



Pension



A photograph of a person in a dark coat and cap riding a bicycle across a bridge. The bridge has a metal railing. In the background, there is a modern building with large windows and a tall, ornate church spire with a golden top. The scene is set against a clear blue sky and a body of water.

Pension

As an international researcher employed at the University of Copenhagen, you have different options regarding your pension scheme.

In this folder, you will find descriptions of the three pension schemes which you can choose from. It is advisable that you consider which pension scheme you prefer prior to your employment. You state your choice in the employment form, which you will be asked to fill out upon being offered a job at the University of Copenhagen. Please note that there are certain requirements that you must meet in order to be eligible for the different schemes. Please also keep in mind that if you choose one scheme and want to alter your choice at a later date, it is not possible to change it retrospectively.

Ordinary Pension Contribution Scheme

According to the collective agreement that covers all academic staff, the University will transfer a monthly pension contribution to the relevant pension fund calculated as 17.1% of the base salary + pensionable supplements. In relation to PhD fellows, the monthly contribution to the relevant pension fund will be calculated as 17.1% of 85% of your basic salary.

In Denmark, pension contributions are exempt from taxation when they are paid into the pension fund. This means that you will not need to pay tax on pension contributions transferred to your pension fund. Instead, tax will be deducted when you request for your pension savings to be paid out.

If you choose to take out the pension savings before you reach the age of retirement and if you leave Denmark, the current taxation rate is approximately 60%. If you choose to take out your pension savings when you reach the age of retirement, the taxation rate will depend on your tax situation and the prevailing pension tax legislation at that time.

In connection with your pension contributions, you will find that your pension scheme is both a way of saving capital for your future and an insurance policy that comes into effect from the first day of your employment. The insurance coverage consists of:

- 1) Disability insurance which will provide you with financial security should you lose your ability to work.
- 2) Partner/children's pension which will provide your family with financial security in the event of your untimely death.

The insurance cover in relation to the ordinary pension contribution is flexible and can be arranged to match your personal situation. For more information, you will need to contact your pension fund.

Pension Contribution with Taxation

(Section 53 A of the Pension Taxation Act)

Under this scheme, the University will transfer a monthly pension contribution to the relevant pension fund, calculated as 17.1% of your base salary + pensionable supplements. In relation to PhD fellows, the monthly contribution to the relevant pension fund is calculated as of 17.1% of 85% of your basic salary. However, when the pension contribution is made to your pension fund every month, it will be taxed immediately according to your current tax status. This means that every month you will pay tax on the monthly pension contribution.

If you are under the researcher taxation scheme with a flat rate of 26% tax (plus 8% labour market contribution), your pension contribution will be taxed at approximately 32% every month. If you are not eligible for the researcher taxation scheme, you will be taxed at the tax rate according to your Danish tax card. The taxation rate will typically vary between 37-42%.

Whether you request your pension savings to be paid out if you leave Denmark, or keep your savings in your Danish pension fund until you reach the age of retirement, all tax related to the pension that you earn while employed by the University will already have been paid. You can, therefore, take out the payout amount without paying any additional taxes.

In order to be eligible for section 53 A:

- You must be a member of a pension fund that provides the §53A pension option (a majority of Danish pension funds do)..

*Every month
a part of your
salary is paid into
a pension fund.*



Pension Exemption

The Danish Ministry of Finance and the Danish Confederation of Professional Associations (AC) have agreed on a protocol that makes it possible for all international researchers employed by the University to be exempted from paying pension contributions.

This means that an amount equivalent to the pension contribution, calculated as 17.1% of your base salary + pensionable supplements, will be paid out together with your monthly salary. This amount will be taxed according to your current taxation status, whether you are covered by the researcher taxation scheme or taxed on the basis of an ordinary Danish taxation rate.

In order to be eligible for pension exemption, you must meet the following requirements:

- Employment as a researcher, research assistant, PhD fellow, postdoc, assistant professor, associate professor or professor.
- Non-Danish citizenship.
- Fixed-term employment – maximum of five years.
- Recruitment directly from outside Denmark.

If your employment as a researcher at the University is extended, or if you change your place of employment from the University of Copenhagen to another Danish university, the pension exemption will remain in effect for a maximum total term of five years (six years if agreed with your trade union representative and your department).

The pension exemption agreement cannot be retroactive. This means that any pension contributions already made by the University to the relevant pension fund are irreversible.

*Consider
adding private
insurance*

If you choose pension exemption instead of the ordinary pension contributions, you should be aware that you will not benefit from the insurance coverage that comes with the ordinary pension scheme. It is therefore advisable that you consider taking up additional private insurance. You will only be covered by the mandatory group life insurance policy, which provides basic insurance in the event of critical illness or death.

You can read more about the mandatory group life insurance here:

www.fg.dk (English version available).

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