

**A short survey
of social security in the Netherlands
half-yearly summary
July 2005**

Introduction

All persons residing in the Netherlands are required by law to be insured under the national insurance schemes. All persons who work in the Netherlands and, consequently, pay income tax, are also insured. All employees are compulsorily insured under the insurance schemes for employees. Compulsory industrial disability insurance for self-employed persons under the Self-employed Persons Disablement Benefits Act (WAZ) was discontinued on 1 August 2004. Since 1998, civil servants are also covered by the WAO (Disablement Benefits Act) and, since 1 January 2001, also under the Sickness Benefits Act (ZV) and the Unemployment Insurance Act (WW) if they have become sick or unemployed on or after that date. However, there are exceptions to these main rules.

In some cases, people who are not compulsorily insured can take out voluntary insurance for certain risks. Further information can be obtained from the relevant social security agencies. As well as National Insurance schemes, there are also social provisions that supplement (family) incomes, bringing them up to the minimum guaranteed income level, depending on the particular domestic situation. The social provisions explained in this brochure are the Supplementary Benefits Act (TW), the Wajong (Disablement Assistance Act for Handicapped Young Persons), the Act on Income Provisions for Older, Partially Disabled Unemployed Persons (IOAW), the Act on Income Provisions for Older, Partially Disabled Formerly Self-employed Persons (IOAZ) and the National Assistance Act (ABW).

Foreigners residing in the Netherlands illegally have no entitlement to social security or welfare benefits.

Domestic situation: partner/household

In all social security acts, two unmarried persons living together are ranked on a par with married couples. This also applies to two brothers or sisters who live together and to a grandparent and a grandchild who live together. Only those people living together with parents or children are considered to be single. Married persons who are separated are also regarded as single persons, unless of course they live with someone else. A single parent is a person who has a child under the age of 18 as part of his or her household and for whom he or she receives child benefit.

To make for easier reading, the words 'he and she' have been avoided where possible. In such cases, 'he' is taken to refer to 'she' as well.

Contents

Introduction	2
Outline of social insurance schemes and benefits	3
Contributions	3
General Child Benefits Act (AKW)	4
General Old Age Pensions Act (AOW)	5
General Surviving Relatives Act (ANW)	6
Sickness Benefits Act (ZV)	7
Disablement Benefits Act (WAO)	8
General Act on Exceptional Medical Expenses (AWBZ)	10
Health Insurance Act (ZFW)	11
Unemployment Benefits Act (WW)	12
Self-employed Persons Disablement Benefits Act (WAZ)	13
Disablement Assistance Act for Handicapped Young Persons (Wajong)	14
Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (TOG)	15
Supplementary Benefits Act (TW)	16
Act on Income Provisions for Older or Partially Disabled Unemployed Persons (IOAW)	17
Act on Income Provisions for Older or Partially Disabled, Formerly Self-employed Persons (IOAZ)	18
Work and Social Assistance Act (WWB)	19
Artists Income Scheme Act (WWIK)	20
Reviews and Appeals	21
Social Security Institutions and Client Information	22
Abbreviations	22

Outline of Social Insurance Schemes and Benefits

Contributions

Contributions as of 1 July 2005	National Insurance Schemes (Contributions remitted to the tax authorities)		
	AOW	ANW	AWBZ
Contribution rate (%)			
Employer - Employee	- 17.90	- 1.25	- 13.45

The contributions are levied – in a single sum together with income tax – on a taxable income from labour and one's own home of a maximum of **€30,357** per annum. A standard income tax deduction applies to everybody.

Contributions as of 1 July 2005	Employees Insurance Schemes (Contributions remitted to the social security agencies).				
	WAO basic contribution	WAO differentiated calculated contribution	ZFW	WW (Awf)	WW (Wgf)
Contribution rate (%)					
Employer	5.60	1.67	6.75	2.45	1.75²⁾
Employee	-	-	1.45¹⁾	5.85	-

¹⁾ The ZFW contribution on AOW pensions is 8.20% and 6.20% on supplementary pensions. The contribution for persons on early retirement and self-employed persons is 8.20%.

²⁾ Average for companies: 1.89% for benefit claimants.

Disablement Benefits Act (WAO)

- v This contribution consists of two separate components:
 - the *basic contribution*; this is the same for all employers;
 - the *differentiated contribution* differs per company for large-scale employers and per industry for small-scale employers (calculated contribution, either increased or reduced depending on the number of people in the business who claim WAO; maximum contribution 6.84%. The threshold between large and small companies is a wage bill of **€642,500**).
- v Large employers may decide to bear the risk of WAO himself for the first four years. In that case they only pay the basic WAO premium.
- v An employer who (re)employs people who are incapacitated for work or elderly people may qualify for reduced contributions.
- v WAO contribution is paid on a maximum amount of **€167** per day.

Health Insurance Act (ZFW)

- v The wage limit for employees is **€33,000**. The income limit for persons of 65 and over (taxable family income) is **€21,000**. The income limit for self-employed persons (taxable income) is **€21,050**.
- v Contribution is paid on a maximum amount of **€114** per day worked (for a five-day working week). Self-employed persons pay a contribution over a maximum amount of **€21,050**.

Unemployment Benefits Act (WW)

- v The WW contribution consists of two separate components: one part is paid into the General Unemployment Fund (Awf); the other part into the social security agency's Redundancy Payment Fund (Wgf).
 - The WW contribution is paid over a maximum of **€167** per day. Also, a contribution-free allowance of **€58** per day applies with regard to the Awf contribution percentage.
 - Contributions are levied differently for government employees.

General Child Benefits Act (AKW)

The AKW offers financial benefit to assist in the cost of providing for children to those who care for or bring up children under the age of 18. The amount of child benefit depends on the age of the child and the size of the family. However, the latter does not apply with regard to children born after 31 December 1994. There are currently still two categories applicable (Tables 1 and 2). A child counts as one or two children for benefit purposes depending on whether the child lives at home or away from home, any income from labour the child might have, the child's age and, in certain cases, the size of the parental support contribution.

Amounts have not changed as of 1 July 2005 and the tables below show the quarterly amount of child benefit per child:

1. Children born before 1 January 1995 who reached the age of 6 or 18 after 1 October 1994:

age groups	6 – 11	12 - 18
Families with:		
1 child	€ 214.46	€ 252.31
2 children	€ 242.26	€ 285.01
3 children	€ 251.52	€ 295.90
4 children	€ 271.88	€ 319.86
5 children	€ 284.10	€ 334.23
6 children	€ 292.24	€ 343.81

3. The amounts for children born on or after 1 January 1995 are:

0 - 5 years	€ 176.62
6 - 11 years	€ 214.46
12 - 17 years	€ 252.31

General Old Age Pensions Act (AOW)

The AOW provides entitlement to old age pension for people who are aged 65 and over.

Pension rates apply as of 1 July 2005	Gross per month	Gross holiday allowance per month
single persons	€ 925.17	€ 46.20
single parents with children 18 or younger	€ 1,144.32	€ 59.41
married couples or couples living together	€ 632.03	€ 33.01
couple (married or living together) with full AOW supplementary allowance) (partner under 65)	€ 1,264.06	€ 66.02
couple (married or living together) without supplementary AOW allowance (partner under 65) ¹⁾	€ 925.17	€ 46.02

¹⁾ If the AOW pension commenced before 1 February 1994

The amounts given are for the full rate of pension.

Entitlement to AOW pension is accumulated at a rate of 2% for each year of insurance. A person not continuously insured between the ages of 15 and 65 will not receive the full AOW pension. A 2% reduction is made on the full pension for each year of non-insurance.

Net pensions for single persons and single parents correspond to 70% and 90% of the net minimum wage respectively.

Both partners in a couple (either married or living together officially) are independently entitled to a pension (50% of the net minimum wage of **€632.03**). Entitlement to a supplementary allowance of a maximum of 50% of the net minimum wage (**€632.03**) also exists if one partner has not reached the age of 65. If entitlement to pension commenced before 1 February 1994 and if the other partner is not yet 65, the pension is 70% of the net minimum wage. In this case, the supplementary allowance will be a maximum of 30% of the minimum wage (**€338.89**). Where pensions commence after this date, the supplementary allowance is a maximum of **€632.03**.

The supplementary allowance depends on the income from or related to the work of the younger partner (and this person's number of years insured). For pensions commencing after 1 July 1996, *work-related income* (benefits) is deducted from the supplementary allowance in full.

Part of the income *from work* - and for pensions commencing before 1 July 1996, work-related income as well - is disregarded (15% of the minimum wage, plus one third of the remainder). If the gross income is less than **€189.72** the allowance will still be paid out in full. If the gross income is above **€698.06** (in the event of a 30% allowance) or **€1,137.77** (a 50% allowance) no supplementary allowance will be awarded. A partial supplement will be awarded for incomes between these two figures.

No further supplementary allowances will be awarded to persons reaching 65 years of age on or after 1 January 2015.

General Surviving Relatives Act (ANW)

The ANW - which came into effect on 1 July 1996 - governs the statutory entitlement to benefit for widows, widowers and dependent children who have lost one or both parents. The deceased spouse, partner or parent must have been insured under the ANW on the date of his or her death.

Amounts are applicable as of 1 July 2005	Gross per month	Gross holiday allowance per month
ANW survivors' benefit	€ 990.31	€ 58.80
ANW dependent child allowance	€ 223.25	€ 16.79
orphans up to 10 years of age	€ 316.90	€ 18.82
orphans between the ages of 10 and 16	€ 475.35	€ 28.22
orphans between the ages of 16 and 21¹⁾	€ 633.80	€ 37.63

¹⁾ on the basis of the transitional arrangement this can be up to the age of 27

Entitlement exists to an ANW survivors' benefit if the surviving relative:

- has an unmarried child under the age of 18 who does not belong to another person's household, or
- is at least 45% disabled work, or
- was born before 1 January 1950.

Persons taking care of a child up to the age of eighteen who has lost one parent are entitled to ANW dependent child allowance. Children who have lost both parents are entitled to an orphans' benefit (up to the age of 16, or in the case of invalidity up to the age of 18, and up to the age of 21 if the child is a student).

ANW survivors' benefit is income-dependent. *Work-related* income (benefits) are deducted completely. Part of the income *from work* (salary, share in company profits, pre-pension, early retirement or a non-statutory benefit) is partially disregarded (50% of the minimum wage, plus one third of the remainder). In other words: if income from work is €632.40 (gross), ANW survivors' benefit is still paid out in full. If the income is €2,117.87 or more, no benefit is paid out. A proportionally lower amount is paid out in benefit on incomes between these two figures.

The survivor's benefit is also income-dependent for those falling under the **transitional arrangement** because they were entitled to AWW prior to 1 July 1996. For income *from work* (wages, early retirement, pre-pension and non-statutory benefits), the allowance amounts to 70% of the gross minimum wage (€885.36 per month) plus one third of the surplus income. For *work-related* income (WAO or WW benefits, for example), only the allowance of 70% is applicable.

However, in any event these survivors retain an *income-independent* benefit of 30% of the gross minimum wage (€379.44 per month). The remaining benefit income is reduced by the amount of the applicable allowance. If the monthly income is €1,833.96 or higher, the benefit amounts to €379.44.

A WAZ or Wajong benefit is deducted in full from the ANW benefit.

Upon marriage, registered partnership and cohabitation, the ANW survivors' benefit is terminated. If cohabitation ceases within a period of six months, then the surviving relative may request continuation of the ANW benefit.

Surviving relatives who cohabit because they or the partner is disabled retain part of their benefit €633.54 + €42 holiday allowance per month. Survivors' benefit always terminates at the age of 65.

Sickness Benefits Act (ZW)

The Dutch Civil Code stipulates that employers must continue to pay the salaries of sick employees for the first two years of sick leave (at least 70% of the salary). The first two days of sick leave may be at the expense of the employee. However, this must have been laid down in the employee's contract of employment or in the collective labour agreement. The employer continues paying salary until the employee has been on sick leave for 104 weeks, but never longer than the contract exists.

The Sickness Benefits Act (ZW) now only serves as a "safety net" for employees who do not have or no longer have an employer and in a few special circumstances. This refers to employees who have lost their job in the first year of their sickness, temporary workers on sick leave who do not have a permanent contract with their employment agency, those who are voluntarily insured, individual cases and the equivalent (home-workers, student trainees) and unemployed persons who are sick. Sick pay is also possible in the event of sickness prior to or following the 16 weeks of maternity benefit (see below), in the event of bankruptcy of the employer responsible for continuing to pay the salary, in the event of sickness in the first five years (or for an unlimited duration in the case of those entitled to a Wajong benefit) of having taken on a person who is incapacitated for work and in the event of sickness due to organ donation. For the safety net groups, the first two days of sick leave are sometimes at the expense of the employee.

Sick pay is 70% of the daily pay (maximum daily pay for 2005 is **€167.70**) and is paid out until the employee has been sick for 52 weeks.

After 104 weeks of sick leave, a review takes place to determine whether the employee qualifies for industrial disability benefits. Under certain conditions, sickness benefits can be topped up with an allowance payable under the Supplementary Benefits Act.

Female employees and female civil servants are entitled to benefit for pregnancy and delivery under the Work and Care Act amounting to 100% of the daily wage for a period of at least 16 weeks.

Disablement Benefits Act (WAO)

Conditions for awarding benefit

The WAO entitles employees under the age of 65 who become disabled to a benefit. To be eligible for the WAO benefit, a person – if that person became ill **before** 1 January 2004 – must be at least 15% occupationally incapacitated after a waiting period of 52 weeks. For employees who became ill **from** 1 January 2004, a waiting period of 104 weeks applies. After this period, they will most likely no longer receive WAO benefit but fall under new occupational disablement regulations.

WAO benefit consists of two phases:

1. The loss of income benefit, which is based on the daily wage. The maximum daily wage is **€167.70** (2005). Each month, 8% is reserved for the holiday allowance, which is paid out in May. The duration of the loss of income benefit depends on the recipient's age on the starting date of WAO benefit payments.

age	duration
up to 32	0 years
33 – 37	½ year
38 – 42	1 year
43 – 47	1½ years

age	duration
48 – 52	2 years
53 – 57	3 years
58	6 years
59 or older	up to the 65th birthday

2. Follow-up benefit which is based on the follow-up daily wage. In principle, follow-up benefit can be drawn until the age of 65. The follow-up daily wage is calculated as follows:

For each year above the age of 15 on the date on which a person's WAO benefit takes effect, 2% of the difference between his previous wage (a maximum of **€167.70** per day) and the minimum wage, including 8% holiday pay (**€62.80** per day), is added to the minimum wage. For example, if a person is 45 on the date on which his WAO benefit starts, so 30 years over the age of 15, this is then (30 x 2% =) 60% of that difference. This amount, added to the minimum wage, is the follow-up daily wage; i.e. the basis on which the follow-up benefit will be calculated.

The amount of the compensation for loss of income and follow-up benefit depends, in addition to the (follow-up) daily wage, on the degree of occupational disablement. This degree of disablement is determined based on what a person can still earn through "suitable work". Suitable work in this case refers to all the work that a person, in view of his state of health and capacities, can still carry out. The income from this work is compared to the original wage.

There are seven classes of disablement:

For a disablement percentage of:	the benefit is:
15 to 25%	14% of 100/108 times the daily wage or follow-up daily wage
25 to 35%	21% of 100/108 times the daily wage or follow-up daily wage
35 to 45%	28% of 100/108 times the daily wage or follow-up daily wage
45 to 55%	35% of 100/108 times the daily wage or follow-up daily wage
55 to 65%	42% of 100/108 times the daily wage or follow-up daily wage
65 to 80%	50.75% of 100/108 times the daily wage or follow-up daily wage
80% or more	70% of 100/108 times the daily wage or follow-up daily wage

Should the disabled person be so infirm that regular care and nursing are necessary, the benefit can be increased to a maximum of 100% of the (follow-up) daily wage. This does not apply if the person involved is institutionalised and the costs are paid by an insurance company.

If the WAO benefit, together with other family income, is less than the minimum guaranteed income, a supplementary benefit may be applied for under the Supplementary Benefits Act (TW). Upon the death of a WAO benefit recipient, his next of kin are entitled to a death grant.

Different rules may apply for those already receiving WAO benefit as of 1 August 1993.

General Act on Exceptional Medical Expenses (AWBZ)

The AWBZ insures those severe medical risks, for residents of the Netherlands, which are not covered by compulsory or private health insurance. This includes all kinds of care and nursing in/by AWBZ institutions (including day care) and certain forms of care at home.

Since 1 April 2003, care has been defined in terms of seven functions. They are home care, personal care, nursing, supportive after-care, activating after-care, treatment and residence. The care assessment centre (CIZ) establishes the function required as well the extent of the requirement per function (level of care). Insured persons can, except when the issue centres on "treatment" or "residence", choose between care in kind or a personal budget.

In addition, the AWBZ provides for: hospital and rehabilitation care after 365 days, antenatal care, research into congenital metabolic disorders and the vaccination programme for children, as well as the transport and use of nursing equipment.

Insured persons aged 18 and above pay a contribution of **€11.80** per hour towards the costs of home care, personal care and nursing. The maximum contribution payable is determined separately for each individual person based on income, with the proviso that the minimum payable is **€16.20** and the maximum **€536.80** per four weeks.

In 2005, the contribution for psychotherapy is **€15** per session up to a maximum of **€675** per calendar year. For family therapy, the contribution and maximum apply per family. For partner relationship psychotherapy, everyone pays **€7.50** up to a (combined) maximum of **€675** per calendar year.

Single persons aged 18 and older and married/unmarried couples who both spend full days in an AWBZ institution pay a contribution of up to **€1,728** that commences after six months' residence. During this waiting time, or if there is still partner living at home and in a small number of other situations, there is a "low" contribution linked to income, with a minimum contribution of **€132.60** and a maximum of **€696.60** per month. Psychiatric patients pay nothing in the first year.

In addition to residents of the Netherlands and those employed there, the following are also insured under the AWBZ: those with compulsory health insurance living in a country that is a treaty signatory and often their families. Those who go to live abroad and who receive a long-term Dutch benefit, but without compulsory health insurance, can voluntarily continue their AWBZ insurance. Those wishing to become eligible for this must report to the Social Insurance Bank (SVB) within twelve months of departure.

Health Insurance Act (ZFW)

The Health Insurance Act (ZFW) grants entitlement to hospital admission, medical, paramedical and limited dental care. The Health Insurance Act also provides for claims to medical aids, medicines, bandages and rehabilitation. Some of these facilities involve a contribution from the recipient.

Those insured under the Act are employees with an agreed fixed salary not exceeding **€33,000** per year (the income threshold), as well as most benefit recipients. For the means test, all income components for which health insurance contributions must be paid are totalled.

Subject to certain conditions, since 2000 self-employed persons earning less than **€21,050** in taxable income are also insured. Self-employed persons with a taxable income above this limit cannot be insured in any other way under the Health Insurance Act, not even as a co-insured person.

With effect from 2002, under certain conditions, those who receive maintenance and have a taxable joint income below **€21,050** are insured. They must have previously been co-insured under their ex-partner's health insurance. As soon as they become covered by health insurance, the maintenance ceases to be a basis for insurance.

In general, a partner (either by marriage or cohabitation) who is under the age of 65 and who belongs to the insured party's household, plus any natural children, step-children or foster children for whom there is entitlement to child allowance, can be co-insured. The criterion for co-insurance is that the insured party is the breadwinner for the co-insured persons. This is the case if health insurance contributions are paid over at least half of the joint income of the insured party and the co-insured person.

The employee pays health insurance contributions at a rate of 1.45% of his wage; the employer 6.75%. Persons insured with a health insurance fund and who are receiving benefit and those on pre-pension pay the same rate as employees (1.45%), and the social security benefits agency 6.75%. Those on pre-pension pay 8.20% of their pension, contribution is paid on a maximum of **€114** per day. Self-employed persons pay on a maximum of **€21,050**. Those entitled to maintenance pay 8.20% of the maintenance amount.

Persons aged 65 and older are insured under the ZFW if they were insured under the ZFW on the last day of the month prior to month in which they reached the age of 65 and were also insured under the ZFW in three of the previous five years. The latter requirement does not apply to persons who were insured under the Health Insurance Act because they were receiving a benefit when they turned 65. A person aged 65 or older who is privately insured may choose to be insured with a health insurance fund if his taxable (family) income is less than **€21,000**.

Old-age pensioners pay a 8.20% health insurance fund contribution over their old-age pension and 6.20% over the pension and any salary they receive, over a maximum of **€29,640**.

In addition to the percentage contribution, a fixed amount per month (the nominal contribution) must also be paid for each insured person and all (co)insured persons of 18 years of age and above. This nominal contribution varies from one health insurance fund to another.

The no-claim return with respect to insurance under a health insurance fund was introduced in 2005. Insured persons whose medical expenses in a policy year are less than **€255** are entitled to a no-claim return before 1 April of the subsequent year. The amount of this return is the difference between **€255** and actual medical expenditure. In this connection, actual medical expenditure does not include: obstetric and maternity care, general practitioner care and all care for children under 18 years of age, screening and influenza vaccination.

The expectation is that a completely new health insurance system will become effective in 2006, as a result of which the difference between health insurance fund cover and private insurance will disappear.

Unemployment Benefits Act (WW)

The WW insures employees who become unemployed against the financial consequences of unemployment. The WW now also covers civil servants, with effect from 1 January 2001.

Entitlement to WW benefit is based on a person having been employed for a period of at least 26 weeks over the 39 weeks immediately prior to becoming unemployed (the weeks requirement). Different requirements apply for different categories of employees (seasonal workers for instance). A person who only satisfies the "weeks requirement" receives the **short-term** benefit: 70% of the minimum wage for a period of six months (or 70% of the daily wage if this is less than the minimum wage).

In order to become entitled to **salary-related** WW benefit (70% of one's last salary, but never in excess of 70% of the maximum daily wage, or **€ 167.70**), wages must have been received over 52 days or more in at least four of the five calendar years prior to the year in which the person in question became unemployed (the 4 out of 5 requirement). Calendar years in which a person received child benefit for a child belonging to his household below the age of 5 are counted in full (until 2005), as $\frac{3}{4}$ (until 2007) and as half (from 2007) for the 4 out of 5 requirement. Similarly, these years also count as the employment record (see below). People receiving disablement benefit (WAO, WAZ, Wajong, Wamil) who become unemployed need not meet the 4 out of 5 requirement to become eligible for a salary-related WW benefit.

The duration of wage-related benefits depends on a person's **employment record**. This is calculated as follows: establish in how many calendar years in the period from 1998 up to and including the calendar year preceding the commencement of unemployment wages were received for at least 52 days (A). Then count the number of calendar years prior to 1998, proceeding back to the calendar year in which the person concerned became 18 years of age (B). The total of A and B is referred to as the employment record.

For an employment record of:	salary-related benefit lasts for	For an employment record of:	salary-related benefit lasts for
4 years	6 months	25 to 30 years	2½ years
5 to 10 years	9 months	30 to 35 years	3 years
10 to 15 years	1 year	35 to 40 years	4 years
15 to 20 years	1½ years	40 years or more	5 years
20 to 25 years	2 years		

The extended unemployment benefits that used to follow on from wage-related benefits were abolished on 1 August 2003.

Each month, 8% of a person's unemployment benefit is set aside for payment of a holiday allowance in May. A person whose unemployment benefit together with other family income comes to less than the guaranteed minimum income may apply for a top-up benefit under the Supplementary Benefits Act (TW).

The Institute for Employee Benefits Schemes (UWV) must refuse payment of all unemployment benefits if the applicant is culpably unemployed. If the applicant is not predominantly to blame for his unemployment, however, the application for benefits will be refused partially, on a temporary basis, by reducing the benefit percentage from 70 to 35% for a period of 26 weeks. If an applicant refuses to accept suitable employment, the UWV will be obliged to refuse payment of benefits for the number of offered hours of work.

All WW benefit recipients must register with the Centre for Work and Income (CWI), accept any suitable work offered and apply for jobs. Persons who become unemployed at age 64 are not required to fulfil any of the above obligations. The benefit must be applied for through the CWI. They will first see whether work is available. If no work is available, the application for benefits will be forwarded to the UWV.

Self-employed Persons Disablement Benefits Act (WAZ)

The WAZ was revoked as of 1 August 2004. Only self-employed entrepreneurs who became occupationally disabled before that date may, after a waiting period of one year (so by 1 August 2005 at the latest), still be eligible to receive a WAZ benefit. The self-employed person who was already receiving a WAZ benefit on 1 August 2004 will continue to receive this as long as entitlement conditions are met. Concerning the risk of occupational disability, self-employed persons who (have) become occupationally disabled after 1 August 2004 must have recourse to private insurance policies or their own reserves.

The WAZ insures against a loss of income resulting from long-term occupational disability for self-employed persons, professionally collaborating spouses and professionals such as managing directors, majority shareholders, home care workers and so on. The amount of the benefit depends on the degree of occupational disability and the basis (the income lost). The maximum basis – just as in the case of the Wajong (p. 14) – is the minimum wage.

In the month of May, an 8% holiday benefit is paid out. A supplementary benefit is possible by virtue of the Supplementary Benefits Act (TW).

To be eligible for a WAZ benefit, a person must, in addition:

- have worked with the object of making profit or acquiring other income in the 52 weeks prior to the onset of occupational disability;
- continuously have been at least 25% occupationally disabled for 52 weeks;
- subsequently be at least 25% occupationally disabled for normal employment;
- report the occupational disability within 13 weeks of its onset to the UWV;
- apply for a WAZ benefit at the UWV in a timely manner.

As of 1 October 2004, a WAZ benefit is granted for an indefinite period of time (instead of five years). If the WAZ claimant dies, the surviving relatives are entitled to a death grant. Women insured by the WAZ used to be entitled to a maternity benefit for at least 16 weeks by virtue of the Work and Care Act. This too is now only possible in transitional situations (see below).

Increased health risk

The starting self-employed person who is refused the “ordinary” disability insurance because he is at increased health risk can make use of an alternative form of insurance. Those insured by the WAZ automatically received an offer for the alternative insurance policy from the insurer which they could accept until 1 November 2004. Those who are not refused but whose acceptance is conditional upon certain exclusions and/or additional premiums can likewise opt for the alternative insurance policy. The starting entrepreneur must notify the insurer within three months of the start of his company. The alternative insurance policy is also open to those currently entitled to a WAZ benefit who are declared fully fit for work. These individuals must submit an application for the insurance policy within three months following the termination of a WAZ benefit.

The net premium for the alternative insurance policy for full-time workers is between **€2,000** and **€2,500**, depending on the professional category. The benefit amounts to a maximum of **€11,500** per year.

Maternity benefit

As of 1 August 2004, the self-employed person will also have to insure for the risk of pregnancy privately or will have to reserve money herself.

For the self-employed female whose estimated or actual delivery date was before 40 weeks after 1 August 2004, the transitional arrangement stipulated that she was still eligible to receive maternity benefit.

For home care workers and other individuals previously insured by the WAZ who have an employment contract according to civil law, the right to maternity benefit will not be revoked. These individuals can continue to apply for the benefit in question at the UWV.

Leave for adoption or foster care

As a result of the repeal of the WAZ, self-employed persons will, as of 1 August 2004, no longer be entitled to an adoption and foster care leave or benefit. A transitional arrangement nevertheless applied in the case of an adopted or foster child which had actually been taken into the family within 40 weeks after 1 August 2004.

Disablement Assistance Act for Handicapped Young Persons (Wajong)

The Wajong makes provision for a minimum benefit for *young handicapped people*. This refers to residents of the Netherlands under the age of 65 who:

- are incapacitated for work when they reach the age of 17 or who
- have become disabled since that date and who were *students* for at least six months in the year immediately prior to that date.

A student includes those who receive a study grant under the Student Finance Act 2000 or the Educational Contribution and School Fees Allowance Act (WTOS). Students also include those who do not belong to these groups but who are under the age of 30 and receive lessons or practical training for at least 213 hours per three months (or have so many hours of study as a student that these can be equated to 213 hours per quarter).

The Wajong benefit depends on the degree of disability and the benefit basis.

The basis for this benefit is the minimum (youth) wage per month excluding holiday allowance, divided by 21.75.

As of 1 July 2005, basis per day for:		if the degree of disability is:		the benefit is:	
23 years of age and above	€ 58.15	less than	25%	nil	
22	€ 49.43	between 25 and 35%		21%	of the basis
21	€ 42.16	between 35 and 45%		28%	of the basis
20	€ 35.76	between 45 and 55%		35%	of the basis
19	€ 30.53	between 55 and 65%		42%	of the basis
18	€ 26.46	between 65 and 80%		50.75%	of the basis
		80% upwards		70%	of the basis

If the young handicapped person is so infirm that regular minding and care is essential, benefit may be increased to a maximum of 100% of the basis. This does not apply if the person in question has been admitted to an institution and the costs of this are paid for by an insurer.

If the (family) income of the young handicapped person is less than the applicable social minimum, he may be entitled to an allowance under the Supplementary Benefits Act and the person in question may possibly also be able to claim a partial IOAW benefit.

A young handicapped person is entitled to Wajong benefit if he:

- has been at least 25% unfit for work for an uninterrupted period of 52 weeks (the waiting time);
- has since then been 25% incapacitated or more.

The young handicapped person must report to the UWV within thirteen weeks of his 17th birthday or within the first 13 weeks of the waiting time. The Wajong benefit must then have been applied for from the UWV within 9 months of commencement of the disability. The Wajong benefit may not commence prior to the applicant's 18th birthday.

The Wajong benefit is granted for an indefinite period of time. If the recipient leaves to a foreign country, the right to the benefit ends. A hardship clause applies in certain situations: the right to the benefit can revive upon return. If the Wajong claimant dies, any surviving relatives are entitled to a death grant.

The Wajong is implemented by the UWV.

Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (TOG)

The *Regulations governing Contributions towards the Upkeep of Disabled Children living at Home* (TOG) provides an additional contribution (**in addition to child benefit**) for parents for the upkeep of a disabled child living at home.

You are entitled to a contribution if you live in the Netherlands and care for a disabled child at home, who requires almost constant minding or care and if your child's disability is the result of one or more physical or mental disorders. The child must be between the ages of 3 and 17.

From the age of 18 a child can be considered for benefit under the Wajong act, see page 14.

The contribution towards the upkeep of a disabled child living at home is € **199.28** per quarter as of 1 January 2005. This amount is tax-free.

All TOG applications are dealt with by the Sociale Verzekeringsbank, P.O. Box 1244, 6040 KE Roermond. Application forms are available from this address. If the applicant is eligible, the quarterly amount (like child benefit) will then be transferred automatically, provided entitlement exists.

If the information is insufficient for you to be awarded a contribution, a medical assessment will take place. In most cases, this is not necessary. The process is not therefore long or complicated.

Supplementary Benefits Act (TW)

The Supplementary Benefits Act tops up benefits under the ZW, WW, WAZ, Wajong, WAO and Wamil schemes to the guaranteed income level (i.e. the statutory gross minimum wage per month divided by 21.75) for benefit claimants whose total income (plus that of their partner) falls short of that level. Under the Work and Care Act a top-up on pregnancy benefits may be claimed. A top-up can also be applied for if a person receives continued wage payments in the second year of illness.

The top-up equals the difference between the applicable guaranteed income level and the actual income.

Gross minimum guaranteed income as at 1 July 2005 per day

single persons aged 23 or over	€ 40.71	(70% of minimum wage)
single parents	€ 52.34	(90% of minimum wage)
married persons and couples living together	€ 58.15	(100% of minimum wage)

For single persons under the age of 23 lower amounts apply.

The term "income" covers all work-related earnings, including most social security benefits, of claimants and their partner. Assets such as a private home or savings are disregarded.

For two years at most, part of the work-related income (up to a maximum of 15% of the minimum wage) is disregarded when calculating the right to a supplementary benefit.

The maximum rates of supplementary benefit are:

30% of the minimum wage for married persons and couples living together;

27% of the minimum wage for single parents;

21% of the minimum wage for single persons.

Supplementary benefit will never be more than the difference between the daily earnings or the basis on which the benefit has been calculated and the benefit to compensate for loss of income.

There is no entitlement to supplementary benefit:

- v for unmarried persons under 21 living with their parents;
- v for persons living with a partner (either married or not) born after 31 December 1971 who no longer have any children under 12 living at home;

Applications for supplementary benefit must – preferably at the same time but in any case within 6 weeks of the application for the benefit itself – be submitted to the agency where the benefit to which the supplement applies was applied for.

Act on Income Provisions for Older or Partially Disabled Unemployed Persons (IOAW)

The IOAW scheme is intended to provide older and partially disabled unemployed persons with an income at the minimum guaranteed level.

Gross monthly IOAW benefit amounts (including 8% holiday allowance) as at 1 July 2005.

single persons aged 23 or over	€ 1,049.68
single parents aged 21 or over	€ 1,234.97
married persons and couples living together (both partners aged 21 or over)	€ 1,352.86

The amounts for single people under 23 are lower.

Persons qualifying for IOAW benefit:

- v unemployed persons aged 50 when they became unemployed and have received wage-related benefits (plus the follow-up benefits if they were still entitled to them) under the Unemployment Benefits Act;
- v unemployed persons who were 57½ or over when they became unemployed and who meet the “weeks requirement” but not the “4 out of 5 requirement” of the WW scheme, implying that they only receive unemployment benefit for a short period of time;
- v partially disabled persons who are receiving a partial WAO or other statutory invalidity or accident benefit, who are unemployed and who have received wage-related benefit and the follow-up benefit under the Unemployment Benefits Act;
- v young handicapped persons receiving a Wajong benefit based on a disability level of less than 80%.

With the exception of young handicapped people, the IOAW benefit is linked to the benefit under the WW.

The IOAW supplements the total income of the unemployed and their partners (income from labour, benefits, pensions) bringing it up to the minimum guaranteed income level.

Assets, such as a private home or savings, are disregarded.

Act on Income Provisions for Older or Partially Disabled, Formerly Self-employed Persons (IOAZ)

The IOAZ scheme is intended to provide older and partially disabled persons who were formerly self-employed with a minimum guaranteed income.

Gross monthly IOAZ benefit amounts (including 8% holiday allowance) as at 1 July 2005.

single persons aged 23 or over	€ 1,049.68
single parents aged 21 or over	€ 1,234.97
married persons and couples living together (both aged 21 or over)	€ 1,352.86

Persons qualifying for IOAZ benefit:

- v older self-employed persons aged 55 or over who earn less than the minimum guaranteed income level for self-employed persons **€22,288** and are thus forced to end their professional or business activities. Claimants only qualify if their average annual income has been below the minimum guaranteed level for the three years preceding the claim and is not expected to exceed that level in the future. A claimant must have been engaged in business or professional activities for at least ten years, or for at least 3 years following a period of 7 years as an employee;
- v partially disabled self-employed persons aged under 65 who became occupationally disabled before 1 August 2004 and who were forced to end their professional or business activities due to their disability. In order to qualify, claimants must be entitled to a WAZ benefit based on a disability level of less than 80%. A claimant must have been engaged in professional or business activities for at least three years and the expected earnings from those activities must not exceed the minimum guaranteed income level of **€22,288**.

Applications for IOAZ benefit should be submitted before the claimant's professional or business activities are terminated. Claimants must end these activities within 18 months of submitting an application, after which benefit payments will start. The IOAZ benefit supplements the total income of the claimant and his or her partner (income from labour, benefits, pensions) up to the minimum guaranteed income level.

Assets up to a value of **€112,220** are disregarded. Any surplus is assumed to yield 4% per annum, which is subtracted from the benefit.

Work and Social Assistance Act (WWB)

The Work and Social Assistance Act provides a minimum income for all persons residing legally in the Netherlands with inadequate financial resources to meet their essential living costs.

People are required to do everything they possibly can to support themselves. The claimant is under obligation to take generally acceptable work. The same applies to the unemployed person's partner. If it proves impossible to find work, a person may apply for support from the social services department. Together with the CWI or a reintegration organisation, they will help the applicant find work or take training. The way a municipality is required to provide this form of support is laid down in a regulation with accompanying policy rules.

If the claimant refuses to co-operate in efforts to find employment, the social services department will reduce the benefits or stop them entirely. The same applies in the event of failure to fulfil other conditions for obtaining benefits, like providing requested information. This Act is of a complementary nature. If a person is receiving maintenance, benefits or income from paid work, for example, the Act provides a top-up to the applicable assistance level. Assets above a certain amount are taken into consideration (there is an allowance of **€10,210** for families and **€5,105** for single persons). If the assets are tied up in a house, the assistance will be given in the form of a loan (credit mortgage) that must be repaid once the claimant's own income is sufficient. In such cases, larger allowances are applicable.

Under the Work and Social Assistance Act there are national standards for persons aged between 21 and 65 and for persons aged 65 and older. The Act makes a distinction between:

- v married couples, registered partners or unmarried cohabitants¹⁾;
- v single parents;
- v single persons.

¹⁾ *This includes all situations in which two people run a joint household, with the exception of immediate relatives (parent-child).*

Each group has a separate standard amount. For married couples and cohabitants between 21 and 65 the national standard is 100% of the net minimum wage; for single parents aged 21 to 65, 70%, and for single persons between 21 and 65, 50%. The point of departure for the standard amount for single parents and single persons is that (housing) expenses can be shared with other people. If this not the case, or only partly the case, the municipal authorities can award a supplementary allowance of no more than 20% of the net minimum wage. Single parents or single persons living on their own and, consequently, unable to share their essential living costs with other persons, are entitled to this maximum allowance. There is no separate allowance available for persons of 65 or older; their benefit is fixed at the net AOW pension amount. The level for young persons under the age of 21 is based on child allowance figures. If these young persons are faced with higher living costs, then their parents are responsible for these. If parental assistance is not possible, a supplementary allowance can be claimed under the special social assistance scheme.

Assistance levels as of 1 July 2005 (Net amounts)	Per month	Holiday allowance	Total
Aged 21 to 65			
Married couples ¹⁾	€ 1,098.57	€ 55.39	€ 1,153.96
Single parent	€ 769.00	€ 38.77	€ 807.77
Single person	€ 549.28	€ 27.70	€ 576.98
Maximum supplement for single parent and single person aged between 21 and 65	€ 219.71	€ 11.08	€ 230.79
Under 21			
Married couple ¹⁾ , both partners under 21 Without children	€ 379.64	€ 19.14	€ 398.78
With children	€ 599.35	€ 30.22	€ 629.57
Married couple, one partner under 21 Without children	€ 739.10	€ 37.27	€ 776.37
With children	€ 958.82	€ 48.34	€ 1,007.16
Single parent	€ 409.53	€ 20.65	€ 430.18
Single person	€ 189.82	€ 9.57	€ 199.39
65 or older			
Married couples ¹⁾ both partners aged 65 or older	€ 1,162.41	€ 58.61	€ 1,221.02
Married couples ¹⁾ one partner younger than 65	€ 1,162.41	€ 58.61	€ 1,221.02
Single parent	€ 1,042.66	€ 52.57	€ 1,095.23
Single person	€ 827.78	€ 41.74	€ 869.52

¹⁾ or unmarried persons living together

For school-leavers, the social services can set the benefit lower for the first six months (maximum 1 year) after the education or training has finished. People aged 21 or 22 may also receive less benefit if the social services find that full benefit will make employment financially unattractive. Applications for assistance involving an obligation to work must be submitted to the CWI. Applications for other assistance, such as special social assistance, must be submitted to the municipal social services or the Social Services Department.

People who have an income that is below the assistance level for five years or more, who have no eligible assets and no prospects of employment, can receive a long-term allowance. This amounts to:

- €466 for married people;
- €418 for single parents and
- €327 for single people.

Special social assistance

Entitlement exists to special social assistance if essential, special costs are incurred which the municipal authorities feel that the person in question is unable to meet, for example, removal costs, tuition fees, child-care, additional housing costs, etc.. Income and capital is always taken into account.

Artists Income Scheme Act (WWIK)

The aim of this Act is to support beginning artists in developing profitable professional practices and to enable all established artists to sustain temporary reductions in income. To be eligible for the WWIK benefit, a beginning artist must have completed an officially recognised art education programme. Established artists must satisfy profession-based requirements. An advisory body subsequently advises municipal authorities on an annual basis as regards professional standards for all persons entitled to the WWIK benefit.

As of 2005, an applicant of the WWIK benefit (not the newly graduated) must satisfy an income requirement: **€1,200** in the year preceding the application. After the first twelve months of benefit payments, the income requirement is increased to **€2,800**, to **€4,400** after another twelve months and to **€6,000** after 36 months. The required income can be earned both by art and through other work.

An artist is entitled to receive WWIK benefits for a maximum of four years within a ten-year period. The benefit is a gross amount. In net terms, the benefit amounts to approximately 70% of the national assistance level plus the maximum municipal supplementary benefit. Holiday allowance is included in the net amounts and, under the WWIK, does not constitute a benefit payment to be made separately.

Gross monthly WWIK benefit amounts (including 8% holiday allowance) as at 1 July 2005	
Single persons	€ 737.26
Single parents	€ 944.29
(Married) couples	€ 1,080.95

The artist may supplement his WWIK benefit up to 125% of the national assistance amount that applies to him through additional earnings. A maximum amount of **€3,408** may first be deducted as professional expenses from the additional earnings.

The artist is not subject to the obligation to apply for jobs as long as he is receiving WWIK benefits. The artist must choose between the WWIK benefit or social assistance. Social assistance can never augment the WWIK benefit.

The WWIK scheme is implemented by 20 designated municipalities.

Reviews and Appeals

Persons who disagree with a decision taken by a social security institution must, in general, first file a notice of objection with the same institution and, once the objection procedure has been completed, can lodge an appeal with the administrative law department of the court.

If, however, the aggrieved party has already held extensive consultations with the social security institution without result, he can indicate his wish to lodge a direct appeal in his notice of objection. The objection procedure is then skipped and the social security institution reviews the case to determine whether it is suitable for direct appeal. If so, the social security institution forwards the notice of objection to the court forthwith.

Social Security Institutions and Client Information

A list of social security institutions and the benefits for which they are responsible is given below.

AOW, ANW and AKW	Social Insurance Bank (SVB)
ZW, WAO, WW, WAZ, Wajong, TW¹⁾ and the Work and Care Act	Institute for Employee Benefit Schemes (UWV)
WWB, IOAW, IOAZ and WWIK¹⁾	Municipal Social Services
ZFW	Health insurance Funds
AWBZ	Health insurance funds and designated private health insurance companies

¹⁾ Applications for WW, TW, WWB, IOAW and IOAZ for those who have an obligation to work have to be submitted to the Centre for Work and Income (CWI)

Contributions for the AOW, ANW, AWBZ, schemes and the health insurance fund contribution for self-employed persons are collected by the tax authorities, while contributions for the WAO, WW and Health Insurance Act (ZFW) schemes are collected by the National Institute for Social Security.

Should you require additional information about these social security regulations, you can also contact the institution responsible for implementing the Acts in question.

Various brochures with more detailed information about these Acts are available.

Abbreviations

AKW	General Child Benefit Act
ANW	General Surviving Relatives Act
AOW	General Old Age Pensions Act
AWBZ	General Act on Exceptional Medical Expenses
IOAW	Act on Income Provisions for Older, Partially Disabled Unemployed Persons
IOAZ	Act on Income Provisions for Older, Partially Disabled Formerly Self-employed Persons
TOG	Care Allowance Scheme for Handicapped Children Living at Home
TW	Supplementary Benefits Act
Wajong	Disablement Assistance Act for Handicapped Young Persons
WAO	Disablement Benefits Act
WAZ	Self-employed Persons Disablement Benefits Act
WWIK	Artists Income Scheme Act
WW	Unemployment Insurance Act
WWB	Work and Social Assistance Act
ZFW	Health Insurance Act
ZW	Sickness Benefits Act

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