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## EURO-AMERICAN LAWYERS GROUP

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### ***MANDATORY PENSION PLANS FOR EMPLOYEES IN NORWAY***

*A EURO-AMERICAN LAWYERS GROUP BRIEFING ARTICLE  
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A bill has been presented to the Parliament this Autumn proposing that all employers be required to have a minimum pension plan for their employees. The employers' minimum contribution shall 2 per cent of the salary up to approximately NOK 720.000 (USD 107.000, EUR 91.000).

Instead of a pension plan based on an annual contribution from the employer, the employer may chose a plan where the employees are secured a certain payment of the same level as a contribution based plan as a whole.

The Act comes into force on January 1, 2006, with a requirement for employers to start making their contributions from July 1, 2006. As a consequence, the insurance industry is at the moment busy working out pension plans to offer to their customers, as having a life insurance company administer such plans is the most common way of doing it in Norway.

It is expected that the Act will have quite significant consequences for smaller entities, since pension plans for such companies is currently not very common. One reason for this is that the pension rights under the social security system traditionally have been on a relatively high level. Due to longer life expectancy and a gradually earlier pension age, the need has increased in Norway for a change in the social security system in combination with additional private pension plans. This has resulted in a need for modernizing the pension system, and one spin-off of this is a mandatory minimum pension system in combination with changes that encourage people to remain in employment longer.

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