

Mandatory pension scheme (OP)

Pension scheme for transfer income recipients

On 1 January 2020 the Mandatory Pension Scheme Act for recipients of various state benefits came into force. The purpose of this is to ensure that all citizens are saving up for their own pension, including during periods where they receive state benefits. This strengthens the savings-based pension system. The contributions are fully financed by funds previously earmarked for the social initiatives fund (Satspuljen) in order that the individual citizen's transfer income is not reduced.

During 2024, 960,400 people paid into the scheme, and at the end of 2024 the scheme covers 1,694,400 members. There is a substantial overlap between OP members and ATP Livslang Pension (Lifelong Pension) members, as 99% of OP members are also members of ATP Livslang Pension (Lifelong Pension). As several of the covered benefit types (e.g. maternity/paternity benefits), there is a high turnover of citizens for whom the OP contributions are payable. Over a 20-year period, it is estimated that OP contributions will be paid for around 3 million people.

For 2024, OP contributions represented 1.5 percent of the relevant transfer income, equal to total contributions in 2024 of DKK 1,943 million. Contributions increase annually by 0.3 percentage points until 2030 where total contributions will be 3.3 percent. By 2029 at the latest, a policy decision has to be made as to whether to increase contributions beyond 3.3 percent.

The authority paying the benefits to the individual recipient, such as unemployment insurance funds, municipalities, Udbetaling Danmark – Public Benefits Administration and the Ministry of Education and Research, will be responsible for calculating the OP contributions for the individual transfer income recipient and for making correct payment via income and payment to ATP.

OP members, end of 2024

Members over the state retirement age	145,700
Members below the state retirement age	1,548,700
Total number of members	1,694,400
New OP members in 2024	141,300

Covered benefits types

Unemployment benefits	Flexible unemployment benefit
Maternity/paternity benefits	Resource course grant
Early retirement pension	Rehabilitation benefits
Holiday benefits	Senior pension
Flexible employment scheme benefit (fleksydelse)	State Adult Education Grants
Flexjob contribution (fleksløntilskud)	Supplement for fractional pension
Disability pension	Sickness pay
Welfare benefits	Education benefit

The Mandatory Pension Scheme (OP) is managed by ATP so that the scheme is associated with and fully integrated with ATP Livslang Pension (Lifelong Pension). Since most transfer income recipients are already paying or have paid contributions to ATP Livslang Pension (Lifelong Pension), administration expenses can be minimised and kept at a level that will not erode the value of OP.

Integration with ATP also means that:

- OP becomes part of the existing common assets with a common investment policy and risk sharing, in which a common bonus policy is applied based on a common bonus potential
- OP is a life annuity paid from the time of state-funded old-age pension age and for the remainder of life. Payment times, capitalisation and deferment regulations will be the same across ATP, Supplementary Labour Market Pension Scheme for Disability Pensioners and OP
- OP contributions earn the right to payment of benefits on death together with rights earned via ATP contributions.

Payments and contributions in 2024

Payments	Number of	DKKm
Current pensions	142,100	19.5
Lump-sum benefits	1,300	5.5
Total payments		25.0
Contributions		
Members with contributions in 2024	960,400	
OP contributions		1,943