

AGREEMENT ON SOCIAL SECURITY BETWEEN THE
UNITED STATES AND ICELAND

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SOCIAL SECURITY TOTALIZATION AGREEMENT WITH ICELAND,
PURSUANT TO 42 U.S.C. 433(e)(1); AUG. 14, 1935, CH. 531, TITLE
II, SEC. 233(e)(1) (AS AMENDED BY PUBLIC LAW 95-216, SEC.
317(a)); (91 STAT. 1539)



MAY 18, 2018.—Message and accompanying papers referred to the
Committee on Ways and Means and ordered to be printed

U.S. GOVERNMENT PUBLISHING OFFICE

To the Congress of the United States:

Pursuant to section 233(e)(1) of the Social Security Act, as amended by the Social Security Amendments of 1977 (Public Law 95–216, 42 U.S.C. 433(e)(1)), I transmit herewith a social security totalization agreement with Iceland, titled “Agreement on Social Security between the United States of America and Iceland” and the accompanying legally binding administrative arrangement, titled “Administrative Arrangement between the Competent Authorities of the United States of America and Iceland for the Implementation of the Agreement on Social Security between the United States of America and Iceland” (collectively the “Agreements”). The Agreements were signed at Reykjavik, Iceland, on September 27, 2016.

The Agreements are similar in objective and content to the social security totalization agreements already in force with other leading economic partners in Europe and elsewhere, including Australia, Canada, Chile, Japan, Norway, the Republic of Korea, and Switzerland. Such bilateral agreements provide for limited coordination between the United States and foreign social security systems to eliminate dual social security coverage and taxation and to help prevent the loss of benefit protection that can occur when workers divide their careers between two countries.

The Agreements contain all provisions mandated by section 233 of the Social Security Act and, pursuant to section 233(c)(4), other provisions which I deem appropriate to carry out the purposes of section 233.

I also transmit for the information of the Congress a report required by section 233(e)(1) of the Social Security Act on the estimated number of individuals who will be affected by the Agreements and the Agreements’ estimated cost effect. Also included are a summary of the main provisions of the Agreements and an annotated version of the Agreements with descriptions of each article. The Department of State and the Social Security Administration concluded that these Agreements are in the national interest of the United States.

I commend to the Congress the Agreement on Social Security between the United States of America and Iceland and the Administrative Arrangement between the Competent Authorities of the United States of America and Iceland for the Implementation of the Agreement on Social Security between the United States of America and Iceland.

DONALD J. TRUMP.

THE WHITE HOUSE, *May 17, 2018.*

MAIN PROVISIONS
OF THE UNITED STATES (U.S.)-ICELAND SOCIAL SECURITY AGREEMENT

Introduction

In general, section 233(c)(1) of the Social Security Act requires that international agreements concluded pursuant to that section meet three requirements.

- They must eliminate dual coverage of the same work under the social security systems of the United States and the other country that is a party to the agreement.
- They must allow for combining credits that the worker earns under the two systems for benefit eligibility purposes.
- When combined credits establish eligibility for U.S. Social Security benefits, the basis for the U.S. benefit payable must be the proportion of the worker's periods of coverage completed under title II of the Social Security Act.

The U.S.-Iceland agreement includes these required provisions.

Elimination of Dual Coverage

The agreement establishes rules to eliminate dual coverage and taxation, the situation that now exists when a person from the United States works in Iceland.

- The agreement provides that the social security system of the employee's home country will cover an employee whose employer temporarily transfers him or her from one country to work in the other country for a period of five years or less. In other cases, the country where the employee performs the work would cover the employee. Thus, a person whose U.S. employer temporarily transfers him or her to work in Iceland will retain coverage under, and pay contributions to, the U.S. program exclusively. The agreement will relieve the employer and employee of the additional burden of paying social security contributions to the Icelandic program.
- The agreement sets forth special coverage rules for employees of the governments of the two countries and for workers in international air and maritime transportation.
- The agreement also contains rules applicable to persons with earnings from self-employment who, without the agreement, would be subject to compulsory coverage under the laws of both countries. Under these rules, U.S. laws will cover a self-employed person residing in the United States, and Icelandic laws will cover a self-employed person residing in Iceland.

Totalization Benefit Provisions

In addition to eliminating dual coverage, the agreement will help prevent situations where workers suffer a loss of benefit rights because they divide their careers between the U.S. and Iceland.

- Under the rules that apply to the United States, if a person has credit for at least six quarters of coverage under the U.S. Social Security system, but not enough credits to qualify for a retirement, survivors, or disability benefit, the U.S. will totalize (i.e., combine) the person's coverage credits from

both the U.S. and Iceland to determine whether the worker meets the applicable coverage requirements for retirement, survivors, or disability benefits under the U.S. Social Security system. The benefit amount payable to a person who qualifies based on totalized credits is proportional to the amount of coverage completed in the United States.

- Under the agreement, whenever Icelandic laws require periods of residence for Icelandic benefits, Iceland will add U.S. quarters of coverage to periods of Icelandic residence to determine whether a worker meets the applicable coverage requirements for retirement or disability benefits under the Icelandic social security system, provided the worker has completed at least 12 months of covered residency under the laws of Iceland. Where combined U.S. and Icelandic credits establish eligibility, Iceland will pay its ordinary flat rate benefit amount, prorated according to the total amount of years of covered residency in Iceland.

Benefit Portability

The agreement between the United States and Iceland removes restrictions that either country places on the payment of its benefits to residents of the other country. Under an exchange of diplomatic notes dating from 1980 and 1981, both countries already permit the unrestricted payment of benefits to citizens of the other country.

U.S.-ICELAND ADMINISTRATIVE ARRANGEMENT

Purpose

The administrative arrangement establishes a number of principles which serve as the basis for developing operating procedures. In particular, it authorizes the designated liaison agencies – the Social Security Administration for the United States, and the Social Insurance Administration for Iceland – to develop procedures and forms necessary to implement the principal agreement.

Elimination of Dual Coverage

The administrative arrangement sets forth rules for issuing the documentation necessary to exempt workers covered under one country's system from coverage under the other country's system. These rules provide that, upon request of the worker or employer, the designated liaison agency of the country whose coverage laws apply to a person will issue a certificate of coverage that will verify the person's exemption from the other country's coverage laws.

Benefit Provisions

The U.S. Social Security Administration and the appropriate Icelandic agency will exchange coverage records and other information required to process benefit claims filed under the principal agreement. The administrative arrangement sets forth procedures governing this exchange of claims-related information.

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AGREEMENT ON SOCIAL SECURITY
BETWEEN
THE UNITED STATES OF AMERICA
AND
ICELAND

The United States of America and

Iceland (hereinafter referred to as the "Contracting States"),

Being desirous of regulating the relationship between their two countries
in the field of Social Security, have agreed as follows:

PART I

General Provisions

Article I

Definitions

Article 1 defines key terms used in this Agreement.

1. For the purposes of this Agreement:

(a) "national" means,

as regards the United States, a national of the United States
as defined in Section 101, Immigration and Nationality Act,
as amended, and

as regards Iceland, a national of Iceland as defined in the
Icelandic Nationality Act No 100/1952;

Under section 101(a)(22) of the Immigration and Nationality Act,
"the term 'national of the United States' means (A) a citizen of the
United States, or (B) a person who, though not a citizen of the
United States, owes permanent allegiance to the United States."
Those in category (B) include natives of American Samoa.

The Icelandic Nationality Act No 100/1952 specifies the categories
of persons to whom Iceland accords citizenship. This includes, but
is not limited to, people born to at least one parent holding Icelandic
citizenship at the time of birth, people who have become naturalized

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Icelandic citizens, and people who are able to declare Icelandic citizenship under specific circumstances. Additionally, Iceland's parliament, the Althingi, may confer citizenship on those who petition for Icelandic citizenship. Since July 1, 2003, Iceland permits dual citizenship.

(b) "laws" means the laws and regulations specified in Article 2 of this Agreement;

The term "laws," as used in this Agreement, refers to each country's social security laws and regulations as set forth in Article 2.

(c) "Competent Authority" means, as regards the United States, the Commissioner of Social Security, and

"Competent Authority," wherever it appears in this Agreement, refers to the government official or body in each country with ultimate responsibility for administering the social security program and the provisions of this Agreement.

(d) "agency" means, as regards Iceland, velferðaráðuneytið (Ministry of Welfare);

"Agency," as used in the Agreement, refers to the administrative body in each country responsible for taking and processing claims and making coverage determinations under each country's social security laws.

as regards Iceland, Tryggingastofnun ríkisins (Social Insurance Administration), and

The Social Security Administration (SSA) is the agency for the United States. However, the U.S. Internal Revenue Service (IRS) retains its responsibility for determining Social Security tax liability based on SSA coverage determinations under this Agreement.

for the Mandatory Pension Insurance Scheme, the relevant Pension Fund;

For Iceland, the agency under its national pension system is the Social Insurance Administration (SIA). For its mandatory occupational pension scheme, the various pension funds authorized to operate as such under Icelandic laws will serve as agencies.

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- (e) "period of coverage" means,
 - as regards the United States, a period of payment of contributions or a period of earnings from employment or self-employment, as defined or recognized as a period of coverage by the laws under which such period has been completed, or any similar period insofar as it is recognized by such laws as equivalent to a period of coverage; and
 - as regards Iceland, residence as defined in section II of the Icelandic Social Security Act, which coincides with
 - (i) periods of work or self-employment for which social security or Pension Fund contributions were paid in respect of the laws specified in Article 2(1)(b) of this Agreement,
 - (ii) periods before the entry into force of the Act mentioned in subparagraph (e)(f) of this Article for which a person establishes that he or she worked under Icelandic laws, and
 - (iii) periods for which a person establishes that he or she was self-employed under Icelandic laws;
- (f) "benefit" means any benefit provided for in the laws specified in Article 2 of this Agreement; and

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- "Period of coverage" means any period credited under the social security laws of either country for purposes of determining benefit eligibility, including periods of covered employment and self-employment.
- For the United States, this includes any contributions paid under the Federal Insurance Contributions Act (FICA), or the Self-Employment Contributions Act (SECA), as well as any periods considered equivalent to such payments under the Social Security Act (U.S. Act).
- For Iceland, a period of coverage includes any period for which a person made payments to a pension fund in Iceland, as well as periods prior to the establishment of the pension funds for which he or she can prove that he or she both resided and worked in Iceland.
- "Benefit" refers to old-age, survivors, and disability benefits provided under the social security laws of either country. With respect to the United States, the term also includes the lump-sum death payment under section 202(f) of the U.S. Act. It excludes special age-72 payments provided for certain uninsured persons under section 228 of the U.S. Act.

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(g) "personal data" means any information relating to a specific (identified or identifiable) person, as well as any information which can be used to distinguish or trace an individual's identity. This includes, but is not limited to, the following: any individual identifier; citizenship, nationality, statelessness or refugee status; benefits, eligibility, or other claims information; contact information; medical information or lay information used in a medical determination; information about marital, familial or personal relationships; and information pertaining to work, financial or economic status.

2. Any term not defined in this Article shall have the meaning assigned to it in the applicable laws.

Article 2

Material Scope

- I. For the purposes of this Agreement, the applicable laws are:
- (a) as regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:
 - (i) Title II of the U.S. Social Security Act and regulations pertaining thereto, except sections 226, 226A, and 228 of that title, and regulations pertaining to those sections, and
 - (ii) Chapters 2 and 21 of the U.S. Internal Revenue Code of 1986 and regulations pertaining to those chapters;

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"Personal data" refers to personally identifiable information. Since there is no definition of "personal data" in the U.S. Act, this term incorporates and expands upon essential elements of the definition of "information" applying to SSA at 20 C.F.R. 401.25.

If this Agreement does not define a term, that term has the same meaning as it does under each country's national laws.

Article 2.1 specifies the laws to which this Agreement applies.

For the United States, this Agreement applies to title II of the U.S. Act. It also applies to the corresponding tax laws (FICA and SECA) and any regulations pertaining to those laws. The Agreement does not apply to Medicare provisions (sections 226 and 226A of the U.S. Act). It also does not apply to provisions for special payments to uninsured individuals age 72 or over under section 228 of the U.S. Act. Persons to whom this Agreement applies who qualify for Medicare hospital insurance or age-72 payments without application of this Agreement may still receive such benefits.

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Although this Agreement does not apply for the purposes of entitlement to Medicare, a worker who has coverage only under the Icelandic system because of Article 5 of this Agreement will be exempt from health insurance contributions under FICA and SECA. This is in addition to the worker's exemption from U.S. retirement, survivors, and disability insurance contributions.

(b) as regards Iceland, the laws governing the national old-age and invalidity pension scheme and the Mandatory Pension Insurance Scheme (Pension Funds):

- (i) Section II and Section III of the Icelandic Social Security Act and regulations pertaining thereto, except Article 19; Article 20, paragraphs 3 and 4; and Article 18 paragraph 4, second sentence,
- (ii) The Act on Mandatory Pension Insurance and on the Activities of Pension Funds and regulations pertaining thereto, except Article 15, paragraphs 2 and 3, and
- (iii) The Icelandic Social Security Contribution Act.

For Iceland, this Agreement applies to the laws governing its first pillar residence-based benefit system, as well as the second pillar mandatory occupational pension system. A worker subject only to U.S. laws under the coverage provisions of this Agreement and his or her employer will be exempt from making contributions for all mandatory Icelandic benefit and pension programs.

Article 2.1 (b) excludes from the scope of this Agreement certain provisions of Icelandic law to which this Agreement will not apply. These provisions include social assistance programs such as a supplement providing social assistance for disabled workers with low income or caring for a minor child, as well as for workers under a disability meeting certain recency-of-work requirements while residing in Iceland and contributing to an Icelandic Pension Fund (Article 19). Also excluded from the scope of this Agreement are provisions for a child benefit payable to old-age workers in special circumstances, such as prison incarceration or children of questionable paternity (paragraphs 3 and 4 of Article 20). Additionally, with respect to the invalidity benefit, a provision for calculating periods of residence in Iceland prior to a person's attainment of age 67 is not included under the scope of this Agreement (the second sentence of paragraph 4 of Article 18).

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The exclusion of paragraphs 2 and 3 of Article 15 of the Icelandic Act on Mandatory Pension Insurance and on the Activities of Pension Funds waives a requirement that a person must have worked recently in Iceland in order to be entitled to periodic adjustments to his or her Icelandic second pillar benefit.

2. Unless otherwise provided in this Agreement, the laws referred to in paragraph 1 of this Article shall not include treaties or other international agreements or supranational legislation on social security concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.

Except as this Agreement itself provides, the laws to which this Agreement applies do not include treaties and other international agreements. This includes either country's bilateral social security agreements with third countries or multilateral agreements. This provision ensures that if a person has periods of coverage in the United States and Iceland and periods of coverage in a third country with which either country has a social security agreement, SSA cannot combine periods from all three countries to meet U.S. benefit eligibility requirements.

3. Except as provided in the following sentence, this Agreement shall also apply to legislation which amends or supplements the laws specified in paragraph 1 of this Article. This Agreement shall apply to future legislation of a Contracting State which creates new categories of beneficiaries or new benefits under the laws of that Contracting State unless the Competent Authority of that Contracting State notifies the Competent Authority of the other Contracting State in writing within three (3) months of the date of the official publication of the new legislation that no such extension of this Agreement is intended.

Article 2.3 provides that this Agreement will automatically apply to any future U.S. or Icelandic legislation that amends or supplements the laws set forth in paragraph 1. This includes legislation that creates new categories of beneficiaries or new benefits. The country enacting the legislation may exclude it from the scope of this Agreement by giving written notice to the other country within 3 months of the legislation's official publication.

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Article 3

Persons Covered

This Agreement shall apply to:

- (a) persons who are or who have been subject to the laws of one or both Contracting States; and
- (b) other persons with respect to the rights they derive from the persons described in sub-paragraph (a) of this Article.

Article 4

Equality of Treatment

Unless otherwise provided in this Agreement, a person designated in Article 3 of this Agreement who resides in the territory of a Contracting State shall receive equal treatment with nationals of the other Contracting State in the application of the laws of the other Contracting State regarding entitlement to or payment of benefits.

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Article 3 specifies the persons to whom this Agreement applies. These include persons currently or previously covered under U.S. or Icelandic laws. This Agreement also applies to persons who, under the laws of either Contracting State, may derive rights by virtue of their relationship to a person subject to the laws of the United States or Iceland.

Article 4 provides that persons to whom this Agreement applies who reside in the United States or Iceland will receive the same treatment regarding benefit rights as that country gives its own nationals. The intent of this provision is to eliminate discrimination with respect to benefits based on a person's nationality. It would not affect restrictions on benefit eligibility or payment because a person is not lawfully present in that country or did not have permission to work in that country. The provision also does not affect the coverage provisions of either country's laws, since Part II of this Agreement deals with social security coverage.

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Article 5

Portability of Benefits

Unless otherwise provided in this Agreement, any provision of the laws of a Contracting State which restricts entitlement to or payment of benefits solely because a person resides outside or is absent from the territory of that Contracting State shall not be applicable to a person who resides in the territory of the other Contracting State.

Article 5 provides that where the laws of either country require residence in that country in order to qualify for or receive social security benefits, a person may also qualify for and receive those benefits while residing in the other country. By virtue of an exchange of diplomatic notes in 1980 and 1981 (see Article 21.6) and SSA's published finding about Iceland's social security system (see 46 Fed. Reg. 26377), the United States currently pays benefits to Icelandic citizens who do not satisfy U.S. residency requirements for benefit payment contained in section 202(t)(1) of the U.S. Act. However, the nonpayment exception is subject to other U.S. payment restrictions based on residency requirements for dependents and survivors; e.g., section 202(t)(11) of the U.S. Act.

Further, both countries intend that, under this Agreement, nationals of either country may qualify for or receive benefits while residing in the other country. Accordingly, under section 233(c)(2) of the U.S. Act, this Agreement will permit the United States to pay dependents and survivors currently subject to such residency requirements as well as certain persons who are third country nationals residing in either country.

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PART II

Provisions Concerning Applicable Laws

Article 6

Coverage Provisions

1. Except as otherwise provided in this Article, a person employed within the territory of one of the Contracting States shall, with respect to that employment, be subject to the laws of only that Contracting State.

2. (a) Where a person who is normally employed in the territory of the United States by an employer in that territory is sent by that employer to the territory of Iceland for a temporary period, the person shall be subject to the laws of only the United States as if the person were employed in the territory of the United States, provided that the period of employment in the territory of Iceland is not expected to exceed five (5) years. For purposes of applying this paragraph in the case of an employee who is sent from the territory of the United States by an employer in that territory to the territory of Iceland, that employer and an affiliated company of the employer (as defined under the laws of the United States) shall be considered one and the same, provided that the employment would have been covered under United States laws absent this Agreement.

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Part II eliminates dual social security coverage, which occurs when a worker must pay social security taxes to both countries for the same earnings. The Agreement complies with the existing coverage provisions under the laws of both countries except when necessary to prevent payment of social security taxes to both countries for the same earnings. The provisions in this Part retain the worker's social security coverage and taxation in the country to whose economy he or she has the more direct connection, while exempting the worker from coverage and taxation under the other country's system.

Article 6.1 establishes a basic territoriality rule, stating that ordinarily, only the country in which a person is working will compulsorily cover the worker's employment in that country. Employment that both countries would otherwise cover will remain covered exclusively under the system of the country where the worker is working. Such employment will be exempt from coverage under the other country's system.

Under Article 6.2, an employee who normally works for an employer located in the United States or in Iceland who temporarily transfers to work in the other country for the same employer will continue to pay social security taxes to the system of the country from which the employee transferred. This rule will apply only if the employer expects the period of transfer to be 5 years or less.

Article 6.2 also applies to certain workers whose employers in the United States send them to work for a subsidiary or other affiliate of that employer in Iceland. U.S. law allows American companies to extend U.S. Social Security coverage to U.S. citizens and resident aliens employed by an affiliated company in another country. To do this, the parent company in the United States must enter into an agreement with the IRS to pay Social Security contributions on behalf of all U.S. citizens and residents the foreign affiliate employs. Under Article 6.2, U.S. citizens or resident aliens an American

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- (b) Where a person who is resident in the territory of Iceland and employed by an employer whose registered office or place of business is situated in that territory is sent by that employer from that territory to the territory of the United States for a temporary period, the person shall be subject to the laws of only Iceland as if the person were employed and resident in the territory of Iceland, provided that the period of employment in the territory of the United States is not expected to exceed five (5) years.
 - (c) If, under subparagraph (a) or (b) of this paragraph, a person continues to be subject to the laws of a Contracting State while in the territory of the other Contracting State, that subparagraph shall also apply to the person's family members who accompany the person, unless they are themselves employed or self-employed in the territory of the latter Contracting State.
3. Paragraph 2 of this Article shall apply where a person who has been sent by his or her employer from the territory of a Contracting State to the territory of a third State, and who is compulsorily covered under the laws of that Contracting State while employed in the territory of the third State, is subsequently sent by that employer from the territory of the third State to the territory of the other Contracting State.
 4. A self-employed person who resides within the territory of a Contracting State shall be subject to the laws of only that Contracting State.

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- employer sends to work for an Icelandic affiliate for 5 years or less will continue to have coverage in the United States and be exempt from Icelandic coverage and contributions, if an IRS agreement covers the affiliate.
 - Article 6.2 also applies to family members who accompany a worker sent from one Contracting State to the other, provided that these family members are not working in the other Contracting State. Further, in determining the length of a transfer for workers whose employer sent them from one country to the other before this Agreement entered into force, both countries will ignore any period of work before this Agreement's entry into force. (See Article 21.3).
- Under Article 6.3, the provisions of Article 6.2 will apply even if an employee did not transfer directly from one country to the other, but first transferred to work in a third country.
- Article 6.4 eliminates dual coverage and contributions with respect to self-employment. It provides that self-employed persons residing in Iceland will be covered only under Icelandic laws, and self-employed persons residing in the United States will be covered only under U.S. laws.

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5. Where the same activity is considered to be self-employment under the laws of one Contracting State and employment under the laws of the other Contracting State, that activity shall be subject to the laws of only the first Contracting State if the person is a resident of that Contracting State, and to the laws of only the other Contracting State in any other case.

6. (a) A person who is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and who would be covered under the laws of both Contracting States shall be subject to the laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the laws of the United States.

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Article 6.5 eliminates dual coverage in cases where a person's work activity is considered to be self-employment under the laws of one country and employment under the laws of the other and is compulsorily covered by both countries. Under Article 6.5, a person who is a resident of the country which considers the work to be self-employment will be subject only to the social security laws of that country. A person who is not a resident of the country which considers the work to be self-employment will be subject to the laws of the other country.

Article 6.6(a) states that an employee on a U.S. or Icelandic ship, who would otherwise have coverage in both countries, will have coverage only in the country whose flag the ship flies. U.S. law considers a ship to fly the flag of the United States if the U.S. Act defines it as an American vessel. Section 210(c) of the U.S. Act defines an American vessel as one that is, "documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State."

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(b) Traveling employees of air transportation companies who perform work in the territories of both Contracting States and who would otherwise be covered under the laws of both Contracting States shall, with respect to that work, be subject to the laws of only the Contracting State in the territory of which the company has its headquarters. However, if such employees reside in the territory of the other Contracting State, they shall be subject to the laws of only that Contracting State.

7. (a) This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

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Under Article 6.6(b), a member of the flight crew of an aircraft operating between the United States and Iceland who would otherwise have coverage in both countries will have coverage only in the country in which the company employing the person has its headquarters. However, if the employee resides in the other country, he or she will only have coverage in that country.

Article 6.7(a) specifies that the coverage provisions of this Agreement will not affect the persons to whom the Vienna Conventions on diplomatic and consular relations apply. The Vienna Conventions, to which both the United States and Iceland are parties, apply to members of the staff of a diplomatic or consular mission. This includes the diplomatic, consular, administrative, and technical staffs; family members of such staff who form part of their households; the domestic service staff of the mission; and private servants whom the members of such missions employ.

The Vienna Conventions usually exempt such persons from social security coverage and contributions in the host country unless specific arrangements waive their immunity from taxation. Persons whose immunity such arrangements waive would be subject to the laws of the host country and the coverage provisions of this Agreement.

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(b) Nationals of one of the Contracting States who are employed by the Government of that Contracting State in the territory of the other Contracting State but who are not exempt from the laws of the other Contracting State by virtue of the Conventions mentioned in subparagraph (a) of this paragraph shall be subject to the laws of only the first Contracting State. For the purpose of this paragraph, employment by the United States Government includes employment by an instrumentality thereof, and employment by the Icelandic Government includes employment by Icelandic public employers.

8. (a) Except as otherwise provided in this Part, a person who does not reside in the territory of Iceland shall not be subject to Icelandic laws.

(b) When a person is subject to the laws of the United States pursuant to this Article, the person and his or her employer are exempt from paying Icelandic social security contributions and contributions to a Pension Fund under the Act on Mandatory Pension Insurance and on the Activities of Pension Funds.

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Under Article 6.7(b), if a U.S. or Icelandic national works for his or her country's government in the other country, but the Vienna Conventions do not apply to this person, the person will be subject only to his or her country's laws. This provision applies to U.S. Government and Icelandic Government employees, as well as to persons working for a U.S. Government instrumentality or an Icelandic public employer.

Because Icelandic laws base social security coverage and contributions on residency, rather than work activity, Icelandic residents who do not work may be required to contribute to the Icelandic social security programs. Article 6.8(a) makes clear that, except as otherwise provided in this Agreement (see annotations to Article 6.2(b) and (c)), only persons residing in Iceland will be subject to Icelandic laws.

This provision extends the concept in Article 6.8(a) to Iceland's mandatory occupational pension scheme.

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9. The Competent Authorities of the two Contracting States may agree to grant an exception to the provisions of this Article with respect to particular persons or categories of persons, provided that any affected person shall be subject to the laws of one of the Contracting States.

PART III

Provisions on Benefits

Article Z

Benefits under United States Laws

The following provisions shall apply to the United States:

1. Where a person has completed at least six (6) quarters of coverage under United States laws, but does not have sufficient periods of coverage to satisfy the requirements for entitlement to benefits under United States laws, the agency of the United States shall take into account, for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under Icelandic laws and which do not coincide with periods of coverage already credited under United States laws.
2. In determining eligibility for benefits under paragraph 1 of this Article, the agency of the United States shall credit one (1) quarter of coverage for every three (3) months of coverage certified by the agency of Iceland; however, no quarter of coverage shall be

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Under Article 6.9, either country may grant an exception to the coverage rules of this Agreement if the other country agrees and the person involved retains coverage in one of the countries. Either country may grant such an exception to an individual worker or to all workers under similar circumstances, e.g., in the same profession or working for the same employer. This provision allows the Competent Authorities to resolve anomalous coverage situations that are unfavorable to workers or to eliminate dual coverage in unforeseen circumstances.

Part III establishes the basic rules for determining social security benefit entitlement when an individual has coverage in both countries. It sets out the rules for determining benefit amounts when entitlement is possible only with combined work credits. Article 7 contains rules applicable to the U.S. system, and Article 8 contains rules applicable to the Icelandic system.

Article 7 contains rules for using combined coverage to determine U.S. benefit eligibility and amounts. If a person has at least six U.S. quarters of coverage, but not enough quarters to qualify for U.S. benefits, SSA will take into account any periods of coverage that Icelandic laws credit, if these periods do not coincide with quarters of coverage that the United States already credited. The corresponding Icelandic benefit Article, Article 8.1, provides that the Icelandic agencies will consider periods of coverage completed under the U.S. Social Security system for purposes of Icelandic benefit eligibility.

Article 7.2 establishes how SSA will convert periods of coverage under the Icelandic system into equivalent periods under the U.S. system. The U.S. system measures periods of coverage in terms of calendar quarters while the Icelandic system measures periods of

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credited for any calendar quarter already credited as a quarter of coverage under United States laws. The total number of quarters of coverage to be credited for a year shall not exceed four (4). The agency of the United States shall not take into account periods of coverage which occurred prior to the earliest date for which periods of coverage may be credited under its laws, nor will the agency of the United States take into account any periods of coverage which are not based on wages or self-employment income.

3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1 of this Article, the agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States laws based on (a) the person's average earnings credited exclusively under United States laws and (b) the ratio of the duration of the person's periods of coverage completed under United States laws to the duration of a coverage lifetime as determined in accordance with United States laws. Benefits payable under United States laws shall be based on the pro rata Primary Insurance Amount.

ANNOTATIONS AND COMMENTS

coverage in months. Beginning in 1978, SSA bases quarters of coverage on the amount of a person's annual earnings (e.g. for 2013, \$1,160 in earnings equals one quarter of coverage). Under Article 7.2, SSA will credit one quarter of coverage in a calendar year for every three months of coverage that the Icelandic agency certifies for that year. SSA will not credit months of coverage under Icelandic laws that fall within a calendar quarter that SSA already credited as a U.S. quarter of coverage. SSA will also not credit more than 4 quarters of coverage for any calendar year or consider periods of Icelandic coverage credited prior to 1937, the earliest date for which U.S. law permits crediting periods of coverage.

Article 7.3 describes the method of computing U.S. benefit amounts when SSA establishes entitlement by totalizing (i.e., combining) U.S. and Icelandic coverage. Persons whose U.S. coverage alone qualifies them for U.S. benefits will not receive U.S. totalization benefits.

Under Article 7.3, the amount of the worker's benefit depends on both a worker's earnings and the duration of his or her U.S. Social Security coverage. SSA regulations (20 CFR 404.1918) describe this computation procedure in detail. The first step in the procedure is to compute a theoretical Primary Insurance Amount (PIA) as though the worker had spent a full career under U.S. Social Security at the same level of earnings as during his or her actual periods of U.S. covered work. SSA then prorates the theoretical PIA to reflect the proportion of a coverage lifetime completed under the U.S. program. The regulations define a coverage lifetime as the number of years used in determining a worker's average earnings under the regular U.S. national computation method.

PRINCIPAL AGREEMENT

4. Entitlement to a benefit from the United States which results from paragraph 1 of this Article shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provision of paragraph 1 of this Article.

Article 8

Benefits under Icelandic Laws

ANNOTATIONS AND COMMENTS

Article 7.4 provides that if a worker entitled to a U.S. totalization benefit earns additional U.S. coverage that enables the worker to qualify for an equal or higher benefit based only on his or her U.S. coverage, SSA will pay the regular national law benefit rather than the totalization benefit.

Iceland pays social security benefits to people who meet the applicable eligibility standards, including minimum length-of-residency and other requirements. Under Article 8, Iceland will add a person's U.S. coverage to his or her periods of Icelandic residency, if necessary, to meet eligibility rules. If the person meets the requirements based on combined U.S. and Icelandic credits, Iceland will pay a benefit in accordance with its laws (see Article 2.1(b)) on national old-age and invalidity benefits.

ICELANDIC SOCIAL SECURITY BENEFITS

GENERAL

The Icelandic social security system is a three-pillar structure. The first pillar consists of a mandatory, residence-based, means tested benefit financed through general government revenues. The second pillar is a fully funded system invested in individual pension funds (mandatory for all wage earners and self-employed persons residing in Iceland). The voluntary third pillar is an option for employers and their employees to make tax-deductible contributions to a pension fund.

This Article applies to the first pillar system, which is a residence-based program that covers all residents of Iceland. Iceland pays benefits under the first pillar in amounts that it bases on the number of years of residency in Iceland. The second and third pillars exist to supplement the basic benefit. For people with low income, including all income from earnings, pensions, and other

sources, a number of means tested supplements can increase the amount of the first pillar benefit. These supplements are a form of social assistance, and are only payable to residents of Iceland. Benefits and contributions under the second and third pillar schemes vary according to the funds in which an employee invests, and the government provides general oversight.

OLD-AGE BENEFITS

Retirement age in Iceland is age 67. The Icelandic system requires a minimum of 3 years of residency in Iceland for entitlement to an old-age benefit. A person may retire early at age 65 with a reduced benefit amount, and may elect to defer receipt of his or her benefit until age 70, at which point he or she will be eligible for a higher benefit amount. Iceland pays a flat rate benefit depending on the number of years of residency in Iceland, with 40 years of residency yielding the maximum benefit amount. A means tested system of benefit supplements for low income beneficiaries, including supplements for income level and caring for dependents, increases the basic benefit amount.

DISABILITY BENEFITS

Iceland pays disability benefits to people between ages 18 and 67 who resided in Iceland for 3 years prior to applying for a disability benefit (or 6 months if they were not disabled when they established residence in Iceland) and are assessed to have a permanent, recognized disability of at least 75% of working capacity. The Icelandic system calculates the benefit amount for the disability benefit in a similar manner to the old-age benefit, with many of the same means-tested supplements applying. However, an additional age-related supplement applies, with residents who became disabled at an earlier age receiving a progressively higher supplement.

PRINCIPAL AGREEMENT

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SURVIVORS BENEFITS

Most survivors benefits in Iceland take the form of social assistance. However, a flat rate child's benefit is available to a child under the age of 18 whose parent is disabled or deceased, provided that either the child or at least one parent resided in Iceland for at least 3 years. The child's benefit amount is doubled if both parents are either disabled or deceased.

COST-OF-LIVING ADJUSTMENTS

Iceland provides annual cost of living adjustments in its national budget legislation. Benefits increase according to wage indexation, subject to a minimum increase equal to the annual change in the Consumer Price Index.

The following provisions shall apply to Iceland:

As regards the national old-age and invalidity pension scheme:

1. Where a person covered by this Agreement who is or has been subject to the laws of the United States has had a total period of work under Icelandic laws of at least twelve (12) months but does not have sufficient periods of coverage to satisfy the requirements for entitlement to benefits under the Icelandic Social Security Act, the agency of Iceland shall take into account for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under United States laws and which do not coincide with periods of coverage already credited under Icelandic law.

Article 8 contains rules for determining Icelandic benefit eligibility and amounts for people who have periods of social security coverage in both countries, but who do not have enough Icelandic coverage to qualify for Icelandic benefits. In such cases, the Icelandic agency will add U.S. quarters of coverage to periods of Icelandic coverage in determining whether a person meets the minimum requirements for benefits under Icelandic law.

Under Article 8.1, the Icelandic agency will not take U.S. periods of coverage into account under this Agreement if the worker has fewer than 12 months of Icelandic coverage and cannot establish entitlement to Icelandic benefits based on Icelandic coverage alone. Like the similar six quarters of coverage required for totalization by the United States under Article 7.1, this provision removes the

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

considerable administrative burden of processing claims for very small benefits based on minimal periods of coverage. The Icelandic agency will, however, credit U.S. periods of coverage totaling less than six quarters.

Article 8.2 provides that when the Icelandic agency entitles a person to a benefit under Article 8.1 of this Agreement, then the agency will pay that person pursuant to its own national social security laws.

This provision stipulates that if a person cannot be entitled to a benefit using combined coverage from Iceland and the United States, then he or she can be entitled to a benefit under the ordinary rules set forth in the laws of Iceland.

Under Article 8.4, Iceland will pay beneficiaries residing in the United States when that person's entitlement is established using combined U.S. and Icelandic coverage. Separate provisions already commit Iceland to pay national law benefits to residents and citizens of the United States (see Articles 4 and 21.6, respectively).

Article 8.5 specifies that only periods of coverage as defined in Article 1.1(e) will qualify for purposes of meeting the 12 month minimum contribution requirement for entitlement to a Icelandic benefit using combined U.S. and Icelandic coverage.

Expanding on the concept of Article 8.5, this provision clarifies that Iceland can combine different periods of contributions in Article 1.1(e) for the purposes of meeting the mandatory contribution requirement.

2. Where the condition of paragraph 1 of this Article is fulfilled, a person covered by this Agreement shall be entitled to an Icelandic national pension subject to the other conditions set forth in the Icelandic Social Security Act.

3. Where the condition on work under paragraph 1 of this Article has not been met, a person covered by this Agreement shall be entitled to an Icelandic national pension if the person has been resident in Iceland for a period of not less than three (3) years in the qualifying period laid down in the Icelandic Social Security Act.

4. National old age pension and the invalidity pension shall be payable to persons covered by this Agreement residing in the territory of the United States if the person concerned fulfills the condition in paragraph 1 of this Article.

5. For purposes of meeting the twelve (12)-month work requirement of paragraph 1 of this Article, the periods of coverage defined in Article 1.1(e)(i-iii) shall be accepted.

6. Periods described in Article 1.1(e)(i-iii) may be combined for purposes of meeting the twelve (12)-month work requirement in paragraph 1 of this Article.

PRINCIPAL AGREEMENT

- As regards the Mandatory Pension Insurance Scheme (Pension Funds):
- 7. Article 19, paragraph 4 of the Act on Mandatory Pension Insurance and on the Activities of Pension Funds shall not apply to contributions paid by a person covered by this Agreement into a Pension Fund operating under such Act on the return of or transfer of residence of that person to the United States.
- 8. A person covered by this Agreement shall be entitled to a pension in pursuance of the Act on Mandatory Pension Insurance and on the Activities of Pension Funds and the Articles of Association of the relevant Pension Fund, on the basis of contributions paid into a Pension Fund operating under said Act.

PART IV

Miscellaneous Provisions

Article 9

Administrative Measures

- The Competent Authorities of the two Contracting States shall:
- (a) make all necessary administrative arrangements for the implementation of this Agreement and designate liaison agencies;
 - (b) communicate to each other information concerning the measures taken for the application of this Agreement; and

ANNOTATIONS AND COMMENTS

Article 19, paragraph 4 of the Act on Mandatory Pension Insurance provides for lump-sum refunds of contributions for foreign nationals upon their permanent departure from Iceland, unless an international agreement provides otherwise. Because it is generally more advantageous for a person to receive totalized monthly benefits instead of a lump-sum refund of contributions, Article 8.7 provides that U.S. nationals returning to the United States from Iceland must take the totalized benefit.

Under Article 8.8, an Icelandic pension fund can pay benefits to any person to whom this Agreement applies regardless of his or her citizenship or country of residence. Under current law, only residents of Iceland are eligible to receive a pension based on contributions to a Pension Fund. Residents of other countries instead receive a refund of the contributions they previously made to the Pension Fund.

Article 9 outlines various duties of the Competent Authorities under this Agreement. Paragraph (a) authorizes and requires the Competent Authorities to conclude an Administrative Arrangement and take all necessary administrative measures to implement this Agreement. Paragraph (b) requires them to notify each other of steps they take unilaterally to implement this Agreement. Paragraph (c) obligates the Competent Authorities to notify each other of any changes in their social security laws that may affect the application of this Agreement.

PRINCIPAL AGREEMENT

- (c) communicate to each other, as soon as possible, information concerning all changes in their respective laws which may affect the application of this Agreement.

Article 10

Mutual Assistance

The Competent Authorities and the agencies of the Contracting States, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge, subject to exceptions to be agreed upon in an administrative arrangement.

Article 11

Confidentiality of Exchanged Personal Data

- 1. Unless otherwise required by the national statutes of a Contracting State, personal data transmitted in accordance with this Agreement to one Contracting State by the other Contracting State shall be used solely for purposes of administering this Agreement and the laws in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection of privacy and confidentiality of personal data and the provisions of this Agreement shall govern such use.

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Article 10 authorizes the two countries to furnish each other non-reimbursable assistance in administering this Agreement. Such assistance may include taking benefit applications and the gathering and exchange, including the electronic exchange, of information relevant to claims filed and benefits paid under this Agreement. Although Article 10 establishes a general principle that mutual administrative assistance will be free of charge, the provision authorizes the two sides to agree to exceptions, such as the exception in Article 7.3 of the Administrative Arrangement.

Both the United States and Iceland recognize the great importance of ensuring the integrity of personal data, as well as a person's rights pertaining thereto. Accordingly, both countries have statutes and regulations that govern disclosure and provide strict safeguards for maintaining the confidentiality of personal data in the possession of their respective governments. In the United States, these statutes include the Freedom of Information Act, the Privacy Act, section 6103 of the Internal Revenue Code, and pertinent provisions of the U.S. Act and other related statutes. In Iceland, the applicable laws include Act No. 77/2000 on the Protection of Privacy as regards the Processing of Personal Data (as amended) and EU Directive 95/46/EC (with which Iceland, as a member of the European Economic Area, complies). Article 11.1 provides that

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2. The Competent Authorities of the Contracting States shall inform each other about all amendments to their national statutes regarding the protection of privacy and confidentiality of personal data that affect the transmission of personal data.

both countries will protect personal data furnished under this Agreement in accordance with the applicable provisions of the privacy and confidentiality laws of the country that receives the personal data.

3. A person may request, and the Competent Authority or agency requesting or transmitting personal data pursuant to this Agreement must disclose to that person upon such request, the content, receiving agency, and duration of use of his or her personal data, and the purpose and legal grounds for which such personal data were used or requested.

Article 11.2 provides that if either country modifies any of its statutes that regulate the privacy or confidentiality of personal data transmitted between the countries, the Competent Authority of the Contracting State that modified its statute must notify the Competent Authority of the other Contracting State.

4. The agencies shall take all reasonable steps to ensure that transmitted personal data are accurate and limited to data required to fulfill the receiving agency's request. In accordance with their respective national statutes, the agencies shall correct or delete any inaccurate transmitted personal data and any data not required to fulfill the receiving agency's request, and immediately notify the other Contracting State's agency of such correction. This shall not limit a person's right to request such correction of his or her personal data directly from the agencies.

Article 11.3 protects a person's right to request particular information about any of his or her personal data requested from or transmitted to either country under this Agreement. Article 11.3 also provides that when a person requests such information about his or her personal data from a country, that country must provide the requested information to the person.

Article 11.4 provides that both countries will take reasonable steps to ensure the accuracy of personal data transmitted between the two countries and will limit the transmission of personal data to only that information necessary to satisfy the other country's request. However, if one country later discovers that it transmitted or received inaccurate personal data or personal data not required to satisfy a country's request, the country that discovers the discrepancy will correct or delete the personal data in question and immediately notify the agency of the other country. The countries will perform such correction or deletion in accordance with their respective statutes governing alteration and destruction of data.

Article 11.4 also recognizes the right of a person to ask either agency directly to correct or delete any of his or her own personal data that he or she discovers to be inaccurate or not required to satisfy a Contracting State's request.

PRINCIPAL AGREEMENT

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5. Both the transmitting and the receiving agencies shall effectively protect personal data against unauthorized or illegal access, alteration, or disclosure.

Both the United States and Iceland agree to protect the integrity, privacy, and confidentiality of personal data under their respective laws when receiving or transmitting such data under this Agreement.

Article 12

Confidentiality of Exchanged Employers' Information

Unless otherwise required by the national statutes of a Contracting State, employers' information transmitted between Contracting States in accordance with this Agreement shall be used solely for purposes of administering this Agreement and the laws in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection and confidentiality of employers' information and the provisions of this Agreement shall govern such use.

Article 12 provides protections for employers' confidential information. It provides to any business-related information exchanged under this Agreement similar protections to those provided for personal data under this Agreement and under each country's national statutes.

Article 13

Documents

1. Where the laws of a Contracting State provide that any document which is submitted to the Competent Authority or an agency of that Contracting State shall be exempted, wholly or partly, from fees or charges, including consular and administrative fees, the exemption shall also apply to corresponding documents which are submitted to the Competent Authority or an agency of the other Contracting State in the application of this Agreement.

Article 13.1 states that if the laws of one country exempt documents submitted in connection with a social security claim from fees or charges, that exemption will also apply if a country sends such documents to the other country by or on behalf of a claimant or beneficiary.

PRINCIPAL AGREEMENT

2. Copies of documents certified as true and exact copies by an agency of one Contracting State shall be accepted as true and exact copies by an agency of the other Contracting State, without further certification. The agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 14

Correspondence and Language

1. The Competent Authorities and agencies of the Contracting States may correspond directly with each other and with any person, wherever the person may reside, whenever it is necessary for the administration of this Agreement.
2. An application or document may not be rejected by a Competent Authority or agency of a Contracting State solely because it is in the language of the other Contracting State.

Article 15

Applications

1. A written application for benefits filed with an agency of one Contracting State shall protect the rights of the claimants under the laws of the other Contracting State if the applicant requests that it be considered an application under the laws of the other Contracting State.
2. If an applicant has filed a written application for benefits with an agency of one Contracting State and has not explicitly requested that the application be restricted to benefits under the laws of that

ANNOTATIONS AND COMMENTS

If the agency of one country certifies that a copy of a document it furnishes to the agency of the other country is a true and exact copy of an original document, the other country will accept this certification. Nevertheless, each country will remain the final judge of the probative value of any documents submitted to it.

Article 14.1 authorizes direct correspondence between the Competent Authorities and agencies of the two countries and between these bodies and any person with whom they may need to communicate.

The Competent Authorities and agencies of each country may not reject an application or document because it is in the language of the other country. SSA already accepts applications and documents written in any language.

Article 15.1 provides for situations in which an application filed for benefits from one country will also be an application for benefits from the other country.

An applicant who files an application with the agency of one country may not always know about his or her benefit rights in the other country. Article 15.2 provides that even if it states no intention to

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Contracting State, the application shall also protect the rights of the claimants under the laws of the other Contracting State if the applicant provides information at the time of filing indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Contracting State.

- 3. The provisions of Part III of this Agreement shall apply only to benefits for which an application is filed on or after the date on which this Agreement enters into force.

Article 16

Appeals and Time Limits

- 1. A written appeal of a determination made by an agency of one Contracting State may be validly filed with an agency of either Contracting State. The appeal shall be decided according to the procedure and laws of the Contracting State whose decision is being appealed.

- 2. Any claim, notice, or written appeal which, under the laws of one Contracting State, must have been filed within a prescribed period with an agency of that Contracting State, but which is instead filed within the same period with an agency of the other Contracting State, shall be considered to have been filed on time.

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file for benefits in the other country, an application will also protect the claimants' rights under the other country's laws if the applicant indicates at the time of filing that the worker had coverage in the other country.

Article 15.3 requires that a person claiming benefits under this Agreement file an application on or after the date this Agreement enters into force.

Both the United States and Iceland have formal procedures for appealing the determinations of their agencies. Under Article 16.1, a claimant may file a written appeal of a decision by the agency of one country with the agency of either country. The appropriate agency of the country whose decision an individual is appealing will consider the appeal under its own laws and procedure.

Article 16.2 provides that when the laws of one country require the submission of a claim, notice, or written appeal within a set time limit, the agency of that country will consider it filed on time if the claimant files it with the agency of the other country within that prescribed time limit.

PRINCIPAL AGREEMENT

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Article 17

Transmittal of Claims, Notices, and Appeals

In any case to which the provisions of Article 15 or 16, or both, of this Agreement apply, the agency to which the claim, notice, or written appeal has been submitted shall indicate the date of receipt on the document and transmit it without delay to the liaison agency of the other Contracting State.

The agency with which an applicant files a claim, notice, or written appeal under Articles 15 and/or 16 of this Agreement shall transmit it immediately to the agency of the other country. The sending agency will indicate the date on which it received the document.

Article 18

Currency

1. Payments under this Agreement may be made in the currency of the Contracting State making the payments.

The agencies may pay benefits under this Agreement in the currency of either country. SSA pays benefits in U.S. dollars. The SIA may pay Icelandic benefits abroad in Icelandic Kronur.

2. In case provisions designed to restrict the exchange or export of currencies are introduced by either Contracting State, the Governments of both Contracting States shall immediately take measures necessary to ensure the transfer of sums owed by either Contracting State under this Agreement.

Should either country restrict the exchange of its currency, both Contracting States will take steps to assure the payment of amounts due under this Agreement.

Article 19

Resolution of Disagreements

Any disagreement regarding the interpretation or application of this Agreement shall be resolved by consultation between the Competent Authorities.

Article 19 requires the Competent Authorities to attempt to resolve any dispute between them regarding this Agreement through consultation or negotiation.

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Article 20

Supplementary Agreements

This Agreement may be amended in the future by supplementary agreements, which, from their entry into force, shall be considered an integral part of this Agreement. Such agreements may be given retroactive effect if they so specify.

Article 21

Transitional Provisions

1. This Agreement shall not establish any claim to payment of a benefit for any period before the date of entry into force of this Agreement, or to a lump-sum death benefit if the person died before the entry into force of this Agreement.
2. In determining the right to benefits under this Agreement, consideration shall be given to periods of coverage under the laws of both Contracting States and other events that occurred before the entry into force of this Agreement.

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Article 20 provides that future supplementary agreements may amend this Agreement. After a supplementary agreement becomes effective, it will become an integral part of this Agreement.

The agencies will pay benefits based on this Agreement no earlier than the effective date of this Agreement. Additionally, the United States will not pay a lump-sum death benefit under this Agreement if the person on whose record a claimant files for benefits died prior to this Agreement's entry into force.

In determining benefit eligibility and amounts under this Agreement, Article 21.2 provides that the agencies will consider periods of coverage earned before this Agreement enters into force. The agencies will also consider events relevant to the determination of benefit rights, such as marriage, death, disability, or attainment of a certain age, which happened prior to this Agreement's effective date. However, the United States will not consider periods of Icelandic coverage credited prior to 1937, the earliest date for which U.S. law permits crediting periods of coverage (See Article 7.2).

PRINCIPAL AGREEMENT

- 3. In applying paragraph 2 or 3, or both, of Article 6 of this Agreement in the case of persons who were sent to work in the territory of a Contracting State prior to the date of entry into force of this Agreement, the period of employment referred to in those paragraphs shall be considered to begin on the date of the entry into force of this Agreement.
- 4. Determinations concerning entitlement to benefits made before the entry into force of this Agreement shall not affect rights arising under it.
- 5. The application of this Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to the entry into force of this Agreement.
- 6. Nothing in this Agreement shall affect the notes concerning the reciprocity of payment of social security benefits exchanged between the United States and Icelandic Governments on December 1, 1980, and April 16, 1981.

Article 22

Duration and Termination

- 1. This Agreement shall remain in force until the expiration of one calendar year following the year in which written notice of its termination is given by one of the Contracting States to the other Contracting State.

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Article 21.3 provides that the agencies will measure the 5-year period to which paragraph 2 of Article 6 refers beginning no earlier than the date this Agreement enters into force. Thus, for persons to whom Article 6.2 applies who were working in the other country before this Agreement's effective date, the prior period will not count for purposes of the 5-year limit.

A decision to award or deny a claim either agency renders prior to the effective date of this Agreement will not prevent a person from filing a new application for other benefits that may be payable because of this Agreement.

Article 21.5 guarantees that the entry into force of this Agreement will not result in a reduction in benefits already payable at the time this Agreement becomes effective.

The exchange of diplomatic notes between the United States and Iceland on December 1, 1980 and April 16, 1981 guarantees that U.S. nationals who are entitled to Icelandic benefits will receive them regardless of where they reside. Based on these notes and in accordance with section 202(t) of the U.S. Act, SSA pays U.S. Social Security benefits to Icelandic nationals regardless of the duration of their absence from the United States. Article 21.6 provides that the guarantees contained in these diplomatic notes will remain in effect.

Article 22.1 provides for this Agreement to remain in effect until the expiration of one calendar year after the year in which one of the countries provides written notification to the other that it wishes to terminate this Agreement.

PRINCIPAL AGREEMENT

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2. If this Agreement is terminated, rights regarding entitlement to or payment of benefits acquired under it shall be retained. The Contracting States shall make arrangements dealing with rights in the process of being acquired.

If either country terminates this Agreement, a person will retain benefit rights acquired before termination. Special arrangements would dictate the extent to which each country would recognize benefit rights in the process of being acquired at the time of termination—for example, periods of coverage that had not yet resulted in fully insured status.

Article 23

Entry into Force

This Agreement shall enter into force on the first day of the third month following the month in which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of this Agreement.

Once each country completes its internal approval process, the two governments will exchange written notifications to that effect. The Agreement will enter into force on the first day of the third month after the month in which both governments have received the other government's written notification.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement.

The U.S. Ambassador to Iceland, Robert Cushman Barber, and the Icelandic Minister of Social Affairs and Housing, Eygló Harðardóttir, signed this Agreement on September 27, 2016 in Reykjavik.

DONE at Reykjavik this 27th day of September, 2016, in duplicate in the English and Icelandic languages, both texts being equally authentic.

FOR THE
UNITED STATES
OF AMERICA:

FOR
ICELAND:

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

ADMINISTRATIVE ARRANGEMENT BETWEEN THE
COMPETENT AUTHORITIES OF THE UNITED STATES OF
AMERICA AND ICELAND
FOR THE IMPLEMENTATION OF THE AGREEMENT
ON SOCIAL SECURITY BETWEEN THE UNITED STATES OF
AMERICA AND ICELAND

The Competent Authority of the United States of America and
the Competent Authority of Iceland

In conformity with Article 9(a) of the Agreement on Social Security
between the United States of America and Iceland of this date,
hereinafter referred to as the "Agreement," have agreed as follows:

CHAPTER I

General Provisions

Article I

Where terms that appear in the Agreement are used in this
Administrative Arrangement, they shall have the same meaning as they
have in the Agreement.

Article 1 provides that terms have the same meaning in the
Administrative Arrangement as they do in the Agreement.

ADMINISTRATIVE ARRANGEMENT

Article 2

- 1. The liaison agencies referred to in Article 9(a) of the Agreement shall be:
 - (a) for the United States, the Social Security Administration; and
 - (b) for Iceland, Tryggingastofnun ríkisins (Social Insurance Administration).
- 2. The liaison agencies designated in paragraph 1 of this Article shall decide upon the joint procedures and methods necessary for the implementation of the Agreement and this Administrative Arrangement.

CHAPTER II

Provisions on Coverage

Article 3

- 1. Where the laws of one Contracting State are applicable in accordance with any of the provisions of Article 6 of the Agreement, the agency of that Contracting State, upon request of the employer or self-employed person, shall issue a certificate stating that the employee or self-employed person is subject to those laws and indicating the duration for which the certificate shall be valid. This certificate shall be evidence that the employee or self-employed person is exempt from the laws on compulsory coverage of the other Contracting State.

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Article 2.1 designates the agencies in each country responsible for implementing and administering the coverage and benefit provisions of the Agreement. The United States designates the Social Security Administration as its liaison agency, and Iceland designates the Social Insurance Administration as its counterpart liaison agency.

Article 2.2 authorizes and requires the liaison agencies of both countries to agree upon those procedures, methods, and forms they will use for the implementation of the Agreement and Administrative Arrangement.

Under Article 3.1, the agency of the country whose social security coverage laws will continue to apply to a person in accordance with the rules in Part II of the Agreement will issue a certificate to that effect when an employer and employee or a self-employed person requests one. Employers and self-employed persons should request certificates before work begins in the other country, whenever possible. The certificate will serve as evidence of the exemption of the person from the coverage laws of the other country when provided to the agency of the other country.

ADMINISTRATIVE ARRANGEMENT

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2. The certificate referred to in paragraph 1 of this Article shall be issued:
 - (a) in the United States, by the Social Security Administration; and
 - (b) in Iceland, by Tryggingastofnun ríkisins (Social Insurance Administration).
3. The agency of a Contracting State that issues a certificate referred to in paragraph 1 of this Article shall furnish a copy of the certificate or agreed upon information from the certificate to the liaison agency of the other Contracting State as needed by the agency of the other Contracting State.

Article 3.2 designates the agencies in each country responsible for issuing certificates of coverage.

Article 3.3 provides that the agency issuing a coverage certificate will furnish a copy of the certificate or information from the certificate to the liaison agency in the other country when needed.

CHAPTER III

Provisions on Benefits

Article 4

1. Applications for benefits under the Agreement shall be submitted on forms to be developed by the liaison agencies of the two Contracting States.
2. The agency of the Contracting State, with which an application for benefits is first filed in accordance with Article 15 of the Agreement, shall provide the liaison agency of the other Contracting State with such evidence and other information in its possession as may be required to complete action on the claim.

The U.S. and Icelandic agencies will agree on special application forms that people who wish to file for benefits based on the Agreement will use.

Articles 4.2 and 4.3 outline the procedures both countries will follow for the exchange of evidence and information they need to process claims filed under the Agreement.

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

3. The agency of a Contracting State, which receives an application that was first filed with an agency of the other Contracting State, shall without delay provide the liaison agency of the other Contracting State with such evidence and other available information in its possession as may be required for it to complete action on the claim.

4. The agency of the Contracting State with which an application for benefits has been filed shall verify the information pertaining to the applicant and the applicant's family members. The liaison agencies of both Contracting States shall decide upon the types of information to be verified.

Article 4.4 deals with the verification of claims information. Both U.S. and Icelandic laws require verification of certain information about individuals claiming benefits (e.g., age and family relationship to the worker) before either country can approve the claim. Article 4.4 provides that when a person files a claim for benefits under the Agreement in one country, the agency of that country will verify the relevant information and inform the agency of the other country of its findings. The liaison agencies will agree upon the specific types of information requiring verification. This provision expedites the claims process by avoiding duplicate verification of the same information. An agency may still request additional evidence to support the finding of the other agency.

CHAPTER IV

Miscellaneous Provisions

Article 5

1. In accordance with measures to be decided upon pursuant to paragraph 2 of Article 2 of this Administrative Arrangement, the agency of one Contracting State shall, upon request by the agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.

Article 5.1 provides that the agency of one country will, upon request, furnish claims-related information to the agency of the other country in accordance with agreed upon procedures. Such procedures will be agreed upon by the agencies and will be consistent with the governing statutes of both countries.

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

2. For the purpose of facilitation of the implementation of the Agreement and this Administrative Arrangement, the liaison agencies may agree on measures for the provision and transmission of the electronic exchange of data.

Under Article 5.2, the liaison agencies of both countries may agree to implement electronic data exchanges to facilitate administration of the Agreement and this Administrative Arrangement. Such exchanges must comply with the laws of each country governing the protection of privacy and confidentiality of personal data.

Article 6

The liaison agencies of the two Contracting States shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement. These statistics shall be furnished annually in a manner to be decided upon.

Article 6 provides for an exchange of statistics concerning benefit payments and certificates of coverage made by both countries. This information will include the total number of beneficiaries paid under the Agreement and total payments to these beneficiaries.

Article 7

1. Where administrative assistance is requested and provided under Article 10 of the Agreement, expenses other than regular personnel and operating costs of the agency providing the assistance shall be reimbursed, except as may be decided by the Competent Authorities or liaison agencies of the Contracting States.

In accordance with Article 10 of the Agreement, the agencies of the two countries will provide each other with administrative assistance required to implement the Agreement. Under Article 7.1, the requesting agency will pay expenses the other agency incurs in responding to requests for administrative assistance that require it to go outside its own organization unless the two countries agree on a different arrangement. This includes hiring interpreters, conducting special field investigations, or arranging medical examinations. The agencies will not reimburse expenses for regular personnel and operating costs.

2. Upon request, the liaison agency of either Contracting State shall furnish without cost to the liaison agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

When the liaison agency in one country requests medical information from the liaison agency in the other country, the other liaison agency will provide the requesting liaison agency with any pertinent medical records it has in its possession free of charge.

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

3. Where the agency of a Contracting State requires that a person in the territory of the other Contracting State who is receiving or applying for benefits under the Agreement submit to a medical examination, such examination, if requested by that agency, shall be arranged by the liaison agency of the other Contracting State in accordance with the rules of the agency making the arrangements and at the expense of the agency which requests the examination.

4. The liaison agency of one Contracting State shall reimburse amounts owed under paragraphs 1 or 3 of this Article upon presentation of a statement of expenses by the liaison agency of the other Contracting State.

Article 8

1. This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and shall remain in force so long as the Agreement is in force.

2. The Competent Authorities may notify each other, in writing, of changes in the names of the agencies without the need to amend the Agreement or this Administrative Arrangement.

Article 7.3 provides that where a medical examination is necessary to establish eligibility for or continuing entitlement to a country's benefits that are payable under the Agreement, and the claimant or beneficiary is in the other country, the liaison agency of the other country, upon request, will arrange for the examination at the expense of the agency requesting the examination.

In order to receive reimbursement for the cost of administrative assistance, the liaison agency that provides the assistance must provide the requesting liaison agency with a detailed statement of expenses.

Article 8.1 provides that this Administrative Arrangement will enter into force on the same date as the Agreement and will remain in effect for the same period as the Agreement.

Under Article 8.2, if the name of an agency in a Contracting State changes, that Contracting State can notify the other Contracting State of such change without the need to amend the Agreement and this Administrative Arrangement.

the United States of America and

Iceland (hereinafter referred to as the "Contracting States"),

being desirous of regulating the relationship between their two countries in the field of Social Security, have agreed as follows:

PART I

General Provisions

Article 1

Definitions

For the purposes of this Agreement:

(a) "national" means,

as regards the United States, a national of the United States as defined in Section 101, Immigration and Nationality Act, as amended, and

as regards Iceland, a national of Iceland as defined in the Icelandic Nationality Act No 100/1952;

(b) "laws" means the laws and regulations specified in Article 2 of this Agreement;

(c) "Competent Authority" means,

as regards the United States, the Commissioner of Social Security, and

as regards Iceland, velferdarráðuneytið (Ministry of Welfare);

- (d) "agency" means,
- as regards the United States, the Social Security Administration, and
- as regards Iceland,
- for the national pension, Tryggingastofnun ríkisins (Social Insurance Administration), and
- for the Mandatory Pension Insurance Scheme, the relevant Pension Fund;
- (e) "period of coverage" means,
- as regards the United States, a period of payment of contributions or a period of earnings from employment or self-employment, as defined or recognized as a period of coverage by the laws under which such period has been completed, or any similar period insofar as it is recognized by such laws as equivalent to a period of coverage; and
- as regards Iceland, residence as defined in section II of the Icelandic Social Security Act, which coincides with
- (i) periods of work or self-employment for which social security or Pension Fund contributions were paid in respect of the laws specified in Article 2(1)(b) of this Agreement,
 - (ii) periods before the entry into force of the Act mentioned in subparagraph (e)(i) of this Article for which a person establishes that he or she worked under Icelandic laws, and
 - (iii) periods for which a person establishes that he or she was self-employed under Icelandic laws;

- (f) "benefit" means any benefit provided for in the laws specified in Article 2 of this Agreement; and
 - (g) "personal data" means any information relating to a specific (identified or identifiable) person, as well as any information which can be used to distinguish or trace an individual's identity. This includes, but is not limited to, the following: any individual identifier; citizenship, nationality, statelessness or refugee status; benefits, eligibility, or other claims information; contact information; medical information or lay information used in a medical determination; information about marital, familial or personal relationships; and information pertaining to work, financial or economic status.
2. Any term not defined in this Article shall have the meaning assigned to it in the applicable laws.

Article 2

Material Scope

1. For the purposes of this Agreement, the applicable laws are:
- (a) as regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:
 - (i) Title II of the U.S. Social Security Act and regulations pertaining thereto, except sections 226, 226A, and 228 of that title, and regulations pertaining to those sections, and
 - (ii) Chapters 2 and 21 of the U.S. Internal Revenue Code of 1986 and regulations pertaining to those chapters;

- (b) as regards Iceland, the laws governing the national old-age and invalidity pension scheme and the Mandatory Pension Insurance Scheme (Pension Funds):
 - (i) Section II and Section III of the Icelandic Social Security Act and regulations pertaining thereto, except Article 19; Article 20, paragraphs 3 and 4; and Article 18, paragraph 4, second sentence,
 - (ii) The Act on Mandatory Pension Insurance and on the Activities of Pension Funds and regulations pertaining thereto, except Article 15, paragraphs 2 and 3, and
 - (iii) The Icelandic Social Security Contribution Act.
- 2. Unless otherwise provided in this Agreement, the laws referred to in paragraph 1 of this Article shall not include treaties or other international agreements or supranational legislation on social security concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.
- 3. Except as provided in the following sentence, this Agreement shall also apply to legislation which amends or supplements the laws specified in paragraph 1 of this Article. This Agreement shall apply to future legislation of a Contracting State which creates new categories of beneficiaries or new benefits under the laws of that Contracting State unless the Competent Authority of that Contracting State notifies the Competent Authority of the other Contracting State in writing within three (3) months of the date of the official publication of the new legislation that no such extension of this Agreement is intended.

Article 3

Persons Covered

This Agreement shall apply to:

- (a) persons who are or who have been subject to the laws of one or both Contracting States, and
- (b) other persons with respect to the rights they derive from the persons described in sub-paragraph (a) of this Article.

Article 4

Equality of Treatment

Unless otherwise provided in this Agreement, a person designated in Article 3 of this Agreement who resides in the territory of a Contracting State shall receive equal treatment with nationals of the other Contracting State in the application of the laws of the other Contracting State regarding entitlement to or payment of benefits.

Article 5

Portability of Benefits

Unless otherwise provided in this Agreement, any provision of the laws of a Contracting State which restricts entitlement to or payment of benefits solely because a person resides outside or is absent from the territory of that Contracting State shall not be applicable to a person who resides in the territory of the other Contracting State.

PART II

Provisions Concerning Applicable Laws

Article 6

Coverage Provisions

1. Except as otherwise provided in this Article, a person employed within the territory of one of the Contracting States shall, with respect to that employment, be subject to the laws of only that Contracting State.
2. (a) Where a person who is normally employed in the territory of the United States by an employer in that territory is sent by that employer to the territory of Iceland for a temporary period, the person shall be subject to the laws of only the United States as if the person were employed in the territory of the United States, provided that the period of employment in the territory of Iceland is not expected to exceed five (5) years. For purposes of applying this paragraph in the case of an employee who is sent from the territory of the United States by an employer in that territory to the territory of Iceland, that employer and an affiliated company of the employer (as defined under the laws of the United States) shall be considered one and the same, provided that the employment would have been covered under United States laws absent this Agreement.
- (b) Where a person who is resident in the territory of Iceland and employed by an employer whose registered office or place of business is situated in that territory is sent by that employer from that territory to the territory of the United States for a temporary period, the person shall be subject to the laws of only Iceland as if the person were employed and resident in the territory of Iceland, provided that the period of employment in the territory of the United States is not expected to exceed five (5) years.

- (c) If, under subparagraph (a) or (b) of this paragraph, a person continues to be subject to the laws of a Contracting State while in the territory of the other Contracting State, that subparagraph shall also apply to the person's family members who accompany the person, unless they are themselves employed or self-employed in the territory of the latter Contracting State.
- 3. Paragraph 2 of this Article shall apply where a person who has been sent by his or her employer from the territory of a Contracting State to the territory of a third State, and who is compulsorily covered under the laws of that Contracting State while employed in the territory of the third State, is subsequently sent by that employer from the territory of the third State to the territory of the other Contracting State.
- 4. A self-employed person who resides within the territory of a Contracting State shall be subject to the laws of only that Contracting State.
- 5. Where the same activity is considered to be self-employment under the laws of one Contracting State and employment under the laws of the other Contracting State, that activity shall be subject to the laws of only the first Contracting State if the person is a resident of that Contracting State, and to the laws of only the other Contracting State in any other case.
- 6.
 - (a) A person who is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and who would be covered under the laws of both Contracting States shall be subject to the laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the laws of the United States.
 - (b) Traveling employees of air transportation companies who perform work in the territories of both Contracting States and who would otherwise be covered under the laws of both Contracting States shall, with respect to that work, be subject to the laws of only the Contracting State in the territory of which the company has its headquarters. However, if such employees reside in the territory of

the other Contracting State, they shall be subject to the laws of only that Contracting State.

7. (a) This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.
- (b) Nationals of one of the Contracting States who are employed by the Government of that Contracting State in the territory of the other Contracting State but who are not exempt from the laws of the other Contracting State by virtue of the Conventions mentioned in subparagraph (a) of this paragraph shall be subject to the laws of only the first Contracting State. For the purpose of this paragraph, employment by the United States Government includes employment by an instrumentality thereof, and employment by the Icelandic Government includes employment by Icelandic public employers.
8. (a) Except as otherwise provided in this Part, a person who does not reside in the territory of Iceland shall not be subject to Icelandic laws.
- (b) When a person is subject to the laws of the United States pursuant to this Article, the person and his or her employer are exempt from paying Icelandic social security contributions and contributions to a Pension Fund under the Act on Mandatory Pension Insurance and on the Activities of the Pension Funds.
9. The Competent Authorities of the two Contracting States may agree to grant an exception to the provisions of this Article with respect to particular persons or categories of persons, provided that any affected person shall be subject to the laws of one of the Contracting States.

PART III

Provisions on Benefits

Article 7

Benefits under United States Laws

The following provisions shall apply to the United States:

1. Where a person has completed at least six (6) quarters of coverage under United States laws, but does not have sufficient periods of coverage to satisfy the requirements for entitlement to benefits under United States laws, the agency of the United States shall take into account, for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under Icelandic laws and which do not coincide with periods of coverage already credited under United States laws.
2. In determining eligibility for benefits under paragraph 1 of this Article, the agency of the United States shall credit one (1) quarter of coverage for every three (3) months of coverage certified by the agency of Iceland; however, no quarter of coverage shall be credited for any calendar quarter already credited as a quarter of coverage under United States laws. The total number of quarters of coverage to be credited for a year shall not exceed four (4). The agency of the United States shall not take into account periods of coverage which occurred prior to the earliest date for which periods of coverage may be credited under its laws, nor will the agency of the United States take into account any periods of coverage which are not based on wages or self-employment income.
3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1 of this Article, the agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States laws based on (a) the person's average earnings credited exclusively under United States laws and (b) the ratio of the duration of the person's periods of coverage completed under United States laws to the duration of a coverage lifetime as determined in

accordance with United States laws. Benefits payable under United States laws shall be based on the pro rata Primary Insurance Amount.

4. Entitlement to a benefit from the United States which results from paragraph 1 of this Article shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provision of paragraph 1 of this Article.

Article 8

Benefits under Icelandic Laws

The following provisions shall apply to Iceland:

As regards the national old-age and invalidity pension scheme:

1. Where a person covered by this Agreement who is or has been subject to the laws of the United States has had a total period of work under Icelandic laws of at least twelve (12) months but does not have sufficient periods of coverage to satisfy the requirements for entitlement to benefits under the Icelandic Social Security Act, the agency of Iceland shall take into account for the purpose of establishing entitlement to benefits under this Article, periods of coverage which are credited under United States laws and which do not coincide with periods of coverage already credited under Icelandic law.
2. Where the condition of paragraph 1 of this Article is fulfilled, a person covered by this Agreement shall be entitled to an Icelandic national pension subject to the other conditions set forth in the Icelandic Social Security Act.

3. Where the condition on work under paragraph 1 of this Article has not been met, a person covered by this Agreement shall be entitled to an Icelandic national pension if the person has been resident in Iceland for a period of not less than three (3) years in the qualifying period laid down in the Icelandic Social Security Act.
4. National old age pension and the invalidity pension shall be payable to persons covered by this Agreement residing in the territory of the United States if the person concerned fulfills the condition in paragraph 1 of this Article.
5. For purposes of meeting the twelve (12) month work requirement of paragraph 1 of this Article, the periods of coverage defined in Article 1.1(e)(i-iii) shall be accepted.
6. Periods described in Article 1.1(e)(i-iii) may be combined for purposes of meeting the twelve (12) month work requirement in paragraph 1 of this Article.

As regards the Mandatory Pension Insurance Scheme (Pension Funds):

7. Article 19, paragraph 4 of the Act on Mandatory Pension Insurance and on the Activities of Pension Funds shall not apply to contributions paid by a person covered by this Agreement into a Pension Fund operating under such Act on the return of or transfer of residence of that person to the United States.
8. A person covered by this Agreement shall be entitled to a pension in pursuance of the Act on Mandatory Pension Insurance and on the Activities of Pension Funds and the Articles of Association of the relevant Pension Fund only on the basis of contributions paid into a Pension Fund operating under said Act.

PART IV

Miscellaneous Provisions

Article 9

Administrative Measures

The Competent Authorities of the two Contracting States shall:

- (a) make all necessary administrative arrangements for the implementation of this Agreement and designate liaison agencies;
- (b) communicate to each other information concerning the measures taken for the application of this Agreement; and
- (c) communicate to each other, as soon as possible, information concerning all changes in their respective laws which may affect the application of this Agreement.

Article 10

Mutual Assistance

The Competent Authorities and the agencies of the Contracting States, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge, subject to exceptions to be agreed upon in an administrative arrangement.

Article 11

Confidentiality of Exchanged Personal Data

1. Unless otherwise required by the national statutes of a Contracting State, personal data transmitted in accordance with this Agreement to one Contracting State by the other Contracting State shall be used solely for purposes of administering this Agreement and the laws in Article 2 of this Agreement. The receiving Contracting State's national statutes for the

protection of privacy and confidentiality of personal data and the provisions of this Agreement shall govern such use.

2. The Competent Authorities of the Contracting States shall inform each other about all amendments to their national statutes regarding the protection of privacy and confidentiality of personal data that affect the transmission of personal data.
3. A person may request, and the Competent Authority or agency requesting or transmitting personal data pursuant to this Agreement must disclose to that person upon such request, the content, receiving agency, and duration of use of his or her personal data, and the purpose and legal grounds for which such personal data were used or requested.
4. The agencies shall take all reasonable steps to ensure that transmitted personal data are accurate and limited to data required to fulfill the receiving agency's request. In accordance with their respective national statutes, the agencies shall correct or delete any inaccurate transmitted personal data and any data not required to fulfill the receiving agency's request, and immediately notify the other Contracting State's agency of such correction. This shall not limit a person's right to request such correction of his or her personal data directly from the agencies.
5. Both the transmitting and the receiving agencies shall effectively protect personal data against unauthorized or illegal access, alteration, or disclosure.

Article 12

Confidentiality of Exchanged Employers' Information

Unless otherwise required by the national statutes of a Contracting State, employers' information transmitted between Contracting States in accordance with this Agreement shall be used solely for purposes of administering this Agreement and the laws in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection and confidentiality of employers' information and the provisions of this Agreement shall govern such use.

Article 13

Documents

1. Where the laws of a Contracting State provide that any document which is submitted to the Competent Authority or an agency of that Contracting State shall be exempted, wholly or partly, from fees or charges, including consular and administrative fees, the exemption shall also apply to corresponding documents which are submitted to the Competent Authority or an agency of the other Contracting State in the application of this Agreement.
2. Copies of documents certified as true and exact copies by an agency of one Contracting State shall be accepted as true and exact copies by an agency of the other Contracting State, without further certification. The agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 14

Correspondence and Language

1. The Competent Authorities and agencies of the Contracting States may correspond directly with each other and with any person, wherever the person may reside, whenever it is necessary for the administration of this Agreement.
2. An application or document may not be rejected by a Competent Authority or agency of a Contracting State solely because it is in the language of the other Contracting State.

Article 15

Applications

1. A written application for benefits filed with an agency of one Contracting State shall protect the rights of the claimants under the laws of the other Contracting State if the applicant requests that it be considered an application under the laws of the other Contracting State.

2. If an applicant has filed a written application for benefits with an agency of one Contracting State and has not explicitly requested that the application be restricted to benefits under the laws of that Contracting State, the application shall also protect the rights of the claimants under the laws of the other Contracting State if the applicant provides information at the time of filing indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Contracting State.
3. The provisions of Part III of this Agreement shall apply only to benefits for which an application is filed on or after the date on which this Agreement enters into force.

Article 16

Appeals and Time Limits

1. A written appeal of a determination made by an agency of one Contracting State may be validly filed with an agency of either Contracting State. The appeal shall be decided according to the procedure and laws of the Contracting State whose decision is being appealed.
2. Any claim, notice, or written appeal which, under the laws of one Contracting State, must have been filed within a prescribed period with an agency of that Contracting State, but which is instead filed within the same period with an agency of the other Contracting State, shall be considered to have been filed on time.

Article 17

Transmittal of Claims, Notices, and Appeals

In any case to which the provisions of Article 15 or 16, or both, of this Agreement apply, the agency to which the claim, notice, or written appeal has been submitted shall indicate the date of receipt on the document and transmit it without delay to the liaison agency of the other Contracting State.

Article 18

Currency

1. Payments under this Agreement may be made in the currency of the Contracting State making the payments.
2. In case provisions designed to restrict the exchange or export of currencies are introduced by either Contracting State, the Governments of both Contracting States shall immediately take measures necessary to ensure the transfer of sums owed by either Contracting State under this Agreement.

Article 19

Resolution of Disagreements

Any disagreement regarding the interpretation or application of this Agreement shall be resolved by consultation between the Competent Authorities.

Article 20

Supplementary Agreements

This Agreement may be amended in the future by supplementary agreements, which, from their entry into force, shall be considered an integral part of this Agreement. Such Agreements may be given retroactive effect if they so specify.

Article 21

Transitional Provisions

1. This Agreement shall not establish any claim to payment of a benefit for any period before the date of entry into force of this Agreement, or to a lump-sum death benefit if the person died before the entry into force of this Agreement.

2. In determining the right to benefits under this Agreement, consideration shall be given to periods of coverage under the laws of both Contracting States and other events that occurred before the entry into force of this Agreement.
3. In applying paragraph 2 or 3, or both, of Article 6 of this Agreement in the case of persons who were sent to work in the territory of a Contracting State prior to the date of entry into force of this Agreement, the period of employment referred to in those paragraphs shall be considered to begin on the date of entry into force of this Agreement.
4. Determinations concerning entitlement to benefits made before the entry into force of this Agreement shall not affect rights arising under it.
5. The application of this Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to the entry into force of this Agreement.
6. Nothing in this Agreement shall affect the notes concerning the reciprocity of payment of social security benefits exchanged between the United States and Icelandic Governments on December 1, 1980, and April 16, 1981.

Article 22

Duration and Termination

1. This Agreement shall remain in force until the expiration of one calendar year following the year in which written notice of its termination is given by one of the Contracting States to the other Contracting State.
2. If this Agreement is terminated, rights regarding entitlement to or payment of benefits acquired under it shall be retained. The Contracting States shall make arrangements dealing with rights in the process of being acquired.

Article 23

Entry into Force

This Agreement shall enter into force on the first day of the third month following the month in which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement.

DONE at Reykjavik this 27 day of September, 2016, in duplicate, in the English and Icelandic languages, both texts being equally authentic.

FOR THE
UNITED STATES OF AMERICA:

Robert Cushman Barber

FOR
ICELAND:

Eyggí Hauðin

ADMINISTRATIVE ARRANGEMENT
BETWEEN THE COMPETENT AUTHORITIES OF
THE UNITED STATES OF AMERICA AND ICELAND
FOR THE IMPLEMENTATION OF THE AGREEMENT
ON SOCIAL SECURITY
BETWEEN THE UNITED STATES OF AMERICA
AND ICELAND

The Competent Authority of the United States of America and
the Competent Authority of Iceland

In conformity with Article 9(a) of the Agreement on Social Security between the United States of America and Iceland of this date, hereinafter referred to as the "Agreement," have agreed as follows:

CHAPTER I

General Provisions

Article 1

Where terms that appear in the Agreement are used in this Administrative Arrangement, they shall have the same meaning as they have in the Agreement.

Article 2

1. The liaison agencies referred to in Article 9(a) of the Agreement shall be:
 - (a) for the United States, the Social Security Administration; and
 - (b) for Iceland, Tryggingastofnun ríkisins (Social Insurance Administration).
2. The liaison agencies designated in paragraph 1 of this Article shall decide upon the joint procedures and methods necessary for the implementation of the Agreement and this Administrative Arrangement.

CHAPTER II

Provisions on Coverage

Article 3

1. Where the laws of one Contracting State are applicable in accordance with any of the provisions of Article 6 of the Agreement, the agency of that Contracting State, upon request of the employer or self-employed person, shall issue a certificate stating that the employee or self-employed person is subject to those laws and indicating the duration for which the certificate shall be valid. This certificate shall be evidence that the employee or self-employed person is exempt from the laws on compulsory coverage of the other Contracting State.
2. The certificate referred to in paragraph 1 of this Article shall be issued:
 - (a) in the United States, by the Social Security Administration; and
 - (b) in Iceland, by Tryggingastofnun ríkisins (Social Insurance Administration).
3. The agency of a Contracting State that issues a certificate referred to in paragraph 1 of this Article shall furnish a copy of the certificate or agreed upon information from the certificate to the liaison agency of the other Contracting State as needed by the agency of the other Contracting State.

CHAPTER III

Provisions on Benefits

Article 4

1. Applications for benefits under the Agreement shall be submitted on forms to be developed by the liaison agencies of the two Contracting States.

2. The agency of the Contracting State, with which an application for benefits is first filed in accordance with Article 15 of the Agreement, shall provide the liaison agency of the other Contracting State with such evidence and other information in its possession as may be required to complete action on the claim.
3. The agency of a Contracting State, which receives an application that was first filed with an agency of the other Contracting State, shall without delay provide the liaison agency of the other Contracting State with such evidence and other available information in its possession as may be required for it to complete action on the claim.
4. The agency of the Contracting State with which an application for benefits has been filed shall verify the information pertaining to the applicant and the applicant's family members. The liaison agencies of both Contracting States shall decide upon the types of information to be verified.

CHAPTER IV

Miscellaneous Provisions

Article 5

1. In accordance with measures to be decided upon pursuant to paragraph 2 of Article 2 of this Administrative Arrangement, the agency of one Contracting State shall, upon request by the agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.
2. For the purpose of facilitation of the implementation of the Agreement and this Administrative Arrangement, the liaison agencies may agree on measures for the provision and transmission of the electronic exchange of data.

Article 6

The liaison agencies of the two Contracting States shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement. These statistics shall be furnished annually in a manner to be decided upon.

Article 7

1. Where administrative assistance is requested and provided under Article 10 of the Agreement, expenses other than regular personnel and operating costs of the agency providing the assistance shall be reimbursed, except as may be decided by the Competent Authorities or liaison agencies of the Contracting States.
2. Upon request, the liaison agency of either Contracting State shall furnish without cost to the liaison agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.
3. Where the agency of a Contracting State requires that a person in the territory of the other Contracting State who is receiving or applying for benefits under the Agreement submit to a medical examination, such examination, if requested by that agency, shall be arranged by the liaison agency of the other Contracting State in accordance with the rules of the agency making the arrangements and at the expense of the agency which requests the examination.
4. The liaison agency of one Contracting State shall reimburse amounts owed under paragraphs 1 or 3 of this Article upon presentation of a statement of expenses by the liaison agency of the other Contracting State.

Article 8

1. This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and shall remain in force so long as the Agreement is in force.
2. The Competent Authorities may notify each other, in writing, of changes in the names of the agencies without the need to amend the Agreement or this Administrative Arrangement.

DONE at Reykjavik, this 27 day of September, 2016,
in duplicate, in the English and Icelandic languages, both texts being equally
authentic.

For the Competent Authority
of the United States of America:

Robert Cushman Barber

For the Competent Authority
of Iceland:

Kyggjo Hauður



SOCIAL SECURITY

MEMORANDUM

Date: July 8, 2016 Refer To: TCC

To: Stephen C. Goss, ASA, MAAA
Chief Actuary

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Subject: Estimated Effects of a Potential Totalization Agreement between Iceland and the United States—
INFORMATION

This memorandum and the attached tables present estimates of the effects of implementing a potential totalization agreement with Iceland assuming an effective date of August 1, 2018.

Table 1 shows the estimated net additional program costs to the Social Security systems of the United States (OASDI) and Iceland under the potential agreement for fiscal years 2018 through 2024, the end of the short-range projection period under the 2015 Trustees Report. In each case, these net additional program costs arise under the respective systems due to: (1) benefits payable because of the agreement; and (2) tax contributions for temporary foreign workers eliminated under the agreement.

The first three rows of Table 2 show estimates of the numbers of persons (as of mid-year) who would receive "totalized" benefits from each system. The fourth row of the table shows the number of Icelandic citizens living outside the U.S., and Icelandic residents who are citizens of a third country, who would be affected by removing the 5-year U.S. residency requirement for survivor or dependent benefits. The last two rows of the table show estimates of the numbers of temporary foreign workers in the respective countries who would be exempt from taxation by the local Social Security system under a totalization agreement. Under the agreement, U.S. workers working for a U.S. firm in Iceland for a period expected to last 5 years or less would pay Social Security taxes only to the United States. Icelandic workers working for an Icelandic firm in the U.S. for a period expected to last 5 years or less would pay Social Security taxes only to the Icelandic system. We base estimates shown in the tables on the intermediate set of assumptions of the 2015 OASDI Trustees Report. The exchange rate used in these estimates is 124.900 Iceland krona (ISK) per U.S. dollar (1 ISK = \$0.008006), the exchange rate as of June 1, 2016. To provide a frame of reference, the average daily exchange rate over the past 5 years is about 123.320 ISK per U.S. dollar, with a low of about 111.610 ISK per U.S. dollar and a high of about 139.800 ISK per U.S. dollar.

These estimates are subject to much uncertainty. Many of the estimates are based on limited data for Iceland and the assumption that certain relationships that apply on average for other countries where totalization agreements already exist will apply for Iceland as well.

Numbers of Totalized Beneficiaries

To estimate the numbers of totalized beneficiaries under the U.S. Social Security system resulting from an agreement with Iceland, we use two data sources for 21 of the existing agreement countries in a regression analysis.¹ From Census Bureau files, we estimate immigration and emigration. From counts of nonimmigrant visas issued by U.S. Foreign Service posts in each country to persons traveling to the U.S., over a 5-year period roughly 30 years ago when 2018-2024 retirees potentially receiving benefits under the totalization agreement were in their prime working years, we estimate the influx of temporary workers. This analysis yields an estimate of about 170 totalized beneficiaries under the U.S. Social Security system at the end of the 5th year of the potential agreement with Iceland. For 9 of these existing-agreement countries, the predicted number of beneficiaries from the regression is higher than the actual number at the end of 5 years, by a median value of about 82 percent of the actual number. For 12 of these existing-agreement countries, the predicted number of beneficiaries from the regression is lower than the actual number, by a median value of about 29 percent of the actual number. Therefore, the number of OASDI beneficiaries at the end of the 5th year of implementation would be: (1) about 100, if the median relationship for countries with fewer beneficiaries than predicted by the regression analysis applies to Iceland; and (2) about 240, if the median relationship for countries with more beneficiaries than predicted by the regression applies to Iceland.

To estimate the number of totalized Icelandic beneficiaries under the agreement, we use Census Bureau immigration data to make an initial estimate of the number of beneficiaries who will receive totalized benefits under the Icelandic system. We then adjust this estimate based on a comparison of the number of beneficiaries under the U.S. system estimated using the same data, and the regression estimate for the U.S. system described in the previous paragraph.

Totalization agreements provide OASDI benefits mainly to three groups. The first group is Icelandic non-immigrants (temporary visa holders) who work in the U.S. for less than 10 years. These workers would have coverage under the U.S. Social Security system (unless they work for an Icelandic firm in the U.S. for 5 years or less after a totalization agreement becomes effective), and may be eligible for U.S. totalized benefits when their work in Iceland is also considered. The second group is legal immigrants (generally permanent) from Iceland to the U.S. who work in the U.S. for less than 10 years, frequently because they immigrate later in their working careers. The third group is emigrants from the U.S. to Iceland (Iceland-born or U.S.-born) who worked in the U.S. for less than 10 years, frequently because they emigrated relatively early in their careers.

¹ We excluded 4 totalization agreement countries from the analysis—the Slovak Republic because the agreement has not been in effect long enough for us to have five full years of data available, South Korea because work before 1986 in South Korea would not be counted as coverage in determining eligibility for totalized benefits, Luxembourg because of lack of data, and Canada because it is a border country with emigrant and immigrant patterns that would likely vary widely from those of Iceland.

A totalization agreement between Iceland and the United States precludes OASDI disability benefits for Icelandic workers employed by an Icelandic employer in the U.S. for 5 years or less who become disabled while working in the U.S. or shortly thereafter. However, temporary workers from Iceland are unlikely to work long enough to qualify for U.S. disability benefits (generally at least 5 years), and are expected to be relatively healthy at the time they come to the U.S. to work. Therefore, we believe that reductions in OASDI disability benefits due to eliminating double taxation under a totalization agreement between Iceland and the United States would be minimal. Similarly, we believe the reductions in disability benefits under the Icelandic system would be very small, relative to removing taxation to the Icelandic system for temporary U.S. workers in Iceland.

5-Year Residency Requirement

In addition to estimates of the number of persons who would receive totalized OASDI benefits, we also estimate the number of alien dependents and survivors who do not meet the 5-year U.S. residency requirement for receipt of Social Security benefits. These individuals would receive OASDI benefits under a totalization agreement because the residency requirement does not apply to totalization countries.

Effects Related to Other U.S. Social Insurance Programs

The principal financial effects of a totalization agreement apply to the Social Security programs of the countries involved. Totalization agreements do not cover Medicare benefits. Thus, the U.S. cannot use credits for work in Iceland to establish entitlement under the Medicare program. However, the tax side of the U.S. Medicare program would be affected because of the removal of double taxation for Icelandic workers who temporarily work in the U.S. for an Icelandic firm. We do not expect corresponding reduced Medicare outlays, because attainment of Medicare entitlement by these workers is highly unlikely under the current (no totalization) rules. Medicare eligibility is largely restricted to individuals who either: (1) are at least age 65 and eligible for U.S. Social Security benefits; or (2) were entitled to U.S. Social Security disability benefits (as a disabled worker, disabled widow(er), or disabled adult child) for at least 24 months. Furthermore, Medicare reimbursement is generally restricted to services provided in the U.S. Under the current (no totalization) rules, it is unlikely that temporary workers from Iceland would (a) work enough to qualify for Medicare and (b) live in the U.S. when they might avail themselves of Medicare services; therefore, we believe a totalization agreement between Iceland and the United States would reduce Medicare benefits very minimally.

By law, totalization agreements do not affect payroll taxes paid for work injury (workers' compensation) and unemployment programs administered by the United States. Therefore, Icelandic temporary workers employed by Icelandic firms in the U.S., and their employers would still be required to pay any applicable workers' compensation and unemployment payroll taxes. These programs generally operate at the state, and not the federal, level.

Effects Related to Other Icelandic Social Insurance Programs

The Icelandic health insurance program is a non-contributory, tax financed, program. Both with and without a totalization agreement, an individual from the U.S. working temporarily, in Iceland, for a U.S. employer would be eligible for health insurance benefits from the Icelandic system. The employer's contributions to the Icelandic social security system also finance maternity and paternity benefits, sickness benefits, work injury benefits, and unemployment benefits. Under a totalization agreement, U.S. employers of U.S. individuals working temporarily in Iceland would no longer make contributions to these programs, and the Icelandic government would no longer pay benefits to these workers. We believe that most U.S. employers would provide benefits to their employees, such that Icelandic sickness/maternity benefits are rarely paid to these workers. Most U.S. employers would also continue to pay earnings to people incapacitated due to injury for relatively short periods of time, such that Icelandic work injury benefits are rarely paid to these workers. Therefore, we estimate that the value of Icelandic *work injury* benefits no longer payable to U.S. temporary workers affected by a potential totalization agreement would be very small.

In addition, the Icelandic system would lose unemployment payroll tax contributions from employers affected under a totalization agreement. The Icelandic unemployment program pays benefits for a period of up to 3 years. However, we believe that very few temporary U.S. workers (working for U.S. employers) in Iceland are removed from their jobs, and the few that are removed most likely move back to the United States and do not look for other work in Iceland. Under a potential totalization agreement, U.S. temporary workers in Iceland would no longer be eligible for Icelandic unemployment benefits. Due to the fact that payment of unemployment benefits to temporary U.S. workers in Iceland is unlikely, the value of current *unemployment* benefits that would no longer be paid by Iceland's system, under a totalization agreement, is expected to be very small.

Long-Range Financial Effects

Implementing the potential totalization agreement between the U.S. and Iceland would decrease the long-range (75-year) actuarial balance of the OASDI program by an amount that is estimated to be negligible (that is, by less than 0.005 percent of taxable payroll).

Table 3 displays the components of the estimated net cost to the OASDI Trust Funds for years 2015 through 2089 on a "CPI-indexed to 2015" basis, i.e., indexing the amounts back to the year 2015 by assumed changes in the consumer price index (CPI). In addition, the table displays total estimated OASDI net costs on an annual and cumulative present-value basis, i.e., indexing the amounts back to January 1, 2015 by projected interest rates earned by the OASDI Trust Funds on special-issue U.S. Government bonds.

Attachments: 3

Table 1.--Estimated net additional program costs for the U.S. and Icelandic Social Security (and other) systems under a potential totalization agreement between the two countries, fiscal years 2018-2024
(In millions)

	Fiscal year							Total, FY 2018-24
	2018	2019	2020	2021	2022	2023	2024	
Financial Effects for the U.S. Social Security system:								
Increase in OASDI benefit payments	1/	1/	1/	1/	1/	\$1	\$1	\$2
Reduction in OASDI tax contributions.....	1/	\$1	\$1	\$1	\$1	1	1	4
Net OASDI cost	1/	1	1	1	1	1	1	6
Net cost to the Medicare system	1/	1/	1/	1/	1/	1/	1/	1
Net costs to the Social Security System of Iceland:								
Increase in benefit payments	1/	1/	1/	1	1	2	2	6
Reduction in OASDI tax contributions	1/	1	1	1	1	1	1	5
Total.....	1/	1	1	2	2	2	3	11

1/ Less than \$500,000.

Notes:

1. The agreement is assumed to become effective on August 1, 2018.
2. The estimates are based on the intermediate assumptions of the 2015 Trustees Report.
3. Totals may not equal the sums of the components due to rounding.
4. Estimates are in U.S. dollars. The assumed exchange rate is 124.900 Iceland krona per U.S. dollar.

Social Security Administration
Office of the Chief Actuary
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Table 2.—Estimated number of persons affected by a potential totalization agreement between the United States and Iceland, fiscal years 2018-2024
(In thousands)

	Fiscal year						
	2018	2019	2020	2021	2022	2023	2024
Number of persons receiving a totalized OASDI benefit based in part on employment in Iceland (in current-pay status at mid-year).....	1/	1/	.1	.1	.1	.2	.2
Number of persons receiving a totalized Icelandic benefit based in part on employment in the United States (in current-pay status at mid-year).....	1/	1/	.1	.1	.1	.2	.2
Number of persons receiving both a totalized OASDI benefit and a totalized benefit from Iceland (in current-pay status at mid-year).....	1/	1/	1/	1/	1/	1/	1/
Number of residents of Iceland, or Icelandic citizens living outside the U.S., who would now be able to receive OASDI dependent or survivor benefits because the 5-year residency requirement would no longer apply (in current-pay status at mid-year).....	1/	1/	1/	1/	1/	1/	1/
Number of U.S. employees in Iceland who, along with their employers, would no longer make tax contributions during the year to the Social Security system of Iceland.....	1/	1/	1/	1/	1/	1/	1/
Number of Icelandic employees in the U.S who, along with their employers, would no longer make tax contributions during the year to the OASDHI trust funds.....	.1	.1	.1	.1	.1	.1	.1

1/ Fewer than 50.

Notes:

1. The agreement is assumed to become effective on August 1, 2018.
2. The estimates are based on the intermediate assumptions of the 2015 Trustees Report.

Table 3--Projected Net OASDI Cost of Implementing Proposed Totalization Agreement Between U.S. and Iceland

Year	Additional OASDI Net Benefits For Year 1/	Change in OASDI Payroll Taxes For Year	Additional OASDI Net Cost For Year 2/	Additional OASDI Net Cost For Year 2/	Cumulative Additional OASDI Net Cost 2/
(Millions of CPI-Indexed 2015\$)			(Millions of \$, Present Value as of 1-1-15)		
2015	0	0	0	0	0
2016	0	0	0	0	0
2017	0	0	0	0	0
2018	0	0	0	0	0
2019	0	-1	1	1	1
2020	0	-1	1	1	2
2021	0	-1	1	1	2
2022	0	-1	1	1	3
2023	0	-1	1	1	4
2024	0	-1	1	1	5
2025	0	-1	1	1	6
2026	1	-1	1	1	7
2027	1	-1	1	1	8
2028	1	-1	1	1	9
2029	1	-1	1	1	10
2030	1	-1	1	1	11
2031	1	-1	1	1	12
2032	1	-1	1	1	13
2033	1	-1	1	1	14
2034	1	-1	1	1	15
2035	1	-1	1	1	15
2036	1	-1	1	1	16
2037	1	-1	1	1	17
2038	1	-1	1	1	18
2039	1	-1	1	1	19
2040	1	-1	1	1	20
2041	1	-1	1	1	21
2042	1	-1	1	1	21
2043	1	-1	2	1	22
2044	1	-1	2	1	23
2045	1	-1	2	1	24
2046	1	-1	2	1	25
2047	1	-1	2	1	25
2048	1	-1	2	1	26
2049	1	-1	2	1	27
2050	1	-1	2	1	28
2051	1	-1	2	1	28
2052	1	-1	2	1	29
2053	1	-1	2	1	30
2054	1	-1	2	1	31
2055	1	-1	2	1	31
2056	1	-1	2	1	32
2057	1	-1	2	1	33
2058	1	-1	2	1	33
2059	1	-1	2	1	34
2060	1	-1	2	1	35
2061	1	-1	2	1	35
2062	1	-1	2	1	36
2063	1	-1	2	1	37
2064	1	-1	2	1	37
2065	1	-1	2	1	38
2066	1	-1	2	1	39
2067	1	-1	2	1	39
2068	1	-1	2	1	40
2069	1	-1	2	1	41
2070	1	-1	2	1	41
2071	1	-1	2	1	42
2072	1	-1	2	1	42
2073	1	-1	2	1	43
2074	1	-1	3	1	43
2075	1	-1	3	1	44
2076	1	-1	3	1	45
2077	1	-1	3	1	45
2078	1	-1	3	1	46
2079	1	-1	3	1	46
2080	1	-1	3	1	47
2081	1	-1	3	1	47
2082	1	-1	3	1	48
2083	1	-1	3	1	48
2084	1	-1	3	1	49
2085	1	-2	3	0	49
2086	2	-2	3	0	50
2087	2	-2	3	0	50
2088	2	-2	3	0	51
2089	2	-2	3	0	51

Based on Intermediate Assumptions of the 2015 Trustees Report.
 1/ Additional benefits less revenue to OASDI from taxes on benefits.
 2/ Additional net benefit payments minus change in payroll-tax revenue.

