.

Faroe Islands
Local authorities provide after-school clubs up to and including year two. Smaller councils provide day-care schemes up to a corresponding age level.

Finland
Generally, there is no age limit. However, in special cases, it may be ten years.

Iceland
The age limit is nine years.

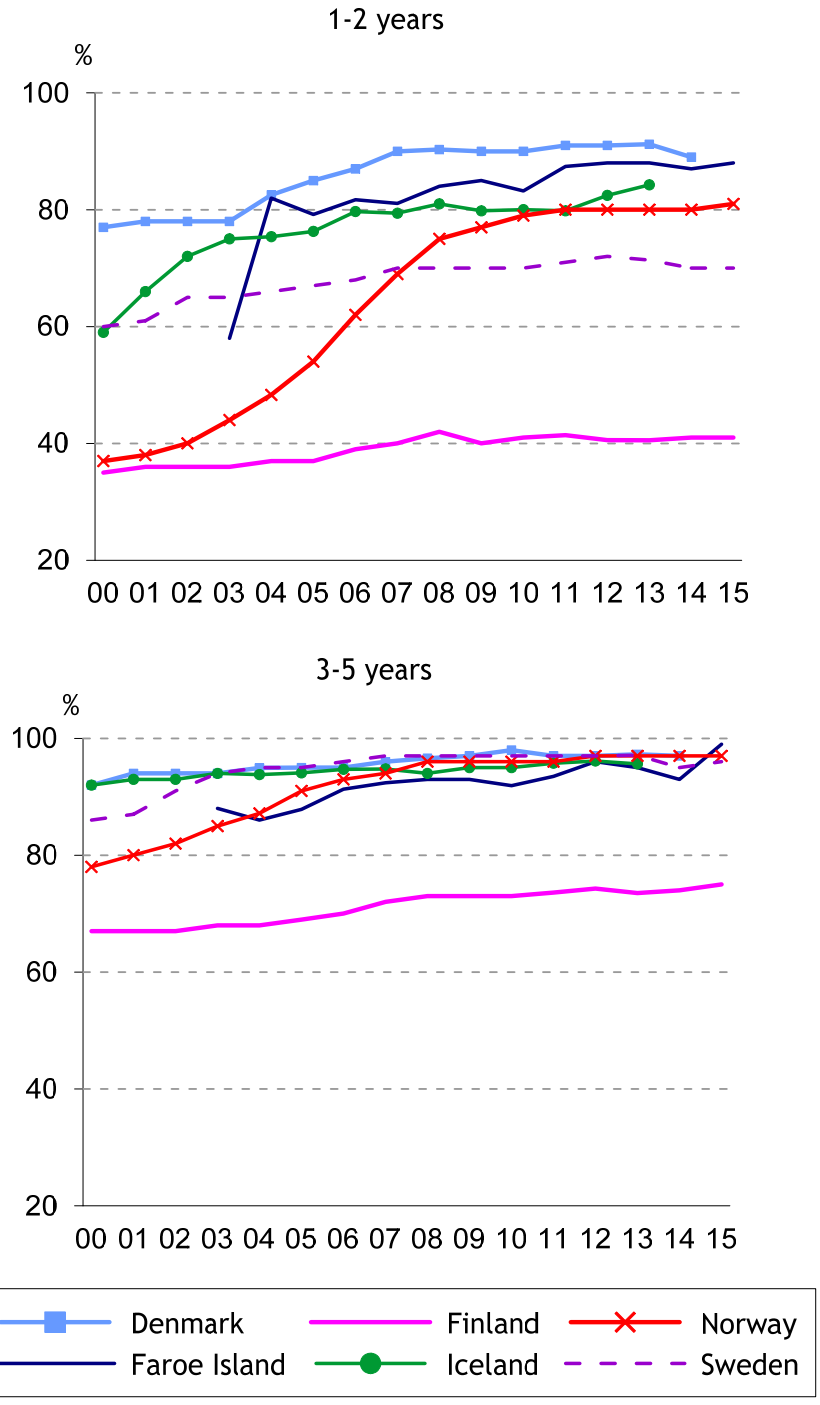
Norway
The age limit is ten years. Local authorities must provide after-school clubs for children from year one to year four, and for children with special needs from year one to year seven.

Sweden
The age limit is 12 years.

Children enrolled in day-care institutions and publicly financed day-care

The number of children covered by day-care schemes in day-care institutions and family day-care varies from country to country. The reasons for this include the extent of unemployment in the area, and the fact that the youngest pupils in pre-school classes in Denmark also spend time in youth centres and school clubs after – and, in many places, before – school. The low figures for one- and two-year-olds in Finland are due to the home-care allowance option. In other words, parents on parental leave often care for more than one child at home. The entitlement to the allowance lasts until the youngest child turns three years old. The youngest child's siblings, if they are also cared for at home, are entitled to the allowance until they start school. The long maternity leave period in Sweden also affects the figures.

Figure 3.7 Children 1-5 years enrolled in day-care institutions and publicly financed day-care, % of age group, 2000-2015[1]



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland and the Social Insurance Institution of Finland; NO, Statistics Norway; SV, the Swedish National Agency for Education

1 For Denmark and Finland, the figures include children in privately subsidised and non-profit publicly subsidised childcare facilities. The figures for Denmark also include children in day schools, after-school clubs and youth clubs. The Norwegian figures include children in public and private kindergartens

Table 3.14 Rules for public-sector day-care institutions and family day-care, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Forældrebetaling i dagtilbud	Foreldragjald	Barndagvården	Dagvistun barna	Foreldrebetaling i barnehage	Föräldraavgift
Children of pre-school age						
All children entitled to a place in a day-care institution/family day-care?	Yes	No	Yes	No	Yes	Yes
Centrally imposed rules for user payments?	Yes	Yes	Yes	Yes	Yes	Yes
Upper limit to user payments?	Yes	No	Yes	Yes	Yes	Yes
Option of full-time or part-time places free of charge?	Yes	Yes	Yes	No	Yes	Yes
Children of school age						
All children entitled to a place in a youth club/after-school club scheme?	Yes	No	No	Yes	No	Yes
Centrally imposed rules for user payments?	Yes	Yes	Yes	No	Yes	Yes
Upper limit to user payments?	Yes	No	Yes	No	Yes	Yes
Option of full-time or part-time places free of charge?	Yes	Yes	Yes	Decided by the local authorities	Decided by the local authorities	Yes
Age limit for care of children of school age	Until 14 years	None	Special needs of children must be met	6-9 years	Up to 10 years, 12 for children with special needs	6-12 years

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, Ministry of Education and Culture; IS, Statistics Iceland; NO, Directorate of Labour and Welfare; SV, the Swedish National Agency for Education

Denmark

All children are entitled to register for a place in a youth club/after-school club. Local authorities must provide an adequate number of places. However, only children aged 0–6 are guaranteed a place.

Iceland

User payments for public-sector day-care institutions and family day-care must not exceed average local authority expenditure per child in the day-care institution.

Norway

Children who turn one before the end of August of the year in which an application is submitted to kindergarten are entitled to a place in a day-care institution/family day-care. Local authorities place upper limits on the expenses covered for kindergarten and day-care institutions/family day-care.

Sweden

A place in a day-care institution/family day-care must be provided for children whose parents work, study, are on parental leave or are unemployed. Places in children's institutions must also be provided for children who require special developmental support.

A place in a youth club/after-school club must be provided for children whose parents work or study, for children who have special needs due to the families' circumstances, or for children who require special developmental support.

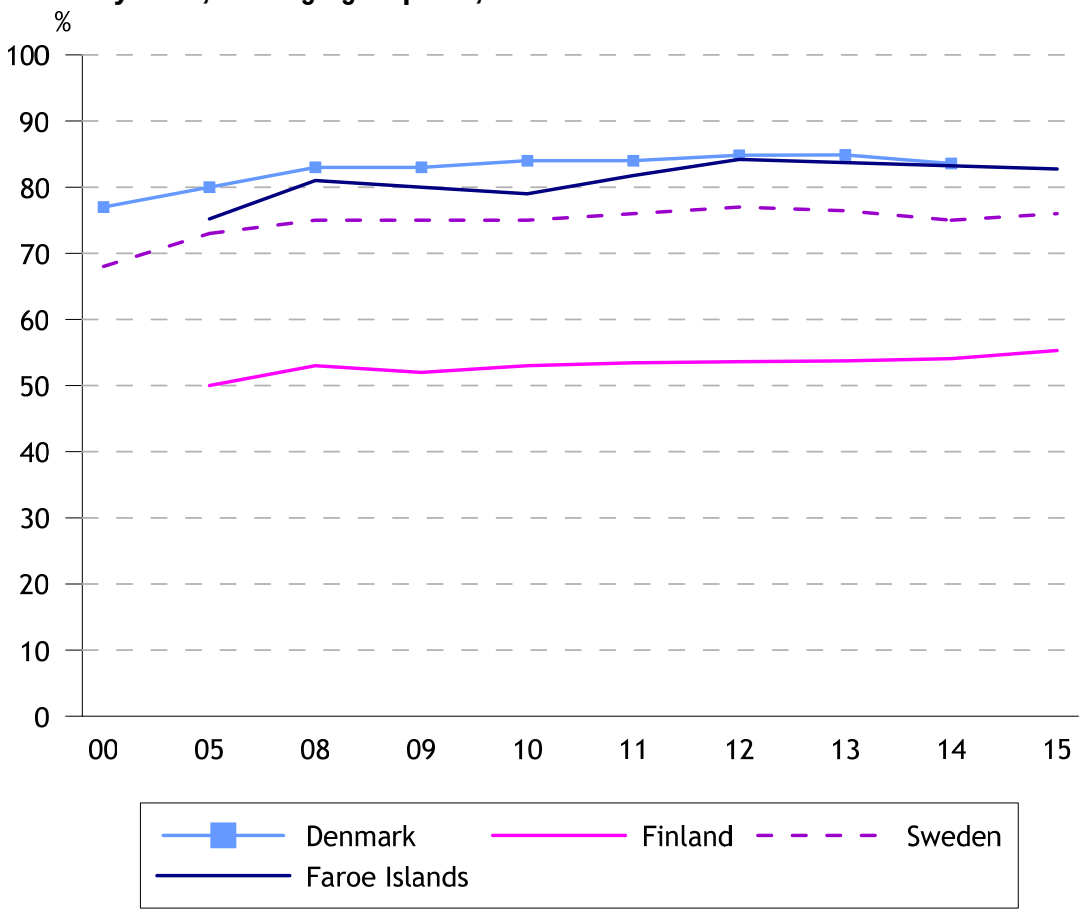
Table 3.15 Children enrolled in day-care institutions and local authority family day-care, 1 000 and as % of age group, 2015

	Denmark[1,2,3]	Faroe Island	Finland[2]	Iceland[2]	Norway[3]	Sweden[4]
Per 1 000						
<1 years	18	-	1	-	2	-
1-2	89	1	49	7	97	163
3-5	97	2	138	13	184	341
0-5	82	3	187	21	283	505
6	91	1	45	-	-	102
0-6	84	4	232	21	-	607
7-10	72	1	2	-	-	334
As % of age group						
<1	.	14	1	7	4	-
1-2	.	88	41	85	81	70
3-5	.	99	75	96	97	96
0-5	.	81	52	79	76	74
6	.	93	73	.	-	86
0-6	.	83	55	67	-	76
7-10	.	42	3	.	-	73

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland and the Social Insurance Institution of Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, the Swedish National Agency for Education

1 2014
2 Includes children in subsidised private day-care and non-profit childcare
3 Includes children in day schools, after-school clubs and youth clubs
4 Includes children in public-sector and private kindergartens

Figure 3.8 Children enrolled in day-care institutions and local authority family day-care, % of age group 0-6, 2000-2015



Child and youth welfare

All of the Nordic countries have in place a range of preventive measures to ensure that children and adolescents are brought up in safe, comfortable environments. These comprise both general measures and measures specifically aimed at individual children or adolescents.

All of the countries also allow public authorities to intervene in child welfare. This may consist of providing support services or, where circumstances warrant it, placing a child in care.

Preventive measures

All of the Nordic countries have in place preventive measures focusing on the family or the child. Such measures may take the form of advisory services, practical educational support in the home, family treatment, stays in residential institutions for both parents and children, contact or support persons for the entire family, or financial support. All of these measures are designed to avoid children being placed away from their homes.

Table 3.16 Children and adolescents in receipt of special support

	Denmark[1, 2]	Faroe Islands	Finland[3]	Iceland[4]	Norway	Sweden[3]
	2014	2015	2014	2015	2015	2014
0-17 years	31 162	920	80 325	4 509	32 551	26 786
in % of age group	2.7	7.4	7.5	5.7	2.9	1.4
18-22 years	5 318	57	9 944	109	2 128	4 262
in % of age group	1.4	1.7	5.1	0.1	0.2	0.7

Source: DK, Statistics Denmark; FO, Government Agency for Child Protection; FI National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Latest data from 2014. Includes children (net) who receive preventive support
2 For 2013, data is only available for preventive measures focusing on the child. For 2014, data is available for preventive measures focusing on both the child and the family
3 Latest data from 2014. Years: 0-17, 18-20
4 2014

Care outside the family home

All of the countries recognise that it may be necessary to place a child into care away from the family home. This may be because the parents need help caring for the child, or that the child's health or development is threatened due to neglect. Measures may also be taken if young people endanger their own health or development, e.g. through alcohol/drug abuse and/or crime.

Usually, children are taken into care with the consent of their parents. However, all of the countries have the ability to take children into care without parental consent.

Denmark
The local authority child and youth committees decide whether a child should be taken into care.

Faroe Islands
The National Child Welfare Service, following a recommendation by the local child-welfare service, decides whether a child should be taken into care.

Finland and Sweden
The courts decide whether a child should be taken into care.

Iceland
Local authority child and youth committees decide whether a child should be taken into care.

Norway
Usually, a governmental county committee decides whether the Child Welfare Service should assume responsibility for particular children and place them in care away from their family homes. However, the Child Welfare Service may take a child into care without any decision being made by the governmental county committee.

The number of children taken into care varies from country to country. The frequency is somewhat higher in Finland than in the other Nordic countries.

In the older age groups, more boys than girls are taken into care. The differences are considerably smaller in the younger age groups.

Table 3.17 Children and adolescents taken into care, by age group, per 1 000 children

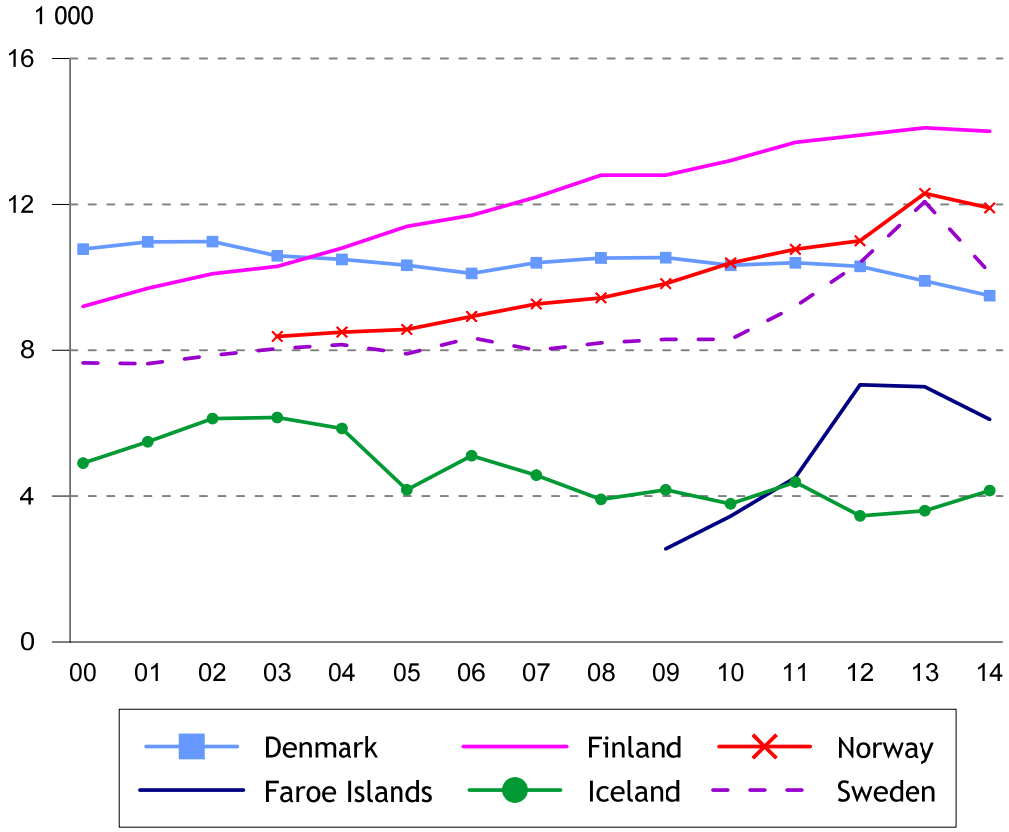
	2005	2010	2013	2014		
Years old				Total	Boys	Girls
Denmark[1]						
0-6	3.3	4.0	4.2	4.2	4.3	4.0
7-14	10.9	10.5	9.7	9.5	10.2	8.6
15-17	25.9	24.8	22.1	20.6	21.4	19.5
0-17	10.5	10.6	9.9	9.5	10.0	8.9
Faroe Islands						
0-6	..	0.6	1.3	1.2	1.6	0.7
7-14	..	4.0	5.7	2.5	2.6	2.3
15-17	..	8.1	8.5	4.5	5.7	3.3
0-17	..	3.4	4.1	2.4	2.8	1.9
Finland						
0-6	6.7	7.3	7.8	7.8	8.1	7.5
7-14	11.1	13.2	14.0	13.6	14.7	12.4
15-17	20.9	25.9	29.4	29.5	28.7	30.4
0-17	11.4	13.2	14.1	14.0	14.4	13.5
Iceland[2]						
0-6	0.6	0.5	1.5	2.5	2.6	2.4
7-14	2.9	3.0	2.4	3.2	3.0	3.3
15-18	12.5	15.7	12.0	11.0	12.2	9.7
0-20	4.1	3.8	3.2	3.6	3.8	3.4
Norway						
0-6	4.1	4.8	6.7	6.4	6.4	6.3
7-14	8.8	10.5	12.7	12.8	13.6	11.9
15-17	18.0	22.5	24.0	23.2	24.2	22.1
0-19	9.3	11.4	13.5	13.2	14.0	12.4
Sweden[3]						
0-6	3.9	4.1	4.8	4.9	4.9	4.8
7-14	7.7	8.4	9.5	8.8	9.0	8.7
15-17	17.1	24.6	38.4	27.9	32.2	23.3
0-17	7.9	10.4	12.1	10.1	10.9	9.3

Source: DK, The National Social Appeals Board and Statistics Denmark; FO, Government Agency for Child Protection; FI, National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Including children and adolescents with reduced physical and/or mental capability. The figures have been calculated on the basis of the number of children and adolescents taken into care as per 31 December, and the population figures as per 1 January the following year. Due to a change in calculation method, the figures for 2007 and later are not comparable with figures from previous years
2 Before 2008, the age groups were 0-6, 7-14, 15-18 and 0-18
3 Refers only to children and young people with a national identity number

Figure 3.9 shows the development in the number of children and adolescents taken into care outside their home per thousand children from 2000 to 2014. The ratio has increased in recent years in Finland, Norway and Sweden. During the same period, the ratio has been stable and slightly decreasing in Denmark and Iceland.

Figure 3.9 Children and adolescents aged 0-17 years taken into care outside the home, per 1 000, 2000-2014[1]



Source: DK, Statistics Denmark; FO, Government Agency for Child Protection; FI, National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Iceland 0-20 years, Norway 0-19 years

Table 3.18 shows the children and adolescents in care in 2015, by facility type. In all of the countries, the majority are in family care.

Denmark

A range of options are available. More than 20 per cent of the children and adolescents aged 0-17 years in care are in facilities other than foster-care and residential institutions, mainly socio-educational facilities, but also boarding schools, continuation schools and other types of accommodation.

Faroe Islands

The authorities use facilities in Denmark. Faroese children and adolescents account for around 2 per cent of the total.

Finland and Sweden

In Finland, the category “Other facility” includes placement in the child’s own home or room (with support). In Sweden, it includes the child’s own home or room or a child-psychiatric clinic.

Table 3.18 Children and adolescents in care as of 31 December, by facility, percentage

	Denmark	Faroe Islands	Finland	Iceland[1]	Norway[2,3]	Sweden[4]
	2015	2015	2015	2014	2015	2015
Family care	60	76	60	57	71	63
Residential institution	20	24	30	21	13	34
Other facility	20	-	10	22	16	3
Total	100	100	100	100	100	100

Source: DK, The National Social Appeals Board; FO, Government Agency for Child Protection; FI, National Institute for Health and Welfare (THL); IS, Government Agency for Child Protection; NO, Statistics Norway; SV, The National Board of Health and Welfare

1 Iceland during 2014
2 From 2007, the category "Other facility" includes the child's own accommodation/room and accommodation with follow-up services
3 0-22 years in Norway
4 "Family care" includes standby homes and network homes. "Residential institution" includes care homes and homes with special supervision

Expenditure on and financing of benefits to families and children

Differences and similarities in expenditure on families and children

The Nordic countries' expenditure on families and children (in PPS per child aged 0–17) varies greatly – Denmark and Norway spend the most; Finland, Iceland and Sweden the least. Note, however, that only Finland and the Faroe Islands include expenditure on parental leave and adoption leave in their social expenditure data.

A more detailed picture emerges from a breakdown of spending on the different types of benefits.

Denmark
Cash benefits to parents looking after children include leave schemes for childcare.

Finland
Allowances are available for looking after children in the home.

Sweden and Norway
These two countries have the highest levels of expenditure on daily cash benefits at childbirth and adoption, as well as the longest periods of leave.

Norway
Expenditure also includes a childcare scheme that pays single providers a subsidy that enables them to work. The other Nordic countries do not provide similar allowances.

The other Nordic countries do not have similar allowances.

Expenditure on other cash benefits mainly consists advances on child maintenance paid by the authorities. In this category, Iceland spends the most.

Changes in social expenditure on families and children, 2013-2014

Denmark
Public spending on cash benefits and services fell by approximately DKK 1 265 bn (1.8 per cent) from 2013 to 2014. Cash benefits decreased by DKK 144 million (0.5 per cent), and expenditure on services decreased by DKK 1 409 million (3.2 per cent). This reduction stemmed primarily from day-care institutions and family day-care.

Faroe Islands
Social expenditure on families and children decreased by DKK 5m (0.6 per cent) at constant prices from 2013 to 2014. Although spending on daily cash benefits actually increased by more than DKK 10m, the overall decrease in spending was due to lower expenditure on residential institutions by the local authorities.

Finland
In Finland, spending fell by 0.9 per cent at constant prices. Spending on cash benefits fell by 1.2 per cent, while spending on services fell by 0.6 per cent.

Iceland
Social expenditure on families and children increased by 6.0 per cent at constant prices from 2013 to 2014. Expenditure on cash benefits decreased by 4.7 per cent at constant prices, due to decreases in both the family and child allowance and childcare supplement of 11 per cent. Expenditure on cash benefits increased by 14.5 per cent.

Norway
Spending on families and children rose by 3.8 per cent at constant prices from 2013 to 2014. Spending on daily cash benefits at childbirth and adoption increased by 8.3 per cent. Spending on services (day-care institutions and family day-care) rose by 0.7 per cent.

Sweden
Spending on families and children increased by 3.2 per cent at constant prices from 2013 to 2014. Cash benefits increased by 1.5 per cent, while spending on services increased by 4.7 per cent. The biggest increase was spending on residential institutions, with 11.4 per cent at constant prices.

Table 3.19 Expenditure on and financing of benefits to families and children, 2014, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, million						
A. Daily cash benefits at childbirth and adoption	9 470	191	1 109	8 803	17 902	28 210
B. Childbirth allowances	-	-	11	-	394	14
C. Parental benefits when looking after children (leave schemes, etc.)	-	-	379	-	1 382	132
D. Family or child allowances	17 325	172	1 501	10 393	15 139	25 220
E. Supplements	-	-	-	-	-	-
F. Other	503	6	85	2 648	6 500	2 060
a. of which advances on child maintenance allowances	-	-	85	936	500	2 060
Cash benefits, total	27 297	370	3 085	21 844	41 317	55 636
Services, million						
A. Day-care institutions and family day-care	24 444	324	2 263	19 422	40 732	42 560
B. Residential institutions (child and youth welfare)	8 989	89	686	6 374	11 004	12 979
C. Home help to families	-	-	25	741	1 212	3 279
D. Other	9 457	5	492	6 371	5 110	6 250
Services, total	42 891	417	3 465	32 908	58 057	65 068
Total expenditure, million	70 188	788	6 550	54 752	99 374	120 704
Expenditure as % of GDP	3.6	5.1	3.2	2.7	3.2	3.1
Financed by (%)						
- Public authorities	100.0	87.9	84.3	79.7	84.1	75.6
- Employers	-	6.2	11.5	20.3	9.2	23.8
- The insured (contributions and special taxes)	-	5.9	4.2	-	6.7	0.7
Changes 2013-2014 in terms of 2014 prices						
- Million	-1 265	-5	-57	3 106	3 592	3 764
- %	-1.8	-0.6	-0.9	6.0	3.8	3.2

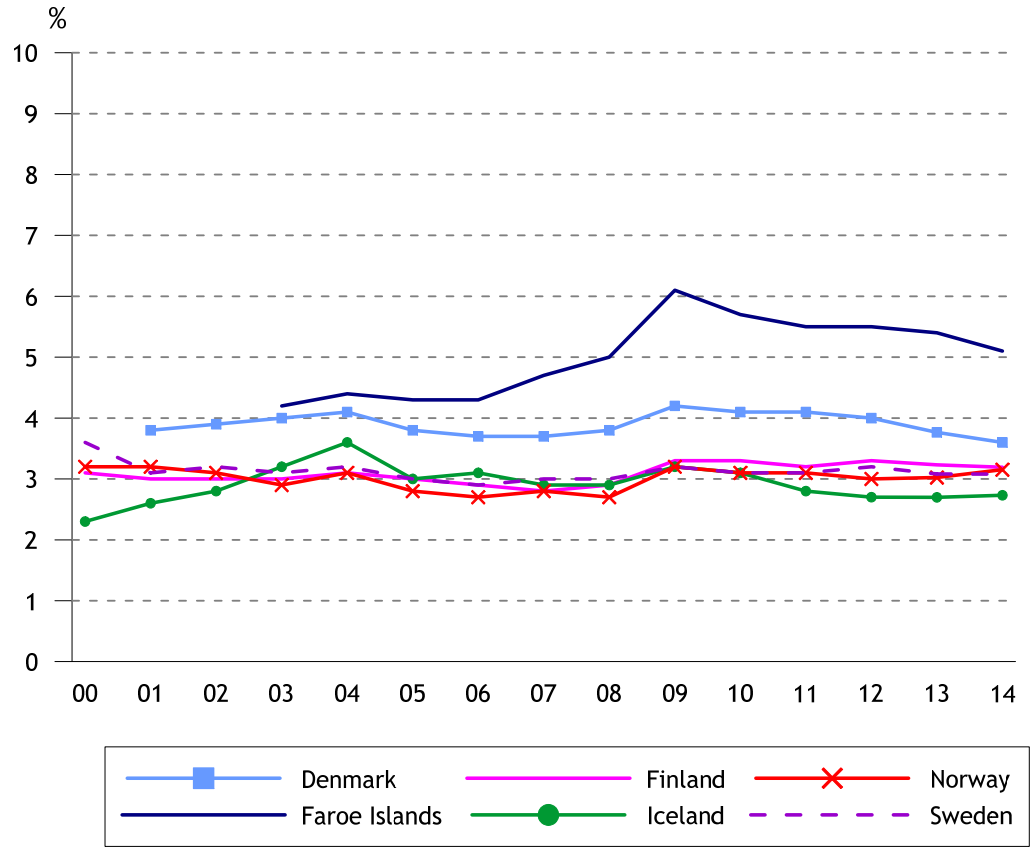
Source: DK, Statistics Denmark; FI National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

Table 3.20 Expenditure on and financing of benefits to families and children, PPS[1], 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	482	762	455	362	644	485
- Per child 0-17	2 320	2 988	2 309	1 473	2 938	2 455
Services, total per capita	758	859	511	545	904	567
- Per child 0-17	3 645	3 367	2 594	2 218	4 128	2 872
Families and children, total per capita	1 241	1 621	966	907	1 548	1 052
- Per child 0-17, in total	5 965	6 355	4 903	3 691	7 067	5 327

1 See chapter 1 and appendix 1 for definition of PPS

Figure 3.10 Expenditure on and financing of benefits to families and children, 2000-2014, per cent of GDP



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

User charges for childcare

In all of the Nordic countries, parents are required to contribute to the costs of places in day-care institutions and of day-care in general. The amount of the charge usually depends on family income. If parents have more than one child in day-care, a youth club or an after-school club, discounts are given for siblings. In all of the countries except Sweden, children of parents with very low incomes may be assigned a place in a day-care institution or day-care free of charge. In all of the countries, the charge may not exceed the actual cost.

In all the countries except Iceland, national rules govern user charges for childcare.

Denmark
User charges for day-care institutions and day-care may amount to a maximum of 25 per cent of the budgeted gross running costs. For children's youth clubs, user charges are max. 30 per cent of the budgeted gross running costs. However, no ceiling is placed on after-school clubs.

Faroe Islands
National authorities lay down rules regarding places provided free of charge. The local authorities administer and pay for the scheme.

Finland
The local authorities decide whether or not they will grant places free of charge.

Iceland
User charges for places in local municipal day-care institutions amount to 14.9 per cent of total running costs. For after-school clubs, this figure is around 36.7 per cent of total running costs.

Norway
Private and local authority kindergartens are funded slightly differently. Parental payments amount to 14 per cent of the spending on public-sector kindergartens, and around 17 per cent for private ones.

Sweden
User charges usually take into account both the parents' income and the time a child spends in the institution. However, in some cases, a fixed rate may apply, irrespective of income and time spent. In principle, user charges for childcare in a private scheme should be the same as those for local authority schemes. Local authorities are free to set their own rules within the framework set by central government.

Table 3.21 Rules and amounts applying to day-care user payments, 2015, in national currency

	Denmark	Faroe Islands	Finland	Iceland[4]	Norway	Sweden
Set centrally or locally?	Both[1]	Centrally	Centrally	Local authorities	Centrally	Centrally
Amount of maximum user payment	In day-care institutions and day-care, max. 25% of budgeted gross running costs. For children in youth clubs, user charges amount to max. 30% of budgeted gross running costs[2]	.	283/month for the family's first child. For subsequent children, 255 per child per month	25 020-43 572/ month[5]	2 330/month	1 260/month
Amount of maximum user payment, PPS	.	.	232/month for the family's first child. For subsequent children, 209 per child per month	134 - 234/ month	181/month	105/month
Means-tested?	No. Yes for a partly or wholly free place	No. Yes for a partly or wholly free place	Yes	.	No[6]	Yes
Discount for siblings?	Yes	Yes	Yes	Yes	Yes	Yes
Free places available?	Yes	Yes	Yes	.	Yes	No
User charges as % of total costs	22[3]	30	14[5]	15	14	7

Source: DK, Ministry of Children, Gender Equality, Integration and Social Affairs; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Ministry of Children, Equality and Social Inclusion; SV, the Swedish National Agency for Education

1 Rules are set centrally on the maximum ratio of the parental payment. Local authorities set specific amounts for the parental payment on the basis of local costs
2 No ceiling for after-school club schemes
3 Includes day-care, nursery, kindergarten, age-integrated institutions, after-school club schemes and youth centres
4 User charges as share of total expenditure in 2013
5 Rate per month. Service offered 11 months per year. Rates vary between municipalities. The given rates are the lowest and highest charges for one child. Rates per child will be lower for more children. Excluding municipalities with less than 1 000 inhabitants
6 However, all local authorities must have in place schemes to reduce or allow exemptions from user charges for low-income families

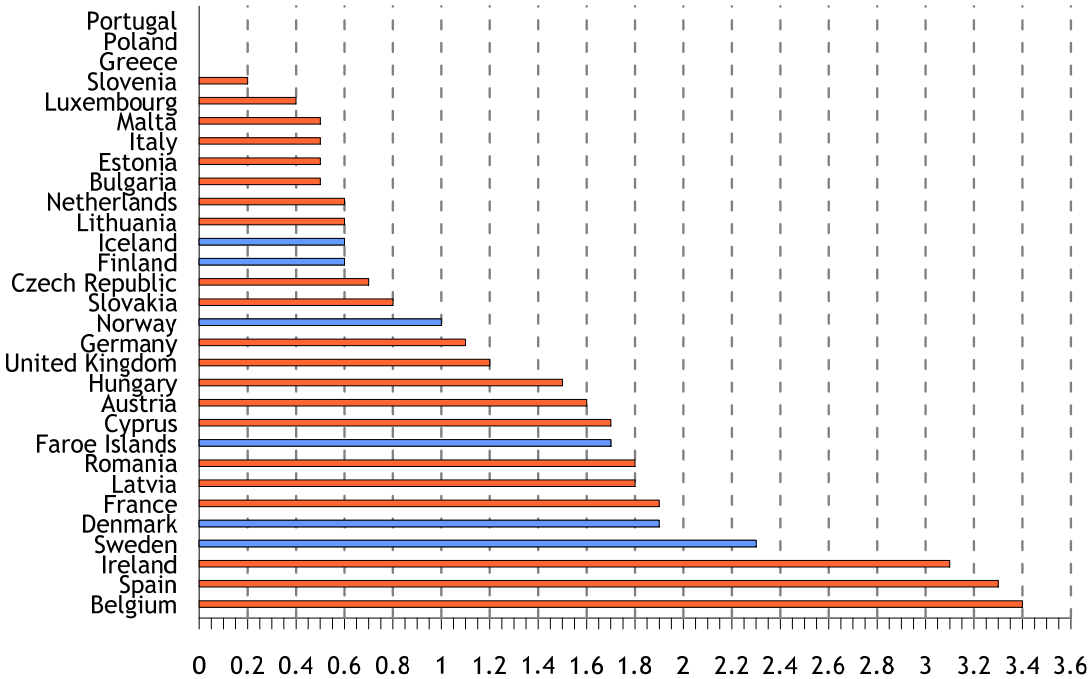
Chapter 4

Unemployment

This chapter describes the size and demographic makeup of the unemployed section of the population, and how it has changed over time. It describes the rules governing the support given to the unemployed, and the kind of support to which they are entitled. It also includes a presentation of the extent to which support is provided, in the form of both services and cash benefits.

The rules applying to both income-substituting benefits and the extent of activating measures for the unemployed vary considerably from one country to another. As a result, there is no direct link between the extent of unemployment and spending on unemployment measures.

Figure 4.1 Expenditure on unemployment as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

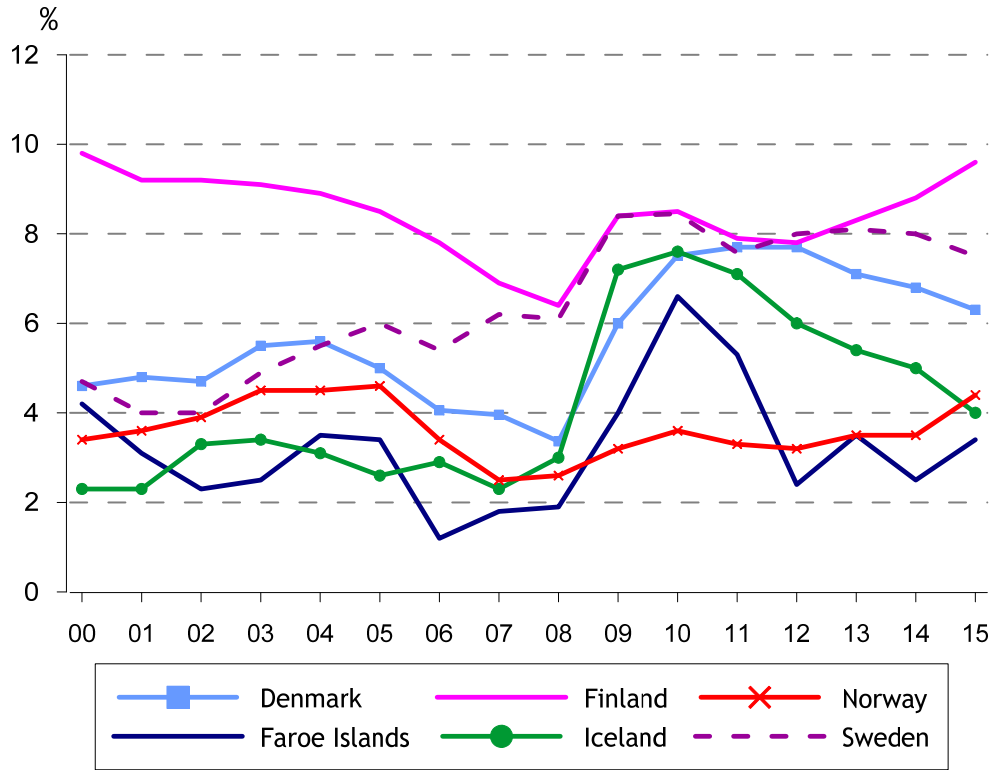
Generally, the Nordic countries have high employment rates. However, there are differences between them, cf. Table 4.2. The table shows the difference in employment rates between men and women. A high proportion of females are in the labour force, but the male employment rate is higher. In all of the Nordic countries, part-

time work is more common among women than men. The difference is smallest in Finland.

The financial crisis of 2008 affected the unemployment rate. Between 2010 and 2015, it seemed to stabilise or decline, except in Finland and Norway. In Norway, the rate increased from 2014 to 2015 due to a decline in oil prices. Finland and Sweden have high rates of unemployment. In all of the countries, unemployment is considerably higher for 16–24-year-olds than for the rest of the population, cf. Table 4.3.

All of the Nordic countries' labour markets are undergoing radical changes that place extra demands on the labour force's qualifications, flexibility and mobility.

Figure 4.2 The unemployment rate, 2000-2015[1]



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 In 2005, a new EU-harmonised labour force survey (LFS) was introduced in Sweden. As a result, data from 2005 is not directly comparable with previous data. In 2007, the official unemployment definition was changed. As in the EU regulations, full-time students are now classified as job-seekers in the unemployed group

Table 4.1 Population aged 16-64, by labour force status and gender, 2015

	Denmark[2]	Faroe Islands[2,3]	Finland[2]	Iceland	Norway[2]	Sweden[4]
Men						
aged 16-64 (1 000)	1 839	16	1 734	104	1 750	3 088
Of which in %:						
Employed, total	77	90	69	86	77	78
- Full-time	65	..	62	76	66	68
- Part-time	12	..	7	10	10	10
Unemployed	5	2	8	4	4	7
Inactive population [1]	18	7	24	10	20	15
Total	100	100	100	100	100	100
Women						
aged 16-64 (1 000)	1 806	16	1 716	102	1 662	2 977
Of which in %:						
Employed, total	70	90	68	82	73	75
- Full-time	46	..	55	55	46	48
- Part-time	24	..	13	27	27	27
Unemployed	5	2	7	4	3	6
Inactive population [1]	25	7	26	14	24	19
Total	100	100	100	100	100	100
Men and Women						
aged 16-64 (1 000)	3 645	14	3 476	206	3 412	6 065
Of which in %:						
Employed, total	74	86	68	83	75	77
- Full-time	55	..	59	64	56	58
- Part-time	18	..	10	19	18	19
Unemployed	5	4	7	4	4	6
Inactive population	22	10	25	12	22	17
Total	100	100	100	100	100	100

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Not part of the labour force
2 Population aged 15-64
3 Full-time/part-time percentages based on 2014-figures
4 Unemployed as a percentage of the population, not the labour force

Table 4.2 Unemployed persons and unemployment rate, by gender, 2000-2015

	Average number of unemployed	Unemployment rate, %					
		Total	Men	Women	16-24-year-olds		
					Total	Men	Women
Denmark[1]							
2000	131 000	4.6	4.0	5.2	6.5	6.5	6.5
2005	143 000	5.0	4.6	5.5	8.6	8.5	8.8
2010	218 347	7.5	8.3	6.6	13.7	15.7	11.6
2014	191 236	6.8	6.6	6.9	12.6	13.7	11.5
2015	180 427	6.3	6.1	6.5	10.8	11.6	10.0
Faroe Islands[2]							
2000	1 000	4.2	2.5	6.6	..	..	..
2005	1 052	3.4	2.8	4.0	9.6	9.4	9.9
2010	1 533	6.6	5.5	8.1	17.4	20.2	14.6
2014	1 028	2.5	1.7	3.5	6.5	6.3	6.8
2015	960	3.4	2.7	4.3	5.7	4.7	6.8
Finland[3]							
2000	253 000	9.8	9.1	10.6	21.4	21.1	21.6
2005	220 000	8.5	8.3	8.7	20.1	20.6	19.5
2010	224 000	8.5	9.3	7.7	21.4	23.8	19.0
2014	231 000	8.8	9.6	8.1	20.5	22.8	18.4
2015	251 000	9.6	10.2	9.0	22.4	25.4	19.7
Iceland[4]							
2000	3 700	2.3	1.8	2.9	4.7	5.7	3.6
2005	4 300	2.6	2.6	2.6	7.2	8.5	6.0
2010	13 700	7.6	8.3	6.7	16.2	18.4	14.1
2014	9 300	5.0	5.1	4.9	10.0	13.1	6.9
2015	7 600	4.0	3.9	4.1	8.7	10.7	6.7
Norway[5]							
2000	81 000	3.4	3.6	3.2	10.2	9.9	10.6
2005	111 000	4.6	4.8	4.4	12.0	12.5	11.5
2010	94 000	3.6	4.1	3.0	9.3	10.8	7.7
2014	96 000	3.5	3.7	3.3	7.8	8.9	6.6
2015	121 000	4.4	4.6	4.1	10.0	11.1	8.8
Sweden[6]							
2000	203 100	4.7	5.0	4.2	8.1	8.6	7.4
2005	270 400	6.0	6.2	5.7	14.3	15.9	12.7
2010	408 800	8.4	8.6	8.3	24.5	25.7	23.2
2014	400 200	8.0	8.3	7.7	22.5	24.0	20.9
2015	376 000	7.5	7.7	7.3	19.9	21.0	18.8

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI Statistics Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Data based on labour force surveys (LFS) of 15-64-year-olds
2 Data from 2005–2013 has been adjusted based on improved methodology for estimating LFS
3 For Finland, the age group is 15-24-year-olds instead of 16-24-year olds
4 Data based on labour force surveys (LFS)
5 Data based on labour force surveys (LFS). In 2006, the minimum age limit for participation in LFS was lowered from 16 to 15
6 In 2007, the official Swedish definition in LFS was changed. In accordance with EU regulations, full-time students seeking work are now also included in the group "Unemployed", and are therefore part of the labour force. They were previously included in the group "Outside of the labour force"

Cash benefits in the event of unemployment

One trait common to all of the Nordic countries is that labour market policies play an important role in general economic policy. High employment and low unemployment are not only important goals, but prerequisites for the Nordic welfare states. When unemployment rises, it is due to either generally low demand in the economy, or the fact that the labour market is not functioning adequately – a phenomenon known as structural unemployment. Nordic labour market policies are designed to help reduce structural unemployment by means of active measures rather than passive provision for the unemployed.

However, there is considerable variation in the ways in which the individual countries have designed their labour market initiatives concerning both active (employment measures, etc.) and passive measures (unemployment benefits, etc.).

In all of the Nordic countries, unemployment benefits are statutory benefits payable to people who become unemployed. These benefits are payable as compensation for lost income, and help to maintain a reasonable standard of living for those who have lost their jobs. However, the compensation level and the limited payment period are also designed to encourage unemployed people to seek out and take up new employment. In other words, the benefit schemes also have a labour market policy function. In all of the countries, the receipt of benefits entails obligations. Recipients must be available to take on work, must be active job-seekers, and must accept offers of activation and work.

Unemployment benefits

In all of the Nordic countries, most people are entitled to cash benefits when they become unemployed. In the Faroe Islands and Norway, unemployment insurance is compulsory for waged workers. In Iceland, all waged workers and self-employed people have statutory unemployment insurance. Unemployment benefits are administered by labour-market institutions and fully financed by employers' social insurance contributions. In all three countries, certain requirements must be met in order to receive unemployment benefits. Those who fail to meet these requirements may be eligible for income-tested social security benefits.

In Denmark, Finland and Sweden, unemployment insurance is voluntary, but the cash benefits to which non-insured individuals are entitled are usually lower than unemployment benefits.

Denmark
Non-insured individuals may be awarded cash assistance (social assistance), which is administered via the job centres.

Faroe Islands
Self-employed people and others may take out voluntary insurance. Unemployment benefits are administered by a fund financed equally by the employer and employee with 1 per cent of payroll costs and earned income respectively.

Finland
Unemployment benefits consist of a basic amount (Basic Unemployment Allowance) and a benefit based on previous income (Earnings-related Unemployment Allowance). The unemployment insurance funds pay the earnings-related allowance, while the Social Insurance Institution pays the basic unemployment allowance. Non-insured people in Finland, as well as people who have received the earnings-related allowance or the basic unemployment allowance for the maximum period, are entitled to what is known as Labour Market Support. This benefit is income-based, but generally the same as the basic unemployment allowance. The basic allowance is financed via the national budget. Earnings-related daily allowances are financed via voluntary insurance scheme contributions based on previous income.

Iceland
The *Arbejdsetaten* administers the unemployment insurance scheme. Depending on previous labour market participation, a fixed basic amount is paid – from 25 to 100 per cent of previous income. People without insurance have no entitlement to unemployment benefits. The benefits are income-related, and based on a specific period of time prior to unemployment – up to a maximum of 70 per cent of previous income. In Iceland, self-employed people are entitled to unemployment benefits if they wind up their businesses, have paid tax on their incomes, and meet other requirements that apply to unemployed people.

Norway
The unemployment insurance scheme is financed from the national budget and administered by the Labour and Welfare Administration (NAV).

Sweden
Unemployment insurance consists of basic insurance and voluntary unemployment insurance. Non-insured people who otherwise meet the requirements (and who are 20+ years old) are entitled to a basic amount. The unemployment insurance funds administer both the basic amount (basic insurance) and the income-dependent amount (unemployment insurance). The payments are financed by contributions from members of unemployment insurance funds, through financing and unemployment scheme contributions to the state, and by labour market contributions payable to the state by employers and self-employed people.

Qualifying for daily cash benefits

The eligibility criteria for daily cash benefits from unemployment insurance funds vary from country to country.

Denmark
One year's membership of an unemployment fund is required. The first time a full-time insured member applies for benefits, he/she must have worked as an employee for 1 924 hours (corresponding to 52 weeks of full-time employment) within the past three years prior to being made unemployed, or must have spent a similar amount of time running his/her own business. A part-time insured member must have worked as an employee for 1 258 hours. The benefit period is two years out of a period of three

years. Members are entitled to a new period of unemployment benefits when they have accumulated 1 924 hours of new employment or have been self-employed for a significant period equivalent to approximately a year's work within the last three years. A part-time insured member must have accumulated another 1 258 hours of new employment within the last three years. Graduates are entitled to daily cash benefits at a special rate if they join an unemployment fund within 14 days of graduation.

Faroe Islands

Unemployment benefits are based on average earnings over the preceding 12 months. As such, no membership or period of employment is required. The total benefit period is 648 days over three years, after which there is no entitlement to unemployment benefits for the next 24 months. Employees in the fishing industry working on land are subject to special conditions – and, in special cases, are paid unemployment benefits in the event of temporary unemployment. For example, one scheme entitles fishermen to unemployment benefits if boats with fishing licences are laid up for repairs.

Finland

Unemployment benefits are payable to people who have been in work for at least 26 weeks in the preceding 28 months, and have worked a minimum of 18 hours per week. The same applies to people who have been self-employed for at least 15 months in the preceding 48 months. In order to draw earnings-related unemployment benefits, an unemployed person must be a member of an unemployment insurance fund. Unemployment benefits are payable for a maximum of 500 calendar days.

For unemployed people born between 1950 and 1954, the benefit may be extended until the age of 65 if they turn 59 before their entitlement expires and they have been in work for at least five of the past 20 years. For unemployed people born in 1955 or later, the benefit may be extended until the age of 65 if they turn 60 before their entitlement period expires and they have been in work for at least five of the past 20 years. Instead of unemployment benefits, the person in question may choose to retire with a pension when they turn 62. In such cases, there is no early retirement deduction from the pension.

Iceland

Entitlement is based on full-time work for at least three months during the preceding 12 months. For the full daily cash benefit amount, the requirement is 12 months of full-time employment. Unemployment benefits are payable for a maximum period of 30 months. The first period in which unemployment benefits are payable is based on previous regular work. A person may qualify for a new unemployment benefit period by means of activities deemed equivalent to work, e.g. labour-market training, a period of voluntary work, employment with a temp subsidy, or a period in which they are in receipt of a subsidy to set up their own business.

Norway

Previous income is a condition for entitlement to unemployment benefit. The person concerned must have had income from work of at least 1.5 times the basis amount (see Appendix 2 for Norway) during the preceding calendar year or an income from

work of at least three times the basis amount during the preceding three calendar years (see Table 4.4). In this context, daily cash benefits in the event of sickness that are granted for maternity-related illness, pregnancy benefits and parental benefits are considered equivalent to income from work. The maximum benefit period depends on previous income from work. The benefit period is 104 weeks if the income was at least twice the basis amount, and 52 weeks if the income was less than that. In order to qualify for unemployment benefits, the individual's working hours must have been reduced by at least 50 per cent compared to the working hours prior to unemployment.

Sweden

As of 1 January 2007, to qualify for unemployment benefit, an individual must have been employed for at least six months and worked at least 80 hours per calendar month, or have been employed for at least 480 hours over a consecutive period of six calendar months and worked at least 50 hours per month during all six months within a 12-month period (referred to as the "employment requirement"). Since July 2007, the benefit period has been 300 days for childless people and 450 days for parents whose children are under 18 at the end of the benefit period. A new rule introduced in April 2008 limits unemployment benefits for people in part-time work. Benefits are payable for a maximum of 75 days per benefit period while in part-time work (part-time unemployment). The remaining days may only be used in weeks when the individual has been fully unemployed.

Aside from the specific rules mentioned above, in all of the Nordic countries, entitlement to unemployment benefits is subject to the individual being registered with the employment service as a job-seeker and being available for work. In some of the countries, a waiting period applies before unemployment benefits are paid.

Denmark and Iceland do not have waiting periods. In the Faroe Islands, the waiting period is 1–10 days, depending on previous income; in Norway, it is three days; and in Finland and Sweden, seven.

Table 4.3 Rules on payment of cash benefits in the event of unemployment as per December 2015, national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Insured: Dagpenge Non-Insured: Kontanthjælp	Arbeiðs-loysisstuðul	Insured: Inkomstrelaterad dagpenning och Grunddagpenning Non-insured: Arbetsmarknadsstöd	Atvinnuleysisbaetur	Dagpenger under arbeidsløshet	Arbetslöshetsersättning
Insured individuals						
Eligibility terms and conditions	1 924 hours of work within 3 years. 1 year's membership of an unemployment insurance fund. 1 258 hours for part-time employees	Average of salary/wages from the previous 12 months. No membership or employment period required	At least 26 weeks of work (at least 18 hours per week) in the preceding 28 months	At least 25% employment for at least 3 months during the past 12 months. After 12 months of full-time employment, the individual is entitled to the full daily cash benefit amount	Working hours must be reduced by 50%. Annual income of at least 135 102 in the last year, or at least 270 204 in the last 3 calendar years	Within 12 months prior to unemployment: At least 6 months of work, minimum 80 hours per month, or at least 480 consecutive hours of work, for at least 50 hours a month
Age limit for entitlement	19-64[1]	16-66	17-67[2]	18-69	66	16-64[3]
Waiting period (days)	-	10	5	-	3	7
Maximum number of unemployment benefit days	520 within 3 years (5 benefit days per week for 2 years)	648 within 3 years (5 benefit days per week)	500 (5 benefit days per week)	260 days per year for 2.5 years (30 months)	52/104 weeks of 5 days	300/450[4]
Benefit re-obtainable?	Yes	Yes	Yes	Yes	Yes	Yes
Under what conditions?	Compliance with the requirement of 1 924 non-subsidised hours of work in the past 3 years; 1 258 hours for part-time insured	Only awarded after two years, and after having worked for the most recent of those two years	Compliance with the requirement of 26 weeks' work within 28 months	Compliance with the requirement of 6 months' full-time work within the past 24 months	When the insured again complies with minimum income requirement	Compliance with the rules (cf. above) during the present benefit period

Continues

Table 4.3 Rules applying to payment of cash benefits in the event of unemployment as per December 2015, national currency (continued)

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	Yes	Yes	Yes	No
Non-insured individuals						
Age limit for entitlement	18-64	.	17-67[2]	18 or older	.	20-64[3]
Maximum period	.	.	.	.	.	300/450 days[4]

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Directorate of Labour; NO, Directorate of Labour and Welfare; SV, IAF

1 Individuals aged 18–63 are entitled to join an unemployment insurance fund. However, entitlement to benefits only applies to people aged 19–64
2 65–67-year-olds who have resigned or whose work has been interrupted for reasons relating to weather or the employee's situation, rather than working conditions
3 Entitlement to unemployment benefits ceases at the end of the month before the individual concerned turns 65
4 For people with children under 18

Table 4.4 Amount of cash benefits in connection with unemployment as per December 2015, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Insured: Dagpenge Non-insured: Kontanthjælp	Arbeiðsloysisstuðul	Inkomstrelaterad dagpenning och grunddagpenning	Atvinnuleysisbaetur	Dagpenger under arbeidsløshet	Arbetslöshetsersättning
Insured individuals						
Maximum amount (per week)	90% of previous income from work for 5 days/weeks, maximum 827/day (4 135/week). Part-time insured 551/day (2 755/week)	75% of income from work	Earnings related benefit: on average 70% of previous income from work. Basic amount: 164 + child supplement: 26.45-50.10	Fixed amount for the first 10 days, then benefits (70% of income from work for the past 6 months), then a fixed amount again + child supplement[3]	62.4% of work income, calculation basis limited to 10 392	80% of income from work[4] for the first 200 days, then 70%
Income ceiling per week for full compensation[1]	No maximum	No maximum	No maximum	65 406	10 392	5 687/week for the first 100 days, 4 750/week from day 101-200, 5 428/week from day 201-300
Income ceiling per week for full compensation PPS[1,2]	.	.	.	351	808	474/396/453
Minimum amount per week	3 390	..	..	10 315	1 060	1 825[5]
Minimum amount per week, PPS[2]	344	.	.	55	82	152
Maximum amount per week	4 135	4 150	..	41 260	6 672	4 550
Maximum amount per week, PPS[2]	420	422	.	221	519	380
Non-insured individuals						
Maximum amount per week	Normal benefit: 2 506; providers: 3 329[6]	Maximum according to level of social assistance	164+ child supplement 26.45-50.10 per week	Income-tested social assistance	.	1 825[6,7,8]

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Directorate of Labour; NO, Directorate of Labour and Welfare; SV, IAF

1 The income ceiling is the maximum income (previous income) in relation to which unemployment benefits are calculated. Different countries have different bases for the calculation of the income ceiling
2 See Chapter 1 and Appendix 1 for definition of PPS
3 Cash assistance increases by 4 per cent for each child under the age of 18
4 As of July 2009, only certain social protection expenses are included
5 The applicant must have previously worked full-time
6 Monthly sum divided by 4.33
7 The applicant must have worked full-time without absence during the framework period (12 calendar months)
8 Minimum age 20 years. The applicant must have worked for six months prior to becoming unemployed. A reduced amount is paid in the case of part-time work

Equivalent disposable income and compensation rate when receiving unemployment benefit

Figure 4.3 shows the equivalent disposable incomes at three different income levels for a couple when the one earning the least starts drawing unemployment benefits. Figure 4.4 shows the equivalent disposable incomes in the event of unemployment for single people with one child and no children, respectively, calculated at four different income levels. Figures 4.5, 4.6 and 4.7 illustrate the changes in compensation levels in recent years, with Figure 4.7 showing compensation rates for non-insured individuals. Tables 4.5, 4.6 and 4.7 show the compensation rate as percentages of previous earnings from work.

These figures and tables show that the compensation rate for insured unemployed individuals is considerably higher than for non-insured unemployed individuals. However, in the lowest income group, the compensation rate is lower for insured unemployed individuals than for non-insured unemployed individuals in the Faroe Islands. The reason for this is that for non-insured unemployed people, the benefit is a fixed amount that does not depend on previous income.

The level of the compensation rate for insured people depends first and foremost on the amount of the daily cash benefit in relation to previous income. For the lowest previous income levels, the compensation rate is highest in Denmark and lowest in Iceland. In Iceland, a fixed daily cash benefit amount, irrespective of previous income, is payable for the first ten days, after which the amount payable is calculated on the basis of previous income (up to a certain level) for a maximum of three months, followed by another fixed daily cash benefit amount. Compensation levels are also determined by the maximum amounts, of which the highest are in Norway – where, therefore, the compensation rates are highest for those with high previous incomes. In Finland, no upper limit is placed on the amount of daily cash benefits, but where income exceeds a certain level, the compensation rate must not exceed 20 per cent.

For families with children, the level of compensation depends on whether a child supplement is payable, as is the case in Finland, Iceland and Norway. In addition, the amount of both housing benefits and charges payable for day-care institutions are adjusted in relation to income. This is important in relation to the level of compensation for both insured and non-insured people, and also helps to ensure a high level of compensation for single parents.

Table 4.5 Compensation rates for a non-insured unemployed single childless person, per month, 2015

	Denmark	Faroe Islands	Finland	Iceland	Sweden
AW 50%	76	94	67	68	65
AW 75%	53	66	50	49	45
AW 100%	42	51	40	39	34
AW 125%	34	42	34	32	29

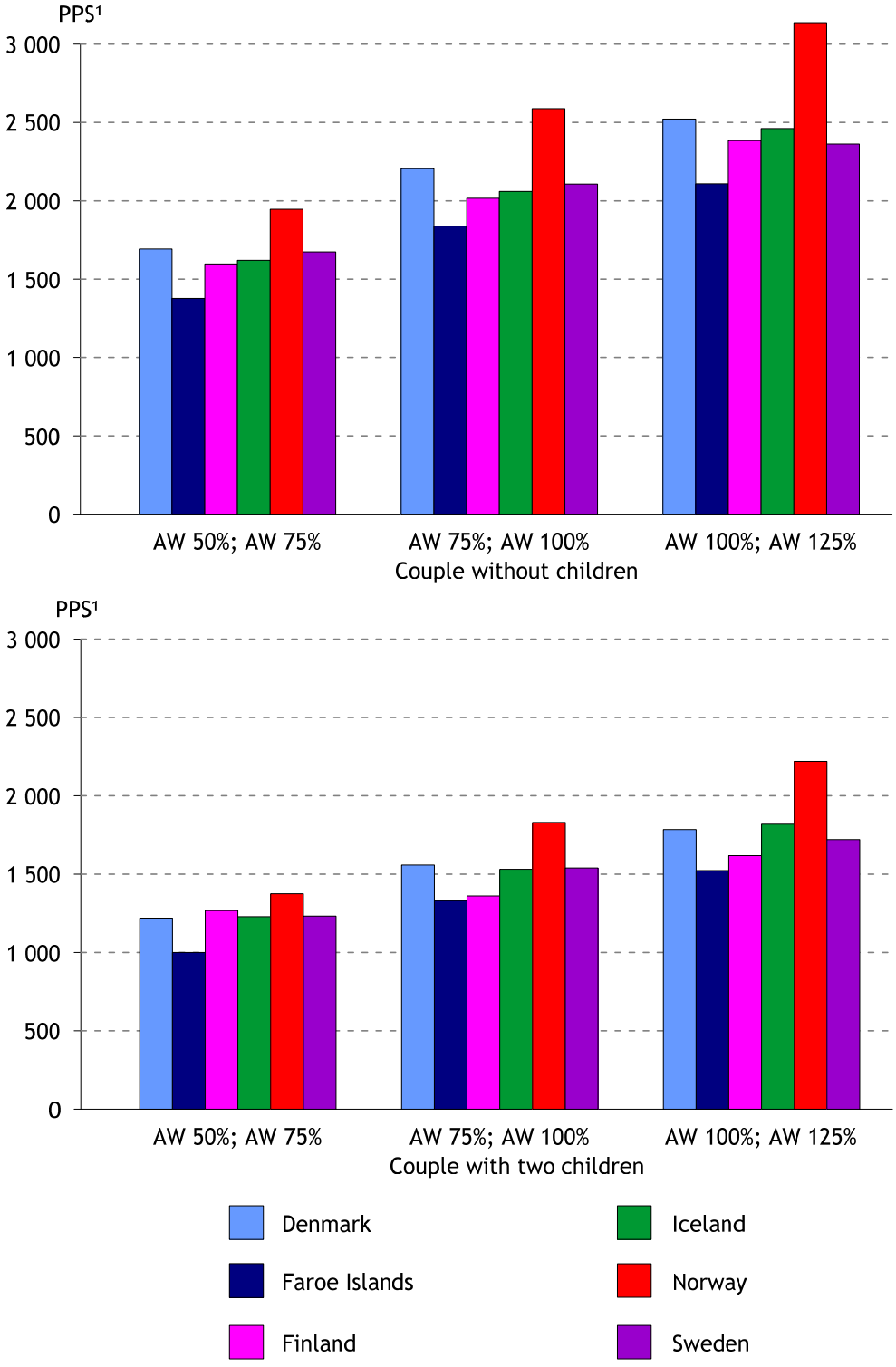
Table 4.6 Compensation rates for a single person drawing unemployment benefits, percentage of disposable income from work, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Single person with no children						
AW 50%	87	85	79	62	83	71
AW 75%	77	84	67	56	67	57
AW 100%	61	66	58	47	65	46
AW 125%	49	54	52	39	54	39
Single parent with one child						
AW 50%	92	88	91	72	95	85
AW 75%	85	87	88	66	76	73
AW 100%	74	77	77	56	73	58
AW 125%	62	64	68	49	62	49

Table 4.7 Compensation rates for an insured couple when the lower AW draws unemployment benefits, percentage of disposable income from work, 2015

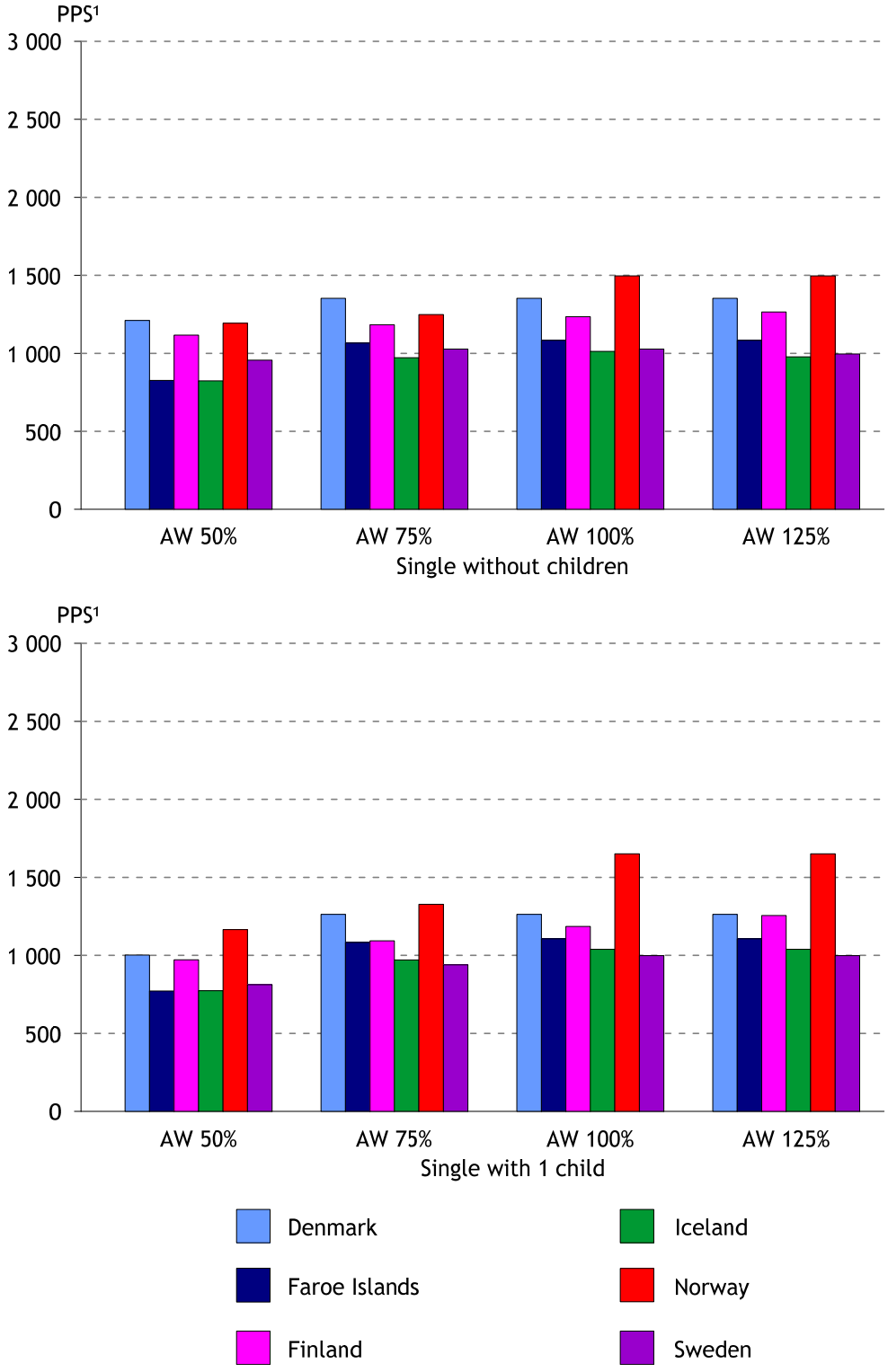
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Couples with no children						
AW 50%; AW 75%	94	94	85	82	86	90
AW 75%; AW 100%	90	93	82	79	86	83
AW 100%; AW 125%	81	85	80	75	84	75
Couples with two dependent children						
AW 50%; AW 75%	95	94	94	87	90	90
AW 75%; AW 100%	89	93	79	85	88	83
AW 100%; AW 125%	81	85	77	80	86	76

Figure 4.3 Equivalent disposable incomes per month for an insured couple when the partner earning the least draws unemployment benefits, 2015



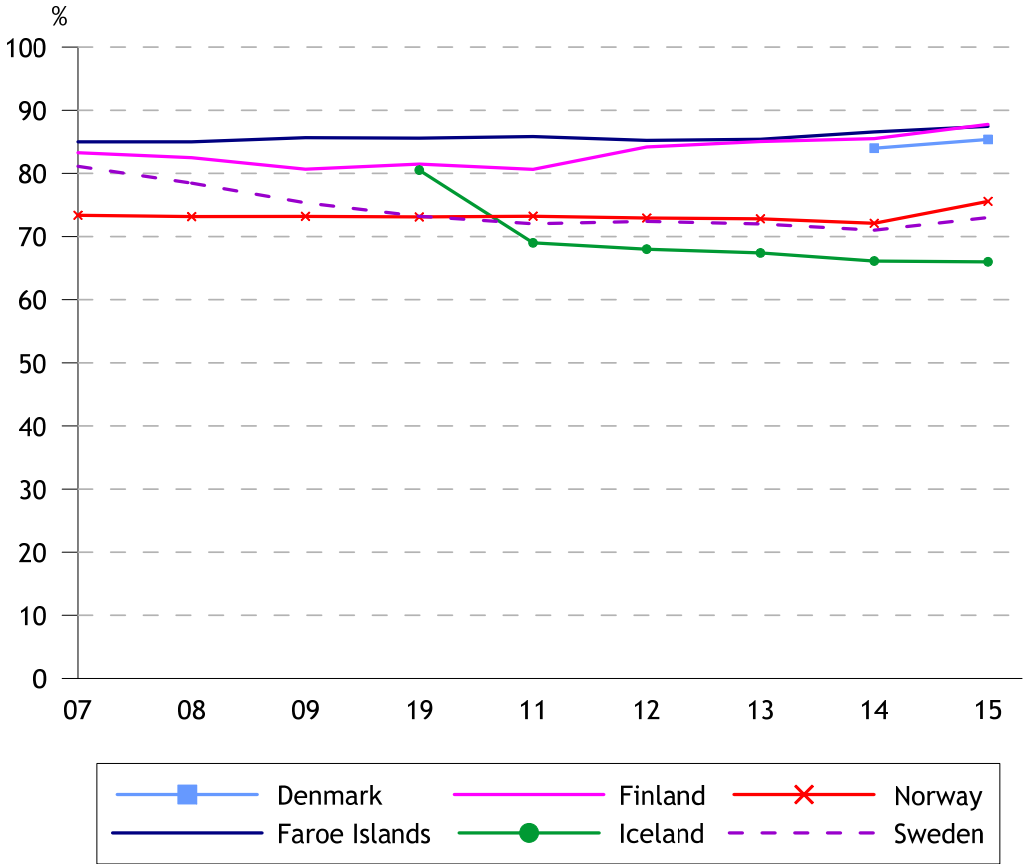
1 See Chapter 1 and Appendix 1 for definition of PPS

Figure 4.4 Equivalent disposable income for a single person drawing unemployment benefit, per month 2015, in PPS[1]



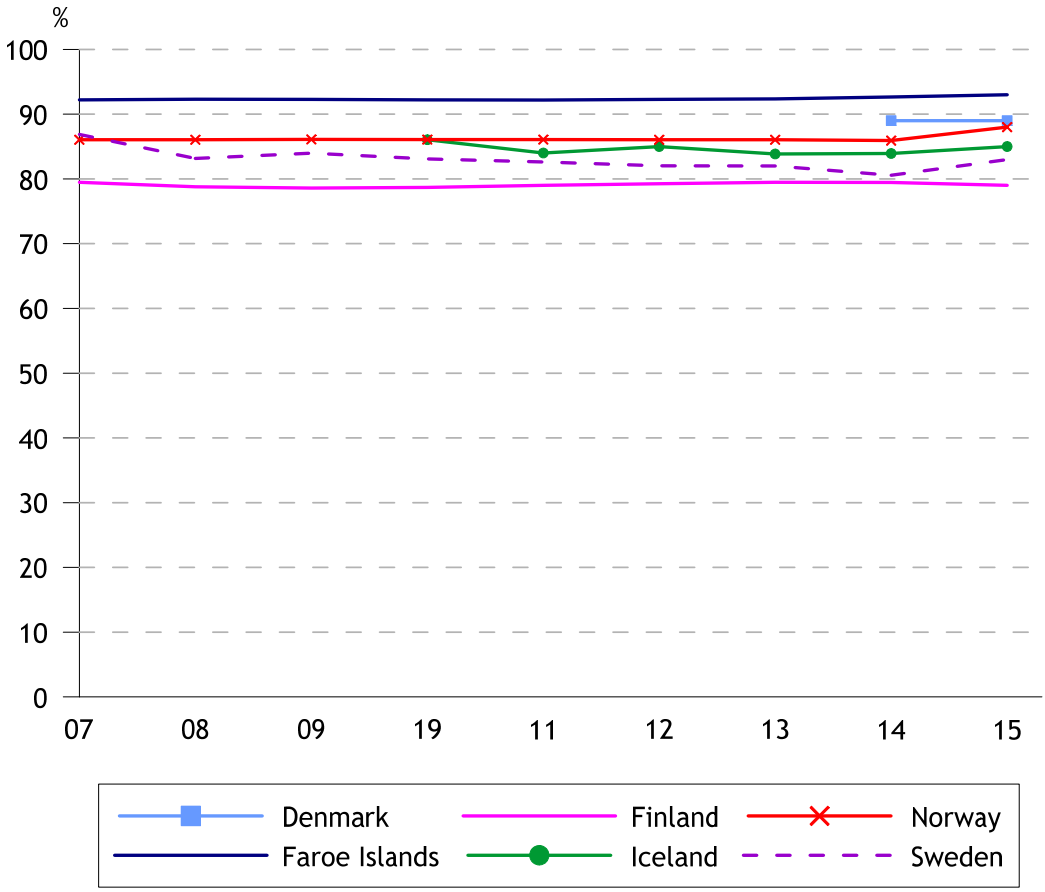
1 See Chapter 1 and Appendix 1 for definition of PPS

Figure 4.5 Compensation rate for a single parent with one child when drawing unemployment benefits, AW 75%, 2007-2015[1]



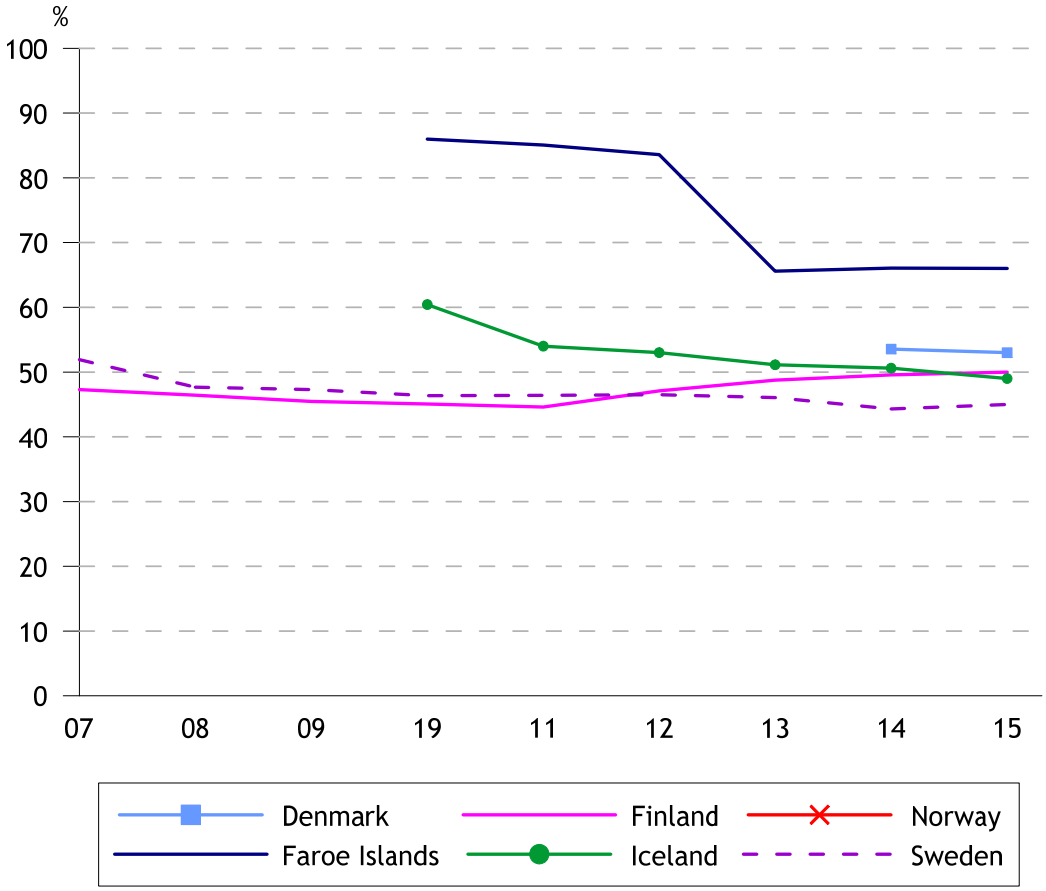
1 AW 75% is used as a standard measure for single people when illustrating compensation rates in this book. See the section on income distribution in Chapter 2

Figure 4.6 Compensation rate for a couple with two children when the parent with the lowest income draws unemployment benefits, AW 75/100% 2007-2015[1]



1 AW 75%/AW 100% is used as a standard measure for couples when illustrating compensation rates in this book. See the section on income distribution in Chapter 2

Figure 4.7 Compensation rate for a non-insured single childless person when unemployed, AW 75%, 2007-2015[1, 2]



1 AW 75% is used as a standard measure for single people when illustrating compensation rates in this book. See the section on income distribution in Chapter 2

2 In the Faroe Islands, the calculation up until 2013 shows a theoretically means-tested maximum social benefit. After 2013, following a change in the regulations regarding social benefits, it shows the level of social benefit for the person in question

Table 4.8 Number of people (1 000) drawing daily cash benefits for at least one day in connection with unemployment, 2000-2015

	Denmark	Faroe[1] Islands	Finland[2]	Iceland[3]	Norway[4]	Sweden[5]
2000						
Insured individuals	490	2	340	7	165	629
Non-insured individuals	70	1	287	.	.	65
Total	560	3	603	7	165	681
Total % of the labour force	20	12	23	4	7	16
2005						
Insured individuals	470	3	329	10	172	523
Non-insured individuals	73	0	241	.	.	92
Total	543	3	549	10	172	601
Total % of the labour force	20	10	21	6	7	13
2010						
Insured individuals	330	1	408	27	170	327
Non-insured individuals	95	-	199	.	.	38
Total	421	2	580	27	170	359
Total % of the labour force	16	7	22	15	7	7
2014						
Insured individuals	296	2	407	15	141	245
Non-insured individuals	94	-	268	..	..	33
Total	390	2	658	15	141	272
Total % of the labour force	15	7	25	8	5	5
2015						
Insured individuals	285	..	427	13	163	229
Non-insured individuals	89	..	291	..	..	29
Total	374	..	683	13	163	252
Total % of the labour force	14	..	26	7	6	5

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, the Social Insurance Institution of Finland and Financial Supervisory Authority; IS, Directorate of Labour; NO, Statistics Norway; SV, IAF

1 As of 2012, based on registers. Includes persons aged 16-66
2 As a result of amendments to the law regarding compensation to unemployed individuals, the data from 2010 also includes people who are not drawing unemployment benefits but are participating in employment-enhancing measures (labour market training, self-motivated study, work placements, training for working life, on-the-job training, integration measures for immigrants and rehabilitative work activity). Previously, the data only included people drawing unemployment benefits (some of whom were participating in employment-enhancing measures)
3 Calculated on the basis of the number of approved unemployment benefit applications
4 Calculated on the basis of the number of approved unemployment benefit applications. A new group of measures apply as of January 2009, with further changes from March 2010
5 Duplication may occur, as a person may be registered as both insured and non-insured in the same year

Job training and activation

All of the Nordic countries have a focus on activation. The lower age limit for labour market initiatives is 18 in Finland and 16 in Iceland. In Norway, the age limit is 16, with the exception of labour market courses, where the limit is 19, and ordinary education, where the limit is currently 26, but will be reduced to 22. In Denmark, an age limit of 15 applies for some measures. In Sweden, the age limit depends on the measure. The purpose of activation is primarily to qualify unemployed people for ordinary employment, but also to motivate them to apply for jobs, education or training.

Denmark

Activation aspects play an increasingly important role in labour-market and social policies. Unemployment benefits or daily cash benefits are payable during a period of activation.

Recipients of unemployment benefits aged under 30 are entitled to and obliged to accept an employment initiative, in the form of guidance and skills enhancement, work experience or subsidised employment, no later than 13 weeks after becoming unemployed.

No later than nine months after becoming unemployed, recipients of unemployment benefits aged 30–60 are entitled to and obliged to accept an employment initiative, in the form of guidance and skills enhancement, work experience or subsidised employment. For recipients over the age of 60, the deadline is six months after becoming unemployed. All recipients of unemployment benefits are also entitled to and obliged to accept a new offer of activation when they have been in receipt of benefits for a total of six months after the termination of the first activation initiative. Recipients of daily cash assistance under the age of 25 are obliged to complete training/education on ordinary terms. After a maximum of 13 weeks, cash-assistance recipients under the age of 30 are entitled to and obliged to accept an offer on guidance and skills enhancement, work experience or subsidised employment. Recipients of cash assistance aged 30 or older must be offered activation no later than 19 months after being granted cash assistance. In addition, all recipients of cash assistance aged under 30 who draw benefits (regardless of whether or not they do so for reasons of unemployment) are entitled to and obliged to accept a new offer of activation when they have been in receipt of cash assistance for six months after termination of the first activation offer.

Faroe Islands

Activation has not been offered since the mid-1990s, when the unemployment rate exceeded 12 per cent. However, recipients of unemployment benefits are entitled to participate in employment and skill-enhancement initiatives offered by the unemployment authority.

Finland

Active measures aimed at improving the employment situation are an important part of labour market policy. These measures help to create jobs, enhance options for the long-term unemployed and improve young people's opportunities for getting into the labour market. The measures are also aimed at preventing long-term unemployment and reducing regional variation in unemployment rates. Unemployed people who want to start their own businesses are also entitled to assistance.

Services aimed at those available for work are the most important part of the active labour market policy. These include services related to job provision, information on

training and careers, vocational training for adults, information on education, training and various professions, as well as occupational rehabilitation.

Iceland

The Unemployment Insurance Fund, in addition to its main task of paying out unemployment benefits, subsidises various courses for unemployed people, activation programmes and special employment measures.

Norway

The main goal of labour market policy is to achieve high levels of employment in good jobs in a well-functioning labour market.

The Ministry of Labour and Social Affairs is responsible for labour market initiatives, and for ensuring consistent follow-up efforts in order to help people find jobs. With regard to unemployed people, the emphasis is on active job-seeking during the entire unemployment period. A number of measures are also provided for both job-seekers and employers, such as a database of vacant positions to which job-seekers can upload their CV.

The Labour and Welfare Administration helps publicise job vacancies, and also provides information, guidance and follow-up for individuals transitioning to work. The purpose is to ensure that people are able to find and keep a job. Under normal circumstances, these measures are only implemented if the individual concerned has been unable to find an ordinary job. The measures must be adapted to the individual's abilities and needs, as well as to the current labour market situation. Young people are the top priority with regard to measures related to the ordinary labour market. The Ministry of Labour and Social Affairs has designed schemes to ensure good follow-up and support for young people.

Sweden

Job-seeking and qualification-based activities are the most important aspects of the active labour market policy. In other words, an unemployed person who cannot readily find work must be offered training or some other relevant measure intended to help him or her into employment.

A job and personal development guarantee is provided for those who are – or who are at risk of becoming – long-term unemployed. The purpose is to significantly improve their chances of finding work in the labour market. In connection with the scheme, individual action plans are drawn up that specify which measures the employment service can offer, as well as what is expected of the participants.

The employment service or labour market institutes can provide assistance to people in need of occupationally adapted rehabilitation or special guidance. These institutes possess special resources and qualifications related to skills assessment/evaluation, work experience, workplace adaptation, etc.

A range of cyclically dependent programmes and measures are available including vocational training, which aims to increase unemployed people's chances of finding work and make it easier for employers to find people with the relevant skills. There are also work-experience schemes, administered via the employment service, that aim to provide job-seekers with vocational guidance, in-service training and vocational experience. For young people between the ages of 16 and 24, a scheme is available to help them find a job or receive education or training.

Support is also provided to employers to encourage them to hire unemployed people, e.g. covering expenses associated with employing individuals in need of extra induction

or training. In addition, people who are unemployed – or at risk of becoming so – may, in some cases, be granted subsidies to start their own businesses. For people with reduced working capacities, measures are available that enable them to work in subsidised jobs with either a public or a private employer.

Table 4.9 Number of people in activation, 2000-2015

	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		Activation in % of labour force at the time of calculation/during the year	
	Total	16-24-year-olds[4]	Total	16-24-year-olds[4]	Total	16-24-year-olds[4]
Denmark						
2000	221 534	34 828	87 239	10 507	3.2	2.6
2005	244 818	32 041	70 159	7 580	2.5	2.1
2010	392 036	67 607	101 999	16 192	3.8	4.5
2014	360 646	56 063	74 846	12 805	2.1	3.5
2015	330 158	52 778	69 119	12 703	2.6	3.4
Of which:						
- Subsidised employment	167 016	20 985	31 664	3 673	1.2	1.0
- Education/training	245 189	43 039	37 454	9 030	1.4	2.4
- Other[1]	330 158	52 778	69 119	12 703	2.6	3.4
Finland[2]						
2000	226 077	62 748	83 660	18 873	3.2	5.6
2005	213 683	58 404	79 531	16 152	3.0	5.0
2010	263 249	63 534	100 146	18 118	3.7	5.7
2014	319 616	73 087	122 130	22 506	4.6	6.8
2015	299 741	61 616	117 790	19 360	4.4	5.9
Of which:						
- Subsidised employment	60 116	11 778	27 352	5 577	1.0	1.7
- Education/training	91 317	20 927	24 394	3 905	0.9	1.2
- Other	148 308	28 911	66 044	9 878	2.5	3.0
Iceland[3]						
2000	3 811	764	..	..	2.4	2.6
2005	6 325	1 271	..	..	3.8	4.5
2010	15 208	4 095	..	..	8.4	13.6
2014	10 042	1 639	..	..	5.4	5.2
2015	7 593	1 155	..	..	4.0	3.6
Of which:						
- Subsidised employment	1 300	183	..	..	0.5	0.5
- Education/training	6 250	955	..	..	2.2	1.9
- Other	2 492	501	..	..	1.3	1.2
Norway						
2000	..	..	11 439	3 520	0.5	1.1
2005	59 622	..	13 150	4 087	0.5	1.3
2010	63 555	..	16 119	5 162	0.6	1.4
2014	56 996	..	12 699	3 949	0.5	1.1
2015	57 570	..	12 867	3 748	0.5	1.0
Of which:						
- Subsidised employment	..	..	1 221	..	0.0	..
- Education/training	..	..	3 236	..	0.1	..
- Other	..	..	8 410	..	0.3	..

Continues

Table 4.9 Number of people in activation, 2000-2015, continued

	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		Activation in % of labour force at the time of calculation/during the year	
	Total	16-24-year-olds	Total	16-24-year-olds	Total	16-24-year-olds
Sweden						
2000	470 970	..	166 159	..	3.8	..
2005	595 138	..	185 986	..	4.1	..
2010	..	..	309 679	..	6.4	..
2014	..	..	379 087	..	6.3	..
2015	..	..	370 880	..	6.1	..
Of which:						
- Subsidised employment	..	..	..	..	..	..
- Education/training	..	..	..	..	..	..
- Other[1]	..	..	..	..	..	..

Source: DK, Statistics Denmark; FI, Ministry of Employment and Economy, and Statistics Finland; IS, Directorate of Labour NO, Statistics Norway; SV, Ministry of Health and Social Affairs

1 The groups included under "Other" have been moved to "Education/training", as it is no longer possible to sub-divide several of the benefits
2 Changes in the recording of data on activation measures mean that the most recent years provide a clearer picture, as the data after 2008 includes activation initiatives
3 Activation in % of the labour force during the year
4 For Norway: Since 2006, 15-24-year-olds. A new group of measures has applied since January 2009, with further changes from March 2010

Figure 4.8 Activation of the labour force at the time of calculation, %, 2000-2015

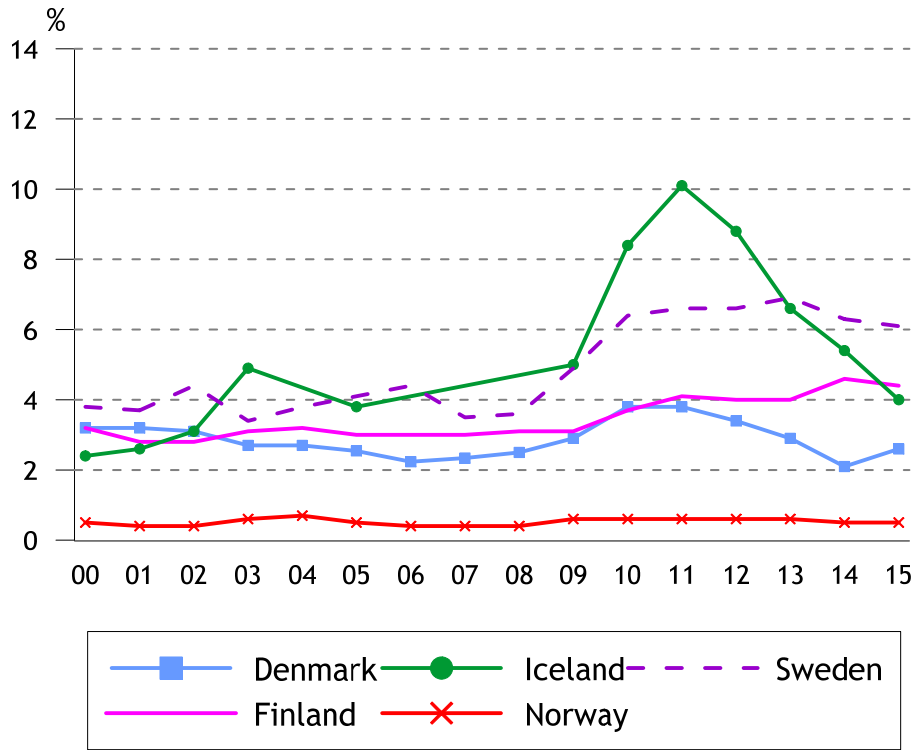
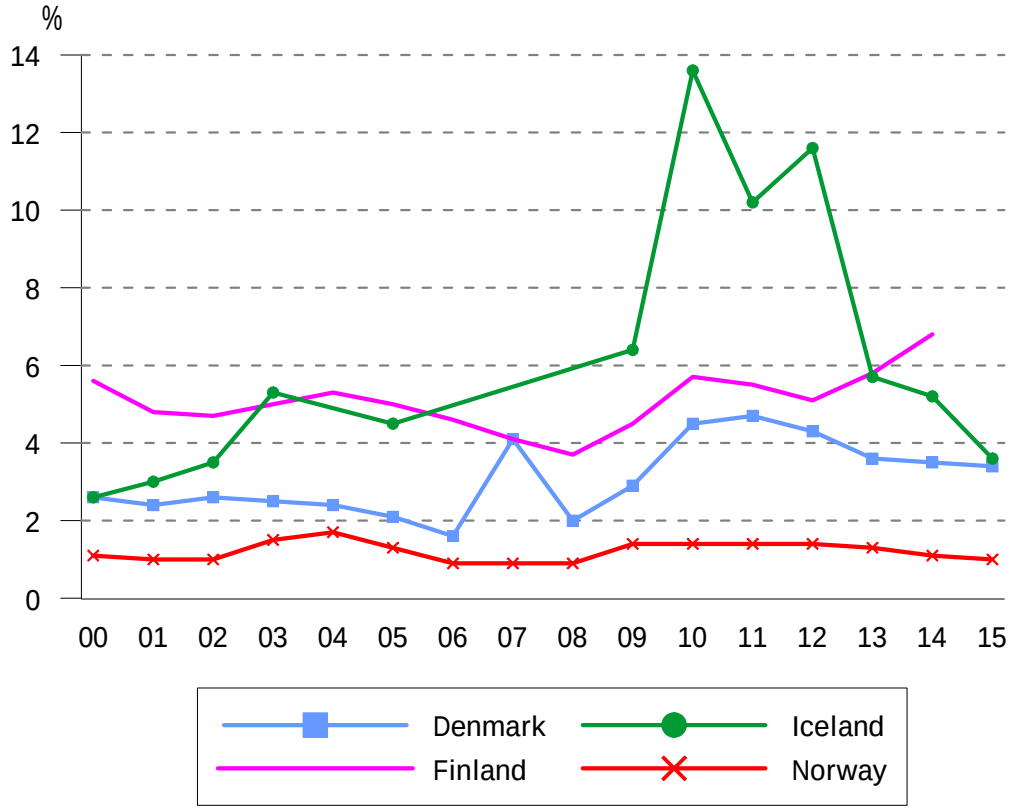


Figure 4.9 Activation as % of 16-24 year-olds at the time of calculation, 2000-2015



Service benefits in the event of unemployment

Most of the services provided for the unemployed relate to job placement. However, all of the countries also offer benefits associated with mobility, e.g. relocation assistance and assistance in connection with maintaining two houses.

Employment services

In all of the Nordic countries, employment services and job centres provide assistance to both job-seekers and employers. Their main tasks involve offering guidance on employment and training/education, finding work for the unemployed and other job-seekers, and providing recruitment services for employers.

Denmark

The local authorities are responsible for running the job centres, which deal solely with employment activities for local people and businesses. The Danish regions are responsible for following up on the results of the employment activities in the 94 job centres, e.g. via a programme of systematic dialogue and working together on new methods. Overall responsibility for employment activities rests with the Minister for Employment, who draws up the rules and regulations that form the basis for the activities.

Faroe Islands
The job centres are responsible for establishing contact between employers and job-seekers.

Norway
Since 2006, the labour market, social protection, pension policies and parts of local authority services have all been under the auspices of the Ministry of Labour and Social Affairs, and administered via joint NAV centres.

The NAV centres are also responsible for establishing contact between employers and potential employees.

As a rule, unemployed individuals must register with an employment service or a NAV centre, actively seek employment and generally be available to the labour market. They must take part in activation initiatives and accept jobs provided by the employment service or a NAV centre in order to maintain their entitlement to unemployment benefits or other similar benefits. If an unemployed person is unable to find work, the employment service will provide assistance in the form of, e.g. job-seeking courses. The employment services and NAV centres also provide jobs and run activation programmes for the unemployed, as per national rules.

In addition, the employment services and NAV centres help employers find suitably qualified individuals to fill their vacancies.

The employment services can match employers and employees via online databases of job-seekers' competences and qualifications. Several private companies also provide similar services.

However, the vast majority of vacancies are filled following direct contact between employers and employees, without the involvement of the employment service.

Expenditure on and financing of unemployment benefits

Differences and similarities in expenditure on unemployment

Expenditure on unemployment reflects the extent of unemployment, the amounts paid in daily cash benefits and the extent of the activation programmes provided.

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

Changes in expenditure on unemployment, 2013–2014

Denmark

Total expenditure decreased by DKK 2.479 bn between 2013 and 2014, corresponding to 7.1 per cent. The lower expenditure was due to a decrease in both daily cash benefits and services.

Faroe Islands

Expenditure fell by 8.7 per cent at constant prices between 2013 and 2014, corresponding to a fall of DKK 22mn. The lower expenditure was due to low rates of unemployment. Despite the decrease, the expenditure includes DKK 41mn on compensation benefits, due to regulations aimed at preventing marginalisation from the job market.

Finland

Expenditure on unemployment benefits increased by 13.0 per cent at constant prices, accounting for 8.0 per cent of all social protection expenditure. This growth is explained by an increase in unemployment in 2014. In 2014, there were on average 232 000 unemployed people, 13 000 more than in 2013.

Iceland

Total expenditure on unemployment services decreased by 19.2 per cent at constant prices between 2013 and 2014 as a result of a decrease in the unemployment rate. Expenditure on cash benefits decreased by 19.5 per cent, while expenditure on services decreased by 15.5 per cent from 2013.

Norway

Expenditure on unemployment fell by 1.5 per cent at constant prices from 2013 to 2014. Expenditure on cash benefits rose by 6.2 per cent, while expenditure on services fell by 15.6 per cent.

Sweden

Expenditure on unemployment decreased by 7.4 per cent at constant prices in 2014. Both cash benefits and services decreased due to a reduction in the number of unemployed people in 2014. The largest decrease, 35.4 per cent, was in expenditure for compensating benefits.

Table 4.10 Expenditure on and financing of unemployment benefits, 2014, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway[1]	Sweden
Cash benefits, million						
A. Unemployment benefits	19 589	166	4 400	13 101	11 731	14 564
B. Partial unemployment benefits	-	-	123		-	-
C. Pension for labour market reasons	-	-	7	-	3	-
D. Cash benefits payable during vocational training	-	21	130	-	967	16 546
E. Compensating benefits	-	41	-	-	-	1 588
F. Other	5 883	-	-	608	-	31
Cash benefits, total	25 473	228	4 660	13 709	12 702	32 729
Services, million						
A. Mobility and resettlement	-	-	2	-	-	71
B. Services in connection with vocational training	-	-	421	-	988	8 062
C. Other	7 022	-	165	1 029	4 479	2 852
a. Of which employment services	-	-	165	1 029	4 479	2 738
Services, total	7 022	-	588	1 029	5 468	10 985
Total expenditure, million	32 495	228	5 249	14 738	18 170	43 714
Expenditure as % of GDP	1.7	1.5	2.6	0.7	0.6	1.1
Financed by (%)						
- Public authorities	63.8	24.6	65.7	-	53.3	9.4
- Employers	-	37.7	25.0	100.0	27.0	84.6
- The insured (contributions and special taxes)	36.2	37.7	9.3	-	19.7	6.0
Changes 2013-2014 in terms of 2014 prices						
- Million	-2 479	-22	606	-3 499	-268	-3 489
- %	-7.1	-8.7	13.0	-19.2	-1.5	-7.4

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 Since 2008, special labour market measures for the disabled have been combined with ordinary labour market measures. Cash benefits in connection with job training are reported under "Cash benefits"

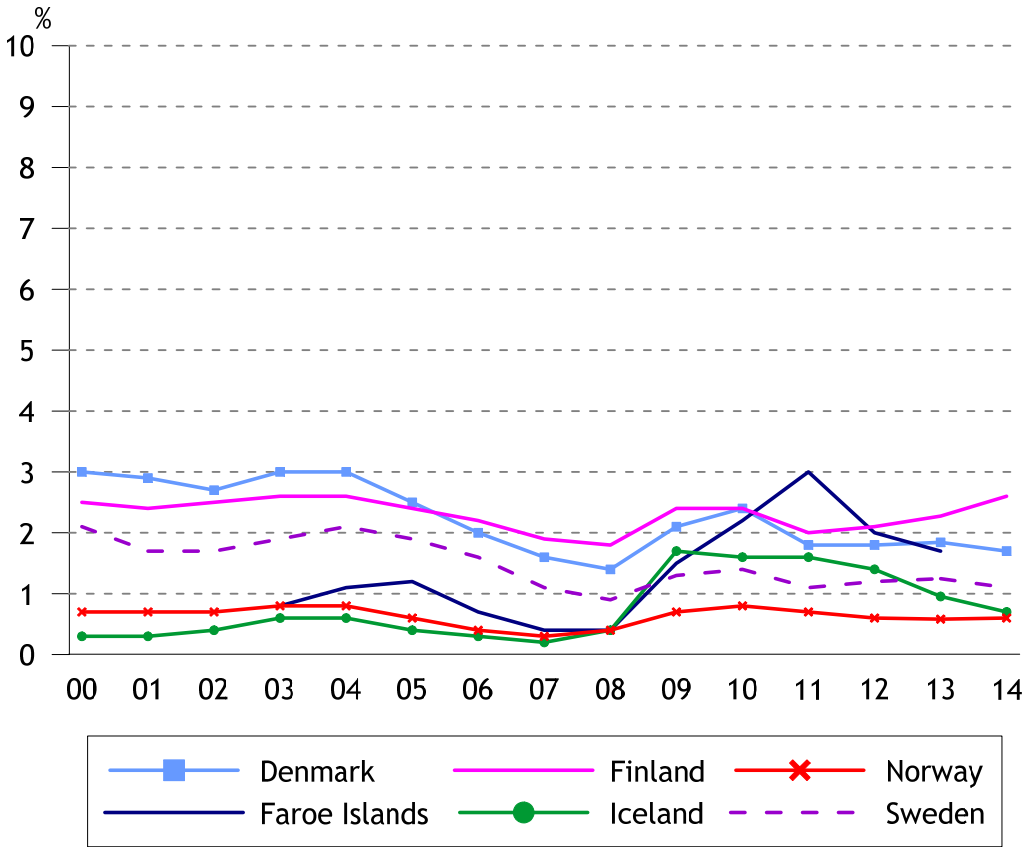
Table 4.11 Expenditure on and financing of unemployment benefits in PPS[1], 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	450	469	687	227	198	285
- Per person aged 16-64	712	772	1 094	350	306	459
Services, total per capita	124	-	87	17	85	96
- Per person aged 16-64	196	-	138	26	132	154
Expenditure on unemployment, total per capita	574	469	774	244	283	381
- Per person aged 16-64	908	469	1 232	376	438	613

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 See chapter 1 and appendix 1 for definition of PPS

Figure 4.10 Expenditure on and financing of unemployment benefits, % of GDP, 2000-2014



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

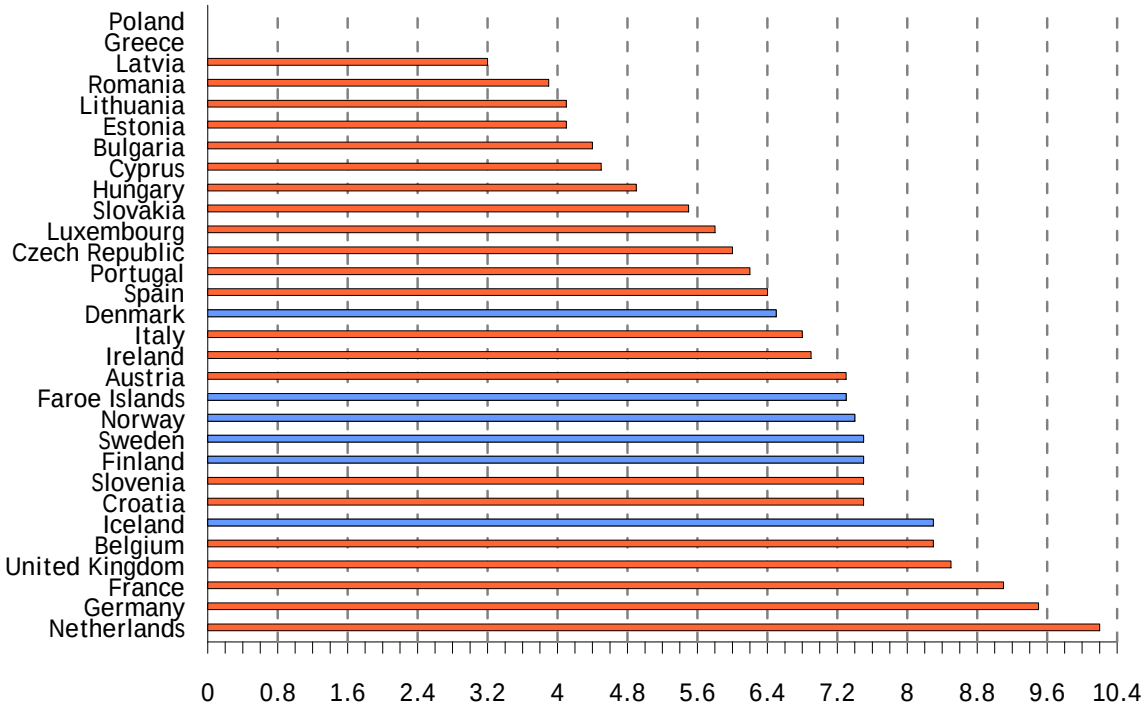
Chapter 5

Sickness and health

This chapter describes the rules governing the payment of income-substituting benefits in the event of absence due to sickness, as well as the amount of the benefits and the number of recipients. It also covers the rules governing medical and dental treatment.

There is considerable variation in the ratio of the expenditure on sickness and health measured as a percentage of GDP.

Figure 5.1 Expenditure on sickness and health as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

Paid absence due to sickness

The wage and daily cash benefit schemes concerning sickness vary considerably from country to country. In principle, everyone in gainful employment is entitled to compensation in the event of loss of income. The rules governing compensation depend on the individual's position in the labour market. Employees are usually better covered than self-employed people, and special rules apply to unemployed people.

Table 5.1 Rules governing payment of cash assistance[1] to employees and self-employed people in the event of sickness as per December 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Syge-dagpenge	Sjúkra-dagpening	Sjuk-dagpenning	Launagreiðslur í veikindum	Sykepenger	Sjukpenning
Employees qualify for sickness benefits on the following conditions:	From employer: 8 consecutive weeks of employment, minimum 74 hours' work. From local authorities: Employment for at least 240 hours during last 6 months, at least 40 hours per month during at least 5 of these months[2]	Paid work for a total of at least 120 hours in a period of 13 weeks	Work for 3 months or 55 days, consecutively	Pay during sickness absence is dependent on period of employment. After 1 year of employment, salary/wage is payable for 1 month, increasing to 3 months after 5 years	Qualifying period is 4 weeks. The income basis must be minimum 50% of the *basic amount* (cf. Appendix 2) converted into annual income	Insured from the first day of employment and an annual income of at least 10 700
Self-employed people qualify for sickness benefits on the following conditions:	Significant self-employment for 6 of the past 12 months, with the latest month immediately prior to the sickness absence	Eligibility period of 4 weeks, provided annual insurance has been taken out	Same rules as apply to employees	Same rules as apply to employees	Same rules as apply to employees[7]	Insured from the first day of employment and an annual income of at least 10 700. Self-employed people choose the number of waiting days. The more waiting days, the lower their own health insurance contributions
Maximum period of sickness benefit/sick pay:	22 weeks within 9 months	40 weeks	52 weeks within 2 years[3]	52 weeks within 2 years	52 weeks within 3 years	364 days normal level, 550 days continuation level, then 90 days without benefits
Waiting period?	No	No	No[4]	Yes[5]	No	Yes
Length of waiting period:	-	-	-	..	-	1 day for employees and 1, 7, 14, 30, 60 or 90 days for self-employed people
Employer period?	Yes	Yes	Yes[4]	Yes	Yes	Yes
Length of employer period	30 days	2 days	10 working days	1 month[6]	16 days	2 weeks

Continues

Table 5.1 Rules governing payment of cash assistance[1] to employees and self-employed people in the event of sickness as per December 2015, (continued)

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Wage/salary payable during sickness absence?	Yes	Yes	Yes	Yes	Yes	Yes
Statutory payment of wage/salary during sickness absence?	Yes, in some cases	No	Yes[5]	Yes	Yes	Yes
Rules applicable to part-time sickness absence?	Yes	No	Yes	Yes	Yes	Yes
Payment of wage/salary during sickness absence according to agreement?	Yes, in some cases	Yes	Yes	Yes	Yes	Yes

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Statistics Iceland; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 Cash assistance means sickness benefits or wage/salary
2 Individuals who qualify for unemployment benefits, who have completed at least 18 months' vocational training, who are apprentices in paid work-training schemes or who are employed in a flexi-job, are also entitled to sickness benefits. Before 2 July 2012, the local authority requirement was at least 13 weeks' employment with at least 120 hours' work
3 Employers or self-employed people who have already received sickness benefits for the maximum period (52 weeks) may receive benefits for another 50 days as part of the same sickness absence after having returned to work for at least 30 consecutive days
4 Sickness benefits are not paid for the day on which an employee falls ill, nor for the following nine working days. During that period, employers pay full wages/salaries, as per the law
5 In the public sickness insurance scheme
6 After five years of employment, three months. Most collective bargaining agreements contain agreements on pay during sickness absence that exceeds those three months
7 A number of special provisions apply to self-employed people

Employer period at the beginning of the period of sickness

At the beginning of a period of absence due to sickness, employers in all the Nordic countries have a statutory obligation to pay compensation, in the form of either statutory sick pay or sickness benefits. This is known as the employer period.

In all of the countries, sickness benefits payable to employees are taxable. None offer a supplement for children.

Denmark

Sickness benefits are payable by the employer for the first 30 days, as long as the employee has been working for that employer for at least 74 hours during the past eight weeks prior to the absence due to sickness.

Faroe Islands

The public authorities pay sickness benefits from the first day of absence, after which employers reimburse the Faroese social administration for the two first days of absence.

Finland

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

Iceland

All employees have a statutory right to sick pay for a period determined by their seniority. After one year of employment, an employee is entitled to one month's sick pay in the event of absence due to sickness. After five years, this entitlement increases to three months.

Norway

An employee who has been employed for at least four weeks is entitled to sickness benefits from the employer. The employer period is 16 days.

Sweden

Statutory sick pay is payable for 14 days. However, sick pay is not payable for the first day of sickness. Sick pay corresponds to 80 per cent of the wage/salary.

Table 5.2 Amount of sickness benefits to employees as per December 2015, national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Sygedag-penge	Sjúkra-dagpening	Sjuk-Dagpen-ning	Launa-greiðslur í veikindum	Syke-penger	Sjuk-penning
Amount of benefits as percentage of income from work	100	100	70[3]	100[5]	100	80/78[6]
Maximum amount per week at full compensation[1]	No maxi-mum	4 224	No maxi-mum	No maxi-mum	10 392	6 400
Maximum amount per week at full compensation, PPS[1, 2]	.	429	.	.	808	
Minimum amount per week	.	.	144[4]	.	866	161/147
Minimum amount per week, PPS[2]	.	.	118	.	67	13/12
Maximum amount per week	4 135	4 224	.	.	10 392	4 963 / 4 655
Maximum amount per week, PPS[2]	420	429	.	.	808	404/388

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Statistics Iceland; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 The income ceiling is the maximum income (previous income) in relation to which sickness benefits are calculated. Different countries use different bases for calculation of the income ceiling
2 See Chapter 1 and Appendix 1 for definition of PPS
3 70 per cent of income from work up to EUR 36 419 per year, then 40 per cent of income between EUR 36 420 and EUR 56 032 per year, and 25 per cent after that. Partial sickness benefits amount to 50 per cent of sickness benefits
4 People with small incomes – or none at all – may be awarded minimum daily cash benefits for periods of incapacity exceeding 55 days
5 Pay during sickness absence depends on the period of employment
6 People who are absent due to sickness get nearly 80 per cent for the first 364 days, then 75 per cent for a maximum of 550 days. People suffering from long-term absence due to sickness may be awarded 80 per cent indefinitely

Sick pay under collective agreements, etc.

As a supplement to the statutory employer or sick-pay period, wages/salaries are payable during absence due to sickness under collective bargaining agreements or special rules governing the public sector.

Denmark
Public-sector employees are paid in full during the entire period of absence due to sickness. Salaried employees in the private sector are typically paid in full during absence due to sickness. Other private-sector employees are paid during, e.g. the first nine weeks of absence. In some cases, they are not paid in full but only up to a maximum amount fixed by collective bargaining agreements.

Faroe Islands
Public employees and the majority of salaried employees in the private sector are paid in full during absence due to sickness.

Finland
Employees in the public sector are paid in full for the first two months of absence due to sickness. In the private sector, collective bargaining agreements stipulate that full pay is payable for a period of one to three months, depending on the industry in question.

Iceland
Under collective bargaining agreements, employees are entitled to pay during absence due to sickness for a period exceeding the statutory minimum, depending on their seniority. The most favourable rules are for employees of central and local government who have been employed for more than 15 years, who may be paid in full for an entire year. Private-sector employers are obliged to pay 1 per cent of the wage costs to a supplementary daily cash benefit scheme administered by the various unions. Under those schemes, daily cash benefits are payable after the employer period (usually 120–150 days). These schemes mean that daily cash benefits from the public sickness insurance scheme are of little significance.

Norway
Under collective bargaining agreements, public-sector employees are paid in full during absence due to sickness. They receive a supplement to the sickness benefits to compensate for the difference between the maximum amount of sickness benefits and their normal wages/salaries. In several cases, similar rules apply in the private labour market.

Sweden
Under collective bargaining agreements, all public-sector employees receive 90 per cent of their wage/salary during the first 15-90 days of the sickness period. Sickness benefits correspond to just under 80 per cent of income from work up to the income ceiling, but employers pay an additional 10 per cent, bringing the total up to 90 per cent. Those earning more than the income ceiling are compensated at an amount corresponding to around 90 per cent of their earnings. For periods of absence due to sickness that exceed 90 days, public employees are compensated by their employers at about 80 per cent of their wage/salary – however, the employee in question may earn more than the ceiling amount. Salaried employees in the private sector are also guaranteed compensation from their employers via collective bargaining agreements. After 90 days, these employees are entitled to compensation corresponding to 65 per cent

of earnings that exceed the income ceiling amount specified under the sickness insurance scheme.

Paid sick leave

After the statutory employer period, paid sick leave is covered either by the public authorities or by a social insurance scheme. Those not entitled to wages/salaries or sickness benefits during the employer period are compensated according to the general rules on sickness benefits from the beginning of the period of sickness absence.

Denmark
Employees are entitled to paid sick leave from the local authorities, provided they have worked for at least 240 hours during the past 26 weeks prior to their absence. Individuals who qualify for unemployment benefits, have completed at least 18 months' vocational training, are in paid work-training schemes, or are employed in flexi-jobs are also entitled to paid sick leave from the local authorities. Self-employed people must have worked in their own business for at least six of the last 12 months, of which the latest month must be immediately prior to the period of sickness. For self-employed people, sickness benefits are calculated on the basis of income from their own business.

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

Finland
Paid sick leave is payable both to those in work and to the self-employed, including students. If the annual income from work amounts to less than EUR 1 399, no income-related paid sick leave is payable. Up to an annual income of EUR 36 419, the compensation rate is 70 per cent, after which the rate is gradually reduced. People with low incomes – or none at all – receive the minimum paid sick leave after a waiting period of 55 days.

Iceland
The public sickness benefit schemes are of little significance, as employers pay employees for sick leave during the first year. Employees are entitled to two days of sick leave for each month during their first year of employment. After one year, employees are entitled to two months' sick leave per year; after five years of employment, employees are entitled to four months per year; and after 10 years, employees are entitled to six months of sick leave per year. Employees working from home and students have a special right to public sickness benefits. Self-employed people have the same right as employees to public sickness benefits, but can also take out insurance against absence due to sickness, normally for a period of six months.

Norway
In order to qualify for sickness benefits from *Folketrygden* (the National Social Security Fund), the individual concerned must have been in work for at least four weeks immediately prior to falling ill. The income basis for sickness benefits must be at least 50 per cent of the basic amount[1] of the annual income. This income ceiling does not apply to sickness benefits payable during the employer period. The maximum sickness benefit payable is six times the basic amount.

Self-employed people who lose any pensionable income due to lack of working capacity, sickness absence or injury have the same right as employees to sickness benefits. Compensation is payable from the 17th day of sickness, at 65 per cent of the sickness benefit basis. Self-employed people can also take out sickness-benefit insurance, with coverage of either 65 per cent or 100 per cent from the first day of sickness absence, or 100 per cent from the 17th day. This entitlement ceases when sickness benefits have been paid for 250 days within the past three years.

Waiting Periods

The rules applying to waiting periods vary between the countries.

Denmark
Where a paid employer period applies, there are no waiting periods for employees. For self-employed people and freelancers, there is a waiting period of 14 days, which may be reduced by voluntary insurance. A self-employed person may take out voluntary insurance in order to qualify for sickness benefits from the first or third day of absence. The insurance premium is higher for self-employed people who wish to receive daily cash benefits from the first day of absence than for self-employed people who wish to receive daily cash benefits from the third day. For self-employed people who have taken out insurance, the daily cash benefits must total at least two-thirds of the maximum amount of daily cash benefits. Self-employed people may also take out insurance at a higher premium that entitles them to the full maximum daily cash benefit amount.

Faroe Islands
There is no waiting period.

Finland
Under the sickness insurance scheme, the waiting period consists of the day on which a person falls ill and the following nine working days. This corresponds to the statutory sick-pay period for employees. Self-employed people with pension insurance are entitled to sickness benefits on the same terms as waged workers. However, a waiting period does apply, i.e. the day on which a person falls ill and the following three working days.

In accordance with the Farmers' Pensions Act, farmers are entitled to sickness benefits from and including the fifth working day following the day on which they fall ill.

Iceland
The public insurance scheme stipulates a waiting period of two weeks.

[1] For an explanation of the basic amount, see Appendix 2: Norway.

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

Sweden
There is a minimum waiting period of one day for both sick pay and sickness benefits. However, for employees, the waiting period may be no more than 10 days over 12 months. Depending on the nature of their insurance policy, self-employed people may choose a waiting period of 7, 14, 30, 60 or 90 days.

Other conditions

In Denmark, Finland, Iceland and Norway, sickness benefits are normally be payable for a maximum of one year, which may be divided into several separate periods. In Finland, it is also possible to receive partial sickness benefits for between 12 and 120 working days, provided that the individual concerned works part-time and is on sick leave from a full-time job. In all of the countries, sickness benefits are taxable.

Denmark
The local authorities pay and administer sickness benefits. Central government reimburses the local authorities for expenditure on sickness benefits at a rate of 100 per cent for the first four weeks. After this period, and up to and including the eighth week, counted from the first day of absence, central government reimburses the expenditure at a rate of 50 per cent. From the ninth week, and up to and including the 52nd week, counted from the first day of absence, central government reimburses 30 per cent of expenditure on sickness benefits. If the person who is off sick gradually returns to work during the above-mentioned period, central government reimburses 50 per cent of the local authorities' expenditure on sickness benefits from the point in time at which the person in question returns to work. After the 52nd week, the local authorities cover all expenditure. In some cases, this period may be extended beyond 52 weeks.

Faroe Islands
Sickness benefits are payable for a maximum of 40 weeks in a 12-month period, after which social-assistance benefits are paid. For those in receipt of disability pension, the maximum period for sickness benefits has been halved to 20 weeks. Recipients of the highest level of disability pension or retirement pension, or people aged 70+, are not entitled to sickness benefits. The social administration pays the sickness benefits.

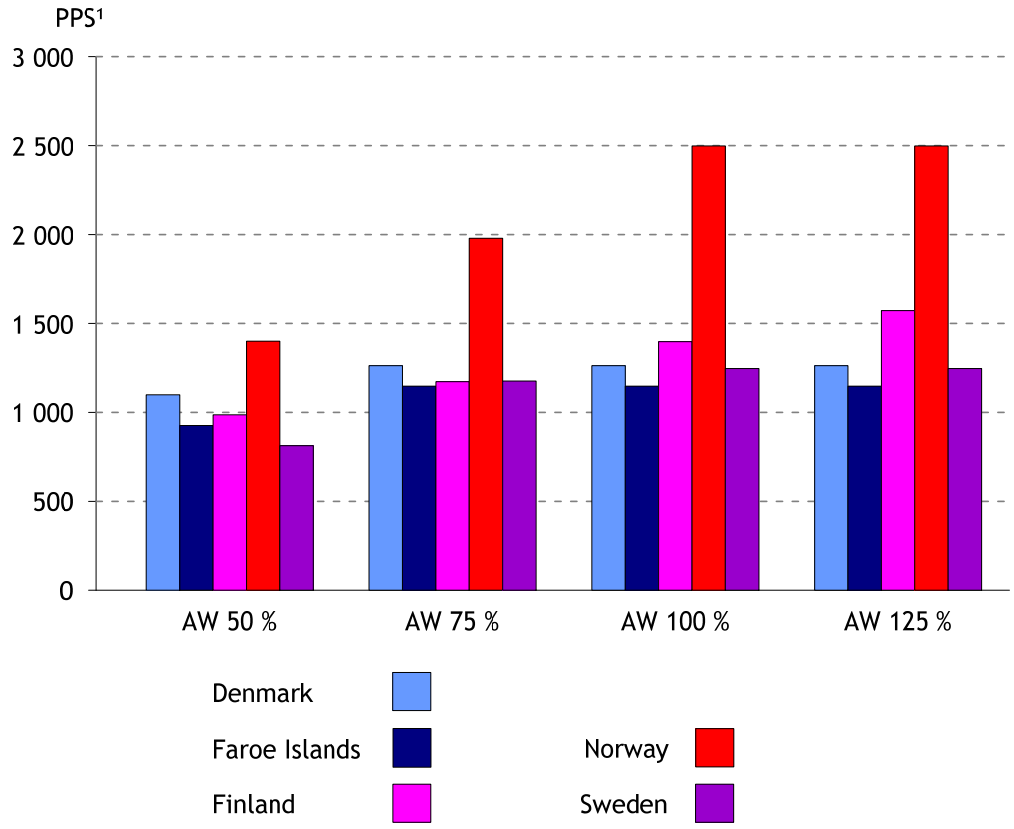
Sweden
Sickness benefits are usually payable for a maximum of 364 days over 15 months. In some cases, this period may be extended. Assessments of reduced working capacity and entitlement to sickness benefits are conducted according to what is called a “rehabilitation chain”. During the first 90 days, the assessment focuses on the insured individual’s capacity to undertake normal work. After 90 days, it is based on their ability to carry out any kind of work for their current employer. After 180 days, the insured individual is only entitled to sickness benefits if s/he is unable to do any kind of work. It is possible to defer the capacity assessment in exceptional circumstances, or

if it is in some other way deemed unreasonable. Self-employed people are compensated during the first 180 days. After that an assessment is conducted of their general fitness for work. For unemployed people, an assessment is conducted of their general fitness for work from the first day of sickness.

Disposable income and compensation rates in the event of sickness

Figure 5.2 shows disposable income at four different income levels for a single childless person drawing sickness benefits. The disposable income in the event of sickness is considerably higher in Norway than in the other countries, irrespective of income level. This is due to both the higher average wages in Norway and the relatively high compensation rate for sickness benefits. In Finland, the compensation level rises with the level of income. In the Faroe Islands, the compensation ceiling is AW 75%; in Sweden and Norway, AW 100%. In Denmark, the disposable incomes are the same for all income levels.

Figure 5.2 Disposable income per month for a single childless person drawing sickness benefits, in PPS[1], 2015



1 See chapter 1 and appendix 1 for definition of PPS

Table 5.3 shows the compensation rate at four different income levels for a single childless person. In Iceland, compensation is paid in the event of sickness.

The table shows that there are considerable differences in the compensation rates in the event of sickness. In the lowest income brackets, full compensation is paid in the Faroe Islands and in Norway. These differences are due partly to the amount of

daily cash benefits in relation to income from work (which are highest in Denmark, the Faroe Islands and Norway, and lowest in Finland), and partly to the maximum amount, which is relatively low in Denmark compared to Sweden and, especially, Norway. Finland does not impose an upper limit on the amount of the daily cash benefits. However, compensation is limited to just 25 per cent if the annual income exceeds EUR 55 498 (2014).

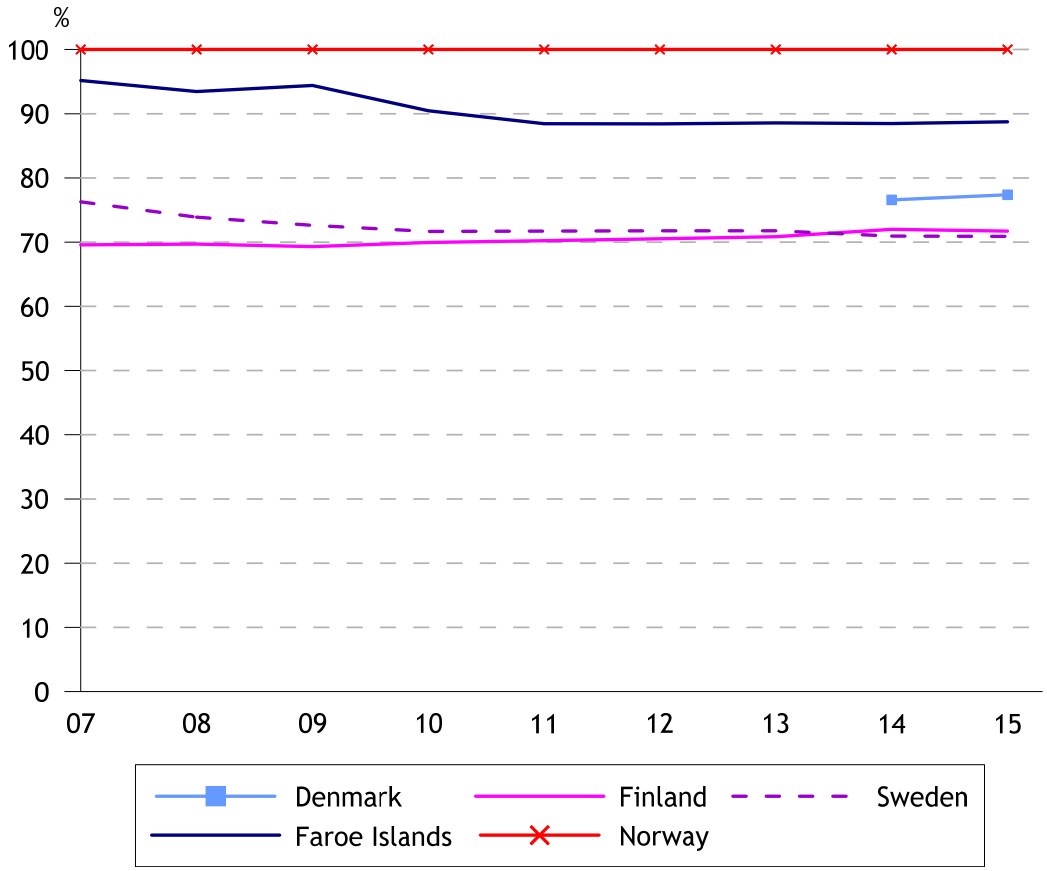
Table 5.3 also shows that the compensation rate in the event of absence due to sickness decreases as income rises in all the Nordic countries, but not at the same rate. The decrease is largest in the Faroe Islands, where the compensation rate is 102 per cent at an income of AW 50 per cent, but only 56 per cent at AW 125 per cent.

Table 5.3 Compensation level for a single childless person drawing sickness benefits as a percentage of disposable income from work, 2015

	Denmark	Faroe Islands	Finland	Norway	Sweden
AW 50%	95	102	80	100	71
AW 75%	77	89	72	100	71
AW 100%	61	69	69	98	58
AW 125%	49	56	65	82	49

In some of the Nordic countries, the compensation rate in the event of absence due to sickness has barely changed in recent years, cf. Figure 5.3.

Figure 5.3 Compensation rate for a single childless person drawing sickness benefits, AW 75 per cent[1], 2007-2014



1 This book uses AW 75% as a standard measure for single people when illustrating compensation rates. See the section on income distribution in Chapter 2

Length of Sickness Periods

The length of sickness absence periods varies considerably from country to country. Since 2010, the shortest periods have been in Iceland, the longest in Norway. The figures have remained relatively constant in Denmark and Finland. A considerable decrease in absence due to sickness has been observed in Sweden since 2003, following a change in the rules and the introduction of an activity requirement in the sickness benefit scheme. However, this has also resulted in an increase in part-time absence due to sickness.

In all of the countries, women account for more of the absence due to sickness than men. In 2015, the largest gender gap was in Sweden.

Table 5.4 Calculated absences due to sickness among employed people for at least one week, percentage of employed people, 2000-2015[1]

	Denmark[2]	Finland[2]	Iceland	Norway	Sweden[3]
2000					
Men	1.4	2.2	1.1	3.4	2.6
Women	2.0	2.5	1.5	4.7	4.9
Total	1.7	2.4	1.3	4.0	3.7
2005					
Men	1.5	2.1	1.2	2.6	2.8
Women	2.2	2.8	1.9	3.9	4.3
Total	1.8	2.5	1.5	3.2	3.5
2010					
Men	1.4	2.4	1.0	3.0	1.5
Women	2.3	2.8	1.5	4.4	2.7
Total	1.8	2.6	1.2	3.7	2.1
2014					
Men	1.2	2.0	1.2	2.6	1.8
Women	2.1	2.7	2.0	4.2	3.0
Total	1.6	2.3	1.0	3.4	2.4
2015					
Men	1.3	1.9	1.2	2.9	1.9
Women	1.9	2.5	1.3	4.0	3.4
Total	1.6	2.2	1.3	3.4	2.6

Source: DK, Statistics Denmark; FI, Statistics Finland; IS, Statistics Iceland; NO, Directorate of Labour and Welfare; SV, Statistics Sweden

1 Data calculated on the basis of labour force surveys (LFS) as an average of the censuses
2 Aged 15–64
3 Aged 16–64

Figure 5.4 Absence due to sickness for at least one week, percentage of employed people, 2000-2015

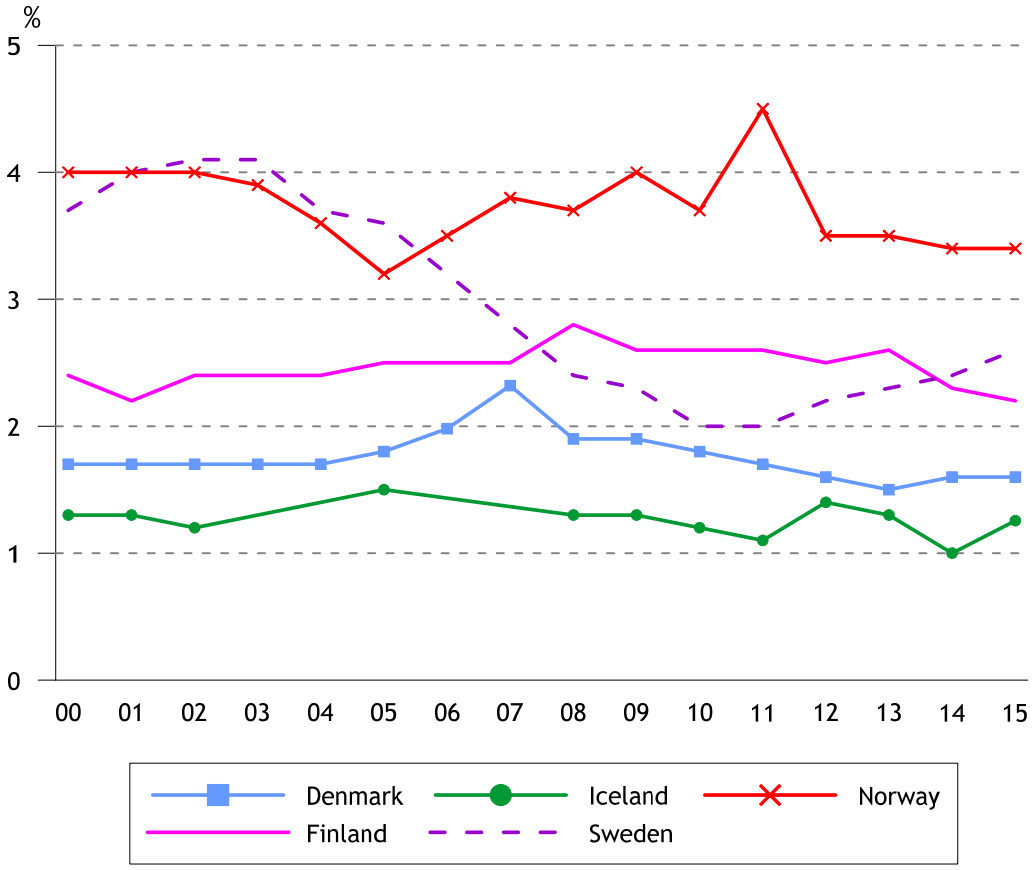


Figure 5.4 shows how the picture has developed since the turn of the century. Substantial differences can be observed between the countries. The fewest instances of absence due to sickness as a proportion of the workforce are found in Finland and Denmark in 2014. The most, comparatively speaking, are found in Norway. Converted into full-time equivalents, women draw more sickness benefits than men (c.f. Table 5.5).

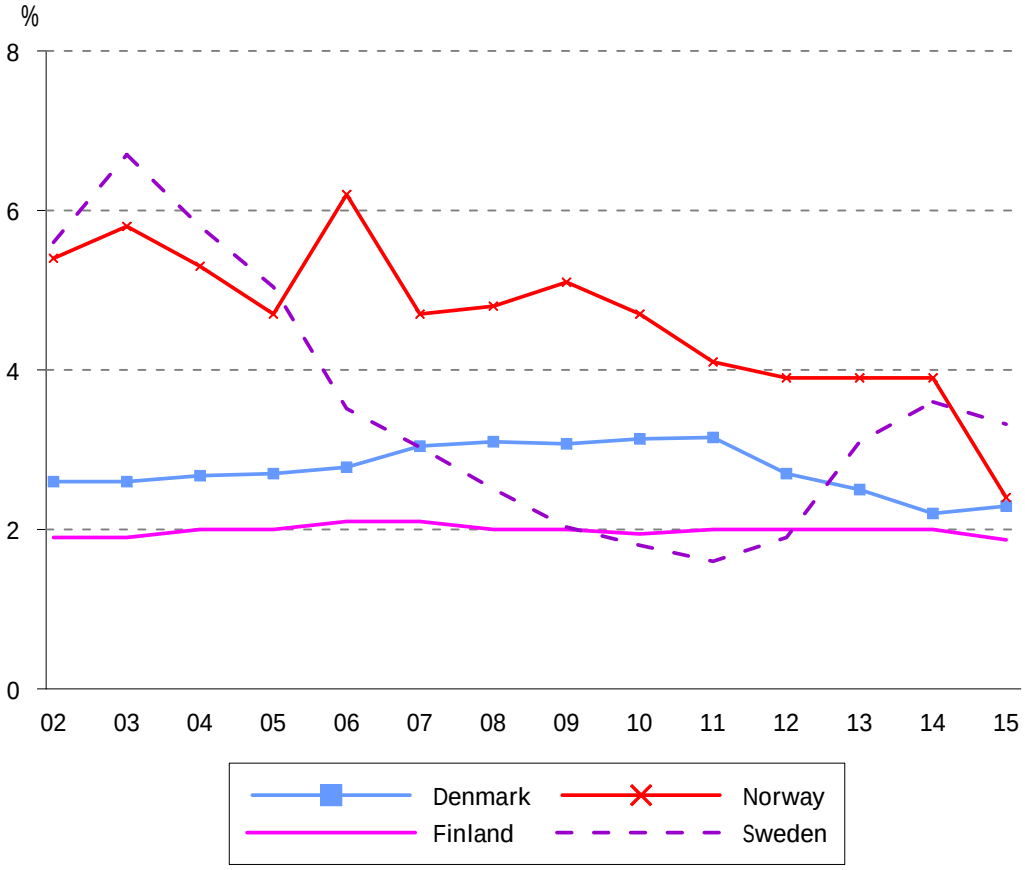
The calculation of sickness benefit payments differs between the countries. In some countries, they are paid five days per week, in others six or seven days per week. This has been taken into consideration in the calculations of full-time equivalents. Some – but not all – of the countries also employ the concept of "part-time absence due to sickness". As such, the calculation of full-time equivalents was based on the number of days that sickness benefits were drawn, regardless of whether the individual was considered "full-time" or "part-time" ill.

As the data only includes days on which sickness benefits were paid, the number of days that can be included varies, as the length of the employer period (during which no sickness benefits are payable) differs from country to country. In addition, the Danish, Norwegian and Swedish data includes absence due to industrial injuries and accidents, which are registered separately in the Faroe Islands and Finland.

In Denmark, part-time absence due to sickness in 2013 amounted to 11.6 per cent of all sickness benefit cases concluded in 2014 or ongoing at year-end. Of these, 12.6 per cent concerned women and 10.1 per cent concerned men.

In Norway, about 24 per cent of all concluded cases of absence due to sickness from the National Insurance Scheme in 2014 related to part-time absence. In Sweden, absence is calculated in terms of net days. The other countries do not allow for part-time absence due to sickness.

Figure 5.5 Number of recipients of sickness benefits converted into full-time equivalents, % of the labour force, 2002-2015



Source: DK, Statistics Denmark; FI, the Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare; SV, Statistics Sweden and the Swedish Social Insurance Agency

Table 5.5 shows the number of recipients on which sickness benefits were paid, converted into full-time equivalents and as a percentage of the labour force.

Table 5.5 Number of recipients of sickness benefits converted into full-time equivalents and as percentage of the labour force, broken down by gender, 2015

	Denmark[1, 2]	Finland	Norway	Sweden[3]
Men	25 177	21 827	28 255	57 369
Women	34 841	26 068	36 185	104 166
Men and women	60 018	47 894	64 441	161 535
% of labour force				
Men	1.8	1.7	2.0	2.3
Women	2.8	2.1	2.9	4.5
Men and Women	2.3	1.9	2.4	3.3

Source: DK, Statistics Denmark; FI, the Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare; SV, Statistics Sweden and the Swedish Social Insurance Agency

1 The amended law came into force in July 2014
2 As of 2 January 2012, the period for which the employer must pay for absence due to sickness was extended from 21 days to 30 days. Absence due to sickness during the employer period is normally not registered
3 Aged 20-64

Table 5.6 Number of concluded sickness benefit periods of at least 15 days, %, 2015

	Denmark[1,2]	Faroe Islands	Finland	Norway[3]	Sweden
Men					
Duration (days)					
15-21		21	21	3	13
22-29		14	14	3	13
30-59	31	26	27	10	25
60-89	16	10	12	8	12
90-119	11	6	7	7	8
120-149	8	5	3	6	5
150-179	6	3	2	6	3
180-359	18	12	10	32	10
360+	9	3	3	25	10
Total	100	100	100	100	100
Women					
Duration (days)					
15-21		22	25	3	13
22-29		13	16	3	13
30-59	28	23	28	10	25
60-89	15	13	11	8	12
90-119	11	8	5	7	7
120-149	8	5	3	6	4
150-179	7	3	2	6	3
180-359	21	13	8	31	10
360+	10	1	2	25	11
Total	100	100	100	100	100
Men and Women					
Duration (days)					
15-21		22	23	3	13
22-29		13	15	3	13
30-59	29	24	28	10	25
60-89	16	11	11	8	12
90-119	11	7	6	7	7
120-149	8	5	3	6	4
150-179	7	3	2	6	3
180-359	20	12	9	33	10
360+	9	2	2	26	11
Total	100	100	100	100	100

Source: DK, Statistics Denmark; FI, the Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare; SV, the Swedish Social Insurance Agency

1 As of 2 January 2012, the period for which the employer must pay for absence due to sickness was extended from 21 days to 30 days
2 The data criteria changed as of 2013
3 For employees, only periods of at least 17 days have been registered. For other groups, all sickness benefit periods have been included. These were mainly payable from and including the 15th day of absence due to sickness

With regard to the patterns of long-term (more than two weeks) absence due to sickness, some differences can be observed between the various countries. This reflects *inter alia* the different points at which people with long-term illness start receiving benefits from other parts of the social system, e.g. in the transition to rehabilitation benefits or disability pension.

Denmark
In a number of cases, sickness benefits may be payable after more than one year's absence due to sickness.

Norway
The figures for benefit periods of over 360 days also include people who are still ill after one year (365 days). They are not entitled to sickness benefits for more than one year, but may instead qualify for a Work Assessment Allowance (*Arbeidsavklaringspenger* or AAP).

The gender balance of the pattern of absence due to sickness varies between the countries. In general, men have the highest long-term absence rate. However, in Denmark more women than men take periods of absence longer than 180 days. In Sweden, the large number of people with an absence period exceeding one year can be attributed to the reform of the disability pension scheme. The reform led to the conclusion of a large number of cases, after which many of the individuals concerned made a recovery or were transferred to other benefits.

Sweden
Sickness benefits can be drawn for 364 days within a period of 450 days (the framework period). After that, the period may be extended to a maximum of 550 days, but at a somewhat lower amount. No time limits apply to people suffering from a serious illness.

Daily cash benefits in the event of industrial injury or occupational disease

In all of the countries, benefits are payable in the event of industrial injury or occupational disease. Short-term benefits may take the form of sickness benefits or equivalent benefits.

In Finland, industrial injury benefits are payable, and usually correspond to the injured party's normal wages.

Services

All of the Nordic countries have well-established networks of services for the prevention and treatment of ill health. However, they are organised differently in each country.

In Denmark, Finland and Sweden, local and/or county/regional authorities are responsible for the organisation of healthcare. In Iceland, this responsibility lies with the central government; and in the Faroe Islands, the devolved government. In Norway, the central government is responsible for specialised healthcare (mainly hospitals), while local authorities handle primary healthcare. Under the present system, almost everyone in Norway is assigned to a named general practitioner – as is also the case in Denmark and the Faroe Islands.

Occupational health services have been established in Denmark, Finland, Norway and Sweden. The purpose is to initiate preventive measures and improve employee health within the workplace. Statistical data on this can be found in the NOMESCO publication *Health Statistics in the Nordic Countries*, which is available for download from www.nowbase.org.

Primary health care

In all of the Nordic countries, the healthcare services are primarily based on general (primary) healthcare, which takes place outside of hospitals. In addition, various forms of preventive healthcare measures are linked to the primary health services.

Denmark
Self-employed general practitioners provide primary healthcare treatment, fully financed by and according to agreements with the public sector.

Faroe Islands
All general practitioners are public employees, and are paid a basic amount that reflects the services provided.

Finland
Self-employed doctors provide approx. 20 per cent of the general medical treatment, as well as specialist treatment. The rest is provided by doctors employed by the public authorities at public health centres – which, in sparsely populated areas, may also incorporate hospital-style wards.

Norway
Self-employed general practitioners provide approximately 95 per cent of the general medical treatment. This is only the case to a limited extent in the other Nordic countries.

Sweden
It is estimated that self-employed general practitioners provide approximately 20 per cent of general medical treatment.

Specialist treatment is available in all of the countries. It is provided according to agreements with the public health agencies and subject to general or specific rules.

Due to the different ways in which the countries organise primary healthcare, it is very difficult to obtain comparable data on the number of medical visits per capita.

In all of the countries, home nursing is available for families and children, the elderly and the disabled.

In all of the countries, pregnant women and infants are offered public healthcare. In addition, all of the countries provide healthcare services for schools, and most children are immunised as part of recommended programmes. Screening programmes for breast cancer and other conditions are in place to some extent in all of the countries. In all of the countries, transport expenses incurred in connection with absence due to sickness are subsidised.

Specialised health care

All of the Nordic countries have general hospitals with outpatient clinics/polyclinics and emergency wards. There are also highly specialised hospitals, psychiatric hospitals and, in some of the countries, hospitals providing long-term care. Most hospitals are run by central government, the regions/counties or local authorities. However, there are also a few private hospitals.

It is very difficult to obtain comparable data on the capacity of specialised healthcare in the Nordic countries, as its organisation varies considerably from country

to country. However, there is a general tendency toward shorter periods of hospitalisation, and more and more patients being treated at outpatient clinics.

In all of the countries, there has been a tendency toward shutting down psychiatric hospitals and instead focusing on treating psychiatric patients in their own homes.

Dental care

All of the Nordic countries have well-developed dental services. With the exception of Iceland, public clinic provide treatment for children and adolescents either fully or partly free of charge. In most of the countries, there are also special discount schemes for elderly people. Most of the rest of the population pay for the majority of their own treatment. Private dentists provide most of the dental treatment for adults.

People in Finland are entitled to dental care, and choose between local authority and private dental treatment. The sickness insurance fund reimburses expenditure on private treatment. The amount that patients themselves pay for local authority dental treatment is lower than the amount payable for private treatment.

In Sweden and Norway, the counties administer public dental-care services.

Expenditure on and financing of benefits in connection with sickness and health

Differences and similarities in expenditure on sickness and health

The Nordic countries differ in terms of expenditure on sickness and health, measured in PPS per capita. The Faroe Islands and Finland spend the least, Iceland the most.

With regard to expenditure on paid absence due to sickness and health, measured in PPS per capita, Norway spends considerably more than the other Nordic countries. This is largely due to the amount of the sickness benefits (cf. Table 5.3). However, the low unemployment rate in Norway also affects the rate of absence due to sickness. However, it should be noted that it is only in Finland and Iceland that the social expenditure includes wages and salaries paid during absence due to sickness.

Expenditure on services (medical care), measured in PPS per capita, is lowest in the Faroe Islands and highest in Norway.

Expenditure on medical care is influenced by the amount that patients pay in user charges for medical care and medicine. The highest charges are in Finland.

The data is also affected by the overlap between health care and treatment of the elderly and the disabled, which is handled differently in the various countries.

Changes in social expenditure on sickness and health, 2013 to 2014

Denmark
Expenditure increased by DKK 1 510 bn from 2013 to 2014, corresponding to 1.2 per cent. Cash benefits decreased by DKK 14 mn (0.1 per cent), services by DKK 1 522 bn (1.4 per cent).

Faroe Islands
Between 2013 and 2014, spending increased by DKK 8 mn, corresponding to 0.7 per cent. This is due to a combination of slight increases in both public spending on sickness benefits and total expenditure on healthcare.

Finland
The social expenditure on cash benefits in connection with absence due to sickness decreased by 0.9 per cent at constant prices. Expenditure on services increased by 0.5 per cent. Expenditure on primary healthcare decreased by 2.4 per cent, while expenditure on specialised healthcare increased by 1.0 per cent at constant prices.

Iceland
Social expenditure on sickness and health increased by 5.7 per cent from 2013 in 2014 prices. Expenditure on services increased by 5.9 per cent, while expenditure on cash benefits increased by 4.9 per cent compared to 2013. Expenditure on services accounted for 82 per cent of total expenditure on sickness.

Norway
Expenditure on sickness and health increased by 3.2 per cent from 2013 to 2014 at constant prices. Cash benefits increased by 2.6 per cent, while expenditure on services increased by 3.9 per cent. Cash benefits amounted to 31 per cent of the total expenditure on sickness and health in 2014.

Sweden
Expenditure on sickness and health increased by 4.4 per cent at constant prices in 2014. An increase in absence due to sickness in 2014 resulted in a 6.4 per cent increase in expenditure on cash benefits. Expenditure on services – including both treatment and medication – increased by 3.9 per cent.

Table 5.7 Expenditure on and financing of benefits in connection with sickness and health, national currency, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, million						
A. Paid sick leave	16 679	62	2 413	29 145	72 514	51 690
Of which:						-
a. Ordinary sickness benefits	12 484	55	860	2 039	38 371	34 871
b. Daily cash benefits in the employer period	4 195	3	1 222	-	34 143	15 486
c. Paid leave	-	-	192	26 626	-	-
d. Special daily cash benefits in the event of industrial injury or work-related sickness absence	-	4	139	479	-	1 333
B. Other	-	-	41	311	980	167
Cash benefits, total	16 870	62	2 454	29 455	73 494	51 857
Services, million						
Services, total	108 107	1 014	12 967	138 193	168 259	244 663
Total expenditure, million	124 977	1 076	15 421	167 649	241 753	296 520
Expenditure as % of GDP	6.4	6.9	7.5	8.4	7.7	7.6
Financed by (%)						
- Public authorities	96.3	88.4	69.6	83.0	66.5	0.7
- Employers	3.7	0.3	20.1	17.0	25.3	17.7
- The insured (contributions and special taxes)	-	11.3	10.3	-	8.2	0.1
Changes 2013-2014 in terms of 2014 prices						
- Million	1 510	8	44	9 073	7 481	12 384
- %	1.2	0.7	0.3	5.7	3.2	4.4

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

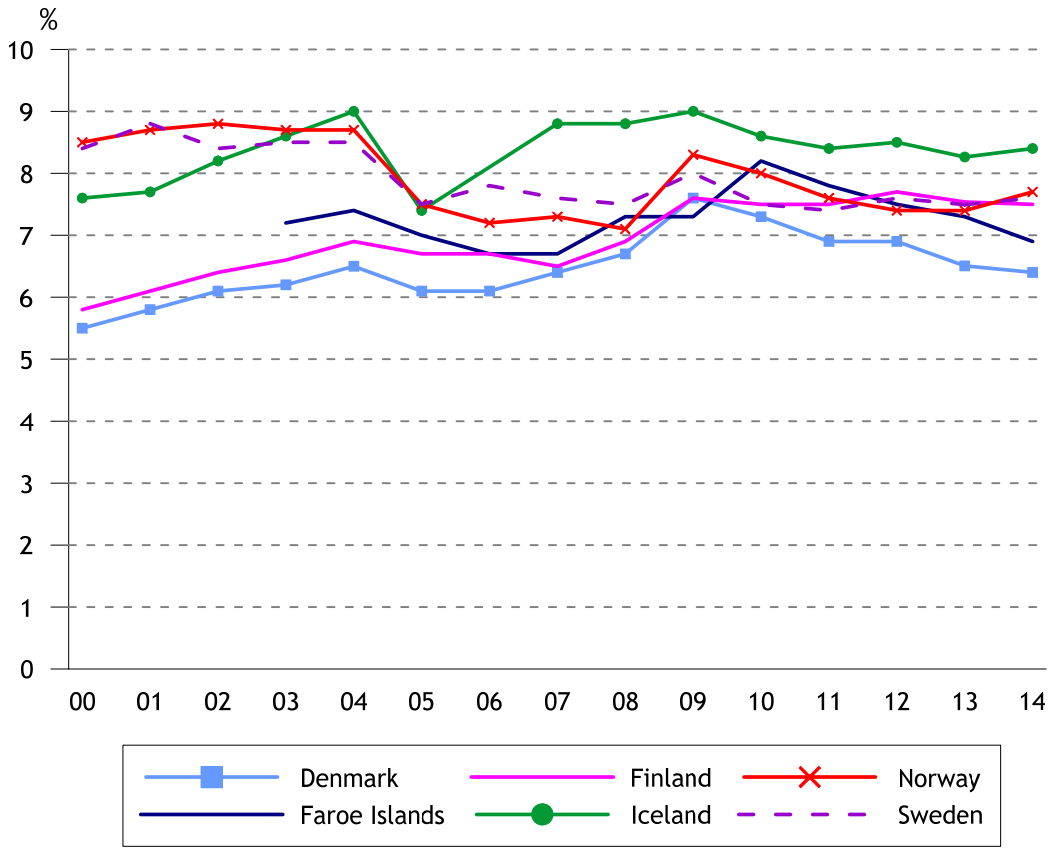
Table 5.8 Expenditure on and financing of benefits in connection with sickness and health in PPS[1], 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	298	128	362	488	1 145	452
Cash benefits per person aged 16–64	471	211	576	751	1 772	727
Services, total per capita	1 911	2 086	1 913	2 290	2 621	2 133
Expenditure on sickness and health, total per capita	2 209	2 214	2 275	2 778	3 766	2 585

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 See Chapter 1 and Appendix 1 for definition of PPS

Figure 5.6 Expenditure on and financing of benefits in connection with sickness and health, % of GDP, 2001-2014



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

User charges for health services

The rules governing user charges for health services differ somewhat between the Nordic countries. Finland, Norway and Sweden have rules that specify a maximum for user charges. In Iceland, patients are only partly exempt from user charges. In Denmark, the rules apply only to prescription charges.

Maximum user charges

Denmark

The subsidy system is based on need, i.e. the individual's level of consumption of subsidised medicine. From 2014, subsidies are not available for medicine below DKK 925 per year. Above this figure, the subsidy increases gradually, to 85 per cent of expenses exceeding DKK 3 280 per year. However, for children under 18, a subsidy of 60 per cent is granted for medicine costing less than DKK 925. For the chronically ill, a 100 per cent subsidy is granted for user charges exceeding DKK 3 830 per year.

Finland

An expenditure ceiling of EUR 679 is placed on local authority social care and healthcare. Once this ceiling has been reached, treatment is free of charge. The ex-

penditure ceiling also applies to medical treatment in primary healthcare at clinics, physiotherapy, ongoing treatment, visits to outpatient clinics, day surgery and short-term stays at social and healthcare institutions. Transport expenses in connection with treatment in excess of EUR 272 per year are reimbursed in full.

Iceland
In 2013, the maximum user charge payable for out-patient treatment at hospitals, primary healthcare and specialists was ISK 32 300 per year for people aged 18-66 and ISK 9 800 for children under 18. For pensioners aged 70 or over, disabled people and those who have been unemployed for more than six months, the maximum user charge is ISK 8 100. Once a patient reaches the maximum amount, s/he only has to pay a small proportion of the rates. Special rules also apply to charges for physiotherapy, occupational therapy and other forms of therapeutic treatment.

Norway
A maximum user charge applies for medical treatment, psychological treatment and associated travel expenses, as well as subsidised medicine (see Table 5.10). Central government covers expenditure in excess of the maximum user charge. People under 16 are exempt from user charges. A ceiling also applies to user charges for physiotherapy, certain types of dental treatment, residential stays at rehabilitation institutions and private rehabilitation institutions that have entered into an agreement on regional health measures. This user-charge ceiling is somewhat higher than the one that applies to medical treatment (see Table 5.10).

Sweden
A maximum yearly user charge is payable for general medical treatment, physiotherapy, etc. Another maximum user charge applies to the costs of medicine. In cases where one or both parents have several children under 18, the children are exempt from user charges if the total cost of their medicine exceeds the maximum amount of the user charges. Local authority care schemes are not subject to government rules on maximum user charge.

Medical treatment, etc.

Table 5.9 User charges payable for medical visits as of 1 January 2015, in national currency and PPS[1]

	Uniform rules throughout the country?	Amount of user charges	Exceptions
Denmark	Yes	None	A small group with a free choice of doctor pays minor amounts for medical treatment
Faroe Islands	Yes	None	None
Finland	Yes	Public: Annual fee 33.10 (PPS 27) (or max 3 x 16.10 (PPS 13) at same health centre). 22.10 (PPS 18)) for visits between 8 pm and 8 am on weekdays, as well as Saturdays, Sundays and holidays; 8.80 (PPS 8) in recurring physiotherapy. Private: Approx. 80% for other services, but 17–25% for physiotherapy	No payment for children under 18 years
Iceland	Yes	1 200 (PPS 6) (daytime) to 4 500 (PPS 24) (evening and night) for visits to general practitioners; other rules apply to visits to specialists	600 (PPS 3) (daytime) to 2 200 (PPS 18) for children under 18 and pensioners aged 70 or older (960 - 3 800 PPS 5-20) for pensioners aged 67-69), disabled or long-term unemployed people. 480 (PPS 3) (daytime) to 1 080 (PPS 6) for pensioners whose expenses in a calendar year exceed 8 300 (PPS 44) or children whose expenses exceed 10 000 (PPS 54)
Norway	Yes	General practitioner/general specialised practitioner 141/187 (PPS 11/14) (daytime), 238/282 (PPS 18/22) (evening and night)	Free after paying user charges up to 2 185 (PPS 164) (user charge group 1) and 2 670 (PPS 208) (user charge group 2). Children under 16 are exempt from charges in user charge group 1
Sweden	No	100-350 (PPS 8-29)	No charges for children under 20 in almost all country councils

Source: DK, the Danish Health Data Authority; FO, Ministry of Health Affairs; FI Ministry of Social Affairs and Health; NO, Ministry of Health and Care Services; IS, Icelandic Health Insurance; SV, Swedish Association of Local Authorities and Regions (SKL)

1 See chapter 1 and appendix 1 for definition of PPS

Denmark

Medical treatment and home nursing are free of charge. A small group of people are entitled to choose their own doctor, and pay a small fee for medical treatment.

Faroe Islands

Medical treatment and home nursing are free of charge.

Finland

For temporary home nursing, EUR 14.7 is payable per visit by a general practitioner, and EUR 9.30 per visit by a nurse. For ongoing care in the home, the amount payable depends on both the extent of the care and the patients' financial circumstances.

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

Norway
User charges for medical visits vary. During standard hours, treatment costs NOK 141 or NOK 187, depending on whether or not the doctor has specialised in general medicine. For visits outside standard hours, i.e. via the emergency medical service, user charges are NOK 238 or NOK 281. No user charge is payable for home nursing.

Sweden
User charges vary from county to county. Charges for general medical treatment are usually about SEK 200, while charges for visits to a specialist are somewhat higher. Other medical visits may cost less.

Dental care

In all of the countries, dental care for children and young people is completely or partly free of charge. Everybody else must cover all of the treatment costs themselves. Under certain circumstances, some of these costs may be reimbursed.

Faroe Islands
Adults' user charges are set by Faroese Health Insurance. The local authorities provide dental treatment for children under 18 free of charge.

Finland
Adults' user charges account for 30 per cent of the expenditure on local authority dental treatment. Treatment for children under 18 is free of charge. The sickness insurance fund reimburses part of the costs for dental treatment in the private sector. On average, patients' user charges account for 69 per cent of total expenditure.

Iceland
The Ministry of Welfare sets the rate for the dental treatment covered by the sickness insurance scheme. This usually differs from the rate used by private dentists, who are allowed to set their own prices. People aged over 67 and disabled people are reimbursed between 50 per cent and 100 per cent of the costs (based on the rate paid by the sickness insurance scheme), depending on their incomes. Children under 18 are reimbursed an average of 100 per cent of the total costs (based on the rate paid by the sickness insurance scheme).

Norway
Adults usually pay the full amount for dental treatment. Young people under 18 and certain other groups, such as the elderly, the long-term ill and the disabled, receive free treatment. The National Insurance Fund also subsidises the costs of certain types of dental treatment, as well as costs associated with certain diagnoses.

Sweden

Free dental treatment is provided for everyone under 20, while everybody aged 20 and over is entitled to subsidised treatment. The subsidy consists of two parts: a contribution towards treatment, which mainly covers examinations and preventive measures; and coverage of costs that exceed the maximum user charges.

Medicine

Table 5.10 User payment for prescription medicine as of 1 January 2015, in national currency and PPS[1]

	Uniform rules throughout the country?	Amount of user charges	Exceptions	Share of user charges of total expenditure on medicine
Denmark	Yes	Subsidy depends on the amount of the individual patient's expenditure on reimbursed medicine in the primary sector	No	31%[3]
Faroe Islands	Yes	.	No	Approx. 25%
Finland	Yes	612.62 (PPS 513) per year, and then 1.50 or 3.0 (PPS 1 or 2) (for rare or expensive medicines) per medical product	Depends on disease: 0 (in some rare cases), 35% (special) or 65 (basic) is payable	Approx. 29%[4]
Iceland[2]	Yes	Depends on type of medicine	Pensioners and disabled people: 800 (PPS 4) + 50% of the rest of the price, but no more than 1 350/1 700 (PPS 7/9)	Approx. 37%
Norway	Yes	36% per prescription	For children under 16 and people on minimum pension: no user charges payable. A maximum of 520 (PPS 40) per delivery of three months' medicine	36% Maximum of 2 185 (PPS 162) per year (user charge group 1). The maximum also includes user charges payable for examinations and treatment by a doctor, a psychologist, travel, etc.
Sweden	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine, maximum 2 200 (PPS 184) per year	No	Approx. 24%[5]

Source: DK, the Danish Health Data Authority; FO, Faroese Health Insurance; FI, National Institute for Health and Welfare; IS, Icelandic Health Insurance; NO, Ministry of Health and Care Services; SV, FASS

1 See chapter 1 and appendix 1 for definition of PPS
2 Users must pay all expenses on medicines up to a certain amount (subsidy ceiling). Beyond that point, the user charges gradually decrease until the annual expenditure reaches a certain amount (annual ceiling), after which the expenditure is covered in full. Patients must pay the first ISK 24 075. After that, patients pay 15 per cent of the expenses until their share reaches ISK 34 908. They then pay 7.5 per cent until the total annual expenses amount to ISK 69 415. When the expenditure exceeds that amount, patients are subsidised in full. Lower subsidy ceilings apply to pensioners, disabled people and children and young people under 22. They pay the first ISK 16 050 and then qualify for a subsidy of 100 per cent when total expenditure reaches ISK 46 277
3 The figure covers prescription medicines for which a general or individual subsidy is available
4 2014
5 2014. The figure covers prescription medicines for which general or individual subsidies are available

Hospitalisation

Finland and Sweden are the only Nordic countries in which patients pay user charges for time spent in hospital.

In Denmark, user charges are payable for treatment at private hospitals, except where the treatment is covered by the rules on free choice of hospital. Under these rules, patients may choose a private hospital if the public system is unable to provide treatment within the guaranteed waiting time.

In somatic hospitals, patients who have to wait more than two months for treatment at a public hospital are entitled to choose a private one free of charge. Special rules apply to psychiatric treatment.

Table 5.11 User charges payable for hospitalisation as of 1 January 2015, in national currency

	Uniform rules throughout the country?	Amount of user charges	Exceptions	Ratio of user charges of the total expenditure on hospitalisation
Denmark	Yes	-	No	-
Faroe Islands	Yes	-	No	-
Finland	Yes concerning max. fees, but municipalities can charge lower fees	Hospitalisation fee is max. 38.10 per day. Payment for outpatient treatment is max. 32.10, while day surgery costs no more than 105.50. For recurring treatments, 8.80 x max. 45 times	For children 0-17 years, payment for long-term stays based on ability to pay – but only for a maximum of 7 days	Approx. 6%
Iceland	Yes	-	No	-
Norway	Yes	-	No	-
Sweden	No	0-100 per day	..	..

Source: DK, the Danish Health Data Authority; FO, Ministry of Health Affairs; FI, Ministry of Social Affairs and Health and National Institute for Health and Welfare; IS, Icelandic Health Insurance; NO, Ministry of Health and Care Services; SV, FASS

Chapter 6

Old-age, disability and survivors

This chapter describes the rules governing the payment of old-age and disability pensions, as well as the number of recipients. It also presents data on the number of pensioners and disabled people who reside in institutions or receive home help. For survivors, the number of recipients and the payments are detailed at the end of the chapter.

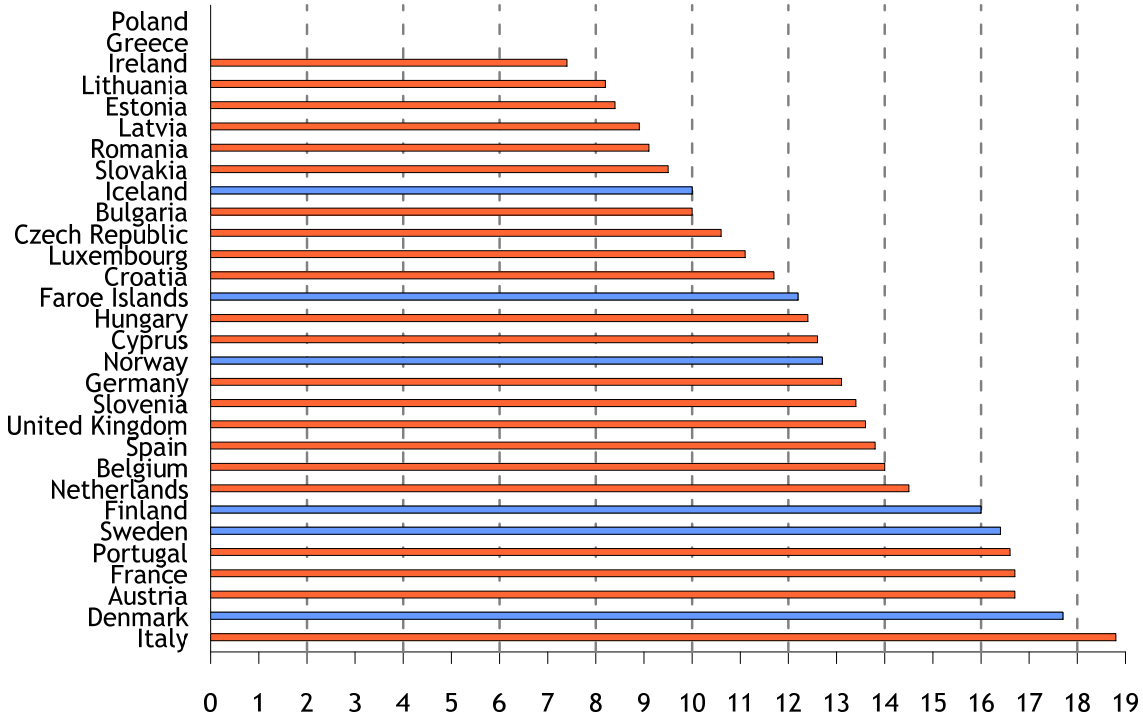
The structure of this chapter

While the other chapters have followed the ESSPROS structure, this chapter is divided into four distinct sections: 6.1 Introduction; 6.2 Old-age; 6.3 Disability; and 6.4 Survivors. It starts with an overall description of pension structures, the number of recipients and levels of compensation, followed by descriptions of social services, social expenditure and user charges.

6.1 Introduction

In the Nordic countries, as elsewhere in Europe, expenditure related to old-age, disability and survivors makes up a substantial proportion of total social expenditure.

Figure 6.1.1 Expenditure on old-age, disability and survivors as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

Number of pension recipients

The data in Table 6.1.2 does not include pension recipients who are children, widows/widowers or on partial retirement. In Denmark, the total number of pensioners includes recipients of voluntary early retirement benefits aged 60–64. In Denmark and the Faroe Islands, the widow's pension has been abolished, which means the number of pension recipients has been overestimated compared to the other Nordic countries. In Finland, a 2005 reform made it possible to claim a work-related old-age pension between the ages of 63 and 68. The number of recipients also increased steeply in 2008, when those born in years with high birth rates reached the age of 63. In addition, in December 2015, there were 12 066 people aged 61–67 drawing a partial old-age pension.

In Sweden, the partial retirement pension is no longer awarded. The total number of pension recipients includes individuals drawing sickness and reduced activity benefits (referred to in the other countries as a disability pension).

The breakdown of the pension recipients' age and gender differs somewhat from country to country. Particularly among 60–64-year-olds, more men and women receive pensions in Denmark and Finland than in Iceland, Norway and Sweden.

Table 6.1.1 Pension recipients by age, December 2015

	Denmark[1,2]	Faroe Islands[3]	Finland	Iceland[3]	Norway	Sweden[4]
Men						
16-39	16 960	116	18 131	2 146	..	..
40-49	22 819	119	16 445	1 329	..	..
50-54	17 498	89	16 170	917	..	..
55-59	20 444	132	28 738	1 106	..	..
60-62	13 816	96	31 035	686	..	14 900
63-64	9 263	98	55 767	484	..	33 400
65-66	59 208	119	71 653	1 610	..	98 600
67+	404 070	3 578	430 567	17 114	..	775 500
Total	564 078	4 347	668 506	25 392	..	922 400
Women						
16-39	14 470	74	14 829	2 703	..	..
40-49	26 051	142	14 570	2 255	..	..
50-54	21 202	104	14 134	1 503	..	..
55-59	26 300	176	25 657	1 740	..	..
60-62	18 670	152	31 285	1 077	..	12 900
63-64	12 775	124	54 794	797	..	30 500
65-66	66 162	158	76 706	2 007	..	102 800
67+	500 067	3 878	585 177	20 146	..	930 500
Total	685 697	4 808	817 152	32 228	..	1 076 700
Men and Women						
16-39	31 430	190	32 960	4 849	..	..
40-49	48 870	261	31 015	3 584	..	..
50-54	38 700	193	30 304	2 420	..	..
55-59	46 744	308	54 395	2 846	..	..
60-62	32 486	248	62 320	1 763	..	27 800
63-64	22 038	222	110 561	1 281	..	64 000
65-66	125 370	277	148 359	3 617	..	201 400
67+	904 137	7 456	1 015 744	37 260	..	170 600
Total	1 249 775	9 155	1 485 658	57 620	..	1 999 200

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 January of the current year
2 The first age group is 18-39
3 December 2014
4 The first age group is 19-39. Disability pension can only be awarded up to and including the age of 64

Table 6.1.2 Pension recipients by age, % of age group, December 2015[1]

	Denmark	Faroe Islands[2]	Finland	Iceland[2]	Norway	Sweden[3]
Men						
16-39	..	2	2	4	2	2
40-49	..	3	5	6	6	3
50-54	..	5	9	9	11	6
55-59	..	8	16	11	15	10
60-62	..	11	28	12	38	22
63-64	..	17	77	14	93	48
65-66	..	20	97	51	99	93
67+	..	103	104	96	97	108
Total	..	23	30	20	28	29
Women						
16-39	..	1	2	5	2	2
40-49	..	5	4	11	9	5
50-54	..	7	8	14	16	10
55-59	..	12	14	17	22	15
60-62	..	19	27	20	36	28
63-64	..	23	72	24	59	52
65-66	..	28	98	64	67	94
67+	..	103	105	98	115	105
Total	..	27	35	25	31	33
Men and Women						
16-39	..	2	2	5	2	2
40-49	..	4	5	8	8	4
50-54	..	6	8	11	13	8
55-59	..	10	15	14	19	12
60-62	..	15	28	16	37	25
63-64	..	20	74	19	76	50
65-66	..	24	97	58	83	94
67+	..	103	105	97	106	106
Total	..	25	33	23	29	31

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 For some groups, the total may exceed 100 per cent of the age group in the country because the pension may be paid to individuals living abroad
2 December 2014
3 The first age group is 19-39. Disability pension can only be awarded up to and including the age of 64

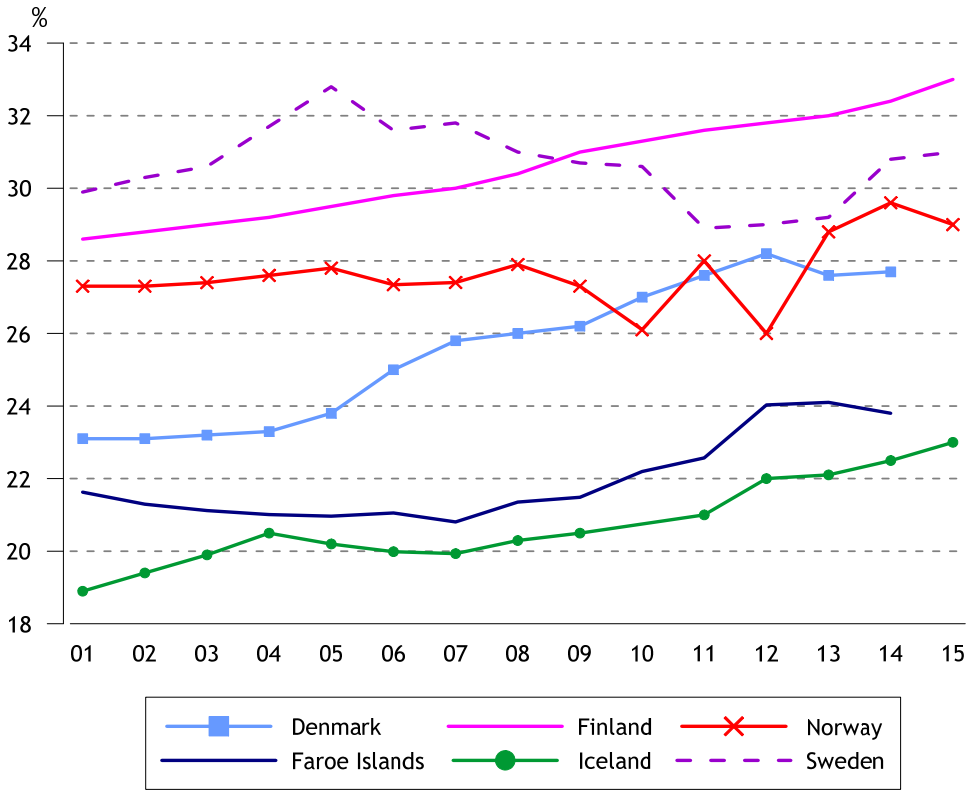
Table 6.1.3 Pension recipients not residing in the country, by age, in thousands at the time of census, 2015

	Denmark[1, 2]	Faroe Islands[2]	Finland[3]	Iceland[4]	Sweden[5]
Men					
16-54	1.4	..	0.4	0.1	..
55-64	1.4	..	2.1	0.1	2.9
65+	23.3	..	21.0	0.4	73.5
Total	26.0	..	23.5	0.7	76.4
Women					
16-54	0.8	..	0.3	0.2	..
55-64	1.0	..	2.1	0.1	1.9
65+	22.2	..	32.9	0.6	58.5
Total	24.0	..	35.4	2.3	60.5
Men and Women					
16-54	2.3	..	0.7	0.4	..
55-64	2.4	..	4.2	0.3	4.8
65+	45.4	..	54.0	1.0	132.0
Total	50.1	..	58.9	1.6	136.9

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 January of the current year
2 The following age groups were used: 18-54, 55-64 and 65+
3 December 2015
4 December 2014
5 The table does not include recipients of disability pensions, as it is not possible to filter out people living abroad. The age group 55-64 is in fact 61-64

Figure 6.1.2 Pension recipients, % of age group 16-18 or older, 2001-2015[1]



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare

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

Taxation of pensions

In Denmark and Iceland, pensions are taxed according to the same rules that apply to other incomes. However, pensioners do not pay labour market contributions on their pension amounts. In Denmark, part of the disability pension amount is tax-free.

In the Faroe Islands, tax is payable on the portion of the basic amount of the old-age pension that is offset against any other income. Pensioners do not pay contributions to the solidary labour market pension in which everyone over 67 years is paid a fixed monthly amount. With the exception of the invalidity allowance, the disability pension is fully taxable, albeit under favourable tax rules.

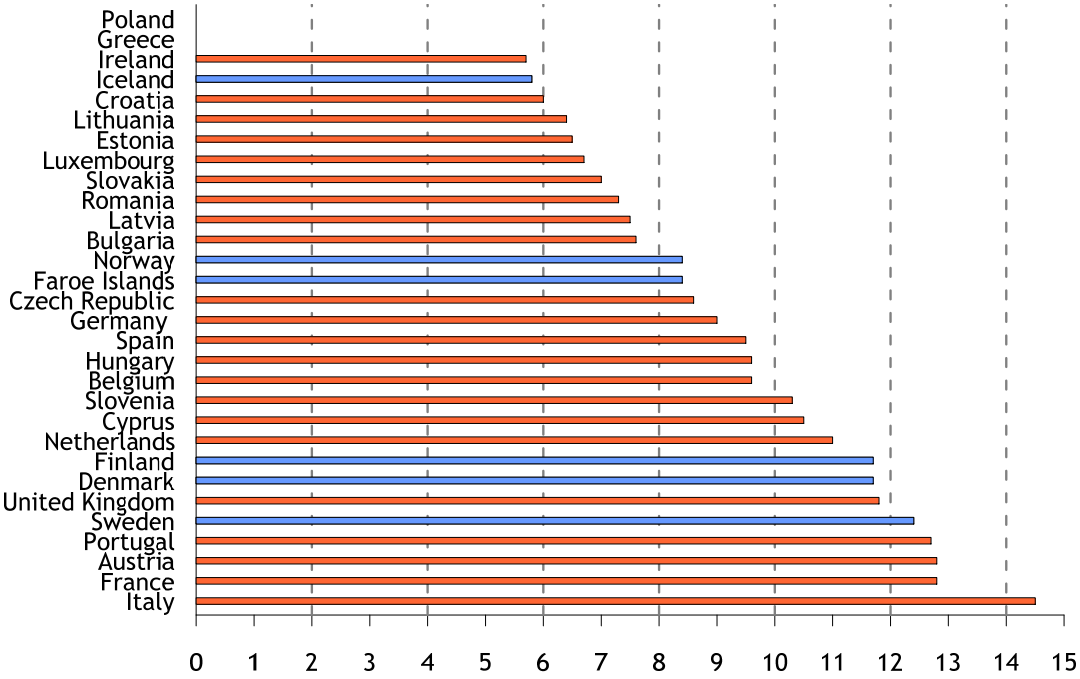
In Finland, no unemployment benefits or sickness insurance contributions are payable on pension income.

In Norway, the tax rules are particularly favourable for pensioners. In Finland, pensioners are guaranteed a certain pension, which means that they are exempt from paying tax if this is their only income.

In all of the countries except Iceland, housing benefits to pensioners are exempt from tax. Child supplements payable to pensioners are exempt from tax in Denmark, the Faroe Islands, Finland and Iceland, but subject to tax in Norway. In Sweden, a tax allowance introduced in 2007 in order to encourage people into work increased the basic deduction, meaning that pensioners pay lower taxes. A similar tax-relief measure introduced in Sweden on 1 January 2009 took the form of an increased basic deduction for people over 65. Tax relief is highest for people on low incomes. In order to further improve the financial circumstances of pensioners, on 1 January 2011 taxes were lowered for the third time for those aged 65 or over. This tax relief takes the form of a further increase in the basic deduction for that group. In addition, in 2010 housing benefits were increased for people drawing sickness and activity benefits.

6.2 Old-age

Figure 6.2.1 Expenditure on old-age pension as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

Old-age pension structures and income-adjustment

One common feature of the Nordic pension systems is that all citizens have a statutory right to a certain minimum subsistence amount in connection with the transition to pension – the so-called minimum/basic pension. This is in addition to the statutory labour market and employment pensions provided to those who have been active in the labour market. There are also supplementary pension schemes laid down by law or by collective agreement. In addition, all of the countries have in place a number of private pension-saving schemes, which are not covered in the present report.

However, no clear boundaries can be drawn between the three pension systems, especially the employment and supplementary pensions.

As a result, Nordic statistics differ somewhat from European statistics, in that basic and supplementary pensions/employment pensions are placed in the same category and referred to as the first pillar in the pension system; supplementary pensions are referred to as the second pillar; and private pensions (which are not included in this report) are referred to as the third pillar.

Denmark

The basic pension consists of the basic amount of the old-age pension and pension supplements, as well as a supplementary pension allowance (the pensioner's cheque), all of which are income-adjusted. The supplements for heating and health are income-adjusted, whereas the "waiting percentage" associated with the deferred pension is not. The employment/supplementary pension consists of the ATP (the Labour Market Supplementary Pension Scheme), which is not income-adjusted, nor are the supplementary pensions, in the form of labour market pensions. With regard to the basic amount of the old-age pension, only income from work is included in the income basis.

Faroe Islands

The amount of the pension is partly determined by the recipient's marital status. Part of the pension is income-adjusted.

Employers and trade unions finance a supplementary solidary labour market pension, in which everyone over 67 years is paid a fixed monthly amount. As this payment is not dependent upon contributions, it therefore functions as a basic pension, and is treated as such in this report.

A special pension supplement is also payable to pensioners with no or only a small supplementary income. Other personal supplements are payable to pensioners providing for children, and to pensioners in special need of care.

Finland

Earnings-related pensions are the most substantial part of the pension system, and account for 85 per cent of pension expenditure. In 2015, no basic pension was payable if the earnings-related pension exceeded EUR 1 316 per month for single people and approx. EUR 1 172 for married or cohabiting people. Supplementary pension schemes, on the other hand, play a much less significant role.

The basic pension depends entirely on the earnings-related pension. Since 2008, housing benefits to pensioners have been considered a separate benefit, rather than part of the pension system. In general, no income-adjusted supplements are payable to people drawing an old-age pension (cf. Table 6.2.1). However, the amount of the basic pension is higher if the recipient postpones retirement until after the standard pensionable age.

Iceland

The statutory basic pension may also lapse if a pensioner's other income exceeds a certain level. The basic amount payable to old-age and disability pensioners is adjusted in relation to their own income from work and pension funds, as well as half of their household income from capital. A small part of the pension is reserved, i.e. it is not adjusted, regardless of income from pension fund.

The adjustment does not include employment pension and unearned income up to a certain level. Different income levels apply to old-age pensioners. The pension – both the basic amount and supplements – may lapse completely if a recipient's income exceeds a specific level.

Norway

Everyone is guaranteed a minimum pension in the event of disability, irrespective of any previous links to the labour market, or upon reaching the age of 67. In order to qualify for a minimum pension without deductions, applicants must demonstrate sufficient links to the Norwegian social insurance scheme, usually in the form of 40 years' residency. In order to qualify for a supplementary pension, a person must (as a general rule) have accrued sufficient employment pension via work.

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

Following the pension reform, income-related pensions can now be accrued under the new, flexible old-age pension in Norway. For most people, this will replace the employment pension and the basic pension. Those born in 1954 will be the first to receive the new (partial) old-age pension.

Folketrygden's system of income-testing the old-age pension in relation to income from work has now been discontinued. For all pensioners, the basic pension (*grunnytelsene*) is fixed according to, e.g. the individual's marital status and their spouse's income from work and capital. With regard to the level of the basic pension, married couples and certain groups of cohabiting couples are generally treated equally in terms of their pension status.

Sweden

Most of the pension is income-related. This is known as the income pension, and is based on the contributions paid throughout the individual's entire working life. People who receive a low income-related pension – or none at all – also receive a guaranteed pension. A supplementary "premium pension" is also provided. This is also income-related, but recipients can directly influence it by deciding where it should be invested. The choice is between Swedish, foreign foundations and interest foundations.

The housing supplement to pensioners is income-adjusted. The housing supplement is payable to those living in Sweden and receiving benefits, in the form of a full old-age pension, activity or sickness benefits, widow's/widower's pension or special survivor's pension. People receiving a full pension or a disability allowance from another EU member state are also entitled to housing supplements.

Table 6.2.1 Types of benefits for old-age pension recipients, 2015[1]

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Recipients of:						
Basic pension/ guaranteed minimum pension	Citizenship and residence in the country	Citizenship and residence in the Realm of Denmark for at least 3 years	Citizenship and residence in the country	Citizenship and residence in the country	Citizenship and residence in the country	Citizenship and residence in the country
Length of residence required to obtain full basic pension	40 years	40 years	40 years	40 years	40 years	40 years
Employment pension/ earnings-related pension	Employees	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	Statutory for public-sector employees/ civil servants	Statutory for public-sector employees/ civil servants	-	-	Statutory for public-sector employees/ civil servants	-
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	Statutory for employees in the private sector	Private collective agreements

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 As a result of an amendment to the rules in the EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries are now largely standardised. One of the main rules states that individuals must have been resident for a period of time in the country in question during their working life. According to EEA regulations, citizenship must be equalised with other EU member-states – except for the Faroe Islands, where citizenship is equalised only in relation to the other Nordic Countries

Qualifying age for old-age pensions

In all of the countries, the old-age pension is payable in the form of both a basic/guaranteed minimum pension and a supplementary/employment/earnings-related pension.

Denmark

The qualifying age for receipt of both the basic pension and supplementary pensions is 60. It is possible to postpone retirement for up to ten years and thereby accumulate accumulate a life-long supplement to the old-age pension. In order to qualify for the supplement, individuals must work for at least 1 000 hours a year, corresponding to just over 19 hours per week, during the period in which the pension is postponed. The ATP is usually paid out when the recipient reaches 65, but can also be increased if individuals choose to postpone it. It may be postponed until the recipient turns 75.

Faroe Islands
The statutory old-age pension can be drawn from the age of 67. The same applies to the solidary labour market pension.

Finland
The qualifying age for an old-age pension is 63–68.

Iceland
The qualifying age for an old-age pension is 67.Retirement may be postponed until the age of 72. Every month of postponement increases the pension amount by 0.5 per cent, up to a maximum additional payment of 30 per cent.

Norway
The qualifying age for an old-age pension is the same as for the basic pension.It is possible to draw an old-age pension from the *Folketrygden* upon turning 62, as long as pension rights have been accrued that exceed the minimum level set for the age of 67. Further pension points may also be accrued up to the age of 75.

Individuals may also choose to draw an old-age pension on a flexible basis between the ages of 62 and 75. Due to the introduction of life-expectancy adjustments, the annual amount payable increases the longer the pension is postponed.

Sweden
The longer the pension is postponed, the more the amount increases. Under the old pension system, the income-related pension could be drawn from the age of 60. Under the new Swedish pension system, the qualifying age for the employment pension is flexible, but begins at the age of 61. The guaranteed pension may be drawn from the age of 65, and there is no upper age limit for drawing a retirement pension.

Under the old system, it was possible to draw a statutory old-age pension before reaching statutory pensionable age, albeit at a reduced amount.

Basic pension/guaranteed minimum pension to elderly people

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

Denmark

The basic amount paid to all pension recipients is adjusted in relation to any income they receive from work. The ordinary pension supplement, in addition to the basic pension, is adjusted in relation to a pensioner's own and any spouse's total income. Health and heating allowances, as well as a personal supplement, may also be paid to pensioners with low incomes and high expenses. Pensioners with low incomes and a small amount of disposable capital may be awarded a supplementary pension allowance (know as the pensioner's cheque), which is payable once a year in January.

Faroe Islands

The basic amount is not income-adjusted. The regular pension supplement is adjusted in relation to taxable income. All old-age pensioners receive the same amount from the solidary labour-market pension scheme. Pensioners with no or a low income may be awarded an annual non-taxable supplement.

Finland

The basic pension, which is based solely on an earnings-related pension, has played a less substantial role since the reforms of 1996–2001. Following the Act on Guaranteed Pension, which entered into force on 1 March 2011, the guaranteed pension was only payable to those whose total other gross income from pensions was less than EUR 740 per month in 2015. The maximum guaranteed pension in 2015 was EUR 747 per month. Any other pensions received, either from Finland or abroad, affect the amount of the guaranteed pension, and are deducted at a rate of 100 per cent. The minimum guaranteed pension is EUR 6.8 per month.

Iceland

The basic/minimum pension is adjusted according to special rules in relation to other taxable work-related income. An additional pension is also available, depending on the recipient's other income. In addition, a household supplement may be granted depending on income and household status. Pensioners with little or no other income may be eligible for supplementary special pension, which is payable to those whose total gross income is under a certain amount. In 2015, this amount was ISK 225 070 per month for those who live alone, and ISK 193 962 per month for those who cohabit.

Norway

The guaranteed minimum pension consists of a *minimum pension level*, which is fixed at several different rates depending on marital status and the income of any spouse/cohabiting partner. If the pensioner has no or only a limited supplementary pension, a pension supplement is payable. The pension supplement corresponds to the difference between the minimum pension and the basic and employment pension. Under the new pension's accrual system, the basic pension, employment pension and pension supplement are replaced by a guaranteed pension, i.e. a guaranteed minimum

benefit. To qualify for a full pension, the recipient must have been resident in the country for 40 years between the ages of 16 and 66. Years of residence between the ages of 67 and 75 may also be counted if pension points were accrued.

Sweden

The guaranteed minimum pension is payable to those who do not qualify for an employment pension, or as a supplement to a low employment pension.

Table 6.2.2 Rules applying to basic pension/old-age pension, in national currency, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Folkepension	Fólkapensjón	Folkpension and garantipension	Lífeyrir Almannatryggingar	Grunnpensjon	Garantipension
Pensionable age	65- (increases to 68 from 2019-2031)	67	65	67	67. From 62 if there is previous accumulation	From 65
Resident in the country for at least	3 years between the ages of 15 and 65	3 years between the ages of 15 and 67	3 years after the age of 16	3 years between the ages of 15 and 67	3 years between the ages of 16 and 66 [2]	3 years
Full pension shall be awarded on the following conditions	40 years' residence in the country between the ages of 15 and 65	40 years' residence in the Realm of Denmark between the ages of 15 and 67	40 years' residence in the country between the ages of 15 and 65	40 years' residence in the country between the ages of 16 and 67	40 years' residence in the country between the ages of 16 and 66	40 years' residence
Higher pension if pensioning is postponed?	Yes	..	Yes	Yes	..	Yes
Pension dependent on length of residence?	Yes	Yes	Yes and other pensions	Yes and income	Yes	Yes
Pension dependent on previous income?	No	No	No	No	No	Yes
Minimum pension per month	1/40 of maximum pension. 312 for single pensioners living alone; 230 for married or cohabiting pensioners	2 153	No statutory minimum	-	1/40 of minimum pension for single people (approx. 366/month)	1/40 of maximum pension
Minimum pension per month, PPS[3]	32 for single pensioners living alone; 23 for married or cohabiting pensioners	219	.	.	(approx. 28/month)	.

Continues

Table 6.2.2 Rules applying to basic pension/old-age pension, in national currency, 2015 (continued)

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Maximum pension per month	12 462 for single pensioners living alone; 9 199 for married or cohabiting pensioners[1]	11 434	747	225 070 for pensioners living alone in a flat, 193 962 for those who live with others	Dependent on marital status and years of employment	Born before 1938: Single 8 053 Married 7 174 Born 1938 or later: Single 7 863 Married 7 014
Maximum pension per month PPS[3]	1 266 for single pensioners living alone; 934 for married or cohabiting pensioners[1]	1 161	611	1 206 for pensioners living alone in a flat, 1 040 for those who live with others	.	Born before 1938: Single 672 Married 599 Born 1938 or later: Single 656 Married 585
Supplements	Supplementary pensions; health allowances; heating benefits; personal supplement	Child allowance and personal supplements	Child allowance	Child allowance; certain special supplements	Income-dependent spouse supplement, child supplement	Spouse supplement; housing supplement
Indexation after pensioning	100% of wage development with a reduction, if the increase exceeds 2%	Adjusted according to special legislation	Consumer price index 100%	Wage development, at least in relation to consumer price index		Adjusted according to special legislation. Solidary pensions are adjusted annually but not according to a fixed rate

Source: DK, Ministry of Employment, Integration and Social Affairs; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, the Norwegian Labour and Welfare Organization (NAV); SV, the Swedish Pensions Agency

1 Guidelines on the regulation as per 1 January 2016 of the rates per Ministry of Employment area
2 Pension points may also be accrued for basic pension between the ages of 67 and 75
3 See chapter 1 and appendix 1 for definition of PPS

Table 6.2.3 Monthly income for single people who have never had any income from work, at the time of retirement, in national currency, 2015

	Denmark[1]	Faroe Islands[2]	Finland	Iceland	Norway	Sweden[4]
- Basic amount	6 261	7 179	} 747	36 377	14 645	7 899
- Supplement	7 622	4 255		188 733	.	
- Housing benefits	2 463	.	519	..	.	5 024
Total, before tax	16 346	11 434	1 266	225 070	.	12 923
- After tax	12 660	10 291	1 266	192 021	.	11 844
-After tax in PPS[3]	1 286	1 045	1 036	1 129	1 138	988

Source: DK, The Ministry of Children, Gender Equality, Integration and Social Affairs; FI, The Social Insurance Institution of Finland; FO, Ministry of Social Affairs; IS, Social Insurance Administration; NO, Directorate of labour and welfare; SV, Statistics Sweden

1 Supplement, rent subsidy and income tax according to family type model (family type 160: Single pensioner, rented accommodation (J))
2 Monthly payment at the end of 2015, due to an increase in the supplement mid-year
3 See chapter 1 and appendix 1 for definition of PPS
4 Minimum pension level

Employment pension/earnings-related old-age pension

The Nordic countries vary considerably in terms of the relationship between the employment pension/earnings-related pension and the total payment of pensions. In all of the countries, in order to qualify for an employment pension/earnings-related pension, the insured person must have been in employment.

Denmark
Due to the design of the old-age pension schemes, the earnings-related pension only represents a small part of the total payment.

Finland
Earnings-related pensions are insurance-based and cover all employees and self-employed individuals, with no income ceiling. As of 2005, the pension has been calculated on the basis of total earnings during the period in which the individual was in work between the ages of 18 and 68.

The pension is financed through contributions from both employees and employers. In 2015, the average employer contribution was 18 per cent of income from work, while the employee contribution was 5.7 per cent for those under 53 and 7.2 per cent for employees aged 53 and over.

Iceland
The employment pension funds have paid out more than the amount paid in basic pension by the public authorities, and as such are an increasingly important part of the pension scheme.

Norway
The employment pension is part of the security provided by the National Social Insurance Scheme, and is calculated in relation to previous income. Under the new accrual system, the income pension replaces the previous supplementary pension system. The proportion of the accrued income pension has been reduced in relation to the guaranteed pension (80 per cent).

Table 6.2.4 Basis for awarding employment pension/earnings-related pension, 2015

	Denmark	Finland	Iceland	Norway	Sweden[1]
National terminology	Folkepension	Arbetspension	Lífeyrir frá lífeyrissjóðum	Tilleggspensjon	Tilläggspension
Pensionable age	65 (increases to 68 from 2019-2031)	63-68	65-67	From 62	From 61
Higher pension if pensioning is postponed?	Yes	..	Yes	Yes	..
Full pension awarded on the following conditions	"Full pension" does not exist	"Full pension" does not exist	Contribution period of 40 years	40 years' employment	"Full pension" does not exist
Basis of pension calculation	Paid contributions	Age-dependent accumulation rate and total income from work from age 18	Duration of membership and contributions paid, credited pension points	Pension points (over 20 years, with the highest number of points credited), income from work and life expectancy	Total income from all working years, time of pensioning, life expectancy
Accrued periods	None	When income-related parental, sickness, rehabilitation, unemployment benefits or study grants are received, and when exams are passed	None	Years of minding children under 6 years, nursing of a disabled, ill or elderly person; other income-related activities	Minding of infants, military service or similar, studies, income-related activities/sickness benefits
Indexation:					
- before pensioning:	No (adjusted when there are sufficient means)	Wage index 80% + price index 20%	Wage index	Wage index	Income index
- after pensioning:	No (adjusted when there are sufficient means)	Price index 80% + wages/salaries 20%	Price index in older funds for public employees: wages/salaries	Wage index less 0.75%	Wage index less 1.6%
Pension adjusted for life expectancy for the first time	Adjusted regularly	2010	.	2011	2001

Source: DK, Ministry of Employment; FI, Finnish Centre for Pensions; IS, Statistics Iceland; SV, the Swedish Pensions Agency

1 The income-related pension payable to people born after 1953 but before 1963 consists of both the employment pension, which is still payable, and the income pension. For people born after 1962, income pension accounts for the entirety of the income-related pension

Number of old-age pension recipients

Tables 6.2.5 and 6.2.6 show that there are large differences between the Nordic countries in terms of how many people receive both basic and employment pension/earnings-related pension, and how many receive only the basic pension. Figure 6.2.2 shows that there has been a sharp increase in the number of old-age pensioners in Denmark since 2004. One reason for this is the ageing population, another is the lowering of the pensionable age from 67 to 65 in 2004. Since 2009, the pensionable age has been 67 for people born after 1 July 1960. In Finland, Sweden and the Faroe Islands, the number of old-age pensioners has increased for demographic reasons, i.e. a larger proportion of the oldest age groups in the population. The pensionable age in these countries is 63–68.

In Norway, the increase is due to demographic factors, as well as the 2011 pension reform that made it possible to retire from the age of 62. Following the pension reform, the AFP (pension based on collective agreements) is now payable in the private sector as a lifelong supplement to the old-age pension from the *Folketrygden*. In the public sector, AFP serves as an early pension scheme for 62–67-year-olds.

Table 6.2.5 Old-age pensioners, total, and pensioners drawing old-age pension in the form of basic pension/guaranteed minimum pension at year-end, 2000-2015

	Recipients of old-age pension, total		Old-age pensioners receiving only basic pension	
	Men (1 000)	Women (1 000)	Men (1 000)	Women (1 000)
Denmark				
2000	290	416	49	195
2005	347	461	57	170
2010	407	514	10	100
2014	473	576	48	104
2015	486	588	49	103
Faroe Islands				
2000	3	3	1	1
2005	3	3	1	1
2010	3	4	1	1
2014	3	4	1	1
2015	4	4	1	1
Finland[1]				
2000	339	531	14	76
2005	395	569	12	52
2010	463	630	13	46
2014	540	698	13	41
2015	557	713	13	39
Iceland[2]				
2000	13	16	1	2
2005	14	17	1	2
2010	15	19	1	1
2014	19	22	1	1
2015	..	..	..	..
Norway				
2000	258	371	33	204
2005	262	367	24	168
2010	287	377	23	162
2014	400	438	19	131
2015	418	451	18	125
Sweden				
2000	694	910	24	202
2005	591	796	20	141
2010	872	1 036	18	94
2014	977	1 119	16	68
2015	999	1 137	16	63

Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Finnish Centre for Pensions and Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Data includes people who have drawn an old-age pension early, as well as old-age pensioners under 65 years
2 The figures for Iceland refer to December of the previous year

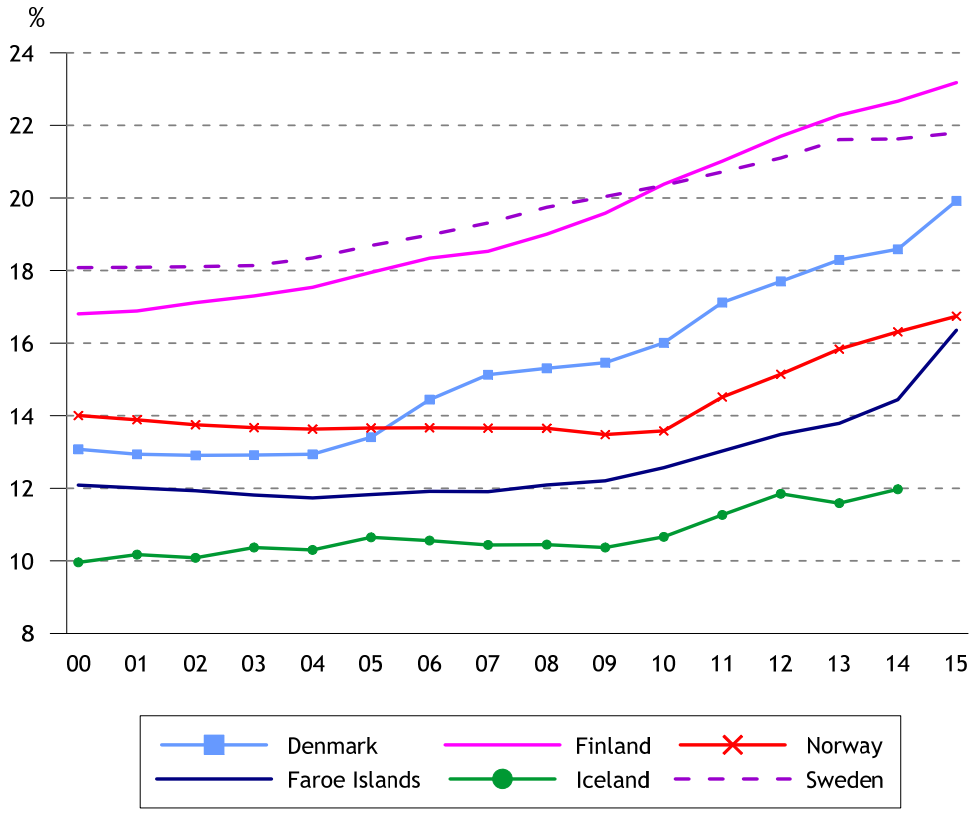
Table 6.2.6 Pensioners drawing old-age pension in the form of basic pension/guaranteed minimum pension and employment pension/ earnings-related pension at year-end, 2000-2015

	Old-age pensioners receiving both basic and supplementary/employment pension/earnings-related pension			Old-age pensioners drawing only employment pension/earnings-related pension (new Finnish and Swedish system)		
	Total (1 000)	Men %	Women %	Total (1 000)	Men %	Women %
Denmark						
2000	463	52	48	.	.	.
2005	581	50	50	.	.	.
2010	811	49	51	.	.	.
2014	897	47	53	.	.	.
2015	922	47	53	.	.	.
Finland[1]						
2000	683	41	59	97	48	52
2005	417	32	68	457	52	48
2010	424	31	69	611	52	48
2014	429	32	68	756	52	48
2015	427	32	68	791	52	48
Iceland[2]						
2000	25	44	56	.	.	.
2005	26	44	56	.	.	.
2010	25	42	56	.	.	.
2014	31	44	56	.	.	.
2015	..	..	..	.	.	.
Norway[3]						
2000	392	58	42	.	.	.
2005	437	55	45	.	.	.
2010	478	55	45	.	.	.
2014	688	55	45	.	.	.
2015	725	82	45	.	.	.
Sweden						
2000	1 378	49	51	.	.	.
2005	1 226	47	53	297	52	49
2010[4]	922	45	55	874	51	49
2014	679	43	57	1 334	50	50
2015	623	43	57	1 435	50	50

Source: DK, Statistics Denmark, FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, the Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Data includes people who have drawn an old-age pension early, as well as old-age pensioners under 65
2 Data refers to December of the previous year
3 On 1 January 2011, a new old-age pension scheme was introduced in Norway. Consequently, the data for 2014 and 2015 is not quite comparable with previous years
4 According to the old system, pensioners drawing basic and supplementary/employment pensions are pension recipients. According to the new Swedish system, the pension is the income-based pension, possibly combined with some other kind of pension. Pensioners drawing a supplementary and/or guaranteed pension, and the number of pensioners drawing income pension, respectively (income-dependent pension minus income pension), i.e. employment pension with or without guaranteed pension/income pension (new system)

Figure 6.2.2 Old-age pensioners as % of total population, 2000-2015



Source: DK, Statistics Denmark; FO, Statistics Faroe Islands; FI, Finnish Centre for Pensions and Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

Supplementary employment pension schemes

Supplementary pension schemes, which are both statutory and based on collective agreements, apply mainly to government and local-authority employees. Private-sector employees are covered by the schemes to varying degrees.

Denmark

The schemes cover 90 per cent of all full-time employees.

Finland

Supplementary pension schemes are negligible, as no upper limit is placed on the amount of the earnings-related pension.

Norway

The schemes cover almost 100 per cent of full-time public-sector employees, following (the introduction of the OTP (obligatory public servants' pension in the private sector)).

Private-sector employees may be covered by their own schemes.

Sweden

Almost all employees are covered by supplementary pension schemes.

Old-age pension amounts

Table 6.2.7 Average payment of statutory old-age pensions (before tax) per month, 2015

	National currency			PPS[1]		
	Men	Women	All	Men	Women	All
Denmark[2]	8 626	9 502	9 105	876	965	925
Faroe Islands[3]	8 538	9 015	8 786	867	916	892
Finland[4]	1 889	1 266	1 539	1 546	1 036	1 260
Norway[4]	21 249	16 222	18 640	1 652	1 261	1 449
Sweden[5]	12 863	9 868	11 269	1 073	823	940

Source: DK, Statistics Denmark, FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 See chapter 1 and appendix 1 for definition of PPS
2 Average payment of statutory retirement pension to pensioners residing in Denmark or abroad in January 2015
3 Average payment of old-age pension in October
4 Average payment of old-age pension in December
5 Average payment of old-age pension in December, including maintenance support for elderly people

There are large differences between the Nordic countries in terms of the benefits payable to men and women. Men receive the highest amount in Finland, Norway and Sweden, due to a larger accumulation of ATP. Men in Denmark and the Faroe Islands receive the lowest amount, due to more of them receiving supplementary pensions that affect the amount of the basic pension.

Pension systems: women and men

A pension system may have different effects on women and men. One reason for this is that women and men typically have different degrees of attachment to the labour market. As described above, this has significance for work-based pensions. Another reason is that women have a higher average life expectancy – in other words, the pension may be the primary source of income longer for women than for men.

In the Nordic countries, women are almost as economically active as men, but there are gender differences in the patterns of employment. Generally speaking, women take the greatest responsibility for the family. This means that they more often work part-time or are not in gainful employment at all during their children's early years. On average, therefore, they receive lower earnings over their lifetime than men.

In a pension system with a strong link between paid contributions and the level of benefit, there is no redistribution between persons with high and low income. The Finnish, Norwegian and Swedish pension schemes all take into account earnings throughout working life. High lifetime earnings result in a higher pension, and the system consequently encourages gainful employment. Unlike the Finnish system, the Norwegian and Swedish pension systems place a ceiling on the pension-

qualifying level of earnings. Under these systems, parents of young children receive a kind of subsidy, in the form of the extra pension entitlements, which help to even out the differences in earnings between women and men.

In the Nordic countries' public pension systems, the same level of earned pension entitlements provides an equally high pension for women and men. This also applies in systems that have a direct link between contributions and benefits. As such, women's longer average life expectancy does not mean that they receive a lower annual pension. Where the annual pension is the same for men and for women, the lifetime pension of women is greater than that of men, and therefore constitutes redistribution in favour of women.

The level of the basic pension is high in Denmark, the Faroe Island and Iceland, but it is adjusted downwards in relation to the pensioner's own and the spouse's income. In Finland, Norway and Sweden, the basic pension/guaranteed pension is scaled down against the pensioner's own earnings-based pension. The advantage of means-tested benefits is that they reach those who are in the greatest need of extra financial support. On the other hand, means-testing often has high marginal effects for low earners, which adversely impacts incentives for gainful employment and pension savings. Benefits tested against household income tend to have the greatest impact on the lowest earner in the households - in most cases, the woman.

Disposable income and compensation rates when drawing old-age pension

There are quite a few differences between the countries in terms of how previous income affects the pension. These are partly due to the different rules governing pension calculations, particularly with regard to the effect of previous income.

In Sweden, for example, a higher income ceiling applies, which leads to a higher employment pension at AW 125. In Denmark and Norway, the minimum levels are relatively high, which is partly due to relatively large housing benefits. Housing benefits are also relatively high in Sweden, but this does not result in a high minimum level.

In 2015, the compensation rates for those taking a pension at the age of 67 for AW 75 were between 68 and 94 per cent. The rates were lowest in Norway and Sweden, and highest in Denmark. Most countries had relatively stable compensation rates in the period 2007–2015, as shown in figures 6.2.3 and 6.2.4. These two figures reveal considerable differences in compensation rates with regard to the transition to pension. This is mainly due to the employment pension, especially in the Finnish and Swedish old-age pension schemes. To some extent, it also applies to the Icelandic employment pension schemes. The high compensation rate in Iceland is primarily due to the assumption that recipients are fully compensated from the employment pension scheme, i.e. at 60 per cent of previous earnings. Secondly, for an average AW, the income adjustment only has a limited effect. In Norway, another important factor is that pensioners are subject to particularly favourable tax rules.

Tables 6.2.8 and 6.2.9 show the compensation rate in relation to previous income for 65- and 67-year-olds, respectively.

Table 6.2.8 Compensation rate for single childless people when drawing old-age pension at the age of 65, % of disposable income from work, 2015

	Denmark	Finland	Iceland	Norway	Sweden
AW 50%	123	86	64	-	91
AW 75%	89	69	62	69	66
AW 100%	72	57	60	56	53
AW 125%	60	51	59	49	63

Table 6.2.9 Compensation rate for single childless people when drawing old-age pension at the age of 67, % of disposable income from work, 2015

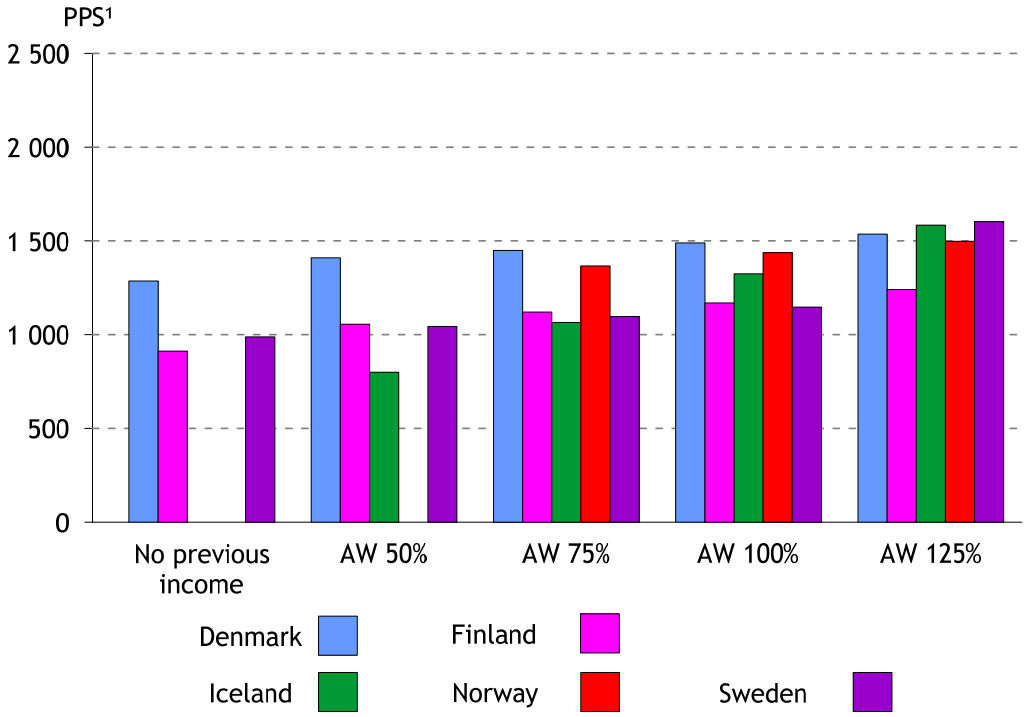
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%	130	111	87	99	96	92
AW 75%	94	78	72	80	68	68
AW 100%	76	60	62	73	60	59
AW 125%	64	49	58	71	52	71

Figure 6.2.3 and 6.2.4 show the disposable income at five different levels of income (including the maximum amount of employment pension and labour market pension/supplementary pension) for a single old-age pensioner without children in PPS[1] at the time of reaching pension age. The income is shown for a person retiring at the age of 65 and at 67.[2] A comparison of the countries reveals quite a few differences. Old-age pensioners in Sweden, Norway and Iceland have the highest income levels, while those in the Faroe Islands have the lowest disposable income.

[1] See chapter 1 and appendix 1 for definition of PPS

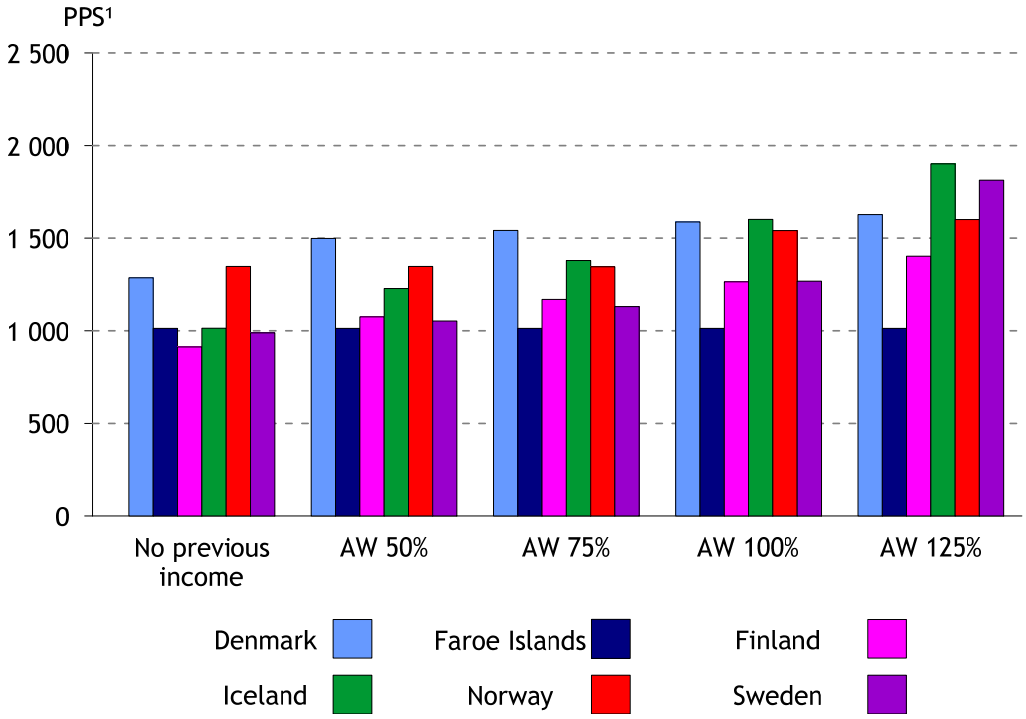
[2] In the Faroe Islands and in Iceland, it is not possible to draw an old-age pension at the age of 65. In Norway, the prerequisites for drawing a pension before the age of 67 cannot be met at incomes of AW 0 per cent and AW 50 per cent.

Figure 6.2.3 Disposable monthly income for single childless people drawing old-age pension at the age of 65 (including employment pension), in PPS[1], 2015[2]



1 See chapter 1 and appendix 1 for definition of PPS
2 In Norway, 65-year-olds are not included under AW 0 and AW 50. For the pension to be awarded before the age of 67, the old-age pension must be higher than the minimum pension level at this age. Individuals at AW 0 and AW 50 do not meet this requirement, and have therefore been omitted

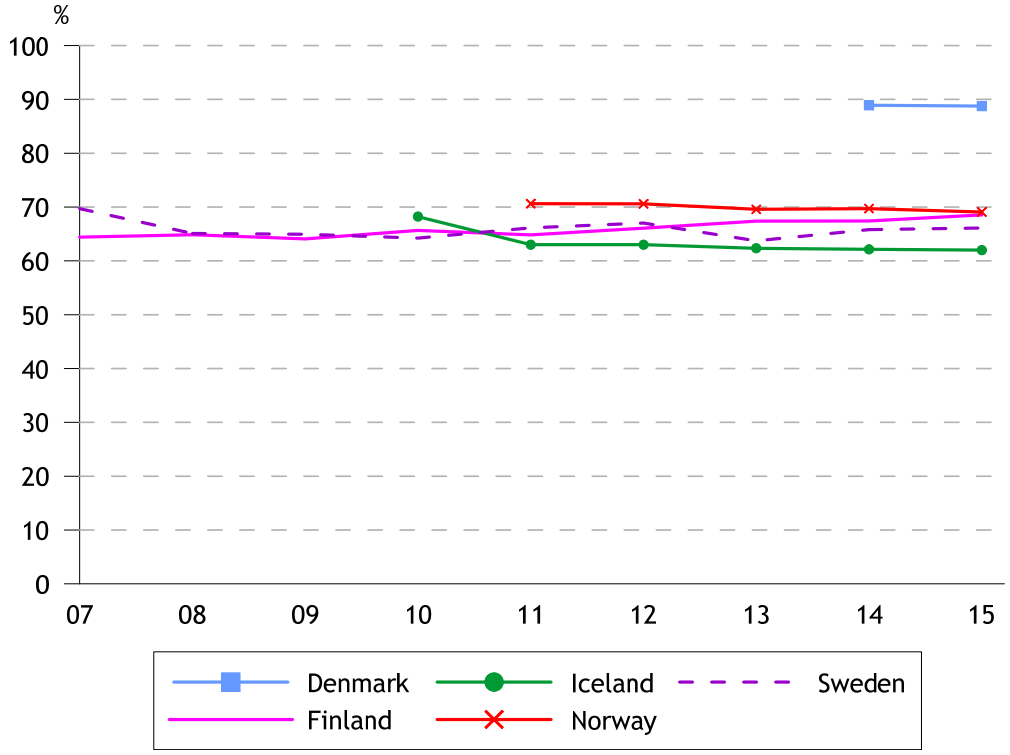
Figure 6.2.4 Disposable monthly income for single childless people drawing old-age pension at the age of 67 (including employment pension), in PPS[1], 2015



1 See chapter 1 and appendix 1 for definition of PPS

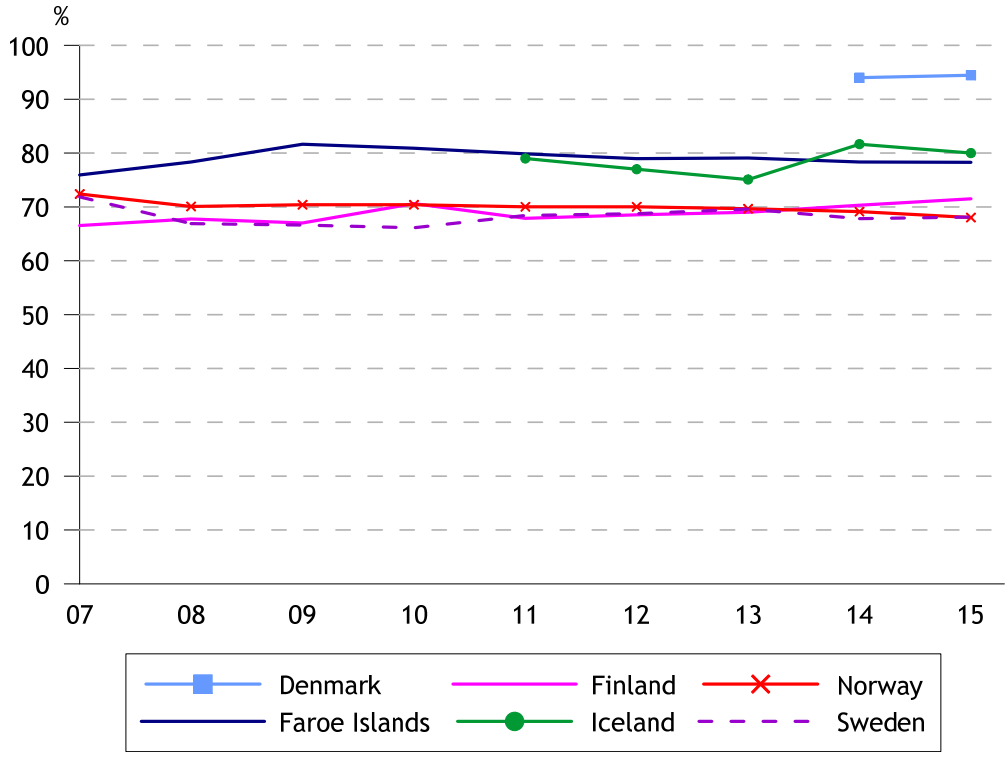
Figures 6.2.5 and 6.2.6 show compensation rates in recent years for people with a previous income of AW 75 per cent.

Figure 6.2.5 Compensation rate for single childless people drawing old-age pension at the age of 65, AW 75%[1], 2007-2015



1 In this book, AW 75 per cent is used as the norm for single people when illustrating compensation rates. See the section on income distribution in Chapter 2

Figure 6.2.6 Compensation rate for single childless people drawing old-age pension at the age of 67, AW 75%, 2007-2015[1]



1 In this book, AW 75 per cent/100 per cent is used as a standard measure for couples when illustrating the compensation rates. See the section on income distribution in Chapter 2

Special and partial old-age pensions

Special old-age pensions comprise several types of pension granted to people of working age. As such, they cannot be considered traditional old-age pensions. They are based on social or health-related criteria, and/or labour-market circumstances or agreements that enable people to take full or partial voluntary retirement.

Denmark

A voluntary early old-age pension scheme has been introduced for members of an unemployment fund aged 60–64 who have paid into the pension scheme for 30 years. The 2011 ageing and pension reform led to changes in the voluntary early old-age pension scheme, e.g. a reduction of the pension period and an increase of the age at which people may opt to take it. As a result, from 2014 to 2023, the age for receiving the voluntary early-old-age pension will gradually increase to 64. From 2018 to 2023, the voluntary old-age period will be gradually reduced from five years to three.

Similarly, a "flexi-benefit" is also available. This is a voluntary old-age scheme for people aged 60–64 working in "flexi-jobs". Very few people use the partial old-

age pension scheme – for 60–64-year-olds who have not paid into the voluntary early old-age scheme – and therefore it is being phased out.

Faroe Islands
People between the ages of 18 and 66 whose working capacity has been reduced by at least 50 per cent may, for social and health-related reasons, apply for the lowest amount of disability pension.

Finland
Employees and self-employed people who have turned 62 may be awarded an old-age pension. Taking up the old-age pension early entails a permanent reduction in the amount, including when the recipient reaches the age of 63. All early old-age pensioners have been included in the statistics as old-age pensioners. Self-employed people and employees who have been working for a long time may choose a partial old-age pension when they reach the age of 61. Farmers who cease work before reaching pensionable age may be granted a special pension (see Chapter 4).

Iceland
Fishermen with 25 years' experience may retire at the age of 60.

Norway
For certain jobs, special age limits apply. For example, for most people working in the police force or in defence, the age limit is 60, but under certain circumstances they may retire at the age of 57.

The AFP (Collective Agreements Pension, *Avtalefestet pensjon*) is awarded as a life-long supplement to the old-age pension. In the public sector, the scheme is a time-limited early old-age scheme (62–67 years) that entitles public employees who are not subject to a special age limit to retire from the age of 62. Other pension schemes are adaptations of the National Social Insurance Scheme, and function as special early old-age schemes for people under 67. For example, this applies to the pension scheme for sailors and fishermen, who may draw an old-age pension from the age of 60.

Sweden
No new partial old-age pensions have been awarded since 2000.

Table 6.2.10 Average monthly amounts of special old-age/partial old-age pensions before tax, December 2015

	National currency	PPS[1]
Denmark		
Voluntary early old-age pension[2]	17 918	1 820
"Flexi benefits"	16 306	1 656
Partial old-age pensions	9 928	1 009
The Faroe Islands[3]		
Lowest disability pension amount	9 023	917
Finland		
Partial old-age pensions	764	625
Special pensions to farmers	1 026	840
Norway		
Pension fixed by collective agreement, private sector, old rules	5 617 (AFP)	437
Pension fixed by collective agreement, new rules	23 400 (old-age pension+AFP)	1 819
Special pension to fishermen	6 697	521

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; NO, Directorate of Labour and Welfare

1 See chapter 1 and appendix 1 for definition of PPS
2 Maximum amount in 2015. There are no statistics for partial old-age pension
3 Average pension amount paid out in October

Table 6.2.11 Pensioners drawing special old-age/partial old-age pensions, by gender and age, 2015

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
Denmark									
Ordinary lowest disability pension	..	..	..	..	..	..	..	..	..
Voluntary early old-age pension[1]	..	..	..	..	..	..	..	..	..
The Faroe Islands									
Lowest disability pension amount	271	9	18	31	60	27	60	22	44
Finland									
Partial old-age pensions	12 066	.	.	.	.	4 505	6 790	371	400
Special pensions to farmers	15 322	.	.	593	596	1 196	1 414	3 811	7 712
Norway									
Pension fixed by collective agreement[2]	48 472	.	.	.	.	16 717	5 463	19 637	6 655
Special pension to sailors [3]	9 247	.	.	.	.	.	.	.	.
Special pension to fishermen	1 701	.	.	.	.	.	.	.	.

Source: DK, the Ministry of Children, Gender Equality, Integration and Social Affairs and The Danish Agency for Labour Market and Recruitment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and The Social Insurance Institution of Finland; NO, Directorate of labour and welfare

1 Number of recipients of voluntary early old-age pension by year-end (drawn directly from voluntary early old-age database by the PLT)
2 Data applies only to the private sector. Previous years also included the public sector
3 It is not possible to break down recipients of the special pension for sailors by gender and age

Services to elderly people

Institutions, home help, etc. for elderly people

In all of the Nordic countries, the majority of older people live in ordinary housing. Only a minority live in specially adapted housing, which can be divided into the following:

1. Nursing homes, homes for the long-term ill/old people's homes
2. Serviced flats, collective housing and housing in which special care is provided

In Finland, elderly people may also, to a varying extent, be offered long-term medical treatment in hospital wards, often in health centres. Institutional long-term care will only be considered when it is medically justified. In all of the countries, some nursing homes also have special wards to which elderly people who live on their own may be admitted on a short-term basis when necessary. All of the countries also provide home help for elderly people. The extent of the help is determined on the basis of individual need, and may vary from a few hours per month to several hours per day. It is organised by local authorities and provided by local-authority or privately employed staff.

The statistics concerning home help in the Nordic countries are not easily comparable. The figures for Denmark, the Faroe Islands, Norway, Finland and Sweden are snapshots, while the Icelandic data consists of information on how many people received help during the year.

Table 6.2.12 People aged 65 or older living at institutions or in serviced housing, in total and %

	Denmark[1]	Faroe Islands[2]	Finland	Iceland[3]	Norway	Sweden[4]
	2014	2013	2014	2014	2014	2015
Number of people in age group						
65-74	6 235	33	8 730	697	9 301	9 994
75-79	5 288	77	7 386	626	7 460	10 750
80+	30 270	523	39 759	2 139	47 704	71 723
Total 65+	41 811	633	55 875	3 462	64 465	92 467
As % age group						
65-74	1.0	1.0	1.4	3.0	2.0	1.0
75-79	2.9	5.7	3.7	8.3	5.4	3.0
80+	12.8	24.7	14.3	18.1	21.6	14.0
Total 65+	4.0	9.5	5.1	8.0	7.7	5.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Includes residents in nursing homes, sheltered housing, special care housing and special housing units (for those under 67). Recipients as percentage of age group, second quarter of 2014
2 Age groups 67-74, 75-79 and 80+
3 Covers inhabitants in nursing homes and sheltered housing. Calculation as of December 2014
4 Calculation as of 31 October. Includes people staying on a short-term basis as well as residents in service housing

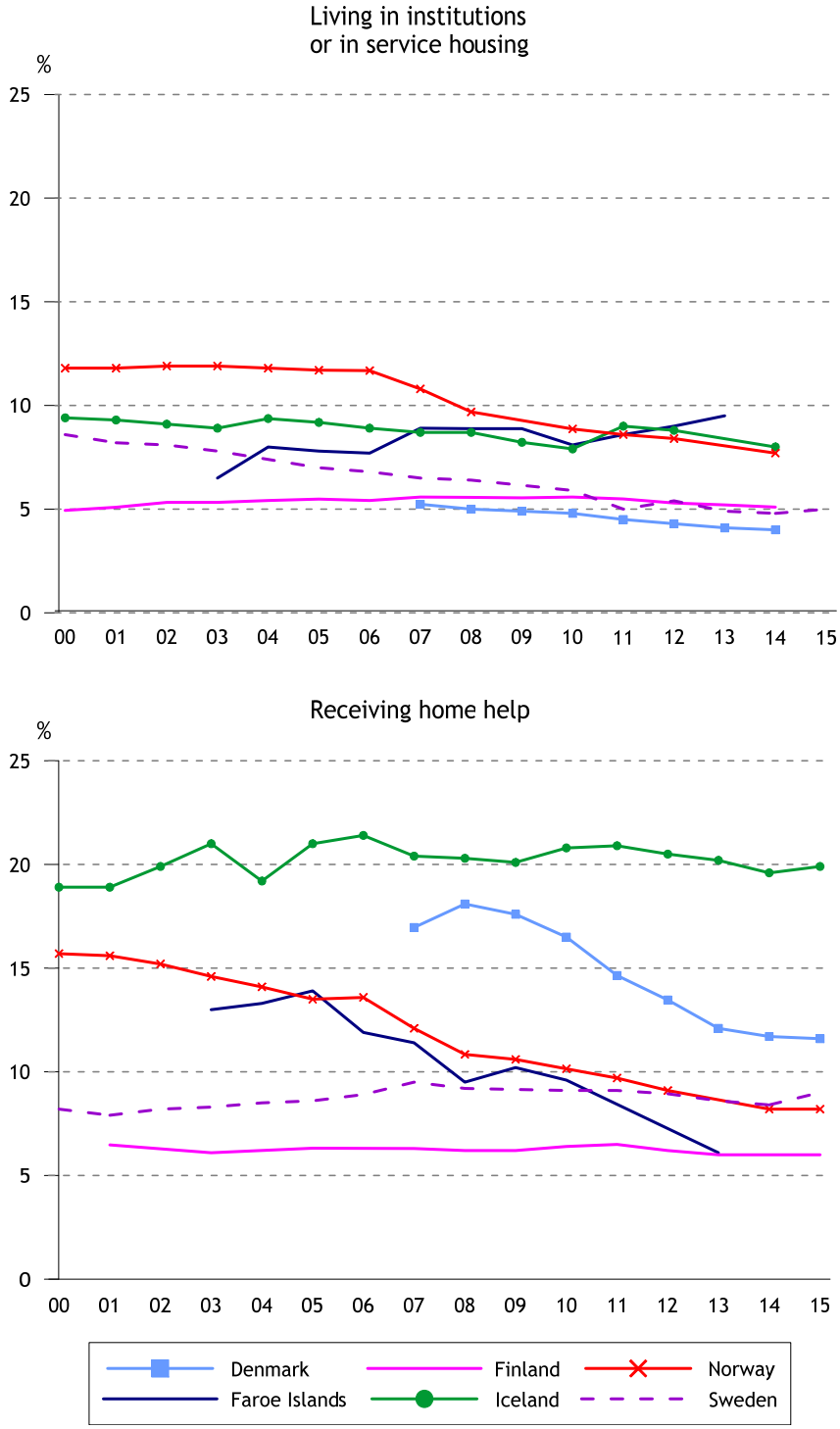
Table 6.2.13 People aged 65 or older receiving home help

	Denmark[1]	Faroe Islands[2]	Finland[3]	Iceland	Norway[4]	Sweden[5]
	2015	2013	2015	2015	2015	2015
Number of recipients of home help						
65-74	24 475	40	10 370	1 882	12 099	25 214
75-79	19 374	59	9 906	1 643	8 712	23 012
80+	78 380	263	46 602	5 624	47 303	118 353
Total 65+	122 229	402	66 878	9 149	68 114	166 579
Recipients of home help, % of age group						
65-74	3.9	1.3	1.6	7.2	2.5	2.0
75-79	10.4	4.4	5.0	21.2	6.3	7.0
80+	32.7	12.5	16.4	45.9	21.5	24.0
Total 65+	11.6	6.1	6.0	19.9	8.2	9.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Home help to people living in their own home, with the exception of serviced housing. Recipients as percentage of age group, January 2015
2 Age groups 67-74, 75-79 and 80+
3 Regular home-care clients as of 30 November
4 Including residents in service housing units receiving practical assistance (home help) and home nursing. Those receiving only home nursing are not included
5 People granted home help as of 31 October and living in their own house or flat

Figure 6.2.7 People living at institutions or in serviced housing and people receiving home help, % of age group 65 years or older, 2000-2015



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); NO, Statistics Norway; SV, the National Board of Health and Welfare

Support schemes and leisure activities

In all of the Nordic countries, local authorities or private companies provide support schemes and activating measures for pensioners. The range of services and activities varies between countries and between local authorities. No comparable statistics are available on the extent of these activities.

Support schemes aim to enable elderly people to remain in their own homes for as long as possible, and may encompass meal deliveries, telephone security chains, home-visiting schemes, physiotherapy, occupational therapy, hairdressing, pedicure, gardening and snow-clearing. Washing and clothes-mending schemes are also available. There are no centrally agreed policies with regard to payment, but fees are usually charged for meals, pedicures and gardening. Some of the activities may be based in special centres for elderly people.

A transport service scheme is available for elderly or disabled people who are unable to use public transport or get about on their own.

Table 6.2.14 Guaranteed level of old-age pension for a single pensioner in 2016 – overview

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Basic pension/ guaranteed pension						
Retirement age	65	67	65	..	..	65
Monthly amount, national currency	12 462	10 291	746.57	..	..	7 863
Monthly amount, PPS[1]	1 266	1 045	611	..	..	656
Taxed?	The basic pension is subject to income tax	.	No	..	..	Yes
Indexation	Annual adjustment according to the adjustment rate	.	Consumer price index 100%	..	..	Price indexed
Housing allowance						
Maximum proportion of cost of housing covered, %	75	.	85	..	..	95, max 5 090
Pension incl. housing allowance as percentage of average pay, after tax	.	.	.	..	..	From 65 years: 57 From 66 years[2]: 60

1 See chapter 1 and appendix 1 for definition of PPS
2 The basic deduction is higher from 66 years

Expenditure on and financing of benefits to elderly people

Differences and similarities in social expenditure on elderly people

The following section describes differences and similarities in expenditure on elderly people. Unless otherwise stated, comparisons are made in PPS per capita.

Expenditure on services for elderly people in Finland must be viewed in relation to the services provided at Finnish healthcare centres and the relatively high user charges. Expenditure in Denmark is characterised by a very high level of assistance with regard to everyday tasks.

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

Changes in social expenditure on elderly people from 2013 to 2014

Denmark
Expenditure decreased from 2013 to 2014 by DKK 30.273 bn, corresponding to 11.5 per cent. The decrease is mainly due to decreasing cash benefits. This in turn is due to a decrease in the expenditure on supplementary pensions of almost 50 per cent, from DKK 77.8 mn to DKK 41.9 mn.

Faroe Islands
Expenditure on elderly people increased from 2013 to 2014 by 1.7 per cent at constant prices, corresponding to DKK 21 mn. This is due to a general increase in the number of old-age pensioners, which in turn increases expenditure on both cash benefits and services.

Finland
Expenditure on social benefits to elderly people increased by 4.0 per cent at constant prices. Expenditure on cash benefits increased by 4.4 per cent. The increase is mainly due to higher expenditure on pensions – the number of old-age pensioners is increasing steeply, and new pensioners are drawing higher pensions. Expenditure on services increased by 1.3 per cent.

Iceland
Expenditure on elderly people increased by 9.9 per cent from the previous year, in terms of 2014 prices. Expenditure on cash benefits increased by 10.6 per cent, expenditure on employment pensions increased by 10.1 per cent and expenditure on basic pensions increased by 11.4 per cent. Expenditure on services increased by 2.6 per cent at constant prices.

Norway
Expenditure increased by 5.2 per cent at constant prices. Cash benefits increased by 5.9 per cent, while expenditure on services increased by 3.0 per cent. Cash benefits amounted to 76 per cent of total expenditure on elderly people.

Sweden

Expenditure increased by 2.1 per cent at constant prices from 2013 to 2014. This mainly consists of retirement pensions, which increased by 1.6 per cent. At the same time, the number of pensioners increased by 2.2 per cent. Expenditure on services increased by 4.4 per cent.

Table 6.2.15 Expenditure on and financing of benefits to elderly people, in national currency, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, million						
A. Old-age pensions	216 889	807	20 916	112 965	206 910	390 945
Of which:	-					
a. Basic/minimum pension	117 933	737	1 586	43 085	66 285	95 248
b. Supplementary/ employment pension/ earnings-related pension	13 661	-	18 952	69 880	113 329	176 914
c. Supplementary pension	85 295	70	378	-	27 296	118 783
B. Special old-age pensions	17 294	34	1 269	-	5 561	-
C. Partial pensions	15	-	165	-	141	-
D. Other	-	25	33	-	-	724
Cash benefits, total	234 551	866	22 384	112 965	212 613	391 669
Services, million	-					-
A. Institutions, etc.	-	231	625	4 495	35 744	55 208
B. Help to carry out everyday activities	-	133	735	2 043	24 409	30 703
C. Other	41 982	20	1 093	2 438	6 338	3 343
Services, total	41 982	383	2 453	8 976	66 491	89 254
Total expenditure, million	276 533	1 250	24 837	121 941	279 104	480 923
Expenditure as % of GDP	14,2	8.0	12.1	6.1	8.8	12.3
Financed by (%)						
- Public authorities	66,9	71.9	19.6	14.7	44.1	26.3
- Employers	20,6	14.4	60.6	47.1	33.9	52.2
- The insured (contributions and special taxes)	12,5	13.7	19.8	37.9	21.9	21.5
Changes 2013-2014 in terms of 2014 prices						
- Million	12 731	21	966	11 026	13 735	10 091
- %	4,8	1.7	4.0	9.9	5.2	2.1

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Social Insurance Administration; NO, Statistics Norway

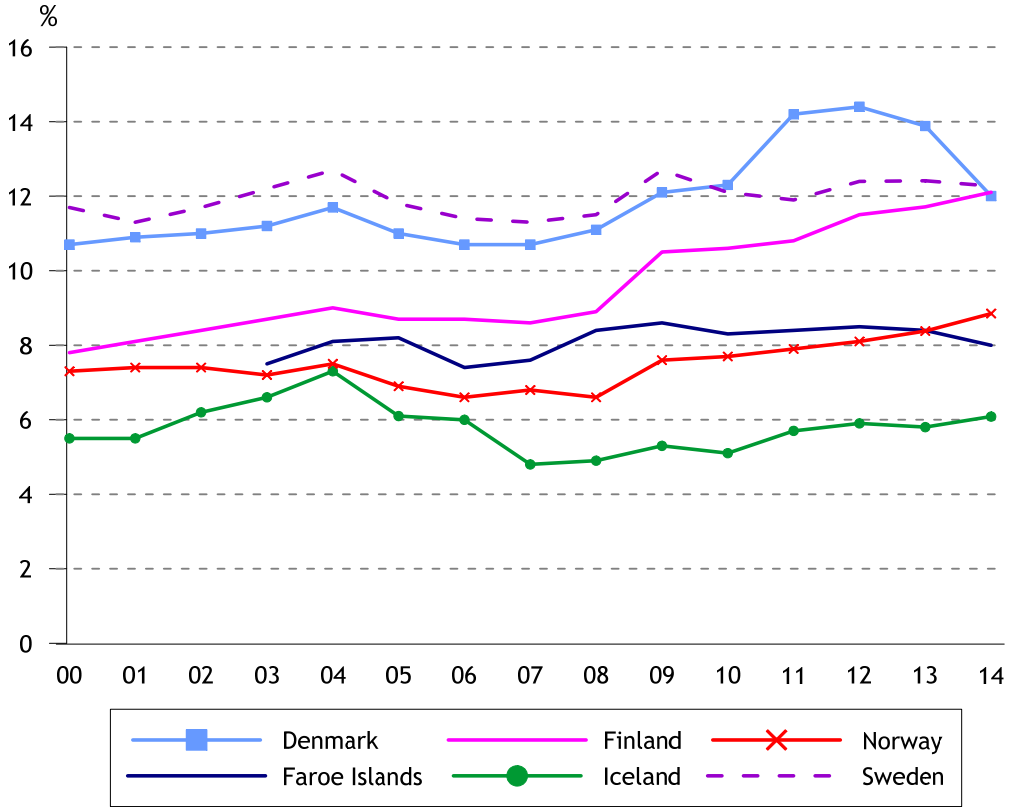
Table 6.2.16 Expenditure on and financing of benefits to elderly people, in PPS[1]/capita and per pensioner, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits per capita	4 146	1 783	3 301	1 872	3 312	3 415
Old-age pension per pensioner	20 802	..	13 610	15 629	19 759	15 769
Services per person aged 65 or more	4 031	..	1 840	1 125	6 462	3 866
Total services and benefits to elderly people per capita	4 888	2 572	3 663	2 020	4 348	4 193

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Social Insurance Administration; NO, Statistics Norway

1 See chapter 1 and appendix 1 for definition of PPS

Figure 6.2.8 Expenditure on and financing of benefits to elderly people, % of GDP, 2000-2014



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Social Insurance Administration; NO, Statistics Norway

User charges

User charges payable for stays in nursing homes and institutions for elderly and disabled people, as well as for home help, are levied according to different rules in the Nordic countries.

The conditions concerning user charges are set by central government in Denmark, the Faroe Islands, Finland, Iceland and Norway, but by local authorities in Sweden.

Denmark

Residents in nursing homes, etc., receive their full pension and then pay fees for, e.g. rent, meals, hairdressing and laundry services. The permanent home-help service is free of charge. For temporary home help, the charges depend on the individual's income.

Faroe Islands

Residents in nursing homes and collective housing pay rent in accordance with national and regional rules. Rent consists of housing costs and a service charge, comprising a basic amount and an income-adjusted supplement. User charges for home

help depend on household income. User charges amount to about 3 per cent of the total expenditure on home help.

Finland

User charges payable for long-term care of elderly people depend on the patient's income. User charges must not exceed 85 per cent of net income, and must leave at least EUR 105 per month for personal use. In 2013, user charges payable for institutional stays amounted to 20 per cent of total expenditure. For permanent home help, a reasonable monthly fee may be charged, depending on the quality and extent of the service, the size of the household and the recipient's ability to pay. User charges amounted to about 16 per cent of total expenditure on home help.

Iceland

User charges payable for nursing home stays depend on income. Those who draw only a basic pension use it in full to cover their stay, and then receive a fixed allowance ("pocket money"). Central government covers the rest of the expenditure. Those with higher incomes pay more for their stays, up to a set maximum. The user charges cover all services at the nursing home, with the exception of hairdressing and pedicures, which can be purchased in-house at some nursing homes. The individual local authorities set the user charges for home help.

Norway

User charges for stays at institutions depend on income and are based on national rules. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme3, less a free amount. For incomes exceeding the basic amount of the social insurance scheme, user charges may amount to a maximum of 85 per cent. The payment must be limited so that everyone keeps 25 per cent of the basic amount of the social insurance scheme in addition to a free amount. The user charges must not exceed the actual cost of the stay. National statistics show that, on average, user charges amount to just over 15 per cent of the total expenditure associated with running the institution. The individual local authorities set user charges for home help, but the amount payable must not exceed the actual costs. For those on low incomes, user charges must not exceed a small monthly amount. Nor can user charges apply to the part of the help that consists of personal care and nursing, or home nursing, relief or support measures.

Sweden

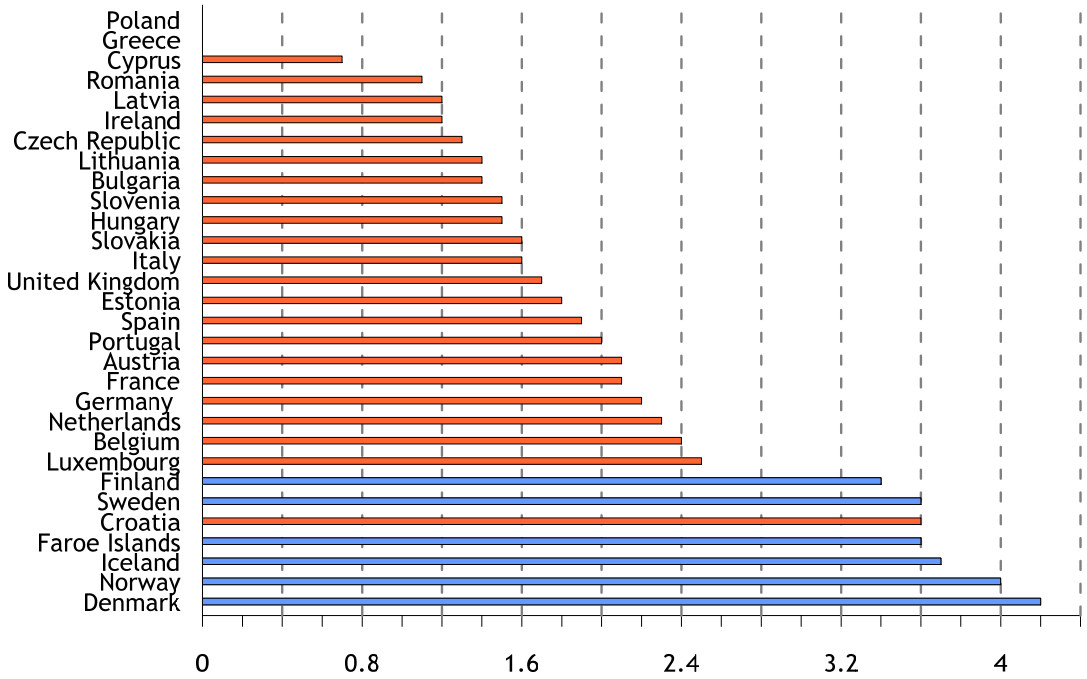
Local authorities are largely free to set user charges within care schemes for elderly and disabled people. A maximum applies, but local authorities are free to set user charges within that framework.

All recipients of social services are entitled to retain a certain amount of money for personal expenses that are not covered by the user charges. This is called the proportional amount.

[3] See the explanation of the basic amount in Appendix 2: Norway

6.3 Disability

Figure 6.3.1 Expenditure on disability, % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

Disability pension structures and income-adjustment

In all of the Nordic countries, citizens have a statutory right to a certain minimum subsistence amount in connection with the transition to pension. This is known as the minimum pension/basic pension. Those who have been active participants in the labour market are also entitled to a statutory labour market and employment pension/earnings-related pension. In addition, there are supplementary pension schemes, which are laid down in law or by collective agreement. In all of the countries, a number of private pension-saving schemes are available, but these are not covered in this report.

Denmark
Disability pensions are largely provided on the same basis as old-age pensions. Recipients of a disability pension will not receive the ATP, but those who have been active in the labour market will be granted an employment/supplementary pension.

Iceland
The statutory basic pension may lapse if a pensioner's other income exceeds a certain level. The basic amount payable to old-age and disability pensioners is adjusted in relation to their own income from work and pension funds, as well as half of their household capital income. A small part of the pension is payable irrespective of pension fund income.

Norway
Disability pensions are income-adjusted in relation to income from work exceeding the basis amount (see Appendix 2: Norway). The basic pension is fixed according to marital status and any spouse's income from work and capital. Married and cohabiting couples are treated equally.

Sweden
The housing supplement to pensioners is income-tested and may be payable to those living in Sweden and receiving a full old-age pension, sickness benefit, widow's/widower's pension or special survivor's pension. Those drawing a pension or disability allowance from another EU member state may also be awarded housing supplements.

Table 6.3.1 Disability Pension Structures, 2016[1]

	Denmark	Faroe Islands	Finland	Iceland[2]	Norway[2]	Sweden
National terminology	Førtids-pension	Fyritíðar-pensjón	Sjukpension	Örorkulífey-rir	Uførepensjon	Sjuk-, och aktivitets-ersätting
Recipients of:						
Basic pension/ guaranteed minimum pension	Citizenship and residence in the country for at least 3 years	Citizenship and residence in the country for at least 3 years	Citizenship and residence in the country for at least 3 years	Residence in the country for at least 3 years	Citizenship and residence in the country for at least 3 years	Living or working in Sweden with at least 25 per cent incapacity to work due to illness and in the age group 19-64 years
Length of residence required to obtain full basic pension	80% of the years from the age of 15 until the point at which the pension is payable	80% of the years from the age of 15 until the point at which the pension is payable	40 years	40 years	40 years	No limit
Employment pension/ earnings-related pension	.	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	.	.	.	.	Employees and self-employed people	Employees and self-employed people
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	-	Private collective agreements

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 As a result of an amendment to the rules in the EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries are now largely standardised. Specifically, the individual must have been resident in the country concerned for at least three years during their working life prior to becoming disabled

2 The three-year requirement does not apply to cases involving industrial injury

Disability pension depending on health

In all of the Nordic countries, people with a reduced working capacity due to physical and/or mental disability may be entitled to a disability pension, as it is known in Finland. The equivalent benefit in Iceland and Norway is called an invalidity pension.

In Sweden, it has been known as sickness and activity benefit since 2003. It was previously part of the general pension system, but is now included in the sickness insurance scheme.

Basis for disability pension

Denmark

Previously, the statutory old-age and disability pensions were governed by a single, coherent set of rules. Following the disability pension reform of 2003, only one form of disability pension is awarded. It may be awarded to those whose capacity to work is permanently reduced to such a degree that the individual in question cannot provide for him/herself through regular employment or in a flexi-job.

On 1 January 2013, the rules applying to disability pension and flexi-jobs were amended. The new rules mean that, in principle, people under 40 are not awarded a disability pension. Instead, they are included in holistically oriented activities intended to develop their working capacity and help them live independently. In cases where it is evident that the individual in question cannot return to work, the local authorities may still award a disability pension. This applies to those whose condition is so severe that it would be pointless to try to develop their working capacity.

At the same time, the rules applying to flexi-jobs were amended so that even people with very little working capacity can be referred to flexi-jobs. This means that more people may be referred to flexi-jobs instead of being awarded a disability pension.

Finland

The disability pension consists of a basic amount, a supplement and a disability benefit. The supplement is adjusted according to the award level. In addition, people drawing the disability pension at the highest and intermediate levels receive a disability benefit that is neither income-adjusted nor exempt from tax. People drawing the lowest disability pension receive a special taxable supplement.

Sweden

The disability pension was changed in 2003 to incorporate a temporary sickness and activity benefit. While the disability pension was previously part of the general pension system, the sickness and activity benefit is part of the sickness insurance scheme. People aged 30 to 64 may receive the sickness benefit if their working capacity is reduced. People aged 19 to 29 may be awarded an allowance due to a reduced activity level. This benefit is always limited to between one and three years. The employment pension is calculated based upon previous income from work.

Finland, Iceland and Norway

This calculation usually includes the time up to the statutory pensionable age. However, in Finland, the percentage payable to disability pensioners for the period from when they are first awarded disability pension until they reach the statutory pensionable age is lower than that paid to old-age pensioners. In 2010, the percentage was also raised for 50–63-year-olds – from 1.3 to 1.5 per cent. In addition, after

five years of receiving the disability pension, it is subject to a non-recurring increase. This affects those drawing a long-term disability pension. The maximum non-recurring increase is, for those aged 24–31, 25 per cent of the pension amount. This declines by 1.0 per cent for each extra year above the age of 31, and it is not payable after the recipient turns 55. The increase was first paid in 2010, but also applies to disability pensions that began before 2005. If the lack of working capacity began in 2010, the life-expectancy coefficient is also used in connection with disability pensions the first time – however, it only affects the accrued pension, not the share of the remaining time.

Iceland

The disability pension consists of a basic amount, a supplement and an age-dependent benefit. Depending on their marital status and income, disability pensioners may also be granted housing benefits. In addition, a special benefit can be made available to those with no other income. Increased basic pensions are awarded to those who become disability pensioners at an early age, before they have had the opportunity to participate in working life. In other words, those who have been unable to accumulate an employment pension. The age-dependent benefit is an addition to the disability benefit, and is gradually reduced the older the pensioners are when they are granted disability benefit. Those aged 24 or younger when they are granted a disability pension receive 100% of the amount of the basic pension, and those who are aged 61 to 66 when they are granted disability benefit receive 2.5 per cent of the amount of basic pension.

Norway

The permanent disability pension is calculated in the usual way. Alongside the disability pension, the recipient may also receive income from work up to the basis amount. In addition, those who are partially disabled may receive income from part-time work. If the income reaches a certain level, the disability pension rate is re-evaluated. Those who become incapacitated and unable to work before the age of 26 are awarded extra pension points.

Table 6.3.2 Rules applying to basic pension/disability pension, national currency, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Førtidspension	Fyritíðarpensjón	Sjukpension	Örorkulífeyrir almannatrygginga	uføretrygd	Sjuk- och aktivitetsersättning
Pensionable age	18-64	18-66	16-64	18-66	18-67	19-64
Minimum degree of incapacity for work	Permanently very limited capacity for work	Lack of capacity for work	No specific level indicated	50%	50%[1]	25%
Pension on the basis of:	Residence period and income	Residence period and incapacity for work	Length of residence and other pensions	Degree of working capacity residence period and income	Degree of working capacity	Length of residence; amount of income-based sickness and activity benefit and degree of capacity for work
Income or calculation basis dependent on previous income?	No	No	No	No	No	No
Minimum pension per month	1/40 of the maximum. 453 for single people; 385 for married or cohabiting pensioners	1 809 for singles; 1 437 when in a couple	No statutory minimum	36 337	Basic amount per month, multiplied by 2.28 (when in a couple), 2.48 (singles). Young people: multiplied by 2.66 (when in a couple), 2.91 (singles)[2]	Guaranteed pension of between 7 788 and 8 900 depending on age[3]
Minimum pension per month PPS[4]	1/40 of the maximum. 46 for single people; 39 for married or cohabiting pensioners	184 for singles; 146 when in a couple	.	195	.	Guaranteed pension of between 650 and 742 depending on age[3]
Maximum pension per month	18 122 for single people; 15 404 for married or cohabiting pensioners	15 472 for single pensioners; 13 334 for married pensioners	747/ month	225 070 for pensioners living alone in a flat; 193 962 for those who live with others	218 515 for single people; 188 313 for married or cohabiting couples[5]	Income-related sickness and activity benefit 17 800 per month
Maximum pension per month PPS[4]	1 841 for single people; 1 564 for married or cohabiting pensioners	1 572 for single pensioners; 1 354 for married pensioners	611/month	1 206 for pensioners living alone in a flat; 1 040 for those who live with others	16 985 for single people; 14 638 for married or cohabiting couples[5]	Income-related sickness and activity benefit 1 485 per month

Continues

Table 6.3.2 Rules applying to basic pension/disability pension, in national currency, 2015 (continued)

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Indexation after pensioning:	Adjusted each year according to a special rate: % incapacity	Adjusted according to special legislation	Consumer price index 100%	Wage development, at least with regard to consumer price index	Wage development	Price index 100%
Accumulation with income from work	Other income possible[6]	Other income possible	Other income possible from work[7]	Other income possible, with reduction of benefits	Other income possible, with reduction of benefits[8]	Possible to some extent[9]

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 As a rule 50%. For individuals in receipt of work assessment allowance when an application for disability pension is submitted, 40% incapacity is sufficient. If the incapacity is due to an acknowledged industrial illness or accident, it is sufficient to assess earning capacity
2 See the explanation of the basic amount (Grunnbeløp) in Appendix 2, Norway
3 The guaranteed level of the sickness and activity benefit is based on, among other things, the frequency of the recipient's visits to Sweden. A lower amount may therefore be payable to those who have been absent for some time
4 See chapter 1 and appendix 1 for definition of PPS
5 The maximum pensionable income calculated is six times the basic amount. This means that disability pension is maximum 66% of this amount, which is NOK 29 536 per month
6 Pension is gradually reduced at an income exceeding a certain level (74 300 per year for single pensioners living alone, 117 700 per year for married or cohabiting pensioners)
7 Maximum 747 per month
8 Income limit set according to degree of incapacity for work. Limit is set to zero for 100% incapacity. Maximum 40% of the basic amount per year
9 People awarded pensions according to the rules in place before 1 July 2008 can make use of a "variable settlement". It is also possible to apply for a subsidised residential stay to facilitate work

Table 6.3.3 Rules governing employment/earnings-related pension based disability pension, 2015

	Denmark[1]	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology		Fyritíða-rpensjón	Sjukpension	Örorkulífeyrir lífeyrissjóða	None	Sjuk- och aktivitets-ersättning
Pensionable age	.	18-66	18-62	18-66	None	19-64
Minimum degree of capacity for work	.	At least 50% of working capacity	Disability pension: 3/5. Partial disability pension: 2/5	50%	None	25%
Pension on the basis of:	.	Lack of capacity for work for physical or mental reasons	Accrual-based pension taking into account life expectancy, annual income, age-dependent accrual rate	Degree of capacity for work and accrued pension amount, in accordance with accrued pension points, increased by further qualifying years until pensionable age	None	Average of the three highest annual incomes from a framework period immediately preceding the year in which the disability arose, depending on the degree of incapacity for work
Reference income or calculation basis	.	Basic amount and supplements adjusted according to most recent income	On the basis of annual income. No income ceiling. For projected years, the calculation basis is the income from the five previous years. After five years, a non-recurrent increase is added	No income ceiling	None	Based on pensionable income
Maximum pension per month	-		No statutory maximum	No statutory maximum	None	17 760

Continues

Table 6.3.3 Rules applying to employment/earnings-related disability pension, 2015 (continued)

	Denmark[1]	Faroe Islands	Finland	Iceland	Norway	Sweden
Indexation:						
- before pensioning:	-	Adjusted according to special legislation.	Wage index 80% + price index 20%	Wage index	None	..
- after pensioning:	-	Adjusted according to special legislation.	Price index 80% + wages/salaries 20%	Price index, but in older funds for public employees: wages/salaries	None	Price index 100%
Accumulation with income from work	-	Other income possible	Other income possible. If it amounts to 40–59% of pensionable pay, the full disability pension is changed to a partial disability pension. If income exceeds 60% of pensionable pay, the pension is stopped	..	None	Possible

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pension IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Denmark's public pension scheme does not include an employment-based disability pension. However, most collective agreements in the labour market include pension agreements, including disability pensions

Circumstances influencing the number of disability pensioners

A number of alternative benefits affect both the awarding of disability pensions and the number of disability pensioners. In all of the Nordic countries, sickness benefits are payable for a maximum of one year, with a possibility of extension in Denmark. Since 2003, disability pensions in Sweden have been replaced by a sickness and reduced activity benefit.

In Norway, a capacity assessment allowance is normally payable before a disability pension is awarded.

Other disability pension schemes (referred to in this report as special old-age pensions) may also affect the number of disability pensioners. Schemes such as the voluntary early old-age scheme in Denmark and, until recently, the unemployment pension scheme in Finland, have contributed to a reduction in the number of disability pensioners in those countries. In Norway, the AFP scheme (under which pensions are fixed by collective agreements) affects the number of disability pensioners. Several studies have shown that approx. 20 per cent of AFP pensioners would have been disability pensioners had the scheme not existed.

In all of the Nordic countries, the amount of the disability pension, including pension supplements, is in principle either higher than or equal to the old-age pension. In addition, a number of special supplements may be payable in Denmark (as long as the pension was granted prior to the 2003 disability pension reform) and in the Faroe Islands. In the other countries, as mentioned above, an employment pension may also be paid.

Disposable income and compensation rate when drawing disability pension

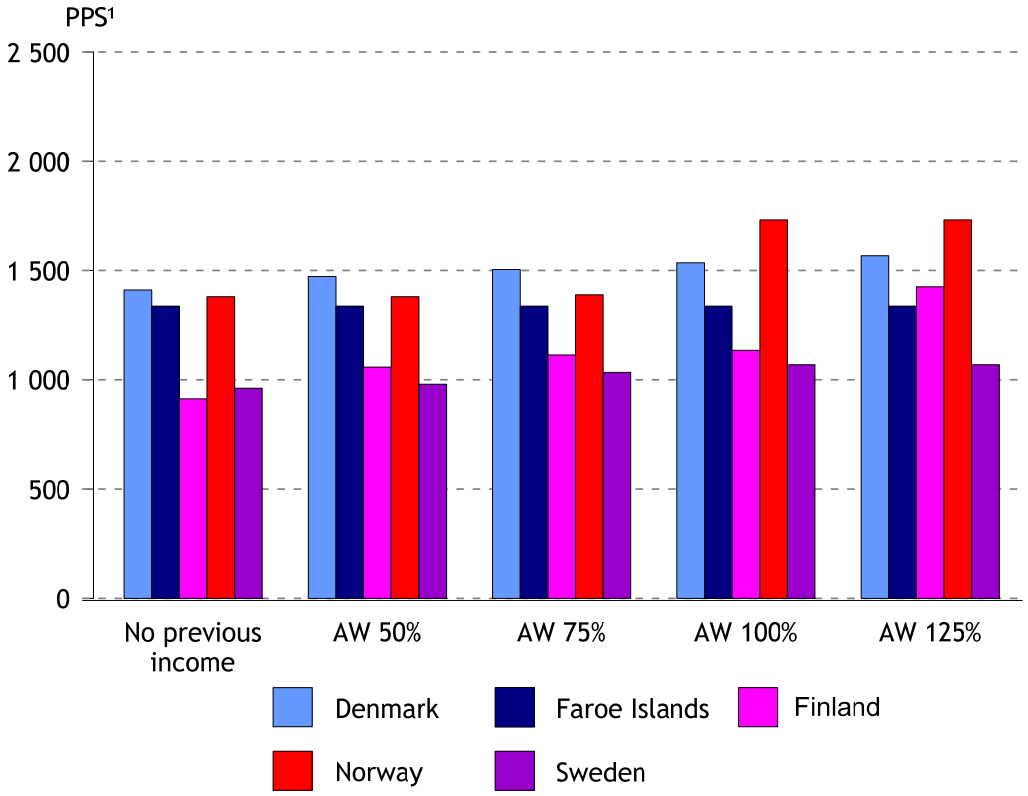
Table 6.3.4 shows the compensation rate as a percentage of previous income from work. In Denmark, the disability pension is independent of any previous income. However, supplementary benefits are payable from agreement-based pension schemes, which have not been included in the calculation. In the other countries, disability pensions are calculated on the basis of previous income from work.

Table 6.3.4 Compensation rate for single 50-year-old disability pensioner with no capacity for work, % of disposable income from previous work, 2015

	Denmark	Faroe Islands	Finland	Norway	Sweden
AW 50%	128	147	86	99	86
AW 75%	92	103	68	70	62
AW 100%	74	80	56	68	49
AW 125%	61	65	59	57	42

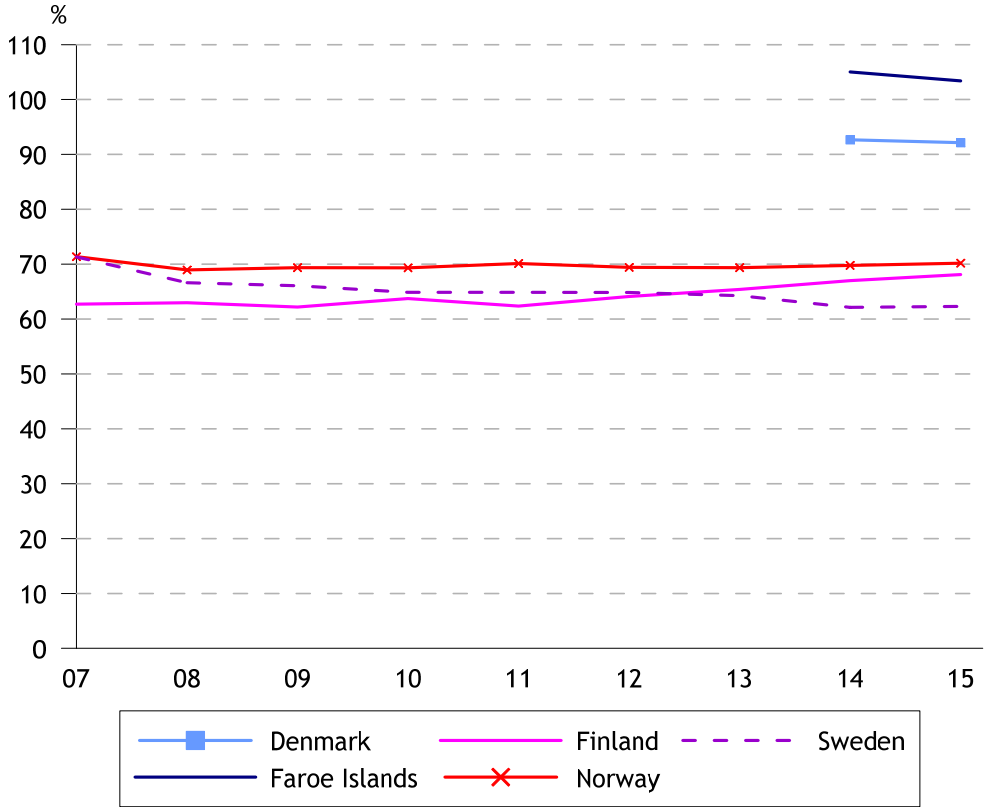
Figure 6.3.2 shows the disposable income in PPS for a single 50-year-old disability pensioner who was previously employed but is no longer fit for work, at four different income levels. The disposable income when drawing disability pension depends on previous income in all of the Nordic countries except the Faroe Islands. Denmark, Norway and Sweden place an upper limit on the disability pension, but Finland does not. In Sweden, the limit is just under AW 100, while in Denmark and Norway it is above AW 125.

Figure 6.3.2 Disposable monthly income for single 50-year-old disability pensioner with no capacity for work, in PPS[1], 2015



1 See chapter 1 and appendix 1 for definition of PPS

Figure 6.3.3 Compensation rate for a single 50-year-old childless disability pensioner, AW 75, 2007-2015[1]



1 In this book, AW 75 per cent is used as a norm for single people when illustrating compensation rates. See the section on income distribution in Chapter 2

Figure 6.3.3 shows AW 75 per cent in recent years. The compensation rate in the Faroe Islands is more than 100 per cent because the benefit is independent of previous income. The increase in Finland, from 62 to 65 per cent between 2011 and 2013, is mainly due to the disability pension increasing so slowly that it crosses the income threshold at which the old-age pension becomes available. In Sweden, the compensation rate has dropped by approximately 5 percentage points from the 2007 level.

Table 6.3.5 Average payment of statutory disability pensions (before tax) per month, 2015

	National currency			PPS[1]		
	Men	Women	All	Men	Women	All
Denmark[2]	15 702	14 886	15 262	1 595	1 512	1 550
Faroe Islands[3]	12 537	11 673	12 085	1 274	1 186	1 228
Finland[4]	1 151	976	1 066	942	799	873
Norway	21 766	18 727	20 003	1 692	1 456	1 555
Sweden[5]	10 229	9 721	10 940	853	811	913

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Statistics Norway; SV, the Swedish Social Insurance Agency

1 See chapter 1 and appendix 1 for definition of PPS
2 Average payment of highest and intermediate disability pension, ordinary and increased ordinary disability pension and new disability pension in January. Danish recipients living in Denmark or abroad
3 Average payment in October for the highest and intermediate disability pensions
4 Average pension amount paid out in December
5 Average pension amount paid out in December, including housing supplements. Sickness and activity benefit has replaced the disability pension as from 2003

Number of disability pension recipients

Denmark
The number of new awards has been decreasing in 2010. This is expected to continue following the disability pension reform in 2013.

Faroe Island
A work-assessment scheme has been implemented with the aim of, amongst other things, reducing the number of new awards.

Finland
The number of disability pension recipients has fallen in recent years, and is still decreasing.

Iceland
The number of disability pensioners has gradually increased (approx. 3 per cent per year).

Norway and Sweden
The rules applying to the awarding of disability pensions (sickness and activity benefit) have been tightened.

Table 6.3.6 Number of pensioners drawing disability pensions, in the form of basic/minimum pensions and/or supplementary/employment pensions/earnings-related pension, in total and %, 2015

Years old	Denmark[2]	Faroe Islands[3]	Finland	Iceland[3]	Norway	Sweden[3]
Number						
18-19[1]	813	10	1 653	207	1 221	2 945
20-29	10 216	86	12 618	1 850	11 825	35 006
30-39	20 785	94	18 687	2 906	22 642	24 439
40-49	49 925	261	30 923	3 712	56 995	57 356
50-54	87 363	193	29 398	2 540	45 064	53 860
55-59	-	308	50 613	2 977	59 378	71 908
60-64	55 855	470	78 060	3 148	78 872	99 531
Total 18-64[1]	224 957	1 422	221 952	17 340	275 997	345 045
65-66	..	277	..	1 367	38 751	..
%						
18-19[1]	0.4	0.7	0.7	1.2	0.4	0.9
20-29	4.5	6.0	5.7	10.7	4.3	10.1
30-39	9.2	6.6	8.4	16.8	8.2	7.1
40-49	22.2	18.4	13.9	21.4	20.7	16.6
50-54	38.8	13.6	13.2	14.6	16.3	15.6
55-59	-	21.7	22.8	17.2	21.5	20.8
60-64	24.8	33.1	35.2	18.2	28.6	28.8
Total 18-64[1]	100.0	100.0	100.0	100.0	100.0	100.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and The Social Insurance Institution of Finland; IS, Social Insurance Administration; IS, Social Insurance Administration; NO, Directorate of labour and welfare; SV, The Swedish Pensions Agency

1 For Finland and Norway, the age group starts at 16; in Iceland, 17; and in Sweden, 19
2 Data for the age groups 50–54 and 55–59 have been combined in the category 50–54
3 Number of recipients in December 2015

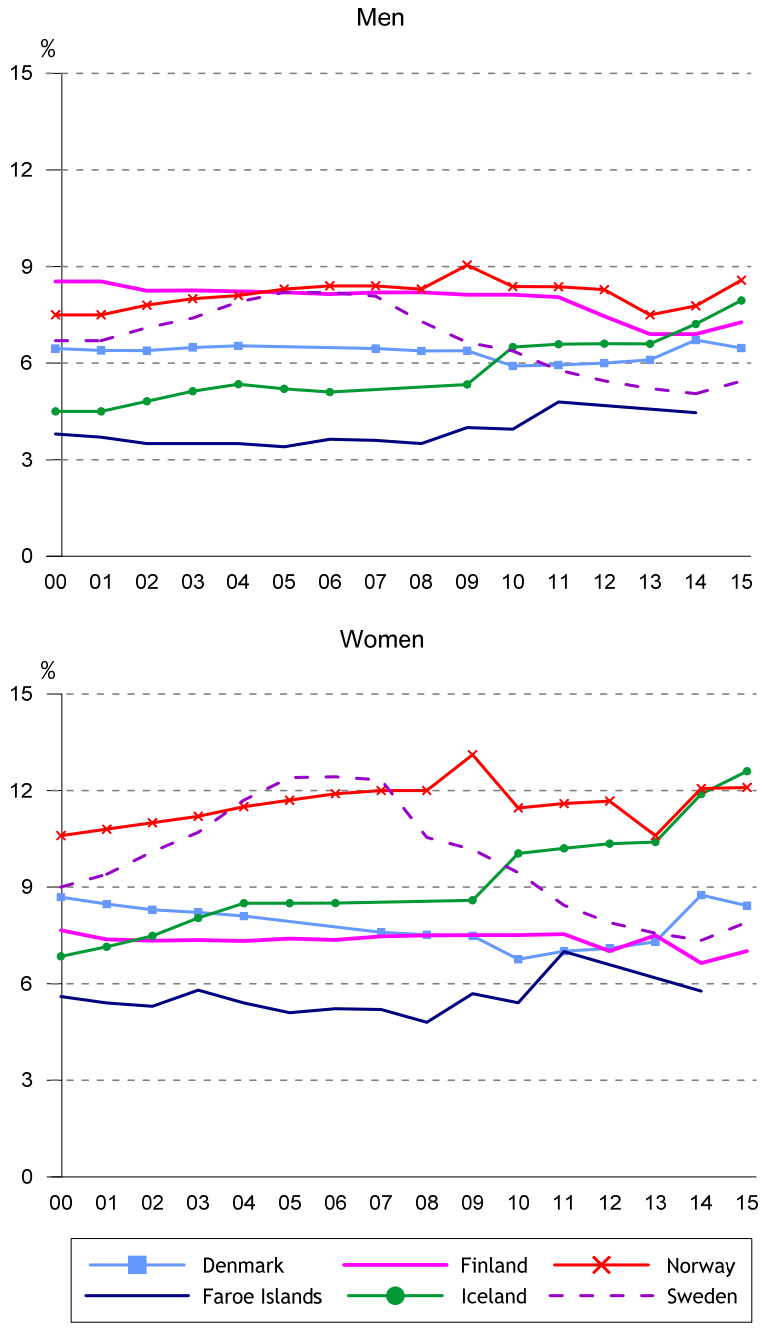
Table 6.3.7 Recipients of disability pensions and new awards of disability pensions/earnings-related pensions, by gender, 2015

	Recipients	New awards	New awards in % of population of qualifying age
Denmark[1]			
Men	103 617	3 306	0.2
Women	121 340	3 080	0.2
Faroe Islands			
Men	..	..	..
Women	..	..	..
Finland[2]			
Men	114 233	10 367	0.6
Women	107 719	10 830	0.6
Iceland[3]			
Men	7 670	188	0.2
Women	11 795	323	0.3
Norway[4]			
Men	132 222	12 982	0.8
Women	182 526	17 420	1.2
Sweden[5]			
Men	143 912	9 805	0.3
Women	201 133	10 559	0.4

Source: DK, Statistics Denmark and the National Social Appeals Board; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Total number of recipients, January 2015. Recipients and new awards as percentages of the age group 18–64 as per January 2015
2 Recipients/new awards aged 16–64
3 Number of recipients as per December 2014. Pensionable age 17–66
4 Pensionable age 18–67. Awards quantified in relation to the non-disabled part of the population
5 Number of recipients in December 2015. New awards as % of population of qualifying age is calculated as new awards divided by total population aged 19-64. The sickness and activity benefit replaced the disability pension in 2003

Figure 6.3.4 Pensioners drawing disability pensions in the form of basic/ minimum pensions and/or supplementary/employment pensions/ earnings-related pensions, % of population aged 16/18-64/66 years, 2000-2015[1, 2]



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; NO, the Norwegian Labour and Welfare Organization (NAV)

1 In Sweden, the sickness and activity benefit replaced the disability pension in 2003. New benefits are awarded to people aged 19–64

2 Norway: On 1 March 2010, people receiving temporary invalidity benefits were transferred to a new benefit: the capacity assessment benefit (rehabilitation). After this point, the figure shows only the recipients of permanent disability pension. For this reason, the number is lower than in 2009

Rehabilitation benefits

People with a reduced working capacity due to physical, mental or social factors may be granted support for education, retraining and reschooling where this is deemed necessary for them to manage on their own and support their families. Education may consist of training schemes in the open labour market. Special expenses incurred in connection with education or training may be covered. Other forms of support may include wages/salaries or wage/salary supplements. In addition, special support may be granted in connection with acquiring tools, etc., and setting up a business.

Denmark
Support takes the form of a fixed rehabilitation allowance corresponding to the maximum amount of the daily cash benefits. Payment of the rehabilitation allowance is subject to rehabilitation being initiated according to a fixed occupational plan. The allowance is payable until the occupational plan has been implemented (usually a maximum of five years). For young people under the age of 25, the rehabilitation allowance equals half the maximum amount.

Faroe Islands
The Act on Labour-Promoting Measures, which entered into force in 2013, deals with rehabilitation and work training, among other things. According to the Act, the allowance payable in connection with these measures depends on the recipient's age and maintenance obligations.

Finland
The Social Insurance Institution pays rehabilitation benefits that equal the amount of the sickness benefits. The amount of daily cash benefits payable by accident- and traffic-insurance schemes, as well as from statutory earnings-related pension schemes, usually corresponds to the amount that would have been payable in the same period.

Iceland
The social insurance scheme pays a rehabilitation allowance when an injured person is no longer entitled to sickness or industrial-injury benefits. As a rule, the allowance can be determined for periods of max. 18 months at a time, and 36 months in total. The allowance equals the disability pension and is awarded according to the same criteria. During the period in which the rehabilitation allowance is paid, a rehabilitation plan must be followed.

Norway
To qualify for the Work Assessment Allowance, recipients must be undergoing active treatment, participating in a work-oriented measure or engaged in a similar effort aimed at finding or keeping a job.

The benefit is awarded to those whose working capacity has been reduced by at least 50 per cent. It may be awarded for up to four years, but can be extended under certain circumstances. It is calculated on the basis of any pensionable income earned in the previous year, or as an average of the last three years prior to the

reduction of working capacity. The benefit amounts to 66 per cent of the calculation basis, up to a maximum of six times the basic amount[4] from the *Folketrygden.*

Sweden

A number of compensations and benefits are payable in connection with rehabilitation. For example, a rehabilitation allowance and special allowances may be awarded instead of sickness benefits. The rehabilitation allowance is awarded to those who participate in occupational rehabilitation, while the special allowances cover expenses incurred in connection with the rehabilitation, e.g. travel. Occupational rehabilitation measures may include work training, evaluation at a labour-market institute and education/training.

Table 6.3.8 People drawing rehabilitation benefits, 2015

	Denmark[1]	Faroe Islands	Finland[2]	Iceland[3]	Norway	Sweden[4]
People receiving rehabilitation benefits during the year						
Men	4 276	..	49 053	901	82 684	7 363
Women	5 467	..	75 724	1 621	116 717	17 246
Total	9 743	..	124 777	2 522	199 401	24 609
Total per 100 000 inhabitants	270	..	2 273	12	5 967	250
People receiving rehabilitation allowance as of December						
Men	2 819	..	20 528	567	60 900	2 813
Women	3 551	..	31 689	1 087	87 635	6 147
Total	6 370	..	52 217	1 654	148 535	8 960
Total per 100 000 inhabitants	176	..	951	8	4 445	91

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Recipients of rehabilitation allowances, including rehabilitation allowances during occupational practice periods
2 Includes rehabilitation daily cash benefits and services payable by the Social Insurance Institution. In 2015, the labour pension funds paid rehabilitation benefits/services to 14 467 people: 6 770 men and 7 697 women)
3 2014
4 Includes only those receiving rehabilitation allowances. The number of people receiving special allowances cannot be calculated

Compensation for industrial injuries

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

An industrial injury is defined as an accident at work or a work-related absence due to sickness resulting in temporary or permanent loss of the ability to work.

In all of the countries, compulsory industrial injury insurance schemes have been established, but are subject to different rules. The industrial injury insurance fund pays compensation for permanent injuries and loss of working capacity, in the form

[4] See the explanation of basic amount in Appendix 2: Norway.

of either monthly payments or a non-recurrent payment. The industrial injury insurance fund also typically covers expenses for treatment that are not covered by the general sickness insurance scheme.

Denmark
Compensation is granted if an industrial injury reduces working capacity by at least 15 per cent. In addition, a non-recurrent payment is payable if the permanent injury results in a loss of working capacity of 5 per cent or more. Compensation for loss of working capacity can also take the form of a non-recurrent payment if the loss of working capacity is less than 50 per cent. If the loss of working capacity is 50 per cent or more, compensation is paid as a current benefit on a monthly basis.

Faroe Islands
Daily cash benefits will be granted if the injury results in a loss of working capacity, and amount to a maximum of 80 per cent of annual earnings. Disability compensation may also be granted where the industrial injury reduces working capacity by 5 per cent or more.

Finland
A pension is payable where working capacity has been reduced by at least 10 per cent. For individuals who are completely incapable of working, the pension payable amounts to 85 per cent of previous income from work. An employee with a partial loss of working capacity is entitled to part of the full pension amount, corresponding to the reduction of the capacity for work. The compensation level for pensions due to work-related accidents falls to 70 per cent of income from work when the recipient turns 65. Similarly, pensions payable for partial loss of working capacity due to work-related accidents are also reduced when the recipient turns 65.

Iceland
The most important benefit for injured people is the entitlement to wages/salaries during sickness absence (absence due to an accident). However, for those who are not entitled to wages/salaries, or when the period during which they are entitled to a wage/salary expires, daily cash benefits may be drawn from the general industrial injury insurance fund. This benefit is a fixed amount, independent of wages/salary earned prior to the accident, and usually payable for a maximum of 52 weeks. If working capacity is reduced by 10–49 per cent, a disability pension is payable in the form of a non-recurring amount. However, for a reduction of working capacity of 50 per cent or more, a disability pension is payable according to the general rules.

Norway
A disability pension may be awarded if an industrial injury or a work-related accident reduces working capacity by 30 per cent. In other circumstances, the requirement for awarding a disability pension is a reduction in working capacity of 50 per cent. Compensation for disability will be awarded if the loss of capacity is 15 per cent or more.

Sweden
In the event that an employee's capacity for work is permanently reduced by at least 6.6 per cent, compensation takes the form of annual payments. The annuity is normally calculated on the basis of the same income that entitles the insured person to sickness benefits. The annuity is calculated by comparing the income that the individual would have earned had s/he not been injured, with the estimated income after the injury. The annuity constitutes the difference between these two incomes, but never exceeds 7.5 price basic amounts per year.

Care allowance for disabled people

In all of the Nordic countries, families may receive financial support from the public authorities to cover expenses associated with caring for a physically or mentally disabled child in the home. The rules vary somewhat from country to country, but all of the schemes have identical aims, i.e. to make it financially possible for a family to care for a child at home by covering extra expenses related to the child's disability.

Adults with reduced capabilities who live in their own homes are also entitled to subsidies. The rules governing this differ slightly from country to country. Support may be granted for technical aids needed to enable the individual concerned to carry out a trade, ameliorate his or her condition, or carry out day-to-day activities in the home.

In several of the countries, subsidies may be granted for the purchase and/or maintenance of a car or other vehicle.

Service to people with disabilities

Institutions, home help, etc., for disabled people

In all of the countries, special housing is available for people with reduced capabilities, which can be divided into the following:

1. Nursing homes and homes for the long-term ill
2. Sheltered housing/serviced flats/collective housing

Table 6.3.9 People aged under 65 in receipt of home help

	Denmark[1]	Faroe Islands[2]	Finland[3]	Iceland	Norway[4]	Sweden[5]
	2015	2013	2015	2015	2015	2015
Recipients of home help aged under 65, total	21 929	40	6 401	3 080	34 049	16 201
Recipients of home help as percentage of the age group 18–64	0.6	0.1	0.1	1.1	0.8	0.3

Source: DK, Statistics Denmark, FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Home help to people living in their own home, not including serviced housing. Recipients as percentage of the age group 18–64 as of January
2 Recipients as percentage of the age group 18-66
3 Regular home-care clients as of 30 November
4 Including residents in serviced housing units receiving practical assistance (home help). Comprises residents receiving both home nursing and practical assistance, and those receiving only practical assistance. Residents receiving only home nursing are not included
5 Includes people in their own homes granted home help as of 31 October

Table 6.3.10 People under 65 living in institutions or serviced housing, 2015

	Denmark[1]	Faroe Islands	Finland[2]	Iceland	Norway[3]	Sweden[4]
Under 65 years, total	15 099	..	20 381	637	22 695	29 358
As percentages of the age group 18-64 years	0.4	..	0.5	0.3	0.5	0.5

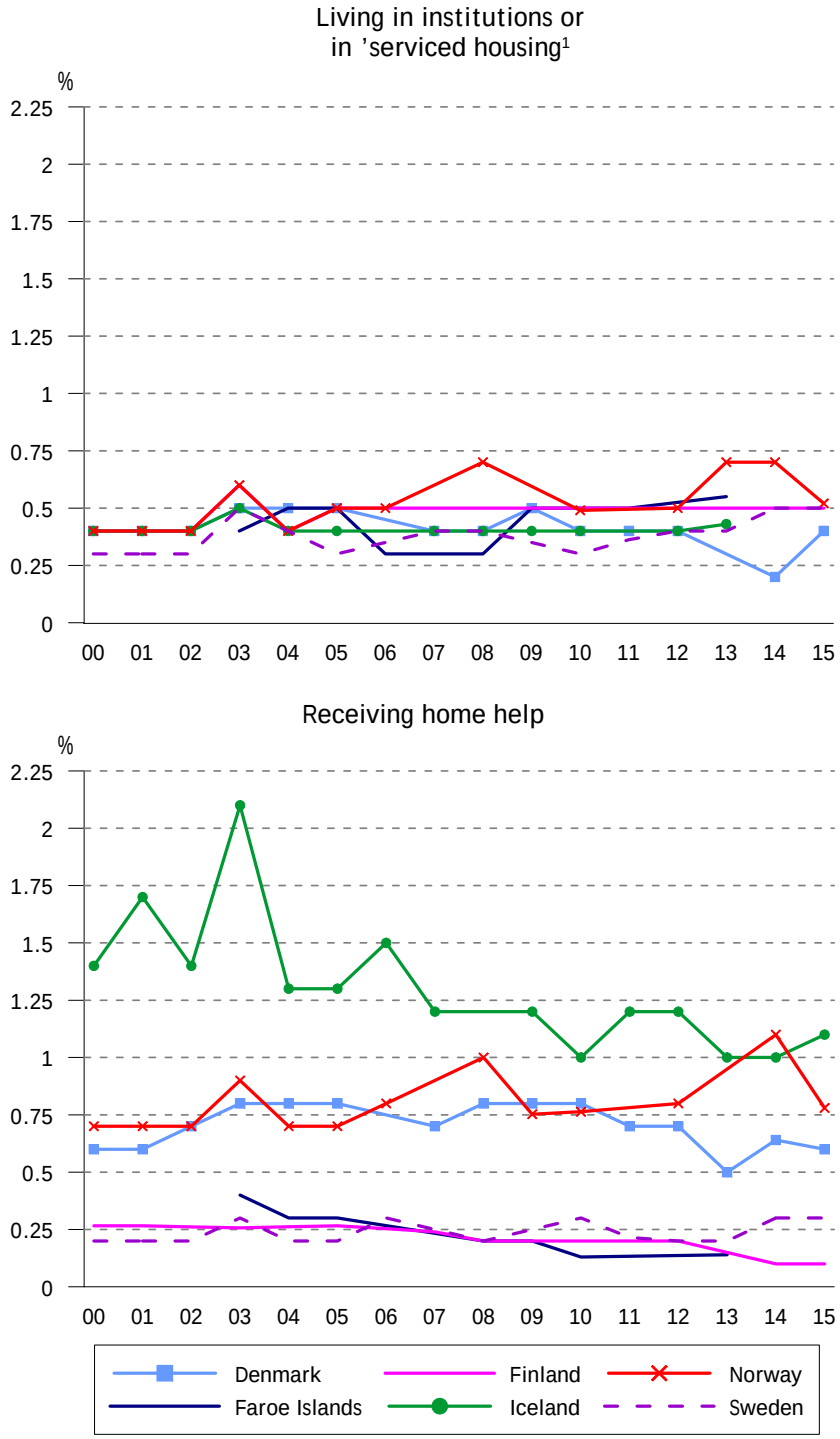
Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Includes residents in nursing homes, protected dwellings, nursing dwellings for elderly persons and for persons with mental/physical disabilities, general dwellings for elderly persons and for persons with mental/physical disabilities, and private nursing homes/private dwellings. Recipients as percentage of the age group 18–64 as of March
2 2014
3 Data applies to residents in special care housing units, as well as people admitted to institutions, in the age group 0–66
4 Calculation as of 1 or 31 October. Includes both people on short-term stays and residents in serviced housing

In all of the countries, home help is provided to disabled people. Its extent is based on individual need and may vary from a few hours per month to several hours per day. Local authorities organise the home help, which is provided by local-authority or privately employed staff.

As mentioned above, the statistics concerning home help in the Nordic countries are not easily comparable. The figures for Denmark, the Faroe Islands, Norway, Finland and Sweden are snapshots, while the Icelandic data records how many people received help during the year.

Figure 6.3.5 People living in institutions or serviced housing and people receiving home help, % of the age group 18-64, 2000-2015



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Data for Denmark before and after 2006 is not comparable. Data for 2009 is not comparable with earlier years. Data after 2012 is not comparable with earlier years

Support schemes and leisure activities

In all of the Nordic countries, various kinds of support schemes and activating measures are available for disabled people. These may be provided directly by the local authority or via private means. The range of services and activities varies from one country to another, and from one local authority to another. No comparable statistics are available that reflect the extent of such activities.

The support schemes are primarily aimed at enabling disabled people to remain in their own homes for as long as possible. Services include meal deliveries, telephone security chains or assistance alarms, home-visiting schemes, physiotherapy, occupational therapy, hairdressing, pedicures, gardening and snow-clearing. Washing and clothes-mending schemes are also available. There are no centrally agreed policies regarding payment, but charges usually apply for meals, pedicures and gardening. In all of the countries, what are referred to as "daytime measures", mainly directed toward people with mental disabilities, aim to provide support in the form of rehabilitation, employment and community engagement.

A transport service scheme is available for elderly or disabled people who are unable to use public transport or get about on their own.

Personal assistance

In all of the Nordic countries, people with severe disabilities qualify for financial support toward the costs of personal assistance and help with everyday tasks.

Denmark

People with considerably and permanently reduced physical or mental capacity may be entitled to a subsidy toward care, supervision and accompaniment in connection with work, education or continuation of education, or further training in connection with work or unemployment.

The local authorities may also grant 15 hours' accompaniment per month to people under 67 who are unable to get about on their own due to considerably and permanently reduced physical or mental capacity. People who have been granted these 15 hours before turning 67 also retain this right after they turn 67. In addition, the local authorities may grant assistance, in the form of a special contact person, to those who are visually or hearing-impaired. A support and contact person can also be provided for people suffering from mental disabilities.

Faroe Islands

Families with disabled children whose child-minding needs cannot be met in general day-care institutions may be assigned a personal support worker. Support workers also serve as respite carers, and are therefore able to meet the family's needs in a more comprehensive manner than a traditional day-care institution.

People between the ages of 18 and 66 suffering from permanently reduced physical or mental capacity may be granted personal help and assistance. The aim is to give disabled people an opportunity to live an independent and active life. The disabled person and his/her support worker jointly prepare an action plan that sets out the goals and timetable for the support.

Finland

Personal assistance is granted for people with severe disabilities for everyday activities, either at home or outside the home. This is a social service provided free of charge to persons with severe disabilities by local authorities. Local authorities may organise the services in several ways. The first option is to compensate a person with a severe disability for the costs of employing an assistant (employer model). The second option involves the local authority giving the individual concerned a voucher to purchase the assistance service (voucher model). The third option is that the local authority organises the service by purchasing it, either through its own service production or in contractual cooperation with one or several other local authorities (assistance service model). In 2014, 17 360 people made use of this scheme.

Iceland

Disabled people may be granted personal assistance in order to cope with everyday life.

Personal assistance may also be granted to counteract social isolation. Families with disabled children also have the option for respite care during which another family provides care for the child/children, usually for one or two weekends a month.

Norway

All local authorities must ensure the provision of user-controlled personal assistance. Under this scheme, the recipient of the help acts as the assistant's manager. The recipient may also choose to act as an employer, and thereby assume a larger responsibility for the organisation and scope of the help in relation to their needs.

A trial scheme is also available that provides assistants who offer practical support to severely disabled people in the workplace. The aim is to help severely disabled people who have previously worked to get a job.

Sweden

People are entitled to personal assistance if, due to severe, permanent disability, they need help with personal hygiene, meals, getting dressed or communication with others (referred to as basic needs). Help may also be granted towards other needs in everyday life, if these cannot be managed in any other way. The aim of personal assistance is to increase the disabled person's capacity to lead an independent life. Help and assistance must be available at different times throughout the day and night, and must be offered by a limited number of people. Personal assistance is granted by way of a personal assistant or a financial supplement toward employing such an assistant. Local authorities cover the expenses for up to 20 hours' assistance per week. Should the need for assistance exceed 20 hours per week, the national government covers the extra expense. In 2014, around 16 200 people received personal assistance.

Rehabilitation

All of the Nordic countries have specialised institutions for retraining, assessment of working capacity and re-education of disabled people and other occupationally impaired groups. Sheltered workshops have also been established for disabled people who are unable to maintain a job in the open labour market.

Denmark

People with a reduced capacity for work are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and in sheltered workshops. People with a permanently limited capacity for work may also find employment with private or public employers in flexi-jobs or wage-subsidised sheltered jobs. Flexi-jobs are given to people who do not draw any social pension, whereas sheltered jobs are given to disability pensioners. In 2014, 65 000 people worked in flexi-jobs.

Under certain circumstances, unemployed people who have been approved for a flexi-job, and people who become unemployed after having a flexi-job, may be granted a special unemployment benefit. In 2014, 31 000 people received this special benefit.

Faroe Islands

People with reduced capacity for work are offered assessment of their work capacity, rehabilitation, supplementary training courses, sheltered employment, etc., at a rehabilitation institution. The rehabilitation institution also provides short-term vocational courses. People with permanently reduced capacity for work may be also employed by private or public employers in wage-subsidised jobs.

Finland

The public health sector and the Social Insurance Institution provide most of the medical rehabilitation. The Social Insurance Institution also offers an assessment of capacity for work. The earnings-related pension funds provide rehabilitation in order to ensure people's ability and capacity for work, and to ease their return to the labour market. In addition, insurers may offer clients rehabilitation under the terms of their policies. War veterans may also undergo rehabilitation, and those left with disabilities caused by war are offered rehabilitation at least every second year.

Iceland

In 2011, services to people with disabilities were transferred from central to local government. As a result, responsibility for disabled people's work participation – including sheltered work in the labour market and sheltered workshops for disabled people – shifted from *Statens Specielle Tjenester* to the *Arbejdsetaten.* For those with reduced working capacity, their job may be adapted to their particular needs. In addition, various assistive devices may be borrowed from the Social Security Fund's Technical Aids Centre.

Norway

The Directorate of Labour and Welfare is responsible for measures aimed at activating disabled people in the labour market. The aim of the occupational rehabilitation

is to enable job-seekers and employees with health problems to get and maintain a job on ordinary terms. For those with reduced working capacity, their job may be adapted to their particular needs. A number of retraining institutions provide treatment and guidance for people with a range of disabilities. In addition, various assistive devices may be borrowed from the Technical Aids Centres. Disabled people with no connection with the labour market may also borrow assistive devices to ease their everyday life.

Sweden

Those with reduced working capacity may participate in various labour market measures provided by the employment service. For example, a person whose disability prevents them from getting a job in the open labour market may find a job at the Institution for Sheltered Work. The Institution's recruitment process prioritises people with mental and intellectual incapacities, as well as those with multiple disabilities.

Expenditure on and financing of benefits to disabled people

Differences and similarities in social expenditure on disability

The following section describes differences and similarities in expenditure on disability.

Norway spends the most on cash benefits per capita to disabled people. This is due to medical rehabilitation being classified as part of rehabilitation, while the other countries include it under sickness and health.

Changes in social expenditure on disability, 2013-2014

Denmark

Expenditure increased from 2013 to 2014 by DKK 1 747 bn, corresponding to an increase of 2.2 per cent. This is due to an increase in services by DKK 1.77 bn. Cash benefits decreased by 23 mn.

Faroe Islands

There was a slight increase in expenditure from 2013 to 2014 of 1.2 per cent at constant prices, corresponding to DKK 6mn. This is due to a slight increase in the service area, corresponding to a minor decrease in expenditure on cash benefits.

Finland

Expenditure on disability decreased by 0.4 per cent at constant prices. Total expenditure on cash benefits decreased by 3.3 per cent due to a decrease in the number of disability pensioners. Expenditure on services increased by 4.7 per cent.

Iceland

Expenditure on disability decreased by 8.2 per cent from 2013 to 2014 at constant prices. Expenditure on cash benefits increased by 6.6 per cent, and expenditure on services increased by 13.2 per cent. Cash benefits amounted to 74 per cent of the total expenditure on disability. Basic pensions increased by 6.4 per cent, while employment pensions increased by 6.9 per cent.

Norway

Expenditure on disability increased by 0.3 per cent from 2013 to 2014 at constant prices. Cash benefits decreased by 0.9 per cent, while expenditure on services increased by 8.9 per cent. Cash benefits amounted to 87.0 per cent of the total expenditure on disability.

Sweden

Expenditure on disability increased by 0.3 per cent from 2013 to 2014, at constant prices. Cash benefits decreased by 3.2 per cent, while expenditure on services increased by 2.6 per cent. The reason for the decline in expenditure is that sickness and activity benefits have been decreasing for several years. This is due to the sickness and activity benefit being time-limited, and therefore less prevalent.

Table 6.3.11 Expenditure on and financing of benefits to disabled people, in national currency, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, million						
A. Disability pensions	42 050	229	3 370	56 916	71 236	47 222
Of which:						
a. Basic/minimum pension	42 050	229	744	39 252	26 647	13 397
b. Supplementary/employment pension/earnings-related pension	-	-	2 620	17 664	37 075	28 779
c. Supplementary pension	-	-	6	-	7 514	5 046
B. Old-age pension due to reduced working capacity	-	10	-	-	-	-
C. Nursing contribution	-	-	613	-	3 485	4 354
D. Supplement towards economic integration of disabled people	1 679	-	188	-	35 721	1 136
E. Other	9 658	14	130	-	778	-
Cash benefits, total	53 388	254	4 300	56 916	110 422	52 712
Services, million						
A. Institutions, etc.	9 901	136	157	15 893	1 459	26 038
B. Help with everyday activities	5 617	19	740	85	6 328	38 342
C. Rehabilitation	-	47	664	1 406	7 824	6 158
D. Other	11 568	71	1 110	2 695	1 557	13 132
Services, total	27 086	274	2 671	20 080	17 167	83 670
Total expenditure, million	80 473	528	6 971	76 996	127 589	136 382
Expenditure as % of GDP	4.1	3.4	3.4	3.8	4.0	3.5
Financed by (%)						
- Public authorities	95.2	93.8	57.0	44.9	33.9	70.4
- Employers	4.8	4.3	29.3	37.8	38.8	29.6
- The insured (contributions and special taxes)	-	1.8	13.6	17.3	27.3	0.1
Changes 2013-2014 in terms of 2014 prices						
- Million	1 747	6	26	5 824	360	372
- %	2.2	1.2	-0.4	8.2	0.3	0.3

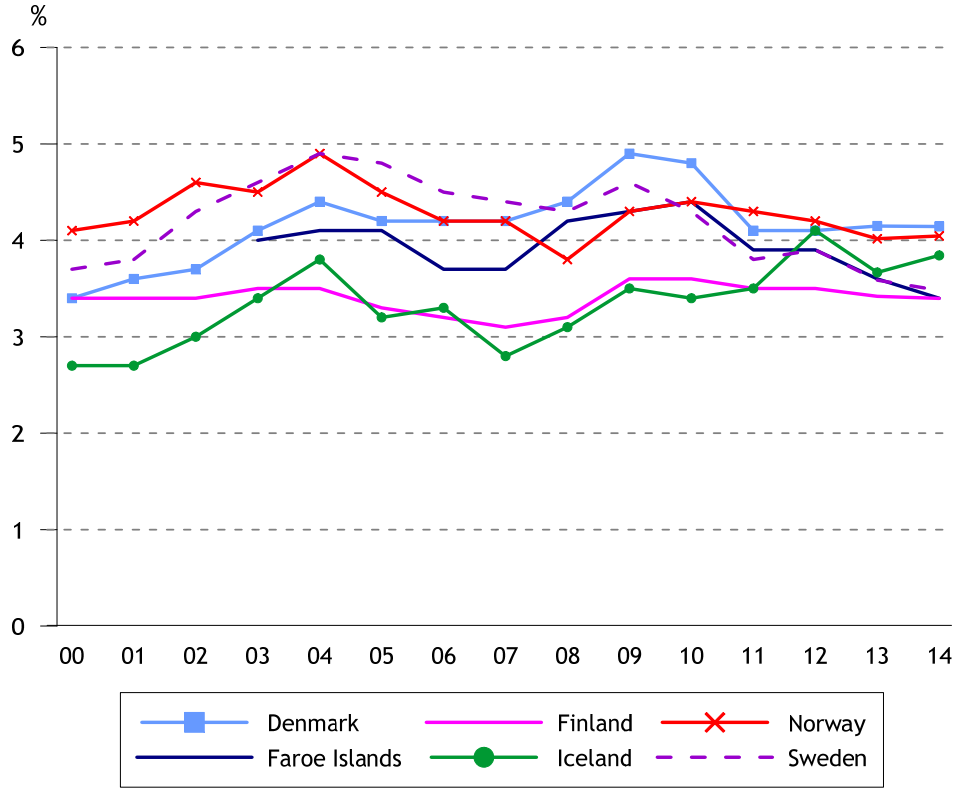
Source: DK, Statistics Denmark; FO, Ministry of Social Affairs FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

Table 6.3.12 Expenditure on and financing of benefits tdisabled people in PPS/capita and per pensioner, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits per capita	944	522	634	943	1 720	460
Disability pension per disability pensioner	33 128	29 913	24 108	26 875	31 205	19 249
Services per capita	479	564	394	333	267	730
Total services and benefits to disabled people per capita	1 422	1 086	1 028	1 276	1 987	1 189

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

Figure 6.3.6 Expenditure on and financing of benefits to disabled people, % of GDP, 2000-2014



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

User charges

User charges payable for stays at institutions and home help are levied according to different sets of rules in the different Nordic countries.

The conditions concerning user charges for stays at institutions for disabled people are set at national government level in Denmark, the Faroe Islands, Finland, Iceland and Norway, but by local authorities in Sweden.

Denmark

Residents in housing units receive their pension in full and then pay fees for, e.g. rent, meals, hairdressing and laundry services. In return, care and cleaning services are provided free of charge, as is the permanent home-help service. For temporary home help, charges apply depending on the individual's income.

Faroe Islands

Residents in nursing homes and in collective housing pay rent according to rules set centrally.

Finland

User charges payable for long-term care depend on a patient's income. These must not exceed 85 per cent of net income, and at least EUR 105 per month must be left for personal use. For permanent home help, a reasonable monthly fee may be charged, depending on the quality and extent of the service, the recipient's ability to pay and the size of the household. User charges payable for home help depend on household income. In 2013, user charges amounted to approx. 16 per cent of total expenditure on home help.

Iceland

There are no institutions for disabled people, but various types of sheltered housing units and collective housing are available. The residents pay fees to cover rent and other services provided by the local authorities.

Norway

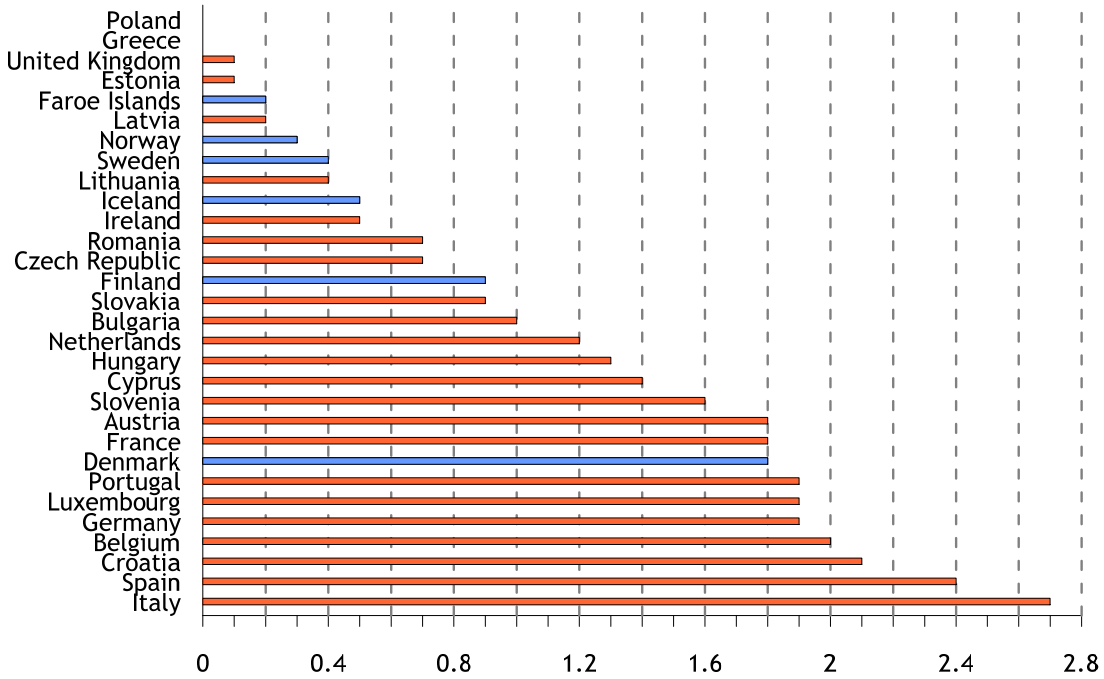
See the section on user charges under "Expenditure on and financing of benefits to elderly people" in Chapter 6.2.

Sweden

Local authorities are essentially free to set user charges for care schemes for elderly and disabled people. However, a maximum user charge applies.

6.4 Survivors

Figure 6.4.1 Expenditure on survivors as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

Pensions to widows and widowers

The survivor's pension has become less substantial in recent years, due to the increased participation of women in the labour market and shifts in the distribution of income between spouses.

Denmark

Pensions to widows and widowers have been abolished. A survivor's allowance is payable to non-pensioners upon the death of their spouse or partner. The survivor's allowance is income- and capital-adjusted, and takes the form of a non-recurrent payment.

Faroe Islands

Pensions to widows and widowers have been abolished. A widow's/widower's pension is payable via the disability pension system. To receive this benefit, the recipient must have been married. Upon losing a spouse, pensioners may be paid a survivor's

pension on a short-term basis, corresponding to three months' pension. The number of people in receipt of the survivor's pension is not registered separately.

Finland

A family pension may be granted if marriage took place before the surviving spouse turned 65 and s/he had children by the deceased. For couples with no children, marriage must have taken place before the surviving spouse turned 50 and must have lasted more than five years. Survivors may also be granted a pension under the employment pension scheme. Similar rules apply to those in registered partnerships. Widows and widowers are entitled to the survivor's pension by way of basic pension/guaranteed minimum pension and employment pension/earnings-related pension.

Iceland

The survivor's pension has been abolished as a basic pension, but it is still paid via the employment pension system.

Norway

A pension is granted to surviving spouses and, in some cases, to cohabitants. A pension may also be granted to survivors if they were either divorced or had children together. The survivor's ability to support him-/herself determines their entitlement to the survivor's pension. Widows and widowers are entitled to the survivor's pension by way of basic pension/guaranteed minimum pension and employment pension/earnings-related pension.

Sweden

The current widow's pension will naturally lapse for most survivors. Under the old system, a condition for being awarded the widow's pension was that marriage had taken place no later than 1989. Widows and widowers are entitled to the survivor's pension by way of a basic pension/guaranteed minimum pension and an employment pension/earnings-related pension.

Table 6.4.1 Pensioners aged 18-64/66 years drawing statutory survivor's pension, 2000-2015

	Finland[1]		Iceland[2]		Norway		Sweden[3]	
	M	W	M	W	M	W	M	W
2000	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2005	9 128	40 586	1 974	2 570	2 124	22 085	2 314	46 210
2010	8 778	34 368	1 831	2 137	2 265	19 210	2 056	33 232
2014	7 109	26 179	2 093	2 358	1 749	15 830	2 022	23 761
2015	6 749	24 525	..	..	1 626	15 093	1 971	21 877

Source: FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Widows/widowers aged over 64 may be granted a survivor's pension by way of an earnings-related pension. In 2015, the number of pensioners aged over 64 comprised 191 729 women and 33 327 men
2 Pensioners aged 16–65 receiving employment pension
3 Includes widow's pension to people under 65, as well as a transition pension and special pension to surviving relatives. Survivor's pensions were income-adjusted from 1997-2002

Table 6.4.2 Average monthly amount of statutory survivor's pension, (before tax), 2015

	National currency			PPS[1]		
	Men	Women	All	Men	Women	All
Finland[2]	219	625	561	179	512	459
Norway	5 750	8 636	8 355	477	671	649
Sweden[3]	4 663	4 888	4 854	389	408	405

Source: FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and The Social Insurance Institution of Finland; NO, Directorate of labour and welfare; SV, The Swedish Pensions Agency

1 See chapter 1 and appendix 1 for definition of PPS
2 Average pension amount paid out in December
3 Average amount as of December 2014 to pension recipients under 65 by way of widows' pension, transition pension and special pension to surviving relatives from both basic and income-based pension

The basic pension/guaranteed minimum pension is revoked when the surviving spouse qualifies for the basic/guaranteed minimum pension under the old-age pension scheme.

Similarly, the basic/guaranteed minimum pension lapses in the event that a survivor is awarded a disability pension. The pension is payable to the surviving spouse in the form of an earnings-related or supplementary pension.

Norway

The Social Security Scheme's old-age and disability pension systems define the rules governing the employment pension for survivors. Survivors are granted the highest amount from their own employment pension, or 55 per cent of the sum of their own and the deceased's employment pensions. Some of the countries also grant funeral assistance.

Child pension

In all of the Nordic countries, a child pension has been introduced, in the form of a basic pension and supplementary/employment pension. The child pension is granted to children under 18 where one or both parents are deceased.

Denmark and Faroe Islands

A special child allowance is granted to children who have lost one or both parents. The child pension may also be granted by way of supplementary pensions if the deceased was a member of such a scheme.

Finland

Child pension is payable until the age of 21 years if the child/young person is in education.

Iceland

Child pension is payable until the age of 20 years if the child/young person is in education. The public authorities grant a fixed amount to those providing for children, but the pension varies according to the labour market pension fund con-

cerned. If both parents are deceased, the amount payable is doubled. The Employment Pension Fund also pays a child pension to the providers.

Norway

Child pension is payable until a child turns 18. If both parents are deceased and the child is in education, the pension may be payable until the child turns 20. The child pension for young people aged 18–20 in education or vocational training is payable in accordance with the Social Assistance Act. The child pension may also be granted by way of supplementary pensions if the deceased was a member of such a scheme.

Sweden

The child pension is payable up to and including June of the year in which the child turns 20. It may also be granted by way of supplementary pensions if the deceased was a member of such a scheme.

Table 6.4.3 Children drawing child pension by way of basic pension and/or supplementary/employment/earnings-related pension, total, 2000-2015[1]

	Denmark	Faroe Islands	Finland	Iceland[2]	Norway	Sweden
Number of children receiving child pension						
2000	17 278	201	28 476	1 300	14 074	29 570
2005	23 700	179	25 694	1 375	14 075	32 333
2010	20 100	140	22 506	1 529	13 525	28 934
2014	19 134	..	19 638	1 526	12 737	26 749
2015	18 936	..	18 885		12 356	27 808
% of children of qualifying age	..	..	1.5	1.9	1.1	..

Source: DK, the Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Those entitled to the pension were the children of widows and widowers
2 Basic pension only

Table 6.4.4 Average monthly statutory amount of child pension, before tax, 2015

	Denmark	Faroe Islands	Finland[1]	Iceland	Norway[1]	Sweden
National currency	1 289	1 083	374	26 081	2 704	2 468
PPS[2]	131	110	306	140	210	206

Source: DK, the Ministry of Employment; FO, Ministry of Social Affairs; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Social Insurance Administration; NO, Directorate of Labour and Welfare; SV, the Swedish Pensions Agency

1 Amount paid on average as of December
2 See chapter 1 and appendix 1 for definition of PPS

Expenditure on and financing of benefits to survivors

Differences and similarities in social expenditure on survivors

The following section describes the differences and similarities in expenditure on survivors. Denmark spends the most, Norway and the Faroe Islands the least.

Changes in social expenditure on survivors, 2013–2014

Denmark
Expenditure on survivors increased by DKK 2.9 mn from 2012 to 2013, corresponding to an increase of 2 per cent. This expenditure primarily covers funeral assistance.

Faroe Islands
There were no significant changes in the expenditure from 2013 to 2014. However, there was a decrease in total expenditure of 2.8 per cent at constant prices.

Finland
Expenditure on survivors decreased by 1.0 per cent at constant prices. Expenditure on cash benefits decreased by 1.0 per cent, of which survivor's pensions amounted to 97.8 per cent of total expenditure.

Iceland
Expenditure on survivors decreased by 10.3 per cent at 2014 prices.

Norway
Expenditure on survivors decreased by 0.6 per cent from 2013 to 2014. Cash benefits decreased by 0.4 per cent, while expenditure on services decreased by 9.6 per cent. Cash benefits amounted to 98 per cent of total expenditure on survivors.

Sweden
Expenditure on surviving relatives consists solely of cash benefits. Between 2013 and 2014, expenditure decreased by 6.5 per cent at constant prices.

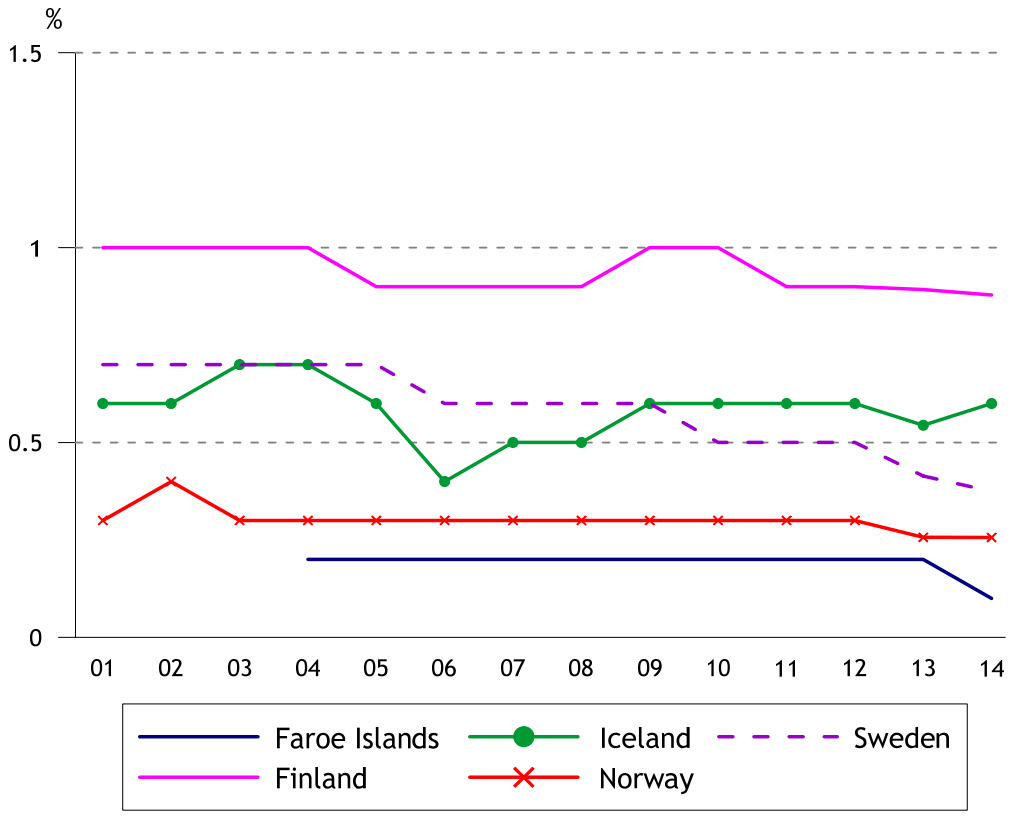
Table 6.4.5 Expenditure on and financing of benefits to survivors, 2014, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, million						
A. Survivor's pensions	207	19	1 763	11 440	7 729	14 681
Of which:						
a. Basic/minimum pension	-	-	32	336	1 322	652
b. Supplementary/employment pension	-	-	1 679	11 104	972	13 379
c. Supplementary pension	207	19	52	-	5 435	650
B. Benefits in the event of death	-	-	36	85	296	-
C. Other	-	2	-	-	7	-
Cash benefits, total	207	21	1 799	11 525	7 916	14 681
- Per capita (PPS)[1]	4	43	265	191	123	128
Services, million						
A. Funeral allowance	145	2	4	-	167	-
B. Other	-	-	-	-	-	-
Services, total	145	2	4	11 525	167	-
Total expenditure, million	352	23	1 803	11 525	8 083	14 681
Expenditure as % of GDP	0,0	0.1	0.9	0.6	0.3	0.4
Financed by (%)						
- Public authorities	100,0	4.1	5.9	1.1	17.9	2.9
- Employers	0,0	63.9	70.1	71.5	61.1	94.5
- The insured (contributions and special taxes)	0,0	32.0	24.0	27.4	20.9	2.5
Changes 2013-2014 in terms of 2014 prices						
- Million	-30	-1	-18	1 076	-52	-1 020
- %	-8	-3	-1	10	-1	-6

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 See chapter 1 and appendix 1 for definition of PPS

Figure 6.4.2 Expenditure on and financing of benefits to survivors, % of GDP, 2000-2014



Source: FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

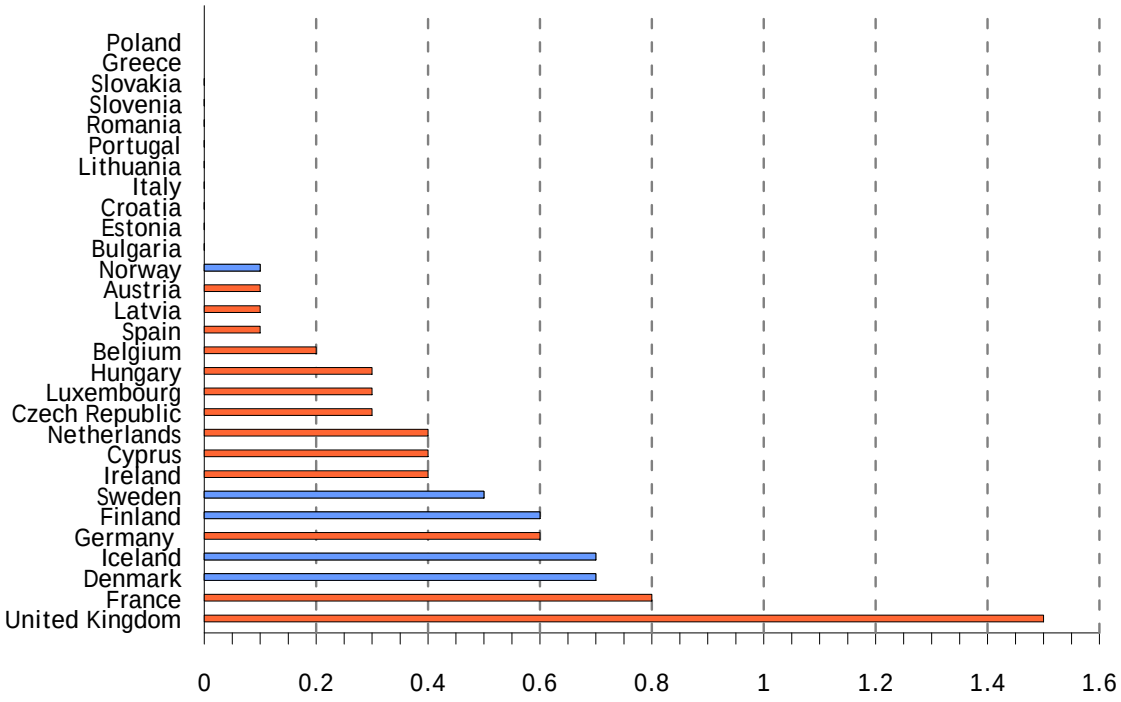
Note: Denmark is not included in the figure, as expenditure on these benefits and services throughout the period amounts to 0.0 per cent of GDP

Chapter 7

Housing benefits

This chapter deals with the number of households (both families and pensioners) that draw housing benefits, as well as the amount of the payments.

Figure 7.1 Expenditure on housing as % of GDP in the EU, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts

Housing benefits to families

In all of the Nordic countries except the Faroe Islands, housing benefits are granted to families both with and without children. The purpose is to ensure that people with low incomes and high housing costs have secure, good-quality housing. The schemes vary greatly from country to country.

Denmark
The benefit is only payable to families living in rented accommodation.

Iceland
The benefit is payable to families who live in rented accommodation and to families who are home-owners. The family's income and the size of the mortgage are taken into consideration when awarding the benefit. Housing benefits are also available to home-owners in the other countries. In such cases, a family's income, housing costs and number of children are taken into consideration.

Norway
The national scheme covers everybody except students, military personnel and those in civilian service (conscientious objectors), the latter two of which have separate housing benefit schemes. Housing benefit is available to people in rented accommodation and to home-owners.

Table 7.1 Average housing benefits per month to families, 2015

	Denmark[1]	Finland[2]	Iceland[3]	Norway[4]	Sweden[2]
Average housing benefit per month per family in national currency					
Single people					
- with children	2 492	448	53 174	2 986	2 512
- without children	601	271	29 786	2 366	868
Married or cohabiting couples					
- with children	2 098	438	33 242	3 559	2 535
- without children	778	270	26 258	2 908	771
Average housing benefit per month per family in PPS[5]					
Single people					
- with children	253	367	285	226	210
- without children	61	222	160	199	72
Married or cohabiting couples					
- with children	213	358	178	210	211
- without children	79	221	141	264	64

Source: DK, the Ministry of Children, Gender Equality, Integration and Social Affairs; FI, the Social Insurance Institution of Finland; IS, Statistics Iceland; NO Statistics Norway; SV, Försäkringskassan

1 January (calculated using the Danish "law model", based on a 3.3 per cent sample). Couples are defined as households with more than one adult
2 Average payment in December
3 Average housing benefits in December to families in rented accommodation in the City of Reykjavik
4 Average payment in December
5 See chapter 1 and appendix 1 for definition of PPS

In addition to the housing benefit, a subsidy may be granted that partly or fully covers any deposit payable, in order to enable people with poor finances to find appropriate and reasonable accommodation.

Denmark

The number of housing benefit recipients has been increasing since 2008. To some extent, this can be attributed to the financial crisis. The global recession and price increases on the rental market have led to a rise in the number of recipients.

Finland

Legislative changes and the financial crisis led to minor annual variations throughout the 2000s. The number of recipients was at its lowest in 2008. Following the financial downturn, more people applied for housing benefits in 2009 than previously. The situation evened out in 2010 and 2011. More and more people are living alone, and among some groups of single people, income remains at a lower level. These factors have led to an increase in the proportion of people living alone and drawing housing benefits, compared to families with children.

Sweden

Housing benefits are payable as a preliminary subsidy based on income information supplied by the applicant. Each calendar year, a calculation is made to determine the final amount. Housing benefits are payable both to families with children and to young people without any children. The amount of the preliminary benefit depends primarily on the family's income, but housing costs, location and family size are also taken into consideration.

Housing benefits consist of three parts: housing costs; a separate supplement for children living at home; and a youth supplement payable to those who have children that no longer live in the home. After the introduction of the rules governing income-adjustment in 1997, there was a fall in the number of households receiving housing benefits. The increase in this figure in 2010 can largely be attributed to housing benefits paid to young people, as the number of families with children drawing housing benefits continues to decrease. However, the total number of families drawing housing benefits increased in 2013.

Table 7.2 Households drawing housing benefits at year-end, 2000-2015

	Denmark	Finland[1]	Iceland[1]	Norway	Sweden
2000					
Single people	136 051	136 993	3 681	17 982	195 368
- with children	61 700	50 184	1 296	15 725	161 548
- without children	74 351	86 809	2 385	2 257	33 820
Single people, % of all single people	..	-	..	..	6
Married or cohabiting couples	33 619	33 359	780	5 360	50 016
- with children	21 284	25 559	417	4 954	47 622
- without children	12 335	7 800	363	406	2 394
Couples, % of all households of couples	..	3	..	..	2
Married or cohabiting couples	33 619	33 359	780	5 360	50 016
2005					
Single people	168 906	130 569	8 704	22 434	223 829
- with children	71 570	43 330	2 912	14 670	164 620
- without children	97 336	87 239	5 792	7 764	59 209
Single people, % of all single people	..	14	22	..	7
Married or cohabiting couples	31 727	24 245	1 285	6 135	51 437
- with children	16 320	19 198	728	5 435	47 150
- without children	15 407	5 047	557	700	4 287
Couples, % of all households of couples	..	2	2	..	2
2010					
Single people	167 336	140 628	13 088	46 946	183 535
- with children	63 268	40 855	3 773	16 659	126 724
- without children	104 068	99 773	9 315	30 287	56 811
Single people, % of all single people	..	14	27	..	5
Married or cohabiting couples	36 131	23 526	1 607	10 322	53 964
- with children	15 856	17 852	1 094	8 063	49 768
- without children	20 275	5 674	513	2 259	4 196
Couples, % of all households of couples	..	2	2	..	3
2014					
Single people	186 561	177 159	13 074	52 725	189 090
- with children	66 045	46 618	3 771	17 165	130 628
- without children	120 516	130 541	9 303	35 560	58 462
Single people, % of all single people	..	17	28	..	5
Married or cohabiting couples	51 070	28 933	2 008	10 568	61 124
- with children	22 450	21 741	1 490	7 997	58 037
- without children	28 620	7 192	518	2 571	3 087
Couples, % of all households of couples	..	3	3	..	3
2015					
Single people	191 795	208 205	13 484	54 797	185 322
- with children	65 996	54 848	3 896	16 922	129 649
- without children	125 799	153 357	9 588	37 875	55 673
Single people, % of all single people		20	28		6
Married or cohabiting couples	56 615	38 152	2 012	11 280	63 562
- with children	25 392	28 705	1 498	8 495	61 035
- without children	31 223	9 447	514	2 785	2 527
Couples, % of all households of couples	..	4	3	..	3

Source: DK, Statistics Denmark; FI, the Social Insurance Institution of Finland; IS, Statistics Iceland; NO, Statistics Norway; SV, the Swedish Social Insurance Agency and Statistics Sweden

1 Data for families in rented accommodation only

Housing benefits to pensioners

In all of the Nordic countries except the Faroe Islands, housing benefits are payable to pensioners. The amount of the benefit depends on a pensioner's personal income, rent costs, etc. Housing benefits to pensioners are exempt from tax in all of the Nordic countries except Iceland.

Denmark
The benefit is also available to pensioners who own their own house or flat. However, since 1 July 2008 it has only been available in the form of a loan. The Pensions Act states that a heating supplement may be granted to help cover heating costs. Housing benefit is payable to both retirement and disability pensioners awarded disability pension before 2003 under the old system. For disability pensioners awarded disability pension after 2003 the housing benefit is not payable. Pensioners who have been allocated special accommodation for elderly people by local authorities receive housing benefits on particularly favourable terms.

Finland
Housing benefits may be granted on the grounds of age or when the individual in question becomes entitled to a pension. They are payable to pensioners with low incomes, regardless of whether they live in their own home or in rented accommodation. The costs of heating and water, if they are not included in the rent, are also taken into consideration. Location and family size determine the extent of the costs that can be covered per year. Since 2008, housing benefits to pensioners have been considered separate benefits in their own right – in other words, they are no longer part of the basic pension.

Iceland
A supplement to the basic pension is payable to people living alone. The benefit is not directly linked to rent costs, but mainly granted to pensioners who live alone and have low incomes.

Norway
All recipients of pensions or social insurance are entitled to housing benefits.

Sweden
Housing benefits are payable to retirement pensioners, recipients of sickness and activity benefits, and recipients of survivor's pensions who have low personal incomes. Housing benefits are subject to national rules.

Table 7.3 Pensioners drawing housing benefits at year-end, 2000-2015

	Denmark[1]	Finland	Norway[2]	Sweden[3]
2000				
Single pensioners	269 161	139 451	78 547	..
Pensioner couples	61 577	13 013	4 271	..
Total number of households	330 738	152 464	82 818	..
Total number of pensioners	..	163 223	..	458 337
Total number of pensioners, % of all pensioners	..	..	..	..
2005				
Single pensioners	278 466	150 141	72 404	..
Pensioner couples	57 918	12 043	2 664	..
Total number of households	336 384	162 184	75 068	..
Total number of pensioners	..	171 643	..	429 533
Total number of pensioners, % of all pensioners	..	14.4	..	..
2010				
Single pensioners	280 573	161 468	62 996	231 240
Pensioner couples	53 231	10 970	2 547	13 807
Total number of households	333 804	172 438	65 543	245 047
Total number of pensioners	..	179 319	..	382 698
Total number of pensioners, % of all pensioners	..	14.2	..	..
2014				
Single pensioners	276 811	174 402	45 815	256 532[4]
Pensioner couples	51 211	10 532	2 306	27 154[4]
Total number of households	328 022	184 934	48 121	270 109[4]
Total number of pensioners	..	191 401	..	411 990[5] /283 686
Total number of pensioners, % of all pensioners	..	14.3	..	13.5[4]
2015				
Single pensioners	275 558	180 525	37 480	..
Pensioner couples	51 060	10 482	2 175	..
Total number of households	326 618	191 007	39 655	..
Total number of pensioners	..	197 870	..	..
Total number of pensioners, % of all pensioners	..	13.7	..	..

Source: DK, Statistic Denmark; FI, the Social Insurance Institution of Finland; NO, Statistic Norway; SV, the Swedish Social Insurance Agency

1 As from 2003, includes new disability pensioners drawing housing benefits according to the new rules set out in the disability pension reform of 1 January 2003. Calculations made in April
2 Retirement and disability pensioners
3 Includes 135 976 people drawing sickness and activity benefit in 2005; 138 232 in 2007; 137 475 in 2009; 127 214 in 2010; 122 847 in 2011 and 117 440 in 2012
4 Pensioners only
5 Includes people receiving sickness and activity benefit

Table 7.4 Average housing benefits per month to pensioners, 2015

	Denmark[1]	Finland	Norway[2]	Sweden
Average housing benefits per month to single pensioners				
- National currency	2 812	231	1 521	2 558
- PPS[3]	286	189	118	213
Average housing benefits per month to married or cohabiting pensioners				
- National currency	2 272	134	2 499	1 511
- PPS[3]	231	109	194	126

Source: DK, the Ministry of Children, Gender Equality, Integration and Social Affairs; FI, the Social Insurance Institution of Finland; NO, Statistic Norway; SV, Swedish Pensions Agency

1 January 2014 (law model calculation, 3.3 per cent sample). Couples estimated as household with more than one adult. Includes old-age/disability pensioners
2 December
3 See chapter 1 and appendix 1 for definition of PPS

Expenditure on and financing of housing benefit

Differences and similarities in social expenditure on housing benefits

There are distinct differences in the amount each country spends on housing benefits. Measured in PPS per capita, Iceland spends the most, Norway the least. In Denmark, Finland and Sweden, housing benefits are primarily paid to pensioners with low incomes, but particularly in Sweden, there are many single providers with low incomes in receipt of housing benefits. In Finland, housing benefits have since 2008 been payable as a separate benefit, which means that they no longer form part of the basic pension.

Changes in social expenditure on housing benefits from 2013 to 2014

Denmark
Expenditure on housing benefits increased from 2013 to 2014 by DKK 3.5 per cent.

Finland
Expenditure on housing increased by 7.9 per cent at constant prices. The increase was mainly due to an increase in both the number of households drawing benefits and the level of general housing benefits.

Iceland
Expenditure on housing benefits increased by 2.1 per cent in 2014 prices.

Norway
Expenditure on housing benefits decreased by 3.9 per cent at constant prices.

Sweden

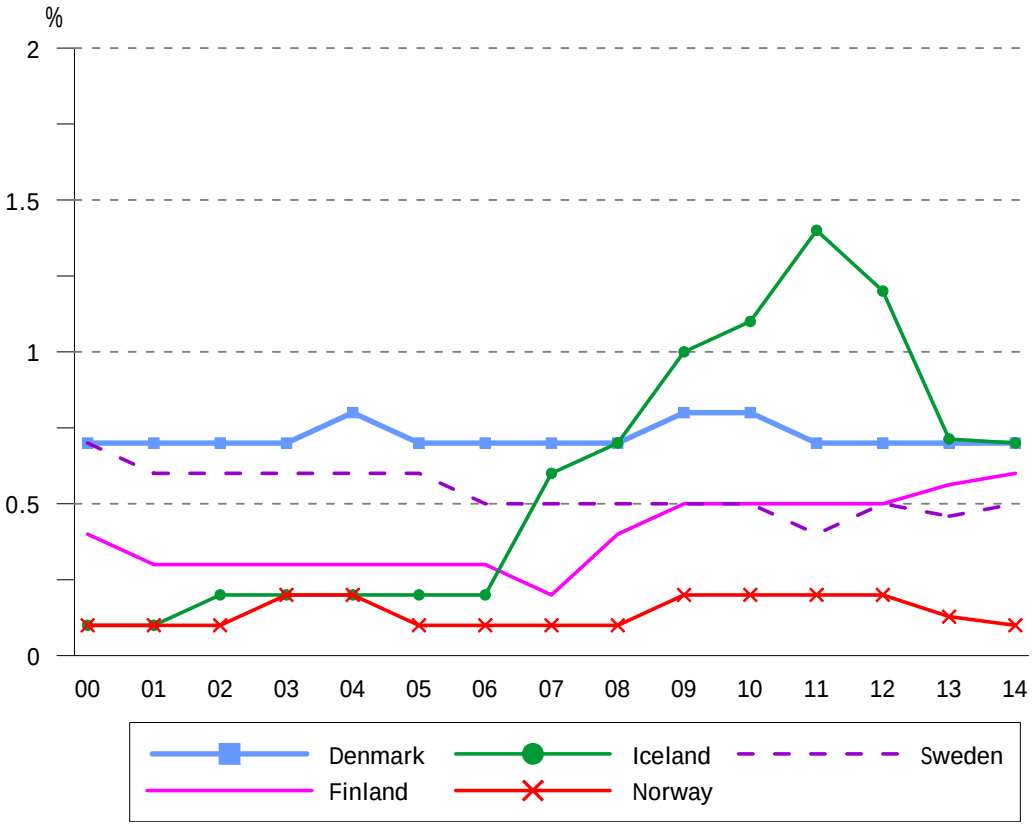
Expenditure on housing benefits increased by 5.2 per cent at constant prices in 2014. Expenditure on elderly people increased by 3.3 per cent, and on families by 6.8 per cent.

Table 7.5 Expenditure on and financing of housing benefit, 2014, in national currency

	Denmark	Finland	Iceland	Norway	Sweden
Services, million					
A. Housing benefits to people in rented housing	13 830	1 197	13 969	3 603	18 291
a. Of whom elderly people	9 618	478	5 506	262	8 493
B. Housing benefits to home-owners	-	43	-	319	-
a. Of whom elderly people	-	20	8 463	81	-
Services, total	13 830	1 240	13 969	3 922	18 291
Total expenditure, million	13 830	1 240	13 969	3 922	18 291
Total expenditure per capita, PPS	244	183	231	61	159
Expenditure as % of GDP	0.7	0.6	0.7	0.1	0.5
Financed by (%)					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	-	-	-	100.0	-
- The insured (contributions and special taxes)	-	-	-	100.0	-
Changes 2013-2014 in terms of 2014 prices					
- Million	463	91	282	-159	898
- %	3.5	7.9	2.1	-3.9	5.2

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

Figure 7.2 Expenditure on and financing of housing benefit as % of GDP, 2000-2014



Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

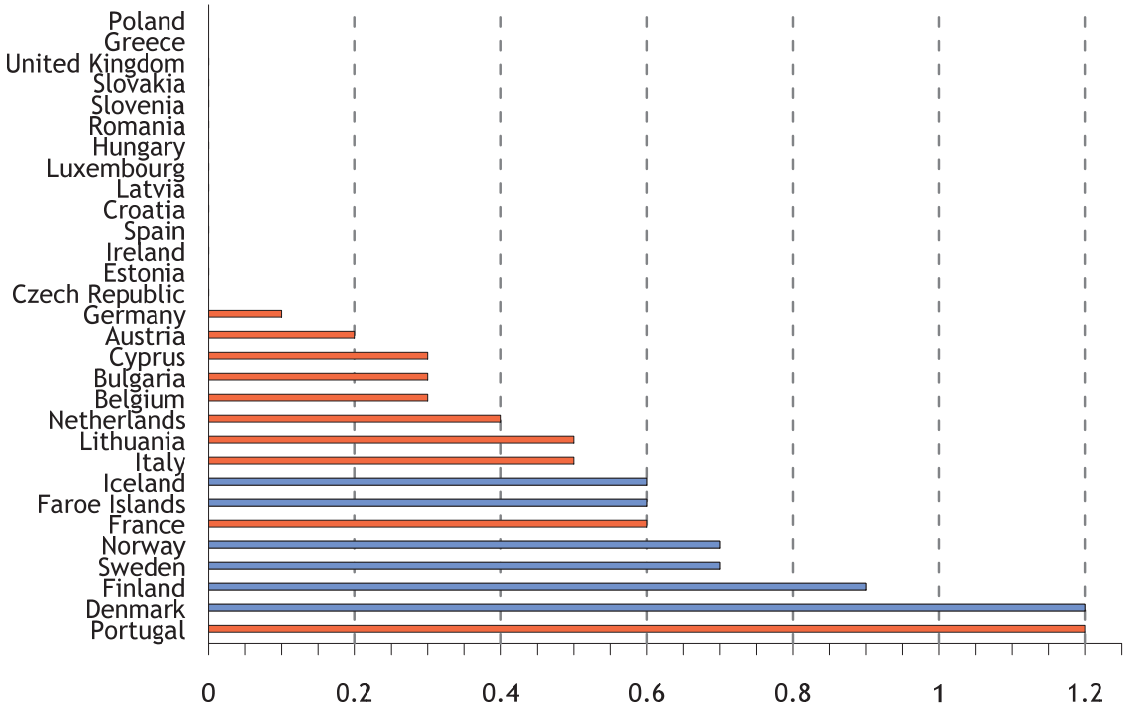
Chapter 8

Other social benefits

This chapter describes the rules applying to financial social assistance and other benefits not described elsewhere, as well as the number of recipients in different population groups.

The previous chapters described social benefits granted in connection with defined circumstances and target groups. However, in a number of cases, circumstances arise that are not covered by the previous chapters. It is difficult to compare the extent of these benefits in relation to both the EU and the Nordic countries.

Figure 8.1 Expenditure on other social purposes as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013[1]



Source: EUROSTAT: Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

1 Figures for Denmark, Faroe Islands, Finland, Iceland, Norway and Sweden; own calculation

Special circumstances in the various countries

In all the Nordic countries, financial social assistance falls under special legislation. In the event that employers go into liquidation, special guarantee funds cover wages and salaries.

"Other social benefits" includes a number of special benefits, e.g. support toward the payment of relocation costs in Denmark, support for servicemen in Finland, assistance to nationals living abroad, and support toward payment of non-recurrent expenses.

Denmark
Non-insured unemployed people who do not qualify for unemployment benefits may, under certain circumstances, be entitled to financial social assistance in the event of unemployment.

Faroe Islands
Non-insured unemployed people who do not qualify for unemployment benefits may, under certain circumstances, be entitled to financial social assistance in the event of unemployment.

Finland
Non-insured unemployed people are entitled to a special benefit under the labour market legislation – and often also to supplementary financial social assistance.

Iceland
Non-insured unemployed people who do not qualify for unemployment benefits may, under certain circumstances, be entitled to financial social assistance in the event of unemployment.

Norway
Unemployment insurance is compulsory, which means that everyone who becomes unemployed and has complied with the previous income requirement is entitled to unemployment benefits (see Chapter 4).

Sweden
Under the labour market legislation, non-insured unemployed people are entitled to a special benefit – and, often, also to supplementary financial social assistance.

Cash benefits

Financial social assistance

In all of the Nordic countries, financial social assistance may be granted when all other support options in connection with loss of income or other circumstances have been excluded. This form of means-tested assistance is the last resort available to the social security systems. It serves either as a substitute for other sources of income, or as a supplement to very low personal incomes. Financial social assistance may also be granted in connection with, e.g. dental or medical treatment, spectacles, assistive devices in the home and relocation costs.

Assistance for other purposes is awarded and granted according to need, in order to meet living costs.

Denmark

The level of financial social assistance is determined by household income and is subject to tax. The amount of the financial social assistance (cash assistance) depends, among other things, on the recipient's age and any obligation to provide for children. For recipients under the age of 30, the amount of the cash assistance also depends on their level of education.

Wealth and income also affects cash assistance. The individual concerned cannot be awarded cash assistance if they or their spouse have any assets. However, the local authorities disregard amounts of up to DKK 10 000 per person. It is possible to be awarded cash assistance in the event of, e.g. absence due to sickness, unemployment or dissolution of cohabitation. However, if an individual applies for cash assistance solely on the grounds of unemployment, they must also be available for work. This means that they are obliged to turn up for interviews arranged by the local authorities; that they accept a reasonable offer of activation or work provided by the local authorities; and that they actively seek employment. If an individual is not available to work, the local authorities apply various sanctions that reduce cash assistance.

Faroe Islands

Financial social assistance is subject to tax. Assistance provided under the Welfare Act is either temporary or permanent. Temporary assistance is provided in the event of absence due to sickness, divorce or lack of job opportunities. Permanent assistance is granted to people who are not entitled to benefits under the Pension Act but have a permanent need for support to maintain themselves and their families.

Temporary assistance is granted depending on age, form of cohabitation and maintenance obligation, as a percentage of the sickness benefit. Single people with a maintenance obligation are granted the highest benefit (90 per cent of sickness benefit), while those under 25 living with their parent(s) are granted the lowest benefit (13 per cent of sickness benefit). Permanent assistance is granted at an amount corresponding to 60 per cent of sickness benefit.

Finland

The level of financial social assistance is determined by household income, and is a tax-exempt net benefit. The national government fixes the basic amount of financial social assistance annually, but the local authorities are responsible for payments. Cash assistance may be payable in the event that the payment of other benefits is delayed. The local authorities may also grant preventive financial social assistance in order to help people cope with income difficulties. In the event that a recipient repeatedly refuses to accept a job offer or training, the financial social assistance may be reduced by 20–40 per cent.

Iceland

The level of financial social assistance is determined by household income. The assistance is taxable. The local authorities are obliged to pay financial social assistance to

people unable to provide for themselves, i.e. those whose income falls below a certain level. The Ministry of Welfare has drawn up guidelines for what should be taken into consideration in connection with this award, but the basic amount is not fixed by the national government.

Norway

The level of financial social assistance is determined by household income and is a tax-exempt net benefit. The government has drawn up recommended guidelines for awarding support, including current expenditure on daily maintenance costs. These guidelines are a recommended starting point for local authorities' calculations, which take into account the applicants' incomes and financial rights, as well as their essential day-to-day expenses. No upper limit is placed on the amount of the assistance, which may also take the form of a loan. In special cases, the social authorities may grant financial assistance to those who need help with overcoming or adapting to difficult circumstances, but who would otherwise not qualify for financial social assistance.

People drawing financial social assistance may be required to meet a number of conditions. The primary purpose of these conditions is to help the recipients improve their situation, and thereby provide for themselves, by applying for relevant jobs and participating in guidance meetings, vocational courses and/or training and retraining measures, etc. Under the Act on Social Services in the Labour and Welfare Administration, people of working age with a considerably reduced capacity to work are entitled to participate in a qualification programme and receive a qualification benefit.

Entitlement to the qualification programme presupposes that the individual concerned is not entitled to benefits under the Social Security Act or the Labour Market Act. In other words, the primary target group consists of people for whom financial social assistance is their main source of income. The benefit is not income-adjusted. The qualification benefit is taxable and amounts to twice the basic amount of the *Folketrygden*[1] annually for people over 25 years. People under 25 receive two-thirds of the full amount. The benefit is adjusted annually. A child allowance may be awarded as a supplement per working day. Participation in a qualification programme may be planned for up to one year, with an option to extend for one year. In special cases, a further extension of six months may be granted. The programme must be full time and individually tailored. It may include motivation, training, treatment and other measures aimed at qualifying participants for working life.

Sweden

The level of financial social assistance is determined by household income and is a tax-exempt net benefit. Financial social assistance, known as "financial assistance", serves two purposes – it must guarantee a family a reasonable financial standard of living; and it must be preventive and rehabilitative. Local authorities usually offer unemployed recipients measures intended to prepare them for work. Those who are fit for employment but who do not apply for or accept offers of work, etc., will often

[1] See the explanation of the basic amount in Appendix 2: Norway.

lose their entitlement to assistance. Every year, central government sets national standards for subsistence expenses, e.g. food, clothing and consumer goods, and often rent and transport.

In calculating the amount of the financial assistance, a recipient's total income is taken into consideration, including any maintenance allowance, child allowance, housing benefit, etc. If, for instance, the housing benefit increases by SEK 200 per month, the amount of financial assistance will be reduced accordingly. As in Norway, there is no upper limit, and financial assistance may also be granted on a loan basis, e.g. if a recipient expects to be in receipt of income that makes it possible to repay the assistance provided.

Table 8.1 Rules applying to financial social assistance, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
National terminology	Kontant-hjælp	Forsorgar-hjálp	Utkomst-stöd		Økonomisk sosialhjelp	Ekonomiskt bistånd
Payable as a fixed amount in the entire country?	Yes	Yes	Yes[3]	No[4]	No[5]	No[6]
Calculated individually by local authorities?	No	No	Yes	Yes	Yes	Yes
Affected by housing costs?	No[1]	No	Yes	No	Yes	Yes
Taxable?	Yes	Yes	No	Yes	No	No
Payable as a supplement to other social benefits?	Yes	No	Yes	Yes	Yes	Yes
Payable as a supplement to income from work?	No[2]	Yes	Yes	Yes	Yes	Yes

Source: DK, Ministry of Employment; FO, Ministry of Social Affairs; FI, the Ministry of Social Affairs and Health; IS, Statistics Iceland; SV, the National Board of Health and Welfare

1 The amount of the cash benefit does not depend on rent costs. Cash assistance recipients with high net costs for rent are granted a special allowance, e.g. when the rent, following deduction of housing benefits, exceeds the fixed amount limits
2 Financial social assistance (cash assistance) cannot generally be granted to supplement low income from work. Rather, it is awarded in response to a life event, e.g. unemployment or dissolution of marriage or cohabitation
3 Each year, a "national standard" is set that local authorities apply when calculating financial social assistance, cf. the text above. Local authorities may also award so-called preventive financial social assistance on an individual basis
4 In 2015, in Reykjavik, the maximum amount for single people aged over 18 was ISK 174 952; for cohabiting couples, ISK 262 427
5 The government has drawn up recommended guidelines that form the basis for local authorities' calculations
6 National government sets a national standard each year for common subsistence expenses. In addition, individuals may be granted financial social assistance toward the payment of reasonable rent costs and certain other expenses

Equivalent disposable income and compensation rate when drawing financial social assistance

Tables 8.3-8.6 show the compensation rates for different family types when drawing financial social assistance. The rates are shown as a percentage of income from work at different income levels, after tax, payments for day-care and rent costs.

Table 8.2 Compensation rate after tax and rent costs for a single childless person when drawing financial social assistance, % of disposable income from work, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%	84	49	50	24	8	45
AW 75%	50	35	33	18	4	26
AW 100%	36	27	25	14	3	19
AW 125%	28	22	20	11	2	15

Table 8.3 Compensation rate after tax, payment of day-care and rent costs for a single parent with one child when drawing financial social assistance, % of disposable income from work, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%	70	41	66	53	51	50
AW 75%	79	31	57	41	29	36
AW 100%	65	27	45	34	20	27
AW 125%	53	22	37	30	15	22

Table 8.4 Compensation rate after tax and payment of rent for a couple without children when drawing financial social assistance, % of disposable income from work, 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%; AW 75%	57	33	28	25	14	21
AW 75%; AW 100%	39	25	21	19	10	16
AW 100%; AW 125%	30	20	17	15	8	13

Table 8.5 Compensation rate after tax, payment of day-care and rent costs for a couple with two children when drawing financial social assistance, % of disposable income from work, 2015

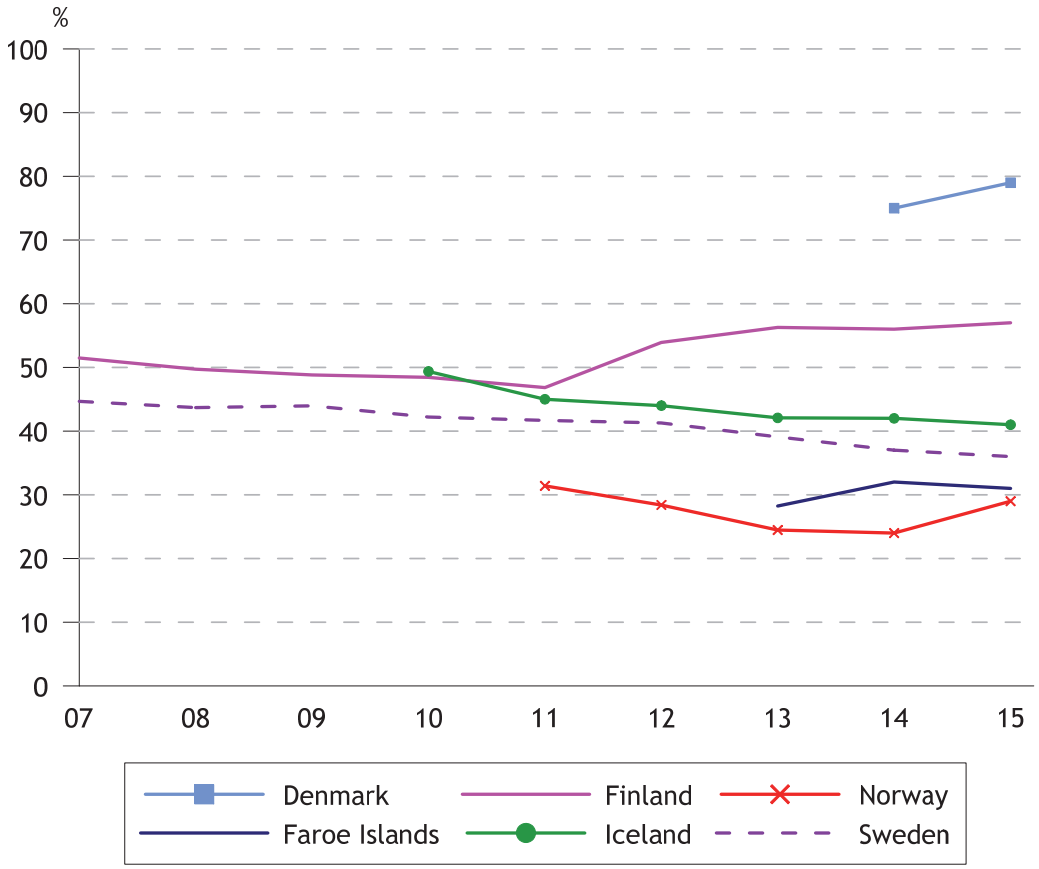
	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
AW 50%; AW 75%	127	46	54	31	28	40
AW 75%; AW 100%	87	34	40	24	18	27
AW 100%; AW 125%	66	27	31	19	14	22

The compensation rate differs significantly between the countries. It is highest in Denmark and lowest in Norway. It should be noted, however, that it is only in Denmark, the Faroe Islands and Iceland that non-insured people receive financial social assistance in the event of unemployment. In principle, everyone in Norway is insured

in the event of unemployment (see Chapter 4). However, the compensation rates shown are for someone who is not insured against unemployment. In Finland and Sweden, non-insured people receive a special benefit that can be supplemented by financial social assistance. However, the tables show people receiving only financial social assistance. In all of the countries, the compensation rate decreases with an increasing AW.

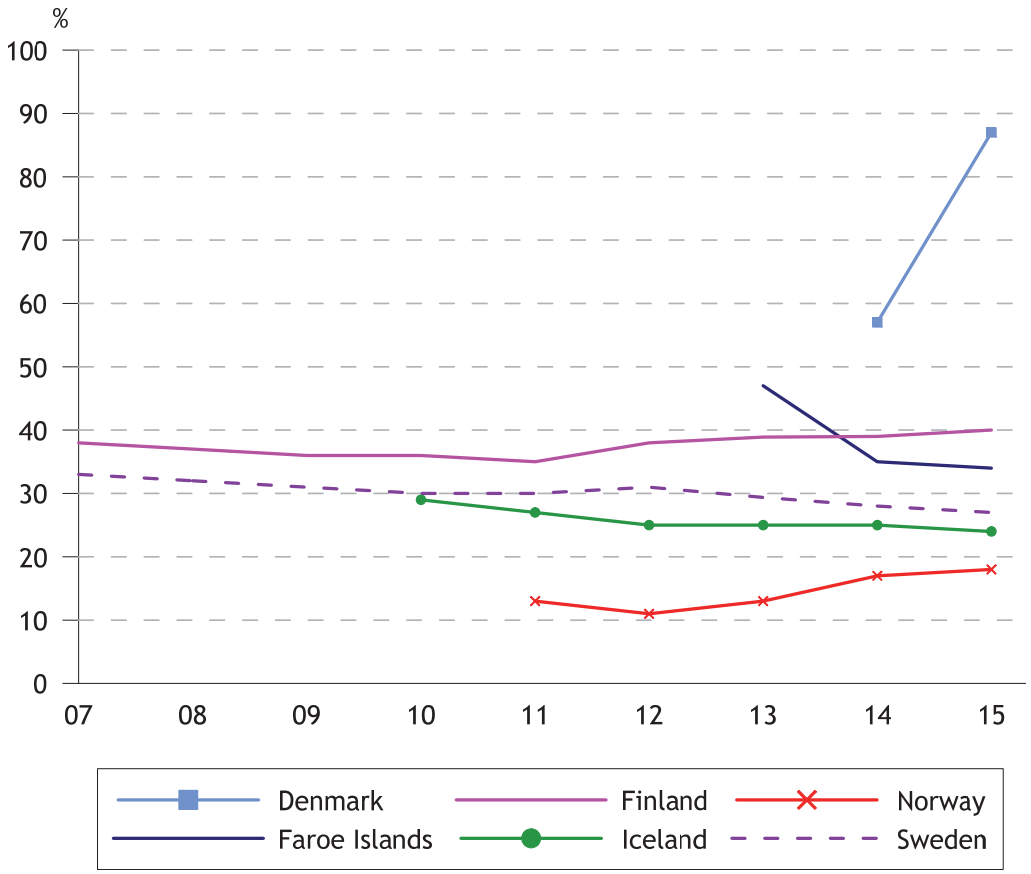
Figures 8.2 and 8.3 illustrate the compensation rates in recent years.

Figure 8.2 Compensation rate for a single parent with one child when drawing financial social assistance, AW 75%, 2007-2015



1 AW 75 per cent is used as a norm for single people when illustrating compensation rates in this book. See the section on income distribution in Chapter 2

Figure 8.3 Compensation rate for a couple with two children when both adults draw financial social assistance, AW 75/100%, 2007-2015



1 AW 75 per cent/AW 100 per cent is used as a norm for couples when illustrating compensation rates in this book. See the section on income distribution in Chapter 2

Table 8.6 Equivalent monthly disposable income after tax, payment of day-care and rent costs when drawing financial social assistance, December 2015

	Denmark[1]	Faroe Islands	Finland	Iceland	Norway	Sweden
National currency						
Single person with no children	5 872	4 430	486	56 758	637	3 880
Single parent with one child	9 119	3 759	646	112 518	3 326	4 400
Couples with no children	8 089	4 806	550	91 814	3 193	4 240
Couples with two children	12 383	4 792	673	81 661	3 593	5 214
PPS[2]						
Single person with no children	597	450	397	304	50	324
Single parent with one child	926	382	529	603	259	367
Couples with no children	822	488	450	492	248	354
Couples with two children	1 258	487	551	438	279	435

1 The benefit is the same as for non-insured unemployed people. However, in this calculation, rent is included as an expense
2 See Chapter 1 and Appendix 1 for definition of PPS

Table 8.6 shows the equivalent disposable income when drawing financial social assistance, broken down by family type, and after deduction of tax, payment for day-care and rent. The amount that singles and couples receive in financial social assistance varies somewhat between the Nordic countries – it is highest in Denmark and lowest in Norway. In most countries, households with children have a higher equivalent disposable income than those without children. However, the situation is reversed in the Faroe Islands and for couples in Iceland.

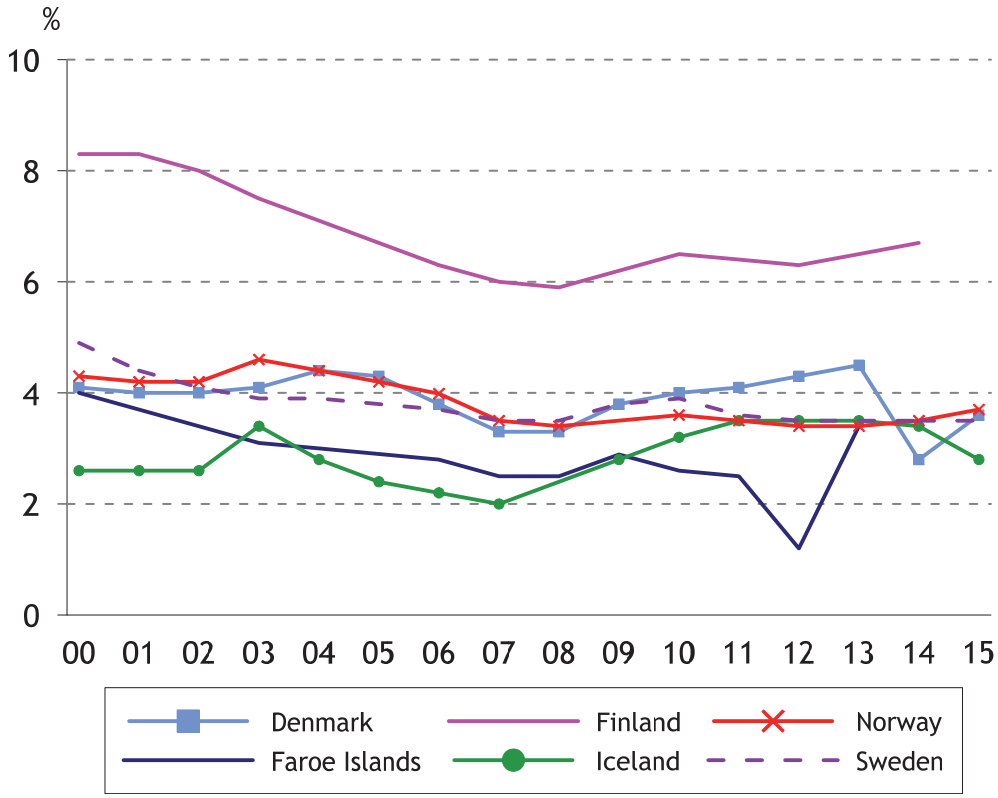
Table 8.7 People drawing financial social assistance during the year, in thousands and as % of the population of the entitled age group[1]

	Denmark[2]	Faroe Islands	Finland	Iceland	Norway	Sweden[3]
	2015	2013	2014	2015	2015	2015
Thousands	129	1	293	7	150	273
% of the population aged 16/18 or over	3.6	3.4	6.7	2.8	3.7	3.5

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Calculations based on all people aged 18 and over. Children are not included. Married couples drawing financial social assistance payable in one person's name count as two individuals. In Sweden and Iceland, children over 18 living at home also count as assistance recipients
2 The cash assistance reform that came into effect on 1 January 2014 means there is a gap in the data between 2013 and 2014, as young people under the age of 30 with no education are granted education assistance corresponding to the State Education Grant
3 Includes refugees

Figure 8.4 People drawing financial social assistance during the year, % of the population aged 16/18 or over, 2000-2015[1, 2]



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); NO, Statistics Norway

1 Calculations based on all people aged 18 or over. Children are not included. Married couples drawing financial social assistance payable in one person's name count as two individuals. In Sweden and Iceland, children over 18 living at home also count as assistance recipients. The Swedish figures include refugees

2 In Denmark, the cash assistance reform that came into effect on 1 January 2014 means there is a gap in the data between 2013 and 2014, as young people under the age of 30 with no education are granted education assistance corresponding to the State Education Grant

Table 8.8 Number of individuals aged 16/18 or over drawing financial social assistance, in total and as % of the population at the time of calculation, 2000-2015

	Denmark[1]	Faroe Islands[2]	Finland[2]	Iceland[3]	Norway	Sweden[4, 5]
Total						
2000	..	430	147 824	1 841	63 732	..
2005	..	447	124 882	1 794	68 843	135 565
2010	87 250	429	137 410	2 608	59 134	163 686
2014	76 489	..	144 984	3 332	65 731	150 267
2015	77 474	504	..	2 873	67 119	148 218
As % of the population aged 16/18 or over						
2000	..	1.3	3.7	0.9	1.9	..
2005	..	1.3	3.0	0.8	1.9	1.9
2010	2.0	1.2	3.2	1.1	1.6	2.2
2014	1.7	..	3.3	1.3	1.6	1.9
2015	2.1	1.7	..	1.1	1.6	1.9

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL), IS, Statistics Iceland; NO, Statistics Norway; SV the National Board of Health and Welfare

1 The cash assistance reform that came into effect on 1 January 2014 means there is a gap in the data between 2013 and 2014, as young people under the age of 30 with no education are granted education assistance corresponding to the State Education Grant
2 Data calculated in November
3 Average number of individuals in households receiving financial social assistance per month
4 People over 18 in households receiving financial social assistance and drawing assistance in November. Between 1993 and 2011, the introduction benefit was included in the statistics on financial assistance under the Act on introduction benefits to refugees and certain foreigners. As of 2012, the financial assistance is exclusive of introduction benefits
5 Due to missing data, the figures for 2014 do not include the following local authorities: Botkyrka, Högsby and Lycksele

Table 8.9 People drawing financial social assistance during the year, by age, in total and as % of age group, 2015

	Recipients	Recipients as % of the age group				
	Total	18-24	25-39	40-54	55-64	65+
Denmark						
Recipients	128 514	0.7	4.8	4.7	2.6	-
New	30 273	0.6	1.4	0.7	0.4	-
Faroe Islands						
Recipients	..	..	..	..	..	..
New	..	..	..	..	..	..
Finland[1]						
Recipients	292 667	15.5	9.2	7.0	4.8	1.5
New	82 943	5.4	2.4	1.6	1.2	0.7
Iceland						
Recipients	7 054	4.9	4.4	2.4	1.4	0.6
New	3 217	2.3	1.9	1.2	0.6	0.3
Norway[2]						
Recipients	149 553	5.9	5.8	4.0	2.1	0.5
New	55 662	2.8	2.2	1.3	0.7	0.2
Sweden						
Recipients	272 611	7.3	5.1	3.7	2.6	0.5
New	85 491	2.4	1.7	1.0	0.6	0.3

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 2014
2 New accessions include only people with a complete personal identification number

Table 8.10 Families drawing financial social assistance during the year, % of all families, by type of family

	Denmark[1]	Finland	Iceland	Norway	Sweden[2]
	2015	2014	2015	2015	2015
Families by type (%)					
Single men	6.0	14.1	15.2	6.6	9.3
- with children	3.8	17.4	16.3	5.7	20.8
- without children	6.2	14.1	15.1	6.6	6.8
Single women	4.7	10.6	13.5	5.4	8.8
- with children	16.4	26.5	26.0	14.4	7.9
- without children	2.8	8.7	8.2	3.8	8.9
Married/cohabiting couples	2.5	3.1	0.0	1.5	1.9
- with children	3.5	5.0	0.1	2.1	2.7
- without children	1.5	2.1	0.0	1.0	1.0
Total	4.0	8.4	5.4	3.8	5.6
- with children	5.5	9.2	4.6	4.2	..
- without children	3.5	8.2	6.0	3.6	..

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL), IS, Statistics Iceland; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 The cash assistance reform that came into effect on 1 January 2014 means there is a gap in the data between 2013 and 2014, as young people under the age of 30 with no education are granted education assistance corresponding to the State Education Grant
2 Only households in which the registered person is aged between 18 and 64. The total number of households is an estimate.

Table 8.11 Number of recipients still drawing financial social assistance after five and ten years

	Denmark	Faroe Islands	Finland[1]	Norway	Sweden
Recipients of financial social assistance in 2009, who still drew financial social assistance in 2014	28 610	..	24 213	43 419	..
% of 2009 recipients in 2014	20	..	9.6	34.1	..
Recipients of financial social assistance in 2004, who still drew financial social assistance in 2014	9 861	..	13 788	29 369	..
% of 2004 recipients in 2014	7	..	5.4	23.1	..

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); FO, Ministry of Social Affairs; NO, Statistics Norway; SV, the National Board of Health and Welfare

1 Number of households (not persons) that drew financial social assistance for 11 or more months in a year (11-12 months)

Assistance to refugees in the Nordic countries

The five Nordic states have all acceded to the Geneva Convention on the Right to Political Asylum/Refugee Status for people who, for reasons of race, nationality, political views or special social affiliation, are persecuted in their home countries. Refugees may also be granted residence permits in the Nordic countries on humanitarian grounds. In addition, in all of the Nordic countries, people who are granted asylum may also be granted residence permits for their close relatives, for the purpose of reunifying families.

All of the Nordic countries have established a social safety net, and a number of measures for the integration of refugees have been implemented. However, the rules vary considerably from one country to another.

Denmark

Asylum-seekers receive board and lodging at an asylum centre, plus pocket money during their stay. The local authorities handle integration activities in relation to newly arrived refugees and other foreigners, who are obliged to participate in a three-year integration programme comprising courses in the Danish language and society, as well as a range of active measures aimed at preparing for working life. Foreigners covered by the integration programme are entitled to cash assistance. The national government reimburses 50 per cent of the local authorities' expenditure on cash assistance during the three-year integration programme, and also provides a number of supplements that help to cover the local authorities' expenditure.

Faroe Islands

The Danish Aliens Act provides the framework for refugee policy. The Danish immigration authorities, in co-operation with the Faroese authorities, make decisions regarding asylum and residence permits in the Faroe Islands. However, such cases are very rare. Until recently, there had been gaps of years between applications for asylum or residence permits on humanitarian grounds.

Finland

Asylum-seekers must be accommodated in a refugee centre. During the application process, the applicants' basic needs are met, e.g. accommodation, financial social assistance and health services. Interpreting services and legal aid, as well as a number of courses, may also be provided in connection with the application procedure. After three months, applicants are entitled to work outside of the centre. Asylum-seekers may also try to find their own accommodation, in which case no financial assistance is provided.

Asylum-seekers receive less financial social assistance than those resident in the country, as they are provided with a number of services in the centre. Financial social assistance is exempt from tax. If an asylum-seeker is in need of a language course, the amount payable may be reduced by 20 per cent. Asylum-seekers are not insured in the event of absence due to sickness, nor are they entitled to child supplements or housing benefits. The national government covers part of the local authorities' expenditure, and may reimburse expenditure on, e.g. interpreting services.

Iceland
Refugees are granted financial social assistance from the moment they are received into the country. The national government covers the costs of the first 12 months.

Norway
Asylum-seekers and refugees who have been received in a government reception centre are granted a maintenance allowance according to special rules. For individuals who are denied asylum, the allowance is reduced. During their stay at the reception centre, asylum-seekers may also take a course (max. 250 hours) in the Norwegian language. The scheme does not apply to people over 18 who are covered by the Dublin procedure, i.e. those who are sent back to the first country of asylum to have their asylum case dealt with there. Central government will, to a reasonable extent, cover the average extra costs that local authorities pay for housing and for the integration of refugees and people who have been granted residence permits on humanitarian grounds for the first five years of their stay. Financial social assistance to refugees, like all other forms of financial social assistance, is awarded under the Act on Social Services and Benefits in the Labour and Welfare Administration.

Newly arrived refugees, people who have been granted residence permits on humanitarian grounds and members of reunified families who are in need of basic qualifications are entitled and obliged to partake in an individually tailored activation programme lasting up to two years. The programme runs for at least one year on a full-time basis. Participants are entitled to a benefit that is twice the basic amount provided by *Folketrygden*.[2] Participants under 25 receive two-thirds of this benefit amount. The benefit is taxable. The programme comprises courses in the Norwegian language and society, as well as other measures preparing immigrants for further training or working life. Supplementary financial social assistance may also be awarded according to the current rules.

Sweden
The Act on Establishment Measures applies to newcomers of working age, as well as orphan newcomers aged 18–19. When newcomers arrive, the local authority job centre arranges a meeting with them to draw up an establishment plan. The plan, which runs for max. 24 months, describes the activities in which the newcomer must participate in order to find employment as quickly as possible. The newcomers also choose one of several "establishment contacts" provided by the job centre. During the period in which the establishment plan is drawn up, benefits amount to SEK 231 per day, five days a week. This increases to SEK 308 when the newcomers participate in the activities outlined in the plan.

Central government pays the establishment benefit. Newcomers are awarded the same benefit irrespective of where in the country they reside. In some cases, the establishment benefit may be supplemented by further benefits. The job centre sets the amount of the establishment benefit, which is paid by the social insurance fund. Supplementary benefits are set and paid by the Swedish Social Insurance Agency.

[2] See the explanation of the basic amount in Appendix 2: Norway.

The local authorities bear the bulk of the responsibility for establishing newcomers, and as such they are reimbursed by central government. The local authorities are paid both a basic benefit and a standard benefit, in order to cover expenditure on housing, integration and interpreting.

At present, most of the asylum-seekers or refugees received in the Nordic countries are people who arrive at the borders applying for asylum. The statistics include those from this group whose applications for asylum have been approved, as well as conventional refugees.

Table 8.12 Number of refugees received who have been granted residence permits in the Nordic countries (excluding reunified families), 2000-2015

	Denmark	Finland[1]	Iceland	Norway[2]	Sweden
2000	5 156	1 167	31	6 800	10 546
2005	1 147	1 347	2	3 999	7 332
2010	2 124	2 534	10	6 831	12 241
2014	6 104	2 396	42	7 540	34 919
2015	10 861	2 929	100	9 696	36 462

Source: DK, Statistics Denmark; Fi, the Finnish Immigration Service; IS, the Directorate of Immigration; NO, Statistics Norway; SV, Ministry of Health and Social Affairs

1 Includes quota refugees, asylum-seekers whose applications for asylum have been approved, and asylum seekers who have been granted residence permits (including residence permits granted for humanitarian or subsidiary protection). Excludes reunified families
2 People who have been granted residence after having sought asylum, and transfer refugees (quota refugees) who are assumed to have entered the country

Table 8.13 Number of asylum seekers, 2000-2015

	Denmark	Finland	Iceland	Norway	Sweden
2000	12 200	3 170	25	10 843	16 303
2005	2 281	3 574	87	5 402	17 530
2010	5 115	4 018	44	10 064	31 819
2014	14 792	3 651	169	11 480	81 301
2015	21 351	32 476	351	.	162 877

Source: DK, Statistics Denmark; Fi, the Finnish Immigration Service; IS, the Directorate of Immigration; NO, Statistics Norway; SV, Ministry of Health and Social Affairs

Services

This section deals with services that are not aimed at any particular population group, e.g. those offered to substance abusers. Such services are provided both by the healthcare services and as part of the social assistance system.

In all of the Nordic countries, a number of services are provided that are not specifically aimed at any of the previously mentioned target groups. These may include unspecified services provided by the social authorities, crisis assistance, family counselling, women's refuges, re-establishment centres, and shelters for the homeless and others with special social problems who may be in need of temporary accommodation.

Treatment of alcohol and drug abuse

In all of the Nordic countries, special institutions provide treatment for those with alcohol- or drug-abuse problems. Some of these are privately owned institutions that have entered into agreements with the public authorities on covering their running costs. In all of the countries, the treatment is partly provided via the psychiatric treatment system.

Outpatient treatment is also provided. In some of the countries, efforts are made to ensure that the treatment involves the abuser's families and social networks.

Denmark, Finland Sweden
Compulsory treatment may be initiated if a substance abuser is deemed to be a danger to him-/herself or to people in his or her environment.

Norway
Substance abusers may be compulsorily admitted to an institution for up to three months for examination and planning of treatment. Those who are pregnant may also be compulsorily admitted to an institution and kept there during the entire pregnancy, if the abuse is considered likely to harm the child and other measures are deemed insufficient.

It is difficult to assess the number of substance abusers and the level of treatment provided for them, as it cannot be statistically separated from other somatic and psychiatric treatment.

Expenditure on and financing of other social benefits

Expenditure on other social benefits is highest in Norway and Denmark, lowest in the Faroe Islands (in PPS[3] per capita).

The relatively high expenditure in Denmark is a result of cash benefits being awarded to non-insured people who do not qualify for unemployment benefits. In Finland and Sweden, these individuals are awarded a labour market cash benefit that can, if necessary, be supplemented by financial social assistance. In Finland and Sweden, a large part of the expenditure on financial social assistance consists of supplementary benefits to unemployed individuals. In addition, the number of refugees and asylum seekers also plays a part – in all of the countries, they are awarded financial social assistance or some other income-substituting benefit. There are also differences between the countries in terms of whether abusers are treated in special institutions or in standard somatic and psychiatric treatment systems.

[3] See Chapter 1 and Appendix 1 for definition of PPS.

Changes in expenditure on other social benefits, 2013 to 2014

Denmark
Expenditure increased from 2012 to 2013 by DKK 4 563bn, corresponding to a growth rate of 20.7 per cent. The increase is mainly due to an increase in cash benefits.

Faroe Islands
The expenditure on other social benefits increased by 6.3 per cent from 2013 to 2014 at constant prices, corresponding to DKK 6mn. This can largely be attributed to an increase in cash benefits.

Finland
Expenditure on other social benefits increased by 0.6 per cent at constant prices. Total expenditure on cash benefits decreased by 0.8 per cent. Expenditure on services increased by 2.3 per cent.

Island
Expenditure on other social benefits increased by 3.4 per cent from 2013 to 2014 at constant prices. Expenditure on cash benefits increased by 2.6 per cent, and expenditure on services increased by 4.0 per cent.

Norway
Expenditure on other social benefits increased by 3.2 per cent from 2013 to 2014 at constant prices. Expenditure on cash benefits and also on services increased by 3.2 per cent. Expenditure on services amounted to 57 per cent of total expenditure.

Sweden
Expenditure on other social benefits increased by 10.8 per cent. Cash benefits increased by 2.7 per cent, and expenditure on care increased by 18.8 per cent. Most of the increase can be attributed to expenditure on institutions.

Table 8.14 Expenditure on and financing of other social benefits, 2014, in national currency

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, million						
A. Income-substituting/ supplementing benefits	13 751	82	722	5 534	8 435	10 788
a. Of which financial social assistance	-	50	704	4 756	5 872	10 788
B. Other assistance	7 465	-	192	544	1 107	1 047
Cash benefits, total	21 217	82	914	6 078	9 245	11 835
Services, million						
A. Institutions, etc.	1 115	5	162	-	395	-
B. Rehabilitation and treatment of abusers	1 409	11	219	1 084	6 630	7 067
C. Other	2 865	2	550	6 493	5 202	6 448
Services, total	5 389	18	931	7 577	12 227	13 515
Total expenditure, million	26 605	100	1 845	13 655	21 769	29 817
Expenditure as % of GDP	1.4	0.6	0.9	0.7	0.7	0.8
Financed by (%)						
- Public authorities	98.0	100	98.1	78.9	98.1	100.0
- Employers	2.0	-	1.9	18.1	1.0	-
- The insured (contributions and special taxes)	-	-	-	3.0	0.8	-
Changes 2013-2014 in terms of 2014 prices						
- Million	4 563	6	13	446	282	2916
- %	20.7	6.3	0.7	3.4	1.3	10.8

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

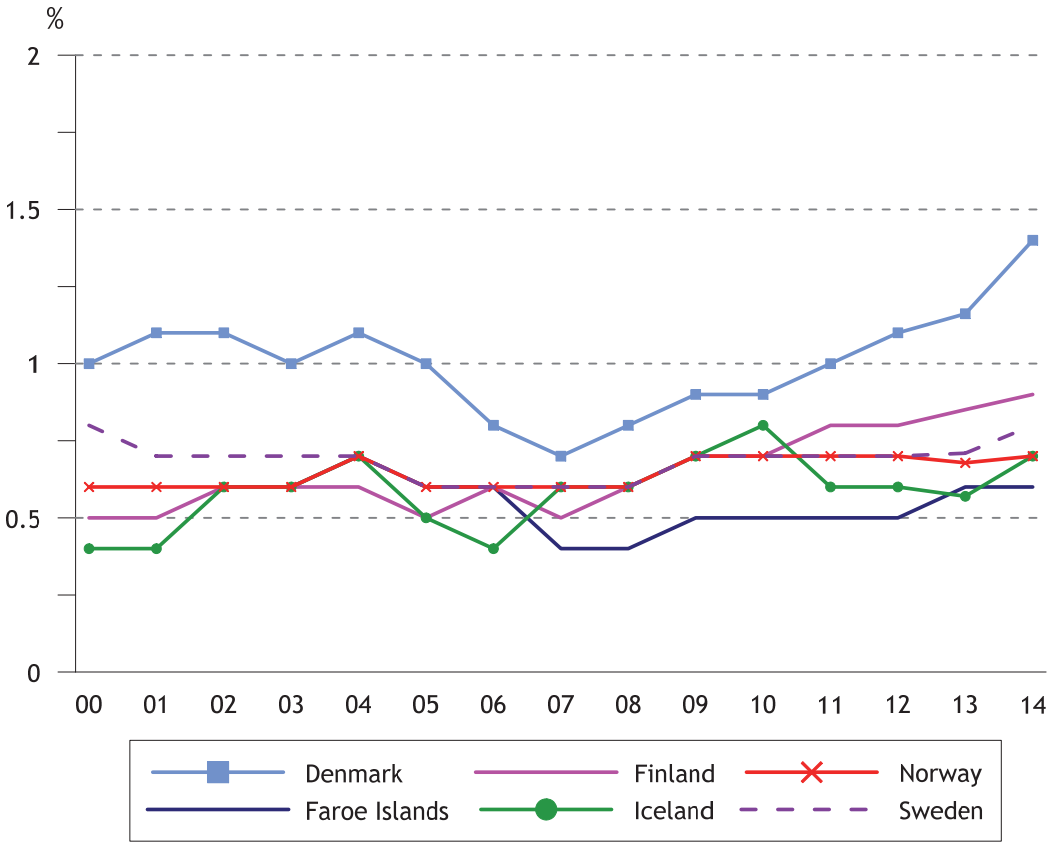
Table 8.15 Expenditure on and financing of other social benefits, in PPS[1]/capita, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	375	168	135	101	144	9
Services, total	95	38	137	126	190	118
Other social benefits, total	470	206	272	226	-	260

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 See chapter 1 and appendix 1 for definition of PPS

Figure 8.5 Expenditure on and financing of other social benefits, 2000-2014, as % of GDP



Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

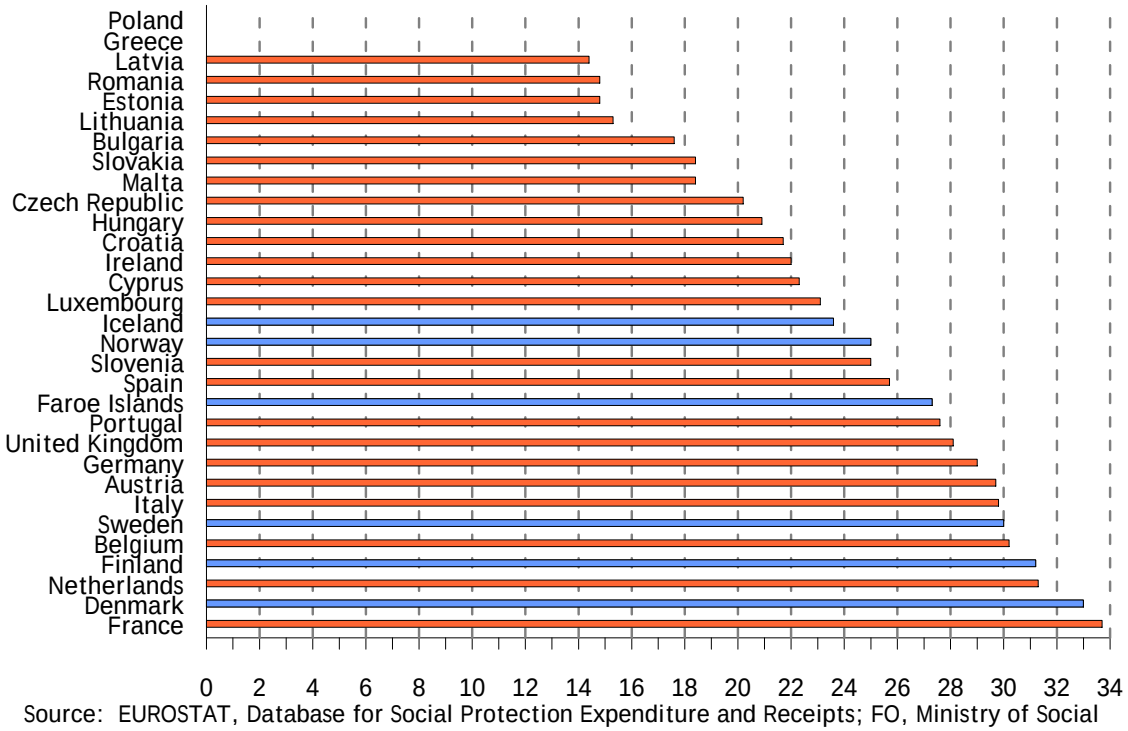
Chapter 9

Social expenditure

Following the description of the social protection systems in the previous chapters, this chapter presents an overview of social expenditure. As mentioned in Appendix 1, the Nordic social expenditure statistics use the same method of calculation as EUROSTAT.

Figure 9.1 and Table 9.1 show the Nordic countries' and the EU's expenditure on social affairs, measured in relation to the Gross Domestic Product (GDP) and per capita (PPS[1]), broken down by function.

Figure 9.1 Social expenditure as % of GDP in the EU, the Faroe Islands, Iceland and Norway, 2013



Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

1 In Finland, the time series for GDP ratios (social expenditure as percentage of GDP) have been updated retrospectively since the 2013 statistical report on social protection expenditure and financing, to correspond with the ESA 2010 system

[1] See Chapter 1 and Appendix 1 for definition of PPS.

Table 9.1 Social expenditure per capita on social benefits and services by main function, in the EU, Iceland and Norway, 2013, PPS[1]

	Families and children	Unemploy-ment	Sickness and healthcare	Old Age, Disability and Survivors	Housing	Other	Total
Denmark	1 215.9	554.0	2 085.4	5 601.2	218.3	117.6	10 000.8
Faroe Islands	1 504.5	474.1	2 028.4	.	..	178.7	7 712.8
Finland	971.9	610.5	2 224.5	4 600.3	157.7	113.7	8 804.6
Iceland	809.2	405.3	2 528.8	3 154.5	344.3	90.3	7 422.7
Norway	1 404.2	279.8	3 439.9	5 819.8	67.8	253.2	11 337.9
Sweden	989.9	386.6	2 396.3	5 243.0	149.5	120.3	9 382.6
Austria	914.1	498.0	2 474.1	5 602.1	42.8	23.4	9 649.1
Belgium	656.3	1 101.4	2 535.4	4 164.3	76.7	62.8	8 785.2
Bulgaria	216.6	73.8	543.3	1 197.7	1.6	11.7	2 064.2
Cyprus	373.0	352.6	1 137.3	2 912.1	144.9	113.6	5 221.2
Czech Republic	238.5	144.7	1 368.2	2 458.5	41.8	39.0	4 324.7
Estonia	326.2	87.1	802.5	1 601.9	8.3	7.1	2 848.4
France	712.7	547.9	2 612.9	4 742.3	237.0	1.4	9 072.2
Germany	1 043.5	389.8	3 156.0	4 490.0	200.6	-	9 332.8
Greece	322.0	372.0	1 258.8	3 749.0	48.5	92.8	5 875.9
Hungary	473.3	101.0	906.5	2 281.8	59.8	15.0	3 840.2
Ireland	1 000.9	1 069.6	4 493.4	2 436.2	150.6	16.4	9 232.5
Italy	308.1	418.9	1 780.4	4 812.1	7.6	-	7 376.7
Latvia	161.9	83.0	493.0	1 457.9	21.6	11.9	2 248.8
Lithuania	256.0	79.4	799.5	1 651.4	0.8	9.1	2 924.5
Luxembourg	2 199.9	788.6	3 460.9	6 664.0	173.3	-	13 593.4
Malta	251.0	120.1	1 189.9	2 381.7	16.7	37.8	4 018.6
Poland	157.0	54.3	785.6	2 245.2	10.9	2.2	3 278.2
Portugal	239.1	333.2	1 223.1	3 042.0	0.6	-	4 893.6
Romania	178.6	23.5	551.4	1 299.4	2.7	-	2 080.1
Slovakia	359.3	145.3	1 100.0	1 916.3	7.8	8.8	3 614.2
Slovenia	441.3	159.5	1 675.8	2 785.5	3.8	37.7	5 202.4
Spain	321.2	829.6	1 554.7	3 123.1	34.5	-	5 912.6
The Netherlands	353.6	567.1	3 634.0	4 762.3	124.8	-	10 109.4
United Kingdom	857.7	186.5	2 374.9	3 825.3	411.6	114.4	7 886.3

Source: EUROSTAT, Database for Social Protection Expenditure and Receipts; FO, Ministry of Social Affairs

1 See chapter 1 and appendix 1 for definition of PPS

The overview of social expenditure is divided into four sections: an account of trends 2000–2014; a description of functions; an account of how it is financed and the significance of taxation.

Social expenditure, 2000-2014

The tables below show social expenditure, both in total and per capita, at current and constant prices, in relation to the gross domestic product (GDP) and in purchasing power parities[2] (PPP Euro) since 2000. Note that, when calculating GDP, all of the countries now use the ESA 2010/SNA 2008 classification, which has resulted in corrections to the gross domestic products.

[2] See Chapter 1 and Appendix 1 for definition of PPS.

Table 9.2 Social expenditure, total and per capita, 2000-2014

	Social expenditure		Social expenditure per capita		Social expenditure per capita aged 16-64	
	At current prices, national currency, million	At 2014 prices, national currency, million	At current prices, national currency, million	At 2014 prices, national currency, million	At current prices, national currency, million	At 2014 prices, national currency, million
Denmark						
2000	373 495	505 269	69 978	94 667	130 971	177 179
2005	467 251	563 370	86 273	104 020	147 832	178 243
2010	583 628	615 753	104 007	109 732	167 470	176 688
2013	627 252	633 851	111 834	113 011	176 488	178 345
2014	649 918	649 918	115 163	115 163	182 012	182 012
Faroe Islands						
2003	2 447	3 310	51 060	69 075	92 431	125 042
2005	2 709	3 266	56 145	67 695	98 358	118 591
2010	3 884	4 098	80 058	84 465	130 214	137 381
2013	4 002	4 044	83 120	83 994	136 015	137 446
2014	4 075	4 075	84 069	84 069	138 396	138 396
Finland						
2000	33 142	41 289	6 403	7 977	11 552	14 392
2005	42 001	50 031	8 006	9 537	13 623	16 228
2010	54 645	59 790	10 211	11 172	16 236	17 765
2013	63 317	64 253	11 641	11 813	18 359	18 630
2014	65 552	65 552	12 002	12 002	19 096	19 096
Iceland[1]						
2000	131 390	267 351	467 324	950 905	1 361 206	2 769 765
2005	222 271	371 615	751 260	1 256 034	1 757 430	2 938 252
2010	377 070	423 648	1 191 604	1 338 797	1 883 092	2 115 701
2013	441 104	458 340	1 362 425	1 415 662	2 096 065	2 177 969
2014	478 966	478 966	1 470 706	1 470 706	2 264 659	2 264 659
Norway[1]						
2000	360 341	608 675	80 237	135 534	152 784	258 077
2005	463 983	660 738	100 358	142 916	173 049	246 432
2010	647 016	729 688	133 587	150 656	206 274	232 630
2013	766 729	774 188	150 926	152 394	233 348	235 618
2014	814 681	814 681	158 577	158 577	245 469	245 469
Sweden						
2000	674 658	842 218	76 043	94 929	141 267	176 353
2005	855 600	997 792	94 755	110 502	161 178	187 964
2010	1 016 094	1 065 610	107 916	113 175	174 581	183 089
2013	1 131 514	1 149 401	117 861	119 724	188 269	191 245
2014	1 163 437	1 163 437	119 990	119 990	192 924	192 924

Source: Eurostat; World Bank; FO, Ministry of Social Affairs

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway began using the national accounts as the basis for the calculation of social expenditure in 2002, Iceland in 2007. This means that the social expenditure from pre-2001 to 2006 is not quite comparable with the data for 2002–2007 and/or later

Table 9.3 Social expenditure in relation to GDP, 2000-2014

	GDP, national currency, million	Social expenditure as % of GDP	Index for social expenditure in relation to GDP (2000 = 100)[1]
Denmark			
2000	1 293 964	28.9	100
2005	1 551 967	30.1	104
2010	1 742 700	32.6	113
2013	1 886 393	33.3	115
2014	1 942 584	33.5	116
Faroe Islands			
2003	8 582	28.5	100
2005	10 039	27.0	95
2010	12 942	30.0	105
2013	14 344	27.9	98
2014	15 536	26.2	92
Finland			
2000	132 272	25.1	100
2005	157 162	26.7	106
2010	179 721	29.6	118
2013	202 743	31.2	124
2014	205 178	31.9	127
Iceland			
2000	683 748	19.2	100
2005	1 026 718	21.6	113
2010	1 534 227	24.3	127
2013	1 880 893	23.5	122
2014	2 003 638	23.9	125
Norway			
2000	1 510 866	23.8	100
2005	2 154 573	21.5	90
2010	2 523 226	25.6	108
2013	3 068 801	25.0	105
2014	3 154 104	25.8	109
Sweden			
2000	2 380 358	30.7	100
2005	2 907 352	32.0	104
2010	3 330 581	30.0	98
2013	3 769 909	30.0	98
2014	3 918 199	29.7	97

Source: Eurostat; World Bank; FO, Ministry of Social Affairs

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway began using the national accounts as the basis for the calculation of social expenditure in 2002, Iceland in 2007. This means that the social expenditure from pre-2001 to 2006 is not quite comparable with the data for 2002–2007 and/or later

Table 9.4 Social expenditure per capita, 2000-2013 (PPS[1] at 2014 prices)[2]

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
2000	9 443	6 890	6 426	5 131	10 846	8 026
2005	10 376	6 752	7 682	6 777	11 437	9 342
2010	10 945	8 425	9 000	7 224	12 057	9 568
2013	11 272	8 378	9 516	7 639	12 196	10 122
2014	11 487	8 386	9 669	7 936	12 690	10 145

Source: Eurostat; World Bank; FO, Ministry of Social Affairs

1 See chapter 1 and appendix 1 for definition of PPS
2 The dotted lines under Norway and Iceland show breaks in the time series. Norway began using the national accounts as the basis for the calculation of social expenditure in 2002, Iceland in 2007. This means that the social expenditure from pre-2001 to 2006 is not quite comparable with the data for 2002–2007 and/or later

Social expenditure by type and function

Social expenditure is broken down by type into cash benefits and services. The distribution of benefits according to function is based on the social needs or risks that the benefit is primarily intended to address. In the Nordic countries, the distribution according to function is largely stable. However, new legislation and shifting social patterns have led to changes, as shown in the following tables and figures. The variation observed here is primarily due to the different ways in which the countries prioritise benefits for various functions.

Table 9.5 Social expenditure as % by main function, 2000-2014[1]

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
2000						
Families and children	13.1	..	12.5	11.7	12.8	9.8
Unemployment	10.5	..	10.4	1.3	2.7	6.5
Sickness and Health	20.2	..	23.8	39.2	34.3	27.4
Old age	38.0	..	31.8	28.5	29.6	37.3
Disability	12.0	..	13.9	13.9	16.4	12.2
Survivors	-	..	4.0	2.6	1.2	2.2
Housing	2.4	..	1.5	0.7	0.5	2.1
Other	3.7	..	2.1	2.1	2.6	2.4
Total	100.0	..	100.0	100.0	100.0	100.0
2005						
Families and children	12.9	19.0	11.6	13.9	12.1	9.8
Unemployment	8.6	4.5	9.3	1.8	2.7	6.2
Sickness and Health	20.7	28.0	25.9	34.8	32.2	24.3
Old age	37.5	29.8	33.7	28.6	29.5	38.3
Disability	14.4	15.8	12.9	15.1	19.1	15.4
Survivors	-	0.5	3.6	2.6	1.2	2.2
Housing	2.4	.	1.1	1.0	0.6	1.8
Other	3.4	2.5	2.0	2.3	2.6	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
2010						
Families and children	12.4	19.3	11.0	12.9	12.5	10.4
Unemployment	7.5	7.5	8.2	6.8	3.2	4.5
Sickness and Health	22.5	27.8	25.3	35.3	31.7	24.9
Old age	37.7	28.3	36.0	21.1	30.5	40.4
Disability	14.9	14.8	12.1	14.1	17.4	14.2
Survivors	-	0.6	3.2	2.4	1.1	1.7
Housing	2.3	.	1.7	4.4	0.7	1.5
Other	2.7	1.7	2.4	3.1	3.0	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
2013						
Families and children	11.8	19.9	10.6	11.6	12.4	10.5
Unemployment	5.8	6.3	7.5	4.1	2.4	4.2
Sickness and Health	20.3	26.9	24.7	35.6	30.2	25.5
Old age	43.4	30.9	38.3	25.0	34.3	42.2
Disability	13.0	13.1	11.2	15.8	16.4	12.2
Survivors	0.0	0.6	2.9	2.3	1.0	1.4
Housing	2.2	0.0	1.8	3.1	0.5	1.6
Other	3.6	2.4	2.8	2.5	2.8	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
2014						
Families and children	11.2	19.7	10.2	11.5	12.4	10.6
Unemployment	5.2	5.7	8.2	3.1	2.3	3.8
Sickness and Health	20.0	27.0	24.1	35.3	30.2	26.0
Old age	37.3	31.3	38.9	25.7	34.9	42.1
Disability	12.9	13.2	10.9	16.2	16.0	12.0
Survivors	7.0	0.6	2.8	44.3	1.0	1.3
Housing	2.2	0.0	1.9	2.9	0.5	1.6
Other	4.3	2.5	2.9	2.9	0.0	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway began using the national accounts as the basis for the calculation of social expenditure in 2002, Iceland in 2007. This means that the social expenditure from pre-2001 to 2006 is not quite comparable with the data for 2002–2007 and/or later

Figure 9.2 Social expenditure as %, by main groups, 2014

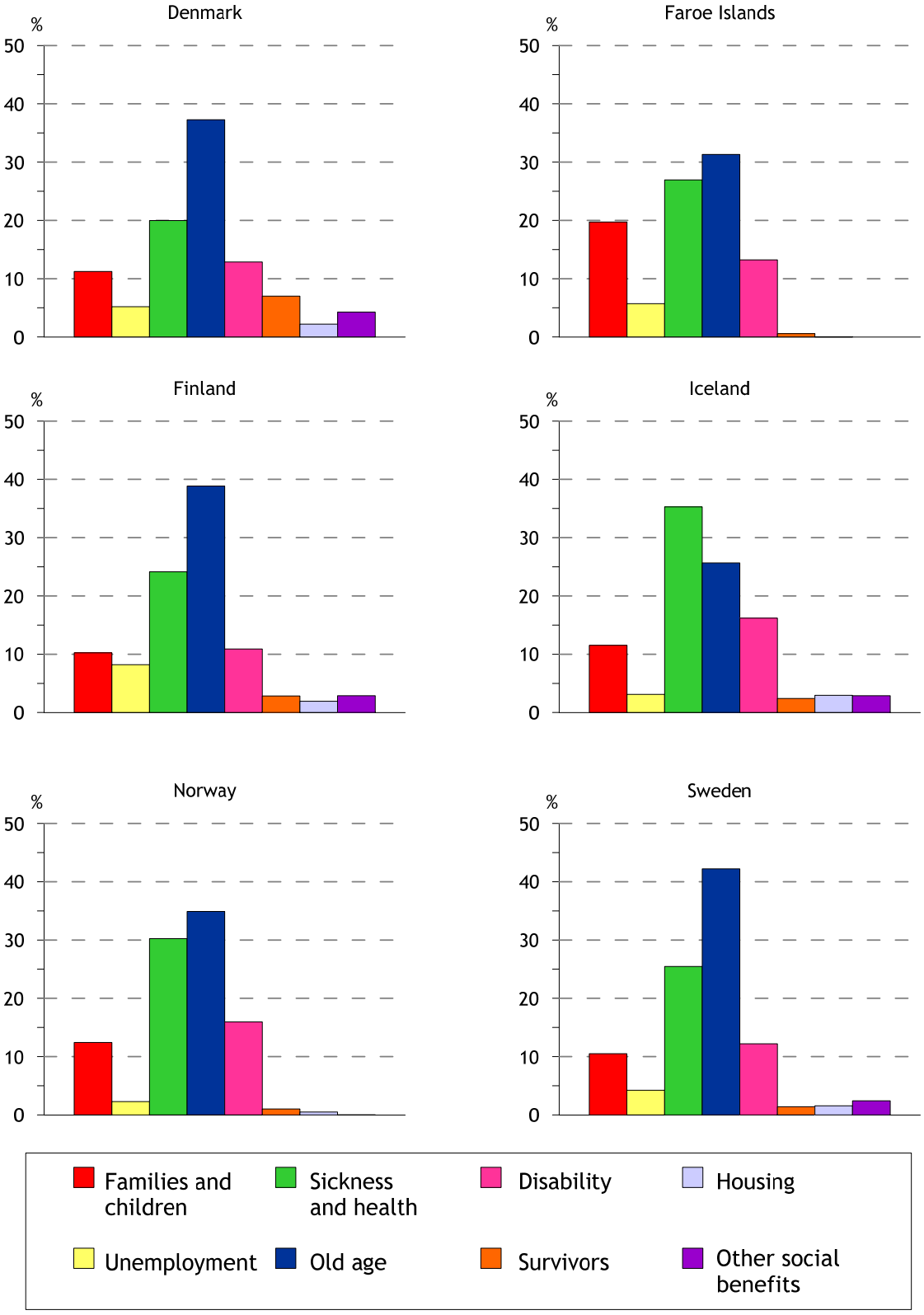


Table 9.6 Social expenditure by type and function, % of GDP, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Families and children						
Cash benefits	1.4	2.4	1.5	1.1	1.3	1.4
Services	2.2	2.7	1.7	1.6	1.8	1.7
Total	3.6	5.1	3.2	2.7	3.2	3.1
Unemployment						
Cash benefits	1.3	1.5	2.3	0.7	0.4	0.8
Services	0.4	-	0.3	0.1	0.2	0.3
Total	1.7	1.5	2.6	0.7	0.6	1.1
Sickness and health						
Cash benefits	0.9	0.4	1.2	1.5	2.3	1.3
Services	5.6	6.5	6.3	6.9	5.3	6.2
Total	6.4	6.9	7.5	8.4	7.7	7.6
Old age						
Cash benefits	9.8	5.6	10.9	5.6	6.7	10.0
Services	2.2	2.5	1.2	0.4	2.1	2.3
Total	12.0	8.0	12.1	6.1	8.8	12.3
Disability						
Cash benefits	2.7	1.6	2.1	2.8	3.5	1.3
Services	1.4	1.8	1.3	1.0	0.5	2.1
Total	4.1	3.4	3.4	3.8	4.0	3.5
Survivors						
Cash benefits	2.2	0.1	0.9	0.6	0.3	0.4
Services	-	-	-	-	-	-
Total	2.3	0.1	0.9	0.6	0.3	0.4
Housing						
Services	0.7	-	0.6	0.7	0.1	0.5
Total	0.7	-	0.6	0.7	0.1	0.5
Other						
Cash benefits	1.1	0.5	0.4	0.3	0.3	0.3
Services	0.3	0.1	0.5	0.4	0.4	0.3
Total	1.4	0.6	0.9	0.7	0.7	0.8
Cash benefits, total	19.5	12.1	19.3	12.6	14.8	15.6
Services, total	12.7	13.6	11.9	11.7	10.5	13.4
Social expenditure, total[1]	32.2	25.7	31.2	24.3	25.3	29.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

1 The total social expenditure shown in this table excludes administration costs

Table 9.7 Social expenditure by type and function, %, 2014

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Families and children						
Cash benefits	39	47	47	40	42	46
Services	61	53	53	60	58	54
Total	100	100	100	100	100	100
Unemployment						
Cash benefits	78	100	89	93	70	75
Services	22	-	11	7	30	25
Total	100	100	100	100	100	100
Sickness and health						
Cash benefits	13	6	16	18	30	17
Services	87	94	84	82	70	83
Total	100	100	100	100	100	100
Old age						
Cash benefits	82	69	90	93	76	81
Services	18	31	10	7	24	19
Total	100	100	100	100	100	100
Disability						
Cash benefits	66	48	62	-	87	39
Services	34	52	38	26	13	61
Total	100	100	100	26	100	100
Survivors						
Cash benefits	100	92	100	5	98	100
Services	-	8	-	-	2	-
Total	100	100	100	5	100	100
Housing						
Services	100	-	100	-	100	100
Total	100	-	100	-	100	100
Other						
Cash benefits	80	82	50	45	43	47
Services	20	18	50	55	57	53
Total	100	100	100	100	100	100
Cash benefits, total	59	47	62	52	59	54
Services, total	41	53	38	48	41	46
Social expenditure, total[1]	100	100	100	100	100	100

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

Financing of social expenditure

In the Nordic statistics, current contributions to the financing of social expenditure are broken down by source, i.e. public authorities and employers, contributions and special taxes payable by the insured, and interest and capital gains (other financing). As mentioned in Appendix 1, the social expenditure is presented in net amounts. As such, it does not include, e.g. investments and user charges payable by citizens.

All of the Nordic countries have ambitious targets for the social sector, consisting of high levels of funding that have major macro-economic and budgetary significance. The fiscal quotas, i.e. the sum of direct and indirect taxes as a proportion of GDP, are generally high – among the highest in the world.

There is considerable variation in the degree to which the public authorities (central government, regions, counties and local authorities) directly finance social cash benefits – from approx.15.5 per cent in Sweden to approx. 62.8 per cent in Denmark. In Finland, Iceland and Sweden, employers contribute the most to social cash benefits, while the premiums and special taxes paid by the insured are the biggest factor in Norway. Direct financing of services by the public sector varies from 100 per cent in Denmark to 89.9 per cent in Finland (cf. Table 9.9).

There are many similarities in terms of how the Nordic countries finance their social security systems, but also significant differences.

Denmark

The regions are responsible for specialised healthcare, while the local authorities are responsible for social services such as childcare, child and youth welfare, healthcare and nursing, and care for elderly and disabled people.

The local authorities are also responsible for the administration of cash benefits, although employers pay a significant share of the cash benefits. In general, the local authorities only finance cash benefits to a limited extent. The national government does not fully reimburse the local authorities' expenditure on cash benefits. Rather, in the main, the grants are general rather than earmarked, and the local authorities finance most of the expenditure on services.

Faroe Islands

The national government is responsible for specialised healthcare and the administration of cash benefits. The local authorities are responsible for social services such as childcare, child and youth welfare, healthcare and nursing, and care for elderly and disabled people.

Finland

Income-related cash benefits are financed by employer and employee contributions, while the basic schemes are financed by government expenditure. Local authorities play the most important role in relation to financing services. However, the national governments also make a substantial contribution, in the form of general, non-earmarked grants.

The regions are responsible for specialised healthcare, while local authorities are responsible for social services such as childcare, child and youth welfare, healthcare

and nursing and care for elderly and disabled people. Government agencies are responsible for the administration of cash benefits.

In the main, the grants are earmarked for particular sectors. The government's share of the financing is considerably higher than in the other Nordic countries.

Iceland

The national government is responsible for specialised healthcare and the administration of cash benefits. The local authorities are responsible for social services such as childcare, child and youth welfare, healthcare and nursing, and care for elderly and disabled people.

Norway

The national government is responsible for specialised healthcare and the administration of cash benefits, while the local authorities are responsible for social services such as childcare, child and youth welfare, healthcare and nursing, and care for elderly and disabled people.

Sweden

Income-related cash benefits are financed by employer and employee contributions, while basic schemes are financed by government expenditure. Local authorities play the most important role in relation to financing services, but the national government also makes a substantial contribution in the form of general, non-earmarked grants.

The regions are responsible for specialised healthcare, while the local authorities are responsible for social services such as childcare, child and youth welfare, healthcare and nursing, and care for elderly and disabled people. Governmentagencies are responsible for the administration of cash benefits.

More than half of the cash benefits are financed by duties payable by employers. The grants are mainly general rather than earmarked. The local authorities finance the majority of the expenditure on services.

Table 9.8 Current contributions to the financing of social expenditure, as %, broken down into public authorities, employers, insurance contributions and other financing, 2000-2014[1]

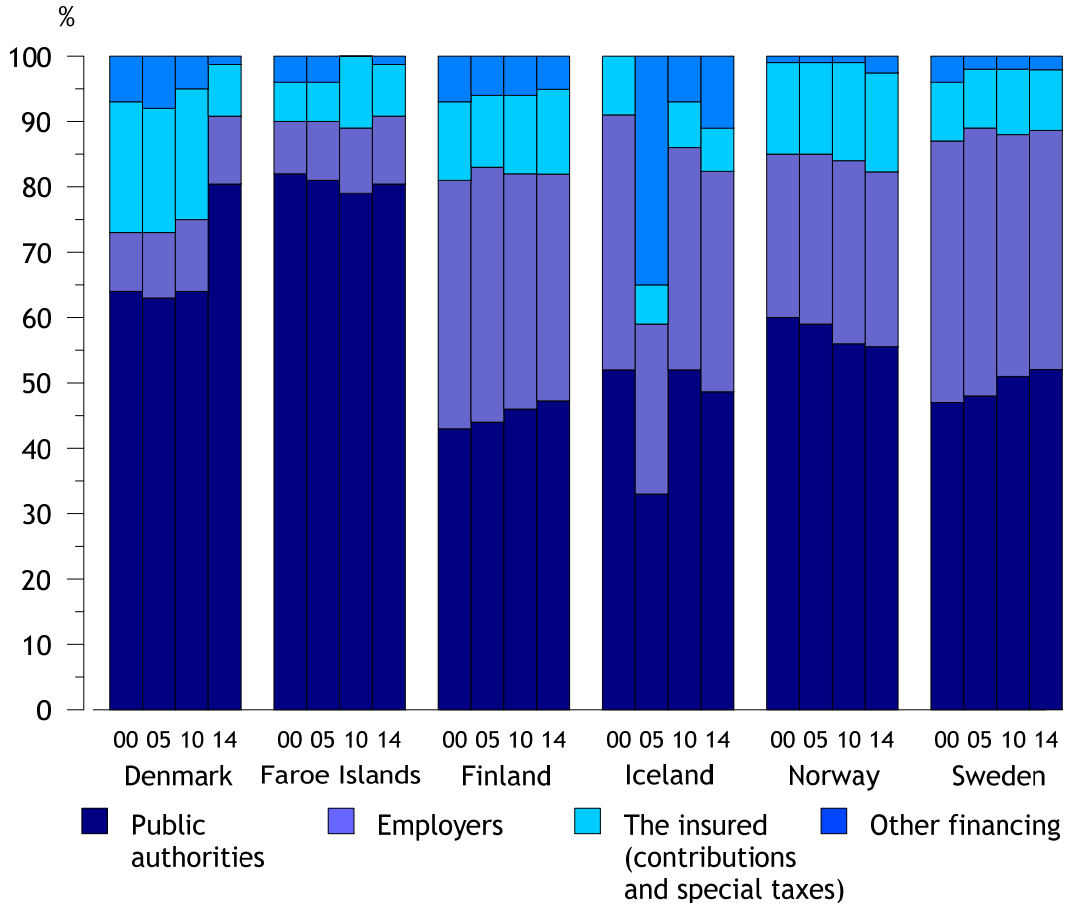
	Public authorities, total	Employers	The insured (contributions and special taxes)	Other financing	Total
Denmark					
2000	64	9	20	7	100
2005	63	10	18	8	100
2010	65	11	20	5	100
2013	76	11	8	5	100
2014	80	10	8	1	100
Faroe Islands					
2003	82	8	6	4	100
2005	81	9	6	4	100
2010	79	10	11	-	100
2013	78	10	11	1	100
2014	80	10	8	1	100
Finland					
2000	43	38	12	7	100
2005	44	38	11	6	100
2010	46	36	12	6	100
2013	48	34	12	6	100
2014	47	35	13	5	100
Iceland					
2000	51	39	9	-	100
2005	33	26	6	35	100
2010	52	34	7	6	100
2013	49	33	6	11	100
2014	49	34	7	11	100
Norway[1]					
2000	60	24	14	1	100
2005	58	26	14	1	100
2010	56	27	15	1	100
2013	55	27	15	2	100
2014	56	27	15	3	100
Sweden					
2000	47	40	9	4	100
2005	48	41	9	2	100
2010	51	37	9	2	100
2013	52	37	10	2	100
2014	52	37	9	2	100

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway began using the national accounts as the basis for the calculation of social expenditure in 2002, Iceland in 2007. This means that the social expenditure from pre-2001 to 2006 is not quite comparable with the data for 2002–2007 and/or later

Figure 9.3 shows the distribution of current contributions to the financing of social expenditure during 2000–2014. Other financing consists mainly of yields from pension funds.

Figure 9.3 Current contributions to the financing of social expenditure, 2000, 2005[1], 2010 and 2014



1 For Iceland, there are breaks in the time series. Iceland began using the national accounts as the basis for the calculation of social expenditure in 2007. This means that the social expenditure from pre 2007 is not quite comparable with the data for 2002–2007 and/or later

Table 9.9 Financing of social expenditure, %, 2014

	Public authorities, total	*Of which national government*	Employers (contribu-tions and premiums)	The insured (contributions and special taxes)	Other financing	Total
Denmark						
Cash benefits, total	68.8	57.0	17.1	11.9	2.1	100.0
Services, total	100.0	39.4	-	-	-	100.0
Faroe Islands						
Cash benefits, total	62.5	57.9	20.2	17.4	-	100.0
Services, total	94.2	74.5	-	5.8	-	100.0
Finland						
Cash benefits, total	25.0	22.7	57.0	18.0	-	100.0
Services, total	89.7	39.5	4.1	6.2	-	100.0
Iceland						
Cash benefits, total	16.4	15.8	54.6	10.8	18.3	100.0
Services, total	89.3	64.7	11.4	7.6	8.7	100.0
Norway						
Cash benefits, total	27.9	26.2	43.6	24.3	4.1	100.0
Services, total	93.0	42.7	4.0	2.9	0.2	100.0
Sweden						
Cash benefits, total	15.4	13.8	63.4	17.3	4.0	100.0
Services, total	97.9	23.0	2.1	-	-	100.0

Source: DK, Statistics Denmark; FO, Ministry of Social Affairs; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

Block grants and government grants to local and county authorities

In the Nordic countries, the local authorities are responsible for administrating part of the social services and benefits provided.

Local, regional and county authorities receive block grants and/or reimbursements from central government. A block grant may be given as a general contribution or may be earmarked for specific functions. For example, it may be calculated on the basis of the number of inhabitants and their age distribution, or according to the individual local authority's tax base.

Government reimbursement may be legally set as a percentage of local authority expenditure or as fixed amounts. It may also be calculated as the difference between expenditure and contributions from other sources, including local authority contributions.

Funds for pensions

Contributions toward the financing of social expenditure usually take the form of payments made during the course of the year. However, the contributions are also used to establish funds, particularly pension funds.

The funds' purpose is to guarantee that future payment obligations can be met (via premium reserve systems). Funds may also be established within allocation systems, in which the costs should, in principle, be covered by the current year's contributions. This is intended to create a buffer designed to reduce variations in incoming and outgoing payments over time.

In Norway, social expenditure, including expenditure on employment pensions, is currently financed via the national budget, and as such it is excluded from Table 9.10. The Social Security Fund is an independent public fund that does not contribute directly to the financing of the social security benefit's running costs.

Table 9.10 Size of funds for pension functions, billion KR/EUR, December 2015

	Basic pension/guaranteed minimum pension	Supplementary pension/employment pension/earnings-related pension	Supplementary pensions
Faroe Islands	1.0	..	..
Finland	0.1	177	12
Iceland[1]	..	2 925 365	..
Sweden	..	1 230	..

Source: FO, Revenue Office; FI, Finnish Centre for Pensions and the Social Insurance Institution of Finland; IS, Statistics Iceland; SV, Statistics Sweden

1 2014

Taxation rules and the impact of taxation on social expenditure

Social cash benefits may be either exempt from or subject to tax. In all of the countries, the level of taxation is relatively high, and therefore the tax status of a given benefit is very important. In all five of the countries, the taxable proportion of the total cash benefit amount has increased in recent years. There are, however, large differences between the countries. The largest tax-free cash benefits are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but not in the other Nordic countries. According to the ESSPROS specification and national accounts, housing benefits are counted as services.

In order to evaluate the significance of these differences, both the OECD and EUROSTAT have developed various methods to calculate net social expenditure.

In the OECD calculations of net social expenditure, both direct and indirect taxes are deducted from social expenditure. Similarly, the calculation includes the value of tax relief granted on social grounds. In order to avoid double taxation, tax relief granted in connection with lower taxation – which has therefore already been calculated – is not included.

In connection with net social expenditure calculations, several methodological and practical questions are still unresolved.

The EU calculations are based on social expenditure minus direct taxes (see Figure 9.1). The calculations do not include direct taxes. The figure shows that France has the highest net social expenditure, followed by Denmark, while Latvia has the lowest.

In all of the European countries, net social expenditure is lower than the traditional measure of social expenditure. There are, however, considerable differences between the European countries.

Table 9.11 shows tax percentages based on the social expenditure of a single childless person with an average waged worker's salary (AW 75). This data was taken from "Life situations" 0 and 1–6 (see Appendix 1). For maternity benefits, the data is based on a single parent with no children other than the newborn.

The table illustrates the taxation differences between the various countries in terms of both wages/salaries and cash benefits. Iceland has the lowest rate of taxation on earned income and imposes practically no tax on cash benefits. Other countries have a much lower level of taxation on several of the benefits, especially pensions. The table does not provide an in-depth explanation of the significance of taxation to cash benefits, but helps to illustrate its impact.

In all of the Nordic countries, the majority of the social cash benefits are taxable. In several other OECD countries, either a large proportion of cash benefits are not subject to tax or the benefits are subject to favourable tax rules. The tax systems therefore compensate for low social cash benefits.

Several countries grant tax relief on social grounds instead of providing direct cash benefits – e.g. tax relief for children instead of child supplements. In the Nordic countries, very little tax relief is granted on social grounds.

In addition to direct taxation, the recipients of social cash benefits also pay indirect tax on their consumption. Here too, there are substantial differences between the countries. The traditional method of illustrating social expenditure does not allow for such differences.

Table 9.11 Tax rates and social charges payable on wages/salaries and social benefits per month, for a single childless person, AW 75%, in PPS[1], 2015

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden[2]
Wages/salaries						
Gross	2 546	2 126	2 223	2 484	2 677	2 179
Net	1 632	1 293	1 635	1 724	1 979	1 659
Tax in %	25	34	18	26	18	16
Disposable income in % of gross	64	61	74	69	74	76
Maternity benefits						
Gross	1 820	2 076	1 592	858	2 677	1 691
Net	1 203	1 266	1 203	779	2 064	1 179
Tax in %	28	34	23	5	15	22
Disposable income in % of gross	66	61	76	91	77	70
Unemployment benefits						
Gross	1 820	1 736	1 275	1 180	1 671	1 298
Net	1 201	1 083	984	970	1 326	939
Tax in %	28	33	21	13	12	20
Disposable income in % of gross	66	62	77	82	79	72
Sickness benefits						
Gross	1 820	1 856	1 489	..	2 677	1 686
Net	1 263	1 148	1 173	..	1 979	1 176
Tax in %	28	33	22	..	18	22
Disposable income in % of gross	69	62	79	..	74	70
Retirement pension 65 years						
Gross	1 780	..	1 183	1 292	1 294	1 209
Net	1 255	..	1 009	1 065	1 249	960
Tax in %	29	..	14	17	2	21
Disposable income in % of gross	71	..	85	82	97	79
Retirement pension 67 years						
Gross	1 970	1 144	1 367	1 814	1 455	1 377
Net	1 371	1 012	1 120	1 379	1 346	1 074
Tax in %	30	10	17	23	5	22
Disposable income in % of gross	70	89	82	76	93	78
Disability pension						
Gross	2 037	1 572	1 157	..	1 767	1 399
Net	1 407	1 337	993	..	1 389	1 011
Tax in %	30	13	13	..	13	28
Disposable income in % of gross	69	85	86	..	79	72
Social assistance						
Gross	1 145	1 272	829	938	819	741
Net	880	856	829	861	819	741
Tax in %	24	33	-	8		-
Disposable income in % of gross	77	67	100	92	100	100

1 See chapter 1 and appendix 1 for definition of PPS
2 A tax deduction applies to income from work, which means that taxation is lower on wages/salaries than on benefits

Table 9.12 Taxation of cash benefits, 2014

	Social expenditure, national currency, million	Of which cash benefits, national currency, million	Cash benefits exempt from tax, as % of all cash benefits	Cash benefits subject to tax, as % of all cash benefits
Denmark				
I. Families and children	70 188	27 297	65	35
II. Unemployment	32 495	25 473	.	100
III. Sickness and health	124 977	16 870	.	100
IV. Old age	233 167	191 186	.	100
V. Disability	80 473	53 388	4	96
VI. Survivors	43 717	43 572	.	100
VII. Housing	13 835	-	.	.
VIII. Other social benefits	26 605	21 217	2	98
IX. Administration	24 465	-	.	.
Total I-IX	649 923	379 003	6	94
Finland				
I. Families and children	6 550	3 085	51.8	48.2
II. Unemployment	5 249	4 660	1.0	99.0
III. Sickness and health	15 421	2 454	-	100.0
IV. Old age	24 837	22 384	0.1	99.9
V. Disability	6 971	4 300	14.3	85.7
VI. Survivors	1 803	1 799	1.7	98.3
VII. Housing	1 240	-		
VIII. Other social benefits	1 845	914	79.0	21.0
IX. Administration	1 637			
Total I-IX	65 552	39 596	7.7	92.3
Iceland				
I. Families and children	54 752	21 844	50.3	49.7
II. Unemployment	14 738	13 709	4.4	95.6
III. Sickness and health	167 649	29 455	1.1	98.9
IV. Old age	121 941	112 965	-	100.0
V. Disability	76 996	56 916	4.0	96.0
VI. Survivors	11 525	11 525	2.0	98.0
VII. Housing	13 969	13 969	65.3	34.7
VIII. Other social benefits	13 655	6 078	-	100.0
IX. Administration	3 741	-		
Total I-IX	478 966	266 462	8.8	91.2
Norway[1]				
I. Families and children	99 374	41 317	50.6	49.4
II. Unemployment	18 170	12 702	-	100.0
III. Sickness and health	241 753	73 494	-	100.0
IV. Old age	279 104	212 613	-	100.0
V. Disability	127 589	110 422	3.3	96.7
VI. Survivors	8 083	7 916	-	100.0
VII. Housing	3 922	.	.	.
VIII. Other social benefits	21 769	9 542	61.5	38.5
IX. Administration	14 915	.	.	.
Total I-IX	814 681	467 709	..	..

Continues

Table 9.12 Taxation of cash benefits, 2014 (continued)

	Social expenditure, national currency, million	Of which cash benefits, national currency, million	Cash benefits exempt from tax, as % of all cash benefits	Cash benefits subject to tax, as % of all cash benefits
Sweden				
I. Families and children	120 704	55 636	48.8	51.2
II. Unemployment	43 714	32 729	-	100.0
III. Sickness and health	296 520	51 857	-	100.0
IV. Old age	480 923	391 669	0.2	99.8
V. Disability	136 382	52 712	2.5	97.5
VI. Survivors	14 681	14 681	-	100.0
VII. Housing	18 291	-		
VIII. Other social benefits	29 817	11 835	98.9	1.1
IX. Administration	22 405	-		
Total I-IX	1 163 437	611 119	6.7	93.3

Source: DK, Statistics Denmark; FI, National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway; SV, Statistics Sweden

1 From 2011, child maintenance advances are included under tax-free benefits. Despite the fact that they are exempt from tax, they were not included in previous calculations

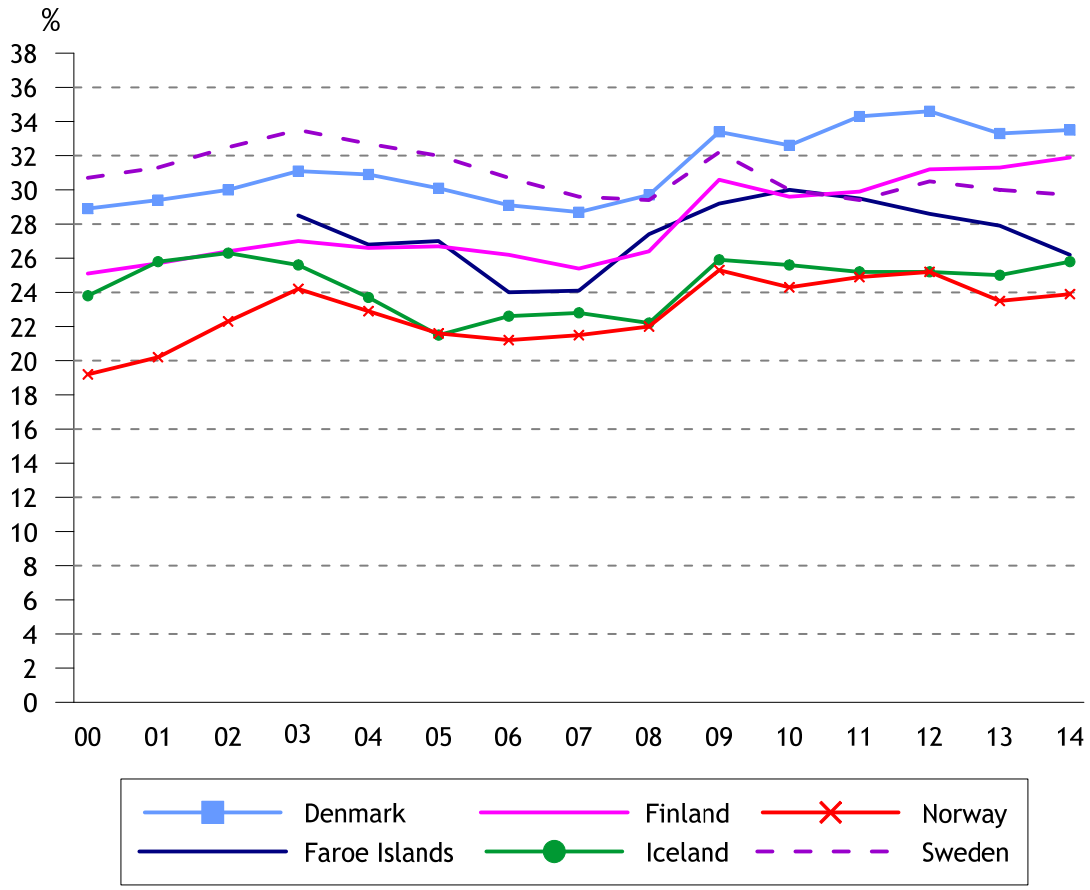
Table 9.13 Taxable and non-taxable cash benefits, total and as a ratio of GDP, 2000-2014[1]

	Non-taxable cash benefits			Taxable cash benefits		
	Total, KR/EUR, million	As % of GDP	As % of all cash benefits	Total, KR/EUR, million	As % of GDP	As % of all cash benefits
2000						
Denmark	23 737	2.0	11.0	199 950	19.0	91.0
Finland	2 601	3.0	13.0	18 599	19.0	87.0
Iceland	5 672	2.0	15.0	57 501	8.0	85.0
Norway	23 736	2.0	14.0	178 615	14.0	86.0
Sweden	32 695	1.4	8.5	351 226	14.8	91.5
2005						
Denmark	25 970	2.0	9.0	250 079	16.0	91.0
Finland	2 730	1.7	11.0	23 001	14.6	89.0
Iceland	8 719	0.9	8.1	99 440	9.7	91.9
Norway	26 444	1.4	10.0	243 125	12.5	90.0
Sweden	34 379	1.2	7.1	450 342	15.5	92.9
2010						
Denmark	23 057	..	7.0	312 118	..	93.0
Finland	2 787	2.0	8.0	30 139	17.0	92.0
Iceland	28 756	1.9	13.5	183 660	12.0	86.5
Norway	..	..	..	..	..	..
Sweden	40 126	1.2	7.4	502 724	15.1	92.6
2013						
Denmark	21 984	1.2	6.1	340 554	18.1	93.9
Finland	3 014	1.5	7.9	34 926	17.2	92.1
Iceland	25 433	1.4	11.9	223 148	10.2	89.8
Norway	26 587	1.0	6.5	411 296	13.4	93.9
Sweden	40 875	1.1	6.8	562 743	14.9	93.2
2014						
Denmark	21 030	1.1	5.5	357 973	18.4	94.5
Finland	3 040	1.5	7.7	36 556	17.8	92.3
Iceland	23 542	1.2	8.8	242 919	12.1	91.2
Norway	30 390	1.0	6.9	437 616	13.9	93.5
Sweden	41 635	1.1	6.8	569 483	14.5	93.2

Source: DK, Statistics Denmark; FI National Institute for Health and Welfare (THL); IS, Statistics Iceland; NO, Statistics Norway

1 Norwegian figures from before and after 2001 are not comparable

Figure 9.4 Social expenditure in relation to GDP, 2000-2014



As a share of GDP, expenditure for social protection in Sweden varies from year to year. Between 2003 and 2007, the share decreased due to falling expenditure on sickness and healthcare, mainly with regard to paid sick leave. The sickness benefit paid by the Social Insurance Agency decreased between 2002 and 2010. The increase in the share of GDP in 2007 can be attributed to the weak growth in GDP. There was even a fall in GDP between 2008 and 2009, which explains why the share of social expenditure peaked in relation to GDP in 2009. In the past five years, the share has ranged from 28.2 per cent in 2011 to 29.7 per cent in 2014.

Slightly more than half of the social protection benefits in Sweden are cash benefits, most of which are taxable. If taxation is taken into account, the percentage of GDP from benefits in 2014 fell from 29.1 per cent (including tax) to 25.8 per cent (excluding tax).

Appendix 1

Method

This appendix begins with a detailed description of the methods used in this report, followed by a description of how calculations are made with regard to life situations, including equivalence calculations, the purpose of compensation rates, and an outline of the recipient groups concerned.

It also describes the calculation of the income distribution used in Chapter 2, as well as the purchasing power parity used to compare social benefits throughout the publication.

Definitions

The statistics used in previous editions of *Social Protection in the Nordic Countries*, as well as in ESSPROS, primarily reflect public-transfer incomes and service measures aimed at insuring citizens in certain specific situations, including against the consequences of certain life events. The statistics also cover schemes that are compulsory for large groups of people under collective bargaining agreements or other kinds of agreements.

The focus is on current running costs. As a rule, investment spending and tax relief are not taken into account.

Financing

Incoming funds or contributions to the financing of social expenditure are presented by source, i.e. public authorities, employers and insured individuals or households. These are used for payments during the course of the year. In some cases, they are also used to establish funds for the purpose of guaranteeing future payments. Where necessary, and depending on the rules laid down, such funds may also cover ongoing payments.

Return on investment as a form of funding mainly relates to pension funds. Where transfers to funds are made, and where money from funds has been used to finance ongoing expenditure, the net amounts are listed in the expenditure statistics.

Benefits from public authorities that are payable only to their own employees are considered benefits payable by an employer. Certain benefits payable by employers to their employees (e.g. benefits for part of a period of sickness absence) are regarded as being financed by the employer, even though in other contexts such benefits would be considered part of an employee’s salary.

The social expenditure tables do not include user charges for healthcare and social services. According to the ESSPROS method of calculation, return on property investments is considered part of the financing.

Administration costs

The report treats administration costs as a single entry. In principle, only expenditure on the direct administration of social expenditure is included. However, it is not always possible to separate administration costs from other payroll or running costs.

Calculation of fixed prices

The Nordic Statistics database's consumer price index is used to calculate fixed prices.

Life situations

This publication uses the term "life situation" to describe events that affect individuals or households, e.g. childbirth, unemployment or retirement, which often entail changes to status and income.
The calculations used for life situations are designed to make country-specific data as comparable as possible. The calculations reflect the income levels for people receiving transfer incomes ("Life situations I–VII"), compared with incomes from work ("Life situation 0") in the Nordic countries. On this basis, compensation rates are calculated for different income levels, from 50 per cent up to 125 per cent of the wages of an average worker, as defined by the OECD term "AW".

A special workgroup is responsible for the calculations concerning life situations and for comparing the income distribution.

When calculating disposable income, housing benefits and payments for the day-care of children are taken into consideration. Both amounts are dependent on household income, which therefore plays a substantial role when calculating the compensation rate following a change in life situation.

With regard to social assistance, the disposable income is calculated following the deduction of rent.

The calculations must be made on the basis of the most recent rules and legislation. For this reason, the 2015 code of practice was used for this report. However, the OECD AW is only available for 2014. As such, all of the countries, with the exception of the Faroe Islands, have used national wage indexes to update the OECD 2014 AWs to 2015 prices, cf. the table below:

Calculation of an AW for 2015

		AW 2014	Wage index 2015	Estimated AW 2015
Denmark	DKK	397 600	1.00	399 588
Faroe Islands[1]	DKK	335 441	1.04	341 751
Finland	EURO	42 910	1.01	43 444
Iceland	ISK	5 136 062	1.05	5 392 865
Norway	NOK	537 408	1.03	551 100
Sweden	SEK	408 188	2.40	417 985

1 The source for the Faroe Islands is Statistics Faroe Islands, which calculates AW figures on an annual basis

The most important factors in calculating life situations are described below.

Employer costs

In order to present a clear picture of overall taxation in the Nordic countries in terms of income tax and social contributions, the calculation includes employer costs, i.e. gross wages plus statutory social contributions (the assumption is that the individual concerned works in the private sector). As a result, two accounts of net income (i.e. gross wages minus income tax and social contributions payable by the employee) have been prepared: net income in relation to employer costs; and net income in relation to gross wages. In addition, the net income after payment of rent has been included in order to calculate the life situation with regard to social assistance.

For Denmark, employers' statutory social contributions cannot be calculated. However, it is estimated that for an employee with a salary that corresponds to an AW, the contributions constitute approx. 1.5 per cent of the salary. This estimate is only used in calculations of "Life situation 0" for single people earning wages corresponding to that of an AW. The calculations of lowest AW values do not include social assistance, even though people with such an income would be entitled to it.

Tax payment

The calculation uses average national rates of taxation, i.e. average local authority rates of taxation, including average church tax percentages, as well as the state tax.

Gross income

Gross income consists of income from work, and excludes, e.g. child allowance and housing benefit.

Disposable income

Disposable income is calculated as gross income plus child allowance and housing benefit, minus income tax, social security contributions payable by employees and charges payable for day-care institutions. For Denmark, Finland and Sweden, the social security contributions payable by employees include contributions to the voluntary unemployment insurance scheme, in the form of membership fees paid to unemployment funds. The calculations do not, however, include union contributions.

Disposable incomes are calculated on a yearly basis, both for people in work and for those receiving various social benefits. The calculations are based on the assumption that those concerned receive social benefits throughout the year, even where this is not the case (e.g. maternity benefit). The listed incomes per month are the annual amounts divided by 12.

Equivalent disposable income

In order to enable comparisons between households of different sizes, a household's disposable income is usually divided by an equivalent weight. In this publication, the modified OECD scale (also used in EU-SILC) has been applied.

On this scale, the first adult in the household is assigned a weight of 1. Any other adults are assigned a weight of 0.5. Children between 0–13 years are weighted at 0.3, whereas older children are weighted at 0.5.

Therefore, for a couple with two young children, the equivalent weight is 1+0.5+0.3+0.3 = 2.1.

If a household's annual disposable income is DKK 500 000, the equivalent disposable income will be: 500 000/2.1 ≈ DKK 238 000.

Compensation rate

The compensation rate calculates the remaining income following the change in life situation (e.g. in the event of unemployment, income in the form of unemployment benefits), in relation to the income one would have earned from work had the change not occurred. The income is measured as equivalent disposable income, and the compensation rate is given in per cent.

Compensation rate = 100 * equivalent disposable income after the incident/ equivalent disposable income before the social event.

Children's ages and use of day-care

Child allowances and charges payable for day-care are calculated on the basis of the following family types:

- A single parent with an infant of 0 years, i.e. childbirth as a life event
- A single parent with a child attending day-care. The age of the child is assumed to be five years old
- A couple with two children aged five and eight, i.e. a child attending daycare and a child attending school but in need of after-school care

For Denmark and Sweden, charges payable for day-care are calculated on the basis of average charges and the national rules governing payments. For the Faroe Islands, calculations are based on the rates that apply in Torshavn. In Finland, it is assumed that other children of preschool age also make use of daycare facilities, albeit on a part-time basis only. For Iceland, calculations are based on the rates that apply in Reykjavík; for Norway, the rates that apply in Oslo.

In all of the calculations of life situations, with the exception of "Life situation I", it is assumed that the children are attending day-care. For child allowances, the calculation includes child maintenance to single parents (corresponding to the amount of the contributions payable in advance by the public authorities), in addition to the actual child allowance to single parents and couples with children (see Chapter 3).

Housing costs and housing benefits

In all cases, it is assumed that the families live in rented accommodation. The amount of the housing costs/rent depends solely on family type, and is independent of the income level. Housing costs include rent payments. For the life situation involving social assistance, heating costs are also included.

It has not been possible to determine the amount of rent for the individual family types in a manner that is consistent across all of the countries. In some countries, the rent is based on an estimate of the amount spent on rented accommodation per family type, as well as the national average rent per square metre. In others, it is based on survey data of rents for various family types in certain local authorities.

With the exception of the life situation involving social assistance, the rent for the individual family types is merely used to calculate the amount of any housing benefit – the rent itself is not included in the calculation of the disposable income.

The rents in Iceland are based on data that applies only to Reykjavik. For Norway, the rents are based on the data for Oslo in the first quarter of the relevant year. In this case, the assumption is that the rent depends on the size of the family. For Norway, housing benefits are estimated by means of Husbanken's housing benefit calculator. It also uses the Oslo rates.

Outline of life situations, 2015

The table below describes the various life situations used in this publication.

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
Life situations 0 Income and tax in life situations for an AW	Single parent with one child. AW 50%, AW 75%, AW 100% and AW 125%	Single person with no children. AW 50%, AW 75%, AW 100% and AW 125%	Couple with two children. AW 50/75%, AW 75/100% and AW 100/125%	Couple with no children. AW 50/75%, AW 75/100% and AW 100/125%
Life situation I Compensation rate concerning childbirth	Single parent with a new-born child drawing daily cash benefits, in relation to a single childless person in work. AW 50%, AW 75%, AW 100% and AW 125%	.	Couple with two children (aged 5 and 8) other than the newborn, where the person earning the lowest income draws daily cash benefits, in relation to a couple with two children (aged 5 and 8), where both adults are in work. AW 50/75%, AW 75/100% and AW 100/125%	Couple with a new-born child where the person earning the lowest income draws daily cash benefits, in relation to a childless couple where both work. AW 50/75%, AW 75/100% and AW 100/125%
Life situation II Compensation rate in life situation concerning unemployment for insured individuals	Single parent with one child drawing unemployment benefits, in relation to a single parent in work with one child. AW 50%, AW 75%, AW 100% and AW 125%	Single childless person drawing unemployment benefits, in relation to a single childless person in work. AW 50%, AW 75%, AW 100% and AW 125%	Couple with two children (aged 5 and 8) where the person earning the lowest income draws unemployment benefits, in relation to a couple with two children (5 and 8 years), where both adults work. AW 50/75%, AW 75/100% and AW 100/125%	Childless couple where the person earning the lowest income draws unemployment benefits, in relation to a childless couple where both adults work. AW 50/75%, AW 75/100% and AW 100/125%
Life situation III Compensation rate in life situation concerning unemployment for uninsured individuals	.	Single childless person drawing social assistance, in relation to a single childless person in work. AW 50%, AW 75%, AW 100% and AW 125%. It is assumed that the person is at least 30 years of age	.	.

Continues

continued

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
Life situation IV Compensation rate in life situation concerning sickness	.	Single childless person drawing sickness benefits, in relation to a single childless person in work	.	.
Life situation V Compensation rate in life situation concerning retirement pension	.	Single childless person receiving retirement pension, in relation to a single childless person in work. AW 0 (assuming that the person in question has never been in work), AW 50%, AW 75%, AW 100% and AW 125% (assuming that the person in question has been in work for 40 years)	.	.
Life situation VI Compensation rate in life situation concerning disability pension	.	Single childless person receiving disability pension (pensionable age 50 years), in relation to a single childless person in work. AW 0 (assuming that the person in question has never been in work), AW 50%, AW 75%, AW 100% and AW 125% (assuming that the person in question has been in work for 25 years)	.	.
Life situation VII Compensation rate in life situation concerning social assistance	Single parent with one child drawing social assistance, in relation to a single parent in work with one child. AW 0%	Single childless person drawing social assistance, in relation to a single childless person in work. AW 0%	Couple with two children (aged 5 and 8), where the person earning the lowest income draws social assistance, in relation to a couple with two children (aged 5 and 8), where both adults work. AW 0%. I It is assumed that neither adult has paid work or any other income-substituting benefits	Childless couple where the person earning the lowest income draws social assistance, in relation to a childless couple where both adults work. AW 0%. The partners have neither any income from work nor any other income-related benefits

Calculations of income distribution

The basis of the calculations in the tables on income distribution and poverty is detailed below.

EU-SILC's definitions

The first EU-SILC survey appeared in 2004, with income data for 2003. Data is now available from 2009-2014, covering income from the years 2009-2013.

Surveys are used to gather data relating to people aged 16 and over living in private households.

People at risk of poverty are defined as the percentage share of the population with an equivalent disposable income that is less than 60 per cent of the corresponding median income.

For each person, the equivalent disposable income is defined as his/her disposable household income, divided by the equivalent weight of the household.

The total disposable household income is calculated by adding together all of the household members' personal incomes, plus any other income at household level. The disposable household income is divided by members' equivalent weight in order to arrive at a standard financial measure that makes households with different compositions of adults and children more comparable.

The disposable income consists of a household's total income after tax, including social cash benefits. According to EUROSTAT's definitions, the disposable income does not include capital yield.

Other income, such as interest and dividends, is included. Capital income, e.g. due to the sale of stocks and shares, is not included. Social cash benefits cover disability, old-age and survivor's pensions and other family allowances, child allowances, maternity benefits, maintenance advances, housing benefits and other social benefits. Interest income from housing was not included until 2007 for the financial year 2006. However, earlier years were included for Denmark.

Statistics Faroe Islands calculated the income distribution in the Faroe Islands according to the method described here.

Households

A household consists of individuals living together and sharing the household economy. EU-SILC does not include people living in institutions/nursing homes, prisons, etc. A household may also consist of other family types.

Single people

One-person households consist of one adult (aged over 17) and any children living at the same address, irrespective of the children's ages.

Cohabiting couples

Cohabiting couples consist of 2 adults (over 17 years) and any children living at the same address, irrespective of the children's ages. This group also includes households with more than two adults.

Children

The age limit for dependent children has been fixed at 16 years (0–16). People aged 17–24 who are financially inactive and who live in the same household as at least one parent also count as dependent children

Purchasing power

Purchasing power parities (PPP) are defined as the currency-conversion factor corresponding to the purchasing power of the individual currencies. They are used to calculate figures expressed in *purchasing power standards* (PPS[1]). In other words, a certain amount, converted from different currencies by means of PPP[1] factors, will buy the same amount of goods and services in all of the countries. Following conversion, figures are expressed in PPS[1].

PPS[1] calculations are used to compare social expenditure and compensation rates for life situations, as described above.

Purchasing power parities (PPP) for the Nordic countries, 2014 and 2015

	PPP 2014	PPP 2015
Denmark	10.03	9.84
Faroe Islands	10.03	9.84
Finland	1.24	1.22
Iceland	185.33	186.59
Norway	12.50	12.86
Sweden	11.83	11.99

Source: OECD

The PPS calculations in this report are in PPS (EU27=1) with regard to private consumption (based on 2014 estimates). An independent PPS has not been calculated for the Faroe Islands. For this reason, this publication uses Danish PPS, as both countries use the same currency.

Comparing the Nordic countries with other countries

The introduction to each chapter includes a table of relevant social expenditure in relation to GDP.

When comparing social expenditure in the Nordic countries with that of other EU member states, it must be noted that social cash benefits are often subject to tax in the Nordic countries, whereas parts of these benefits are exempt from tax in the

other EU countries. In addition, several countries offer tax relief (tax reductions) for families with children, but this is not identified as social expenditure.

It should also be noted that the boundaries between the social and the education sectors vary from country to country. For example, in some European countries children start school at an earlier age, which makes it difficult to compare expenditure on the minding of preschool children.

The OECD and EUROSTAT are in the process of developing models for the calculation of net social expenditure after tax (see Figure 9.2).

Note also that the OECD calculations of expenditure in the healthcare sector differ considerably from the calculations in the ESSPROS system and in this report. In ESSPROS, efforts are made to obtain the most precise data possible on expenditure on social services to the elderly and the disabled. However, in the OECD statements in *A System of Health Accounts,* these figures come under health expenditure. In addition, expenditure in ESSPROS is based on net calculations, while the OECD statements are based on gross expenditure (i.e. including investments, user charges, etc.).

Other factors

Norway started using the national accounts as the basis for calculations of social expenditure in 2002, Iceland in 2007. This means that social expenditure from 2001 (Norway) and 2006 (Iceland) and earlier cannot be accurately compared with the data for later years. See the 2004 report for a detailed description of the earlier situation in Norway.

Appendix 2

Annual adjustment of social benefits

Denmark

All transfer incomes and a number of other rates are adjusted annually as of 1 January by means of a rate-adjustment percentage that reflects developments in annual wages in the labour market. The adjustment has been laid down both in an act on the rate-adjustment percentage and in individual acts on the various cash benefits, etc. The rate-adjustment percentage is calculated on the basis of the adjustment of annual wages for workers and civil servants two years prior to the year concerned. In other words, the rate-adjustment percentage for 2014 was fixed on the basis of the adjustment of annual wages from 2011 to 2012.

If the change in the annual wages exceeds 2.0 per cent, the rate-adjustment percentage is reduced by between 0.0 and 0.3 per cent. An amount corresponding to the reduction is then transferred to the rate-adjustment pool used for social, health and labour market measures, with a view to improving conditions for the recipients of transfer incomes, as well as at-risk groups. Consequently, the annual adjustment by means of the rate-adjustment percentage sets the rates for social pensions, sickness, maternity and unemployment benefits, voluntary early retirement benefits, cash assistance, rehabilitation allowances, child allowances and child supplements, as well as some housing subsidies. The various amounts that are included in the basis for the calculation of the various kinds of benefits and support are also adjusted by the rate-adjustment percentage. Some housing subsidies are adjusted by the increase in the consumer price index. This also applies to the child and youth allowance, which is normally adjusted in line with the increase in the consumer price index two years prior to the relevant calendar year.

The maximum amount of the unemployment benefit is adjusted by means of the rate-adjustment percentage. For people receiving individual daily cash benefits below the maximum amount, the rate-adjustment percentage is used to adjust the basis for calculation of the benefits (i.e. previous earned income). Daily cash benefits then amount to 90 per cent of the new calculation basis. As a result, recipients of individual daily cash benefits below the maximum amount also have their benefits adjusted as of 1 January.

In addition, the rate-adjustment percentage also affects the maximum amount of sickness and maternity benefits. For people receiving less than the maximum amount, and whose daily cash benefits therefore amount to 100 per cent of their previous earnings, the benefit is adjusted to reflect the results of collective bargaining agreements.

Faroe Islands

Social cash benefits are adjusted annually, on 1 January, based on special legislation. The legislation covers pensions, pension supplements, special supplements to pensioners and maintenance allowance. However, the basic amount of the old-age pension is not adjusted. Child supplements, benefits to single parents and allowances to children placed in foster care are also adjusted in this way.

Social assistance benefits and work-assessment and rehabilitation benefits are adjusted according to the rate of daily cash benefits in the event of sickness absence.

Unemployment benefits, sickness benefits and benefits in connection with pregnancy are adjusted in relation to the trend in the private labour market, which is typically fixed on 1 May every year.

Finland

Social cash benefits are adjusted in the following manner:

Unemployment benefits, social assistance and basic/minimum pension are adjusted once a year, based on the previous year's consumer price index.

The employment pension is increased annually: 20 per cent of the increase is calculated in relation to wage/salary rises, and 80 per cent in relation to consumer prices.

When calculating a new employment pension, the previous earnings are adjusted to the level of the year of retirement by means of a wage factor – wage changes are weighted at 80 per cent, while price increases are weighted at 20 per cent. In addition, income ceilings for sickness benefits and maternity benefits are adjusted annually by means of the wage factor.

Since 1 March 2011, the minimum benefits (sickness benefits, maternity, paternity and parental benefits and rehabilitation benefits), as well as child supplements and support toward the cost of private childcare, have been linked to the pension index.

Iceland

All social benefits are adjusted annually as of 1 January in relation to wages/salaries and prices. The benefits in question are the basic pension to old age and disability pensioners, unemployment benefits, public sickness benefits and maternity benefits to those not gainfully employed. In addition, income levels for basic and disability pensions are adjusted in relation to the wage/salary development as of 1 September each year.

The employment pension is adjusted in line with the consumer price index.

Norway

The old-age pension payable by the Social Insurance Scheme is calculated on the basis of the basic amount. In 2011, as part of the pension reform, new adjustment rules were introduced that apply to both the basic amount and the pension payable by the Social Insurance Scheme. The basic amount is fixed by Parliament and is adjusted annually from 1 May to reflect the wages of those in active employment. As of 1 May 2014, the basic amount was NOK 88 370; as of 1 May 2015, NOK 92 576. The rules are based on forecasts for wages in the adjustment year, adjusted for any deviations between predicted and actual wages in the previous two years. The basis for the adjustment is agreed between the national government and pensioners', disabled people's and professional organisations. Old-age pensions are first adjusted by the income de-

velopment (basic amount), from which 0.75 per cent is then deducted when the pension amount reaches a certain point above the minimum level. The lowest pension levels are adjusted to reflect prevailing income trends, and then adjusted based on current life expectancy for 67-year-olds.
Disability pension is calculated on the basis of any previous pensionable income and the basic amount of the Social Insurance Scheme.

The temporary Social Insurance Scheme benefit, *arbeidsavklaringspenger* (work-clarification benefit), is calculated on the basis of a recipient's previous pensionable income. The benefit is adjusted annually in line with the changes in the basic amount from the Social Insurance Scheme.

Sickness benefits are not adjusted during a period of sickness absence. Consequently, they are not adjusted in the event of changes to an ill person's wage/salary level or the basic amount during his/her sickness benefit period.

The income basis used to set daily cash benefits in the event of unemployment is fixed for the entire period at the transition to unemployment benefits, and is not affected by changes in the general income level in society.

Financial social assistance is a means-tested benefit that is calculated specifically and individually. Government guidelines for the calculation of support for maintenance (financial social assistance) are provided to adults and children in different age groups. The Ministry evaluates and revises the guidelines on an annual basis.

Sweden
Benefits that supplement income from work or continuations thereof (e.g. pensions) are often automatically adjusted on the basis of prices.

The price basic amount is used for the adjustment of the minimum pension amount. Benefits adjusted by the price basic amount include the pension level and the ceiling for the sickness and parental insurance schemes (sickness and parental benefits).

Different rules often apply to means-tested benefits.

With regard to the national level of the social contribution (social assistance), every year the government sets the level of the adjustment on the basis of current price developments and the National Consumer Agency's calculations of the maintenance needs of different family types. The system also makes it possible to take into account changes in consumer trends, etc.

Housing benefits are fixed amounts awarded on the basis of given incomes. They can only be altered by political decisions. The same applies to maintenance allowance advances.

Similarly, the child supplement is a general allowance, but it is not adjusted to reflect prices. It can only be adjusted following a political decision.

Appendix 3

Nordic social policies

The Nordic welfare model

The Nordic welfare model has the following characteristics:

1. **Comprehensive public-sector responsibility for basic welfare tasks.** Welfare policy is wide-ranging, and includes social security, social services, health, education and training, housing, employment, etc.
2. **A strong government role in all policy areas.** Political measures designed to encourage full employment are based on macroeconomic policy, social policy and an active labour market policy in which trade unions and employers play an important role as social partners.
3. **A welfare system based on a high degree of universalism.** All citizens are entitled to basic social security and services, irrespective of their position in the labour market. This universalism contributes to broad public support for welfare policy.
4. **Income security based on basic security for all.** Income protection is based on two elements: most schemes provide income-independent basic benefits and an income-dependent benefit to those who have been in the labour market. Compared with other industrialised countries, public income transfers play a substantial part, for which reason the ratio of social expenditure to GDP has been high. There is considerable public financing of transfer incomes, and as such the level of taxation remains high.
5. **The model embraces the social and health sectors.** The Nordic countries may also be characterised as service states in which local democracy plays an important part. Social and health services are financed by taxes, rather than high user charges. The aim is to meet the needs of all citizens. Local and regional authorities (including at county level) administer and often provide these services directly.
6. **Relatively even income distribution.** The income disparities in the Nordic countries with regard to salary distribution and disposable incomes are small compared with other countries. There are no large gaps between the various income groups, and therefore the levels of poverty and differences in the standard of living are relatively low.
7. **Equal opportunities are a basic principle**. In the Nordic countries, the rate of participation by women is high, and most families consist of two providers. Social

measures are based on individual rights, which means that women are not financially dependent on their spouses.

8. **Well-organised labour market and a high level of work participation in which tripartite cooperation is key.**
9. **Funding from taxation and redistribution.** Although the basic principles of the Nordic welfare model still apply, it is becoming more and more common to apply user charges, instead of all welfare services being financed via taxes. The setting up of funds to finance pensions is also gaining ground.

Organisation of Nordic social policy

Denmark

Denmark has a three-tiered administration system (national, regional and local authorities). The tax system is two-tiered – only the state and local councils are authorised to levy taxes.

The overall responsibility for the legislation and structure of social policy rests with the parliament and national government. The local and regional authorities administer and pay for most social benefits and services.

The local authorities are responsible for the main social cash benefits – pensions, sickness benefits, rehabilitation, housing benefits, benefits to refugees and social assistance – and meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by the state. *Payments Denmark* also administers and pays out a number of benefits.

The local authorities are responsible for employment measures aimed at the insured and non-insured unemployed, and at the remaining target groups (rehabilitation, sickness benefits, etc.). The local authorities are also responsible for cooperating with enterprises on employment measures. However, the voluntary unemployment insurance funds also administer and pay out unemployment benefits.

Local authorities are responsible for administering the main social services, e.g. day-care, residential institutions, preventive measures aimed at children and adolescents, housing for disabled people and socially vulnerable groups, as well as care and nursing for elderly and disabled people (home nursing, home help, nursing homes, etc.). The costs are financed by local taxation and block grants from national government.

The regional authorities have day-to-day responsibility for the health services, including running hospitals and administering services and benefits from the National Health Insurance Service, e.g. payments to general practitioners and dentists, as well as subsidies for medication. The regional authorities' expenditure in the healthcare sector is financed by block grants from the government and contributions from local councils.

Faroe Islands

The Faroe Islands have a two-tiered taxation and administration system (home rule government and local authorities). The government has overall responsibility for legislation on, and administration and payment of, the majority of social benefits and the provision of social services. The same applies to healthcare, where operations and administration have been transferred to a number of authorities.

The local authorities are responsible for daycare facilities for children and elderly people, amongst other welfare services. They also pay a small part of the expenditure on local authority doctors, school doctors, visiting nurses, home-care nurses, etc.

The labour market parties finance the unemployment insurance scheme, which is administered by a board composed of labour market representatives. The labour market parties finance maternity insurance and the solidary labour market pension. The schemes are managed independently. The tax authorities manage the payment of both benefits.

Finland

In Finland, the government has overall responsibility for the legislation. The taxation system is two-tiered (national and local authorities), but the administrative system is three-tiered (state, regions and local authorities).

The pension system consists of two parts: an employment pension and a national pension. The employment pension is work-related and insurance-based, while the national pension is awarded to all citizens in the country who receive only a small employment pension or none at all. Private insurance companies manage the private sector's employment pension schemes. Housing benefits consist of three separate benefits.

Local councils are responsible for the health and social services provided to all residents in the areas they cover. Public healthcare services are supplemented by private healthcare services, the costs of which are partly reimbursed via the public Sickness Insurance Scheme.

Cash benefits in the event of unemployment consist of an earnings-related allowance and a basic allowance. Most employees are covered by the unemployment insurance fund and are entitled to the accrual-based benefit.

Iceland

Iceland has a two-tiered taxation and administration system (national and local authorities). The government has the main responsibility for legislation, including decision-making and responsibility for social policy. It is also responsible for the majority of social services, hospitals, health centres (primary health care) and home nursing.

Local authorities are responsible for home help, institutions and the care of children and young people – and from 2011, disabled people. Local councils, in co-operation with the national government, are also responsible for services to elderly people.

The government shares responsibility with the labour market parties for income transfers (social cash benefits and pensions). Pensions are administered by the National Social Security Institution (basic pensions) and by an independent pension fund

(labour market pensions) administered by the contributors (employees and employers).

The national government administers the Unemployment Insurance Scheme, while the majority of the sickness benefits come from salaries/wages payable during sickness absence.

Local authorities are responsible for providing social assistance.

Norway

Norway has a three-tiered administrative and political system (national, county and local authorities). The same applies to the welfare sector.

The national government, via the National Insurance Scheme, administers most of the social income transfers, i.e. unemployment benefits, sickness benefits, rehabilitation benefits (work clarification benefits) and pensions.

The National Insurance Scheme is financed by contributions from employers, employees and the state. The employers' contributions depend on in which of the five regions the enterprise is located.

Local authorities administer and are responsible for social assistance, primary health care, home help and home nursing, and institutions for children, young people and elderly and disabled people.

The national government has assumed responsibility for the hospital sector, leaving the counties with only minor responsibilities in this area.

Sweden

Sweden has a three-tiered administrative system (national, county and local authorities). The national government is responsible for most income transfers, e.g. sickness benefits, parental benefits, unemployment benefits and the industrial injury insurance scheme, which is administered by the Swedish Social Security Fund. The majority of pensions come from pension funds and are administered by the contributors. The county authorities are responsible for the hospitals and most of the primary health sector (health centres). The local authorities are responsible for home help and home nursing, social assistance and institutions, and care for children, young people, and elderly and disabled people.

Appendix 4

Further information

Further information on Nordic social security systems and statistics in the Nordic countries is available from the following bodies in the respective countries:

DENMARK

Danmarks Statistik (Statistics Denmark)
www.dst.dk

Arbejdsmarkedets Tillægspension (The Labour Market Supplementary Pension Scheme)
www.atp.dk

Sundhedsstyrelsen (The Danish Health and Medicines Authority)
www.sst.dk

Social- og Indenrigsministeriet (The Ministry of Social Affairs and the Interior)
www.sim.dk

SFI - Det Nationale Forskningscenter for Velfærd (The Danish National Centre for Social Research)
www.sfi.dk

Ankestyrelsen (The National Social Appeals Board)
www.ast.dk

Beskæftigelsesministeriet (The Ministry of Employment)
www.bm.dk

Styrelsen for Arbejdsmarked og Rekruttering (The Danish Agency for Labour Market and Recruitment)
www.star.dk

Udbetaling Danmark (Payments Denmark)
www.udbetalingdanmark.dk

THE FAROE ISLANDS

Almannamálaráðið
(Ministry of Social Affairs)
www.amr.fo

Hagstova Føroya (Statistics Faroe Islands)
www.hagstova.fo

FINLAND

Folkpensionsanstalten (The Retirement Pension Authority)
www.kela.fi

Social och hälsovårdsministeriet (The Ministry of Social Affairs and Health)
www.stm.fi

THL - National Institute for Health and Welfare
www.thl.fi

Statistikcentralen (Statistics Finland)
www.stat.fi

Pensionsskyddscentralen (Finnish Centre for Pensions)
www.etk.fi

Arbets- och näringsministeriet (Ministry of Employment and the Economy)
www.tem.fi

ICELAND

Hagstofa Íslands (Statistics Iceland)
www.statice.is

Vinnumálastofnun (Directorate of Labour)
www.vinnumalastofnun.is

Landssamtök Lífeyrissjóða
(**I**celandic Pension Funds Association)
www.ll.is

Tryggingastofnun Ríkisins
(Social Insurance Administration)
www.tr.is

Velferðarráðuneytið
(Ministry of Welfare)
www.velferdarraduneyti.is

NORWAY

Statistisk sentralbyrå (Statistics Norway)
www.ssb.no

Arbejds- og sosialdepartementet (Ministry of Labour and Social Affairs)
www.regjeringen.no/asd

Arbeids- og velferdsdirektoratet
(Norwegian Labour and Welfare Administration)
www.nav.no

SWEDEN

Socialdepartementet (Ministry of Health and Social Affairs)
www.regeringen.se

Socialstyrelsen (The National Board of Health and Welfare)
www.sos.se

Försäkringskassan
www.forsakringskassan.se

Statistiska centralbyrån (Statistics Sweden)
www.scb.se

Inspektionen för arbetslöshetsförsäkringen, IAF (The Swedish Unemployment Insurance Board)
www.iaf.se

Skolverket (The Swedish National Agency for Education)
www.skolverket.se

Pensionsmyndigheten (The Swedish Pensions Agency)
www.pensionsmyndigheten.se

NOSOSCO publications since 2000

Recurrent publications

Every year, NOSOSCO publishes *Social Protection in the Nordic Countries.*

Theme publications

Nordic/Baltic Social Protection Statistics 2000
Nordic Social-Statistical Committee no 19:03. Copenhagen 2003

Sustainable Social and Health Development in the Nordic Countries. Seminar 27th May 2003, Stockholm.
Nordic Social-Statistical Committee no. 22:03. Copenhagen 2003

Sustainable Social and Health Development in the Nordic Countries. Seminar 6th April 2006, Oslo.
Nordic Social-Statistical Committee no. 29:06. Copenhagen 2006

Ålderspensionssystem i Norden.
Nordisk Socialstatistisk Komité nr. 34:08. København 2008

Old-age Pension Systems in the Nordic Countries.
Nordic Social-Statistical Committee no. 35:09. Copenhagen 2009

Opmuntrer de nordiske systemer 60-74-årige til at arbejde?
Nordisk Socialstatistisk Komité nr. 38:09. København 2009

Do the Nordic Welfare Systems Encourage the 60-74-Year-Olds to Work?
Nordic Social-Statistical Committee no. 39:10. Copenhagen 2010

Utfordringer for den nordiske velferdsstaten. Sammenlignbare indikatorer
Nordisk Socialstatistisk Komité nr. 41:10. København 2009

Challenges to the Nordic Welfare State. Comparable Indicators.
Nordic Social-Statistical Committee no. 42:10. Copenhagen 2010

Ungdomsarbeidsledighet i Norden – En studie av rettigheter og tiltak for unge arbeidssøkere'.
Nordisk Socialstatistisk Komité nr. 47:11. København 2011

Youth Unemployment in the Nordic Countries – A Study on the Rights of and Measures for Young Jobseekers'.
Nordic Social-Statistical Committee no. 50:11. Copenhagen 2011

Utfordringer for den nordiske velferdsstaten. Comparable indicators. 2nd edition
Nordisk Socialstatistisk Komité nr. 52:13. København 2013

Challenges to the Nordic Welfare State. Comparable Indicators.
Nordic Social-Statistical Committee no. 54:13. Copenhagen 2013

Sickness absence in the Nordic countries
Nordic Social-Statistical Committee no. 59:15. Copenhagen 2015

Microsimulation in Nordic Social Policy Analysis
Nordic Social-Statistical Committee no. 61:16. Copenhagen 2016