



LÆKNAFÉLAG
ÍSLANDS STOFNAÐ 1918
Icelandic Medical Association

Disability Support in Iceland

Legal Adviser Dögg Pálsdóttir

Icelandic Medical Association

June 1, 2018



Three Pillar System

- Social Security – financed by taxes.
- Pension Funds – financed by employers and employees. Obligatory participation since 1974 / 1980.
- Private Pension Plans – financed by employers and employees.



Disability Support

- Disability Payments as described in the Act on Social Security and Act on Social Assistance.
 - Everyone fulfilling the legal requirements is entitled to these payments.
 - Income linked.
- Disability Payments from Pension Funds.
 - Everyone who is working and their employers are obliged by law to pay to Pension Funds.
 - Right to payments from Pension Funds depends on the paid-in premiums and the length of the payment period.



Legal Requirements

- The Social Security Act defines when a person is entitled to disability pension:
 - Has been living in Iceland, has reached the age of 18 and has not reached the age for old age pension.
 - Has resided in Iceland for at least the three last years before applying for the pension or for six months if his/her work capacity was undiminished when taking residence in Iceland.
 - Is assessed to be have at least long term 75% disability due to consequences of an illness or invalidity.
 - Assessment is in accordance with a specific disability standard based on both physical and mental proficiency.



Disability Payments from the Social Insurance

- Basic Disability Pension – ISK 44.866. Income linked.
- Age related Disability Supplement – ISK 44.866.
- Income Insurance is paid in addition to the Basic Disability Pension if the pensioner's income does not exceed a certain annual limit.
- Invalidity Allowance is paid to those whose disability is assessed to be at least 50% and who fulfill the residence requirements for Basic Disability Pension – ISK 33.168. Supplementary Invalidity Allowance if children under 18..
- Child's Pension is paid for children under 18 to parents receiving Rehabilitation Pension or Disability Pension – ISK 33.168.



Act on Social Assistance

- Home Supplement – ISK 48.562.
- Supplement for Cars – ISK 16.583.
- Requirements: Residence in Iceland, home conditions.



Pension Funds

- Iceland has a work-relation pension system. Payments from Pension Funds impact social security payments.
- Long history – first legal provisions from 1855.
 - 1920s
 - 1969 / 1974 / 1980 / 1986
 - 1997



Pension Funds

- Obligation to pay a certain minimum premium into a Pension Fund.
- Supplemental Pension Saving into a personal pension fund or into the pension saving account of a financial company. Payments from a personal pension fund have no effect on social security payments.
- Monthly payment to a Pension Fund is 15,5%:
 - Employee: 4% of total salaries.
 - Employer: 11,5%
 - Generally 12% is paid to the pension fund but employee can choose to have 3,5% of the employer's contribution go to his/her Personal Pension Fund. In some funds a part of the basic 12% is also paid to the Personal Pension Fund.



Pension Funds

- Disability assessed to be 50% or more and the Pension Fund Member unable to carry out his job.
- Loss of income must be confirmed due to the disability.
- Disability Pension is paid until the age of 70 when payments of Old Age Pension starts.
- Amount of Disability Payment is calculated from gained rights and possibly calculated assumed rights up to age of 65.
 - Calculated assumed rights: The Member has paid for at least three years of the last four years and payment amount exceeds a set minimum each year.
 - Paid at least 6 of the last 12 months.
 - Disability not addiction related.
- Disability Pension is not paid for the first 3 months of disability and is not paid if disability lasts less than 6 months.
- Pension Fund Payments impact disability payments from the social security insurance.



Takk fyrir!