

**The statement of the Government regarding measures to improve
the incomes of older and disabled persons**

1. In the [Government's Policy Statement](#), emphasis was placed on strengthening the incomes of older and disabled persons by reducing the income-related benefit thresholds in the social security system. The first step in this direction was taken this past summer when the income-related threshold for social security benefits to persons 70 years or older was fully abolished. The annual cost to the Treasury of this measure is estimated at 600-700 million krónur.
2. The Government has already begun preparing further measures that will be implemented in stages in the years 2008-2010.
3. The Government has now decided that the following measures will be passed into law during the spring session of the Althingi:
 - The curtailment of benefits due to the income of a spouse will be abolished as of April 1st 2008. The estimated cost of this measure is 1,350 million krónur in 2008 and 1,800 million krónur for a full year.
 - Special measures will be implemented to reduce outstanding excess- or insufficient social security benefit payments as of April 1st 2008. The cost of this measure is estimated at 345 million krónur in 2008 and 460 million krónur for a full year.
 - The pocket money of persons in nursing homes will be increased from 28,500 krónur a month to 36,500 krónur, or by 30 per cent, as of April 1st 2008. The estimated cost is 35 million krónur in 2008 and 50 million krónur for a full year.
 - The benefit threshold due to income from employment for old-age benefit recipients aged 67 to 70 years will be raised up to 100 thousand krónur a month as of July 1st 2008. At the same time, the Treasury will ensure that old-age pensioners will receive a minimum of 25 thousand krónur a month from a pension fund from July 1st 2008. Measures that will render a comparable benefit to disabled persons will be prepared in association with the work of a group of experts on disability assessment and work rehabilitation. The estimated cost is 1,000 million krónur in 2008 and 2,000 million krónur for a full year.
 - The limits on benefits due to the cashing-in of retirement accounts will be abolished as of January 1st 2009. The estimated cost is about 30 million krónur.
4. The cost of these measures is estimated at 2,700 million krónur in 2008 and 4,300 million krónur for a full year. The total cost of the decision of the present Government in order to raise the income of older and disabled persons is 5,000 million krónur a year. The Government will accordingly propose the necessary

amendment to the 2008 fiscal budget bill at the time of its third reading in the Althingi.

- 5. The social security system is undergoing a comprehensive review for the purpose of improving the incomes of older persons and the disabled. These measurements are scheduled for implementation in 2009 and 2010.**

Reykjavík, December 5th 2007