

## Netherlands

Exchange rate: US\$1.00 equals 0.68 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, persons disabled since childhood, and students residing in the Netherlands.

#### Source of Funds

**Insured person:** 17.9% of covered earnings for the old-age pension and 1.1% of covered earnings for the survivor pension.

The maximum annual earnings for contribution purposes are €31,589.

**Self-employed person:** 17.9% of covered earnings for the old-age pension and 1.1% of covered earnings for the survivor pension.

The maximum annual earnings for contribution purposes are €31,589.

**Employer:** 5.65% of covered payroll for the disability pension for employed workers, plus a variable contribution for persons receiving disability benefits since before 2006.

The maximum annual earnings for contribution purposes are €46,205.

**Government:** A subsidy to increase all benefits up to the applicable social minimum, which is calculated as a percentage of the minimum wage and varies according to the type of beneficiary; 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 65 and, if income was earned, paid contributions each year from ages 15 to 65.

**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 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:** Paid 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:** Paid 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, and with no or little prospect of recovery.

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

**Partial disability:** Paid to disabled workers who are assessed as at least 35% disabled but less than 80% disabled. The insured is deemed capable of some work.

Benefits are also paid 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:** Paid 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 €984.86 a month. Couples, whether married or not, and both aged 65 or older, receive €673.84 a month each. A pensioner who is a single parent caring for a child younger than age 18 receives €1,222.72 a month. A person aged 65 or older with a partner younger than age 65 receives a monthly pension of €673.84 and an income-tested supplementary allowance up to a maximum of €673.84.

**Income-tested supplementary allowance:** Special rates apply 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 €1,211.01. The maximum supplement is paid if the partner's income from employment is less than €200.25. Income from employment (including unemployment benefits, disability benefits, and sickness benefits) is subtracted in full from the old-age pension; the supplementary allowance is paid if income is less than €673.84.

**Partial pension:** The pension is reduced by 2% for each year starting from 1957 for which the insured had earnings but did not pay contributions.

**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 at least 70% of his or her statutory wage.

**Permanent disability pension:** 75% of the insured's daily wage is paid. The benefit is normally paid 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.

**Partial disability:** 75% of the insured's daily wage is paid. The benefit is paid for at least 6 months up to a maximum of 5 years, depending on the number of years of previous employment.

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

After a medical review of an assessed full and permanent disability, a partial disability benefit may be paid; otherwise, the benefit for a full and permanent disability is paid to age 65.

**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 (the benefit payment period varies from a minimum of 6 months for less than 5 years of employment to a maximum of 5 years for 40 years of employment).

After the initial 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 initial 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 or the assessed residual earning capacity (in case this is higher than the work-related income). Partially disabled persons who do not meet this condition 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 €172.48 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 €1,335.00 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 79% 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:** €1,042.88 a month is paid to a widow(er) or an eligible unmarried partner. The benefit is reduced by the amount of the survivor's income.

## Netherlands

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

**Income test:** Income from employment up to 50% of the minimum wage (€667.50 a month) plus 1/3 of all earnings in excess of this amount is disregarded. No benefit is paid if monthly income is €2,232.83 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 €240.23 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 €333.72 a month; €500.58 if aged 10 to 15; or €667.44 if aged 16 to 18 (age 21 if a student).

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

**Death benefit:** A lump sum equal to 100% of monthly earnings (up to a daily maximum of €172.48) is paid for the death of an employed worker; up to the minimum wage (€1,335 a month) for unemployed workers. A lump sum equal to 1 month's benefit is paid for the death of a beneficiary of sickness benefits or disability benefits. For the death of an old-age pensioner, the deceased's partner receives a lump sum equal to 100% of the monthly old-age pension; for the death of a survivor pension beneficiary, 100% of the monthly survivor pension is paid to dependent children.

### Administrative Organization

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

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

Employers pay disability benefits to employees assessed as disabled for the first 2 years.

Institute for Employee Benefits (<http://www.uwv.nl>) administers disability benefits.

National Revenue Department of the Tax and Custom Administration (<http://www.belastingdienst.nl>) collects contributions on behalf of employed workers for disability benefits.

National Revenue Department (<http://www.minfin.nl>) collects contributions for old-age pensions and survivor pensions and for the disability pension for unemployed workers.

### Sickness and Maternity

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#### 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 sickness and maternity benefits:** Coverage is mostly through private providers. (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; 7.2% of the old-age pension is paid by the pensioner; 5.1% of other pension income is paid by the pensioner for medical benefits exceeding €31,231 (7.2% of the disability pension is paid by the pension institution on behalf of disability pensioners for medical benefits); and 12.15% of earnings up to €31,589 is paid for exceptional medical expenses insurance.

The maximum earnings for contribution purposes are €113 a day (medical benefits), €31,589 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 €31,231 for medical benefits and 12.15% of income up to €31,589 for exceptional medical expenses insurance.

The maximum earnings for contribution purposes are €113 a day (medical benefits) and €31,589 a year (exceptional medical expenses).

**Employer:** 7.2% of covered payroll for medical benefits.

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

The maximum earnings for contribution purposes are €113 a day (medical benefits), €31,231 a year (exceptional medical expenses), and €38,117 a year (cash sickness benefits and maternity benefits for unemployed workers).

**Government:** An annually determined contribution for medical benefits.

### **Qualifying Conditions**

**Cash sickness benefits:** The insured must be incapable of performing normal work.

**Cash maternity benefits:** The insured 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 €177.03. The benefit is paid 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 €177.03. The benefit is paid for up to 16 weeks.

**Death benefit:** The benefit is equal to 100% of earnings, up to the daily maximum of €177.03. The benefit is paid 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.

Dutch Health Care Authority (<http://www.nza.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**

#### **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**

#### **Regulatory Framework**

**First law:** 1949.

**Current law:** 1987.

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

#### **Coverage**

Employed persons.

#### **Source of Funds**

**Insured person:** Variable contribution rates are paid to the general unemployment fund, according to industry. The average contribution is 3.5% of covered earnings. None for the redundancy payment fund.

The maximum monthly earnings for contribution purposes are €3,850.40.

The insured's contributions also finance sickness and maternity benefits.

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

**Employer:** 4.75% of covered payroll for the general unemployment fund. Variable contribution rates are paid to the redundancy payment fund. The average contribution is 1.02% of covered payroll.

The maximum monthly earnings for contribution purposes are €3,850.40.

The employer's contributions also finance sickness and maternity benefits.

**Government:** None.

### Qualifying Conditions

**Unemployment benefits:** There must be a minimum loss of 5 working hours a week (or half the working hours a week when employed for less than 10 hours a week). The insured must be registered at the public labor exchange, be capable of, and available for work, and must not refuse suitable employment.

**Salary-related benefit:** The insured must have been in paid employment for at least 26 of the last 36 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 paid. (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 may be paid.

### Unemployment Benefits

#### Unemployment benefits

**Salary-related benefit:** The benefit is equal to 75% of the last salary, up to the daily maximum earnings of €177.04. The benefit is paid for 3 months if the insured was in paid employment for at least 26 of the last 36 weeks. If the insured was employed for at least 52 days each year before the year in which he or she became unemployed, the insured receives one month's benefit for each year he or she was employed, up to a maximum of 38 months.

**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 paid.

#### Administrative Organization

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

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

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### 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 paid for children who receive a student grant or loan under the Dutch Student Financing Act.

No benefit is paid 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 disabled must have a reduced earning capacity equal to 55% or less of the normal earning capacity of healthy children in the same age group.

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 €271.70 to €366.40 per child per quarter. For children

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born after January 1, 1995, €190.19 is paid for children up to age 6; €230.95 if aged 7 to 12; €271.70 if aged 13 to 18.

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.