

THE NETHERLANDS - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	Normal retirement age is 65, but there are proposals for an increase to age 66 in 2020 and possibly to age 68 in 2030. The state retirement pension from January 2011 is EUR 1,067.47 a month for a single person and EUR 743 per person per month for a couple. The state also provides limited survivors' and disability pensions. Some 70% of employees are covered by industry-wide defined benefit plans that effectively operate as a mandatory system, although employers can opt out of the plans if they offer a company plan that is at least as good. Medical care is provided through mandatory private insurance (Basisverzekering)
Typical New Pension Plan	A company pension is offered to nearly 95% of employees. New plans tend to be defined contribution or a hybrid with a defined benefit or career average base and a defined contribution top-up. Survivors' pensions are a standard part of pension plans and disability pensions are usually provided for higher-paid employees. A lump sum benefit of one to three times earnings may be provided on accidental death and disability. Company savings plans (Levensloop) may be provided to finance early retirement.
Typical Costs	Employers contribute around 17% of earnings up to EUR 177 a day for state benefits, including mandatory private medical insurance; employees contribute around 31% of earnings up to EUR 31,589 a year, as part of their income tax. Employee contributions to defined contribution pension plans are typically age-related percentages of earnings less a deductible for social security. Employees' contributions are typically one third to one half of the employer's contribution.
Tax Implications	Employer contributions are tax deductible to the employer and not taxable to the employee. Employee contributions are also tax deductible. Benefits are taxed as income. However, with one exception all employer contributions for health insurance (basic and excess cover) are a taxable benefit.
Labour Law Issues	Pension plan benefits vest immediately. Pension plan design is subject to the agreement of the employees' council.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	EU/EEA rules apply. For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in both consolidated and separate statements.
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