

**Fourth Study Commission
Public and Social Law**

Questionnaire 2011

Unemployment benefits

THE NETHERLANDS

1. What means of improving the economic security of the unemployed are used in your country? Give an overview.

The social security system in the Netherlands is one of the most comprehensive in Europe. All employers and employees are obliged to pay contributions into the Dutch social security system, as well as taxes. Persons who are unemployed are entitled to unemployment benefit (see question 2).

At present, 4.2% of the working population in the Netherlands is unemployed.

Employers who hire unemployed persons can receive subsidy, which is intended to reduce unemployment. The conditions for this subsidy are:

- the employer hires the employee for at least one year and has the intention to hire the employee for at least another six months after the first year;
- the employee is younger than 50;
- the employee has been entitled to unemployment benefit for at least a year;
- the employee is finding it very difficult to secure a job;
- the employee has not been entitled to the subsidy in the previous 5 years.

The subsidy amounts to 50% of the minimum wage during a maximum of one year.

For persons over 50 years old the employer can apply for a reduction of the social security premiums. The amount of the reduction depends on the salary of the employee and can be up to a maximum of € 6,500.00 per year per employee, for a period of three years.

It is also possible for persons entitled to unemployment benefit to work for an employer for a trial period of a maximum of 3 months without salary, provided that the employer has the intention to hire the employee after the trial period for a period of at least 6 months. During the trial period, the employee remains entitled to unemployment benefit and he doesn't need to look for other work.

Other measures aimed at reducing unemployment include schooling and training.

2. Have you got a social security system regarding unemployment?

All employees in the Netherlands are insured against unemployment through the Unemployment Benefits Act (*Werkloosheidswet, WW*).

Furthermore, the Work and Social Assistance Act (WWB) grants a minimum income to anyone staying in the Netherlands legitimately and without sufficient means to provide for the necessary costs of living (public welfare). The person eligible for this benefit must do anything in his power to support himself and is obliged to agree to work that is generally accepted.

The WWB has national standards for people between 18 and 21, 21 and 65 and for people of 65 and older (this last group can be eligible for Supplementary Old Age Pension (AIO)).

The law distinguishes:

- married people, registered partners or people living together unmarried;
- single parents (taking care of one or more children under 18);
- singles.

A different standard applies for each of these groups. It is 100% of the net minimum wage for married people and people living together and 70% for single parents between 21 and 65 and 50% for singles between 21 and 65. The minimum wage is currently € 1,435.20 gross per month.

In my answers to the questions 3 through to 7 below, I will limit the information to the Unemployment Benefits Act (WW).

3. Is this social security system mandatory?

Yes, it is mandatory.

4. Who pays contributions to this social security system?

This is determined per year. For the year 2011, the premium for the unemployment benefit is paid by the employer. In earlier years, the premium was paid partly by the employer and partly by the employee.

5. How high are these contributions?

The premium is 4.2% of the salary of the employee, over a maximum amount of € 190.32 gross per day.

6. What are the conditions for entitlement to unemployment benefits (time of paying contributions; availability to work; leaving the last job only with good cause.....)?

The Unemployment Benefits Act insures employees becoming unemployed against the financial consequences of unemployment. The loss of income may be covered by unemployment benefit (WW benefit) for a certain period of time. This benefit bridges the period between jobs.

To be eligible for unemployment benefit, the employee must:

- be younger than 65;
- lose at least 5 working hours per week (or at least half of the working hours for those who work less than ten hours a week);
- no longer be entitled to pay over the lost hours;
- be available for work;
- meet the weeks requirement: having been employed at least 26 weeks in the 36 weeks before the first day of unemployment;
- not received sickness or disablement benefit for total disability or full disablement benefit (IVA);
- not received Work Resumption benefit for persons partially capable of work (WGA);
- timely register at UWV Werkbedrijf as looking for work.

If the employee becomes unemployed through no fault of his own, he will be entitled to unemployment benefit. No benefit or only a partial benefit is granted in the event of culpable unemployment. Someone who resigned or was fired for pressing reasons is culpably unemployed.

Generally speaking, the employee is unemployed through a fault of his own if he:

- has not tried hard enough to find a suitable job;
- has refused to accept a suitable job or has not found a suitable job through his own actions;
- fails to keep a suitable job through his own actions; or
- has specifically high requirements which prevent him from finding or accepting a suitable job.

7. How high are unemployment benefits (percentage of last income)?

The amount and duration of the unemployment benefit depend on the employment history of the employee. The amount of unemployment benefit depends on the daily wage of the employee before he became unemployed (last income) and is calculated over a maximum daily wage of € 190.32 gross per day.

- For the first 2 months, the unemployment benefit is 75% of the daily wage
- After 2 months, the unemployment benefit is 70% of the daily wage

The employee must have worked in 26 out of the previous 36 weeks before the first day of employment. How long a person will receive unemployment benefit depends on the number of years that he worked before he became unemployed. Unemployment benefit is payable for at least 3 months and at most 38 months.

A person who only meets the required number of weeks will receive unemployment benefit up to a maximum of three months. This required number of weeks means that the person in question must have worked for at least 26 during the 36 weeks prior to the date of becoming unemployed. The unemployment benefit will be extended if a person also meets the required number of years.

A person who has received wages for at least 52 days in four of the five calendar years prior to the year in which he has become unemployed also meets the required

number of years. The duration of the unemployment benefit is therefore dependent on the employment history. The benefit will be payable for as many months as the number of years in employment (with a maximum of 38 months).

The years from the calendar year in which the age of 18 years is reached up to and including 1997 are taken into account for everybody as years in employment. These years are known as the 'fictitious employment history'.

From 1998 onwards the actual years in employment are taken into account ('actual employment history').

From 2007 onwards, the number of years of unemployment during which voluntary work is carried out is also relevant to the employment history.

An example how the duration of the employment benefit is calculated:

an employee, born on 14 April 1965, becomes unemployed on 1 September 2011.

The employee reached the age of 18 in 1983.

His *fictitious* employment history is: $1998 - 1965 - 18 = 15$ years

His *actual* employment history is the years from 1998 up to and including 2010: 13 years.

The *number of years in employment* is $15 + 13$ years = 28 years.

The employee is entitled to 28 months of unemployment benefit, for the first 2 months 75% of the daily wage and thereafter 70% of the daily wage.