

Denmark

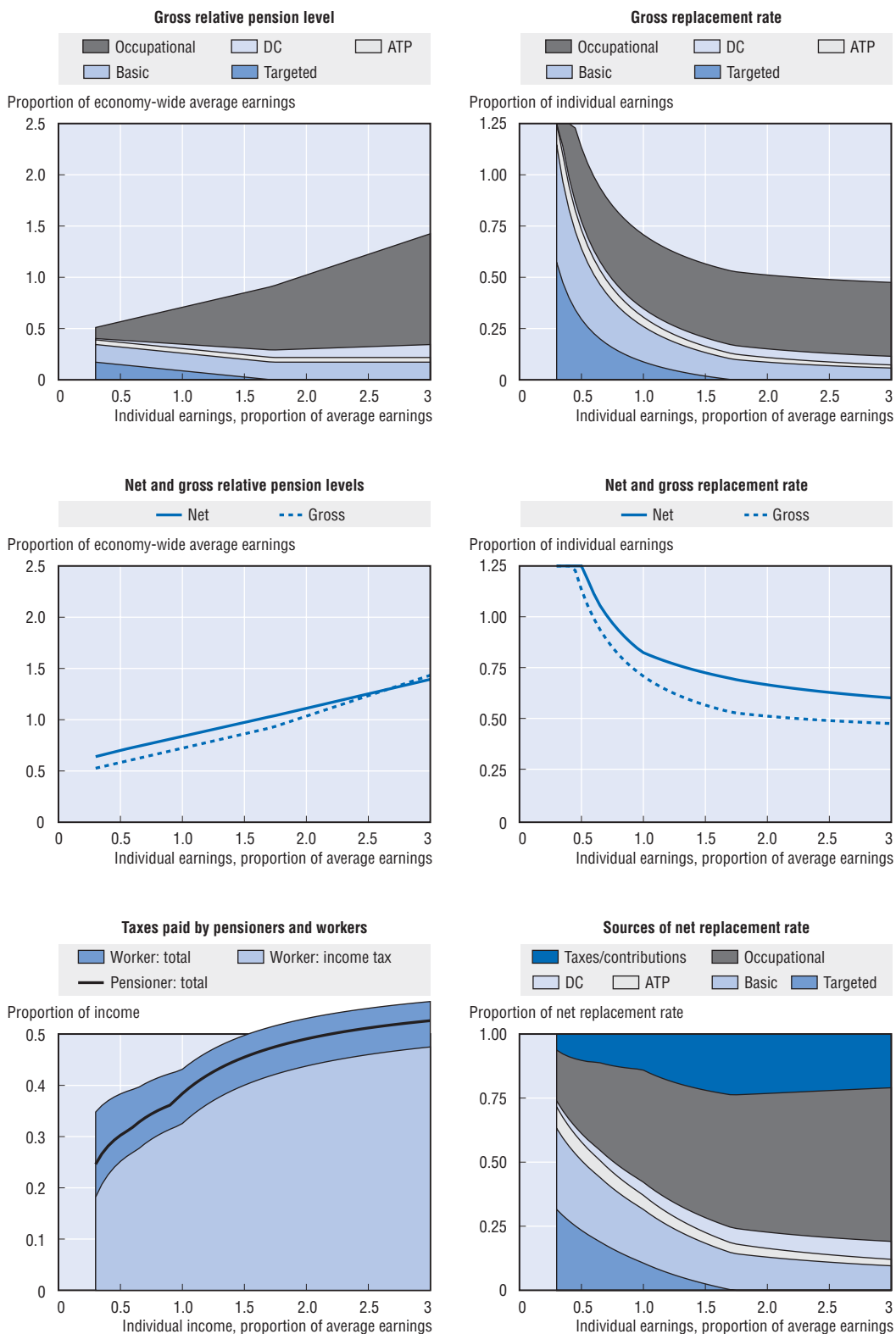
Defined-contribution schemes are agreed between the social partners. Coverage is almost universal. Contributions to these schemes are typically between 9% and 17% of earnings. Benefits are usually withdrawn as an annuity, although some schemes allow for lump-sum payments. Annuity calculations are based on an assumed interest rate, which is 1.5% for recent contributions and schemes (although was previously 4.5%). However, the schemes operate on a “with-profit” or “participating” basis. This means that pension increases depend on the investment performance of the fund and the mortality experience of its beneficiaries. Since 2000, all negotiated schemes must use unisex life tables for calculating pension values.

The modelling assumes the lowest contribution rate of 9% and calculates a price indexed annuity based on a real discount rate of 1.5%.

Pension modelling results: Denmark, with voluntary occupational plans

Men	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	2.5
Women (where different)						
Gross pension level (% of average earnings)	56.7	63.7	70.8	84.8	102.2	122.4
Net pension level (% of average net earnings)	68.5	75.5	82.4	96.1	109.9	124.2
Gross replacement rate (% of individual earnings)	113.3	85.0	70.8	56.6	51.1	48.9
Net replacement rate (% of individual net earnings)	125.0	96.9	82.4	72.5	66.6	62.8
Gross pension wealth (multiple of average earnings)	9.3	10.2	11.2	13.1	15.6	18.6
Net pension wealth (multiple of average net earnings)	11.2	12.1	13.0	14.9	16.8	18.9

Pension modelling results with voluntary schemes: Denmark



Source: OECD, based on information provided by the countries.

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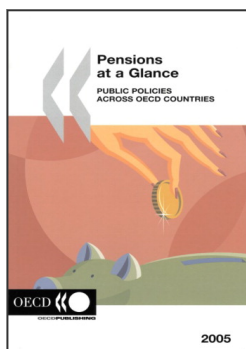
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