

## Guideline on Pension Paid out as Salary/Pension exemption

### Pension scheme paid into a pension fund

As an employee at DTU, you are covered by a collective pension scheme, which means that 17,1% of your gross salary is saved in a pension plan. In principle, the 17,1% is divided between the employer (2/3) and the employee (1/3). The contribution is, however, shown as a separate and additional payment on your paystub. This means that the employee contribution is not deducted from your pay.

Often, pension schemes include a variety of different insurance plans. For more information, please look at the Ministry of Finance's brochure, [Employment in the Danish State Sector](#) (Chapter 4).

There are ~~three~~ several separate pension schemes that you can be covered by, depending on your professional background and organization. These are the most common ones:

[P+](#) - if you are an engineer or you have a master of economics, political and social science or you are a lawyer. (Previously called DIP and JØP)

[MP pension](#) – Pension fund for Danish M.A.'s, M.Sc.'s and Ph.D's who are employed mainly in the public sector at universities and upper secondary schools

[Pharmadanmark](#) (PFA Pension) If you have a specific degree related to life sciences.  
(Not common)

### Taxation when paid into a pension fund

According to the collective agreement, pension contributions are exempt from taxation when paid into the pension fund. This means that you do not pay tax on your pension contribution when it is transferred to your pension fund. Instead, you will pay tax at the time you request your pension fund to pay out your pension savings.

If you choose to have your pension savings paid out upon the termination of your employment, those savings will be taxed at a current rate of 60%. Please note that your pension savings can only be paid out early if and when you choose to leave Denmark.

If you choose to take out your pension when you reach the age of retirement, the savings will be taxed at the appropriate rate according to your tax situation at that time.

### Pension scheme paid out as salary

New and existing international employees may choose to have their pension contributions paid out as salary if they:

- are employed as scientific academic staff or as Ph.D. fellows
- were recruited abroad (non-Danish address when first recruited)
- do not hold Danish citizenship
- are employed in a fixed-term position for a maximum period of five years, including contract renewals (six years if agreed upon by the relevant union)

Please note that with the exception of the basic group life insurance coverage, employees renounce the additional insurance coverage linked to the ordinary pension scheme, and should therefore consider their need for supplementary private insurance cover.

**Taxation when paid out as salary**

Pension contributions paid out as salary will be taxed according to the general taxation status of employees, regardless of whether they come under the researcher tax scheme or are taxed in accordance with the standard Danish taxation rules.

**How to apply**

New employees may apply to have their 17,1% pension contributions paid out as salary by ticking the relevant pension option when completing the online information sheet or signing the Information sheet for new employees/Return form for new DTU staff. Those who do so will receive the additional funds with their next salary payment. Note that any payments already made to the pension fund will remain in the pension fund and cannot be reimbursed.