



## Several options for an early retirement

**The company pension scheme provides the opportunity to retire before the state pension age.**

The Danish parliament has passed a new pension law that allows people who – at the age of 61 – have held a job for 42 to 44 years, to retire, one to three years before reaching the state pension age. Thereby, anyone who has been working continuously since before the age of 19 is covered by the scheme, which – according to the government – is the case for approximately 6,000 people in current employment.

According to the new law, anyone who lives up to the criteria and chooses early retirement will be paid up to DKK 13,550 a month until they reach the state pension age. The amount will be reduced if the person has pension savings of more than DKK 2,000,000.

»It is quite clear that the early retirement option is intended for people in the craft and service professions, as education does not count towards the number of years in employment. That is not surprising, however, as it has been the government's stated goal to provide people in physically challenging jobs a chance to retire before they reach the state pension age,« says Senior Placement Specialist Jakob Steffensen from Willis Towers Watson.

### Company pension savings can be paid out ahead of time

If you have not held a job for at least 42 years but are hoping for early retirement, there is no reason to despair. The company pension savings can be paid out before the state pension age, but the exact time depends on the date when the pension scheme was established.

- Pension schemes established after 1 January 2018 can be paid out three years before the state pension age
- Pension schemes established between 1 May 2007 and 31 December 2017 can be paid out five years before the state pension age
- Pension schemes established before 1 May 2007 can be paid out from the age of 60

»If you have more than one pension scheme, it is basically the date of establishment and your state pension age that decides when your savings can be paid out. But the option for early retirement can be transferred when you change jobs, if you transfer the money you have saved up in your former pension scheme to your new pension scheme. However, it is not always the right thing to do, so it is important that you talk to your pension advisor if you are planning for an early retirement,« says Jakob Steffensen.

Willis Towers Watson offers special senior counselling to anyone approaching retirement age who is looking to maximize their savings during the final years of employment and who wants to have their savings paid out in the most optimal way to allow for a good and prosperous retirement.

## Increasing state pension age

The state pension age has been raised in recent years and today depends on your date of birth.

Date of birth	Current state pension age
Before 1954	65
1 January – 30 June 1954	65.5
1 July 1954 – 31 December 1954	66
1 January 1955 – 30 June 1955	66.5
1 July 1955 – 31 December 1962	67
1 January 1963 or later	68

The state pension age is expected to be increased every five years – next time later in 2020 – so that everyone born in 1967 or later will reach the state pension age when they turn 69 to 74.

Date of birth	Expected state pension age
1 January 1967 – 31 December 1970	69
1 January 1971 – 31 December 1974	70
1 January 1975 – 31 December 1978	71
1 January 1979 – 31 December 1982	72
1 January 1983 – 30 June 1987	72.5
1 July 1987 – 31 December 1991	73
1 January 1992 – 30 June 1996	73.5
1 July 1996 or later	74

Source: Danish Agency for Labour Market and Recruitment

## Early retirement

- If you – at the age of 61 – have held a job for 42 to 44 years, you can make use of the early retirement scheme.
  - 42 years in the labour market => Early retirement 1 year before the state pension age
  - 43 years in the labour market => Early retirement 2 years before the state pension age
  - 44 years in the labour market => Early retirement 3 years before the state pension age
- The number of years is calculated on the basis of the employers' payments to ATP, which are obligatory for all employees over the age of 16.
- Periods of maternity leave, unemployment benefits and sickness benefits are included in the calculation of the number of years in the labour market. The same applies to periods as a self-employed person, where you have made a profit, as well as part-time work from the age of 18.
- If you retire early, you will be paid up to DKK 13,550 a month. The amount will be reduced if you have pension savings of more than DKK 2,000,000.
- You are allowed to have an income of up to DKK 24,000 per year without deductions in your early retirement benefit.