

Iceland

Exchange rate: US\$1.00 = 104.09 kronur.

Old Age, Disability, and Survivors

Regulatory Framework

First laws: 1909 and 1980.

Current laws: 1992 (disability), 1997 (pension funds), 2007 (social security), and 2007 (means-tested supplements).

Type of program: Universal and mandatory occupational pension system.

Coverage

Universal pension: Residents of Iceland, including citizens of the European Union and certain other countries.

Mandatory occupational pension: Employed and self-employed persons.

Source of Funds

Insured person

Universal pension: None.

Mandatory occupational pension: At least 4% of gross earnings. Collective agreements may provide for additional contributions.

Self-employed person

Universal pension: 7.35% of presumptive income. (Presumptive income is the employment income one would receive if similarly employed by an unrelated person.)

The self-employed person's contributions also finance cash parental benefits, work injury benefits, and unemployment benefits.

Mandatory occupational pension: 12% of gross earnings.

Employer

Universal pension: 7.35% of gross payroll.

The employer's contributions also finance cash parental benefits, work injury benefits, and unemployment benefits.

Mandatory occupational pension: At least 8% of the employee's wages. Collective agreements may provide for additional contributions.

Government

Universal pension: Finances any deficit.

Mandatory occupational pension: None; contributes as an employer.

Qualifying Conditions

Old-age pension (ellilífeyrir, universal, income tested): Age 67 (age 60 for some categories of seamen) with at least 40 years of residence from age 16 to age 67.

Employment may continue.

Income test: The old-age pension is subject to recovery if the insured's annual taxable income exceeds 1,200,000 kronur (from employment, as of February 1, 2018) or 300,000 kronur (from nonemployment sources).

Partial pension: A reduced pension is paid with at least three but less than 40 years of residence from age 16 to age 67.

Early pension: Age 65 with a total monthly pension income (including from universal and mandatory occupational pensions) of at least 239,484 kronur.

Deferred pension: The pension may be deferred up to age 72 (age 80 if born since 1952).

Supplement for single households (heimilisuppbót, income tested): Paid to a single pensioner who lives alone or a partnered pensioner whose partner is living in an elderly care facility.

Income test: The supplement for single households is subject to recovery if the insured's annual taxable income exceeds 1,200,000 kronur (from employment, as of February 1, 2018) or 300,000 kronur (nonemployment sources).

Pension supplement (uppbót á lífeyri, means tested): Paid for certain housing and medical costs and other living expenses.

Child's supplement (barnalífeyrir): Paid for each dependent child younger than age 18.

The universal old-age pension is payable abroad under reciprocal agreement.

Old-age pension (lífeyrissjóðir, mandatory occupational pension): Age 67 with at least 40 years of contributions (private-sector employees) or age 65 with at least 32 years of contributions (public-sector employees).

Partial pension: Paid at the normal retirement age if the insured does not meet the contribution requirements for a full pension.

Early pension: Age 65 (private-sector employees).

Deferred pension: The pension may be deferred up to age 80 (public- and private-sector employees); up to age 72 if born before 1952.

Child's supplement: Paid for each dependent child younger than age 18.

Disability pension (örorkulífeyrir, universal, income tested): Must be aged 18 to 66, have at least 40 years of residence before the claim is made, and have an assessed loss of earning capacity of at least 75% as a result of a medically recognized disease or disability.

Income test: The disability pension is subject to recovery if the insured's annual taxable income exceeds 2,575,220 kronur.

Partial pension: A reduced pension is paid with at least three but less than 40 years of residence.

Age-related pension supplement (aldurstengd örorkuuppbót, income tested): Paid based on the age when the insured first became entitled to the universal disability pension.

Income test: The age-related pension supplement is subject to recovery if the insured's annual taxable income exceeds 2,575,220 kronur.

Guaranteed income supplement (tekjutrygging, income tested): Paid if the insured receives a universal disability pension.

Income test: The guaranteed income supplement is subject to recovery if the insured's annual taxable income exceeds 1,315,200 kronur (from employment), 328,800 kronur (from pensions), or 98,640 kronur (from capital).

Supplement for single households (heimilisuppbót, income tested): Paid to a single pensioner who lives alone or a partnered pensioner whose partner is living in an elderly care facility.

Income test: The supplement for single households is subject to recovery if the insured's annual taxable income exceeds 1,315,200 kronur (from employment), 328,800 kronur (from pensions), or 98,640 kronur (from capital).

Pension supplement (uppbót á lífeyri, means tested): Paid for certain housing and medical costs and other living expenses.

Child's supplement (barnalífeyrir): Paid for each dependent child younger than age 18.

The State Social Security Institute assesses the degree of disability following a medical examination by a doctor.

The disability pension ceases at the normal retirement age and is replaced by the universal old-age pension.

Partial disability allowance (örorkustyrkur): Must be aged 18 to 66, have at least three years of residence before the claim is made, and have an assessed loss of earning capacity of 50% to 74%.

Income test: The partial disability allowance is subject to recovery if the insured's annual taxable income exceeds 2,575,220 kronur.

Child's supplement (barnalífeyrir): Paid for each dependent child younger than age 18.

The State Social Security Institute assesses the degree of disability following a medical examination by a doctor.

The partial disability allowance ceases at the normal retirement age and is replaced by the universal old-age pension.

The universal disability pension is payable abroad under reciprocal agreement.

Disability pension (mandatory occupational pension):

Must have an assessed loss of earning capacity of at least 50%, a loss of income due to the reduction in earning capacity, and at least two years of contributions.

Spouse's bereavement allowance (dánarbætur, universal): Paid to a spouse who is widowed before age 67.

Orphan's pension (barnalífeyrir, universal): The deceased and the survivors must have at least three years of residence before the claim is made.

Eligible survivors include children younger than age 18.

Survivor pension (mandatory occupational pension):

Paid if the deceased had at least 24 months of contributions during the 36 months before death or received an occupational old-age or disability pension at the time of death.

Eligible survivors include a spouse or cohabiting partner (including a same-sex partner) and children younger than age 18.

The widow(er)'s pension ceases upon remarriage.

Old-Age Benefits

Old-age pension (ellilífeyrir, universal, income tested):

Up to 239,484 kronur a month (2,873,808 kronur a year) is paid.

Income test: The pension is reduced by 45% of the insured's annual earnings above 1,200,000 kronur and of annual nonemployment income above 300,000 kronur.

Partial pension: The old-age pension is reduced proportionately for each year of residency less than 40 years.

Early pension: The old-age pension is reduced by 0.5% a month for each month the pension is claimed before age 67.

Deferred pension: An actuarially increased pension is paid if born in 1952 or later; the old-age pension is increased by 0.5% for each month the pension is claimed after age 67, (up to age 72) if born before 1952.

Supplement for single households (heimilisuppbót, income tested): Up to 60,516 kronur a month (726,192 kronur a year) is paid.

Income test: The supplement for single households is reduced by 11.9% of the insured's annual taxable income from employment above 1,200,000 kronur and from non-employment sources above 300,000 kronur.

Pension supplement (uppbót á lífeyri, means tested): A monthly benefit of 5% to 140% of the old-age pension is paid.

Child's supplement (barnalífeyrir): 33,168 kronur a month (398,016 kronur a year) is paid for each eligible child.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Old-age pension (lífeyrissjóðir, mandatory occupational pension): 1.4% of the insured's lifetime average earnings for each year of contributions is paid.

The minimum pension is 56% of the insured's lifetime average earnings if the insured had at least 40 years of residence.

Partial pension: The pension is proportionally reduced based on the number of years of contributions.

Early pension: An actuarially reduced pension is paid.

Deferred pension: Calculated in the same way as the mandatory occupational old-age pension.

Child's supplement: At least 19,202 kronur a month is paid for each eligible child, according to the pension fund.

The maximum monthly child's supplement is 25,603 kronur.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Permanent Disability Benefits

Disability pension (örorkulífeyrir, universal, income tested): Up to 44,866 kronur a month (538,392 kronur a year) is paid.

Income test: The disability pension is reduced by 25% of the insured's annual taxable income above 2,575,220 kronur.

Partial pension: The disability pension is reduced proportionately for each year of residency less than 40 years.

Age-related pension supplement (aldurstengd örorkuuppbót, income tested): Up to 44,866 kronur a month (538,392 kronur a year) is paid, based on the age the insured became entitled to the universal disability pension.

Income test: The age-related pension supplement is reduced by 25% of the insured's annual taxable income above 2,575,220 kronur.

Guaranteed income supplement (tekjutrygging, income tested): Up to 143,676 kronur a month (1,724,112 kronur a year) is paid.

Income test: The guaranteed income supplement is reduced if the insured's annual taxable income from employment exceeds 1,315,200 kronur, from pensions exceeds 328,800 kronur, or from capital exceeds 98,640 kronur.

Supplement for single households (heimilisuppbót, income tested): Up to 48,564 kronur a month (582,768 kronur a year) is paid.

Income test: The supplement for single households is reduced by 12.96% of the insured's annual taxable income from employment above 1,315,200 kronur, from pensions above 328,800 kronur, and from capital above 98,640 kronur.

Pension supplement (uppbót á lífeyri, means tested): A monthly benefit of 5% to 140% of the disability pension is paid.

Child's supplement (barnalífeyrir): 33,168 kronur a month (398,016 kronur a year) is paid for each eligible child; the supplement is doubled if both parents have disabilities.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Partial disability allowance (örorkustyrkur): Up to 33,168 kronur a month (398,016 kronur a year) is paid if aged 16 to 61; 44,866 kronur a month (538,392 kronur a year) if aged 62 to 66.

Income test: The partial disability allowance is reduced by 25% of the insured's annual taxable income above 2,575,220 kronur.

Child's supplement (barnalífeyrir): 75% of the full child's supplement is paid for each eligible child.

The full child's supplement is 33,168 kronur a month (398,016 kronur a year)

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Disability pension (mandatory occupational pension):

The pension is calculated based on the assessed loss of earning capacity and the value of paid and credited contributions (projected to age 67). The pension is paid from the first day of the month following the date of the award.

Child's supplement (barnalífeyrir): At least 19,202 kronur a month is paid for each eligible child, according to the fund.

The maximum monthly child's supplement is 25,603 kronur.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Survivor Benefits

Spouse's bereavement allowance (dánarbætur, universal): 49,404 kronur a month is paid to the widow(er) for up to six months; 37,008 kronur for an additional six months if the widow(er) has a dependent child younger than age 18.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Orphan's pension (barnalífeyrir, universal): 33,168 kronur a month is paid to each eligible child; the pension is doubled for full orphans.

Survivor pension (mandatory occupational pension)

Spouse's pension: 50% of the mandatory occupational disability pension the deceased was entitled to receive for at least a 75% assessed loss of earning capacity is paid. The

pension is paid for 24 months (no limit for a spouse supporting a child younger than age 18 or for a spouse younger than age 67 with a disability of at least 50%).

Orphan's pension: The amount varies according to the fund.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Administrative Organization

Ministry of Welfare (<https://www.stjornarradid.is/raduneyti/velferdarraduneytid/>) provides general supervision of the universal program.

Social Insurance Administration (<https://www.tr.is/>) administers of the universal programs through local offices.

Directorate of Customs (Tollstjórnin í Reykjavík; <https://www.tollur.is/>) collects contributions for the universal program.

Ministry of Finance and Economic Affairs (<https://www.stjornarradid.is/raduneyti/fjarmala-og-efnahagsraduneytid/>) provides general supervision of the mandatory occupational pension program.

Forty-three independent pension funds administer their own mandatory occupational pension programs.

Sickness and Maternity

Regulatory Framework

First laws: 1936 (social security), 1973 (health service), and 1975 (maternity leave and benefits).

Current laws: 2000 (maternity and paternity leave), 2006 (adoption grant), 2007 (health service), 2007 (social security), and 2008 (health insurance).

Type of program: Universal (medical benefits and cash parental grants), social insurance (cash parental benefits), and employment-related (cash sickness benefits) system.

Coverage

Universal (cash parental grants and medical benefits): Residents of Iceland.

Social insurance (cash parental benefits): Employed and self-employed persons residing in Iceland.

Employment-related (cash sickness benefits): Employed and self-employed persons residing in Iceland.

Source of Funds

Insured person

Universal and employment-related: None.

Social insurance: See source of funds under Old Age, Disability, and Survivors.

Self-employed person

Universal and employment-related: None.

Social insurance: See source of funds under Old Age, Disability, and Survivors.

Employer

Universal and employment-related: None.

Social insurance: See source of funds under Old Age, Disability, and Survivors.

Government

Universal and employment-related: The total cost.

Social insurance: Finances any deficit.

Qualifying Conditions

Sickness benefit (sjúkradagpeningar, employment related): Must be aged 18 or older, incapable of work as the result of a sickness for at least 21 days, not be receiving old-age or disability benefits, and not be receiving wages or employer-paid sickness benefits due to illness. A partial benefit is paid for those who have lost at least half-time (50%) employment due to illness.

Child's supplement: Paid for each dependent child younger than age 18.

Parental and adoption benefits (social insurance): Paid to a parent with at least six consecutive months of work in Iceland (or in certain other countries under international agreements) before the first day of parental leave. A month of work is a month in which the insured worked at least 25%.

Parental grants (universal): Must be a resident of Iceland for at least 12 months before the expected date of childbirth, and not qualify for social insurance parental benefits.

Medical benefits (universal): Must be a resident of Iceland for at least six months.

Sickness and Maternity Benefits

Sickness benefit (sjúkradagpeningar, employment related): At least 1,746 kronur a day is paid to persons who worked full-time and no longer receive wages or employer-paid sickness benefits due to illness; 873 kronur a day to persons who have lost at least half-time (50%) employment due to illness. The benefit is paid after a 14-day waiting period for up to 52 weeks in any 24-month period. Cash benefits are not paid until wages have ceased. (Employers must pay wages for at least one month; may be extended, depending on the collective agreement, for employees with at least 12 consecutive months of employment.)

Child's supplement: 480 kronur a day is paid for each eligible child.

Parental and adoption benefits (social insurance): 80% of the insured's average wage or income in the 12 months

ending at least six months before the month of childbirth or adoption is paid for three months for each qualifying parent. The benefit may be paid up to one month before the expected date of childbirth or adoption, must be paid to the mother for the two weeks immediately after childbirth, and may be paid to both parents at the same time. If both parents qualify, the benefit may be shared between them for an additional three months.

The leave period must be claimed before the child is age 24 months (or 24 months after adoption for a child up to age 8).

If the insured is employed part time (from 25% to 49%), the minimum monthly benefit is 123,897 kronur; if employed from 50% to 100%, the minimum monthly benefit is 171,711 kronur.

The maximum monthly parental and adoption benefit is 520,000 kronur.

Parental grants (universal): 74,926 kronur a month is paid to the mother and/or father working less than 25% time for up to three months (a single grant is paid to one parent or divided between the two parents for an additional three months); 171,711 kronur a month if a full-time student.

Workers' Medical Benefits

A minimum fee is charged for a doctor's visit, certain medicine, X-rays, and travel costs. Inpatient treatment in a public hospital or maternity ward is free of charge. Free medication is provided for some chronic diseases.

Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

Children up to age 18 may receive a partial reimbursement of costs for medical and dental care.

Only disability pensioners are fully reimbursed for medical care.

Administrative Organization

Ministry of Welfare (<https://www.stjornarradid.is/raduneyti/velferdarraduneytid/>) provides general supervision.

Social Insurance Administration (<https://www.tr.is/>) and Icelandic Health Insurance (<http://www.sjukra.is/>) administer the programs through local offices.

Directorate of Customs (Tollstjórnin í Reykjavík; <https://www.tollur.is/>) collects contributions for the programs.

Work Injury

Regulatory Framework

First law: 1925.

Current laws: 1992 (disability) and 2007 (social security).

Type of program: Social insurance system.

Coverage

Employed and self-employed persons, apprentices, persons engaged in rescue operations, and athletes participating in organized athletic activities.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors.

Self-employed person: See source of funds under Old Age, Disability, and Survivors.

Employer: See source of funds under Old Age, Disability, and Survivors.

Government: Partially finances the program through general taxation.

Qualifying Conditions

Must be assessed with a work injury or occupational disease.

Temporary Disability Benefits

2,133 kronur a day is paid if the incapacity for work lasts for at least 10 days. The benefit is paid after a seven-day waiting period for up to 52 weeks. (Collective agreements provide for the continued payment of wages for a certain period, depending on the specific agreement. Cash benefits are not paid until wages have ceased.)

Child's supplement: 478 kronur a day is paid for each dependent child younger than age 18.

The maximum benefit is 75% of the insured's earnings.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Permanent Disability Benefits

Permanent disability pension: For an assessed loss of earning capacity of at least 75%; 538,392 kronur a year is paid.

Partial disability: For an assessed loss of earning capacity of 50% to 74%, 50% of the full permanent disability pension plus 2% for each degree of disability from 50% to 74% is paid. For an assessed loss of earning capacity of 10% to 49%, a lump sum is paid.

The State Social Security Institute assesses the degree of disability following a medical examination by a doctor.

Age-related pension supplement (aldurstengd örorkuuppþót, income tested): See disability pension in Old Age, Disability, and Survivors.

Guaranteed income supplement (tekjutrygging, income tested): See disability pension in Old Age, Disability, and Survivors.

Child's supplement (barnalífeyrir): 33,168 kronur a month (398,016 kronur a year) is paid for each child younger than age 18 supported by the insured when the insured's disability began. If the insured's assessed loss of earning capacity is at least 75%, a supplement is paid for dependent children aged 18 or older.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Workers' Medical Benefits

All necessary medical care is provided, including specialist services and hospitalization.

Survivor Benefits

Survivor pension

Spouse's pension: If the insured dies within two years after the date of injury or diagnosis of the occupational disease, 49,519 kronur a month is paid to the surviving spouse for eight years.

Orphan's pension: 33,168 kronur a month is paid to each child younger than age 18. A lump sum of 618,065 kronur to 1,854,867 kronur, depending on the degree of necessary support, is also paid to children with disabilities older than age 16 who were supported by the deceased when the injury occurred or the occupational disease was diagnosed.

If there are no other eligible surviving relatives, a lump sum of 865,663 kronur is paid to the deceased's surviving children or the deceased's estate.

Benefit adjustment: Benefits are adjusted annually based on changes in wages or the cost-of-living index, whichever is greater.

Administrative Organization

Ministry of Welfare (<https://www.stjornarradid.is/raduneyti/velferdarraduneytid/>) provides general supervision.

Social Insurance Administration (<https://www.tr.is/>) administers the program through local offices.

Directorate of Customs (Tollstjórnin í Reykjavík; <https://www.tollur.is/>) collects contributions for the program.

Unemployment

Regulatory Framework

First law: 1956.

Current laws: 2006 (unemployment) and 2006 (labor market).

Type of program: Social insurance system.

Coverage

Employed and self-employed persons residing in Iceland.

Source of Funds

Insured person: None.

Self-employed person: See source of funds under Old Age, Disability, and Survivors.

Employer: See source of funds under Old Age, Disability, and Survivors.

Government: None.

Qualifying Conditions

Unemployment benefits (atvinnuleysisbóta): Must be aged 16 to 69 with at least 10 weeks of employment in the 12 months before employment ceased. Must be registered at an employment office, be actively seeking, and available for, work, and have been unemployed for at least three days before registration. For continuing entitlement, the insured must register at the employment agency every two weeks.

Self-employed persons must have paid contributions in the 12 months before employment ceased and income tax for at least three months.

Part-time work is permitted.

Child's supplement: Paid for each dependent child younger than age 18.

Unemployment Benefits

Unemployment benefits (atvinnuleysisbóta): A basic benefit of 56,854 kronur to 227,417 kronur a month, depending on the insured's duration of coverage and working time, is paid for the first 15 days; thereafter, an income-related benefit of up to 358,516 kronur a month is paid for up to 30 months.

The income-related benefit is 70% of the insured's average earnings in the six months before the two months before unemployment began (employees) or in the tax year preceding the year in which unemployment began (self-employed).

Benefits are reduced proportionately if the insured works part-time.

Child's supplement: 4% of the full basic benefit is paid for each eligible child.

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Benefit adjustment: Benefits are adjusted annually depending on changes in wages or the cost-of-living index, whichever is greater.

Administrative Organization

Ministry of Welfare (<https://www.stjornarradid.is/raduneyti/velferdarraduneytid/>) provides general supervision.

Directorate of Labor (<https://www.vinnumalastofnun.is/>) administers the Unemployment Insurance Fund and the employment agencies.

Directorate of Customs (Tollstjórnin í Reykjavík; <https://www.tollur.is/>) collects contributions for the program.

Family Allowances

Regulatory Framework

First law: 1946.

Current laws: 1991 (municipal social services), 2003 (income tax), and 2007 (social assistance).

Type of program: Universal and social assistance system.

Coverage

Residents of Iceland.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Child benefit (barnabætur, income tested): Paid for children younger than age 18 and supported by a parent or guardian who is ordinarily a resident in Iceland.

Income test: Benefits are reduced when annual household income exceeds 5,800,000 kronur for married or cohabiting parents; 2,900,000 kronur for single parents.

Child education benefit (barnalífeyrir vegna náms eða starfsþjálfunar): Paid to children aged 18 to 20 who are full-time students or in vocational training if at least one parent is either deceased or an old-age or disability pensioner.

Social allowances (fjárhagsaðstoð, social assistance, means tested): Paid for certain living expenses, such as housing, if annual income does not exceed a certain amount. The benefit may be reduced for stopping work or refusing a suitable job offer.

Family Allowance Benefits

Child benefit (barnabætur, income tested): Up to 223,300 kronur a year is paid to married or cohabiting parents for the first child and up to 265,900 kronur a year for the second and each additional child; for single parents, up to 372,100 kronur a year is paid for the first child and up to 381,700 kronur a year for the second and each additional child.

A supplement of up to 133,300 kronur a year is paid for each child younger than age 7.

The benefit is delivered through the income tax system.

Income test: Benefits are reduced when annual household income exceeds 5,800,000 kronur for married or cohabiting parents; 2,900,000 kronur for a single parent. The benefit is based on the previous year's income.

Child education benefit (barnalífeyrir vegna náms eða starfsþjálfunar): 33,168 kronur a month is paid to each eligible child.

Social allowances (fjárhagsaðstoð, social assistance, means tested): A benefit is paid.

Administrative Organization

Ministry of Finance and Economic Affairs (<https://www.stjornarradid.is/raduneyti/fjarmala-og-efnahagsraduneytid/>) provides general supervision for child tax benefits.

Directorate of Inland Revenue (<https://www.rsk.is/>) administers benefits in the form of tax reductions.

Ministry of Welfare (<https://www.stjornarradid.is/raduneyti/velferdarraduneytid/>) provides general supervision of social allowances.

Social Insurance Administration (<https://www.tr.is/>) and local authorities administer social allowances.