



European
Commission

Your social security rights

in Iceland

The information provided in this guide has been drafted and updated in close collaboration with the national correspondents of the Mutual Information System on Social Protection (MISSOC). More information on the MISSOC network is available at: <http://ec.europa.eu/social/main.jsp?langId=en&catId=815>

This guide provides a general description of the social security arrangements in the respective countries. Further information can be obtained through other MISSOC publications, all available at the abovementioned link. You may also contact the competent authorities and institutions listed in annex to this guide.

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Chapter I: Introduction, organisation and financing

Introduction

The social protection system in Iceland is mainly a residence-based system covering the entire population. Hence, legal residence has to be registered in Iceland. In addition other qualifying conditions may apply for distinctive benefits.

The social security schemes encompass the following:

- the national pension scheme (providing old-age, invalidity, and survivor's pensions);
- the mandatory employment pension scheme (with pension funds providing old-age pensions starting between ages 65-70, invalidity pensions, and pensions to surviving spouses and/or children);
- the healthcare and health insurance scheme;
- the general family benefits scheme;
- the maternity/paternity benefits scheme;
- the unemployment insurance scheme.

Social assistance may be provided to persons in need and/or in particular situations.

Organisation of social protection

The national social pension scheme is administered by the Social Insurance Administration (*Tryggingastofnun ríkisins*) under the supervision of the Ministry of Welfare (*Velferðarráðuneytið*). The employment pension scheme, which is a fully funded scheme, is administered by individual occupational pension funds, regulated by the Ministry of Finance and Economic Affairs (*Fjármála- og efnahagsráðuneytið*) but under the supervision of the Financial Supervisory Authority (*Fjármálaeftirlitið*).

Healthcare is administered by healthcare centres, hospitals, and physicians who are private practitioners. The health insurance scheme is administered by the Icelandic Health Insurance (*Sjúkratryggingar Íslands*). Both healthcare and health insurance fall under the supervision of the Ministry of Welfare (*Velferðarráðuneytið*).

General family benefits (child benefits) are the responsibility of the Directorate of Internal Revenue (*Ríkisskattstjóri*) under the supervision of the Ministry of Finance and Economic Affairs (*Fjármála- og efnahagsráðuneytið*).

Both parents are entitled to maternity/paternity benefits in case of birth, adoption or when taking a child into permanent foster care. The administration of parental benefits is entrusted to the Directorate of Labour (*Vinnumálastofnun*), and supervised by the Ministry of Welfare (*Velferðarráðuneytið*).

Unemployment benefits are paid from the unemployment fund, administered by the Directorate of Labour (*Vinnumálastofnun*). The Directorate of Labour comes under the supervision of the Ministry of Welfare (*Velferðarráðuneytið*).

Social assistance in Iceland is twofold and comprises both State social assistance (which exists for specific categories of persons in particular situations, i.e. pensioners)

and local general social assistance. The latter is for all residents and provides the main services and the safety net of the social protection system. The State social assistance is the responsibility of the Social Insurance Administration (*Tryggingastofnun ríkisins*). General social assistance is administered by the local authorities. Social assistance at State and local level is supervised by the Ministry of Welfare (*Velferðarráðuneytið*).

Financing

The public national pension scheme is financed by the social security contribution (*tryggingagjald*) paid by employers (and self-employed persons), and by taxes. Employed and self-employed persons are furthermore obliged to pay contributions to their respective mandatory occupational pension funds, which must be no less than 12% of gross salary, with 8% generally paid by the employer and 4% by the employee. These are minimum rates; collective agreements between the social partners may provide for a higher contribution.

The health insurance scheme and general family benefits are financed by taxes.

Maternity/paternity benefits to parents on the labour market in case of birth, adoption or when taking a child into permanent foster care are funded by the social security contribution (*tryggingagjald*) paid by the employers. In contrast, benefits to parents that are not working are financed by taxes.

Unemployment benefits are funded by the social security contribution (*tryggingagjald*) paid by the employers.

Social assistance at State level is financed by the State. General social assistance is financed by local authorities.

Chapter II: Healthcare

When are you entitled to healthcare?

Healthcare is provided as a public health service for all inhabitants. A person who is resident in Iceland and who has been so for the last six months (counting from the day of registration) is covered. Residence refers to legal residence, according to the special legislative act (Act on Legal Residence).

What is covered?

The public health service covers the following types of services:

- medical treatment by a contracted general practitioner;
- necessary examinations and treatment carried out by contracted specialists and institutions;
- hospitalisation (for as long as necessary, along with medical care, medicines and other hospital services), including in maternity clinics;
- midwife assistance;
- hospitalisation abroad;
- medicines;
- x-ray examinations and radiation therapies;
- dental and orthodontic treatment for children and pensioners;
- travel and transport costs;
- nursing in the patient's home;
- medical apparatus;
- physiotherapy;
- nursing homes for the elderly.

Medicines

When the insured person buys pharmaceuticals for the first time, a payment period of twelve months starts. The insured person pays for the pharmaceutical in each period up to a certain maximum amount. Elderly persons, invalidity pensioners, children and youth under the age of 22 pay a lower amount. After this ceiling is reached a doctor can apply to the Icelandic Health Insurance for a full coverage of the costs for the remainder of the period.

Dental and orthodontic treatment

A new system for children under the age of 18 is gradually being implemented. A dentist who provides dental care for children under the age of 18 must work under a contract with the Icelandic Health Insurance for the treatment to be covered. The child must also be registered with that dentist. The patient pays a certain amount initially in each period of 12 months.

There is no reimbursement for people aged between 18 and 66 except in cases of serious consequences of congenital defects, accident or illness or if a person receives an invalidity pension.

Dental treatment for national old-age and invalidity pensioners is partially reimbursed.

Appliances

The State health insurance subsidises the acquisition of medical appliances required due to physical impairment or missing limbs. In some cases a certain amount is awarded, whereas in other cases a percentage of the cost is paid.

Travel and transport

Travel and transport costs may be partly reimbursed. Partial refund of expenses is also possible when parents are required to stay away from home to take care of their hospitalised child.

Physiotherapy is subject to partial or full reimbursement upon referral by a physician. Nursing at the patient's home is also free of charge, if it is based on a referral in the same way.

How is healthcare accessed?

There is a free choice of general practitioner in the public health services, and of independent general practitioners and specialists contracted by the Icelandic Health Insurance (IHI) (*Sjúkratryggingar Íslands*). You have direct access to specialists, but hospitalisation is only provided upon referral by a physician.

Benefits are provided in kind, and the costs are covered by the Icelandic Health Insurance. Nevertheless, partial payment (cost sharing) by the patient is usually required. For instance, an insured person has to pay between ISK 1,000 (€ 6.19) and ISK 2,600 (€ 16) per visit to a healthcare centre or a general practitioner. The amount varies according to the kind of service. No co-payments are required for children under the age of 18, and special rules apply to pensioners.

For any specialist treatment from a specialist contracted by the Icelandic Health Insurance (IHI) (*Sjúkratryggingar Íslands*), a co-payment of ISK 4,500 (€ 28) + 40% of the remaining costs (up to a maximum of ISK 31,100 (€ 193)) is required. Special rules apply to pensioners and children below the age of 18 years.

There is a maximum ceiling of yearly payment for all insured persons. It amounts to ISK 31,100 (€ 193) for a single person, ISK 9,400 (€ 58) for children of the same family, and ISK 7,800 (€ 48) for a pensioner over 69 years of age. Discount cards (*afsláttarkort*) are available to individuals who have reached this ceiling and may be used for the remainder of the year.

Hospital treatment

Insured persons are entitled to free hospitalisation, including in maternity clinics, when prescribed by physicians.

If an insured person urgently requires hospitalisation abroad because the necessary care cannot be provided in an Icelandic hospital, the health insurance covers the costs. Your physician has to send an application to the Icelandic Health Insurance (IHI). IHI assesses the need for hospitalisation abroad, checks whether the conditions are met and decides where the insured person is to be hospitalised.

Chapter III: Sickness cash benefits

When are you entitled to sickness cash benefits?

Icelandic Health Insurance (IHI) pays daily sickness cash benefit (*sjúkradagpeningar*) to all employees and self-employed persons (specific rules may apply to home-workers and students) aged 18 or older, who do not receive old-age or invalidity pensions. They have to be unable to work, have ceased working due to sickness and no longer be in receipt of a salary. Specific conditions may apply in the case of organ donation.

Generally, two months of work and six months of residency for new residents prior to illness are required. In case of organ donors, active participation in the domestic labour market for six consecutive months prior to incapacity for work as a result of their donation has to be shown. The employment rate in each month has to be at least 25%.

What is covered?

Insured persons receive *per diem* sickness benefit as from and including the 15th day of illness, if they are unable to work for at least 21 days. The 14-day waiting period begins on the day when incapacity for work is confirmed by a physician.

Employers are obliged to provide continued payment for at least one month after 12 months of uninterrupted employment. Collective agreements provide for the continued payment of salaries for a given period which varies according to the agreement. During this period no sickness cash benefit or special benefit to organ donors is provided.

Sickness cash benefit after payment of salaries has stopped is not earnings-related, but is provided as a flat-rate benefit.

Full *per diem* cash benefit is paid to anyone who has to give up full-time work (ISK 1,325 (€ 8.21)). Anyone who gives up less than full-time work but performs at least half-time work receives half *per diem* cash benefit.

In case of organ donation, a benefit is paid for up to 3 months at 80% of the average wage or calculated remuneration earned during the last income year prior to that when incapacity for work commenced but up to a certain ceiling.

A supplement of ISK 363 (€ 2.25) is paid for each dependent child under the age of 18. In addition, up to 80% of the cost of stay incurred by parents is paid when a child under the age of 18 is hospitalised a long way from their home.

Sickness benefit is payable for a total of 52 weeks in any period of 24 months.

How are sickness cash benefits accessed?

In order to be entitled to sickness cash benefit, a physician has to certify your incapacity for work.

When applying for *per diem* sickness benefit, a standard application form should be sent to the Icelandic Health Insurance. As a rule, *per diem* sickness cash benefit is not awarded retroactively for more than two months.

Chapter IV: Maternity and paternity benefits

When are you entitled to maternity or paternity benefits?

Women residing in Iceland are entitled to free maternity care from the public health service. For new residents at least six months of residence in Iceland is required.

Both parents are entitled to maternity/paternity benefits (*greiðslur úr fæðingarorlofssjóði*), provided they have been active on the domestic labour market for six consecutive months prior to the child's date of birth (with an employment rate of at least 25% in each month).

Maternity/paternity grants (*fæðingarstyrkur*) are awarded to both parents who are non-active or students, if they can demonstrate at least 12 months of residence prior to childbirth.

Adoptive grants (*ættleiðingarstyrkur*) are paid to adoptive parents who adopt a child from abroad, provided they possess a permit for foreign adoption issued in Iceland.

What is covered?

Benefits in kind

Hospitalisation costs are covered for as long as necessary, along with medical care, medicines and other hospital services.

Maternity/paternity leave and benefit

Both parents have independent rights to maternity/paternity leave of up to three months after birth, adoption or the taking of a child into permanent foster care. Both parents may begin maternity leave up to one month prior to the expected date of confinement. The mother has to take maternity leave for at least the first two weeks after birth.

Parents also have a joint right to a further three months' leave, which may be taken entirely by one parent or divided between the two. The parents can choose to take the leave at their own convenience in the 36 months following the birth.

The amount of maternity/paternity benefits is 80% of average wages earned. The reference period taken into account is the continuous 12-month period ending six months prior to the birth of the child or, in the case of initial adoption or permanent foster care, prior to the date of arrival of the child in the household. The calculated remuneration of self-employed persons is based on the last whole income year preceding the year in which the child is born or, in the case of initial adoption or permanent foster care, prior to the year in which the child arrives in the household. Minimum (relating to the degree of labour market participation) and maximum benefits are stipulated. Maximum payment is ISK 350,000 (€ 2,170).

Maternity/paternity grants to parents who are part-time employed (less than 25%) or who are non-active amount to ISK 57,415 (€ 356) per month. Payments to parents attending full-time educational programmes are higher: ISK 131,578 (€ 816) per month. Maternity/paternity grants are provided over a period of nine months.

Adoption grant amounts to ISK 568,692 (€ 3,526).

How are maternity and paternity benefits accessed?

When applying for maternity/paternity benefits a standard application form should be sent to the competent institution. Various certificates must be produced to qualify for benefit. In case of a dispute an appeal is available.

Chapter V: Invalidation benefits

When are you entitled to invalidity benefits?

National pension

Anyone between the ages of 18 and 67 who is a legal resident in Iceland and has been so for at least the three years immediately before applying is entitled to a national pension (*lifeyrir almannatrygginga*). His/her long-term invalidity must be assessed at 75% as a result of a medically recognised disease or invalidity and his/her income must be below a certain level.

An invalidity allowance (*örorkustyrkur*) may be paid to persons whose invalidity is assessed at 50-74% and who otherwise fulfil the conditions for a national pension (i.e. other than those relating to the degree of invalidity). It may also be paid to a person who is in full-time employment but who faces considerable extra expenses on account of his/her invalidity.

Employment pension

Economically active persons who have contributed to and been mandatorily covered by an occupational pension fund may be entitled to an employment pension (*lögbundnir lífeyrissjóðir*) in case of invalidity. Their incapacity, causing income reduction, should be 50% or more. In addition, they must have been affiliated with a pension fund (and contributing) for at least two years.

What is covered?

National pension

The determining factors for calculating the national invalidity pension are the degree of incapacity, the age when incapacity of 75% or more is first diagnosed, the residence period in Iceland and the income of the beneficiary.

Individuals with residence in Iceland for at least 40 years between the ages of 18 and 67 are entitled to a full invalidity pension (40/40). For shorter periods the invalidity pension is calculated in proportion to the length of periods of residence.

The national pension is provided as a flat-rate amount, which is reduced if income is gained from other sources, or withdrawn if the income exceeds a certain amount.

Invalidity pensioners are entitled to an age-related pension supplement (*aldurstengd örorkuuppbót*). The amount of the supplement depends on the age of the recipient when he or she first became entitled to an invalidity pension.

A full pension supplement (*tekjutrygging*) may also be provided if the income is under a certain amount.

Child supplement

Recipients of invalidity pensions are entitled to a supplement for every dependent child. A child pension (*barnalífeyrir*) is paid in respect of children under 18 years of age. The child or either of the parents must have been resident in Iceland for at least three years immediately before the claim is made. If both parents are invalidity pensioners, a double child pension is paid.

Other supplements

According to the Social Assistance Act, various social assistance benefits may be granted in addition to the national pension either in special circumstances or when it is shown that a beneficiary living in Iceland is unable to support him- or herself without this assistance. These are for instance the household supplement for a single person (*heimilisuppbót*), the special supplement for support (*sérstök uppbót til framfærslu*) and further supplements (*frekari uppbætur*).

Rehabilitation measures

Rehabilitation is promoted. To this end, a rehabilitation allowance (*endurhæfingarlífeyrir*) may be paid when it is not deemed possible to determine the extent of permanent disability. The Social Insurance Administration (*Tryggingastofnun ríkisins*) can also make agreements with enterprises which stimulate employment of disabled persons.

Employment pension

The determining factors for the employment pension are the degree of incapacity and the accrued pension amount in accordance with accrued pension points. It can be increased with additional accrual years credited up to retirement age. The State employee scheme however is a defined benefit scheme.

How are invalidity benefits accessed?

Claimants submit a standard application form to the Social Insurance Administration (*Tryggingastofnun ríkisins*) and their physician draws up and sends a medical report to the administration. Claimants will also be asked to answer a questionnaire about their invalidity and provide information about their income, i.e. make an income declaration.

The Medical Officer assesses the claimant's degree of invalidity in accordance with an established standard, based on the consequences of medically recognised diseases and invalidity. Before a disability assessment is made the claimant's prospect of rehabilitation is assessed and he/she may be required to attend a rehabilitation programme.

The basis for benefit entitlement may be reviewed at any time and the benefits adjusted to any changes that have occurred. Benefits are as a rule paid in advance, on the first day of every month.

The employment pension has to be requested from the mandatory occupational pension fund concerned.

Chapter VI: Old-age pensions and benefits

When are you entitled to old-age benefits?

National pension

Anyone who is 67 or older and has been legally resident in Iceland for at least three calendar years between the ages of 16 and 67 is entitled to a national public pension (*lifeyrir almannatrygginga*), provided their income is below a certain level.

Special provisions apply to seamen's entitlement to an old-age pension, which may be granted from the age of 60 (under specific conditions).

Employment pension

As a general rule, insured employees and self-employed persons may, at the age of 65 or over, be entitled to an employment pension from the mandatory occupational pension funds (*lögbundnir lifeyrissjóðir*), provided that they were covered by the employment pension scheme between the ages of 16 and 70. No minimum qualifying period is required.

What is covered?

National pension

The determining factors for calculating the national old-age pension are the duration of residence in Iceland and income of the beneficiary.

Individuals with residence in Iceland for at least 40 calendar years between the ages of 16 and 67 are entitled to a full old-age pension (40/40). For shorter periods the old-age pension is calculated in proportion to the periods of residence.

The national pension is provided as a flat-rate amount, which is reduced when income is gained from other sources, or withdrawn if it exceeds a certain amount.

A full pension supplement (*tekjutrygging*) may also be provided if the income is under a certain amount.

It is possible to defer the basic pension and the pension supplement (i.e. claim them at a later date) up to the age of 72 years. In this case, benefits are increased by 0.5% for each additional month. A maximum increase of 30% is possible.

The Social Insurance Administration (*Tryggingastofnun ríkisins*) may decide to pay a child pension (*barnalífeyrir*) for every dependent child of an old-age pensioner.

According to the Social Assistance Act, various social assistance benefits may be granted in addition to the national pension in special circumstances or when it is shown that a beneficiary living in Iceland is unable to support him- or herself without this assistance. These are for instance the household supplement for a single person

(*heimilisuppbót*), the special supplement for support (*sérstök uppbót til framfærslu*) and further supplements (*frekari uppbætur*).

Employment pension

The employment pension is calculated in accordance with the detailed rules of the statutes of each individual occupational pension fund. The general rule is that the pension is calculated in accordance with accrued pension points. A minimum pension based on 40 years of contributions amounts to 56% of the monthly wages for which contributions were paid.

How are old-age benefits accessed?

If you want to claim the national old-age pension, a claim should be submitted to the Social Insurance Administration (*Tryggingastofnun ríkisins*) using a standard application form and providing all necessary information. You will also be required to provide information about your income. Benefits are paid in advance on the first day of every month.

The employment pension has to be requested from the mandatory occupational pension fund concerned.

Chapter VII: Survivors' benefits

When are you entitled to survivors' benefits?

National pension

In Iceland there is no national statutory widow/widower's pension, but a child pension (*barnlífeyrir*) is paid to the orphans (natural, adopted or step-children) under the age of 18 years. The deceased insured person, the surviving spouse or the surviving child must show that they have been resident in Iceland for at least three years immediately prior to the application for a child pension.

Employment pension

Benefits from mandatory occupational pension funds (*lögbundnir lífeyrissjóðir*) can be paid for a limited period to spouses, partners (of distinctive or same sex) in registered co-habitation, children under the age of 18, and in certain cases caregivers. The condition is that the deceased person was receiving pension from the pension fund at the time of death, or had paid contributions for a certain period prior to death.

What is covered?

National pension

The child pension (*barnlífeyrir*) is paid as a flat-rate monthly amount. This amount is doubled if the child is bereaved of both parents.

A surviving spouse or partner who has not yet reached the age of 67 may be entitled to a death allowance (*dánarbætur*) for six months. It can be extended to 12 months if the recipient cares for a dependent child below the age of 18 years or in other special circumstances.

Employment pension

A child pension is paid monthly for the surviving children of a deceased person up to the age of 18. Its amount can vary between pension funds. The benefits are doubled if both parents, who were members of the pension fund, are deceased.

Benefits of the surviving spouse or partner are calculated as a percentage of the pension of the deceased according to the statutes of each pension fund. Benefits are only paid for a limited period. If the deceased person and the surviving spouse or partner had children, the benefit may be paid until the child reaches the age of 19 years.

How are survivors' benefits accessed?

A standard application form must be submitted to the Social Insurance Administration (*Tryggingastofnun ríkisins*).

Benefits from the employment pension scheme have to be requested from the mandatory occupational pension fund concerned.

Chapter VIII: Benefits in respect of accidents at work and occupational diseases

When are you entitled to benefits in respect of accidents at work and occupational diseases?

Occupational injury insurance covers employed persons working in Iceland other than foreign nationals who hold official positions with foreign States and foreign staff employed by those officials. Work aboard an Icelandic vessel or aircraft or a vessel or aircraft owned or operated by an Icelandic party is equivalent to work in Iceland, if the salaries are paid in Iceland. Self-employed persons are insured as well.

Anyone engaged in household work may ensure their entitlement to occupational injury benefits by making a request on their tax return at the beginning of each year.

Occupational injury insurance covers accidents caused by a sudden external event in the course of work, apprenticeship, rescue work and all forms of athletic training, exhibitions and competitions organised by a recognised athletic club under the supervision of a trainer.

A person is regarded as being at work when he/she is at the work place during working hours, during meal and coffee breaks, when on trips on behalf of the enterprise and when travelling to and from work.

The insurance also covers diseases caused by the noxious effects of substances, radiation or similar conditions lasting a few days at most and can be attributed to the activity pursued at work.

What is covered?

Healthcare and short-term cash benefits

If an accident at work or occupational disease requires medical treatment, this is covered by the health insurance. Co-payments made by the insured person are also reimbursed by the insurance.

Per diem sickness cash benefit (*slysadagpeningar*) is payable from and including the eighth day following an injury, if the injured person has been unable to work for at least 10 days. It is a flat-rate benefit, amounting to ISK 1,619 (€ 10), with a supplement of ISK 363 (€ 2.25) for each dependent child under the age of 18 years. Collective agreements may provide for continued payment of salaries for a certain period during which sickness cash benefit is not granted to the injured person. *Per diem* benefit is paid until the injured person is able to work, is adjudged to be permanently disabled or dies, but never for more than 52 weeks.

Invalidity benefits

If the accident at work or occupational disease results in permanent disability of 75% or more, the injured person is entitled to a full injuries insurance pension. Payments for permanent invalidity of less than 75% are paid in proportion to the percentage of invalidity. If the loss of capacity is less than 50% (but at least 10%) the Social Insurance Administration (*Tryggingastofnun ríkisins*) may pay the person concerned a lump-sum invalidity benefit equivalent to a pension for a given number of years. Rehabilitation measures are also encouraged.

When the degree of disability is assessed to be greater than 50%, a *supplementary pension* for a spouse and/or dependent children under 18 years of age at the time of injury is awarded subject to certain provisions.

From the [national residence-based pension scheme](#) the insured person may in addition be entitled to various supplements and persons who have contributed to and been mandatorily covered by an occupational pension fund may be entitled to an employment pension (*lögbundnir lífeyrissjóðir*) in case of invalidity.

Survivor's benefits

If the accident at work or occupational disease results in death within two years of its occurrence, a monthly death allowance (*dánarbætur vegna slysa*) in the amount of ISK 37,585 (€ 233) may be paid to the widow or widower for a period of eight years.

Child pension (*barnlífeyrir*) is paid for each child, and this is doubled if both parents are deceased. Benefits are also paid for disabled children over 16 years of age who were dependent on the deceased person when the injury occurred, depending on the extent to which the child was supported by the deceased, on a scale from ISK 569,111 (€ 3,528) to ISK 1,407,843 (€ 8,728).

How are benefits in respect of accidents at work and occupational diseases accessed?

When an accident at work occurs which may be considered as giving rise to benefits under occupational injury insurance, the employer or, in the absence of an employer, the insured person, should immediately report it to the Chief of Police or his representative in the form prescribed by the Social Insurance Administration (*Tryggingastofnun ríkisins*). The Chief of Police forwards the report to the Social Insurance Administration together with all necessary information.

Failure to report the accident does not prevent the injured person or surviving relatives from being able to claim benefits. However, reporting must be conducted within one year of the accident. Benefits may be paid even when more than one year has elapsed if circumstances are so clear that the delay does not obstruct the collection of evidence.

Chapter IX: Family benefits

When are you entitled to family benefits?

Various assistance is available to families with children, both at State and local level.

Child benefits are paid to parents or persons responsible for the maintenance of children up to the age of 18. Full benefits are paid for the year of birth of the child, but none are paid for the year in which the child reaches 18 years of age. The child has to be supported by those who are subject to unlimited tax liability in Iceland according to the tax law.

What is covered?

Child benefits

Child benefits are income-tested and the amount granted depends on the income of both parents or for a single parent only on the income of that parent.

A supplement, which is also income-tested, is paid for children under 7 years of age.

The income-tested child benefits are calculated on the basis of taxable income according to the tax-return in August each year. Advance payments that are made in February and May each year are deducted and the remaining part of benefits is paid in August and November. Overpayments are collected with the taxes.

Other assistance

Allowance to single parents

A single parent allowance (*mæðralaun*) may be provided in case of two or more dependent children under the age of 18 years who are residing in Iceland.

Day care subsidies

Local authorities may subsidise the cost of day care for children in private homes, for example in the case of single parents. The vast majority of local authorities offer subsidies to single parents, and so the financial support for private day care is identical to the amount paid to playschools, which are run by the local authorities.

Special benefits in case of disabled or chronically sick children

Home care allowance (*umönnunargreiðslur*) may be granted to persons responsible for the maintenance of disabled or chronically sick children staying at home or in the hospital.

Cash benefits to carers of severely disabled or sick children

Parents who have worked on the Icelandic labour market for six months and students may receive benefit when they look after severely disabled children and children suffering from long-standing illnesses (*greiðslur til foreldra langveikra eða alvarlega fatlaðra barna*). The condition is that they cease working as employed or self-employed persons in order to take care of their child.

Child pension to youths engaged in studies

A monthly flat-rate child pension with respect to education (*barnalífeyrir vegna skólanáms*) may be paid to young people aged 18-20 who are engaged in studies or vocational training. This is available if either one or both parents are deceased or old-age or invalidity pensioners.

How are family benefits accessed?

Child benefits

Applications for child benefits (*barnabætur*) must be made to the tax office. Child benefits are calculated on the basis of information on the applicant's family and income.

Other assistance

Child pension, special benefits and cash benefits in case of disabled or sick children, and allowances to single parents are all administered by the Social Insurance Administration (*Tryggingastofnun ríkisins*) where the appropriate claim has to be made. The Directorate of Labour (*Vinnumálastofnun*) administers supplements to unemployment benefits. Benefits provided by local communities have to be claimed at their offices.

Chapter X: Unemployment

When are you entitled to unemployment benefits?

If you are an employee or self-employed person resident in Iceland, you may be entitled to unemployment benefits (*atvinnuleysisdagpeningar*) when you become unemployed.

Among other requirements, you have to be registered at the unemployment office, be able and actively seeking work, be available on the labour market without any restrictions, and aged between 16 and 69 years. You also have to have been active on the domestic labour market for at least 12 consecutive months before applying for unemployment benefit. No more than three months of activity during the last 12 months give entitlement only to a minimum level of benefit.

In order to be entitled to full benefits, self-employed persons must have paid monthly payments of tax deductions at source on their calculated remuneration equivalent to at least the reference sum determined by the Minister of Finance and Economic Affairs as calculated remuneration for work in the relevant occupation. In addition, they must have paid social security contributions (*tryggingagjald*) for the last 12 continuous months before they apply to the Directorate of Labour for unemployment benefits, providing that other conditions are met.

What is covered?

Unemployment benefits are flat-rate daily cash benefits and earnings-related benefits. They are determined according to the periods of work during the last 12 months before unemployment, previous earnings and any present income.

Flat-rate benefits

Flat-rate benefits provided to employed and self-employed persons are paid for the first two weeks after the start of unemployment.

Earnings-related benefits

After the first two weeks, the unemployed person can receive earnings-related benefits for up to three months. This benefit may amount to 70% of average earnings during a six month period ending the two months before becoming unemployed. For self-employed persons, earnings during the last income year define the reference period. The maximum benefit is ISK 272,113 (€ 1,687).

After having received earnings-related benefits for the maximum period of three months, unemployed persons are entitled to a continued payment of the flat-rate basic benefits. The maximum flat-rate amount is ISK 172,609 (€ 1,070) per month.

Benefits are paid for a maximum of three years for each benefit period. When a person receiving unemployment benefits starts working again within the three years,

the benefit period will be prolonged accordingly. After receiving benefits for three years, a new benefit period can only commence after 24 months during which there must be six months of employment.

There is no waiting period when unemployment is not caused by any fault of the employee.

On the other hand, if the employment contract is terminated due to the own will or fault of the employee the waiting period is two months on the first occasion. The benefit period will be reduced accordingly.

Part time work reduces the benefits proportionally. A daily supplement for maintained children under the age of 18 years can also be granted. It amounts to 4% of full basic benefits for each maintained child.

How are unemployment benefits accessed?

When you become unemployed, you have to register with the Directorate of Labour (*Vinnumálastofnun*) and claim unemployment benefits.

Chapter XI: Minimum resources

When are you entitled to benefits regarding minimum resources?

Local Authorities' Social Services

Families and individuals over 18 years of age may in a specific situation of need be entitled to social services provided by local authorities. The Local Authorities' Social Services Act (*Lög um félagsþjónustu sveitarfélaga*) covers the needs of children, youths, the elderly and persons with disabilities.

Legal residence in the local community concerned is required, and for some services a certain period of residence may be demanded. The exception is emergency assistance.

State social assistance

Old-age and invalidity pensioners, survivors, persons undergoing rehabilitation, single parents, parents of disabled or chronically ill children, youths engaged in studies and health-insured persons with substantial medical and pharmaceutical expenses may all be entitled to the State social assistance.

Social assistance is only paid to persons living and legally residing in Iceland. Other conditions can be stipulated by legislative acts and administrative regulations.

What is covered?

Local Authorities' Social Services

The financial assistance is aimed towards those who cannot support themselves or their children by other means, such as salaries or income from the social security. The financial assistance is at the discretion of the municipalities, but the authorities are encouraged to follow the guidelines of the Ministry of Welfare (*Velferðarráðuneytið*) in accordance with which the amounts are fixed. According to the recommendations of the Ministry of Welfare, the monthly amounts, not including housing allowance (*húsaleigubætur*), should not be lower than the monthly unemployment benefits.

Income taken into account when the need for financial assistance is assessed includes wages and all social security benefits and assistance at State level as well as sickness benefits from the sickness funds of the trade unions.

Assistance is calculated according to family unit, composed of the applicant, his or her spouse and children up to the age of 18 years.

The local authorities may also provide financial assistance according to need in the sphere of health; this is means-tested and has a defined maximum amount. It may apply to dental care and specialist counselling by psychologists, psychiatrists and social workers.

State social assistance

Non-contributory assistance is provided at central level with an aim to provide specific additional assistance (either of a differential or a fixed amount), within the limit set by law, to specific categories of the population in particular situations.

The assistance may be linked to income other than housing benefits, as appropriate. As a rule, all resources are taken into account. Property is generally not taken into account, but income from property can be.

Minimum and maximum assistance, or refund of costs to the entitled individual, are set by legislation. Provision is for as long as the circumstances remain unchanged and conditions fulfilled.

It is also possible to be (fully or partially) reimbursed for substantial expenses of medical assistance and medications, in which case the annual income of the beneficiary is taken into account.

Additional benefits

Means-tested housing allowances (*húsaleigubætur*) are available from local authorities up to ISK 47,700 (€ 296) per month, depending on family size, income and cost of housing.

How are minimum resources benefits accessed?

All individuals are obliged to support themselves, their spouse and children under 18 years of age. They have to exhaust any other claim (also for social security benefits) before applying for social assistance, and prove that they are actively searching for work.

The financial assistance is at the discretion of the local authorities, who are nevertheless encouraged to follow the guidelines of the Ministry of Welfare.

Local authorities' Social Services' staff investigate and evaluate claimant needs. Written application is required, accompanied by necessary documents showing income (i.e. tax return form and pay-slips for the last months) as well as a medical report, if relevant. Most local authorities have a special timeframe within which the claim should be processed.

The Social Insurance Administration (*Tryggingastofnun ríkisins*) makes the decisions on State social assistance. Written application is required, accompanied by relevant documents (i.e. tax return form, income declaration, medical report if relevant and documents regarding specific costs).

Chapter XII: Long-term care

When are you entitled to long-term care?

In case of continuous need for long-term care, nursing or other assistance, all persons resident in Iceland may be entitled to long-term care benefits. A specific age is not a condition for entitlement. However, six months of residence for new residents counting from the day of registration and established need for specific care are required.

For nursing-home care and nursing at home, health insurance coverage has to exist. There are no specific categories of dependency.

What is covered?

Long-term care benefits are provided from the universal social security scheme, and social assistance from local authorities. Benefits are provided in kind, since there are no specific long-term care cash benefits.

Three types of services related to long-term care can be provided: services at home, including home nursing, homes for the elderly and nursing homes.

Nursing and social services at home may encompass meals, cleaning, personal assistance, and similar activities. They are provided by healthcare authorities and municipalities. Day-care centres provide accommodation for up to eight or 10 hours daily, five days per week. Medical and personal assistance and counselling, as well as leisure activities, are also available.

The beneficiary may be required to pay a certain amount per day for day-care centre services (ISK 970 (€ 6.01)), and also a certain amount, according to his or her income, per month at a nursing home and residential home for the elderly. This amount should not exceed ISK 326,929 (€ 2,027) per month. Nursing-at-home services are provided free of charge. Social services at home are charged in relation to the beneficiary's income.

Among other benefits, it is possible to receive telecommunications service, technical aids, assistance for home improvements, transport services, etc.

Benefits are provided for as long as the need for long-term care (i.e. the state of dependency) persists.

How is long-term care accessed?

A formal assessment of the need for long-term care is performed by specially appointed groups of professionals in each healthcare district for all types of services. For instance, one cannot be admitted to a nursing home or a home for the elderly without a prior formal assessment of the need for such admission. Assessment is revised on a regular basis.

Caregivers may be informal carers, e.g. family members (spouse's benefits, *makabætur*, may be granted to the spouse of a pensioner in special circumstances), or professional providers. The latter administer nursing and social services at home, in day-care centres, nursing homes and homes for the elderly. Assessments of service quality at nursing homes for the elderly are conducted three times a year.

Annex: Useful addresses and websites

More detailed information on qualifying conditions and individual social security benefits in Iceland can be obtained from the public institutes managing social protection system.

Enquiries concerning the effect on benefits of insurance in two or more Member States should be addressed to:

Ministry of Welfare

(Velferðarráðuneytið)

Hafnarhúsinu V/Tryggvagötu

150 Reykjavík

Tel.: +354 545 8100

Fax: +354 551 9161

E-Mail: postur@vel.is

<http://www.velferdarraduneyti.is/>

Ministry of Finance and Economic Affairs:

(Fjármála- og efnahagsráðuneytið)

Arnarhvoli við Lindargötu

150 Reykjavík

Tel.: + 354 545 9200

Fax: + 354 545 9299

E-mail: postur@fjr.is

<http://www.fjarmalaraduneyti.is>

Icelandic Health Insurance:

(Sjúkratryggingar Íslands)

Laugavegur 114-118

150 Reykjavík

Tel.: + 354 515 0000

Fax: + 354 515 0051

E-mail: sjukra@sjukra.is

<http://www.sjukra.is>

Social Insurance Administration

(Tryggingastofnun ríkisins)

Laugavegur 114

150 Reykjavík

Tel.: + 354 560 4400

Fax: + 354 560 4451

E-mail: tr@tr.is

<http://www.tr.is>

Directorate of Labour

(Vinnumálastofnun)

Kringlunni 1

103 Reykjavík

Tel.: + 354 515 4800

Fax: + 354 511 2520

E-mail: postur@vmst.is

<http://www.vmst.is>

Directorate of Internal Revenue

(Ríkisskattstjóri)

Laugavegur 166

150 Reykjavík

Tel.: + 354 442 1000

Fax: + 354 442 1999

E-mail: rsk@rsk.is

<http://www.rsk.is>