



Private collective agreements are in place

The new collective agreements in the private labour market have been adopted and provide the employees with new terms of employment.

By Martin Wex

600,000 employees in the private labour market are now covered by a new collective agreement after employers as well as employees have voted yes to the proposed settlement. Employees covered by the agreement between the Confederation of Danish Employers and the Confederation of Trade Unions can, therefore, look forward to new terms of employment.

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Lars Rusom | Insurance Broker, WTW

The new collective agreements have entered into effect as of 1 March 2023 and are valid for two years.

»Collective bargaining has provided several improvements for employees – and it's not only about higher wages, but also about retirement savings. In the industrial sector, it has been agreed that employees will pay less out of their own pocket into their retirement savings, and that they will have a wider variety of choice, allowing them to choose, for example, days off rather than salary, if they so wish,« says insurance broker Lars Rusom from WTW.

The renewal of the collective agreement covers a broad spectrum of trade groups, such as industry, construction, retail and finance. The industrial sector's collective agreement contains two changes that are relevant to the employees' retirement savings:

- Revised distribution of pension contributions between employer and employee
- Larger deposit to the Free Choice Salary Account

The industrial agreements set the tone in the private labour market, and these changes are therefore also to be found in several of the other collective agreements.

Revised distribution of pension contributions

The monthly contribution to the employees' company pension scheme will be changed so that the employers' contributions increase by two percentage points, while employees' contributions correspondingly decrease by two percentage points. Within the industrial sector, employers' contributions will increase from 8 to 10 percent, and employees' contributions will be reduced from 4 to 2 percent.

Thereby, the total pension contribution continues unchanged, while employees receive two percent more as regular salary.

The change will take effect on 1 June 2023.

If the individual employee still wishes to pay 4 percent of his or her salary towards retirement, then the 2 percent that is no longer mandatory must be paid as a voluntary contribution.

Larger deposit on the Free Choice Salary Account

The amount deposited in the so-called Free Choice Wage Account (Fritvalgs Lønkonto) will, under the industrial agreement, be increased from 7 to 9 percent of the salary, to provide employees with even greater flexibility to choose whether the money in the account should be paid out as salary, paid into retirement savings or converted into childcare days or senior days off.

The change will take effect on 1 March 2024.