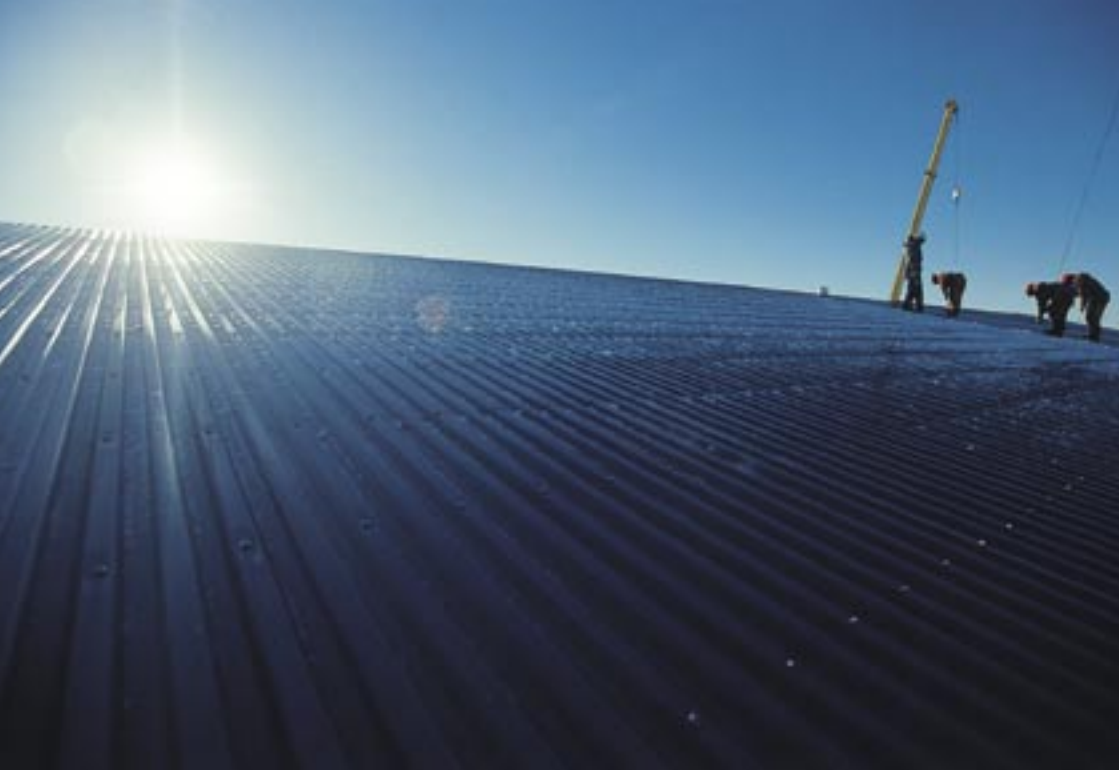


Welcome to Iceland



- information on
social security in Iceland

English



Contents

- 2 Social Insurance**
- 2 Pension Funds**
- 3 Pension Insurance**
- 4 Health Insurance**
- 4 Injury Insurance**
- 5 Health Service**
- 5 Long-Term Care**
- 5 Unemployment Benefits**
- 5 Social Assistance from the State**
- 6 Social Assistance of Local Authorities**
- 6 The State Social Security Institute**
- 6 Applications for Social Insurance Benefits**
- 6 Emigration from Iceland**
- 6 International Agreements on Social Security**
- 7 Immigration to Iceland**
- 7 Social Rights**

Social Insurance

Social insurance is an integral part of social security in Iceland, providing a certain statutory minimum insurance coverage. Social insurance in Iceland is financed by the State Treasury. Individuals do not pay special premiums for their social insurance; instead, employers pay premiums to the State Treasury on all paid wages. The funds collected by these means are used, among other things, to finance social insurance. Everyone who has been legally resident in Iceland for a certain period of time automatically becomes a member of the Icelandic social insurance system, regardless of nationality. However, certain conditions must be met to become entitled to benefits, for example regarding age, disability and time of residence. Income and family circumstances can also influence entitlement.

The State Social Security Institute (SSI) administers social insurance, including the payment of costs due to childbirth and child maintenance. The part of social insurance administered by the SSI is divided into three sections: pension insurance, health insurance and occupational injury insurance. In addition, the SSI administers social assistance from the State. The Department for Labour of the Ministry of Social Affairs is responsible for and administers unemployment insurance. Family benefits (child allowance) are administered by the Directorate of Internal Revenue.

Certain rules apply to the registration of legal residence in Iceland. Further information about the registration of legal residence can be obtained from the National Registry, Hagstofa Íslands.

Pension Funds

In addition to statutory social insurance, Iceland has a statutory employment-related pension scheme. All employed persons and their employers are required by law to pay a specified minimum premium to a pension fund. The pension fund pays old age pensions and invalidity pensions, as well as death grants following a spouse's death. The right to payments from a pension fund is determined on the basis of the amount of payments received from the fund member and length of payment period. Further information about such entitlement can be obtained from the pension fund in question. In addition to the minimum premium, supplementary pension savings can be made either through contributions to a personal pension fund or deposits on a pension savings account with a financial service company. The employer pays a matching contribution in accordance with the terms of collective bargaining agreements.

Pension Insurance

Old Age Pension: Old age pension is paid to all persons 67 years of age or older, regardless of class or marital status. Men and women enjoy the same rights in this respect. To be entitled to old age pension, a person needs to have resided in Iceland for a minimum of three years between the ages of 16 and 67. A full old age pension is paid to individuals who have resided in Iceland for at least 40 years between the ages of 16 and 67. In cases of shorter periods of residency, the old age pension is reduced proportionally. In other words, the amount of the old age pension is proportionate to the length of the period of residence. The amount of old age pensions is decided by law. However, social insurance payments take account of changes in the Consumer Price Index. The old age pension consists of a basic pension and a pension supplement. All old age pensioners are entitled to this basic pension and a pension supplement. However, various factors, such as marital status and income, affect the calculation of the payment rate.

Invalidity Pension: To be entitled to an invalidity pension, applicants need to have been resident in Iceland for at least three years immediately prior to submitting an application. They must also be between 16 and 67 years of age. An invalidity pension is paid in cases of permanent invalidity, assessed at 75% or more, as a result of a medically recognised disease or invalidity. The rate of the invalidity pension is determined on the basis of the length of residence. Its amount is decided by law and consists of a basic pension and a pension supplement. In the calculation of invalidity pensions, account is taken of the same factors as for old age pensions.

Child Pension: To be entitled to a child pension in respect of the death or invalidity of a parent, the child itself, or either of its parents, needs to have been resident in Iceland for at least three years immediately prior to application.

Widows and Widowers: Social insurance does not pay widows' or widowers' pensions, only child pensions. However, an application may be made for a grant following a spouse's death for a limited period under the Social Assistance Act.

Maternity/Paternity Benefits: Persons who have been working in the Icelandic labour market for at least six months immediately prior to the initial day of a maternity/paternity leave are entitled to payments in respect of a childbirth from the Maternity/Paternity Leave Fund, as well as a leave of absence from work for a specified period of time. This applies both to women and men. The amount of such payments is a certain

proportion of the person's wages. The Maternity/Paternity Leave Fund is financed through an insurance levy on employers. Persons who have not worked in Iceland but have nevertheless been resident in the country for 12 consecutive months are also entitled to minimum payments, called maternity/paternity grants, from the State Treasury following the birth of a child. The State Social Security Institute administers the payment of maternity/paternity grants from the State Treasury as well as payments from the Maternity/Paternity Leave Fund.

Child Maintenance: A parent who has obtained an official decree for alimony for the purpose of the maintenance of his/her children is entitled to minimum child maintenance payments from the State Social Security Institute. The Municipal Alimony Collection Centre is responsible for the collection of child maintenance payments from the parent liable to pay maintenance.

Health Insurance

Health Insurance: For an individual to be entitled to health insurance in Iceland, he/she needs to have been resident in Iceland for at least six months. Immigrants from EEA Member States who have had health insurance coverage in their home countries are regarded as having health insurance coverage in Iceland as of the date of their arrival, provided that they submit the required documents of proof to the State Social Security Institute. Such health insurance includes health care, such as hospitalisation, medical assistance provided outside an institution, medication, physiotherapy, patient transport, aid equipment, dental care, etc. Hospitalisation is free of charge to the patient, but patients are required to pay a specified fee for treatment outside hospitals and at out-patient wards of hospitals. The same applies to medication and other assistance. The amount of such fees is decided by law or in government regulations.

Per Diem Sickness Benefits: Per diem sickness benefits comprise one part of health insurance. When an individual has been unable to work owing to sickness for such a long period of time that his/her right to wages under a collective bargaining agreement has lapsed, he/she may be entitled to per diem sickness benefits from health insurance for the duration of his/her incapacity to work. The same amount applies to all persons and is decided by law.

Injury Insurance

Occupational Injury Insurance: If a person is injured in the course of his/her work, athletic training with a recognised sports club or rescue work, such injury is normally covered by occupational injury insurance. Per diem benefits are payable

when the injured person has been unable to work for at least 10 days on account of the injury and his/her right to wages has lapsed. Per diem benefits are payable to the employer during the time that the injured person retains his/her wages. The same amount applies to all persons and is decided by law. Invalidity pensions and death grants in respect of accidents are paid, as are child pensions. Also, medical and medicinal costs etc., already paid by the injured person are reimbursed. Those who have so requested in their tax returns are also insured against injury sustained during housework.

Health Service

The Icelandic State operates a national health service. Iceland is divided into health-care regions. Each of these regions operates its own primary health-care centres. Individuals need to choose a general practitioner and register. In Reykjavik, it is also possible to register with a self-employed family physician. All hospital admissions require a referral from a physician.

Long-Term Care

'Long-term care' refers to old people's homes and nursing homes. Such services are organised by the State and are subject to special rules. When an individual is placed in the long-term care of an institution whose services are entirely paid for by the State, his/her pension payments from social insurance lapse.

Unemployment Benefits and Family Benefits

Persons working in Iceland are insured against unemployment, provided that they meet certain conditions. The Department for Labour of the Ministry of Social Affairs administers unemployment benefits and provides further information on such benefits. Family benefits (child benefits) are paid to families with children, pursuant to the Income and Property Tax Act. Tax directors provide all further details.

Social Assistance from the State

In special circumstances, applications may be made for payments from the State Social Security Institute defined as social assistance from the State. Such payments are subject to a needs assessment of the person in question. Such assistance includes payments to parents for the care of their sick children, supplementary payments to pensioners in special circumstances, for example the cost of running a household or in respect of sickness, payments during rehabilitation, payments to single parents and death grants.

Social Assistance of Local Authorities

Local authorities also provide social assistance. This includes home care, domestic help and financial assistance in special cases. If there is need for assistance, the social services departments of the municipality in which the person in question lives may be consulted.

The State Social Security Institute

The headquarters and Service Centre of the State Social Security Institute (SSI) are located at Laugavegur 114, Reykjavík. The SSI operates a Centre for Technical Aids in Kópavogur, which rents out and allocates various types of aid devices or equipment. The SSI has agencies in all parts of Iceland at the offices of district commissioners.

www.tr.is

The SSI publishes information leaflets with further information on the individual aspects of social security and social assistance from the State. These leaflets can be obtained from the SSI headquarters and its agencies at the offices of district commissioners, health-care centres, pharmacies and elsewhere. Detailed information is also available on the SSI website: www.tr.is, including information in English.

Applications for Social Insurance Benefits

Applications must be made for all benefits to which a person may be entitled. Application forms, further assistance and information are provided at the SSI Service Centre and the institute's agencies at the offices of district commissioners. Further documents are often required, such as medical certificates, documents on income, pay slips, birth certificates, etc.

Emigration from Iceland

On emigration from Iceland, all rights to insurance benefits lapse. Earned entitlements, such as old age pension, may be paid out of the country only if a reciprocal agreement on social security is in effect with the country in question.

International Agreements on Social Security

Agreements on social security between Iceland and other countries can affect the rights of individuals. The most important agreement in this respect is the EEA Agreement and its rules on social security. According to these rules, the time that people have been insured in other EEA Member States must be taken into account

when they move from one state to another, in order to make it easier for them to gain entitlement to benefits in the state to which they are moving. Also, earned benefits must be paid out of the country between member states. If a person has been living or working in an EEA Member State, he/she, or a member of his/her family, may be entitled to benefits from that state in respect of old age, invalidity or death. Therefore, it is important to disclose, when applying for benefits from the SSI, whether the applicant has been working, resident or insured in another EEA Member State during the course of his/her career. In Iceland, the social security rules of the EEA apply to benefits pursuant to the Social Security Act, unemployment benefits and family benefits as well as to statutory pension funds. However, they do not apply to assistance under the Social Assistance Act.

Immigration to Iceland

Immigrants to Iceland can consult the SSI on arrival and obtain further information on their social security rights in the country. Such rights can vary depending on whether any international agreement applies to the person in question. Citizens from EEA Member States enjoy special privileges. When moving to Iceland, they need to bring all required documents, such as an E104 form for employed persons taking up employment in Iceland, E101, E106 or E128 for posted workers, public-sector employees and others who are insured in their home country, E109 or E128 for students who are insured in their home country and E121 for pensioners entitled to benefits in another EEA Member State. EEA forms shall be sent to the SSI on arrival in Iceland.

Social Rights

Migrant workers and other persons active in the labour market should ensure that they have a thorough understanding of their social security rights, both under law and under collective bargaining agreements. The obligation to pay a minimum premium to a pension fund and the possibility of additional pension savings have already been mentioned. It is important to look closely at the provisions of collective bargaining agreements regarding rights to payments in relation to sickness and maternity/ paternity leaves, accidents, health insurance funds, pension rights and premium payments, rights of leave of absence, funeral grants, etc. Information on these matters can be obtained from the relevant trade union.

The Ministry of Social Affairs

(Félagsmálaráðuneytið) Hafnarhúsið v/Tryggvagata, 150 Reykjavík,
Tel: (+354) 560 9100, Fax: 552 4804, www.stjr.is

The Ministry of Health and Social Security

(Heilbrigðis- og tryggingamálaráðuneytið) Laugavegur 116, 150 Reykjavík,
Tel: (+354) 560 9700, Fax: 551 9165, www.stjr.is

The Ministry of Finance (Fjármálaráðuneytið) Arnarhváll, 150 Reykjavík,

Tel: (+354) 560 9200, Fax: 562 8280, www.stjr.is

The State Social Security Institute (Tryggingastofnun ríkisins)

Laugavegur 114-116, 150 Reykjavík,
Tel: (+354) 560 4400, Service Centre Tel: 560 4460, Fax: 562 4451, www.tr.is

The Directorate of Internal Revenue (Ríkisskattstjóri)

Laugavegur 166, 105 Reykjavík,
Tel: (+354) 563 1100, Fax: 562 4440, www.rsk.is

The Department for Labour of the Ministry of Social Affairs

(Vinnumálastofnun) Hafnarhúsið, 150 Reykjavík,
Tel: (+354) 515 4800, Fax: 511 2520, www.vinnumalastofnun.is

The National Association of Pension Funds (Landssamtök lífeyrissjóða)

Sætún 4, 105 Reykjavík,
Tel: (+354) 581 4209, Fax: 581 4332, www.ll.is

The Icelandic Federation of Labour (Alþýðusamband Íslands)

Grensásvegur 16, 108 Reykjavík
Tel: (+354) 568 3044, Fax: 581 0093, www.asi.is

Statistics Iceland (Hagstofa Íslands) Skuggasund 3, 101 Reykjavík

Tel: (+354) 560 9800, 562 8865, www.hagstofa.is

The National Registry (Þjóðskrá) Skuggasund 3, 101 Reykjavík

Tel: (+354) 560 9850, Fax: 562 3312, www.hagstofa.is

The Intercultural Centre (Alþjóðahúsið) Hverfisgata 18, 101 Reykjavík

Tel: (+354) 530-9300, Fax: 530-9301, www.ahus.is

Reykjavík City Hall (Ráðhús Reykjavíkur)

Tel: (+354) 563 2000, Fax: 562 1799, www.reykjavik.is



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