

RETIREMENT SAVINGS SCHEME

(Aldersopsparing)

With a retirement savings scheme at Danske Bank or Danica Pension, you can choose to receive your savings as a lump sum or in smaller portions, say over a couple of years, when you retire. It is also a good supplement to the state retirement pension and other public benefits.

Who can set up a retirement savings scheme?

From 2018 anyone who has not reached the earliest age at which they can take their personal pension (*pensionsudbetalingsalder*) plus 20 years can set up a retirement savings scheme. For example, if you were born before 1 January 1959, the earliest age at which you can take your personal pension is 60 years, and you must therefore set up the scheme before you turn 80.

What is the earliest age at which you can take your personal pension?

You can see the earliest age at which you can take your personal pension here:

If you were born	The earliest age at which you can take your personal pension is
before 1 January 1959	60 years
from 1 January 1959 to 30 June 1959	60 years and six months
from 1 July 1959 to 31 December 1959	61 years
from 1 January 1960 to 30 June 1960	61 years and six months
from 1 July 1960 to 31 December 1962	64 years
from 1 January 1963 to 31 December 1966	65 years
from 1 January 1967 to 31 December 1970	66 years
from 1 January 1971 onwards	66 years (may change)

How much can you contribute per year?

You can contribute up to DKK 9.400 (2025) a year into a retirement savings scheme held with a life insurance and pension company, a bank or a pension fund. You can make a single contribution or regular (for example monthly)

contributions. The maximum amount you can contribute per year is adjusted annually.

From the time you have completed 7 full income years (1/1-31/12) until your state pension age – and thereafter – you can deposit up to DKK 61.200 kroner per year (2025). This means that you can make these high contributions up until 20 years after you have reached your pension disbursement age.

However, the opportunity to make contributions up to this high amount ceases if you start receiving pension benefits under the terms described in the section “When can you not contribute up to the high amount?”

When can you not contribute up to the high amount?

You cannot contribute up to the high amount to if, on April 1, 2018, or later:

- You have started receiving disbursements from an annuity pension, index savings from age 65, fixed-term annuity, or lifelong pension. This applies regardless of whether it

involves initiating a taxable disbursement or a duty-liable disbursement from the scheme.

- Or if you have received partial/full disbursement from an annuity pension, fixed-term annuity, or lifelong pension at a time when there were 10 full income years (1.1. – 31.12.) or fewer until your state pension age.

The possibility to contribute up to the high amount will cease from the year following the first disbursement.

The opportunity to contribute up to the high amount does not cease if it involves disbursements to survivors, disbursement due to loss of earning capacity/disability, or mandatory disbursements.

Contributions are subject to tax but no tax on retirement benefits

Contributions to a retirement savings scheme are subject to tax. However, no tax or duties are charged on the retirement benefits you receive

after the earliest age at which you can take your personal pension.

Reporting to SKAT (the Danish tax authorities)

Danske Bank or Danica Pension will report the amounts you contribute to the scheme to SKAT.

If, starting from the 7th income year before your state pension age, you contribute more than the maximum amount of DKK 9.400, without having the right to contribute the high amount, you are liable to a government charge of 20% on the amount exceeding the maximum limit.

However, if you transfer the amount more than DKK 9.400 to an annuity pension scheme or a life annuity, you are only liable to a government charge of 4%.

The amount will be charged in your annual tax assessment from SKAT.

When can you receive your benefits from the scheme?

You can start receiving your benefits when you reach the earliest age at which you can start taking your personal pension (*pensionsudbetalingsalder*).

You can have the savings paid out all at once, in several parts, or as ongoing payments over several years either as a fixed amount or over a fixed period. You can adjust the payout along the way.

Your retirement savings scheme must begin payouts no later than 20 years after your pensionable age and must be fully paid out within 30 years after your pensionable age. If you start the payouts as late as possible, that is, 20 years after your pensionable age, you must either start a continuous payout over a fixed period of up to 10 years or have the retirement savings scheme fully paid out. If you choose to start continuous payouts over a fixed period, you can still request partial or full payouts. Therefore, the payout options for the retirement savings scheme are very flexible.

All payouts are tax and duty-free. If you choose to have part of your retirement savings scheme paid out, you pay a fee per payout. If you receive it as ongoing payments, you do not have to pay a fee.

Even if you have withdrawn part of your retirement savings scheme you can continue to contribute to it.

If you want to receive the value of your savings, either in full or in part, before you reach the earliest age at which you can take your personal pension, you are liable to pay government tax of 20%.

Compensation for permanent loss of earning capacity

If you experience a permanent loss of earning capacity, are granted senior pension, public anticipatory pension or suffer from a life-threatening disease, you can claim your savings under your retirement savings scheme in full or in part. In such cases, no tax or charges are payable.

You can only claim a payment of your savings in this way once before you reach the earliest age at which you can take your personal pension.

If you die before you have received the full value of your savings

If you die before you have received the full value of your savings, the balance will be paid to your designated beneficiaries.

No tax or charges are payable on these payments if the scheme was established through Danske Bank or as a separate policy through Danica Pension.

If you have a corporate pension scheme with Danica Pension, the benefits payable under a death cover are typically established as an annuity insurance with tax deduction. This means that your designated beneficiaries will be liable to pay 40% tax on the benefits. Under the Danish Estate Duty Act, inheritance tax is also payable on the benefits.

For more information on the designation of beneficiaries and inheritance tax, see the fact sheet on designation of beneficiaries.

Earning interest on the scheme

Depending on whether you establish the scheme through Danske Bank or Danica Pension, you have several options.

If you establish the scheme with Danske Bank, you have the following options:

- A personal custody account – you yourself invest in individual securities.
- Cash deposit which earns interest set by Danske Bank. The interest rate is variable. For information on the current interest rate, contact Danske Bank or see Danske eBanking
- Danske Bank's pooled pension funds, Puljeinvest (closed for new agreements 2/1-24)

If you establish the scheme with Danica Pension (through Danske Bank), you have the following options

- Danica Balance
- Danica Link

- Danica Select

Pension returns tax

You pay 15,3% pension returns tax on the return on your retirement savings scheme.

This tax is payable regardless of whether you establish the scheme with Danske Bank or Danica Pension.

Useful information

Note that if you receive voluntary early retirement pay, the amount you receive will be offset against the balance of your savings in the retirement savings scheme.

Information about commission

Danske Bank receives commission from Danica Pension.

Additional information

Please contact us if you have any questions about the retirement savings scheme. You can read more about pensions at www.danskebank.dk.