

## Netherlands

Exchange rate: US\$1.00 equals 0.84 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1901.

**Current laws:** 1957 (old-age pension), with 2003 amendment; 1959 (survivor pension), with 2003 amendment; 1966 (disability pension for employed persons), with 2003 amendment; 1998 (disability pension for self-employed persons), with 2001 amendment; 1998 (disability assistance for young persons), with 2002 amendment; and 2006 (disability pension for employed persons).

**Type of program:** Social insurance system.

#### Coverage

**Old-age and survivor pensions:** All persons residing in the Netherlands.

**Disability pension:** Employed workers, persons receiving benefits since before 2006, and persons disabled since childhood and students residing in the Netherlands.

#### Source of Funds

**Insured person:** 17.9% of income for the old-age pension and 1.25% of income for the survivor pension.

The minimum annual earnings for contribution purposes are €13,160.

The maximum annual earnings for contribution purposes are €29,543.

**Self-employed person:** 17.9% of earnings for the old-age pension and 1.25% for the survivor pension.

The minimum annual earnings for contribution purposes are €13,160.

The maximum annual earnings for contribution purposes are €29,543.

**Employer:** 5.4% of payroll for the disability pension for employed workers, plus a variable contribution (on average, 0.98% of payroll) for persons receiving disability benefits since before 2006.

The minimum annual earnings for contribution purposes are €13,160.

The maximum annual earnings for contribution purposes are €29,543.

**Government:** A subsidy to increase all benefits up to the social minimum; the cost of pensions for persons disabled since childhood and students.

#### Qualifying Conditions

**Old-age pension:** The full pension is paid at age 65 if the insured has resided for 50 years in the Netherlands between ages 15 and 64 and, if income was earned, paid contributions each year from ages 15 to 64.

**Partial pension:** A reduced pension is paid if the qualifying conditions are not met in full (no reduction is made for the pre-1957 period if the insured is a Dutch citizen residing in the Netherlands with 6 years of residence after age 59).

Two persons sharing a household can qualify for a couple's pension if both are older than age 65; if one partner is younger than age 65, the younger partner must satisfy an income test in order for the pensioner to receive a supplementary allowance on his or her behalf.

Retirement is not necessary.

Old-age benefits are payable abroad if residing in a European Union country; otherwise, under reciprocal agreement.

**Disability pension:** Payable to employees younger than age 65 with a reduced working capacity. A distinction is made between employees who are fully and permanently disabled after a 2-year period and employees who are temporarily disabled, according to the assessed loss of earning capacity.

**Permanent disability pension:** Payable to disabled workers who are assessed with a full and permanent incapacity for work with a current earning capacity of less than 20% of former earnings.

The degree of disability is assessed on medical grounds; in certain cases, on medical grounds and work-related factors.

**Partial disability:** Payable to disabled workers who are assessed as at least 35% disabled but are not fully and permanently incapable of work.

Benefits are payable to persons younger than age 65 residing in the Netherlands who are incapable of work at age 17 or who became disabled after age 17 and were students for at least 6 months in the year immediately before that date.

Disability benefits can be paid abroad under reciprocal agreement if the beneficiary normally resides in the Netherlands.

**Survivor pension:** Payable to a widow(er), an unmarried permanent partner, or a full orphan up to age 16 (age 18 if disabled, age 21 if a student). The survivor pension is income-tested for survivors born before 1950, for survivors with children younger than age 18, and for surviving partners who are assessed as at least 45% disabled.

Benefits are payable abroad if residing in a European Union country; otherwise, under reciprocal agreement.

## Old-Age Benefits

**Old-age pension:** Single persons receive €932.67 a month. Couples, whether married or not, and both aged 65 or older receive €636.69 a month each. A pensioner who is a single parent caring for a child younger than age 18 receives €1,155.30 a month. A person aged 65 or older with a partner younger than age 65 receives a monthly pension of €636.69 and an income-tested supplementary allowance up to a maximum of €636.69.

**Income-tested supplementary allowance:** Special rates operate if one partner, whether married or not, is younger than age 65. The supplementary allowance is added to the older partner's pension if the younger partner's income from employment is less than €1,145.93. The maximum supplement is payable if the partner's income from employment is less than €190.89. Income from employment (including unemployment benefits, disability benefits, and sickness benefits) is subtracted in full; the supplementary allowance is payable if income amounts to less than €636.69.

**Partial pension:** The pension is reduced by 2% for each unexcused year of noncontribution.

**Benefit adjustment:** Benefits are adjusted twice a year according to changes in the net minimum wage.

## Permanent Disability Benefits

**Disability pension:** During the first 2 years of disability, a disabled employee receives the statutory wage.

**Permanent disability benefit:** The benefit is normally payable after 2 years of sick leave during which the statutory wage has been paid; persons may qualify before 2 years if assessed with a full and permanent disability.

The daily permanent disability benefit is 70% of the last full daily wage. If certain conditions are met by July 1, 2006, the benefit may be raised retroactively to 75%. The level of benefits for persons who are fully and permanently disabled is 70% of the (maximum) daily wage.

**Constant-attendance allowance:** 30% of the full pension is paid.

After a review of the assessed disability, a partial disability benefit may be paid; otherwise, the benefit is payable to age 65.

**Partial disability benefit:** The benefit is normally payable after 2 years of sick leave during which the statutory wage has been paid. The insured worker must be assessed as at least 35% disabled but not fully and permanently incapable of work.

**Supplementary allowance (means-tested):** If family income is less than the applicable social minimum, a supplementary allowance may be paid.

**Benefit adjustment:** Benefits are adjusted twice a year according to changes in the net minimum wage.

**Wage-related disability benefit:** The benefit consists initially of a wage-related payment equal to 70% of the (maximum) daily wage and is paid for a limited period, depending on the individual's employment history (payments vary from 6 months for less than 5 years of employment to 5 years for 40 years of employment).

After the benefit payment period is exhausted, unemployed partially disabled people are entitled to a benefit equal to 70% of the legal minimum wage, according to the assessed degree of disability.

After the benefit payment period is exhausted, partially disabled employees who are earning a wage-related income equal to at least 50% of their assessed residual earning capacity can apply for a wage supplement. The wage supplement is equal to 70% of the difference between the employee's (maximum) daily wage and his or her work-related income. Partially disabled persons who do not meet this criterion are entitled to a follow-up allowance, which is equal to 70% of the legal minimum wage multiplied by the assessed percentage of disability.

The maximum benefit is €167.70 a day.

**Constant-attendance allowance:** 30% of the full pension is paid.

**Supplementary allowance (means-tested):** If family income is less than the applicable social minimum, a supplementary allowance may be paid.

**Benefit adjustment:** Benefits are adjusted twice a year according to changes in the net minimum wage.

**Disability pension (self-employed workers):** The 1998 act for self-employed persons was revoked as of August 1, 2004. Self-employed persons disabled before this date or already receiving a disability pension continue to receive the benefit for as long as the entitlement conditions are met.

**Disability pension (young persons and students):** Up to 70% of the gross minimum (youth) wage of €1,264.80 is paid a month for a loss of earning capacity of at least 80%; 21% to 50.75% of the minimum wage is paid for a loss of earning capacity of 25% to 80% after a waiting period of 52 weeks. There is no limit to duration.

**Constant-attendance allowance:** 30% of the full pension is paid.

**Supplementary allowance (means-tested):** If family income is less than the applicable social minimum, a supplementary allowance may be paid.

**Benefit adjustment:** Benefits are adjusted twice a year according to changes in the net minimum wage.

## Survivor Benefits

**Survivor pension:** €994.97 a month is paid to a widow(er) or an eligible unmarried partner. The benefit is reduced by the survivor's income.

The survivor benefit ceases on marriage, registered partnership, or cohabitation.

**Income test:** Income from employment up to 50% of the minimum wage (€636.30 a month) plus 1/3 of all earnings in excess of this amount is disregarded. No benefit is paid if monthly income is €2,128.76 or more. Income from employment (including unemployment benefits, disability benefits, and sickness benefits) is subtracted in full from the survivor pension.

The survivor pension ceases at age 65 and may be replaced by the old-age pension.

**Dependent child's allowance:** An allowance of €228.49 is paid for one child per household until the youngest child in the household reaches age 18. There is no income test.

**Orphan's pension:** Each full orphan younger than age 10 receives €318.39 a month; €477.59 if aged 10 to 15; or €636.78 if aged 16 to 18 (aged 16 to 21 if a student).

**Benefit adjustment:** Benefits are adjusted twice a year for changes in the net minimum wage.

**Death benefit:** 100% of earnings is paid, up to a daily maximum of €167.70 for employed workers; up to the minimum wage (€1,206.60 a month) for unemployed workers. The benefit is payable for 1 month for the death of a beneficiary of sickness benefits or disability benefits. For the death of an old-age pensioner, the partner receives 100% of the old-age pension; for the death of a survivor pension beneficiary, 100% of the survivor pension is paid to dependent children.

### Administrative Organization

Social Insurance Bank (<http://www.svb.nl>) administers old-age pensions and survivor pensions.

Inspection Service for Work and Income (<http://www.iwiweb.nl>) provides general supervision of contributions and cash benefits.

Institute for Employee Benefits (<http://www.uwv.nl>) administers the separate employee benefit programs.

National Revenue Department of the Tax and Custom Administration (<http://www.belastingdienst.nl>) collects contributions for the separate employee benefit programs.

### Sickness and Maternity

#### Regulatory Framework

**First law:** 1931.

**Current laws:** 1964 (medical benefits); 1966 (sickness and maternity benefits); 1968 (exceptional medical expenses); 1998 (maternity benefits for unemployed workers), implemented in 2001; and 2005 (health insurance).

**Type of program:** Social insurance system.

### Coverage

**Cash benefits:** Coverage is mostly privatized. (Under the Civil Code, employers must pay 70% of wages during sick leave periods for a maximum of 104 weeks.)

The social security program covers employees who do not or no longer have an employer (and, in a few special circumstances, wage earners and salaried employees), including employees who have lost their jobs in the first 2 years of incapacity, incapacitated unemployed persons, temporary workers on sick leave without a permanent contract, the voluntarily insured, apprentices, organ donors, vocationally rehabilitated persons, and women whose incapacity is the result of pregnancy or childbirth.

**Medical benefits:** All persons residing in the Netherlands and persons who reside outside the Netherlands but conduct their professional activities in the Netherlands.

**Exceptional medical expenses:** All persons residing in the Netherlands and persons who reside outside the Netherlands but conduct their professional activities in the Netherlands.

### Source of Funds

**Insured person:** A flat-rate contribution set by the private insurer; 6.5% of the old-age pension is paid by the pensioner; 4.4% of other pension income is paid by the pensioner for medical benefits exceeding €30,015 (6.5% of the disability pension is paid by the pension institution on behalf of disability pensioners for medical benefits); and 12.55% of earnings up to €30,361 is paid for exceptional medical expenses insurance.

The minimum annual earnings for contribution purposes are €13,159.

The maximum earnings for contribution purposes are €113 a day (medical benefits), €30,361 a year (exceptional medical expenses), and €38,117 a year (cash sickness benefits and maternity benefits for unemployed workers).

The contribution for sickness and maternity benefits is included in the contribution for unemployment benefits, below.

**Self-employed person:** A flat-rate contribution set by the private insurer, plus 4.4% of taxable income up to €30,015 for medical benefits and 12.55% of income up to €30,361 for exceptional medical expenses insurance.

The minimum annual earnings for contribution purposes are €13,159.

The maximum earnings for contribution purposes are €113 a day (medical benefits) and €30,361 a year (exceptional medical expenses).

**Employer:** 6.5% of payroll for medical benefits.

The contribution for sickness and maternity benefits is included in the contribution for unemployment benefits made on behalf of employed workers.

The minimum annual earnings for contribution purposes are €13,159.

The maximum earnings for contribution purposes are €113 a day (medical benefits), €30,361 a year (exceptional medical expenses), and €38,117 a year (cash sickness benefits and maternity benefits for unemployed workers).

**Government:** An annually determined contribution is paid toward the financing of medical benefits.

### **Qualifying Conditions**

**Cash sickness benefits:** Incapable of performing normal work.

**Cash maternity benefits:** Must be employed.

**Medical benefits:** Covered by an insurance policy with a private insurer.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is equal to 70% of earnings, up to the daily maximum earnings of €167.70. The benefit is payable for up to 104 weeks; may be extended to 156 weeks.

**Maternity benefit:** The benefit is equal to 100% of earnings, up to the daily maximum of €167.70. The benefit is payable for 16 weeks.

**Death benefit:** The benefit is equal to 100% of earnings, up to the daily maximum of €167.70. The benefit is payable for a maximum of 1 month.

### **Workers' Medical Benefits**

Depending on the contract between the health care insurer and the insured, service benefits are provided by doctors, hospitals, and pharmacists under contract with the insurer. The insurer reimburses the insured for medical costs. Benefits include general and specialist care, hospitalization, laboratory services, medicines, limited dental care, maternity care, appliances, rehabilitation, and transportation.

**Cost sharing:** There are specific cost-sharing arrangements for long-term hospitalization, artificial limbs, and transportation.

There is no limit on duration (except for physiotherapy).

Exceptional medical expenses insurance finances the cost of hospitalization from the 366th day.

### **Dependents' Medical Benefits**

All individuals are insured in their own right.

### **Administrative Organization**

Inspection Service for Work and Income (<http://www.iwiweb.nl>) provides general supervision of cash benefits.

Institute for Employee Benefits collects contributions for medical benefits and administers cash benefits for sickness and maternity.

Supervisory Board for Health Care Insurance (<http://www.ctz.nl>) provides general supervision of medical benefits and exceptional medical expenses benefits.

National Revenue Department (<http://www.minfin.nl>) collects contributions for cash benefits for maternity on behalf of unemployed workers and for exceptional medical expenses insurance.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1901.

Note: Beginning in 1967, there is no specific work injury program. The provisions of the 1966 and 1968 legislation under the sickness and maternity benefits and disability pensions programs (see above) apply to all incapacities, whether work related or not.

### **Unemployment**

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#### **Regulatory Framework**

**First law:** 1949.

**Current law:** 1987.

**Type of program:** Social insurance and social assistance system.

#### **Coverage**

Employed persons.

Special system for public-sector employees.

#### **Source of Funds**

**Insured person:** Variable contribution rates are paid to the general unemployment fund, according to industry. The average contribution is 5.80% of earnings. None for the redundancy payment fund.

The contribution for sickness and maternity benefits is included in the contribution for unemployment benefits.

The maximum daily earnings for contribution purposes are €167.70.

**Self-employed person:** Not applicable.

**Employer:** 3.45% of payroll for the general unemployment fund. Variable contribution rates are paid to the redundancy payment fund. The average contribution is 1.75% of payroll.

The maximum daily earnings for contribution purposes are €167.70.

**Government:** None.

### Qualifying Conditions

**Unemployment benefits:** The insured must be registered at the public labor exchange, be capable of and available for work, and must not refuse suitable employment.

**Short-term benefit:** Must have been in paid employment for at least 26 of the last 39 weeks.

**Salary-related benefit:** Must have been in paid employment for at least 26 of the last 39 weeks and have had at least 52 days of paid employment in at least 4 of the last 5 years.

**Follow-up benefit:** If unemployment continues after entitlement to the salary-related benefit is exhausted, a follow-up benefit may be payable. (The follow-up benefit was abolished for new claims for persons becoming unemployed after August 11, 2003.)

**Supplementary allowance (means-tested):** If unemployment benefits are less than the social minimum, a means-tested supplement can be claimed.

### Unemployment Benefits

**Short-term benefit:** The benefit is equal to 70% of the statutory minimum wage and is payable for 6 months.

**Salary-related benefit:** The benefit is equal to 70% of the last salary, up to the daily maximum earnings of €168. The duration of benefits depends on the insured's employment record.

**Follow-up benefit:** The benefit is equal to 70% of the statutory minimum wage (or 70% of the daily wage if this is less than the statutory minimum wage). A person who was aged 57.5 or older when unemployment began can receive the benefit until age 65. (The follow-up benefit was abolished for persons becoming unemployed after August 11, 2003.)

**Supplementary allowance (means-tested):** A means-tested supplement is payable.

### Administrative Organization

Inspection Service for Work and Income (<http://www.iwiweb.nl>) provides general supervision.

National Revenue Department (<http://www.belastingdienst.nl>) of the Tax and Custom Administration collects contributions.

Institute for Employee Benefits (<http://www.uwv.nl>) implements the different programs.

Social security agencies deliver benefits on a contractual basis.

## Family Allowances

### Regulatory Framework

**First law:** 1939.

**Current law:** 1963 (child benefits), with amendments.

**Type of program:** Universal system.

### Coverage

All covered persons with one or more children.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

#### Family allowances

**Children younger than age 16:** The child must be a member of the insured's household; if the child is not a member of the household, the benefit may be paid under certain conditions.

Benefits are payable abroad if residing in a European Union country; otherwise, under reciprocal agreement.

**Children aged 16 or 17:** Children attending school must spend at least 213 full hours per quarter receiving instruction (excluding homework and traveling time). Children who do not meet this condition may also qualify if they attend higher vocational or university training with a course load of at least 1,680 hours per school year or if they spend at least 1,600 hours per school year attending some other type of training. No benefit is payable for children who receive a student grant or loan under the Dutch Student Financing Act.

No benefit is payable if the child spends more than 19 hours a week in employment or receives an unemployment benefit. (Unemployed children must be seeking work for at least 19 hours a week and be registered at a Work and Income Center.)

Children who are ill or disabled must have a reduced earning capacity equal to 54% or less of the normal earning capacity of healthy children in the same age group.

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Benefits are payable abroad if residing in a European Union country; otherwise, under reciprocal agreement.

### **Family Allowance Benefits**

**Family allowances:** Depending on the composition of the family, the benefit for children born before 1995 ranges from €177.89 to €346.29 per child per quarter.

**Benefit adjustment:** Benefits are adjusted twice a year according to changes in the price index.

### **Administrative Organization**

Inspection Service for Work and Income (<http://www.iwiweb.nl>) provides general supervision.

Social Insurance Bank (<http://www.svb.nl>) administers child allowances.