European Commission

EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Financing social protection

The Netherlands

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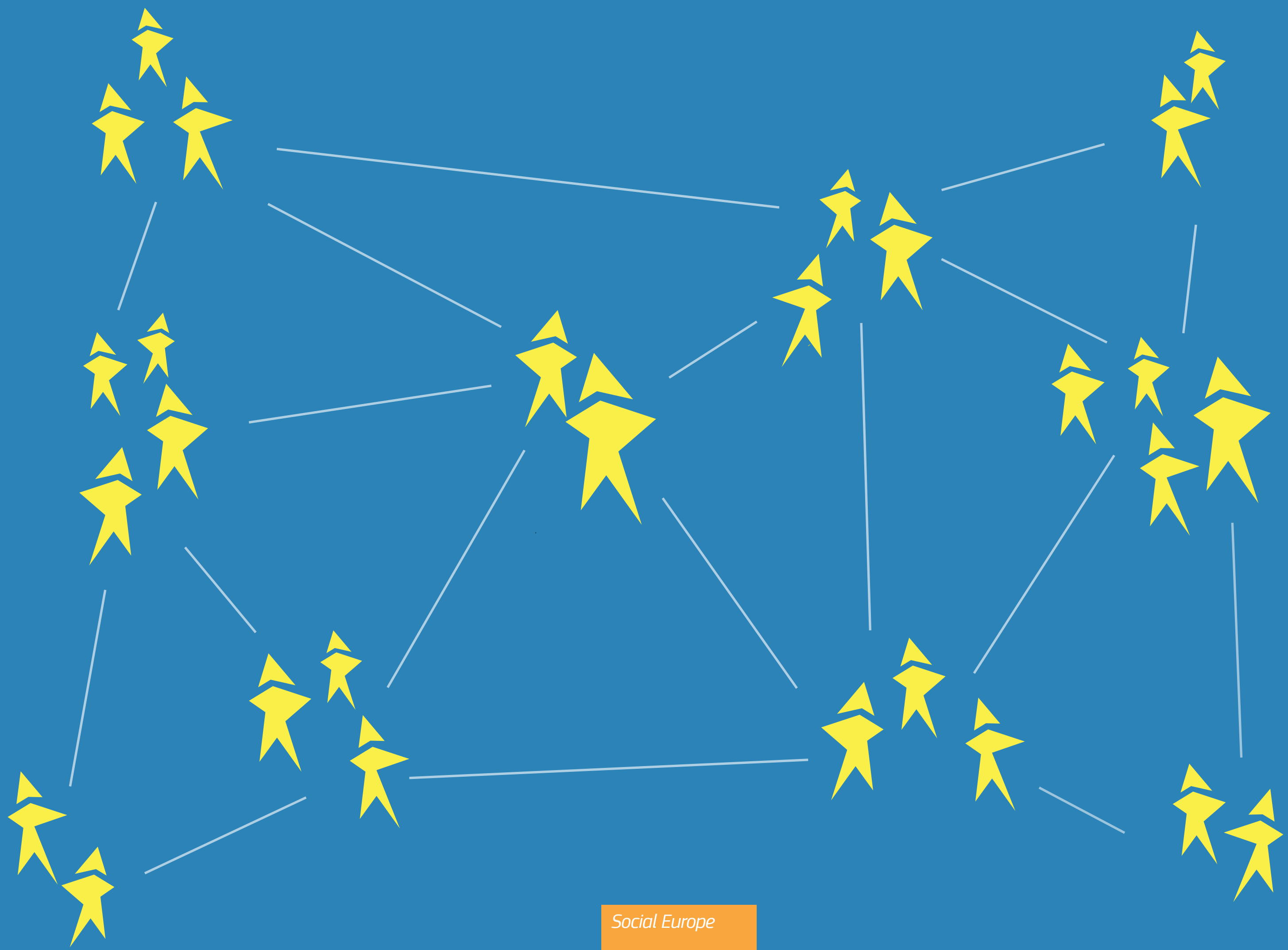

Social Europe

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European Social Policy Network (ESPN)

ESPN Thematic Report on Financing social protection

The Netherlands

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by the Luxembourg Institute of Socio-Economic Research (LISER) and APPLICA, together with the European Social Observatory (OSE).

For more information on the ESPN, see:
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Summary

The share of GDP spent on social protection was quite similar in the Netherlands to that in the EU28 up until 2008, at around 26%. After the start of the global financial crisis however, social protection expenditure grew more rapidly in the Netherlands (reaching a peak at 30.8% of GDP in 2013) than in the EU (28.9% in 2013). A relatively large share of the expenditure in the Netherlands goes on sickness benefits and healthcare.

Social protection in the Netherlands was primarily financed through social contributions (63%) in 2016, and to a lesser extent through government contributions (23%) and other receipts (14%). However, between 2005 and 2016, the Netherlands saw a decreasing trend in the share of social protection expenditure financed from social contributions, and a corresponding increase in the share of government contributions. Additionally, social contributions are split almost equally between employers and employees in the Netherlands.

The mix of financing, and the development thereof, differs between areas of spending.

1. **Old-age pensions:** There has been a significant shift, with social contributions falling, and government financing increasing. The increasing number of pensioners relative to the working population has meant that the earmarked contributions (part of the personal income tax system) that finance the flat-rate statutory pension (under the Old-Age Pensions Act, *Algemene ouderdomswet*, AOW) have not covered expenditure since the 1980s. Successive governments have tried to control statutory pension spending by placing an upper limit on earmarked contributions and raising the retirement age. The state has also stepped in with general revenue financing, a process known as 'fiscalisation'. In 2018, general revenues financed 34% of statutory pension spending.
2. **Healthcare:** Financing in the Netherlands comes largely from social contributions, and to a greater degree than other EU countries. The current financing mix of the healthcare system is robust: employer contributions finance the largest share of costs, but there is important cost-sharing at the individual level. Healthcare costs are held in check via government regulation concerning pricing and volume, but despite this have risen steadily since 2006.
3. **Unemployment benefits:** During the economic crisis, expenditure on unemployment benefits increased rapidly. Social contributions were no longer sufficient to cover these costs, and the government chose to provide additional financing. A more counter-cyclical approach to the financing system is needed.
4. **Disability benefits**: Since 2007, employers have been able to opt out of public insurance for disability benefits and bear their own risks. Many larger employers have chosen to do so, which means that the employees concerned are covered by private schemes rather than the public one.

Technological developments and globalisation could potentially erode the financial base of social protection in the Netherlands, because it relies heavily on social contributions. In recent years, we have not (yet) seen a major shift from labour to capital as a factor of production. However, technological advances and globalisation may make it more difficult for people with middle and low education levels to find jobs, which could put pressure on the social protection system.

Our policy recommendations are as follows.

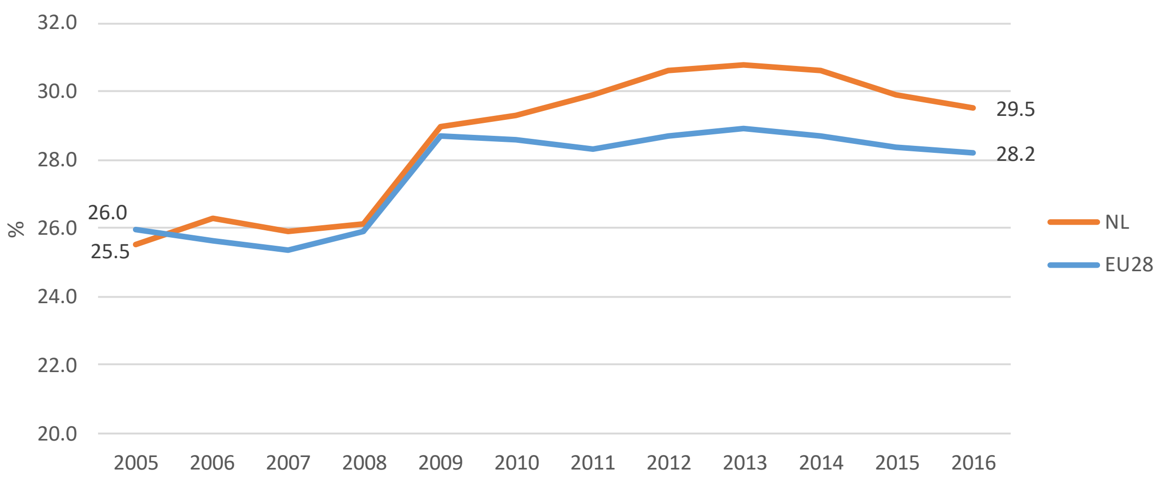
- Consider increasing pensioners' share in the financing of the statutory pension, by increasing income taxation for pensioners or imposing some type of contribution.
- Make the financing of unemployment benefits better equipped to deal with economic swings, by building up a financial buffer (counter-cyclical approach).
- Invest in education and training for those with lower and middle education levels.
- Continue shifting taxation from labour to consumption.

1 Current levels and past changes in financing social protection

1.1 Financing levels on social expenditure

In this Section, developments in the levels of financing of social protection in the Netherlands will be analysed. As shown in Figure 1, the share of GDP spent on social protection in the Netherlands during the 2005-2016 period was quite similar to that in the EU as a whole, both in terms of level and development. It remained relatively constant between 2005 and 2008, after which an increase occurred coinciding with the beginning of the economic crisis; in the Netherlands GDP dropped by 3.7% in 2009.[1] Afterwards, the share of spending increased slightly in the Netherlands (GDP dropped by another 1% in 2012) whereas it remained relatively constant in the EU. A similar pattern of differences between the Netherlands and the EU can be seen when analysing expenditure in real terms (see Figure 2), although as a result of GDP growth real expenditure showed stronger growth.

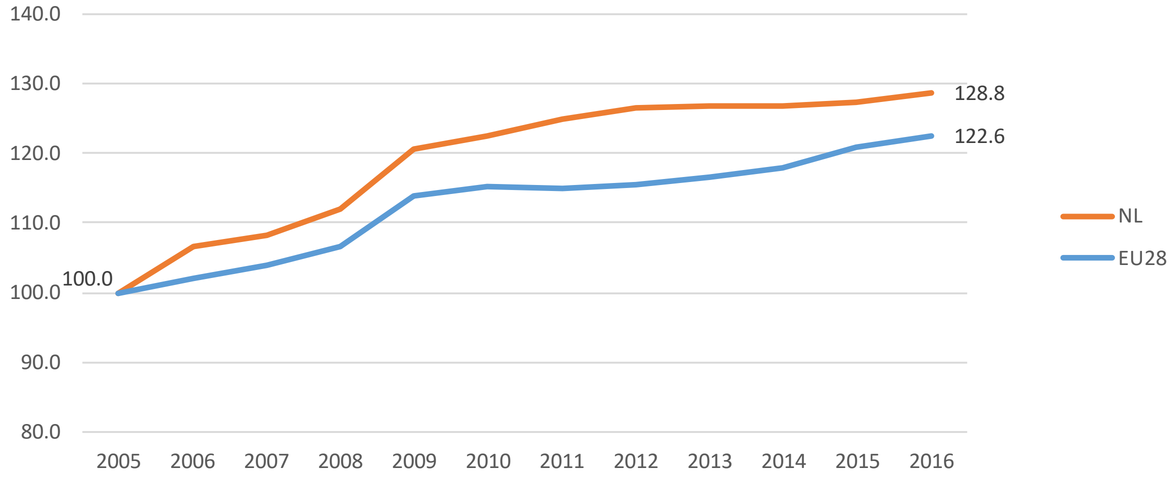
Figure 1: Share of gross expenditure on social protection in total GDP, in the Netherlands and in the EU, 2005-2016



Source: Source: Spasova and Ward (2019), Annex ESSPROS tables.

[1] https://www.cbs.nl/nl-nl/onze-diensten/in-de-klas/conjunctuurbekerstrijd/te-voorspellen-indicatoren/bruto-binnenlands-product--bbp--

Figure 2: Gross expenditure on social protection in real terms (indexed at constant 2005 prices), in the Netherlands and in the EU, 2005-2016



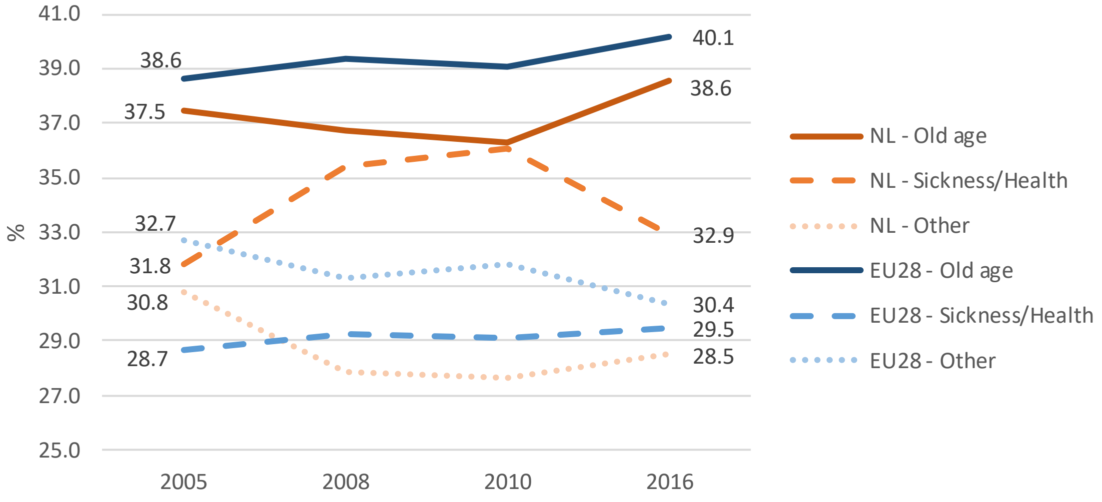
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure 3 shows the share of social protection expenditure spent on old age, sickness/health and other types of social protection. In the Netherlands, the largest share of expenditure in the period examined went on old age, closely followed by sickness/health. During the crisis years (2008-2010) the share of expenditure on old age decreased temporarily whereas the share on sickness/health increased temporarily. Overall, both types of expenditure saw slight increases. Comparing the Netherlands with the EU shows that spending on old age is slightly higher in the EU as a share of total social spending, whereas spending on sickness/health is considerably higher in the Netherlands. These changes were driven by the following developments.

- **Old age:** The increase in expenditure between 2010 and 2016 was mostly due to the ageing of the population. As can be seen in Figure A15 in the Annex, in 2010 the 'baby boom' cohort was aged 64 or younger. Between 2010 and 2016, this cohort gradually passed the statutory retirement age, which meant higher expenditure on state pensions.
- **Sickness/Health:** Healthcare expenditure (much larger than that on sickness benefits) has increased strongly since 2000, as a result of population ageing. Between 2012 and 2016, healthcare expenditure grew in real terms, but grew less than GDP. This was partly the result of government measures aimed at limiting the growth in healthcare expenditure.[2]

[2] https://economie.rabobank.com/publicaties/2017/november/stijgende-zorguitgaven-in-perspectief/#voetnoot1

Figure 3: Breakdown of gross expenditure on social protection by function in the Netherlands and in the EU, 2005-2016



Source: Spasova and Ward (2019), Annex ESSPROS tables.

The 'other' category in Figure 3 comprises various types of expenditure, which are shown in more detail in Figures 4 (for the Netherlands) and 5 (for the EU). Both the levels and the developments between 2005 and 2016 varied between types of expenditure. We will discuss the types that have seen notable changes in the Netherlands.

- **Unemployment:** Expenditure on unemployment in the Netherlands reached a peak in 2005 and dropped substantially towards 2008, after which it increased again. This can be explained by the unemployment rate, which was relatively high in 2005 at 5.9% (see Figure A11 in the Annex). (It was actually much higher in 2013 and 2014 (at 7.3%) but the expenditure in those years are not presented in Figure 4.) The EU showed a trend in unemployment expenditure similar to the Netherlands.
- **Social exclusion:** Expenditure on social exclusion in the Netherlands increased strongly between 2005 and 2008, after which it remained relatively constant. At the EU level there was a much smaller and more gradual increase. An important driver of the increase was that the number of people receiving social assistance benefits increased by almost 50% between 2008 and 2017 (see Figure A12 in the Annex). Initially this was due to the economic crisis, but after 2016 refugees accounted for the majority of the people entering the social assistance system.[3/4]
- **Survivors' pensions:** Expenditure on survivors' pensions showed a steady decrease in the Netherlands between 2005 and 2016. This was also the case in the EU. In the Netherlands this was the result of the law restricting access to the state survivors' pension (General Surviving Relatives Act, *Algemene Nabestaandenwet,* ANW) from 1996. Existing beneficiaries kept their rights, but for new cases the benefit became means-tested (Van Everdingen et al., 2017). As a result, the number of people receiving survivors' pensions in the Netherlands decreased from 1,367,000 in 2005 to 712,000 in 2013.[5]
- **Family benefits:** Expenditure on family benefits also showed a steady decrease in the Netherlands between 2005 and 2016. This was not the case in the EU. A factor to consider is that the Dutch government implemented several consecutive cuts in subsidies for childcare, which meant that parents and employers were faced with

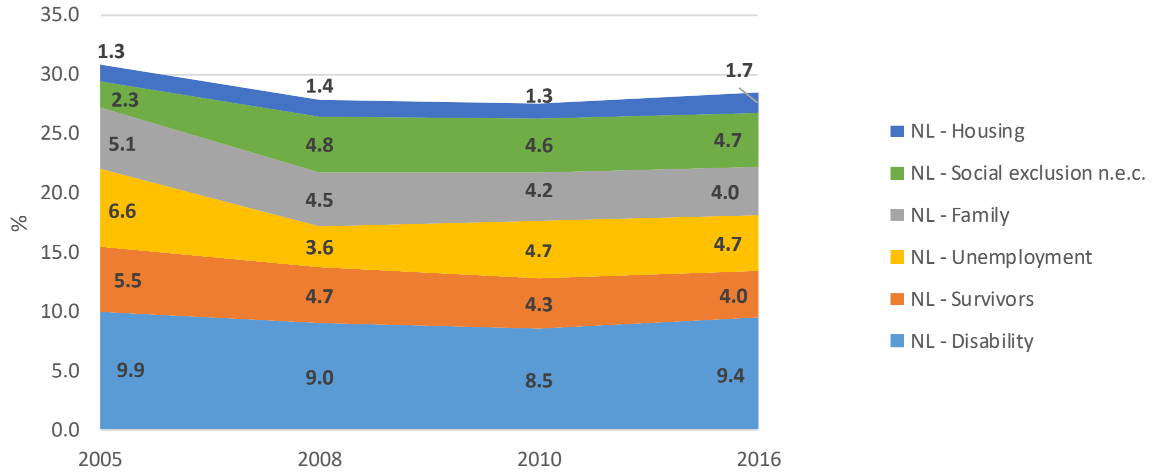
[3] https://www.cbs.nl/nl-nl/nieuws/2010/22/opnieuw-toename-aantal-bijstandsuitkeringen

[4] https://www.cbs.nl/nl-nl/nieuws/2017/09/aantal-mensen-dat-bijstand-ontvangt-blijft-stijgen

[5] https://statline.cbs.nl/StatWeb/publication/?DM=SLNL&PA=81243NED

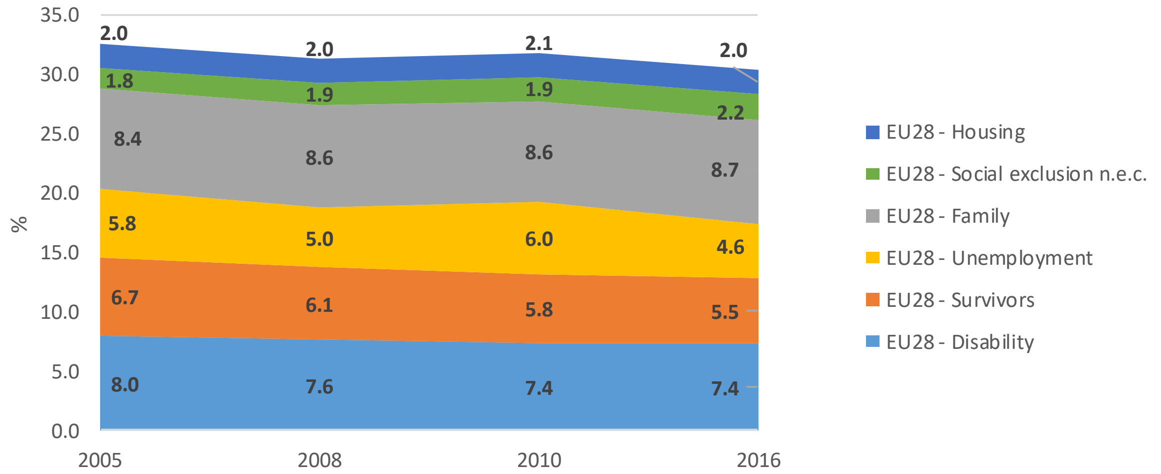
increasing costs. This reduced the usage of childcare in 2014 and led to a lower take-up of the subsidy, especially among low-income households.[6] By 2018, the number of children in childcare had increased again, as a result of increasing employment.[7]

Figure 4: Breakdown of gross expenditure on social protection by function in the Netherlands, 2005-2016



Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure 5: Breakdown of gross expenditure on social protection by function in the EU, 2005-2016



Source: Spasova and Ward (2019), Annex ESSPROS tables.

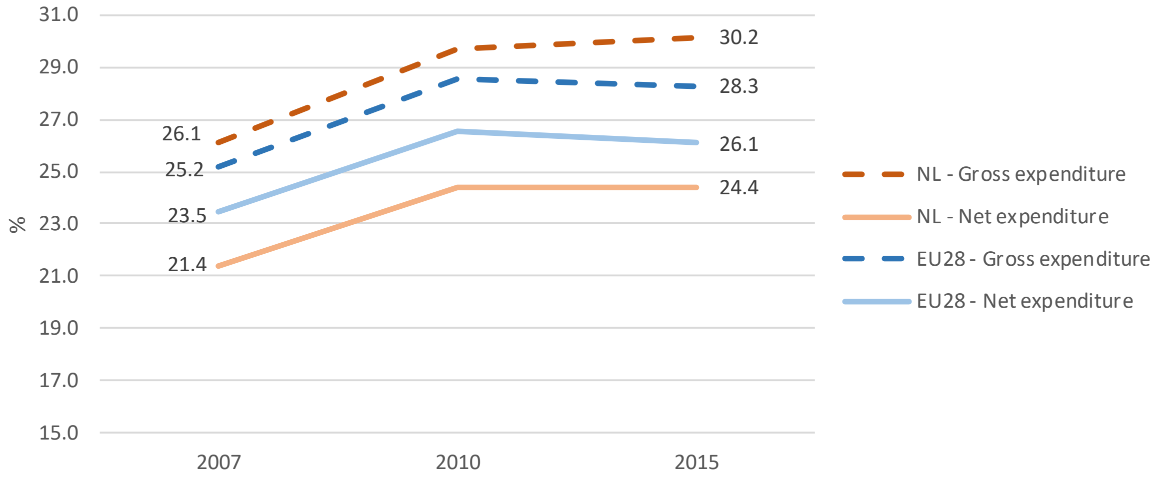
1.2 Means of targeting

In order to target benefits towards the people who are in need, some countries rely on means-testing, whereas others rely on taxing the benefits of people who do not need income support (either through income taxes or social contributions). This means that net expenditure on social protection benefits may be considerably lower than gross expenditure. Figure 6 shows the gross and net expenditure on social protection for the

[6] https://fd.nl/ondernemen/1105366/uitgaven-voor-kinderopvang-in-2014-lager-dan-begroot#
[7] https://www.cbs.nl/nl-nl/nieuws/2018/27/recordaantal-kinderen-met-kinderopvangtoeslag

Netherlands and the EU. As can be seen, the difference between gross and net expenditure was much larger in the Netherlands in 2015 (19.1%) than in the EU (7.8%). This meant that government expenditure on benefits in the Netherlands was significantly lower than the gross figures suggest. The relative difference between gross and net expenditure remained roughly the same between 2007 and 2015, both in the Netherlands and in the EU.

Figure 6: Gross and net social protection expenditure in the Netherlands and in the EU, 2007-2015 (% total financing)



Source: Spasova and Ward (2019), Annex ESSPROS tables.

Some branches of social protection use means-testing to target benefits at people who are in the greatest need. This is true for housing (housing allowances), social exclusion (social assistance benefits) and to some extent healthcare (healthcare allowance). However, unemployment, sickness/disability and occupational benefits are not means-tested as they are insurance-based, and the statutory pension is a flat rate. There were no major changes in means-testing of social protection in the Netherlands between 2005 and 2015.

The ESSPROS (European System of integrated Social PROtection Statistics) data on gross expenditure and receipts do not include so-called tax expenditure, such as earned income tax credit or child tax allowances. It is important to consider tax expenditure when analysing expenditure on social protection, because it is essentially a way to finance social protection that does not show up in gross expenditure or in receipts. In the Netherlands, the following types of tax expenditure exist, or existed between 2005 and 2015.

- **General tax credit *(algemene heffingskorting)*:** In 2018, the general tax credit was €2,265 for people with an annual income below €20,142. For people with higher incomes, the general tax credit gradually decreased with income, until it was 0 for people in the highest tax bracket (with an income above €68,507).
- **Income-dependent combination tax credit (*inkomensafhankelijke combinatiekorting*):** Parents with an income from work above €5,000 annually could receive a tax credit of between €1,052 and €2,801 in 2018. This tax credit was introduced in 2009, mostly benefiting households with middle and higher incomes (higher income from work enables them to utilise more of the tax credit) (Lok, 2009).

- **Elderly tax credit *(ouderenkorting)*:** A tax credit for people above the statutory retirement age (67). It was €1,418 for people with an annual income below €36,346, and only €72 for people above that income level, in 2018.[8]
- **Young handicapped tax credit *(jonggehandicaptenkorting)***: People on a benefit under the Disablement Assistance Act for Disabled Young Persons (*Wet arbeidsongeschiktheidsvoorziening jonggehandicapten*, Wajong) received a tax credit of €728 in 2018.
- **Child tax credit *(kinderkorting)*:** Until 2007, parents with children and an annual income below €45,309 received a child tax credit. The level was income-dependent. The child tax credit was replaced by an allowance in 2008, which was subsequently replaced by the child-related budget from 2009 onwards.[9]
- **Single-parent tax credit *(alleenstaande ouderkorting)*:** Until 2014, single parents could receive an annual tax credit of between €947 and €1,319 (dependent on the age of the child). This tax credit was abolished in 2015 to simplify the tax system. Single parents were compensated for this loss of income through the child-related budget.[10]

No data are available on the exact expenditure on these different types of tax credits over time. Figure A14 in the Annex does show that the share of total taxation that is subject to tax credits fell slightly from 27% in 2006 to 25% in 2010. This may have been because the child tax credit was replaced by a benefit in 2008.

8 https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/prive/inkomstenbelasting/heffingskortingen_boxen_tarieven/heffingskortingen/totaaloverzicht/overzicht_heffingskortingen_2018

9 https://nl.wikipedia.org/wiki/Kinderkorting

10 https://www.wegwijs.nl/finipedia/belasting-en-heffingskorting/alleenstaande-ouderkorting

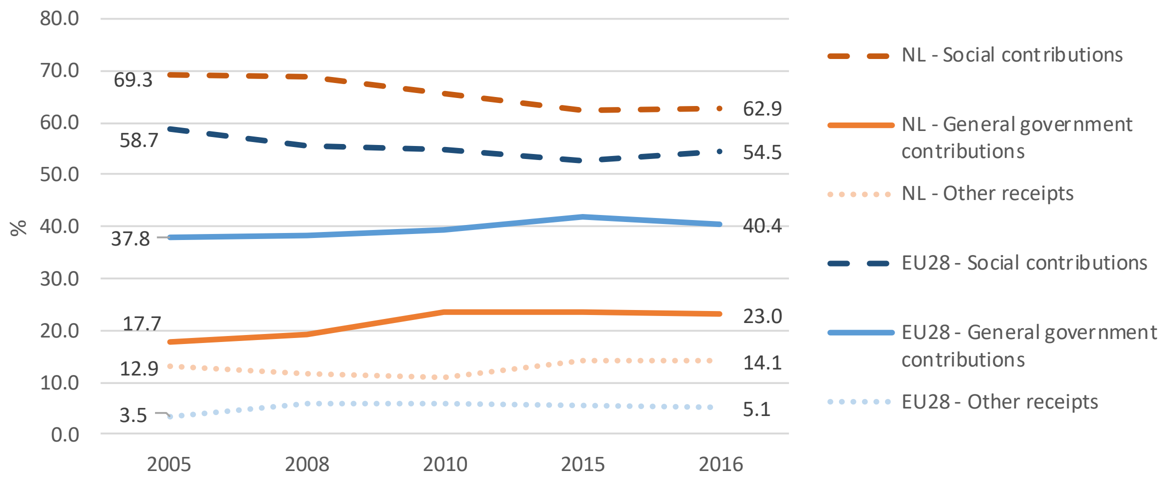
2 Current mix and past changes in the sources of financing social protection

2.1 Division of financing of social protection

Figure 7 shows the sources of finance for social protection spending, in the Netherlands and in the EU. This division is very different in the Netherlands relative to the EU. By far the largest part in the Netherlands came from social contributions (63%) in 2015 and a smaller portion came from general government contributions (23%). In the EU, these two sources were much less far apart (55% versus 40% in 2016). Finally, the proportion of other receipts was larger in the Netherlands (14%) in 2015 than in the EU (5%). The differences between the Netherlands and the EU reflect the variety in the way that social protection in Europe is provided. Some social protection systems are mainly insurance-based (i.e. the Bismarckian model, more financed by social contributions) and others are mainly tax-based (i.e. the Beveridgian model, more financed by general taxation and more universal in nature). The Netherlands can be described as Bismarckian, whereas the EU comprises both types of social protection systems.

Looking at developments over time in the Netherlands, we see that the share of financing from social contributions fell between 2005 and 2015 by around 6 percentage points. Conversely, financing from general government contributions increased by roughly the same amount. A similar shift towards government contributions occurred in the EU as a whole, but to a slightly smaller extent.

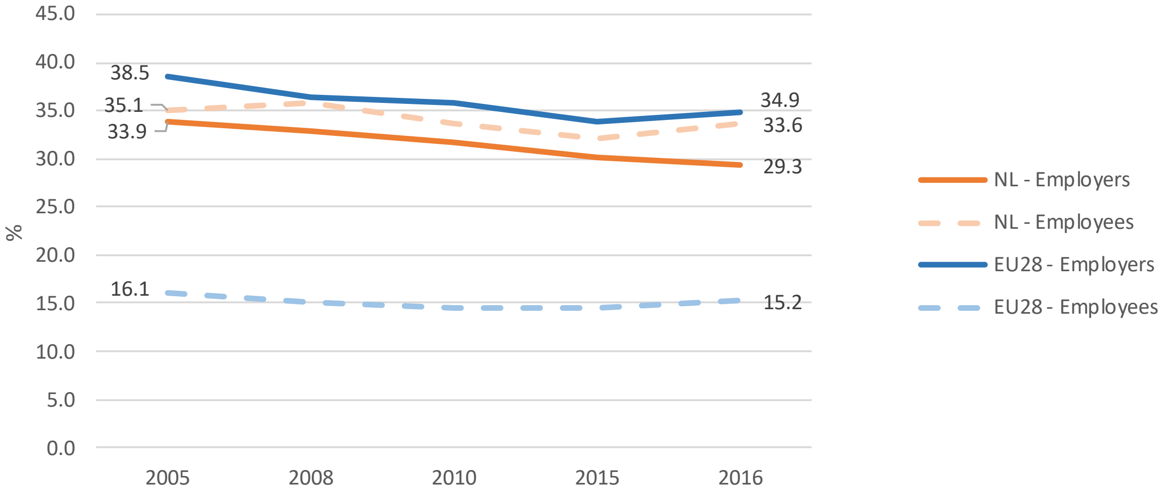
Figure 7: Division of finance for social protection spending by main source in the Netherlands and in the EU, 2005-2016 (% total finance)



Source: Spasova and Ward (2019), Annex ESSPROS tables.

Social contributions can come from either employers, employees, self-employed people or benefit recipients. The latter two categories account for less than 1% in the Netherlands and no more than a few per cent in the EU, hence they are left out of this analysis. As can be seen in Figure 8, employers and employees contribute roughly the same amount, whereas social contributions in the EU come primarily from employers. Between 2005 and 2015, both employer and employee contributions fell in the Netherlands, but this fall was greater for employers (4.6 percentage points) than for employees (1.5 percentage points). The same was true for the EU as a whole, although again the falls were less dramatic.

Figure 8: Social contributions coming from employers and employees in the Netherlands and in the EU, 2005-2016 (% total financing)



Source: Spasova and Ward (2019), Annex ESSPROS tables.

In some respects, self-employed people in the Netherlands have the same social protection as employees. This applies to healthcare, long-term care, the state pension and family benefits. These are the so-called national insurance schemes (*volksverzekeringen*), which cover all Dutch citizens and are based on the principle of solidarity (funded through general taxation, no relationship between premium level and benefit level, flat-rate benefits). However, self-employed people do not accumulate additional occupational pensions and are not covered for the risk of sickness and invalidity (Dekker et al., 2017). These risks are covered by the so-called employee insurance schemes (*werknemersverzekeringen)*, which do not include self-employed people. This of course means that self-employed people also do not pay premiums for these schemes. Self-employed people can opt for various kinds of voluntary insurance, but many of them have not made such arrangements (Dekker et al., 2017).

2.2 Social contributions by branch

We will now briefly describe the mix of financing of the different branches of social protection. This is based on data from MISSOC (Mutual Information System on Social Protection), supplemented with national data where necessary.

	Employee	Employer	Self-employed	Pensioners
Healthcare	Compulsory health insurance (€1,468 annually on average) Long-term care: 9.65% up to €34,404	6.9% of gross income (2018) up to €54,614	Compulsory health insurance (€1,468 annually on average) 5.65% of gross income (2018) up to €54,614 Long-term care: 9.65% up to €34,404	Compulsory health insurance (€1,468 annually on average) 5.65% of gross income (2018) up to €54,614 Long-term care: 9.65% up to €33,994

	Employee	Employer	Self-employed	Pensioners
Sickness, invalidity and unemployment		Unemployment premium: 2.85% Return to work premium (avg): 1.28% Work incapacity premium: 6.27%		
Old age	17.9% (2018) up to €34,130		17.9% (2018) up to 34,130	17.9% (2018) up to €33,791
Survivors	0.1% (2018) up to €34,130		0.1% (2018) up to 34,130	0.1% (2018) up to €33,791

Healthcare, maternity and long-term care

The Health Insurance Act (*Zorgverzekeringswet,* Zvw) is half financed by contributions from residents and non-residents working in the Netherlands. Employers pay a premium for each of their employees, which was 6.9% of their gross income in 2018. Self-employed people and pensioners paid a premium of 5.65% in 2018. The annual ceiling (taxable income) for all insured persons was €54,614.

The other half of the Health Insurance Act is financed through compulsory health insurance. The annual premium differs between insurers but averages €1,468. There is a compulsory deductible amount for all insured persons aged 18 or older of a maximum of €385 per year (this is the amount individuals must pay themselves before claiming insurance payments). Insured persons can apply for a healthcare allowance under the Healthcare Allowance Act (*Wet op de zorgtoeslag*) to compensate for the costs of the nominal premium. Entitlement depends on a person's aggregate income.

The Long-term Care Act (*Wet langdurige zorg*, WLZ), covering all care tasks for people with severe long-term care needs, is financed through a wage tax of 9.65% (paid for by employees). The Act was passed in 2015, and replaced the previous healthcare law (*Algemene Wet Bijzondere Ziektekoste*, AWBZ, which carried a premium of 12.15%).[11] The annual ceiling was €33,994 in 2018 for people born in 1945 or before, and €34,404 for people born in 1946 or after. Long-term care is also partly provided by municipalities through the Social Support Act (*Wet maatschappelijke ondersteuning*, Wmo), which is financed through state budgets.

Sickness benefits and unemployment benefits

The Sickness Benefit Act (*Ziektewet*, ZW) provides income support for agency workers and people with temporary contracts who become sick. Regular employees who become sick have the right to continued pay from their employers for up to two years. Sickness benefits are financed from different funds, which are financed through employer contributions.[12]

- The **Return to Work Fund** (*Werkhervattingskas*, Whk): Employers pay a premium that is dependent on the number of their employees who leave their job and claim sickness benefits. The general premium was 1.28% in 2018, of which 0.41% was meant for the financing of the Sickness Benefit Act (UWV, 2017a).
- The **General Unemployment Fund** (*Algemeen werkloosheidsfonds*, AWf): This fund is financed through a employer premium (2.85% in 2018). It is used to pay

[11] https://nl.wikipedia.org/wiki/Algemene_Wet_Bijzondere_Ziektekosten
[12] https://www.salarisnet.nl/2017/07/uwv-geeft-overzicht-premies-2017-en-2018/

for several things, including unemployment benefits after six months and sickness benefits.

- The **Work Incapacity Fund** (*Arbeidsongeschiktheidsfonds*, Aof): This fund is used to finance benefits for those who are incapacitated from work, including those paid under the former Law on Disability Insurance (*Wet op de arbeidsongeschiktheidsverzekering*, WAO) and the current Work and Income According to Labour Capacity Act (*Wet Werk en Inkomen naar Arbeidsvermogen*, WIA). It is also used to part-finance sickness benefits. Employers paid a total premium of 6.27% in 2018.

The premiums are made up of a basic component that is the same for all employers, and an additional component that is specific to individual employers based on the share of their employees receiving sickness benefit.[13] This provides employers with an incentive to keep their workforce healthy, even when they only have temporary contracts or work as agency workers. The effects of this incentive will be discussed further in Section 3.

Employers can choose to bear their own risks and to provide private insurance for temporary workers, in which case there is no financing from public contributions for sickness benefits.

Invalidity

Work incapacity benefits are financed through employer contributions under the Return to Work Fund and Work Incapacity Fund (see above). As in the case of sickness benefit, work incapacity premiums for individual employers are partly dependent on the share of their employees who became incapacitated from work and come under the Labour Capacity Act (after having received a continuous salary during the first two years of sickness).[14] This provides employers with an incentive to keep their workforce healthy. The maximum insured income under the WIA is €55,180. As in the case of sickness benefits, employers can choose to bear their own risks in relation to work incapacity, in which case they don’t pay a premium and pay the benefits themselves.

The Disablement Assistance Act for Disabled Young Persons has no contributions and is fully tax-financed.

Old age

Statutory pensions are financed through contributions made by employees and self-employed people (not employers and pensioners) via the personal income tax system. The contribution was 17.9% in 2018 with an annual ceiling of €34,404. Earmarked contributions have financed a declining share of spending since 2000. In 2000, statutory pension expenditure was €19.1 billion, rising to about €39.8 billion in 2018. It should be noted that for several years in the 1980s and 1990s, the statutory pension was not fully indexed, dampening the growth in expenditure. Since 1997, the contribution has been capped at 18.5%, and the government has paid an annual grant to supplement contribution income. In 2018, the government grant was 34% of statutory pension expenditure (Ministerie van Sociale Zaken en Werkgelegenheid, 2018), which was paid from general taxation.

Survivors

The survivors’ pension is financed through contributions by employees and self-employed people. They pay a 0.1% contribution up to an annual ceiling of €34,404.

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[13] https://www.uwv.nl/werkgevers/verzekeringen/detail/werknemersverzekeringen-via-uwv/premies-werknemersverzekeringen/gedifferentieerde-individuele-premies

[14] https://www.uwv.nl/werkgevers/verzekeringen/detail/werknemersverzekeringen-via-uwv/premies-werknemersverzekeringen/gedifferentieerde-individuele-premies

Unemployment

Unemployment benefits are financed by employer contributions in two ways.

- Redundancy Payment Funds (*Sectorfondsen*, sfn) are used to finance the first six months of unemployment benefits. Employers paid an average premium in 2018 of 1.28% (UWV, 2017b). Sectors with higher unemployment levels pay higher premiums. Sectors can also voluntarily opt to increase the sectoral premium slightly, in order to build up reserves in the sectoral fund (UWV, 2017b).
- The General Unemployment Fund is used to finance unemployment benefits from the seventh month onwards (the first six months are paid from the Redundancy Payment Funds). Employers paid a premium of 2.85% to this fund in 2018.[15]

The annual ceiling for both contributions is €53,701.

Starting from 2020, with the new Act on a Balanced Labour Market (*Wet arbeidsmarkt in balans*, WAB), the sectoral financing of unemployment benefits will be abolished. This will be replaced by an employers' premium that is dependent on the ratio between temporary and permanent contracts with their employees.

Family

Family benefits are financed through general taxation.

2.3 Mix of financing of social protection by branch

Different social protection schemes have very different sources of financing. To understand developments at the macro level (discussed in Section 1), it is therefore important to analyse each type of social protection. We will now discuss in more detail the types of social protection in the Netherlands that have seen shifts in the sources of financing. The Figures for this are shown in the Annex. Where possible, we will identify and discuss the relevant reforms that have caused these shifts.

Old age

As is shown in Figure A1 in the Annex, the financing of old-age benefits in the Netherlands clearly reflects the general shift from social contributions toward government contributions. The share of financing coming from social contributions fell by almost 10 percentage points between 2005 and 2015. In the same period, financing from the government and from other receipts both increased by around 5 percentage points. The EU as a whole saw very limited change during the same period.

Whereas in the EU social contributions relating to old-age benefits come mostly from employers, in the Netherlands these contributions mostly come from employees (see Figure A2). Between 2005 and 2015, contributions from both employers and employees dropped in the Netherlands. However, this drop was more significant for employers (5.5 percentage points) than for employees (3.8 percentage points). This also reflected general developments in the financing of social protection, as shown in Figures 7 and 8. In the EU, there has been little change. In Box 1 below the relevant policy reforms with regard to pensions are listed.

[15] https://www.rendement.nl/nieuws/id21892-definitieve-sociale-premies-2019-gepubliceerd.html

Box 1: Relevant policy reforms in Netherlands concerning pensions

As noted above, the financing of the statutory pension has been a cause for concern since the 1980s. A key characteristic of the pension is that it pays a flat-rate amount to persons who have reached the statutory retirement age (currently 66) and have legally resided in the Netherlands for 50 years. This means that current workers (employed and self-employed) pay contributions, whereas all qualified retirees receive benefits (‘pay-as-you-go’). Employee contributions are integrated into the individual income tax system, so employers do not pay contributions for the statutory pension. The rising share of retirees relative to the working-age population is the chief driver of rising pension expenditure.

Successive governments have taken important steps to make the statutory pension financially sustainable without reducing its generosity. Reforms since the 1990s have included temporary freezes on indexation (for example, in 1993, 1994 and 1995), and structural reforms aimed at controlling long-term expenditure. Legislation passed in 1996 introduced a cap of 18.5% for statutory pension contributions (the contribution rate is currently 17.9%), and an annual government grant to cover the gap between pension spending and contribution income. The annual grant was 34% of pension spending in 2018.

Legislation adopted in 2012 and 2015 raised the statutory retirement age from 65 to 67 between 2013 and 2021 and linked the retirement age to life expectancy from 2023. These measures will slow the growth of pension expenditure, but it is likely that the size of the annual state grant will continue to grow because of the cap on the statutory pension contribution rate.

Pre-funded occupational pensions are important sources of retirement income. Occupational pensions are negotiated by employers and unions as part of the collective bargaining process, and they cover nearly 90% of current workers. Many self-employed people do not have occupational pension coverage. The maturity of the occupational pension schemes means that their share in retirement income (currently about 45%) will continue to increase. Occupational pensions are financed by payroll contributions, with employers usually paying two thirds and employees one third. The combined contribution rates range from 15% to 25% of income above the level of the statutory pension (this level, known as the statutory pension offset, varies across schemes).

The relatively high share of financing for old-age benefits coming from 'other receipts’ probably reflects the relatively large size of the capital-funded occupational pension sector. Income from financial assets is an important source of revenue for these schemes.

Occupational pension reform has been on the political agenda for several years because of concerns about how to adapt the schemes to population ageing and make them less vulnerable to fluctuations in financial markets.

Sickness/healthcare

Expenditure on sickness and healthcare in the Netherlands is almost exclusively financed through social contributions, whereas in the EU it is mostly financed from government revenue (see Figure A3). The structure of the healthcare system means that there are two exceptions to this. All adult residents are required to purchase an individual health insurance policy (costs are regulated through national legislation), and the government pays the health insurance costs of children under 18 years. In addition, employers pay wage-related contributions to the system. This means that individual premiums and the state grant for children's insurance supplement the revenue generated by employer contributions.

Between 2005 and 2015, the Netherlands saw little change with regard to the sources of financing for sickness benefits and healthcare. Overall, the share of social contributions increased slightly and the share coming from government revenue decreased slightly. The EU saw a similar trend. Additionally, the Netherlands saw a slight increase in the share of social contributions coming from employees and a slight decrease in social contributions coming from employers (see Figure A4). In Box 2 below the relevant policy reforms with regard to sickness/healthcare are listed.

Box 2: Relevant policy reforms in Netherlands concerning sickness/healthcare

There have been some shifts in the financing of healthcare in the Netherlands that are not clearly visible in the ESSPROS data. The 2005 healthcare reform, implemented in 2006, resulted in a moderate increase in employees' share of financing relative to employers'. In addition, individuals also now share more of the costs of healthcare, because the required annual deductible amount has increased from €170 in 2008 to €385 in 2019. In addition, the 'nominal premium' (a government-set target) for individual insurance policies has risen from €1,030 in 2006 to €1,432 in 2019. Deductibles are not counted as social contributions in the ESSPROS data, whereas health insurance premiums are.

The rising cost of healthcare is an ongoing concern. Governments have responded with incremental measures (modest increases in individual deductible amounts; modest increases in the costs of the average insurance policy), as well as annual agreements with healthcare providers to control the volume of healthcare consumption.

Regarding sickness benefits, the Act on limiting sickness and the incapacity to work (*Wet beperking ziekteverzuim en arbeidsongeschiktheid vangnetters*, BeZaVa) was implemented in 2014. The aim was to limit payments under the Sickness Benefits Act and Labour Capacity Act, by providing employers with a financial incentive to prevent sickness among their employees. Employers pay a premium that is dependent on the number of their employees who leave their job and claim sickness or incapacity benefits. Employers can, however, choose to opt out of the public insurance scheme and bear their own risks. This means that if temporary workers become sick and start receiving sickness benefits after the termination of their contract, the employer has to pay for this. A study of the effects of this policy will be discussed in Section 3. Employers can also opt to insure this risk through private insurance. Many larger employers have opted to bear their own risks in relation to sickness. In 2015, these employers accounted for almost 30% of total wages in the Netherlands (UWV, 2017a).

Unemployment

The Netherlands and the EU display a similar division in the financing of unemployment benefits, with the majority coming from social contributions, and a minority from government contributions (see Figure A5). Although the percentages showed little overall change between the 2005 and 2016, a considerable change took place during the economic crisis, both in the Netherlands and in the EU. In 2010, social contributions decreased considerably, and government revenues increased by the same amount. By 2015, this had reversed. This trend was more prominent in the Netherlands than in the EU.

Social contributions by employers almost doubled in the Netherlands between 2005 and 2015, whereas those by employees fell to zero (see Figure A6). In Box 3 below the relevant policy reforms with regard to unemployment are listed.

Box 3: Relevant policy reforms in Netherlands concerning unemployment

An explanation for the larger government contribution in 2010 is that during the economic crisis unemployment increased strongly, causing expenditure on unemployment benefits to increase too (see Figure A11). The first six months of unemployment benefits are paid for from sectoral employer premiums. This is meant to give employers in each sector an incentive to limit the number of people entering into unemployment. However, increasing unemployment in 2010 was caused by the global financial crisis, not employers. Without government action, the sectoral employer premiums would have increased significantly in 2010. Therefore, the government decided to cap premiums and temporarily increase government contributions (source: Budget memorandum, 2010; p. 94). This meant that financing shifted from contributions to taxes.

Expenditure on unemployment benefits from the seventh month onward comes from the General Unemployment Fund, which is financed through employer contributions. The contribution rate is determined by the minister of social affairs and employment, and during the economic crisis it was kept below the level necessary to cover the expenditure on unemployment benefits (UWV, 2015; p. 43), in order to prevent further damage to the economy (SER, 2015). As a result, the Employment Insurance Agency (UWV) had to deal with considerable budget deficits in the Fund. In 2012 the deficit was €3 billion and in 2013 it grew by over €4 billion (UWV, 2013). By the end of 2015, it had grown to €13 billion, increasing by €2.2 billion in that year. As a result of economic recovery from 2016 onwards, there were fewer unemployment benefit recipients. Also, Fund premiums were increased from 2.07% in 2015 to 3.60% in 2019. As a result, the deficit decreased to €0.9 billion at the end of 2018.[16] The budget deficits in the Fund up to 2015 did not affect the payment of the unemployment benefits, as UWV could receive additional financing from the Finance Ministry (UWV, 2015; p. 43).

Until 2009 employees paid a premium for their unemployment insurance. Starting in 2009 the premium was set at zero, and in 2013 it was officially abolished as part of a simplification of taxes (*Wet uniformering loonbegrip*, WUL). Interestingly, in 2012 the main trade union suggested reintroducing the employee premium in order to secure enough funding to cover unemployment benefits spending and avoid cuts to the scheme. However, the minister of social affairs was not in favour of this because it would reduce purchasing power for employees.[17]

Disability

In 2005, disability benefits in the Netherlands were almost exclusively financed by social contributions (see Figure A7). By contrast, in the EU as a whole there was an almost equal division between social contributions and government revenue. However, during the following 10 years the Netherlands saw a major shift, with social contributions dropping (by 19 percentage points) and government finance growing (by 26 percentage points).

Social contributions in the Netherlands for disability benefits are largely borne by employers, who therefore benefited from the overall drop in the share of social contributions (see Figure A8). In Box 4 below the relevant policy reforms with regard to disability are listed.

Box 4: Relevant policy reforms in Netherlands concerning disability

The financing of disability benefits (under the Labour Capacity Act) functions in a similar way to that of sickness benefits. Employers can opt out of public insurance for disability benefits and bear their own risks. Under the Act, this was possible from 2007. Many larger employers have opted to bear their own risks. The share of total wages in the Netherlands for which the employer was the risk-bearer for incapacity increased from 15% in 2005 to 45% in 2015 (UWV, 2017a).

The Return to Work Fund and Work Incapacity Fund, which finance incapacity benefits, had slight surpluses in 2012 (€500,000) and 2013 (€100,000).

[16] https://www.uwv.nl/overuwv/pers/persberichten/2018/uwv-geeft-minder-uit-aan-uitkeringen.aspx

[17] https://www.rendement.nl/nieuws/id7041-geen-herinvoering-ww-premie-werknemers.html

3 Strengths and weaknesses of the existing mix of financing options and potential future sources of financing - national debate on the topic

3.1 Distributive effects

When assessing financing systems for social protection, it is important to consider the extent to which they are redistributive from middle- and higher-income groups to lower-income groups. Some types of social transfers benefit predominantly the lower income deciles (and hence reduce poverty) (e.g. means-tested benefits, such as social assistance), whereas others can benefit middle or even higher income deciles. This is described in detail in a recent study by the Netherlands Institute for Social Research (SCP, 2017). The most important conclusions for each branch of social protection based on the SCP study are as follows.

- *The statutory state pension* uses a pay-as-you-go financing scheme. This means that it is paid for by employed people (through taxation, primarily by those between the sixth and tenth income deciles) and is paid to pensioners (who have a low primary income, in the first to fourth income deciles). Hence it is strongly redistributive from high-income to low-income groups.
- *Healthcare* financing is based on solidarity, both between those who are sick and those who are not sick (because insurance is obligatory) as between high-income and low-income groups (through the healthcare allowance and social contributions). Because the healthcare allowance is means-tested and some social contributions are progressive, the healthcare system benefits the lowest three income deciles and is paid for predominantly by the highest five income deciles.
- *Unemployment benefits* are mostly paid to people between the third and seventh income decile. This is because unemployment benefits are not means-tested, the beneficiaries often live in two-income households, and the level of the benefit is dependent on the last earned wage. However, the benefit level is limited to a certain ceiling and the contributions are higher for higher-income groups. As a result, overall, people between the first and sixth income deciles enjoy the most benefit from unemployment insurance, meaning that unemployment insurance redistributes mostly from people on higher incomes to those on middle and lower incomes.
- *Sickness and invalidity benefits* are as redistributive as unemployment benefits, since they have similar contributory systems (insurance-based, contribution dependent on income level) and benefit coverage (e.g. replacement rates). This means that they also predominantly redistribute from people on higher incomes to those on middle and lower incomes.
- *Social assistance benefits* predominantly help households with a low income, between the first and third income deciles. Combined with the fact that social assistance is financed through general taxation, which is predominantly paid on higher incomes, it is strongly redistributive from high-income to low-income groups.
- *Family-related benefits* tend to favour higher-income households slightly more, because they are not means-tested and higher-income households tend to have more children. The child-related budget benefits middle-income households most, because having more children increases the total amount of the child-related budget; but due to means-testing people with higher incomes receive lower benefits per child. Because this provision is not targeted towards households with lower incomes, it is not redistributive toward the poor.

- *Housing allowances* are available only to people with low incomes[18], and are higher for people with a lower income. Research shows that they predominantly benefit households in the lowest three income deciles and single-adult households (with or without children). Hence, they are strongly redistributive from middle- and higher-income groups to lower-income groups. It should be noted, however, that home-owners in the Netherlands profit from the fact that mortgage interest is tax-deductible, which strongly favours higher-income groups.

Not all forms of social protection are designed to be redistributive. For instance, unemployment and sickness benefits are aimed at covering a loss of income in the event of unemployment or sickness, and at redistributing primarily between people who suffer these risks and people who do not. However, social assistance benefits are aimed at providing a minimum income to people who cannot provide this for themselves, and the aim is to redistribute from higher- to lower-income groups.

3.2 Pensions: good system, but subject to retrenchment due to demographic change

The Dutch pension system protects the elderly population from poverty and social exclusion and provides robust income replacement in retirement. The Netherlands has one of the lowest AROPE (at risk of poverty or social exclusion) rates in the EU. This very good performance is due to the capacity of the statutory pension to protect nearly all pensioners from poverty. The collectively organised occupational pension sector covers about 90% of current workers and provides generous top-ups to statutory pension income. This multi-pillar approach provides very good income replacement for most pensioners.

The statutory pension has been a target of reform for three decades because of rising expenditure. In 2000, statutory pension expenditure was €19.1 billion, rising to about €39.8 billion in 2018. Successive governments have taken important steps to make the statutory pension financially sustainable without reducing its generosity. A 2012 law, revised in 2015, raised the statutory retirement age from 65 to 67 between 2013 and 2021 and linked the retirement age to changes in life expectancy starting in 2023. These measures will not be sufficient to deal with the rising cost of statutory pensions, however. Further increases in the state grant are inevitable. Although politically difficult, the government should consider further increasing pensioners' share of financing for the statutory pension, either by requiring pensioners to pay some form of contribution or increasing income taxes for pensioners. At present, pensioners do not pay income-related contributions to the statutory pension. As the occupational pension sector matures, pensioner income will rise. The design of the current tax system, and the inclusion of statutory pension contributions within it, means that pensioners' tax burden is fairly low relative to the working population. Over time, this is likely to result in distributive conflict between the working population and pensioners.

3.3 Healthcare: robust system that deals adequately with increasing costs

The current financing mix of the healthcare system is robust: employer contributions finance the largest share of costs, but there is an important cost-sharing element at the individual level via the requirement that all adults purchase an affordable insurance policy (the government pays the cost of children's insurance) and pay an annual deductible amount. The cost of health insurance and healthcare provision is held in check via government regulation concerning pricing and volume. Despite these mechanisms, healthcare costs have risen steadily since 2006. Governments have responded with

[18] There is no single income or capital threshold below which housing allowance is awarded, but this is dependent on the household composition (Hassink & Zweerink, 2017).

incremental changes to the nominal insurance premium and annual deductible amount, and by making agreements with the healthcare sector about the volume of care. This approach appears to be effective.

3.4 Unemployment benefits: more adaptability to economic swings is needed

Expenditure on unemployment benefits is very sensitive to economic swings, because the risk of unemployment is not distributed randomly across the population but depends strongly on the economic climate. Hence, the financing system must be able to deal with this. Unemployment benefits in the Netherlands are primarily financed through social contributions, which does not make the system very resilient to economic shocks. During the economic crisis, the costs of unemployment benefits grew. However, rather than increasing the General Unemployment Fund contribution rates for employees and employers, the government abolished the contribution rate for employees and kept the employer rate below the level necessary to cover the expenditure. This meant that additional government financing was needed.

It is a good idea to have a counter-cyclical approach to financing social protection. This means that, during an economic downturn, the government covers the extra expenditure to prevent increased financial pressure on employers and employees, and in turn prevents further economic problems. After the crisis ended, expenditure on unemployment benefits decreased and the contribution rate was increased from 2.07% in 2015 to 3.60% in 2019. This allowed the Fund's financial position to improve, although it currently still has a deficit of €0.9 billion. Government financing was needed during the crisis, which implies a net shift in financing from social contributions to government spending. It would have been better if the fund had a buffer at the start of the crisis that was sufficient to cover the extra expenditure. Currently the fund still has a deficit, even after several very good economic years. Hence, when the next economic crisis hits, possibly sometime in the next few years, history is likely to be repeated, and government financing will again be necessary.

Additionally, the Social and Economic Council of the Netherlands (SER), which comprises both employer representatives and trade unions, is critical of the fact that the General Unemployment Fund is funded through unemployment insurance premiums, but is also used to (partially) finance several other benefits such as sickness benefit (SER, 2015). In the SER's opinion, this blurs the distinction between employee insurance (*werknemersverzekeringen)* and national insurance (*volksverzekeringen)*, which is undesirable because they have a different basis of risk-sharing. Employee insurance is based on principle of equivalence (there is a relationship between the premium level and wage/benefit levels) whereas national insurance is based on the principle of solidarity (no relationship between premium and benefit level, but flat-rate benefits) (SER, 2015).

The Redundancy Payment Funds can decide for themselves whether they want to increase the premiums or not. In 2017, some sectors (such as construction) decided to use the reduced expenditure on unemployment benefits to increase their financial buffer, in order to be able to cope with possible increases in unemployment expenditure in the future (UWV, 2017). This is a good example of a counter-cyclical approach to financing.

3.5 Politicians and purchasing power

In recent years, politicians in the Netherlands have increasingly communicated their financial policy through complex models that show the consequences for the purchasing power of different types of citizens. These models are used to legitimise government financial policy, and the underlying assumption is that policy changes should not translate into higher costs for citizens. The reliance on these models means that it is unpopular for a politician to increase contribution rates, which means that over time financing for social protection is likely to shift increasingly to the government. An example is the decision of the minister of social affairs and employment in 2012 to abolish employee contributions for unemployment benefits, even though there were severe budget deficits around that time. One of the arguments he used was that increasing employee contributions would have a negative impact on purchasing power.[19]

3.6 Structural changes: technological developments and globalisation

As discussed in the *2018 Employment and Social Developments in Europe Review (European Commission, 2018),* technological disruption and globalisation may drive a major shift in production and income from labour to capital. This could erode the financial base of social contributions. As described in Section 1, a relatively large share of the financing of social protection in the Netherlands comes from social contributions by employers and employees. This makes the Dutch social protection system vulnerable to technological disruption and globalisation.

The wage share, or labour share, indicates the part of national income, or the income of a particular economic sector, that is allocated to wages (labour). This shows the extent to which production is based on labour, relative to capital or land. There are different ways to calculate the wage share. Figure A13 in the Annex shows four different ways of calculating it for the period 1995-2015 (Ter Weel, Witteman & Smits2018). Although the levels are different, the development over time is very similar, with a slight decrease over the period. Overall, this does not yet show a strong shift from labour to capital as a factor of production in the Netherlands. If such a shift were to occur in the future, this would mean that the branches of social protection that rely mostly on social contributions would face difficulties.

Technological advances lead to increased productivity, and as such can contribute to welfare. However, they can also create a more unequal distribution of welfare, because technology can replace repetitive work and create more demand for creative and problem-solving work. This means that people with higher education levels will still be able to find jobs, but this will become more difficult for people with middle and low education levels. Globalisation can have the same effect, because parts of production processes can be moved to countries with lower wage costs. These developments will put pressure on the social protection system, because more income redistribution will be needed to prevent increases in income inequality (Euwals & Muselaers, 2016).

3.7 Incentives for employers

As described in Section 1, a relatively large share of the financing of social protection in the Netherlands comes from social contributions by employers and employees. The heavy reliance on social contributions means that labour costs are relatively high, which makes it less attractive for employers to hire staff. Eurostat data show that labour costs in the Netherlands were higher than the EU28 average, at €34.80 per hour versus €26.80 per hour, in 2017 (Source: Eurostat, lc_lci_lev). The Netherlands has the sixth-highest labour costs, after Denmark, Belgium, Sweden, Luxembourg and France. However, labour costs consist of both wages and other costs (primarily social contributions). The other costs accounted for 24% of total labour costs in the Netherlands in 2017, exactly the same as the EU28 average. This means that social contributions, as yet, are not causing labour costs in the Netherlands to be much higher than in other countries.

The financing of the Dutch schemes for sickness (Sickness Benefit Act) and invalidity (Labour Capacity Act) have built-in incentives (differentiated premiums) for employers to limit the outflow of their employees into sickness and invalidity. A study found that this did not lead to a lower inflow of agency workers qualifying under the Sickness Benefit Act (Lammers et al., 2016). This is probably because employment agencies do not have the

[19] https://www.rendement.nl/nieuws/id7041-geen-herinvoering-ww-premie-werknemers.html

means to prevent sickness among agency workers, because they cannot influence the work environment of the agency worker at the hiring firm. However, the study did show that the differentiated premiums lead to more agency workers moving off sickness benefit (i.e. stopping being sick). Employment agencies can achieve this by, for instance, trying to place the agency worker at another firm. Furthermore, the obligation of employers to pay sick employees for two years is already a major incentive for them to keep their workforce healthy and prevent work incapacity.

The unemployment benefit scheme (*Werkloosheidswet*, WW) is currently partly financed from sectoral premiums that are dependent on the incidence of unemployment in that sector. However, as a result of the new Act on a Balanced Labour Market, (*Wet arbeidsmarkt in balans,* WAB)sectoral funding of the WW will end, and employer premiums will be dependent on the type of contract of the individual worker (temporary or permanent).[20] This provides employers with an incentive to hire staff on permanent rather than temporary contracts.

3.8 Disincentive for people to work

As described in Section 1, a relatively large share of the financing of social protection in the Netherlands comes from social contributions by employers and employees. Also, employees contribute almost as much as employers do, which is not the case in most other EU countries. High employee social contributions mean that people receive less income from work, which makes it less attractive for them to work.

The tax pressure on income in the Netherlands is slightly above the OECD average (CPB, 2015). Research shows that generic fiscal policies aimed at increasing labour participation are not very effective, because the weekly number of hours worked does not respond very strongly to financial stimuli (CPB, 2015). The most effective policies are targeted policies aimed at people with lower incomes, for instance women with young children. Several such measures exist in the Netherlands, such as childcare allowance and the income-dependent combination tax credit.[21]

3.9 Ongoing and planned reforms and debates

Shift from taxing labour to taxing consumption

In the 2017 coalition agreement the current government has stated that taxation on labour will be reduced and the taxation on consumption will be increased. A previous government already increased the VAT level for luxury goods from 19% to 21% in 2012. The current government subsequently increased the low VAT rate, which applies to food and some services, from 6% to 9% as of 2019.

The reason the current government wants to shift taxation from labour to consumption is to make work pay more. Another possible advantage, which is not named by the government, is that it enables the financing of social protection to shift from social contributions/income tax to government revenue from VAT. Currently, added value largely consists of labour costs (as can be deduced from the wage share, shown in Figure A13). However, if this were to shift increasingly towards capital as a result of technological innovation, VAT revenue would remain unchanged whereas social contributions would decrease.

Reform of occupational pension system

There are ongoing discussions between the government and social partners about how to reform the occupational pension system so that it is more resistant to demographic shifts

[20] https://www.uwv.nl/overuwv/pers/nieuwsberichten/2018/einde-sectorpremies-ww-premie-werkgevers-daalt.aspx

[21] Parents who have an income from work above €5,000 annually can receive a tax credit of €1,052 or more.

and financial market volatility. The occupational pension system remains popular and provides generous incomes, but many occupational pensioners have experienced pension freezes (and in a few cases, reductions), while many workers have seen their pension accrual stagnate. Reform discussions have been difficult, but it is vital that the government and social partners agree on a solution.

Healthcare deductible amount

There has been some political debate on the deductible amount for healthcare, which was a major topic during the 2017 national elections. Several political parties want to abolish it, because it can cause financial difficulties and unmet medical needs for people with low incomes. However, other parties argued that the deductible amount is very important to keeping healthcare costs down. As mentioned previously, the current healthcare financing system is already very redistributive as a result of the obligatory insurance premiums, healthcare allowance and income-dependent social contributions (SCP, 2017).

3.10 Policy recommendations

- Although politically difficult, the government should consider further increasing pensioners' share of financing for the statutory pension. As the occupational pension sector matures, pensioner income will rise. The design of the current tax system means that pensioners' tax burden is fairly low relative to the working population. Over time, this is likely to result in distributive conflict between the working population and pensioners.
- The government should increase the capacity of the financing system for unemployment benefits to deal with economic swings, by building up a financial buffer during economic good times (counter-cyclical approach).
- In order to mitigate the possible negative effects of technological advances and globalisation for people with low and middle education levels, it is important to invest in education and training for these groups (Euwals & Muselaers, 2016).
- There should continue to be a shift in taxation from labour to consumption.

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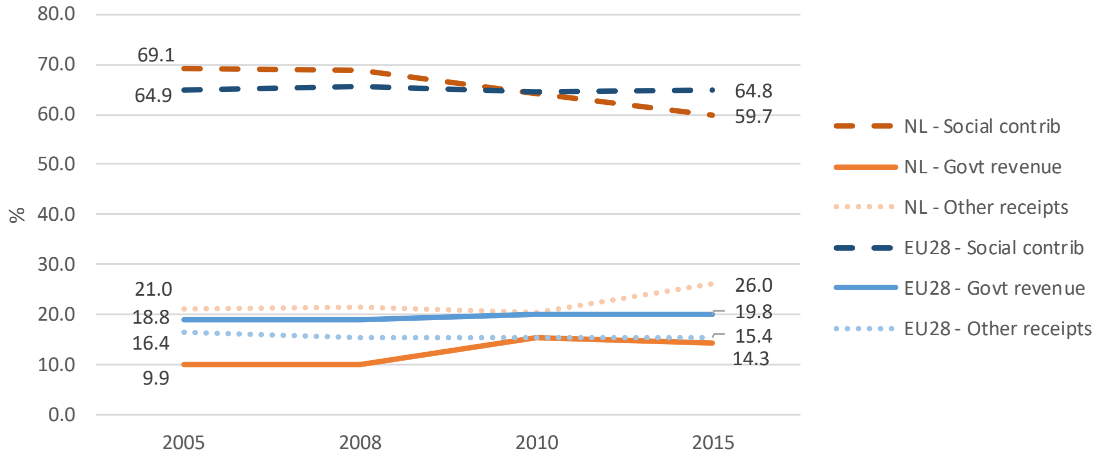
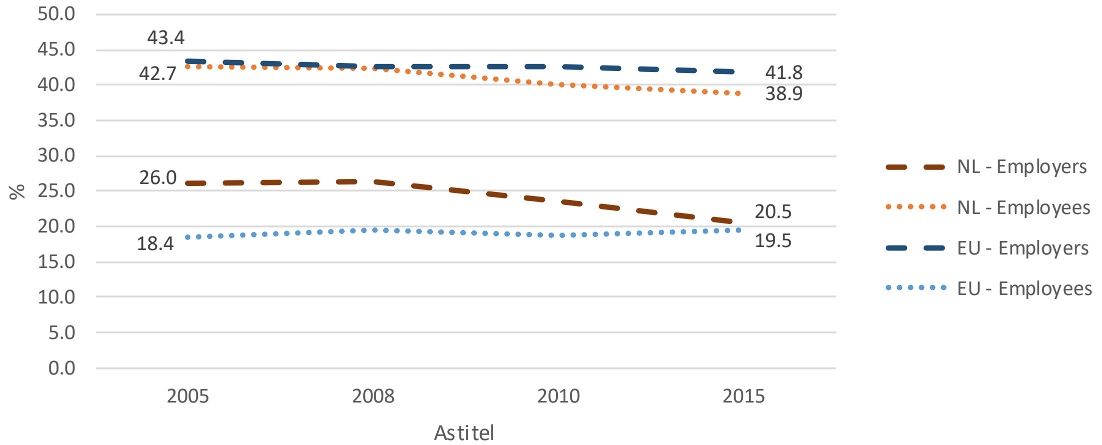
Appendix – Figures

Figure A1: Division of financing for old-age benefits by main source in the Netherlands and in the EU, 2005-2015 (% total financing)



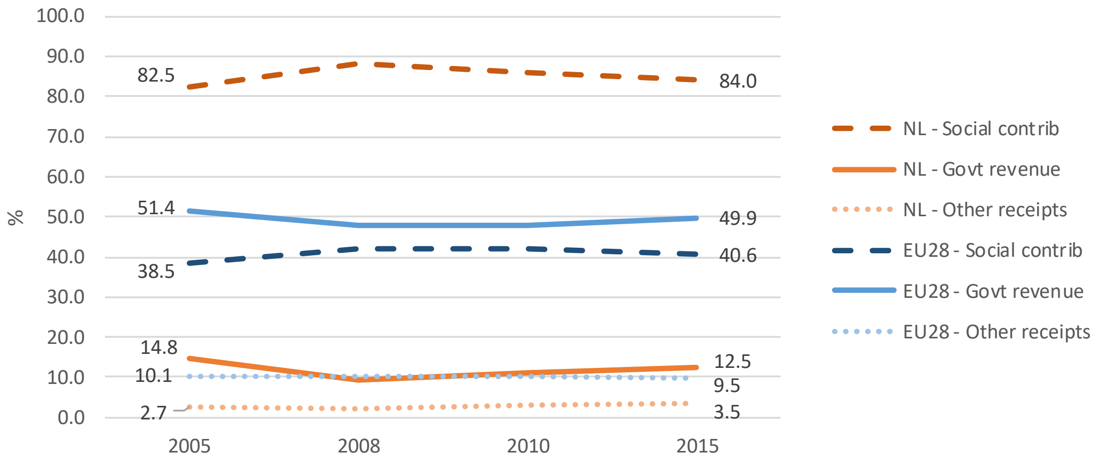
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A2: Contributions coming from employers and employees for old-age benefits in the Netherlands and in the EU, 2005-2015 (% total financing)



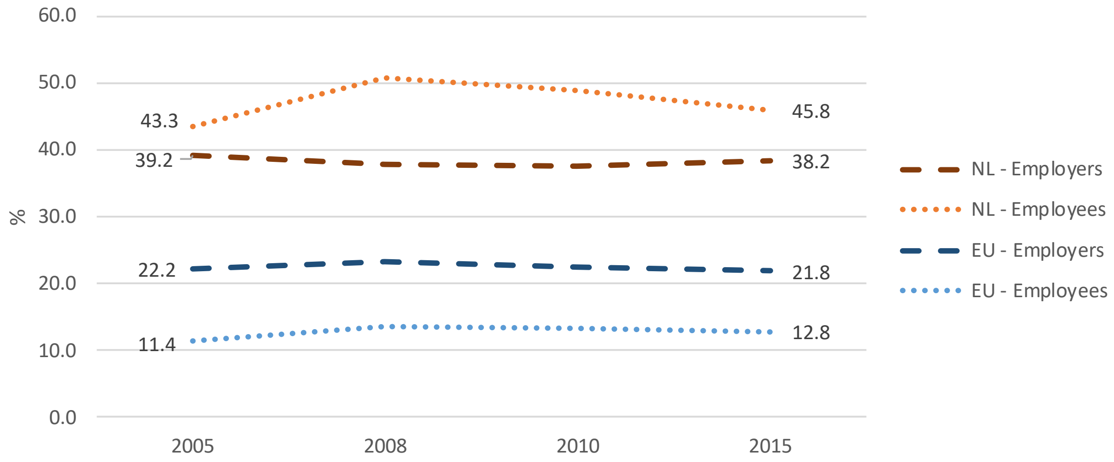
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A3: Division of financing for sickness benefits and healthcare expenditure by main source in the Netherlands and in the EU, 2005-2015 (% total financing)



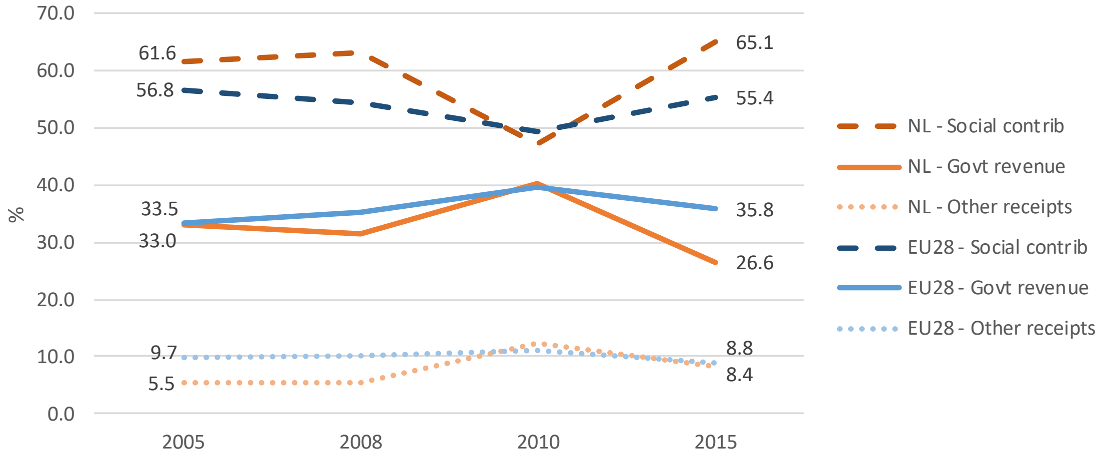
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A4: Contributions coming from employers and employees for sickness benefits and healthcare expenditure in the Netherlands and in the EU, 2005-2015 (% total financing)



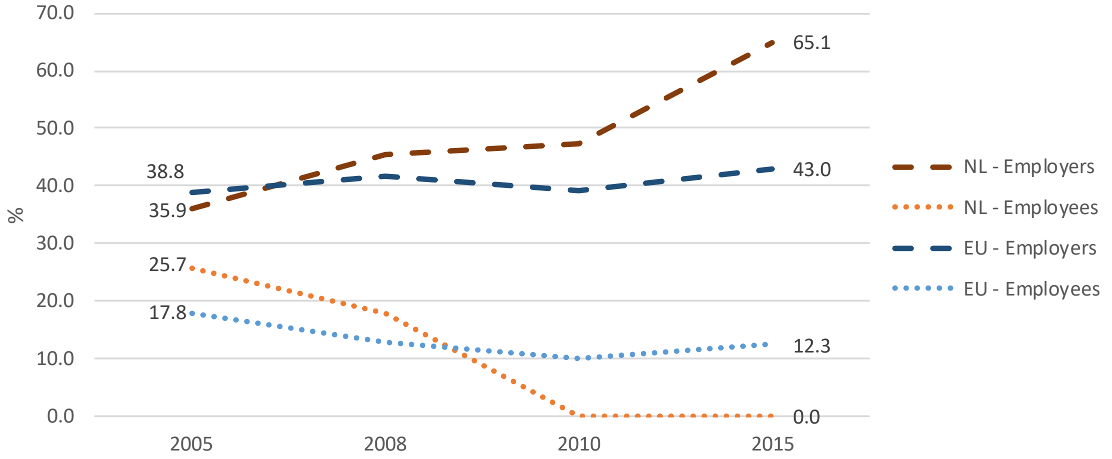
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A5: Division of financing for unemployment benefits by main source in the Netherlands and in the EU, 2005-2015 (% total financing)



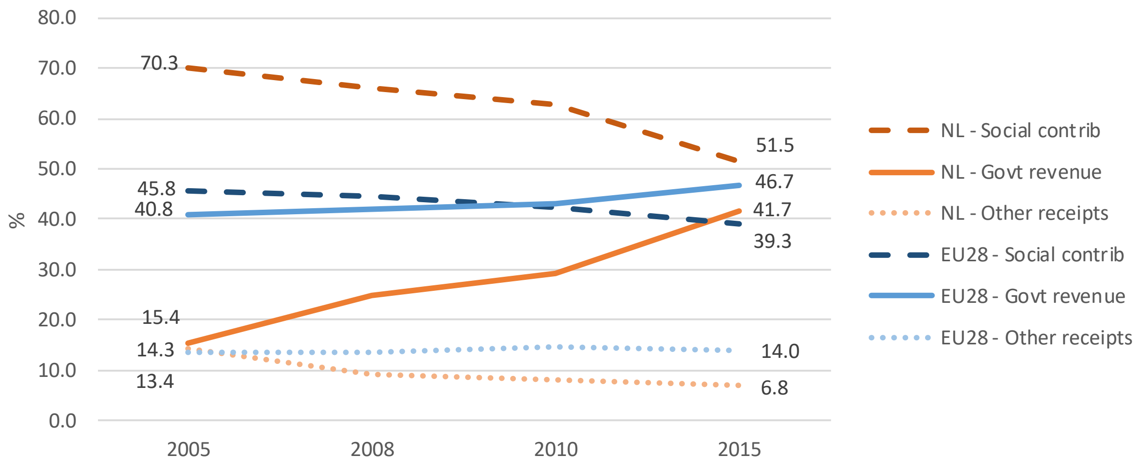
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A6: Contributions coming from employers and employees for unemployment benefits in the Netherlands and in the EU, 2005-2015 (% total financing)



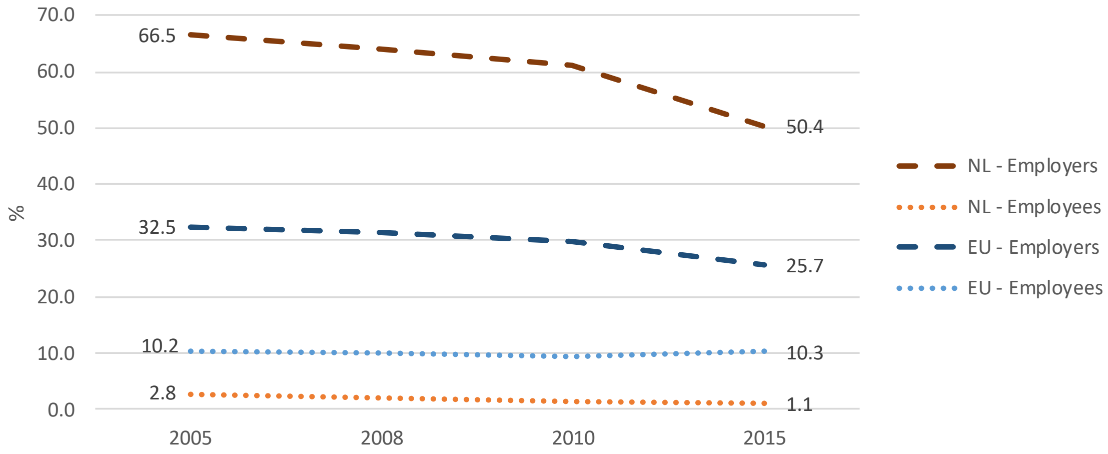
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A7: Division of financing for disability benefits by main source in the Netherlands and in the EU, 2005-2015 (% total financing)



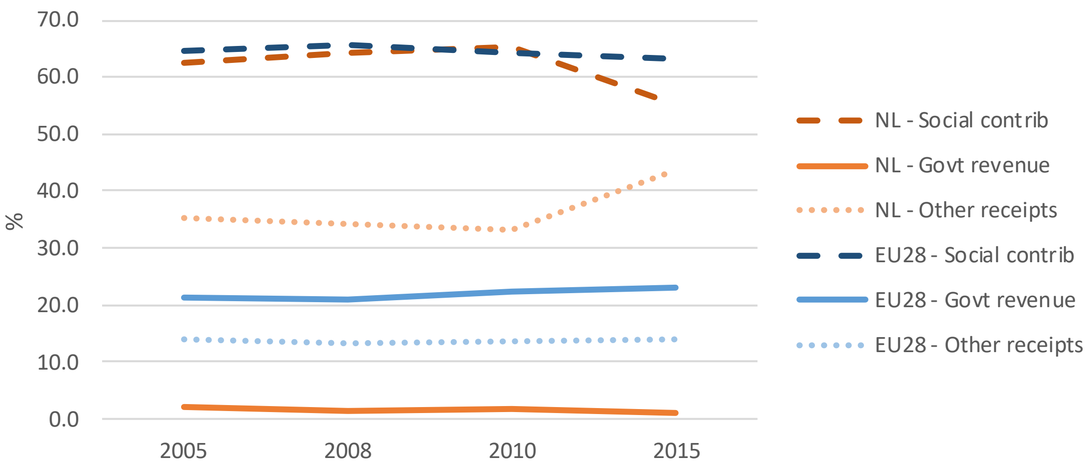
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A8: Contributions coming from employers and employees for disability benefits in the Netherlands and in the EU, 2005-2015 (% total financing)



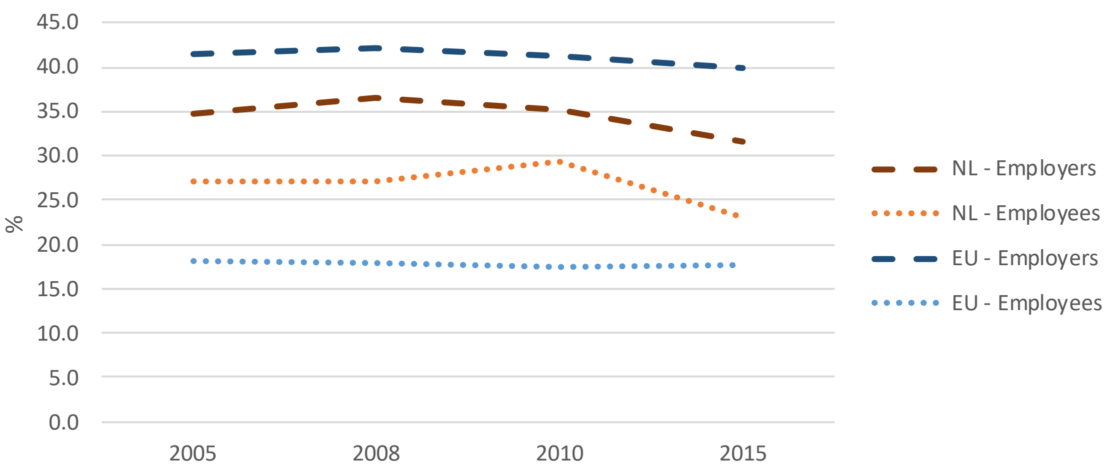
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A9: Division of financing for survivors' benefits by main source in the Netherlands and in the EU, 2005-2015 (% total financing)



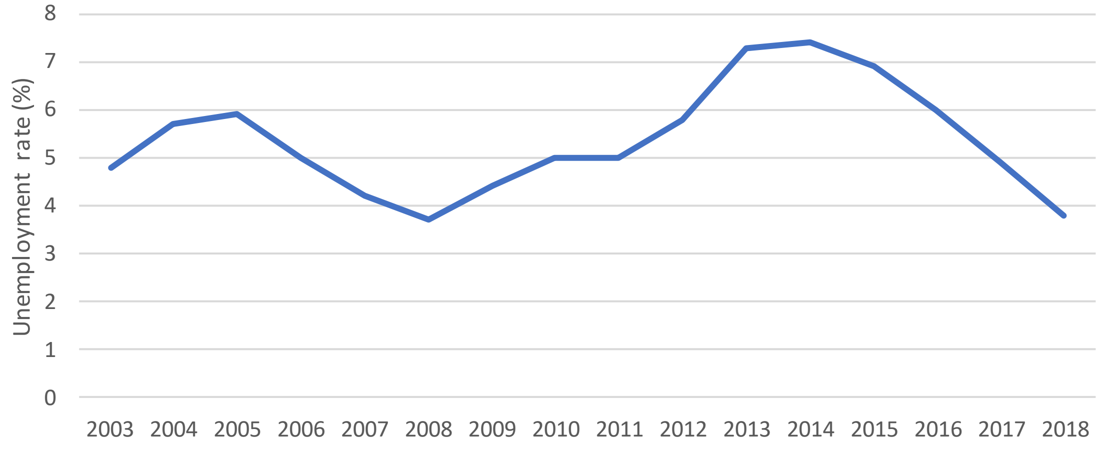
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A10: Contributions coming from employers and employees for survivors' benefits in the Netherlands and in the EU, 2005-2015 (% total financing)



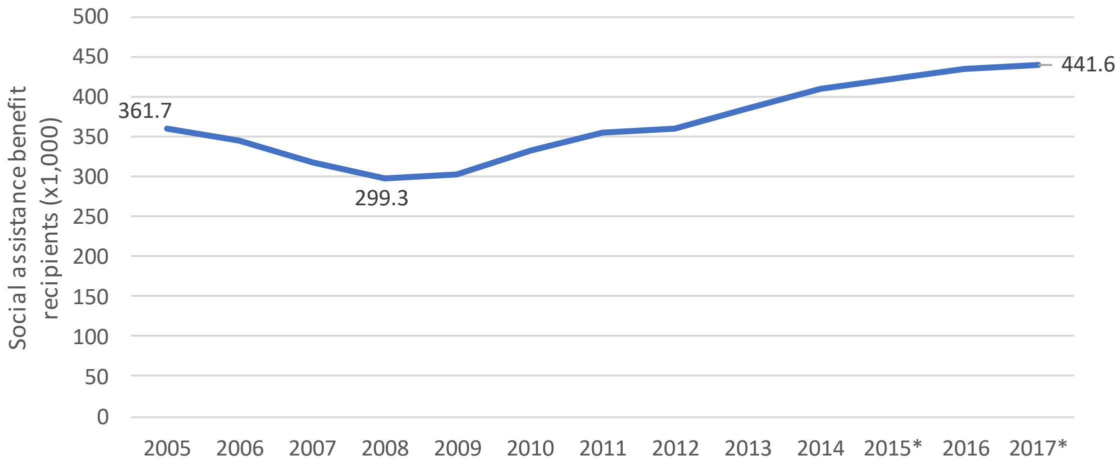
Source: Spasova and Ward (2019), Annex ESSPROS tables.

Figure A11: Unemployment rate in the Netherlands between 2003 and 2018



Source: Statistics Netherlands.

Figure A12: Number of social assistance benefit recipients in the Netherlands between 2005 and 2017

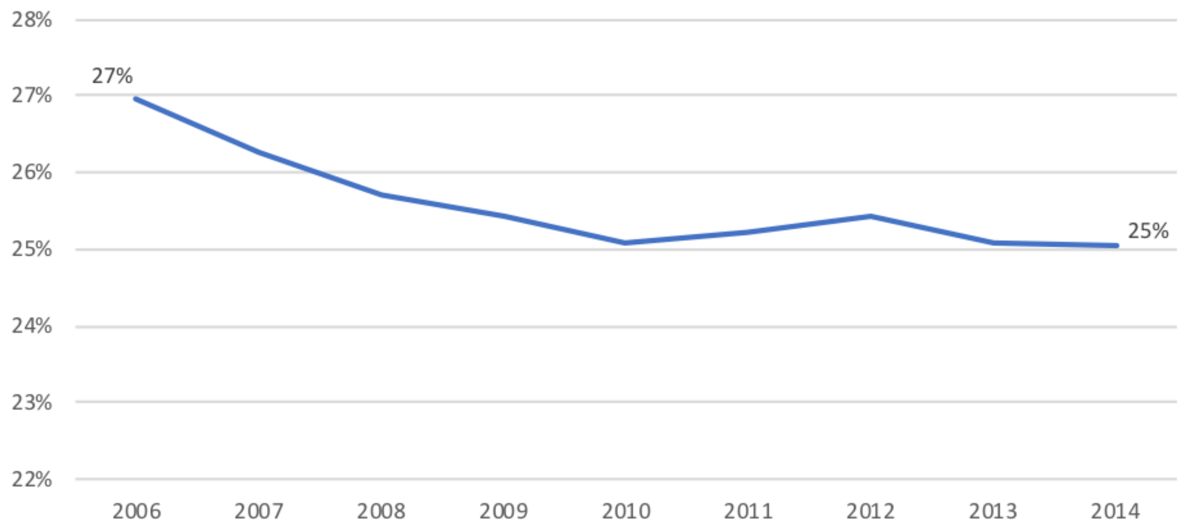


Source: Statistics Netherlands.

Figure A13: Development of the wage share (the part of national income that is allocated to wages) in the Netherlands between 1995 and 2015, according to four different ways of calculating it

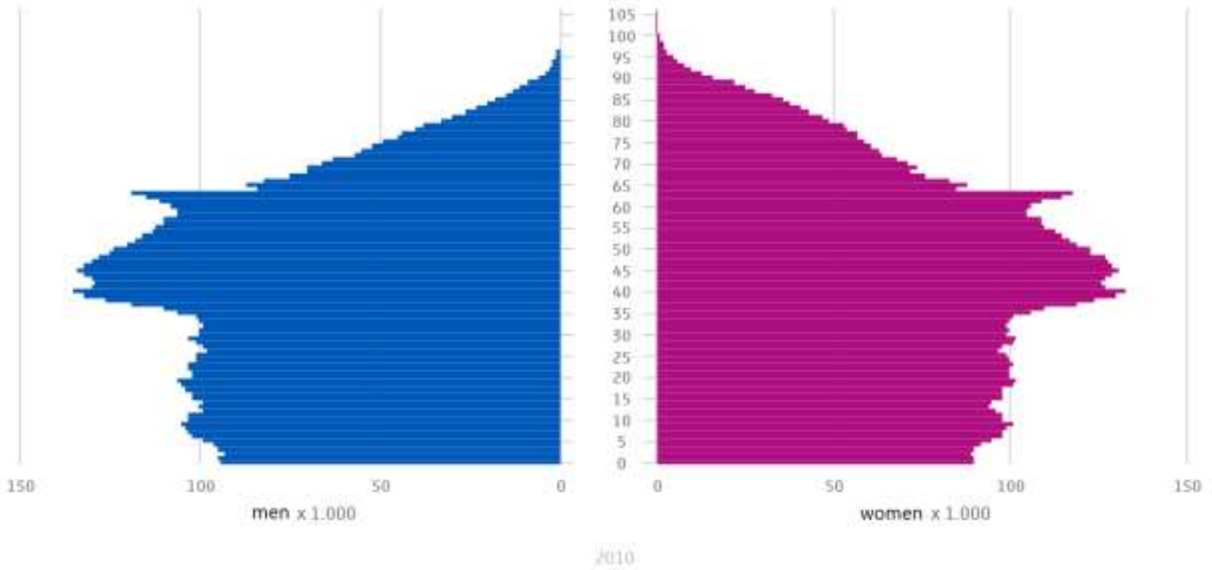
Source: SEO, 2018

Figure A14: Percentage of total taxation on gross income in the Netherlands subject to various tax credits, between 2006 and 2014



Source: Statistics Netherlands

Figure A15: Population age distribution in the Netherlands in 2010



Source: Statistics Netherlands

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