Annuity Pension

Established under Danish law by taxpayers in Denmark

What is an annuity pension?
An annuity pension is a tax-deductible pension scheme to support you financially when you have retired. Your savings will be disbursed in annuities over a period of 10 to 30 years after your early retirement age.

Who can establish an annuity pension?
Anybody who has not reached their early retirement age plus twenty years. For example, if you were born before 1 January 1959, your early retirement age is 60, and you can establish an annuity pension until the age of 80.

You may establish an annuity pension personally or through your employer. An annuity pension scheme may be in the form of a bank account with Danske Bank or an insurance policy with Danica Pension.

What is your early retirement age?
The table below shows your early retirement age.

If you were born...	Your early retirement age 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 are you allowed to contribute from 2025?
You may contribute up to DKK 65.500 (2025) to your annuity pension and/or terminable annuity. You can make a lump sum contribution or split the maximum amount into regular contributions. The maximum amount that can be contributed to an annuity pension and a terminable annuity is adjusted every year. If you make a calculation to find out whether your total contributions exceed the maximum amount, you must add up contributions to schemes administered by employers before adding contributions to personal schemes.

If you wish to contribute more than DKK 65.500 and claim tax relief for your contribution, you may do so only if you have a life annuity.

Tax deductions in 2025
If you have a personal annuity pension, you may deduct your contributions from your personal

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income. Any tax allowances that you do not use will be transferred to your spouse.

If your employer administers the scheme, your contributions are deducted from your wage or salary before income tax (*A-skat*) and labour market tax (*arbejdsmarkedsbidrag*) are charged.

Danske Bank or Danica Pension withholds the statutory labour market tax (currently levied at a rate of 8%).

This means that you may pay up to DKK 71.195 to the scheme to make a net contribution of DKK 65.500 after payment of labour market tax.

Danske Bank or Danica Pension reports your contributions to the Danish tax authorities. You must check your annual tax statement to ensure that your personal contributions have been deducted correctly.

Disbursement of pension benefits

You cannot receive your pension benefits until you have reached your early retirement age, and you must have received the full amount of the savings under the scheme not later than 30 years after you reached this age. The benefit period must be at least ten years. Annuity pension benefits are subject to income tax, but not labour market tax.

If you want to cash in your annuity pension before you reach your early retirement age, you will be liable to pay 60% government tax.

Disbursement in the event of permanent loss of earning capacity

If you lose your earning capacity and are awarded early retirement pension, you may begin to receive benefits under your annuity pension even though you have not reached your early retirement age. The benefits are subject to income tax, but not labour market tax.

If you decide to take out an insurance-based annuity pension, you may opt for a waiver of premium clause. This means that you can let savings continue to accumulate without contributing to the scheme if your earning capacity is reduced to the half or one third (depends on what you choose) for more than three months.

Disbursement in the event of death

If you die before you retire, we will disburse your pension benefits to the person(s) you have designated as beneficiary or beneficiaries. If your savings are disbursed to your spouse, co-habitant, registered partner, divorced spouse or registered partner, your life heirs, your cohabitant's children, or your stepchildren under 24, they may choose to receive them in instalments over a period of at least ten years and pay income tax on the amount.

Your beneficiaries also have the choice of receiving your pension benefits as a lump sum subject to 40% government tax.

Other beneficiaries, including children over the age of 24, will receive a lump sum subject to 40% government tax. Pension benefits are subject to inheritance tax.

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What is the rate of interest?

Your investment options depend on whether you choose a pension scheme with Danske Bank or with Danica Pension.

At Danske Bank, you can choose to place your pension savings

- in securities to be held in a personal pension custody account
- as a cash deposit at a rate fixed by Danske Bank.
- in our pooled investment scheme Puljeinvest (closed for new agreements 2/1-24)

The returns on your pension savings are subject to 15,3% government tax.

If you have Puljeinvest, our experts manage how your savings are invested.

If you choose an annuity pension with Danica Pension, you have the following investment options when the scheme is taken out through Danske Bank:

- Danica Balance
- Danica Link
- Danica Select

Danica Balance
If you choose the Danica Balance solution, Danica Pension's experts manage how your savings are invested based on the investment strategy you prefer. With Danica Balance, there are ten different investment strategies to choose from. The returns on your pension savings are subject to a 15,3% government tax.

Danica Link
Danica Link (you choose the investment profile). You decide how to invest your pension via investment trusts, and you receive a return that reflects the investments you have chosen. The returns on your pension savings are subject to 15,3% government tax.

Danica Select
If you make a single contribution of at least DKK 100.000 and an annual regular contribution of at least DKK 50.000 to your pension schemes with Danske Bank and Danica Pension (hereof at least DKK 8.000 to Danica Select), you can choose the Danica Select option. If your savings in Danica Select exceed DKK 1.000.000, there is no requirement for a regular annual contribution. Danica Select gives you maximum influence on the investment in your pension scheme. You choose your investment profile and the type of securities you want to invest in. You can choose your investment among a range of 15,000 different securities in 17 stock exchanges in Europe and North America.

The returns on your pension savings are subject to 15,3% tax.

Optional insurance under your annuity pension

You have the option of taking out insurance under your annuity pension scheme to provide financially for yourself and your family if you lose your earning capacity or if you die.

If you have established your annuity pension with Danske Bank, you can take out insurance against death and loss of earning capacity as either a group policy or an individual policy.

If you have established your annuity pension with Danica Pension, you can take out insurance against death and loss of earning capacity as an individual policy.

Useful information

Please note that the value of and the benefits disbursed under your annuity pension may affect your right to certain social security benefits and your early retirement benefits.

Information about commission

If you choose an insurance-based annuity pension, Danske Bank receives commission from Danica Pension.

Further information

If you have questions about annuity pension schemes, please call us or visit one of our branches. You can read more about pensions at www.danskebank.com.

Tax deductions

If you have agreed to make contributions, you can deduct your contribution up to a limit of DKK 65.500 from 2025.

If you contribute more than DKK 65.500, you can pay the entire or parts of the future contribution – as well as parts of the contribution already made but not yet deducted – into a life annuity scheme. You must establish a life annuity scheme for this purpose in 2025.

What about non-deductible contributions?

If you have made contributions to an annuity pension or terminable annuity that are not fully tax deductible, the non-deductible part of the savings will not be subject to tax on disbursement; nor will it bear any interest.

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