



# Study supporting the monitoring of care credits in occupational pension schemes

Final Report

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## Executive Summary

### Introduction

Pension credits for care periods are a key policy lever to protect the pension rights of carers and support gender equality in pensions. They are designed to compensate for a break in 'working time' so that there are no significant gaps in pension entitlements. Pension care credit policies support pension adequacy and gender equality as caring responsibilities for both children and elderly persons are often undertaken by women.

The study examined the protection of savers' pension rights in supplementary occupational pension schemes (SOPS) during career breaks linked to care. The project has focused on four key features of care credits in statutory and occupational schemes: types of care provision; access and eligibility conditions; funding arrangements; and coverage (national- and sectoral-level estimations).

### Diffusion of SOPS and pension credits

The existence and treatment of SOPS and pension credits varies across the EU-27. Pension care credits in SOPS exist in various forms in **13 Member States**, namely Austria, Belgium, Denmark, Germany, Finland, France, Ireland, Italy, Netherlands, Portugal, Slovenia, Spain and Sweden. In the remaining 14 countries, no discernible occupational pension or care-related credits are known to exist. Reasons for the differences between Member States include the historical development of statutory pension systems in each country. Occupational pensions and care credits are often heavily intertwined with statutory pension mechanisms, typically providing care credits through a combination of statutory and occupational pension provision.

Five Member States, namely **Belgium, Denmark, the Netherlands, Spain and Sweden, have been selected for the case study analysis as they present the most developed occupational pensions and care credit systems.** In Belgium, Denmark, the Netherlands and Sweden, care credits are stipulated in collective agreements, which typically cover a company or a sector, and which define the duration of leave periods and the extent to which remuneration payments are made / pension contributions are paid. In Spain, Law 12/2022 regulates the promotion of occupational pension plans.

The **key determinants of the provision of pension care credits** include:

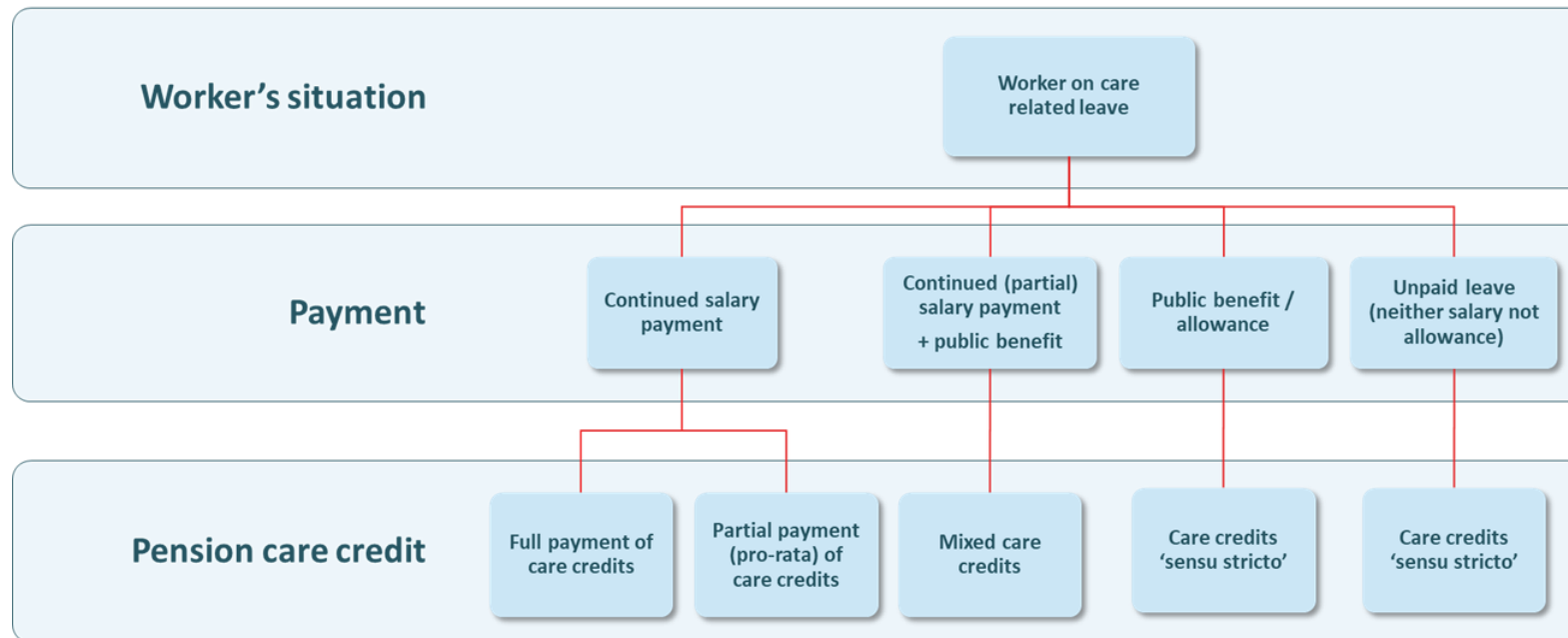
- The **type of leave** as it directly determines the duration of leave and the payment conditions (eligibility to receive a salary vs. statutory-funded allowance, or not be paid at all).
- The **work status**: as pension credits are typically accumulated pro-rata to working time, some non-standard workers may be disadvantaged (e.g. part-timers, the self-employed).

## Taxonomy of pension care credits in SOPS

There are two main categories of pension care credits:

- **Continued payment of the salary:** the person taking the leave continues to build up entitlements in the same way as while working.
- **Credits sensu stricto:** explicit provision of care-related credits when salaries are stopped, and either statutory social security benefits are received instead or no payment (i.e. salary or benefit) is received at all.

**Figure 1: Taxonomy of occupational pension care credits in SOPS**



Source: Authors' own elaboration based on five case studies



**Continued payment of salaries** during care-related leave periods is rare. It typically occurs for childcare-related leave, and in some cases leave to care for extended family members, people with disabilities and older relatives.

Continued payment during leaves exists only in Denmark and in the Netherlands. In **Denmark**, the duration of fully paid maternity, paternity and parental leave is set in the collective and individual company agreements. When such an agreement is in place, employers continue payment of the full salary during maternity and paternity leave and the care credits are accrued during these leave periods. Many employers often pay the full salary for at least part of the parental leave, and some pay pension contributions based on the full salary regardless of whether or not the full salary is paid during parental leave.

In **the Netherlands**, ‘continued payment of salary’ refers to two overarching types of ‘payments’ with different levels of impact on occupational pension accruals:

- When there is legislation stating that the employer funds the salary and / or credit from their own financial means (credited care period); and,
- When there is a collective agreement, company agreement or other that stipulates that the employer will consider additional periods as ‘paid’ (credited only when stipulated).

When **payment of the salary is suspended**, there are two possibilities in national leave systems:

- An allowance is paid (the most common case); and,
- The worker is on unpaid leave.

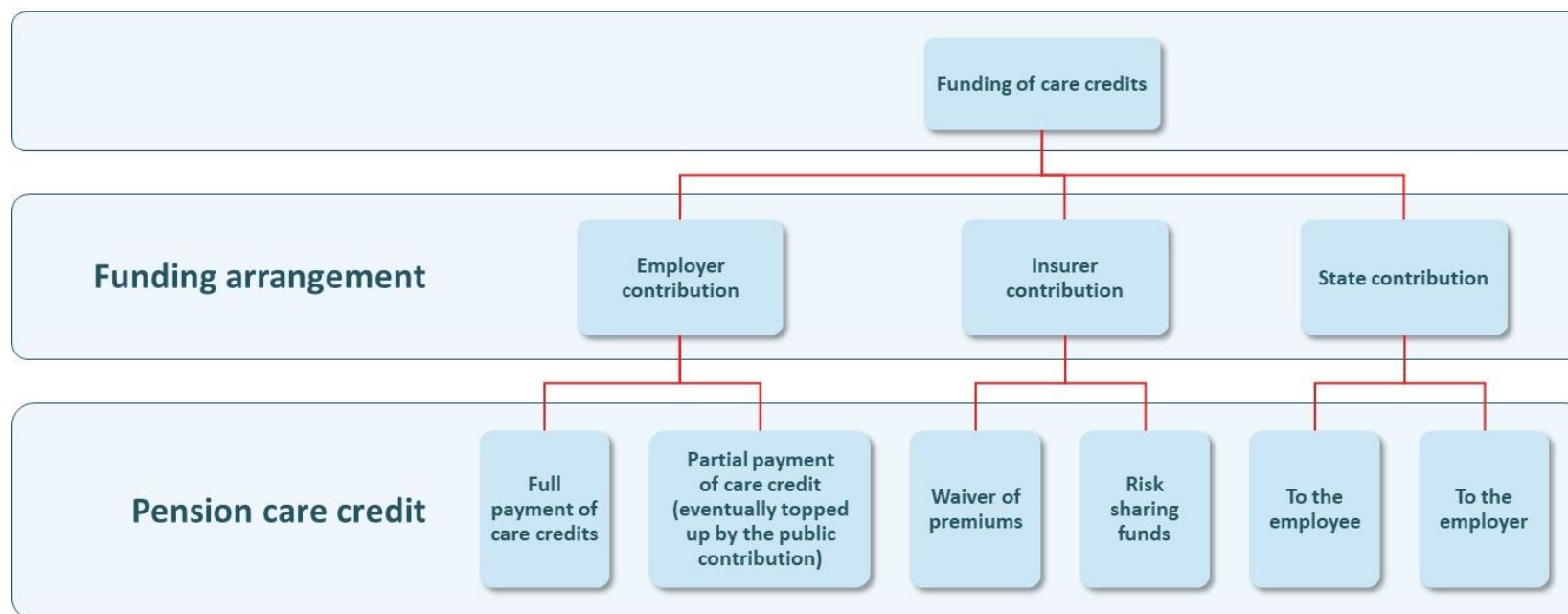
In both cases, to continue building up pension entitlements in the occupational pension schemes, specific provisions (credits ‘sensu stricto’) are needed in collective agreements.

In **Belgium** some occupational pension plans explicitly incorporate specific periods that are considered equivalent to actual working periods. When a period is explicitly assimilated, the employer must continue to pay the contribution into the pension plan during the period of inactivity. From 2022, in **Spain** pension credits have been implicitly enshrined in national law; such provisions were introduced in the most recently approved or renewed occupational pension plans, such as those for the building sector and for retailers of flowers and plants. In **Sweden**, where sectoral agreements (e.g. ITP 2 for white-collar workers and KAP-KL, AKAP-KR for municipal workers and PA03/PA16 for state workers) do not stipulate a continued payment of salary, pension care credits continue to be paid as if the worker was working while they are on parental leave.

## Taxonomy of funding of care credits in SOPS

When the salary continues to be paid, employers typically fund occupational pension plans; co-participation by employees is rare, except for in Denmark and Sweden where it is a more common practice (Figure 2). When there is payment of a statutory benefit and, thus, no direct payment into the occupational pension scheme, there are several funding possibilities, most of which are paid by the employer (however in some cases the employee also contributes). This varies among countries and schemes. In **the Netherlands**, there is continued payment by the employer but (for certain leave types) the state reimburses part of the expenses up to a maximum daily wage. In **Belgium** and (depending on the sector) in **Sweden**, the employer can take out premium waiver insurance to ensure the continued payment of contributions during specific periods of absence.

**Figure 2: Taxonomy of funding of care credits in SOPS**



Source: Authors' own elaboration based on five case studies

When the employer pays the credits, in several cases the employer's payments may be reimbursed. The main payback methods include:

- **Reimbursement by the state** (e.g. in the Netherlands, the state may reimburse expenses up to a maximum daily wage).
- **Reimbursement by means of additional private insurance:**
  - **Waiver of premium insurance** for employers as an optional insurance policy clause that can be purchased by employers (commonly used in Belgium and partly in Sweden),
  - **Reimbursement of the employers through a risk sharing fund** (e.g. maternity funds in Denmark).

## Access and eligibility conditions

When care credits are offered under specific collective agreements, access and eligibility are primarily linked to the conditions set out in the leave scheme. All workers, including non-standard workers (e.g. temporary or part-time workers) are eligible to contribute to and receive occupational pensions on an equal basis. However, the pension amounts differ as occupational pensions of part-time workers are accrued pro rata, and are therefore lower than those of full-time workers. For instance, in **Denmark** it is less common for the so-called 'hourly-paid workers' to continue receiving salary or pension benefits throughout their maternity/paternity or parental leave. The self-employed are generally not included in occupational pensions, except for in **Belgium, Denmark**, and partly in the **Netherlands**. In **Spain**, there is a plan to implement 'simplified occupational plans', which would include self-employed people. In **Belgium**, the self-employed have had the right to join such schemes since 2017 and can build up their own supplementary pension linked to their professional activity. In the **Netherlands**, in certain industries, the solo self-employed ('zzp'ers') are required to join an occupational pension scheme, however, this is currently limited to decorators and construction workers.

## Estimations on the coverage of care credit arrangements in various sectors

Providing clear and comparable evidence on the prevalence of care credit coverage is challenging. This project attempted to investigate sectoral factors which may influence the provision of care credits; this included whether the provision of such credits was more prevalent and / or greater in feminised sectors. However, this assumption could not be confirmed due to a lack of sufficient evidence on sectoral coverage in four of the countries studied (Belgium, Denmark, the Netherlands and Sweden). Information on coverage is also lacking for Spain, except for some specific sector examples, given that the reform of occupational schemes, including of care credits, is still ongoing.

## Concluding remarks

Pension care credits in SOPS are inherently linked to leave provisions. The provision and design of the leave – the eligibility conditions and especially the payment conditions – are essential factors. The payment conditions regarding leave are key to the building up of care credits.

Continuation of pension accrual in SOPS is only ensured if the salary is still paid, i.e. this is implicit / direct provision of care credits related to a continued salary payment. In cases where a statutory benefit is paid, accumulation of pension entitlements and care credits does not continue in occupational pension schemes unless this is stipulated in collective agreements. In some cases, there are also special provisions for cases of unpaid leave. Where a statutory benefit is paid, there may be several types of care credit arrangements in occupational pension schemes, based on collective agreements.

The employer generally funds this type of provision. However, in some cases, the employer may receive a reimbursement from the state, from a fund of which they are a member, or they may have an option to take out 'waiver of premium' insurance cover.

Closing the gender pension gap is firstly a matter of closing the gender employment and pay gap. However, social protection systems, and in particular pension schemes, play an important role by providing pension credits during care periods. The study also shows the need to increase financial literacy and pension awareness, and to further refine care credit provisions in SOPS, in order to make systems more inclusive, especially with regard to long-term care.

## Résumé

### Introduction

Les crédits de pension de retraite pour les périodes de soins constituent un levier politique essentiel pour protéger les droits à pension des aidants et soutenir l'égalité entre les hommes et les femmes en matière des retraites. Ils sont conçus pour compenser une interruption du «temps de travail» afin qu'il n'y ait pas de lacunes importantes dans les droits à pension. Les politiques de crédit de pension de retraite liés aux soins soutiennent l'adéquation des retraites et l'égalité des sexes, car les responsabilités familiales pour les enfants et les personnes âgées sont souvent assumées par les femmes.

L'étude a examiné la protection des droits à pension des épargnants dans les régimes de retraite professionnelle complémentaires (RRPC) pendant les interruptions de carrière liées aux soins. Le projet s'est concentré sur quatre caractéristiques clés des crédits liés aux soins dans les régimes légaux et professionnels: les types de prestations de soins; les conditions d'accès et d'admissibilité; les modalités de financement; et la couverture (estimations au niveau national et sectoriel).

### Diffusion des RRPC et des crédits de pension

L'existence et le traitement des RRPC et des crédits de pension varient dans l'UE-27. Les crédits de pension liés aux soins dans les RRPC existent sous différentes formes dans **13 États membres**, notamment l'Allemagne, l'Autriche, la Belgique, le Danemark, l'Espagne, la Finlande, la France, l'Irlande, l'Italie, les Pays-Bas, le Portugal, la Slovénie et la Suède. Dans les 14 pays restants, il n'existe pas de pensions professionnelles ou de crédits liés aux soins perceptibles. Les différences entre les États membres s'expliquent notamment par l'évolution historique des régimes de retraite légaux dans chaque pays. Les pensions professionnelles et les crédits liés aux soins sont souvent étroitement liés aux mécanismes de pension légaux, fournissant généralement des crédits liés aux soins par le biais d'une combinaison de prestations de pension légales et professionnelles.

Cinq États membres, à savoir **la Belgique, le Danemark, l'Espagne, les Pays-Bas et la Suède, ont été sélectionnés pour l'analyse d'étude de cas, car ils présentent les systèmes de retraite professionnelle et de crédit lié aux soins les plus développés.** En **Belgique, au Danemark, aux Pays-Bas et en Suède**, les crédits liés aux soins sont stipulés dans des conventions collectives, qui couvrent généralement une entreprise ou un secteur, et qui définissent la durée des périodes de congé et la mesure dans laquelle les paiements de rémunération sont effectués / les cotisations de retraite sont payées. En Espagne, la loi 12/2022 régleme la promotion des régimes de retraite professionnels.

Les **principaux déterminants de la provision de crédits de retraite liés aux soins** sont les suivants:

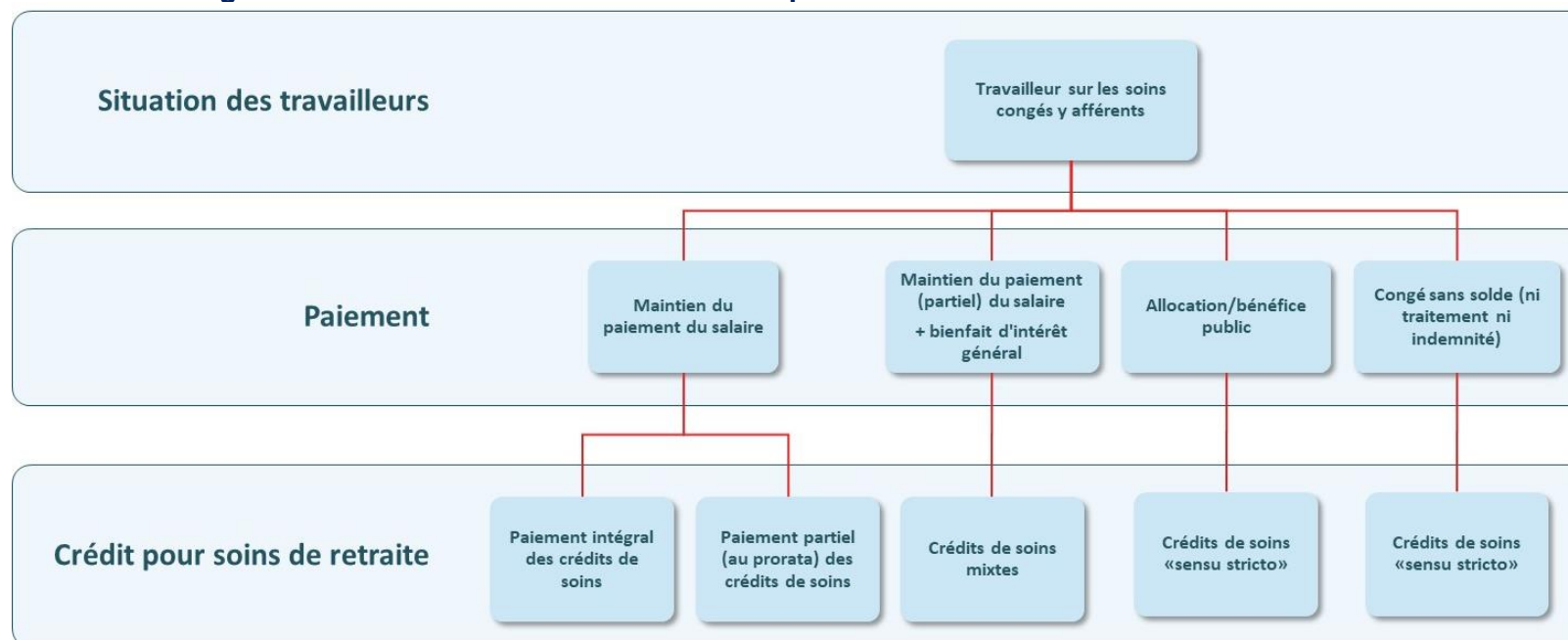
- Le **type de congé** car il détermine directement la durée du congé et les conditions de paiement (admissibilité à recevoir un salaire par rapport à une allocation financée par la loi, ou ne pas être payé du tout).
- Statut **professionnel**: étant donné que les crédits de pension sont généralement accumulés au prorata du temps de travail, certains travailleurs atypiques peuvent être désavantagés (par exemple, les travailleurs à temps partiel, les travailleurs indépendants).

## Taxonomie des crédits de retraite liés aux soins dans les RRPC

Il existe deux catégories principales de crédits de retraite liés aux soins:

- **Poursuite du paiement du salaire:** la personne qui prend le congé continue d'accumuler des droits de la même manière qu'en travaillant.
- **Crédits stricto sensu :** la fourniture explicite de crédits liés aux soins lorsque les salaires sont interrompus et que des prestations légales de sécurité sociale sont reçues à la place ou qu'aucun paiement (c'est-à-dire un salaire ou une prestation) n'est reçu.

Figure 1: Taxonomie des crédits de retraite professionnelle liés aux soins dans les RRPC



Source: Élaboration des auteurs sur la base de cinq études de cas

**Le maintien du paiement des salaires** pendant les périodes de congé liées aux soins est rare. Il s'agit généralement d'un congé lié à la garde d'enfants et, dans certains cas, d'un congé pour s'occuper de membres de la famille élargie, de personnes handicapées et de membres de la famille plus âgés.

Le maintien du paiement pendant les congés n'existe qu'au Danemark et aux Pays-Bas. Au **Danemark**, la durée entièrement rémunérée du congé de maternité, de paternité et parental est fixée dans les conventions collectives et individuelles d'entreprise. Lorsqu'un tel accord est en place, les employeurs continuent de verser l'intégralité du salaire pendant les congés de maternité et de paternité et les crédits de soins sont accumulés pendant ces périodes de congé. De nombreux employeurs paient souvent la totalité du salaire pour au moins une partie du congé parental, et certains paient des cotisations de retraite basées sur la totalité du salaire, que la totalité du salaire soit payée ou non pendant le congé parental.

Aux **Pays-Bas**, le «maintien du paiement de salaire» fait référence à deux types généraux de «paiements» ayant des niveaux différents d'impact sur l'accumulation des retraites professionnelles:

- Lorsqu'il existe une législation stipulant que l'employeur finance le salaire et / ou le crédit par ses propres moyens financiers (période de soins créditée); et,
- Lorsqu'il existe une convention collective, un accord d'entreprise ou autre qui stipule que l'employeur considérera les périodes supplémentaires comme «rémunérées» (créditées uniquement lorsqu'elles sont stipulées).

Lorsque **le paiement du salaire est suspendu**, les systèmes nationaux de congés offrent deux possibilités:

- Une allocation est versée (le cas le plus courant); et,
- Le travailleur est en congé sans solde.

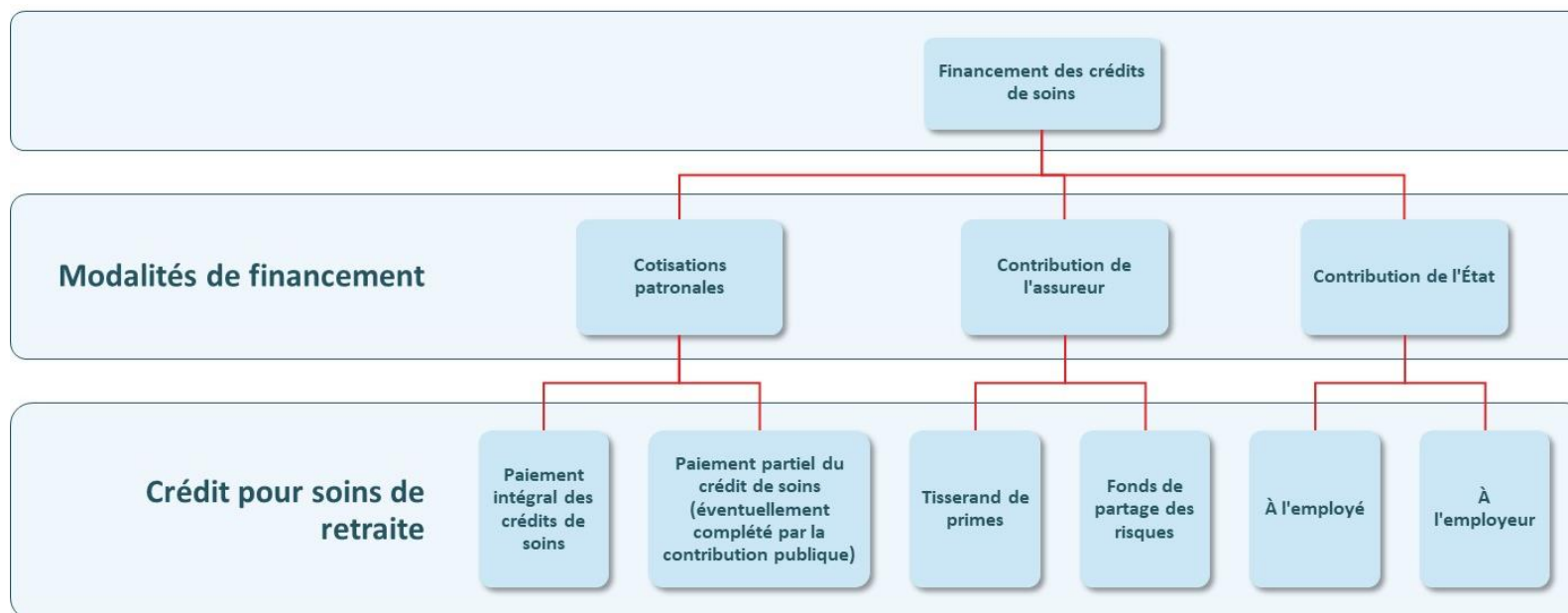
Dans les deux cas, pour continuer à accumuler des droits à pension dans les régimes de retraite professionnels, des dispositions spécifiques (crédits «sensu stricto») sont nécessaires dans les conventions collectives.

En **Belgique**, certains régimes de retraite professionnels intègrent explicitement des périodes spécifiques considérées comme équivalentes à des périodes de travail effectives. Lorsqu'une période est explicitement assimilée, l'employeur doit continuer à verser la cotisation au régime de retraite pendant la période d'inactivité. Depuis 2022, en **Espagne**, les crédits de retraite sont implicitement inscrits dans le droit national; ces dispositions ont été introduites dans les régimes de retraite professionnelle les plus récemment approuvés ou renouvelés, tels que ceux pour le secteur de la construction et pour les détaillants de fleurs et de plantes. En **Suède**, où les accords sectoriels (par exemple ITP 2 pour les travailleurs non manuels et KAP-KL, AKAP-KR pour les travailleurs municipaux et PA03/PA16 pour les travailleurs de l'État) ne prévoient pas le maintien du paiement du salaire, les crédits liés aux soins continuent d'être versés comme si le travailleur travaillait pendant son congé parental.

## Taxonomie du financement des crédits liés aux soins dans les RRPC

Lorsque le salaire continue d'être payé, les employeurs financent généralement des régimes de retraite professionnels; la coparticipation des salariés est rare, sauf au Danemark et en Suède où il s'agit d'une pratique plus courante (graphique 2). Lorsqu'il y a versement d'une prestation légale et, par conséquent, pas de versement direct au régime de retraite professionnel, il existe plusieurs possibilités de financement, dont la plupart sont payées par l'employeur (cependant, dans certains cas, le salarié contribue aussi). Cela varie d'un pays et d'un régime à l'autre. Aux **Pays-Bas**, l'employeur continue de payer, mais (pour certains types de congés) l'État rembourse une partie des dépenses jusqu'à concurrence d'un salaire journalier maximal. En **Belgique** et (selon le secteur) en **Suède**, l'employeur peut souscrire une assurance dispense de primes pour assurer le maintien des cotisations pendant des périodes d'absence spécifiques.

**Graphique 2: Taxonomie du financement des crédits liés aux soins dans les RRPC**



Source: Élaboration des auteurs sur la base de cinq études de cas



Lorsque l'employeur paie les crédits, dans plusieurs cas, les paiements de l'employeur peuvent être remboursés. Les principales méthodes de remboursement comprennent:

- **Remboursement par l'État** (par exemple, aux Pays-Bas, l'État peut rembourser les dépenses jusqu'à concurrence d'un salaire journalier maximal).
- **Remboursement par une assurance privée complémentaire:**
  - **Exonération des primes d'assurance** pour les employeurs en tant que clause d'assurance facultative pouvant être souscrite par les employeurs (communément utilisée en Belgique et partiellement en Suède),
  - **Remboursement des employeurs par l'intermédiaire d'un fonds de partage des risques** (par exemple, fonds de maternité au Danemark).

## Conditions d'accès et d'admissibilité

Lorsque des crédits liés aux soins sont offerts en vertu de conventions collectives spécifiques, l'accès et l'admissibilité sont principalement liés aux conditions énoncées dans le régime de congé. Tous les travailleurs, y compris les travailleurs atypiques (par exemple, les travailleurs temporaires ou à temps partiel) ont le droit de contribuer et de recevoir des pensions de retraite professionnelles sur une base égale. Toutefois, les montants des pensions sont différents car les pensions de retraite professionnelles des travailleurs à temps partiel sont constituées au prorata et sont donc inférieures à celles des travailleurs à temps plein. Par exemple, au **Danemark**, il est moins courant que les «travailleurs rémunérés à l'heure» continuent de percevoir un salaire ou des prestations de retraite tout au long de leur congé de maternité/paternité ou parental. Les travailleurs indépendants ne sont généralement pas inclus dans les pensions professionnelles, sauf en **Belgique**, au **Danemark** et en partie aux **Pays-Bas**. En **Espagne**, il existe un plan visant à mettre en œuvre des «plans professionnels simplifiés», qui incluraient les travailleurs indépendants. En **Belgique**, les travailleurs indépendants ont eu le droit d'adhérer à ces régimes depuis 2017 et peuvent accumuler leur propre pension complémentaire liée à leur activité professionnelle. Aux **Pays-Bas**, dans certains secteurs, les travailleurs indépendants sans salariés («zzp'ers») sont tenus d'adhérer à un régime de retraite professionnel, mais celui-ci est actuellement limité aux décorateurs et aux travailleurs de la construction.

## Estimations de la couverture des dispositifs de crédit liés aux soins dans divers secteurs

Il est difficile de fournir des preuves claires et comparables sur la prévalence de la couverture du crédit lié aux soins. Ce projet a tenté d'étudier les facteurs sectoriels susceptibles d'influencer sur la provision des crédits liés aux soins; il s'agissait notamment de déterminer si la provision de ces crédits était plus répandue et/ou plus importante dans les secteurs féminisés. Toutefois, cette hypothèse n'a pas pu être confirmée en raison d'un manque de données probantes suffisantes sur la couverture sectorielle dans quatre des pays étudiés (Belgique, Danemark, Pays-Bas et Suède). L'Espagne manque également d'informations sur la couverture, à l'exception de quelques exemples sectoriels spécifiques, étant donné que la réforme des régimes professionnels, y compris des crédits liés aux soins, est toujours en cours.

## Observations finales

Les crédits de pension de retraite liés aux soins dans les RRPC sont intrinsèquement liés aux dispositions relatives aux congés. L'octroi et la conception du congé – les conditions d'admissibilité et en particulier les conditions de paiement – sont des facteurs essentiels. Les conditions de paiement des congés sont essentielles à la constitution de crédits liés aux soins.

La continuation de l'accumulation de la pension dans RRPC n'est assurée que si le salaire est toujours payé, c'est-à-dire qu'il s'agit de la provision implicite / directe de crédits de soins liés à un paiement continu du salaire. Dans les cas où une prestation légale est payée, l'accumulation des droits à pension et des crédits liés aux soins ne se poursuit pas dans les régimes de retraite professionnels, sauf si cela est stipulé dans les conventions collectives. Dans certains cas, il existe également des dispositions spéciales pour les cas de congé sans solde. Lorsqu'une prestation légale est payée, il peut y avoir plusieurs types d'accords de crédit liés aux soins dans les régimes de retraite professionnels, sur la base de conventions collectives.

L'employeur finance généralement ce type de disposition. Toutefois, dans certains cas, l'employeur peut recevoir un remboursement de l'État, à partir d'un fonds dont il est membre, ou il peut avoir la possibilité de souscrire une assurance «dispense de primes».

Réduire l'écart de pension de retraite entre les hommes et les femmes consiste tout d'abord à réduire l'écart entre les hommes et les femmes en matière d'emploi et de rémunération. Toutefois, les systèmes de protection sociale, et en particulier les régimes de retraite, jouent un rôle important en fournissant des crédits de pension pendant les périodes de soins. L'étude montre également la nécessité d'accroître la littératie financière et la sensibilisation aux retraites, et d'affiner davantage les dispositions en matière de crédit de soins dans les RRPC, afin de rendre les systèmes plus inclusifs, en particulier en ce qui concerne les soins de longue durée.

## Zusammenfassung

### Einleitung

Rentengutschriften für Sorgearbeit (Kindererziehung und/oder Pflege) sind ein wichtiger politischer Hebel, um die Rentenansprüche von Pflegepersonen zu schützen und die Gleichberechtigung der Geschlechter in Renten zu fördern. Sie sollen eine Unterbrechung der „Arbeitszeit“ kompensieren, so dass keine wesentlichen Lücken in den Rentenansprüchen entstehen. Rentengutschriften für Sorgearbeit fördern die Angemessenheit der Renten und die Geschlechtergleichheit, da die Betreuung von Kindern und Pflege von älteren Menschen häufig von Frauen übernommen werden.

Die Studie untersuchte den Schutz der Rentenansprüche in betrieblichen Zusatzrentensystemen während Berufspausen im Zusammenhang mit der Sorgearbeit. Das Projekt konzentrierte sich auf vier Hauptmerkmale von Rentengutschriften in gesetzlichen und betrieblichen Systemen: Arten von Pflegeleistungen; Zugangsbedingungen und Anspruchsberechtigung; Finanzierungsvereinbarungen; und Deckung (Schätzungen auf nationaler und sektoraler Ebene).

### Diffusion von ergänzenden Betriebsrenten und pflegebezogenen Rentengutschriften

Die Existenz von und der Umgang mit ergänzenden Betriebsrenten und pflegebedingten Rentengutschriften ist in der EU-27 unterschiedlich. In **13 Mitgliedstaaten** gibt es pflegebedingte Rentengutschriften in verschiedenen betrieblichen Zusatzrentensystemen, nämlich in Österreich, Belgien, Dänemark, Deutschland, Finnland, Frankreich, Irland, Italien, den Niederlanden, Portugal, Slowenien, Spanien und Schweden. In den übrigen 14 Ländern gibt es keine erkennbaren betrieblichen oder pflegebezogenen Rentengutschriften. Gründe für die Unterschiede zwischen den Mitgliedstaaten sind die historische Entwicklung der gesetzlichen Rentensysteme in den einzelnen Ländern. Betriebsrenten und pflegebezogene Rentengutschriften sind oft stark mit gesetzlichen Rentenmechanismen verflochten und bieten in der Regel Gutschriften durch eine Kombination aus gesetzlicher und betrieblicher Altersvorsorge.

Fünf Mitgliedstaaten, nämlich **Belgien, Dänemark, die Niederlande, Spanien und Schweden, wurden für die Fallstudie ausgewählt, da sie die am weitesten entwickelten betrieblichen Altersversorgungs- und pflegebezogene Rentengutschriftensysteme darstellen.** In Belgien, Dänemark, den Niederlanden und Schweden sind Rentengutschriften für Sorgearbeit in Tarifverträgen vorgesehen, die typischerweise ein Unternehmen oder einen Sektor abdecken und die Dauer der Urlaubszeiten und den Umfang der geleisteten Vergütungszahlungen/Rentenbeiträge festlegen. In Spanien regelt das Gesetz 12/2022 die Förderung der betrieblichen Altersvorsorge.

Zu den **wichtigsten Determinanten für die Bereitstellung von Rentengutschriften für Sorgearbeit** zählen:

- Die **Art der Berufspause**, da sie die Dauer der Abwesenheit und die Zahlungsbedingungen unmittelbar bestimmt (Voraussetzungen für den Erhalt eines Gehalts, einer gesetzlich finanzierten Zulage, oder keiner finanziellen Unterstützung).

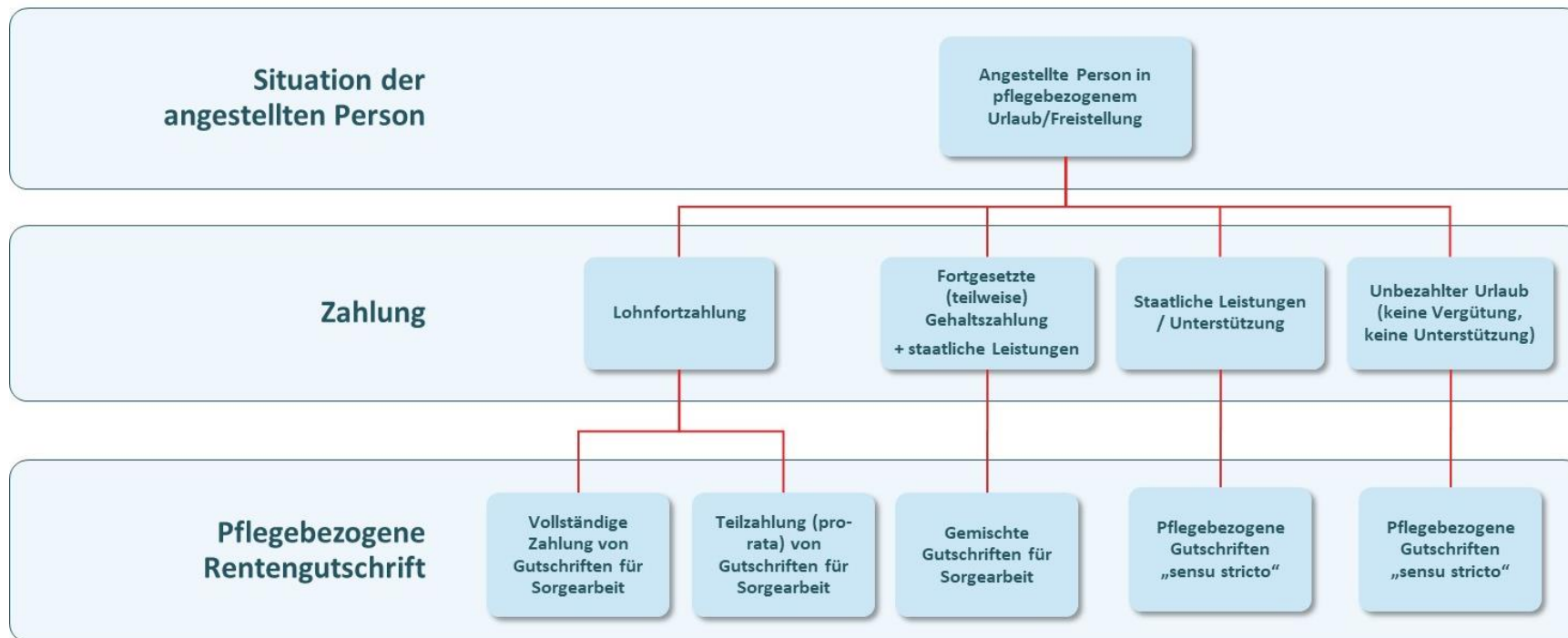
- **Arbeitsstatus:** da Rentengutschriften für Sorgearbeit in der Regel anteilig zur Arbeitszeit akkumuliert werden, können einige Arbeitnehmende in atypischer Beschäftigung benachteiligt werden (z. B. Teilzeitbeschäftigte, Selbständige).

## Taxonomie von pflegebezogenen Rentengutschriften in ergänzenden Betriebsrenten

Es gibt zwei Hauptkategorien von Rentengutschriften für Sorgearbeit:

- **Weiterzahlung des Gehalts:** die Person, die den Urlaub nimmt oder freigestellt wird, baut weiterhin Rentenansprüche auf die gleiche Weise wie während der Arbeit auf.
- **Gutschriften sensu stricto:** ausdrückliche Bereitstellung pflegebezogener Gutschriften, wenn Gehälter eingestellt werden und entweder gesetzliche Sozialversicherungsleistungen stattdessen oder gar keine Zahlung (d. h. Gehalt oder Leistung) erhalten werden.

**Abbildung 1: Taxonomie der pflegebezogenen Rentengutschriften in betrieblichen Rentensystemen**



Quelle: Eigene Ausarbeitung der Autoren anhand von fünf Fallstudien

**Eine Weiterzahlung von Gehältern** während Pflegeurlaubs oder pflegebezogener Freistellungszeiten ist selten. Es tritt typischerweise für Kinderbetreuungsurlaub und in einigen Fällen für Pflege von erweiterten Familienmitgliedern, Menschen mit Behinderungen und älteren Verwandten auf.

Eine Weiterzahlung während der Beurlaubungszeit besteht nur in Dänemark und in den Niederlanden. In **Dänemark** ist die Dauer der vollbezahlten Mutterschafts-, Vaterschafts- und Elternzeit in den Tarif- und Einzelbetriebsverträgen festgelegt. Wenn eine solche Vereinbarung besteht, setzen die Arbeitgeber die Zahlung des vollen Gehalts während der Mutterschafts- und Vaterschaftszeit fort und die pflegebezogenen Rentengutschriften werden während dieser Zeiten angesammelt. Viele Arbeitgeber zahlen oft das volle Gehalt für mindestens einen Teil der Elternzeit, und einige zahlen Rentenbeiträge auf der Grundlage des vollen Gehalts, unabhängig davon, ob das volle Gehalt während der Elternzeit gezahlt wird oder nicht.

In **den Niederlanden** bezieht sich die „Fortsetzungszahlung“ auf zwei übergreifende Arten von „Zahlungen“ mit unterschiedlichen Auswirkungen auf die betriebliche Altersvorsorge:

- Wenn es Rechtsvorschriften gibt, nach denen der Arbeitgeber das Gehalt und/oder die Rentengutschriften aus eigenen finanziellen Mitteln finanziert (angerechnete Pflegezeit); und
- Wenn es einen Tarifvertrag, einen Betriebsvertrag oder einen anderen Vertrag gibt, der vorschreibt, dass der Arbeitgeber zusätzliche Zeiträume als „bezahlt“ betrachtet (nur nach der Festlegung gutgeschrieben).

Wenn die **Zahlung des Gehalts ausgesetzt wird**, gibt es zwei Möglichkeiten in den nationalen Urlaubs- und Freistellungssystemen:

- Es wird eine Vergütung gezahlt (der häufigste Fall); und
- Die angestellte Person befindet sich in unbezahlttem Urlaub.

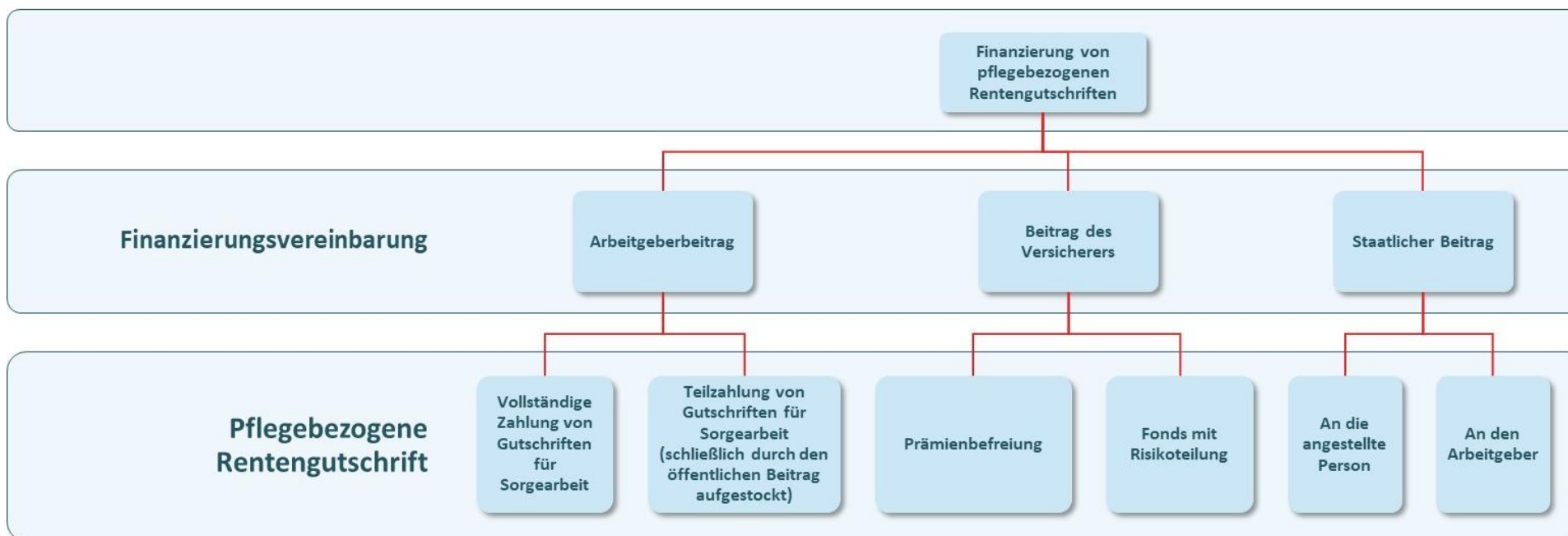
In beiden Fällen sind für den weiteren Aufbau von Rentenansprüchen in den betrieblichen Rentensystemen besondere Bestimmungen (Gutschriften „sensu stricto“) in Tarifverträgen erforderlich.

In **Belgien** enthalten einige betriebliche Zusatzrenten ausdrücklich bestimmte Zeiten, die als den tatsächlichen Beschäftigungszeiträumen gleichwertig betrachtet werden. Wenn ein Zeitraum ausdrücklich angeglichen wird, muss der Arbeitgeber den Beitrag während der Zeit der Nichterwerbstätigkeit weiter auf das Rentenkonto einzahlen. Seit 2022 sind in **Spanien** Rentengutschriften implizit im nationalen Recht verankert; solche Bestimmungen wurden in den zuletzt genehmigten oder erneuerten betrieblichen Rentensystemen eingeführt, etwa für den Bausektor und für den Blumen- und Pflanzeneinzelhandel. In **Schweden**, wo branchenspezifische Vereinbarungen (z. B. ITP 2 für Angestellte und KAP-KL, AKAP-KR für Kommunalbeschäftigte und PA03/PA16 für Staatsbeschäftigte) keine Weiterzahlung des Gehalts vorsehen, werden weiterhin pflegebezogene Rentengutschriften gezahlt, als würde die angestellte Person während der Elternzeit arbeiten.

## Taxonomie der Finanzierung von pflegebezogenen Gutschriften in ergänzenden Betriebsrenten

Wenn das Gehalt weiterhin gezahlt wird, finanzieren Arbeitgeber in der Regel betriebliche Rentenbeitragszahlungen; eine Mitbeteiligung von Arbeitnehmenden ist selten, außer in Dänemark und Schweden, wo dies eine gängigere Praxis ist (Abbildung 2). Bei Zahlung einer gesetzlichen Leistung und somit keiner Direktzahlung in die betriebliche Altersversorgung, gibt es mehrere Fördermöglichkeiten, von denen die meisten vom Arbeitgeber gezahlt werden (in einigen Fällen leisten aber auch Arbeitnehmende einen Beitrag). Dies ist je nach Land und Rentensystem unterschiedlich. In **den Niederlanden** wird die Zahlung durch den Arbeitgeber fortgesetzt, aber (bei bestimmten Urlaubsarten) erstattet der Staat einen Teil der Ausgaben bis zu einem Tageshöchstlohn. In **Belgien** und (je nach Branche) in **Schweden** kann der Arbeitgeber eine Prämienbefreiungsversicherung abschließen, um die weitere Zahlung von Beiträgen während bestimmter Abwesenheitszeiten sicherzustellen.

**Abbildung 2: Taxonomie der Finanzierung von pflegebezogenen Rentengutschriften in betrieblichen Rentensystemen**



Quelle: Eigene Ausarbeitung der Autoren anhand von fünf Fallstudien

Wenn der Arbeitgeber die Gutschriften zahlt, können in mehreren Fällen die Zahlungen des Arbeitgebers zurückerstattet werden. Die wichtigsten Rückerstattungen umfassen:

- **Erstattung durch den Staat** (z. B. in den Niederlande kann der Staat Ausgaben bis zu einem Tageshöchstlohn erstatten).
- **Erstattung durch private Zusatzversicherung:**
  - **Prämienbefreiungsversicherung** für Arbeitgeber als optionale Klausel in Versicherungspolice, die von Arbeitgebern erworben werden kann (üblicherweise in Belgien und teilweise in Schweden),
  - **Erstattung der Arbeitgeber über einen Fond mit Risikoteilung** (z. B. Mutterschaftsfonds in Dänemark).

## Zugangsbedingungen und Anspruchsberechtigung

Wenn pflegebezogene Gutschriften im Rahmen spezifischer Tarifverträge angeboten werden, stehen Zugang und Anspruch in erster Linie im Zusammenhang mit den in der Urlaubsregelung festgelegten Bedingungen. Alle Arbeitnehmenden, einschließlich Arbeitnehmender in atypischer Beschäftigung (z. B. Zeitarbeitende oder Teilzeitbeschäftigte), haben Anspruch auf Zahlung und Erhalt gleichwertiger Beiträge zu den betrieblichen Renten. Die Rentenbeträge unterscheiden sich jedoch, da die betrieblichen Renten von Teilzeitbeschäftigten anteilig anfallen und somit niedriger sind als die der Vollzeitbeschäftigten. So ist es in **Dänemark** weniger üblich, dass die sogenannten „Stundenarbeitnehmer“ während ihrer gesamten Mutterschafts-/Vaterschafts- oder Elternzeit weiterhin Lohn- oder Rentenleistungen erhalten. Selbständige sind in der Regel nicht in der betrieblichen Altersversorgung umfassen, außer in **Belgien, Dänemark** und teilweise in den **Niederlanden**. In **Spanien** gibt es einen Plan zur Umsetzung „vereinfachter Betriebssysteme“, zu denen Selbständige gehören würden. In **Belgien** haben Selbständige seit 2017 das Recht, sich solchen Systemen anzuschließen, und können ihre eigene Zusatzrente im Zusammenhang mit ihrer beruflichen Tätigkeit aufbauen. In den **Niederlanden** sind in bestimmten Wirtschaftszweigen die Solo-Selbständigen („zpp'ers“) verpflichtet, sich einer betrieblichen Altersversorgung anzuschließen, die sich jedoch derzeit auf Dekorateur und Bauarbeiter beschränkt.

## Schätzungen zur Häufigkeit und Deckung von pflegebezogenen Rentengutschriften in verschiedenen Sektoren

Die Bereitstellung klarer und vergleichbarer Belege für die Häufigkeit und Deckung von Rentengutschriften für Sorgearbeit ist eine Herausforderung. Dieses Projekt versuchte, sektorale Faktoren zu untersuchen, die die Bereitstellung von pflegebezogenen Gutschriften beeinflussen könnten; dazu gehörte, ob die Bereitstellung solcher Gutschriften in feminisierten Sektoren häufiger und/oder stärker war. Diese Annahme konnte jedoch nicht bestätigt werden, da es in vier der untersuchten Länder (Belgien, Dänemark, die Niederlande und Schweden) keine ausreichenden Belege für die sektorale Deckung gibt. Auch für Spanien fehlen Informationen über die Deckung, mit Ausnahme einiger spezifischer Branchenbeispiele, da die Reform der betrieblichen Rentensysteme, einschließlich der pflegebezogenen Rentengutschriften, noch im Gange ist.



## Abschließende Bemerkungen

Rentengutschriften für Sorgearbeit in betrieblichen Rentensystemen sind von Natur aus mit den Beurlaubungsbedingungen verbunden. Die Bereitstellung und Form der Beurlaubung – die Anspruchsberechtigung und insbesondere die Zahlungsbedingungen – sind wesentliche Faktoren. Die Zahlungsbedingungen für die Beurlaubung sind der Schlüssel zum Aufbau von pflegebezogenen Rentengutschriften.

Die Fortsetzung der Rentenbeiträge in betrieblichen Rentensystemen ist nur dann gewährleistet, wenn das Gehalt weiterhin gezahlt wird, d. h. es handelt sich um implizite/direkte Bereitstellung von pflegebezogenen Gutschriften im Zusammenhang mit einer Lohnvergütung. In Fällen, in denen eine gesetzliche Leistung gezahlt wird, wird die Ansammlung von Rentenansprüchen und pflegebezogenen Gutschriften in den betrieblichen Altersversorgungssystemen nicht fortgesetzt, es sei denn, dies ist in Tarifverträgen vorgesehen. In einigen Fällen gibt es auch besondere Bestimmungen für Fälle von unbezahltem Urlaub. Wird eine gesetzliche Leistung gezahlt, so kann es auf der Grundlage von Tarifverträgen verschiedene Arten von pflegebezogenen Gutschriften in betrieblichen Rentensystemen geben.

Arbeitgeber finanzieren in der Regel diese Art von Beiträgen. In einigen Fällen können Arbeitgeber jedoch eine Erstattung vom Staat erhalten, von einem Fonds, dem sie angehören, oder sie können die Möglichkeit haben, eine Prämienbefreiungsversicherung abzuschließen.

Die Schließung des geschlechtsspezifischen Rentengefälles ist in erster Linie eine Frage der Schließung des geschlechtsspezifischen Beschäftigungs- und Lohngefälles. Die Sozialleistungssysteme und insbesondere die Rentensysteme spielen jedoch eine wichtige Rolle, indem sie während der Betreuungs- und Pflegezeiten Rentengutschriften bereitstellen. Die Studie zeigt auch, dass es notwendig ist, die Finanzkompetenz und das Bewusstsein für die Altersversorgung zu erhöhen und die Bereitstellung von Rentengutschriften für Sorgearbeit in betrieblichen Rentensystemen zu verfeinern, um die Systeme, insbesondere im Hinblick auf die Langzeitpflege, inklusiver zu gestalten.

## 1. Introduction

This report was prepared by Risk & Policy Analysts Ltd. and its partners – *Scuola Superiore di Studi Universitari e di Perfezionamento Sant’Anna*, European Social Observatory (OSE) and Mercer – for the contract ‘Study supporting the monitoring of care credits in occupational pension schemes and evaluating the situation of EU mobile workers’ (Contract Number VC/2022/0179), commissioned by the European Commission’s Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL).

The project objective is to contribute to the evaluation of the protection of savers’ pension rights in occupational pension schemes during career breaks linked to care. Pension credits for care periods are a key policy lever to protect the pension rights of carers and support gender equality in pensions. The project’s four key tasks are as follows:

Task 1: Mapping the existing pension credits in occupational pension schemes.

Task 2: Analysis of features of pension credits in occupational pension schemes.

Task 3: Framework and options for actions to improve occupational pension care credits.

Task 4: Ad-hoc services.

The report provides a mapping of pension credits in occupational pension schemes and statutory pension schemes across Member States using primary and secondary data collection methods (Task 1). The findings fed into Task 2, an in-depth analysis and case studies; and, Task 3, the development of a conceptual framework for occupational pension credits and best-practice examples. All inputs, in turn, fed into analysis and triangulation taking place under Task 2 and 3.

The present final report includes: the analysis performed, findings and conclusions regarding Task 1, 2 and 3, with the evidence from desk research, interviews with national experts, and input and feedback received during the discussions at focus groups and expert workshops. The present report also benefited from the seminar meeting with the client on the preliminary version of the final analytical deliverables in November 2023. The study team has incorporated changes as per the Commission’s comments.

### 1.1. EU Context

As stressed by official documents<sup>1</sup> and scientific contributions<sup>2</sup>, a range of legislative and policy instruments have been developed at EU level on supplementary occupational pensions. EU rules affect matters related to the functioning of the internal market, the protection of workers’ rights and discrimination issues. The IORP II Directive of 2016<sup>3</sup>

<sup>1</sup> High-level Group of Experts on Pensions (2019) *Final report of the High-level Group of Experts on Pensions*. Available at: <https://ec.europa.eu/social/BlobServlet?docId=26001&langId=en>

<sup>2</sup> Kolaczek et al (2022) *The Evolution of Supplementary Pensions. 25 Years of Pension Reform*. Available at: <https://www.elgaronline.com/edcollbook/edcoll/9781800372979/9781800372979.xml>

<sup>3</sup> European Parliament and the Council of Europe (2016) *Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for*

regulates institutions relating to supplementary occupational retirement savings, which operate funds based on employer and employee contributions. In Member States, social partners often have an active role in the setting up and managing of Institutions for Occupational Retirement Provision (IORPs). The IORP II Directive sets minimum harmonisation rules, to accommodate the national pension systems and support the creation of the internal market for occupational pension schemes. In parallel, insurance undertakings are regulated by the Solvency II Directive<sup>4</sup> that aims to harmonise the insurance sectors.

EU legislation also concerns the freedom of movement of services and workers, and the freedom and right of establishment of supplementary pension schemes. Further EU legislation deals with protection against discrimination<sup>5</sup>. The EU regulation of the Work-Life-Balance Directive<sup>6</sup> (WLB Directive) is of particular interest here (see Annex 7 for greater detail). The legal framework concerning care leave provisions in the EU has been adapted in recent years to create a more inclusive and socially just Europe, and to deliver a positive impact on people's lives. In 2017, the European Commission adopted a proposal for a Directive on Work-Life Balance for Parents and Carers, and in 2019 the WBL Directive entered into force. The Directive seeks to enable parents and carers to balance their professional and family responsibilities, and to encourage a more equal sharing of caring responsibilities between women and men. The Directive aims to modernise the existing EU legal framework by setting a number of new or higher minimum standards for parental, paternity and carers' leave. EU Member States had to transpose the Directive into national laws by 2022. The data collection process for this study coincided with the Directive transposition period as some Member States were still adapting their national legal and policy frameworks in 2023.

As we will demonstrate below, in some Member States, the EU has played a role in shaping the debate on care credits and had had important impacts on workers' rights, in both statutory and supplementary occupational schemes. While the systematic assessment of the EU's role and influence in the field of care credits is beyond the scope of the project, the case studies have provided some interesting evidence.

## 1.2. The purpose and scope of this report

The purpose of this final report is to map existing pension care credits in occupational pension schemes across EU Member States. Supplementary occupational pension scheme (SOPS) are schemes linked to an employment relationship or professional activity. They can be established by one or several employers, industry associations or social partners

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*occupational retirement provision (IORPs) (recast)*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016L2341>

<sup>4</sup> European Parliament and the Council of Europe (2009 (Updated 2024)) *Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast)*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02009L0138-20240109>

<sup>5</sup> European Parliament and the Council of Europe (2006) *Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast)*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32006L0054>

<sup>6</sup> European Parliament and the Council of Europe (2019) *DIRECTIVE (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L1158>

jointly. For more detail, see Section 2: Setting the scene: overview of occupational pension schemes.

The report focuses on the availability of pension care credits, their accessibility, and their form in SOPS. We examine legal, regulatory and other (non-legal) provision for care credits and the illustrative impact of (or lack of) legal provisions. The report combines the comparative analysis of care credits across Member States, with the case studies. The case studies discuss occupational pension schemes and pension credits at different levels (by sector, company characteristics and employment status). The more in-depth analysis of the latter five cases (Belgium, Denmark, the Netherlands, Spain and Sweden) allows the first identification of good practices that could inspire further action at national level and feeds into the formulation of the project conclusions and recommendations.

Initial analysis covered all 27 Member States and showed that SOPS are present in around two thirds EU countries. However, in several of these Member States, the schemes' impact on pension adequacy is limited. Meanwhile, pension credits are well developed in a limited number of Member States. In other Member States, occupational pensions and care credits are either completely absent or are very limited. We therefore reduced the geographical scope of subsequent tasks.

The first evidence collected through the analysis of the 27 Member States also demonstrated the importance of studying the legal regulation of care leaves, in particular, the payment of the salary during the leaves. The continuation of salary payment makes it easier to protect care leaves through the accumulation of contributions in SOPS. It is also important to analyse the coverage of the same care leaves through statutory pensions. As we see in more detail below, when statutory schemes are residence based, there is essentially no need for care credits in statutory pension schemes. When statutory schemes are not residency based, the regulation of care credits in statutory pensions is relevant for protecting workers carrying out care activities. The thematic scope of the research was thus expanded to shed light on both statutory pensions and SOPS. While the present study does not consist of the assessment of care credits and their impact on old age protection, the reference to both statutory and supplementary occupational schemes allows for improving the understanding of care credits.

### 1.3. Structure of the report

This report is organised in five sections and seven annexes. After the introduction, Section 2 presents the key concepts and definitions applied in this study. This is crucial to establishing the focus and limits of the project. Section 2 also provides information on the state of supplementary occupational pensions across the EU Member States. We identify four different clusters of countries on the basis of the spread of supplementary occupational pensions. As stressed above, the monitoring exercise has helped to identify the Member States where supplementary occupational pension schemes and care credits in the same schemes are relevant for workers' old age rights and protection. From these countries we have selected the five case studies.

Section 3 provides an overview of care leaves in the EU Member States and related rights to pension care credits. It refers to the statutory schemes and then focuses on care credits in supplementary occupational pension schemes. Section 3.3, in particular, outlines the state of occupational care credits across all EU Member States in which care credits were identified.

Section 4 offers a taxonomy of care credits, based on a bird's eye view of all relevant EU Member States, and an in-depth analysis of the five case studies at the core of the research.

Section 5 provides key findings and conclusions drawn from this research.

Annexes consist of the individual five case studies and key EU legislation in the field of work-life balance.

## 2. Setting the scene: overview of occupational pension schemes

Our analysis focuses on care credits in occupational pension schemes. It is thus crucial to start with the definition of supplementary occupational pensions. We then provide some evidence of the recent development of these schemes across Europe. Following sections will provide the definition of care credits and some initial information about the prevalence of care credits in European countries.

In the scientific literature, occupational welfare (OW) is defined as the sum of extra-statutory social benefits and services provided by employers and trade unions as a result of employment. In our definition, OW refers to those cases where the social partners play a key role in the regulation, financing, and/or provision of the schemes. Thus, the reference is to extra-statutory, employment-based social protection for workers and their relatives, insuring against the social risks of old age, unemployment, sickness, and ensuring a better work-life balance<sup>7</sup>.

We define supplementary pension schemes as pension schemes that can be accessed on the basis of professional activity (occupational pensions) or individual pension saving contracts (personal pensions) and provide additional retirement savings, supplementing statutory pensions. The focus of our analysis is thus on supplementary pensions based on an employment contract. Statutory schemes based on legislation, such as funded schemes still based on employment, are *not* included in our study.

Occupational pension schemes differ in size and approach across EU Member States; however, they can be broadly classified into one of two types: Defined contribution (DC) and Defined benefit (DB) schemes.

- Under DC schemes, both the employee and employer generate regular contributions into an account. DC plans are as such fully funded as they accrue sufficient assets to provide for all accrued benefits. Their main characteristic is that the total amount received upon retirement is dependent upon what the individual paid in during their working life and investment returns. In some Member States there is evidence of a reform trend towards DC plans<sup>8</sup>.
- Under DB schemes, the pension provider typically uses the final or average salary over an individual's career to calculate their pension. DB schemes are based on salary and length of service, not an individuals' contributions and investment returns.

### 2.1. The role of occupational pension schemes

The most recent data available was explored to examine the degree of prevalence of occupational pensions across Europe. In the following sections, we refer to figures about

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<sup>7</sup> Natali, D., Pavolini, E. and Vanhercke, B. (Eds.) (2018) Occupational Welfare in Europe: risks, opportunities and social partner involvement, Brussels, ETUI. Available at: <https://www.etui.org/sites/default/files/David%20Natali%20and%20Emmanuele%20Pavolini%20with%20Bart%20Vanhercke.pdf> (Natali et al, 2018: 437).

<sup>8</sup> OECD (2021a) Pensions at a Glance 2021: OECD and G20 Indicators, OECD Publishing. Available at: Paris, <https://doi.org/10.1787/ca401ebd-en> (OECD Pensions at a Glance 2021, Chapter 1, Recent pension reforms)

the total coverage of and total spending in occupational pensions as a percentage of total spending in both public and occupational pensions. Data are used to shed light on the status quo (e.g., the coverage of these schemes) and recent trends (to assess whether the number of schemes has remained the same, increased or decreased).

As stressed by the literature, information on occupation schemes is fragmented and difficult to compare across countries<sup>9</sup>. Even in the field of pensions, where information is more systematically collected, there are important issues regarding data collection that need to be addressed. For instance, survey data on workers and households, tend to underestimate the phenomenon; while individual / household / company level data are often incomplete and underdeveloped. Comparability is also limited. As shown below, the problem stems from the use of differing indicators: some countries provide information on coverage as a percentage of the number of employees, others as a percentage of full-time contracts. Some countries provide data for supplementary occupation pensions on the one hand, and supplementary personal pensions on the other. Other countries give data for the two types of schemes combined. On top of that, time series are often incomplete. Despite these limitations, we provide some basic information that has proven more comparable and provides us a picture of the importance of supplementary occupational pensions across the European countries and over time.

Table 1, which draws on the OECD data set, refers to the coverage of SOPS in 2011 and 2021 as a percentage of working age population. Data are based on OECD reporting of occupational pension (OP) schemes in particular Member States; empty cells indicate that comparable data are not available.

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<sup>9</sup> Natali, D. and Pavolini, E. (2017) Occupational Welfare in Europe: why we need to study it more than in past in order to understand social inequalities, LIS, Issue n.1/17.

**Table 1 – Coverage of supplementary occupational schemes in selected EU countries (percentage of working age population)**

Country	Mandatory / Quasi-mandatory		Voluntary occupational		Auto-enrolment		Voluntary (occupational and personal)*	
	2011	2021	2011	2021	2011	2021	2011	2021
Belgium			45.2	55				
Bulgaria			n.d.	0.2				
Croatia			n.d.	1.8				
Denmark (QMO)	61.9	65						
Finland			6.4	7				
Germany			56.4	54				
Ireland			31	58.1				
Italy			7.5	11.5				
Latvia			n.d.	1.1				
Luxembourg			3	5.2				
Netherlands	88	93						
Poland					n.d.	11		
Portugal							n.d.	18.7
Slovenia							38.2	43.2
Spain							18.6	28.6
Sweden (PPS)	100	96.4						

(\*) Column headers as reported by the OECD.

Source: OECD (2021; 2022).

The coverage of occupational schemes varies from country to country. Past evidence (see EU High-level Group on Supplementary Pensions, 2019) suggests that the highest coverage is in Sweden and the Netherlands. Swedish supplementary occupational schemes cover more than 96% of the working age population, while coverage in the Netherlands is 93%. Especially for the Dutch case, data and information are debated: other sources (e.g. PAR 2021) provide lower coverage rates and refer to the active members as a percentage of total workers (rather than of the working age population) - see also Annex 4 presenting results for the Dutch case study.

We present here the more recent data from EIOPA (Table 2 below). While EIOPA provides additional and more up-to-date information on the spread of occupational pension funds in the EU Member States, the same data set has some limitations as far as this study is concerned.



**Table 2 – Active members of occupational pension schemes in selected EU countries**

Country	Total active labour force (2021)	Active members 2021	Coverage (%)
Belgium	5,038,000	1,289,347	25.5
Bulgaria	3,141,000	n.d.	x
Croatia	n.d.	44,761	x
Denmark	2,783,000	1,172	0.04
Finland	n.d.	6,051	x
Germany	40,488,000	5,792,427	14.3
Ireland	2,347,000	n.d.	x
Italy	24,018,000	5,843,850	24.3
Latvia	886,000	49,743	5.6
Luxembourg	314,000	20,881	6.65
Netherlands	8,618,000	6,571,193	76.2
Poland	16,730,000	n.d.	x
Portugal	4,921,000	175,090	3.5
Slovenia	992,000	n.d.	x
Spain	22,649,000	2,166,321	9.5
Sweden	5,126,000	4,075,634	79.5

Note: Active members from EIOPA IORP

Source: EIOPA (Retrieved 2024). Available at: <https://register.eiopa.europa.eu/layouts/15/download.aspx?SourceUrl=https://>, and, active labour force from EUROSTAT. See: Eurostat (Retrieved 2024) *Data browser, Active labour force*. Available at: <https://ec.europa.eu/eurostat/databrowser/view/LFSI>

On the one hand, the data set may disproportionately underestimate coverage in certain countries as, while it covers different types of occupational schemes, it may exclude information about non-insured arrangements where there is no established Institution for Occupational Retirement Provision (IORP). The underestimation is likely to be at its most pronounced in countries such as Germany where book reserves are common. On the other hand, national supervisors in several countries may not have the authority to mandate some or all schemes to provide data (e.g., Ireland), and may use their autonomy to only collect data from a subset of schemes, or may differ to EIOPA in the taxonomy used in data gathering. This is the case with Denmark, for example, where EIOPA's data on the coverage of occupational pension funds is extremely low, while the OECD data set indicates that

coverage is far more widespread: 65% of the working age population (equal to about 94% of full-time employed<sup>10</sup>).

In some of the northern European countries (e.g. Denmark and the Netherlands), the supplementary occupational schemes fulfil the key income replacement function in old age and are quasi-mandatory (based on collective agreements). The importance of supplementary occupational pensions in these countries is confirmed by the level of spending, as can be seen in Table 3.

**Table 3 – Total spending in old age and survivors’ occupational schemes as a percentage of total public and occupational spending in selected EU countries**

Country	1990	2019
Netherlands	25.6	43
Ireland	14.4	22.8
Sweden	11.7	23.8
Portugal	4.4	2.8
France	1.4	1.8
Belgium	8	7
Spain		2.2
Austria	3.4	5.2
Slovakia		3.3
Finland		1.1
Germany	6	6
Poland		0.8
Italy	0.5	2.4
Greece	3.2	0.8

Source: OECD global pension statistics (2022).

Continental European countries and Ireland have lower coverage. Supplementary occupational pensions are voluntary and cover about half of the working age population. According to OECD statistics, Irish supplementary occupational schemes cover about 58% of the working age population. In Belgium coverage is about 55%, while in Germany it is 54% of the working age population. In these countries, total occupational spending is below 10% of total public and occupational spending, with the exception of Ireland where it is above 22%.

<sup>10</sup> There are low coverage rates in sectors with a large share of unskilled and non-organised labour such as in agriculture, sales and restaurants. In Denmark, there is universal coverage of the statutory occupational pension scheme (ATP), which is mandatory.

In Southern European countries, SOPS are much less widespread. Their coverage reflects their voluntary nature, key traits of industrial relation systems and economic structure, and in particular the strong role of statutory pensions in protecting against old age risks. On top of that, there is strong focus on supplementary personal pensions. In Spain, about 28% of the working age population are covered by supplementary occupational and personal pensions<sup>11</sup> (in Portugal, 18.7%). In Italy, supplementary occupational schemes cover 11% of the working age population, while personal pension schemes have a slightly higher coverage. Overall, in Italy, Portugal and Spain, total spending on occupational old age and survivors' schemes is between 2 and 3% of total public and occupational spending.

In Central Eastern European countries, SOPS typically play a minimal role (even more so than in Southern Europe). However, there are outliers. In Poland, supplementary occupational schemes have a coverage of about 11% of the working age population, with a recent increase due to automatic enrolment.<sup>12</sup> Slovenia is a particular case: where occupational and personal pension schemes taken together cover about 43.2% of the working age population<sup>13</sup>. These high figures are partly due to the (quasi-)mandatory schemes for civil servants and workers in arduous and hazardous jobs. In line with the most recent data from OECD pension statistics, the coverage of purely voluntary supplementary occupational and personal retirement savings arrangements in Slovenia is only 19.9% of the working-age population<sup>14</sup>.

## 2.2. Clustering of Member States according to occupational pensions

Information on supplementary occupational schemes across Europe confirms the uneven prevalence of these schemes across groups of countries. Based on our analysis, we have grouped Member States into four clusters:

- **Cluster one** is made up of the **northern European countries** (e.g. Denmark, the Netherlands and Sweden) where supplementary occupational schemes are the most widespread. Coverage is comprehensive and quasi-mandatory<sup>15</sup>. It is related to the high level of collective bargaining coverage and a long development process.
- **Cluster two** consists of those countries in **continental Europe** (e.g., Belgium and Germany) where supplementary occupational schemes are voluntary and cover about 50% of the working age population or more. In these countries, coverage has increased in the last decades (especially since the 1990s). Ireland has the same level of coverage, while the proportion of spending on occupational schemes is higher than in continental Europe.
- **Cluster three** consists of **Southern European countries** (such as Italy and Spain) where coverage and spending are both limited. A minority of the working age

<sup>11</sup> Figures reported for Portugal, Slovenia and Spain are inclusive of voluntary occupational and personal pensions as per headings provided by the OECD datasets.

<sup>12</sup> Recent data referred to in the next section provide a higher coverage: 20% of the labour force for the PPK fund in 2023 (see Table 8).

<sup>13</sup> As above, figures reported for Portugal, Slovenia and Spain are inclusive of voluntary occupational and personal pensions as per headings provided by the OECD datasets.

<sup>14</sup> OECD data for 2019.

<sup>15</sup> Mandatory occupational schemes do exist and can appear alongside quasi-mandatory schemes, however, the EU does not regard them as voluntary schemes and so they fall outside of the scope of this study.

population has a supplementary occupational pension. In recent years, these schemes have remained stable or declined.

- **Cluster four** is made up of **Central and Eastern European countries** where supplementary occupational schemes are rare. Coverage and spending are very limited while in a few countries there are signs of an increase (e.g., Poland and in particular, Slovenia).

All in all, the analysis shows regional differences in the coverage of SOPS. In a few Member States, occupational pensions provide a crucial component of old age protection. In many Member States the SOPS play a more marginal role or do not exist at all. Recent trends are also mixed. Some countries have seen a further increase in coverage and spending while others have witnessed stability or even decline. In general, we see no evidence of an overall upward convergence across EU countries.

This context of uneven coverage largely confirms past comparative analysis<sup>16</sup>.

This evidence has some key implications for our study and especially for the selection of cases for a more in-depth enquiry. In line with the research goals of the present project, we aim to investigate countries that provide evidence of the important role of SOPS, and search for good practices which protect against the risk of missed pension accrual due to care activities.

We thus concentrate on those Member States where the schemes are strongest, where more employees are covered and where there is the potential for more significant information on care credits.

### 3. Overview of the characteristics of care credits in statutory and occupational pensions

Care credits are offered as a mechanism to provide contributions to pension schemes when a worker is on care-related leave, for instance maternity or parental leave. They are designed to compensate for this break in 'working time' so that there are no significant gaps in pension entitlements. These policies support gender equality surrounding pensions, as caring responsibilities for both children and elderly persons are often undertaken by women<sup>17</sup>.

This report focuses on four key features of care credits in statutory and occupational schemes:

- Types of care provision;
- Funding arrangements;
- Access and eligibility conditions; and
- Coverage (national- and sectoral-level estimations).

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<sup>16</sup> High-level Group of Experts on Supplementary Pensions (2019).

<sup>17</sup> Vlachantoni, A. (2008) Care credits in European pension systems. Available at: [https://eprints.soton.ac.uk/166799/1/Microsoft\\_Word\\_-\\_CRA\\_DP\\_0801.pdf](https://eprints.soton.ac.uk/166799/1/Microsoft_Word_-_CRA_DP_0801.pdf).

While these features will be discussed in depth in the next section, which analyses the evidence from the five case studies, this section provides an overview of the types and features of pension credits in statutory schemes (section 3.1) and some insights on those in occupational pension schemes (section 3.2) across the EU Member States. It is important to note that the data collection process for this study coincided with the transposition period of the WLB Directive, hence some Member States were still adapting their national legal and policy frameworks in 2023.

Table 4 outlines the care leave provisions available in the EU. It briefly provides the characteristics of each care leave type and the changes introduced to the legislative framework in the aftermath of the WLB Directive.

**‘Carers’ leave’** and **‘carer’** are defined in Article 3 of the WLB Directive. A **carer** refers to *‘a worker providing personal care or support to a relative, or to a person who lives in the same household as the worker, and who is in need of significant care or support for a serious medical reason, as defined by each Member State. ‘Carers’ leave’ refers to ‘leave from work for workers in order to provide personal care or support to a relative, or to a person who lives in the same household as the worker, and who is in need of significant care or support for a serious medical reason, as defined by each Member State.’*<sup>18</sup>

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<sup>18</sup> Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU (2019) L 188/79, art 3.

**Table 4 – Overview of care leave types and their characteristics**

Type of care leave	Characteristics of leave type	Changes introduced by the WLB Directive
Maternity leave	Maternity leave is usually understood as a health and welfare measure, intended to protect the health of the mother and newborn child, to be taken just before, during and immediately after childbirth.	Outside of the scope of the Directive.
Paternity leave	Paternity leave is usually taken soon after the birth of a child and is intended to enable a father to spend time with his partner, new child and older children.	The introduction of paternity leave of at least 10 working days around the time of birth of the child, compensated at least at the level of sick pay.
Parental leave	Parental leave is a period of leave to care for children in their first years of life. Parental leave is available to both parents. It is generally understood to be a care measure intended to give parents the opportunity to spend time caring for a young child. It usually can only be taken after the end of maternity leave. Parental leave can be either: (1) a non-transferable individual right (i.e. both parents have an entitlement to an equal amount of leave), or (2) an individual right that can be transferred to the other parent, or (3) a family right that parents can divide between themselves as they choose.	The strengthening of the existing right to minimum of 4 months parental leave by making 2 out of the 4 months non-transferable between parents and compensated at a level to be set by Member States. Parents also have the right to request to take the leave in a flexible way (e.g. part-time or in a piecemeal way).
Short-term care leave	Short-term care leave is an entitlement to leave, sometimes paid, for workers with a child, partner, parent or other family member who is in need of care because of illness.	The introduction of carers' leave of 5 days per year for workers providing personal care or support to a relative or person living in the same household.
Long-term care leave	Long-term care is defined as 'a range of services and assistance for people who, as a result of mental and/or physical frailty and/or disability over an extended period of time, depend on help with daily living activities and/or are in need of some permanent nursing care' <sup>19</sup> . Long-term leave care, like short-term care, is an entitlement to care for sick or ill family members, sometimes paid, for employees with a child, partner, parent or other family member who is in need of long-term care. Specific entitlements relating to a permanently disabled child or family member are generally not (comprehensively) covered, unless it is part of the same entitlement as that for employees with a sick or ill family member.	Outside of the scope of the Directive.

<sup>19</sup> European Commission and Social Protection Committee (2014) *Adequate social protection for long-term care needs in an ageing society*, Luxembourg: Publications Office of the European Union, 251 p. Available at: <https://op.europa.eu/en/publication-detail/-/publication/71532344-ddf1-4d34-a7aa-f65c701a22a2> (p. 11).

Flexible working arrangements	Albeit not a care leave measure per se, flexible working arrangements are also a reconciliation measure facilitating labour market participation.	The extension of the right to request flexible working arrangements (reduced working hours, flexible working hours and flexibility in place of work) to all working parents of children up to 8 years old, and all carers.
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Source: Study team analysis. The definitions for maternity, paternity and parental leave are based on the definitions applied by the International Network on Leave Policies and Research. They have been previously used in the European Commission publications<sup>20</sup>. The definition of long-term care is based on the European Commission and Social Protection Committee, (2014), *Adequate social protection for long-term care needs in an ageing society*, p. 11. The definitions for short- and long-term care leave are as established in OECD literature (OECD, Family Database, 2021)<sup>21</sup>.

<sup>20</sup> See: Janta, B. (2014) *Caring for children in Europe, How childcare, parental leave and flexible working arrangements interact in Europe*. Prepared for the European Commission, Directorate-General for Employment, Social Affairs and Inclusion. And, Janta, B. and Stewart, K. (2018), *Paternity and parental leave policies across the European Union. Assessment of current provision*. Prepared for the European Commission, Directorate-General for Employment, Social Affairs and Inclusion.

<sup>21</sup> OECD (Updated January 2021), *OECD Family Database*. Available at: [https://www.oecd.org/els/soc/PF2\\_3\\_Additional\\_leave\\_entitlements\\_of\\_working\\_parents.pdf#:~:text=Leaves%20to%20care%20for%20family%20members%20are%20often,for%20those%20with%20a%20serious%20and%20For%20terminal%20illness](https://www.oecd.org/els/soc/PF2_3_Additional_leave_entitlements_of_working_parents.pdf#:~:text=Leaves%20to%20care%20for%20family%20members%20are%20often,for%20those%20with%20a%20serious%20and%20For%20terminal%20illness)

### 3.1. Key features of care credits in statutory pension schemes

This section outlines the basic characteristics of care credits in statutory pension schemes. These characteristics are relevant because of the interplay of statutory and occupational pension schemes.

First of all, pension credit provision depends on the **type of leave**. The provision of care credits in statutory pension schemes is well established in Europe. They exist for different care-related types of leave. However, well established pension credit provisions typically concern childcare and protect workers on maternity and paternity leave, as well as on parental leave.

The type of care-related break directly determines the duration of leave and the payment conditions (eligibility to receive salary vs. statutory-funded allowance). In addition, care credits can also be granted for a selected number of days or months, and/or until the person receiving care reaches a certain age (e.g. until a child is one year old).

**Maternity leave periods are fully credited periods** counting towards old-age pension entitlements in statutory pensions in all EU Member States. Most countries fully cover the maternity leave period only through maternity allowances, without any days of continued payment by the employer (BG, CY, CZ, DK, EE, ES, HR, HU, IE, LT, LU, LV, NL, PT, RO, SI, SK). In eight countries, a number of days at the start of the maternity leave period are covered by a (higher) payment by the employer, according to legislation and/or collective agreements, and the rest of the period is then covered by payment of an ongoing maternity allowance (BE, DE, EL, ES, FI, FR, MT, SE). In France, under collective agreements, the employer may pay all or part of the possible difference, above the social security ceiling, between the worker's salary and the amount of the daily maternity benefits. In four countries, the employer continues to pay the wages and can then be compensated fully or partially by the state (AT only for salaried employees up to a certain amount, IT, NL, PL). In the Netherlands, the employer receives compensation from the state up to the level of a maximum daily wage. If the worker's salary exceeds the daily ceiling compensated by the state, Dutch employers can choose to supplement the government benefit (subject to collective agreements).<sup>22</sup>

The WLB Directive establishes a minimum pay treatment for care leave periods such as paternity leave and short-term care leave. However, when transposing the Directive, Member States may make their own arrangements. Member State arrangements regarding the payment of the leave period may differ significantly. As such, these **care leave periods may or may not be credited according to the arrangement at the Member State level**.

**Paternity leave** periods are compensated to a minimum of ten days. The WLB Directive introduced the entitlement for fathers or equivalent second parents to have paid paternity leave of ten working days. This is compensated for at least at the national level of sick pay. Prior to the WLB Directive, national legislation in Member States provided the arrangements for paternity leave; this varied significantly across the EU 27<sup>23</sup>. Member States can choose to provide paternity leave for a longer duration or at a higher pay level, however this is down to national competencies and varies significantly (see Annex 7: Work-Life Balance

<sup>22</sup> MISSOC (2023) *MISSOC Comparative Tables*. Available at: <https://www.missoc.org/missoc-database/comparative-tables/>

<sup>23</sup> European Commission (2017) *Commission staff working document impact assessment, Accompanying the document Proposal for a Directive of the European Parliament and of the Council on work-life balance for parents and carers and repealing Council Directive 2010/18/EU*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017SC0202>



Directive)<sup>24</sup>. The ongoing different arrangements of paternity leave across Member States result in differences in the provision of statutory care credits. See Section 4.1 for statutory care credits during paternity leave in the case study countries.

Statutory care credits for **parental leave** are likely to differ significantly across Member States. The WLB Directive sets out a minimum of four months of parental leave per parent. Of the four months, two months are non-transferable between parents. The four months are compensated at a level to be set by Member States (see Annex 7: Work-Life Balance Directive).

The provision of statutory care credits for **short-term care leave** across the EU is uneven and limited as it is a relatively new requirement at EU level with no EU-wide pay requirements established. The WLB Directive introduced the right for workers to take care leave of up to five working days per year. This can be used for the care of relatives or a person living with the employee in the same household that requires care or support due to medical reasons. The WLB Directive does not set out the need for compensation, however, Member States can choose to set out compensation in national legislation (see Annex 7: Work-Life Balance Directive). The different arrangements of short-term care leave across Member States result in differences in the provision of statutory care credits. See Section 4.1 for statutory care credits during short-term care leave in the case study countries.

The situation regarding the availability of care credits in statutory pension schemes during **long-term care leave** is more complex. As reported in the latest available MISSOC data (2023), most of the Member States provide the latter support in the form of an allowance or supplement, depending on the condition of the person in need and other relevant eligibility criteria. In these schemes, persons in need of care may decide to use the long-term care allowances granted to them to pay a carer (who can often be a relative) or to buy in other care services from the market, depending on their requirements. Such schemes exist in 25 EU Member States, with wide variations, but not in Greece, which has not developed any long-term care scheme, or Hungary, where low caring fees are granted as compensation for the lost income of the carers. By contrast, only eight Member States provide direct cash benefits to the carers, which also cover contributions towards old-age pensions (CY, DE, EE - some local governments, IE, LV according to the decision of each municipality, MT, RO applicable only to persons with disabilities, SE). In general, such provisions are credited as pension entitlements. In Malta, the carer's allowance is paid to any person permanently caring for a sick relative with medium dependency living in the same household, and an increased carer's allowance is paid to a person who takes full-time care of a highly dependent sick relative. In Denmark, a person with a gainful activity who wishes to take care of a closely related person suffering from a significant disability or illness can be employed by the municipality where the person with disabilities lives, for up to six months. In Lithuania, even though there are no direct cash benefits for the informal carer, the costs of their social security pension contributions are paid on their behalf during the period in which they provide care.

In some instances, there is a degree of flexibility regarding transferability of benefits between parents and/or other family members of the child/cared-for person.

In addition to the type of leave, the second condition which may impact the building up of pension entitlements while on leave is **the person's work status**. In general, both in the case of workers and self-employed, they are entitled to pension credits during leave. However, non-standard workers, and especially part-timers, are disadvantaged in both cases, i.e. in the case of ongoing payment of salaries, pension credits are accumulated pro-

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<sup>24</sup> For additional summaries of paternity leave policies and benefits see: Blum, S., Dobrotić, I., Kaufman, G., Koslowski, A., and Moss, P. (2023) *19th International Review of Leave Policies and Related Research 2023*. DOI: 10.25365/phaidra.431. Available at: <https://www.leavenetwork.org/annual-review-reports/review-2023/>

rata to their working time (the only exception is Denmark, where pension credits are doubled during maternity leave) whereas for the self-employed, in some cases, they may be subject to less advantageous eligibility conditions than workers.

Overall, the care credit **benefit structure** and **contribution levels** can vary depending on **the compensation format** during the leave period: an employee can receive **a salary, a statutory benefit, or not be paid at all**. The compensation format often has an impact on the responsibilities for payments and contribution levels. When the person continues to receive their salary, pension credits are funded in the same way as when the person still works. However, there may be some specific arrangements (e.g. FR, NL), such as the reimbursement of the salary by the state (see the Dutch case above and in Section 4). When a statutory benefit is paid, the funding is the responsibility of the state. The care credits paid are also often subject to a ceiling. Overall, the availability and financing of care credits during childcare breaks are much more developed and financially generous than credits related to care for elderly, disabled, sick and other adults requiring care.

However, there are variations in coverage for the various leave types, financing and payment arrangements, qualifying periods, transferability and flexibility. This results in a range of leave provision across the EU. The characteristics of the various systems are explained in more detail in the subsequent sections.

## 3.2. Provision of care credits in occupational pension systems

Evidence collected during desk research and stakeholder consultation activities confirms that care credits exist in various forms in occupational pension schemes in 13 EU Member States, whereas in the remaining 14 countries, no discernible occupational pension or care-related credits are known to exist (see Table 5).

Reasons for the differences between Member States include the historical development of statutory pension systems in each country. Many southern European Member States, most of which have no occupational pensions or care credits, developed their statutory pension schemes following a Bismarckian model, in which pension benefits relate directly to earnings. In contrast, the systems of northern European Member States, most of which have occupational pensions and/or care credits, stem from the Beveridgean model, in which contributions are based on a flat rate tax to provide universal pension assistance to all. Statutory systems based on the Bismarckian model typically require higher contributions than the tax-based model, making the development and continued contribution to voluntary occupational pensions less feasible for workers and their employers. Supplementary occupational schemes are thus less widespread than in countries with Beveridgean models. The same inequality is exacerbated by the limited mandatory coverage of the self-employed (including platform workers), who are far less likely to participate in voluntary schemes.

Whilst it is important to acknowledge potential weaknesses in the coverage and accessibility of pensions in the 14 Member States where supplementary occupational pensions and/or supplementary pension care credits are not widespread, the absence of occupational pension systems with care credits means that further analysis in these countries cannot provide relevant and useful insights, so they will not be considered further.

The remaining 13 Member States (presented in the right-hand column of Table 5), however, are known to have developed occupational pension schemes with care-leave related credits, although the structure of the schemes and the type of credits available in each Member State vary. In general, these Member States have an active history of social

dialogue regarding access to, and coverage of, occupational pensions. Occupational pensions and care credits are often heavily intertwined with statutory pension mechanisms, typically providing care credits through a combination of statutory and occupational pension provision. Some Member States experience low take-up of occupational pension schemes due to the prevalence and comprehensiveness of statutory mechanisms in their country (for example Finland). In other Member States, such as the Netherlands, there is less reliance upon statutory pension systems (especially for higher earners) and occupational pension contributions make up a far higher proportion of pension contributions (highlighting the importance of care-related credits). In the table below, the study team has highlighted (in **bold**) the Member States with the most developed 'occupational pensions and care credit' systems, as researched through the case study analysis (see Annexes 1-6).

**Table 5 – Provision of care credits in the EU**

No occupational pension and/or no care credits in occupational pension schemes	Care credits available in occupational pension schemes
Bulgaria Czechia Cyprus Croatia Estonia Greece Hungary Latvia Lithuania Luxembourg Malta Poland Romania Slovakia	Austria <b>Belgium</b> <b>Denmark</b> Germany Finland France Ireland Italy <b>Netherlands</b> Portugal Slovenia <b>Spain</b> <b>Sweden</b>

Source: Authors' own elaboration based on collected data.

### 3.3. Basic characteristics of care credits in supplementary occupational pension schemes

The study team have undertaken a critical review of the situation regarding occupational pensions and have found evidence of continued pension accrual in occupational pensions during periods of care-related leave.

Overall, the research shows that pension care credits can be classified in two main categories: (1) those credited through a '**continued payment of the salary**' and (2) '**credits sensu stricto**'. **Continued salary payment by the employer** is a straightforward case where the person taking the leave continues to build up entitlements in the same way as while working. **Credits 'sensu stricto'** refer to explicit provision of care-related credits when salaries are stopped, and either statutory social security benefits are received instead or no payment (i.e. salary or benefit) is received at all.

Table 6 below illustrates which Member States have care credits related to occupational pensions, as well as giving a description of the key characteristics of the pension system in

each Member State. As shown in the table, care-related credits are provided in various forms across Member States.

**Continued payment of salaries during care-related leave periods** is rare. It typically occurs for childcare-related leave (maternity, paternity, and parental leave), and in some cases leave to care for extended family members, people with disabilities and older relatives. Continued salary payments are known to take place (depending on the leave scheme) in Austria, France, Germany and the Netherlands and to some degree in Denmark and Ireland. However, where a proportion of the salary is paid (e.g. in Ireland), a pro-rata logic is applied, and pension contributions or benefit accrual are assumed to be relative to the reduced salary<sup>25</sup>.

When a social security allowance is paid, as already mentioned, the building up of pension entitlements in an occupational pension stops and the situation depends on **collective bargaining agreements** in Member States. Collective bargaining agreements typically cover a company or a sector, define how long leave periods last and the extent to which remuneration payments are made/pension contributions are paid. Member States with greater reliance upon collective bargaining agreements may have national legislation which ensures that care-related credits are provided as part of agreements.

Table 6 provides a summary of the occupational pension systems in the various Member States that were listed as having pension credits (right-hand column of Table 5). For each country, we also provide first indications of the measures used to provide care credits. The case study countries – Belgium, Denmark, the Netherlands, Spain and Sweden – are also included in this table, whereas more detailed discussion is provided on them in Section 4 and Annexes 1 to 6.

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<sup>25</sup> The pro-rata logic means that if the salary is compensated at 70% of the full amount, then the pension contribution will be 70% of the full amount. As such, the pro-rata logic can lead to reduced pension contributions, as seen in the case of Ireland.

**Table 6 – Summary of occupational pension systems across the Member States**

Country	Characteristics
AT	<ul style="list-style-type: none"> <li>The Austrian system is built around the statutory scheme, which provides a high level of old-age protection. Supplementary schemes play a minor role.</li> <li>Supplementary occupational pensions are offered by approximately 25% of companies – most (c.70%) are defined contribution (DC) plans. Coverage therefore is modest but is higher in some industries and for international employers. Employee contributions are not required but voluntary contributions are possible, while employer contributions are linked to salary payment. Few companies pay contributions when there is no salary payment, but this is based on the collective agreement.</li> <li>Care credits are only available for short-term care leave due to a legal obligation of ongoing salary payment, and thus contributions are paid into the occupational pension scheme where it exists. During maternity leave, workers receive an allowance from the health insurance fund that relates to earnings, but this does not accrue occupational pension benefits. Accrual of occupational pension benefits is linked to salary payment, and employers do not pay the salary during periods of maternity, paternal and parental leave. Instead, workers can receive a daily / weekly allowance, if eligible.</li> </ul>
BE	<ul style="list-style-type: none"> <li>The Belgian system is based on both statutory schemes (with an earnings-related statutory scheme accompanied by a means-tested safety net) and supplementary occupational and personal pension schemes.</li> <li>Most companies offer supplementary pensions to white-collar staff and increasingly to blue-collar staff. Occupational pensions can be offered in defined benefit, defined contribution or cash balance format with the benefit typically paid as a lump sum on retirement. Opt-in and opt-out variations (for example, among industry funds) exist. The general practice is that the employer finances pension contributions and risk cover.</li> <li>If the company takes out 'waiver of premium' cover, the insurer will continue to finance additional premium contributions (after the waiting period, as defined in the plan rules and if applicable) into the pension plan for the duration of the absence for the employees on maternity leave.</li> <li>Some plan rules may allow for pension accrual during career breaks when the employment contract remains in place.</li> </ul>
DK	<ul style="list-style-type: none"> <li>The Danish pension system comprises: a statutory scheme that incorporates both a basic pension and a means-tested supplement, a statutory funded scheme known as ATP, supplementary occupational pension schemes, and private pensions.</li> <li>Supplementary pension schemes are mostly based on collective agreements between trade unions and employers' organisations or on a voluntary agreement between the employer and an insurance company. These are primarily defined contribution schemes. According to OECD data, coverage of supplementary occupational pension schemes exceeds 90% for full time workers<sup>26</sup>. Average contributions to supplementary occupational pension schemes range from 10-18% of earnings, of which the employer typically covers two-thirds.</li> <li>Care credits in occupational pensions are linked to salary payments. The duration of fully paid maternity, paternity or parental leave depends on the collective or individual company agreement, but it is common practice for employers to continue payment of the full salary during maternity and paternity leave, and it is not unusual for employers to pay the full salary for at least part of parental leave, or to pay pension contributions based on the full salary regardless of what salary is paid during parental leave. For short- and long-term care leave, the provision of care credits in OP depends on a collective or individual agreement. In long-term care leave there the possibility for a person to be employed by the municipality to care for a close relative, during which time the carer is entitled to occupational pension contributions.</li> </ul>
DE	<ul style="list-style-type: none"> <li>Germany's statutory pension regime comprises an earnings-based pay-as-you-go system which is based on accumulated pension points, and a means-tested safety net.</li> <li>In general, employers are free to decide if they want to offer an employer-financed pension plan and which financing vehicles to use. In order to broaden occupational pension coverage among employees of smaller and mid-sized organisations, pure defined contribution was recently added to the defined benefit and hybrid options previously available. Many plans are based on book reserves where there are no employer contributions. In hybrid plans, employers contribute 2-4% below the social security contribution ceiling, and 4-12% above (with potentially higher amounts for executives).</li> </ul>

<sup>26</sup> OECD (2021b) *Pensions at a Glance 2021: Country profiles – Denmark*. Available at: <https://www.oecd.org/els/public-pensions/PAG2021-country-profile-Denmark.pdf>

	<ul style="list-style-type: none"> <li>• Pension contributions (or accrual in the case of book reserves) are linked to salary payment. Organisations are required to continue payment during maternity leave (six weeks prior to and eight weeks after birth). For short-term leave, if relatives unexpectedly require care, employees are also allowed to take up to ten days leave from work at short notice.</li> <li>• Care credits in occupational schemes are generally limited to maternity leave, as the statutory system provides baseline coverage for all individuals resident in Germany. Where care credits exist in forms of leave additional to maternity leave, these are typically voluntary or linked to isolated regulations in tariff agreements on parental leave.</li> </ul>
FI	<ul style="list-style-type: none"> <li>• Voluntary occupational schemes exist in Finland and are supplementary to the statutory pension system. The majority of the population are covered by statutory mechanisms (voluntary occupational pensions are generally considered an added benefit of employment contracts and are not commonly used). Voluntary occupational pension schemes are only available to approximately 15% of employees. Employees typically contribute approximately 3% of their salaries, and in some instances only the employer contributes to the plan. Types of voluntary occupational pension schemes include pension funds, pension foundations, and group insured schemes.</li> <li>• Collective bargaining agreements are the primary mechanism for establishing care-related credits for voluntary occupational pensions. These may include continued salary payments, and by extension, continued pension payments throughout the agreed duration of leave (maternity/parental). These agreements are more common at the company level (such agreements are not known to exist at the sectoral level).</li> <li>• In Finland there are no regulations on care credits related to voluntary occupational pensions, nor national legislation related to care credits during leave periods in collective bargaining agreements.</li> </ul>
FR	<ul style="list-style-type: none"> <li>• The French statutory system is earnings-related, with a minimum contributory pension, a targeted minimum income for the elderly, and a mandatory supplementary scheme for private and agricultural sector workers (AGIRC-ARRCO, a career-average defined benefit scheme into which both employers and employees contribute).</li> <li>• Transferable vested DC plans are offered by approximately 44% of companies (predominantly medium and large employers) on a voluntary basis.</li> <li>• Pension contributions are linked to salary payment. If employees receive partial or total salary continuation or additional daily allowances financed by the employer (in the event that employment contracts are suspended because of illness, maternity, accident, partial activity or adoption leave), they must continue to receive all supplementary social protection benefits provided by the company, including pension contributions. In cases where the employer provides replacement income, supplementary social protection benefits must also be maintained but maintenance of pension contributions is specific to the rules of the pension plan.</li> </ul>
IE	<ul style="list-style-type: none"> <li>• Ireland has a pension system, with the statutory system comprising a basic flat-rate contributory pension and a means-tested non-contributory pension. Supplementary occupational and personal pension schemes play a growing role in the provision of old age protection.</li> <li>• There is no legal obligation on employers to provide occupational pension schemes for employees, but where no occupational pension scheme is provided, employers must provide access to a Personal Retirement Savings Account. Generally, large employers in Ireland have occupational pension schemes (which are increasingly DC), but many smaller employers do not. Working population coverage by occupational and personal pensions is about 66%.</li> <li>• Pension contributions (or credited scheme service in the case of DB schemes) are typically a function of pay. If somebody on care-related leave continues to be paid by their employer, they will typically continue to build up either DC contributions or DB service.</li> <li>• For statutory maternity/paternity/adoptive leave, the right to membership and accrual of benefits must continue – for paid leave this means that employers (and possibly employees) continue to pay contributions, but for unpaid leave, no contributions arise due to nil remuneration.</li> <li>• For all other care-related leave, the provision of pension benefits is determined by the conditions of employment, with accrual of benefits typically determined by whether leave is paid or not.</li> </ul>
IT	<ul style="list-style-type: none"> <li>• The Italian pension system is based on the statutory pay-as-you-go (PAYG) schemes, including basic protection and earnings-related notional defined contribution schemes. They provide a high level of protection that leaves little room for supplementary schemes. Since the 1990s, supplementary occupational and personal pensions have gained ground, but they still cover a minority of the working age population.</li> <li>• Statutory pension schemes provide care credits for maternity and paternity leave (full payment), while for other care activities, contribution credits are calculated on a pro rata basis..</li> <li>• The supplementary occupational pension schemes do provide contribution credits in case of care activities. Contributions are paid in case of salary payment (e.g. the case of metal workers' pension funds) on a pro rata basis (the level of contributions depends on the level of salary that is actually paid). The systems are regulated by collective agreements.</li> </ul>

NL	<ul style="list-style-type: none"> <li>• The Dutch pension system comprises: a statutory scheme that is flat-rate and residency based (commonly referred to as the AOW), supplementary occupational pension schemes and private pensions.</li> <li>• Supplementary occupational pension schemes are mostly based on collective agreements between social partners. The current generation of retirees' occupational pension schemes are typically defined benefit (DB). However, on July 1st 2023, the new Dutch Pension Act to reform the Dutch pension system came into effect. This reform consolidates the phasing out of DB schemes from the Dutch pension system and DC schemes becoming more common. According to data sources, coverage of supplementary occupational pension schemes ranges from 93% of employees to 80% of the Dutch population (aged 15-64). Average employee contribution for DB supplementary occupational pension schemes range from 4-8% of salary. The employer contribution is indicated by the funds actuary or insurer. In DC schemes, employees contribute around one third of the contribution and employers contribute the remaining two thirds, but this can vary.</li> <li>• Care credits in occupational pensions are primarily linked to salary payments. The minimum duration of paid maternity, paternity, parental leave and short-term care are set out in the 'Work and Care Act' (Wet Arbeid en Zorg, WAZO). Collective and employer agreements may extend the duration of the leave period and the level of pay. For the above care leave types, care credits depend chiefly upon whether the government benefit is administered via the employer or directly to the employee and the collective agreement. In long-term care leave, there is the potential for the person in need of care receiving a benefit which they can pay the informal carer with.</li> </ul>
PL*	<ul style="list-style-type: none"> <li>• In the 1990s Polish pensions were transferred from the public (government) sector to the private sector. In the early 2000s these private pensions were transferred back to the public sector. Similar development can also be identified after to 1990s in Slovakia, Hungary and Czechia. There are two main occupational pension schemes in Poland: PPE (<i>pracownicze plany emerytalne</i> in Polish) (compulsory employer contribution and voluntary worker contribution) and PPK (<i>pracownicze plany kapitałowe</i> in Polish) (compulsory employer and employee contributions, conditional contributions drawn from the Labour Fund – a state-operated dedicated fund administered by the Ministry of Family, Labour and Social Policy). PPK is based on auto-enrolment. Employers (with few exemptions) must enrol their employees, but employees have the possibility to opt out of the scheme. The self-employed cannot make payments either into PPE or into PPK.</li> <li>• As of August 2023, there were 3.35 million members in PPK, i.e. about 20% of all workers in Poland.</li> <li>• During maternity and parental leave, a worker does not receive a salary but does receive an allowance (if applicable). These are drawn from a public fund. There are no pension and social insurance deductions from allowances.</li> <li>• As payments to PPE and PPK are related to the salary, no contributions are paid by the employer during maternity and parental leave.</li> <li>• In theory, statutory contributions can continue in the PPK scheme, but these are conditional on payments made by the employer and/or worker. In practice, there is no legal obligation on employers and workers to make payments to PPK, and in practice, these contributions are not typically made. Consequently, statutory contributions also stop during maternity and parental leave periods.</li> </ul>
PT	<ul style="list-style-type: none"> <li>• Portugal has a pension system with an earnings-related statutory pension accompanied by a means-tested safety net. On top of that, supplementary pension schemes are part of old age protection, but they play a marginal role.</li> <li>• The majority of the occupational pensions implemented are voluntary – however, some ex-governmental and current governmental companies, as well as the bank and insurance sector, have collective bargaining agreements which include pension plans. If signed up to such a collective bargaining agreement, employers have to offer their employees membership of an occupational pension plan.</li> <li>• Supplementary plans were traditionally integrated with social security on a direct offset basis. However, potential reductions in social security pensions have led to a clear trend towards a simple, non-integrated flat percentage accrual rate based on years of service.</li> <li>• Care-related career breaks are equated by law, for most intents and purposes, to working time. Service continues to accrue in DB plans while employer contributions to DC plans are usually based on a percentage of the salary. Where no salary is paid, only a fraction of pension plans provide for employer contributions.</li> <li>• Care-related breaks are usually in line with the duration of statutory leave, but where the employment contract is suspended due to voluntary leave, contributions are suspended.</li> </ul>
ES	<ul style="list-style-type: none"> <li>• In Spain, the statutory system is earnings-related and is accompanied by a means-tested minimum pension.</li> </ul>

	<ul style="list-style-type: none"> <li>• Maternity and paternity are covered for up to 16 weeks of leave for each parent (plus additional leaves regulated by the Workers Statute). Care leaves for adult family members are covered up to 5 days.</li> <li>• Occupational pension plans are entirely voluntary for companies. Employers may offer qualified plans (which may be DB or DC) and which have annual contribution limits, or unqualified group life assurance arrangements. Coverage of occupational (and personal) pension schemes is low (9% of workers) but new legislation passed in 2022 seeks to promote broader coverage.</li> <li>• 2022 Occupational Pension Reform sets the principle of non-discrimination in access to the employment system plans. As a consequence, it envisages the development of corrective measures to avoid the gender gap through, among others, the maintenance of contributions in the cases of reduction of working hours and/or suspension of the employment relationship with job reservation. Consequently, these provisions were introduced in the most recently approved sectoral occupational plans (e.g. those of the construction sector and of flower and plant retailers).</li> <li>• In non-qualified plans, it is market practice to maintain the contributions during temporary disability and maternity and paternity leave, but this is voluntary.</li> </ul>
SI	<ul style="list-style-type: none"> <li>• Slovenian pensions are largely based on statutory schemes, while supplementary occupational schemes play a growing role.</li> <li>• Voluntary occupational pensions are available to most workers in Slovenia, with the exception of civil servants and those working in arduous and hazardous jobs (to whom quasi- mandatory and mandatory schemes apply). Consultation indicates that approximately 58% of workers are covered by collective voluntary schemes (this largely confirms comparable data provided by the OECD).</li> <li>• There is no national legislation ensuring care-related credits. Care credits for voluntary occupational pensions are therefore based on collective bargaining agreements between employers and employees. Employer contributions during maternity and paternity leave are only made voluntarily or via a collective bargaining agreement. Employers may also opt for an additional pension insurance in which the insurer tops up the pension contributions during leave periods.</li> <li>• Consultative activities<sup>27</sup> have provided detail on the <b>collective supplementary pension scheme for civil servants (PNJU)</b>.<sup>28 29</sup> <ul style="list-style-type: none"> <li>• There is an obligation to pay premiums to the supplementary pension scheme during care breaks when the employee is receiving 'wage compensation' from pension, disability, sickness and parental protection insurance<sup>30</sup>.</li> <li>• Within the framework of wage compensation from health insurance, among others, there is wage compensation during care for a close family member.</li> <li>• Further, within the framework of wage compensation from parental protection insurance, there is maternity allowance (105 days), paternity allowance (15 days) and parental allowance (160 days for each parent, 60 days of which is non-transferable).</li> <li>• The <b>duration</b> of the care break covered by pension credits (or, <i>the payment of the premium to the collective supplementary pension insurance for civil servants</i>) is determined for the entire period during which the civil servant is entitled to wage compensation from the relevant aforementioned insurance<sup>31</sup>.</li> <li>• <b>The compensation level</b> (or <i>the amount of premiums of the collective supplementary pension scheme for civil servants</i>) does not depend on the salary of the civil servant. Most civil servants are paid premia of the same amount<sup>32</sup>. The amount of the premium of the collective supplementary pension scheme for civil servants remains the same during the period of receipt of wage compensation charged to pension, disability, sickness insurance or parental protection insurance.</li> <li>• <b>Financing:</b> At a time when a civil servant is receiving wage compensation charged to pension, disability, sickness or parental protection insurance, premiums for collective supplementary pension insurance are paid by their employer.</li> </ul> </li> </ul>
SE	<ul style="list-style-type: none"> <li>• The Swedish pension system comprises: several statutory and non-statutory schemes. There is a statutory pension with an income pension along with a premium pension, supplementary occupational pension schemes and private pensions.</li> <li>• There are four major occupational pension schemes in Sweden; cumulatively they cover around 90% of the labour force. Each of the four major schemes is based on sectoral collective bargaining agreements. Several lesser used occupational pensions also exist. According to the OECD, occupational pension schemes cover 96.4% of workers. Contribution amounts differ depending on workers participation in a particular major occupational pension scheme, see Annex 6 for more detail.</li> <li>• Care credits exist in occupational pension schemes. The precise nature of the credit depends on the collective bargaining agreement. However, credits are generally restricted to parental leave and the short-term care of sick children.</li> </ul>

Source: Study team analysis.



(\*) Although care credits are not present in occupational pensions in Poland, the country is included in this table as one of a few examples of Central Easter European Member States with occupational pensions.

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<sup>27</sup> Consultative activities on the provision of care credits in Slovenia were led by Dr. Igor Guardiancich, Associate Professor, Scienze Politiche, Giuridiche e Studi Internazionali (SPGI), Università degli studi di Padova.

<sup>28</sup> Known as 'Pokojninski načrt za kolektivno dodatno pokojninsko zavarovanje za javne uslužbenke, aka Pokojninski načrt za javne uslužbenke, PNJU'.

<sup>29</sup> While Slovenia does exhibit some examples of care credits, it is not a case study country. As such this table provides more information on Slovenia and illustrates an example of care credits.

<sup>30</sup> '*Obligations to join and pay premiums to the collective supplementary pension scheme for civil servants at the time of payment of wage compensation is applicable at the time of receipt of wage compensation under pension, disability, sickness and parental protection insurance*' (ZkolP, article 6).

<sup>31</sup> *Entire period during which the civil servant is entitled to wage compensation charged to pension, disability, sickness insurance or parental protection insurance.*

<sup>32</sup> Civil servants who were civil servants prior to 01.08.2003 receive an additional premium according to the years of service completed on 1.8.2003.

## 4. Key features of care credits in case study countries

This section is based on evidence collected through case study research and analysis. The analysis includes the five country cases – Belgium, Denmark, the Netherlands, Spain and Sweden - and replicates the same structure of the previous section. It first examines how pension care credits are provided in the statutory pension schemes (Section 4.1). This first stage of exploring in more depth the leave systems of these countries helps us to understand the interplay between the processes in statutory and occupational schemes. This is followed by in-depth analysis of the care credits in occupational pension schemes (Section 4.2).

In statutory pension schemes, the type of care leave is the factor determining whether salary payments continue, allowances are paid instead, or no payment is received by worker during the leave period. By contrast, care credit accrual in occupational pension schemes is more complex – while continued payment of the salary does not affect the provision of care credits, leave allowances do not provide the right to build up entitlements. Collective agreements, therefore, play an essential role in establishing such provisions.

### 4.1. Pension credits in the statutory pension schemes in the five case study countries

**Maternity/paternity leave** comes with the provision of allowances and care credits ‘sensu stricto’ in three of the five countries studied (Belgium, Spain and Sweden). In Sweden, a pension credit supplement is provided to parents who have a child aged four or below, and is added to the worker’s national public pension. This pension credit goes to the lowest-earning parent, unless stated otherwise. This is designed to compensate the parent who takes on the larger share of childcare and, as a result, has to reduce their working time or leave the labour market.

In Denmark and the Netherlands, the maternity leave period is covered by continued payment of wages. There are some specificities to be considered in these two countries. Importantly, in the Netherlands, the employer receives compensation from the state, up to the level of a maximum daily wage, and then decides whether to top up the payment up to the full salary according to collective agreements. However, the Netherlands is quite a straightforward case because the statutory pension scheme is exclusively residency-based, so entitlements are not impacted by leave periods<sup>33</sup>. The Danish case is specific<sup>34</sup> - according to national legislation, a benefit is provided for all types of leave, but it is common practice to continue payment of the salary based on collective agreements. The baseline scenario remains the receipt of a benefit, i.e. for people who are not covered by collective agreements, but given the high coverage of occupational pensions this is a very rare situation. Moreover, some people are not covered by collective agreements but work for employers who continue paying the salary during maternity/paternity/parental leave. This is because it is market practice. It has become a popular benefit to attract and retain talented staff. Moreover, similarly to the Netherlands, in Denmark, there is also a basic pension which is not affected by contributions. However, contributions matter when it comes to the

<sup>33</sup> The Netherlands’ public statutory pension is residency-based. Credits for childcare and employment breaks are ‘implicit’ in the pension system, as being a resident enables coverage of de facto periods out of the labour market. Hence the residency-based statutory pension is not impacted by leave periods.

<sup>34</sup> It should be noted that since 2022 in Denmark, maternity, paternity, and parental leave accumulate to 48 weeks in total for both parents, with 24 for each parent and scope for up to 13 weeks thereof to be transferred between the parents.

contributory ATP scheme. ATP contributions are doubled during maternity, paternity and parental leave, with the government taking over the employer's share of contributions.

**Parental leave** is a more complex case, as credits depend on the share of leave time used and whether this share is paid or not. As such, care credits can be subject to continued payment of the salary and to the payment of an allowance in all five countries studied. As an illustration, if a full-time worker decides to take parental leave one day per week to work part time, during this period 80% 'implicit credits' apply, i.e. the person continues to receive this share of their salary (thus pension entitlements are based on this). For the one day of parental leave per week - the remaining 20% - an allowance is provided by the state for which the person receives credits 'sensu stricto'. In Denmark's statutory scheme access to care credits may be impacted by collective agreements; some collective agreements stipulate that full statutory (and occupational) pension contributions are paid despite a worker only returning on a part-time basis.

While the above-mentioned types of leave are related to childcare, and credits are basically provided either through continued salary payment or through allowances, this is not necessarily the case for care for adults and especially for elderly care. The situation has been changing, though, thanks to the provision in the WLB directive (see Section 3, Table 4, and Annex 7) whereby at least five care days may be taken regardless of the age of the cared-for person; this period may be subject to an allowance and thus credited to a pension. By contrast, when it comes to the type of leave we could describe as '**long-term care leave**', the situation is more complex (see Section 3). In all the five countries studied, an individual caring for a person with disabilities receives an allowance, but the duration and the eligibility conditions (age of the person with disabilities) vary a lot. By contrast, allowances for care for other adults (e.g. palliative care, care for the elderly) are only rarely provided in the five countries studied. In Denmark, a person with a gainful activity who wishes to take care of a closely related person suffering from a significant disability or illness, can be employed by the municipality where the person with disabilities lives for up to six months, and during this time the carer receives a certain salary. There is also a carer's allowance for palliative care, where the benefit is capped at 1.5 times the level of sickness benefits an employee would be entitled to if they themselves were off sick.

Table 7 summarises the two main ways in which care credits are provided in statutory schemes for the different types of leave provision: continued payment by the employer (which is a rare case) or an allowance.

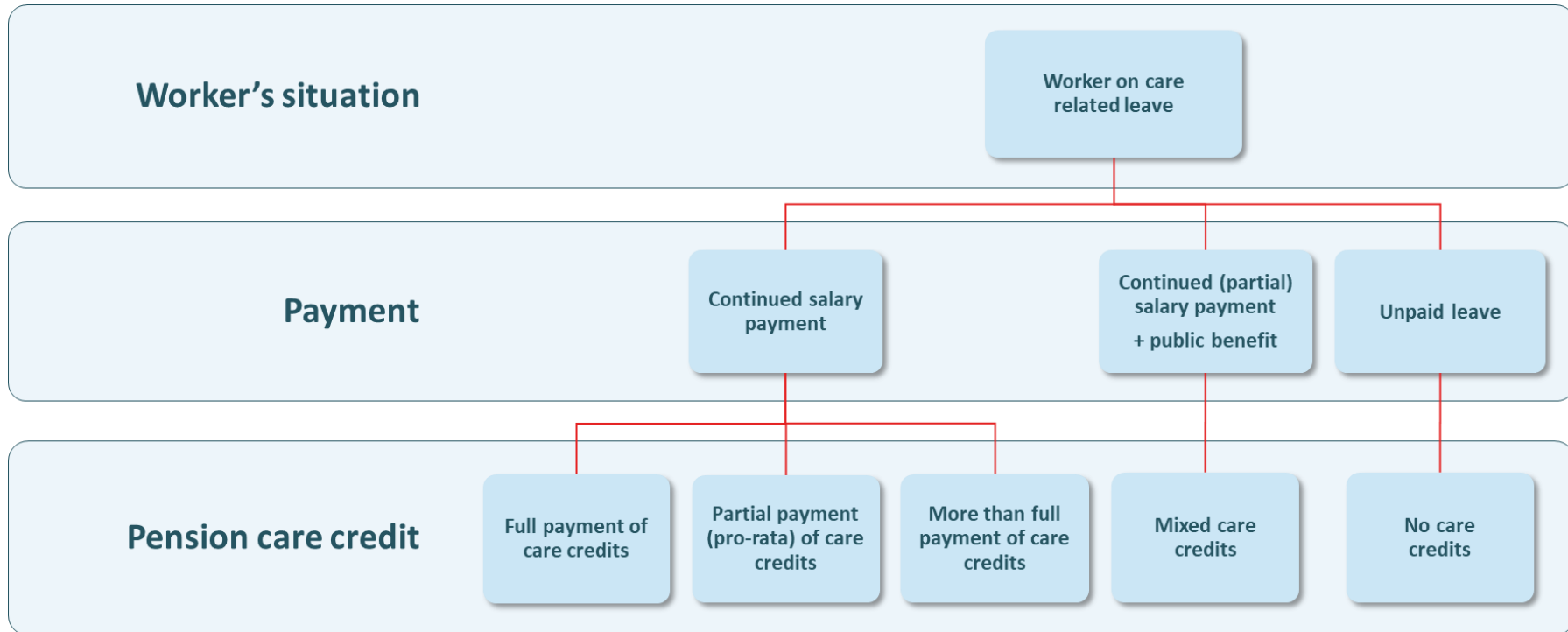
**Table 7 – Payments during types of leave**

Type of provision in the occupational pension scheme	Leave type				
	Maternity leave	Paternity leave	Parental leave	Short-term care leave	Long-term care
Continued payment by the employer → <b>Direct provision of pension credits</b>	DK <sup>1</sup> , NL	DK <sup>1</sup> , BE, NL	DK <sup>1</sup> , NL	DK <sup>2</sup> , NL	None
Statutory Allowance → <b>Need for specific clauses on pension credits</b>	BE, DK <sup>3</sup> , ES, SE	BE, DK <sup>3</sup> , ES, SE	BE, DK <sup>3</sup> , ES, SE	According to the WLB Directive, five days of short-term leave can be unpaid. Some MS offer compensation or allowance.	DK <sup>4</sup> , SE <sup>5</sup> , NL <sup>6</sup>

Note: DK<sup>1</sup>: generally, but depending on the collective or individual agreement, DK<sup>2</sup>: depending on the collective or individual agreement, DK<sup>3</sup>: allowance by law but continued payment depending on collective agreement, DK<sup>4</sup>: carer's wage or a carer's allowance, SE<sup>5</sup>: two kinds of cash benefits, NL<sup>6</sup>: informal or formal carer can use Personal Care Budget, this will be considered as income from work.

The analysis of statutory care credits in the five countries under scrutiny allows for the definition of a taxonomy (see Figure 1).

**Figure 1: Taxonomy of pension care credits in statutory pension schemes**



Source: Authors' own elaboration based on five case studies

The interplay, therefore, between the statutory and the occupational pension schemes, should be analysed according to whether or not the salary continues to be paid. While in statutory schemes there is generally continuity of provision, in occupational schemes, a variety of arrangements exist.

## 4.2. Pension care credits in occupational pension schemes

This section focuses on the analysis of the type, scope and functioning of care credits in occupational pension schemes in the five countries covered in this study. Importantly, in four of the five countries these credits are not stipulated in national law but in collective agreements (Belgium, Denmark, the Netherlands and Sweden). In Spain, however, a recent law (Law 12/2022) regulates the promotion of occupational pension plans. While it does not substantially affect the regulation of care credits, an amendment (Art.74) introduces an important non-discrimination clause aiming to reduce the gender gap. Consequently, provisions on care credits were introduced in the most recently approved or renewed occupational pension plans in Spain.

Overall, the entitlement to pension care credits in occupational pension schemes during leave periods depends on: a) continued payment of salaries during the leave; and/or b) other provisions enshrined in specific clauses in collective agreements at sectoral and/or enterprise level. In any period, whether or not giving eligibility to a statutory allowance, accrual depends on the related clauses in the collective agreements.

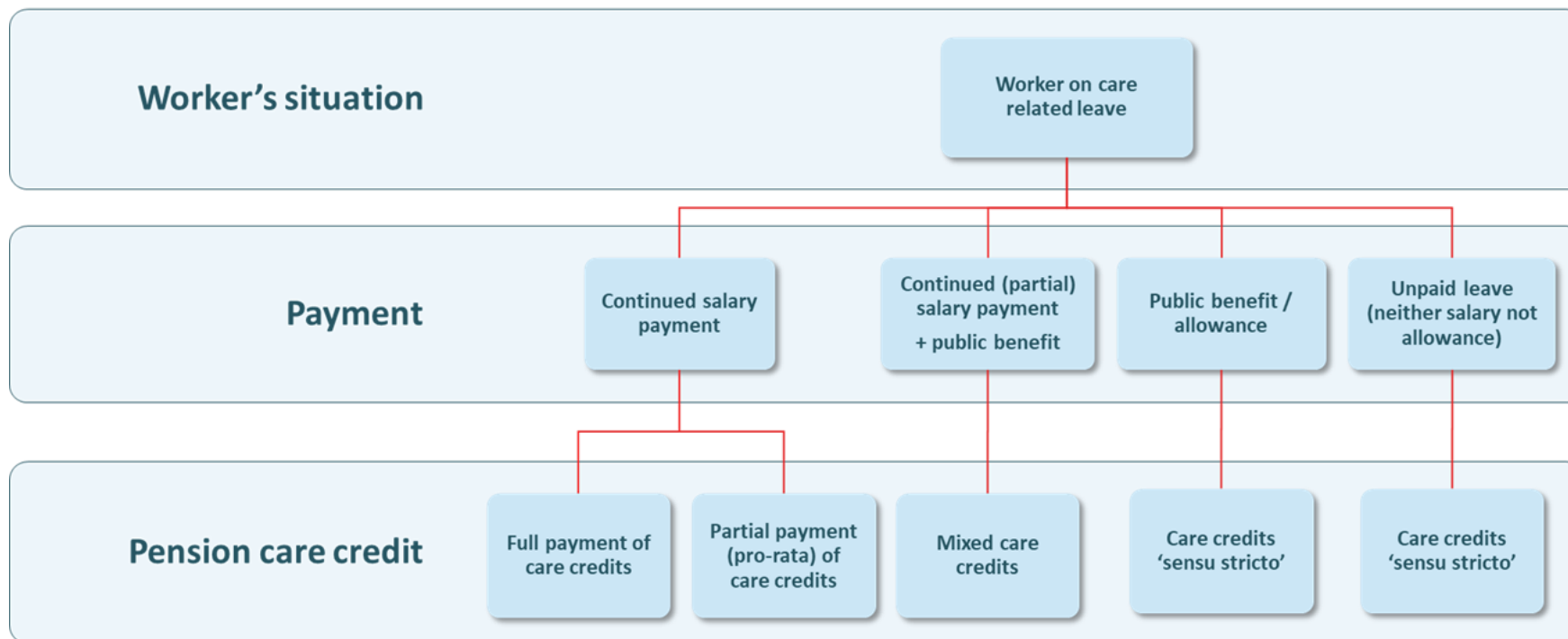
The section focuses on four main dimensions of care credits in occupational pension schemes:

- Types of care provision (Section 4.2.1);
- Funding arrangements (Section 4.2.2);
- Access and eligibility conditions (Sections 4.2.3); and,
- Coverage (national- and sectoral-level estimations; Section 4.2.4).

### 4.2.1. Types of care provision

Due to the interplay between care credit provision in the statutory and occupational pension schemes, the study distinguishes between cases of continued payment of the salary and those of suspension of salary payment. In the latter case, there is either a payment of a statutory benefit or unpaid leave (see Figure 2). Referring back to these two cases enables us to provide a systematic overview of care credit provision in the occupational pension schemes.

**Figure 2: Taxonomy of occupational pension care credits**



Source: Authors' own elaboration based on five case studies.

## Continued payment of salaries

Continued payment of salaries is not widespread in care leave arrangements and analysis of individual cases is required. Intuitively, one can imagine that if the salary is still paid, entitlements for pensions would continue to build up for occupational pension schemes. This is, indeed, the case in all five countries studied, but nuances and subtle arrangements exist.

For instance, as mentioned in Section 4.1, continued payment during leaves exists only in Denmark and in the Netherlands. In Denmark, the duration of fully paid maternity, paternity and parental leave is set in the collective and individual company agreements. When such an agreement is in place, employers continue payment of the full salary during maternity and paternity leave and the care credits are accrued during these leave periods. Moreover, many employers often pay the full salary for at least part of the parental leave, and some pay pension contributions based on the full salary regardless of whether or not the full salary is paid during parental leave. The Dutch case is more complex, due also to the underlying financial arrangements between the State and the employers and credits could be considered as ‘mixed ones’ (See Box 1).

### Box 1: Continued payment of salaries in the Netherlands and its implications for the occupational pension schemes

The Dutch occupational pensions do not refer to a ‘credits system’ per se. Instead, continued pension accrual is linked to the continuation of salary payments. If salary payments are continued during care periods (such as during pregnancy, childbirth, the first week of paternity leave and short-term care leave), pension accrual automatically continues in occupational plans.

However, ‘continued payment of salary’ as an expression is used to refer to two overarching types of ‘payments’ when the employer is ‘paying’ a salary to the employee:

- When there is legislation stating that the employer funds the salary and / or credit from their own financial means,
- When there is a collective agreement, company agreement or other that stipulates that the employer will consider additional periods as ‘paid’.<sup>35</sup>

These different concepts of the ‘continued payment of salary’ can lead to differing occupational pension accrual during leave periods.

*Source:* Dutch case study

## Suspension of salary payments

Suspension of salary payments is a core focus of this study; in this situation a variety of arrangements (at sectoral but also at company level) exist in national occupational pension

<sup>35</sup> There are many variations to what these agreements may stipulate and how they operate. For example, stipulating that all periods where the UWV benefit applies as ‘paid’ (without the employer funding the salary); or, stipulating that the employer must pay the employee in addition to the UWV benefit already being received. See below for the role of collective agreements.



schemes. As already mentioned, when payment of the salary is suspended, there are two possibilities in national leave systems: (a) an allowance is paid (the most common case) and (b) the worker is on unpaid leave. In both cases, to continue building up pension entitlements in the occupational pension schemes, specific provisions (credits ‘sensu stricto’) are needed in collective agreements<sup>36</sup>. However, it should be noted that in the Netherlands, some, although not many, collective agreements consider all periods where a benefit is paid by the UWV as ‘paid leave’ (regardless of whether the care period is funded by the UWV, the employer or a combination). This means that pension accrual will continue (there is then a somewhat different financing arrangement, as the company contributes to both the employee and employer portion of the pension contribution and then recovers the employee’s share from the employee).

Provisions in collective agreements relate more often to childcare (including maternity/paternity/parental leave) and short-term illness of dependents. One of the only examples regarding long-term care leave relates to Denmark, where the Financial Sector agreement determines payment of the full salary and occupational pension contributions during full or partial long-term care leave for a seriously ill child (below 18) for up to 13 weeks. Beyond that, in the case where the municipality employs the worker (for up to six months) to provide long-term care to a close relative, pension contributions are paid since this is an employment relationship. Otherwise, when only a statutory benefit is paid, no pension contributions are made.

Examples of pension credit arrangements in collective agreements are provided in Box 2.

#### **Box 2: Examples of provision of care credits in case of suspension of salary payment**

**In Belgium**, some occupational pension plans explicitly incorporate specific periods that are considered equivalent to actual working periods. When a period is explicitly assimilated, the employer must continue to pay the contribution into the pension plan during the period of inactivity.

Another type of plans are the so-called ‘social occupational pension plans’. These include an additional solidarity component designed to address specific risks in addition to regular pension accrual. There is a list, by law, with various periods during which the financing of the plan will continue, and at least two of these periods must be incorporated into the sectoral/company plan.

An additional category of plans which are designed to provide more freedom and flexibility to workers is known as “cafeteria plans”. Under these schemes, workers have an option to enhance their coverage. A budget is allocated by the employer, allowing the worker to select from a range of benefits to finance with that budget. The objective of this is to offer a plan that is tailored to the individual circumstances. The benefits that can be chosen are income-replacing and cost-compensating guarantees to cover certain (social) risks.

<sup>36</sup> Importantly, the Belgian case study also highlights some exceptional situations in which even when the salary is suspended, the person may continue to build up entitlements due to issues with the transfer of information to the competent body: firstly, at the sector level, when the employer (or the social secretariat) does not inform the sector of the suspension of the employment contract, or secondly, if the sector does have the information but it cannot be conveyed to the pension institution. Consequently, both the sector and the pension institution count this time as ‘worked’ time, but in practice, it is not. As a result, the occupational pension accrual continues. Moreover, there are sectors which deliberately pay the premiums each trimester that the employment contract is in place and do not suspend payment when the work is discontinued during periods of care.

**In Denmark**, the Financial Sector agreement provides for credits when the salary ceases to be paid during maternity leave. The employer pays both their own and the employee's pension contributions during the leave period. They do this for a maximum of 60 weeks after the birth. The same applies when an employee takes deferred leave, if it is taken later than 60 weeks after the birth. If the employee chooses to work part-time up to and including the 60th week following the birth, the employer pays both its and the employee's normal pension contributions.

**In the Netherlands**, some collective agreements consider all periods where a benefit is paid by the UWV as 'paid leave' (regardless whether the care period is funded by the UWV, the employer or a combination). Further, when the employer ceases payment of the salary, certain collective agreements stipulate that the employer continue to pay the employers' premium, and so the employee is only required to continue contributions for the employee premium to maintain full pension accrual. Furthermore, collective agreements may also stipulate that the UWV benefit be paid through the employer (thus being paid as a salary and continuing pension accrual); agreements may also stipulate that the employer supplement the UWV benefit and that the employer continue paying the employee salary for a longer duration than stipulated or provided for the Work and Care Act.

**In Spain**, where, since 2022, pension credits have been implicitly enshrined in national law (with a view to reducing the gender gap) examples are still scarce and vary considerably between sectors. For instance, such provisions were introduced in the most recently approved or renewed occupational pension plans, such as those for the building sector and for retailers of flowers and plants. An example from the building sector shows that these arrangements cover birth, pregnancy, breastfeeding of a child under nine months of age by a working woman etc. The collective agreement for retailers of plants and flowers introduces payment of compensatory contributions if a person's working hours are reduced due to caring duties. The working day must have been reduced by at least half, with a proportional reduction of the salary, in order to care for a minor, during hospitalisation and continued treatment for cancer or for any other serious illness involving long-term hospitalisation. The company facilitates the processing of the application for economic benefit, through the Mutual fund, extending the payment up to 100% of the working day. It also informs the entire workforce that the contributions paid during the periods of this reduction in working time will be calculated at 100% of the amount that would have been paid if the working day had been maintained without this reduction.

**In Sweden**, where no continued payment of salaries is stipulated in some sectoral agreements (e.g. ITP 2 for white-collar workers and KAP-KL, AKAP-KR for municipal workers and PA03/PA16 for state workers), pension care credits continue to be paid when the worker is on parental leave as if they were working.

*Source:* National case studies

#### 4.2.2. Funding arrangements

Overall, employers pay for occupational pension plans, and co-participation by employees is rare, except for in Denmark and Sweden where it is a more common practice. In Belgium, for instance, one of the reasons that occupational pensions are mainly paid by the employers is tax deduction. In only rare cases, the plan can also allow personal contributions by the worker. When the self-employed have access to such schemes, they pay their own contributions.

**When the salary continues to be paid**, generally, scheme funding is incumbent on the employer. However, there are several country and scheme-related nuances. In Denmark, in most cases, employers pay the full salary for at least part of parental leave, and some pay pension contributions based on the full salary regardless of what salary is paid during parental leave. Similarly, in the Netherlands, the standard and most common option is that when the salary is paid by the employer (generally through the UWV institution thus paid by the state), funds most forms of care leave up to a pre-determined maximum (see Box 3).

### Box 3: Funding of pension care credits in the Netherlands

The funding of care credits is specific to the type of leave period. When the leave period is funded by the employer, the same entity pays the premium, as during employment. This typically applies to the first week of paternity leave and short-term care leave.

When the leave period is funded by the UWV, the standard and most common option is that if the salary is paid directly by the employer (rather than directly by UWV), the same entity pays the pension premium, as during employment. This is typically a combination of the employer and to a lesser extent the employee. However, this depends on the type of leave and other factors such as the collective agreement or employment contract.

- There is an interplay with the statutory pension contributions during pregnancy and maternity leave. During such periods, the UWV pays the benefit to the employer, and the employer continues to pay the employee's wages with this benefit. Therefore, occupational pension accrual will also continue. The UWV will only pay this up to a maximum daily wage, it is then up to the employer if they decide to supplement up to the full salary. The possible salary supplementation level depends on the various collective labour agreements.
- Paternity (or partner) leave is a minimum of one week at full pay (funded by the employer), and a further five weeks at 70% of pay (with funding from the UWV, at times paid via the employer). If the additional five weeks are paid as a benefit and not seen as payment of salary, standard pension accrual typically ceases. If the additional 5 weeks are paid via the employer / considered salary, pension accrual takes place as normal. Furthermore, some employers choose to extend the duration of paternity leave, up to, for example, eight weeks paid leave. As this period is 'paid' (salaried), pension accrual continues 'as usual'.
- Parental leave is paid for the first nine weeks (funded by the UWV); during this time, the employer can receive the benefit and pay the employee, or the employee can receive payment directly from the UWV.

Interviews show that during **parental leave and extended paternity leave**, pension accrual does not take place without a collective agreement, company agreement, or other in place.

Finally, some companies do not differentiate at all between whether the employer or the UWV fund the paid leave period. Thus, for some companies, it makes no difference, in terms of occupational pension accrual, whether the payment is made by the employer or the UWV.

*Source:* Dutch case study

**When there is payment of a statutory benefit** and, thus, no direct payment into the occupational pension scheme, there are several funding possibilities, mostly, paid by the

employer, but in some cases also by the employee, varying among countries and schemes. Belgium provides a variety of examples illustrated in Box 4.

#### **Box 4: Examples of funding of care credits in a case of discontinued salary payment in Belgium**

- ‘Explicitly assimilated periods’ - If such contractual provisions exist, pension rights will accumulate during these periods. The employer must continue to pay the contribution into the pension plan during the period of inactivity. These periods are financed in the same manner as active working periods, even though the worker does not receive his or her normal wage. Such explicit assimilation is often used in occupational pension plans. Nonetheless, there are no universally applicable rules regulating which periods are assimilated and for what duration. The specific periods covered vary from one plan to another.
- Premium waiver insurance - to ensure the continued payment of contributions during specific periods of absence (this also occurs in other countries; see below)
- ‘Cafeteria plans’ - A budget is allocated by the employer, allowing the worker to select from a range of benefits, to be financed from that budget.
- ‘Solidarity plans’ - funded by the employer, encompassing all type of leave.

*Source:* Belgian case study

**Although the employer is the main contributor to such credits, in several cases the employer’s payments may be reimbursed.** When employers continue contributing to care credits, either through continued payment of salaries or through other plans, their contributions can be reimbursed through two main payback methods:

- Reimbursement by the state; and,
- Reimbursement by means of additional private insurance, including an insurance waiver of premium insurance and a contribution to a specific fund.

#### **Reimbursement by the state**

As already mentioned, the situation of the Netherlands is specific – there is continued payment by the employer but generally the state reimburses part of the expenses up to a maximum daily wage for certain leave types<sup>37</sup>. In Denmark, during the period where the full salary is paid, the public benefit flows to the employer instead of the employee.

<sup>37</sup> In the Netherlands, the maximum daily wage from 1 January 2024 is €274.44 per day (gross). (See: UWV (Updated 2024a). *Current amount*. Available at <https://www.uwv.nl/particulieren/bedragen/detail/maximumdagloon>). The different leave types have an impact on the percentage of the maximum daily wage a person can receive from the UWV: During maternity leave an individual can receive 100% of the maximum daily wage; During paternity and parental leave, an individual can receive up to 70% of their average daily income. This can be no more than 70% of the maximum daily wage. (See ‘UWV (Updated 2024b). Maternity and parental leave. Available at: <https://www.uwv.nl/en/individuals/maternity-and-parental-leave>)

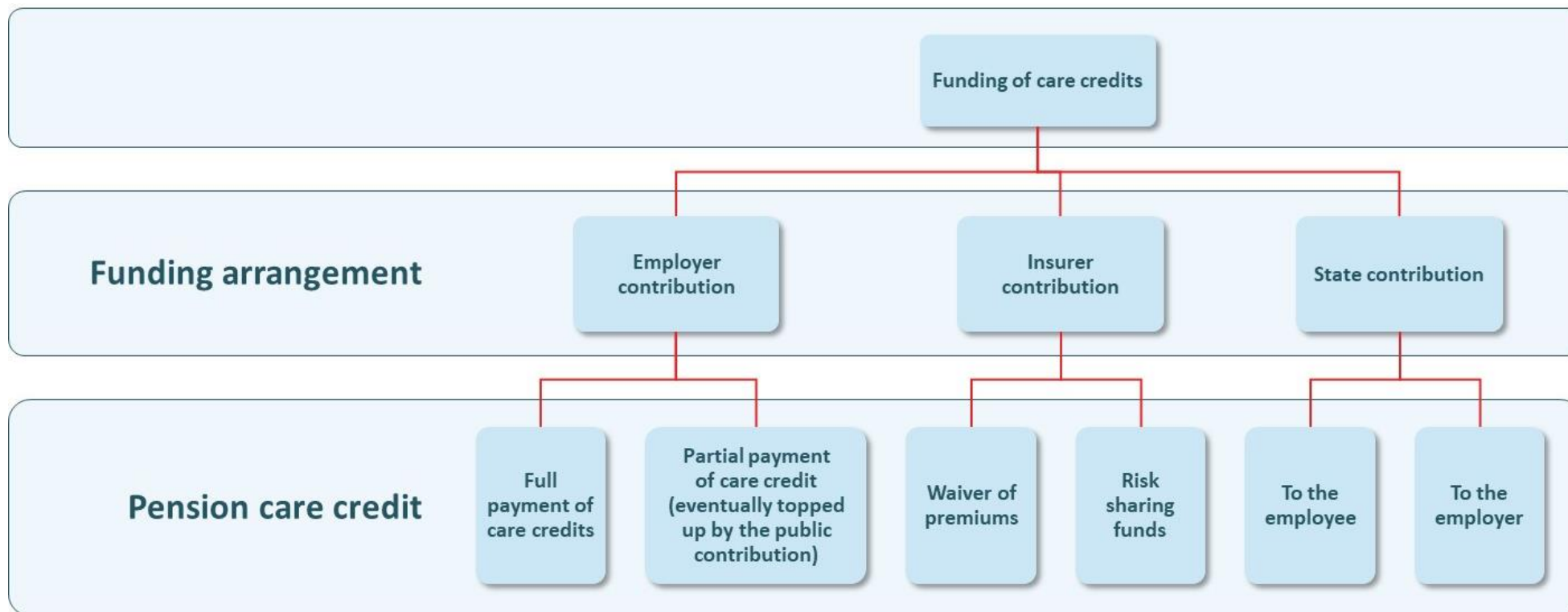
### **Waiver of premium insurance for employers**

This is a commonly used solution in Belgium and partly in Sweden (depending on the sector). In Belgium, the employer can take out premium waiver insurance to ensure the continued payment of contributions during specific periods of absence. This is an optional insurance policy clause that can be purchased by employers, by which premium payments are waived in certain circumstances, usually in case of a worker's invalidity or incapacity for work. This depends on what the insurer can offer and can insure. In this scenario, pension accrual remains uninterrupted, and the insurer takes over the responsibility for contributing payments. This includes not only the employer's contributions but, if applicable, any personal contributions made by the worker. The fee for this insurance is typically added to the premium or charged as an upfront fee, incurring an additional cost. From the worker's perspective, the coverage remains the same and consistent. In Sweden, the waiver option can be used for both private-sector white collar workers and blue-collar workers (ITP 1 and SAF-LO), taking over the employer's occupational pension contributions when the worker is not earning. The premium for the premium waiver insurance is 0.14% of the pensionable income up to 7.5 income base amounts (IBA) and 1.236% of the pensionable income between 7.5 IBA and 30 IBA. The waiving of premium insurance has been implemented in connection with the shift to a defined contribution principle in SAF-LO and ITP, with the argument that in a DC scheme, each individual contribution is more important than in a DB scheme, where the final benefit is linked to the amount of time contributing to the system and the salary before retirement.

### **Reimbursement of the employers through a risk-sharing fund**

This option exists in Denmark, where in order to share risks between employers with a large proportion of women and employers with a large proportion of men in their workforce, maternity pay funds have been set up. These maternity funds each have their own set of rules, with different contribution levels and principles and different levels of reimbursement. Employers either join the fund stipulated in their collective agreement or are free to choose which fund to join.

Figure 3: Taxonomy of funding of care credits in occupational pensions



Source: Authors' own elaboration based on five case studies.

### 4.2.3. Access and eligibility conditions

When care credits are offered under specific collective agreements, access and eligibility conditions are primarily linked to the conditions set out in the leave scheme, i.e. a first step is that the person fulfils the eligibility conditions for leave. However, meeting the leave-related conditions, albeit an essential requirement for care credits in statutory schemes, does not automatically provide the right to accrual of care credits in occupational pension schemes, as there may be additional conditions to be met.

#### Work status

Work status (worker or self-employed) is an important condition for access to occupational pensions per se. Principally, all **workers, including non-standard workers (e.g. temporary or part-time workers) are eligible to contribute to and receive occupational pensions on an equal basis**. Part-time workers have the same rights as full-time workers. If the occupational pension is governed by the same collective agreement, the same conditions (also regarding care credits) apply. A pension plan cannot discriminate between the two categories. However, the pension entitlement for part-time workers is determined based on their percentage of employment, which influences the total pension accrual. Consequently, the affiliation to the plan is the same, but the pension amounts differ. Occupational pensions of part-time workers are accrued pro rata, so are lower than those of full-time workers. For instance, in Denmark, it is less common for the so-called 'hourly-paid workers' to continue receiving salary or pension benefits throughout their maternity/paternity or parental leave.

However, in some rare cases, depending on collective agreements, accrual for pension entitlements may be based on a full salary whatever the status of the worker (e.g. in Denmark).

The self-employed are generally not included in occupational pensions, except for in Belgium, Denmark, and partly in the Netherlands. In Spain, there is a plan to implement 'simplified occupational plans', which would include self-employed people. In Belgium, the self-employed have had the right to join such schemes since 2017 (PAR 2021) and can build up their own supplementary pension linked to their professional activity, in various ways. The best-known arrangement is the voluntary supplementary pension scheme for the self-employed. This is an optional funded pension that is socially and fiscally incentivised and built up with an insurance company. More than 50% of the self-employed are affiliated to such a scheme in Belgium. In Denmark, the self-employed can opt into and join occupational pension schemes and around 30% of self-employed workers are currently covered by an occupational pension in Denmark. According to evidence collected in the consultation activities, typically, the self-employed who are not members of a scheme are on lower incomes and may choose not to participate in an occupational pension scheme to avoid paying the associated recurring fees. In the Netherlands, the **solo self-employed** ('zzp'ers') constitute are dominant in some sectors. In certain industries, they are required to join an occupational pension scheme, however, this is currently limited to decorators and construction workers. Pension accrual for the self-employed depends on mandatory plans for specific professions. The self-employed do not accrue an occupational pension unless they are required to join an occupational pension plan or when they voluntarily stay in the former pension plan. There are around ten occupational pensions in the Netherlands for specific professions with high levels of entrepreneurs; these include doctors, marine pilots, and notaries. In professions with specific mandatory plans, pension accrual typically continues during care-related breaks. Pension accrual also continues during maternity

leave, as maternity pay is also available to the self-employed. In the case of other self-employed workers in professions or sectors without mandatory participation, pension provision is limited to the statutory pension and private pensions. The self-employed can continue private pension accrual when on care breaks only if they continue to pay the premium. If they choose to discontinue premium payments, pension accrual will cease.

#### 4.2.4. Care credit arrangements in the various sectors- some estimations

Providing clear and comparable evidence on the prevalence of care credit coverage is challenging. This project attempted to investigate sectoral factors which may influence the provision of care credits; this included whether the provision of such credits was more prevalent and /or greater in feminised sectors. However, this could not be confirmed due to a lack of sufficient evidence on sectoral coverage in four of the countries studied (Belgium, Denmark, the Netherlands and Sweden). Information on coverage is also lacking for Spain, except for some specific sector examples, given that the reform of occupational schemes, including of care credits, is still ongoing.

Examples of evidence of estimated sectoral coverage are provided in Box 5. However, importantly, due to the absence of databases on the topic, it is impossible to describe accurately the coverage of such credits. The Belgian case study remains purely qualitative due to lack of availability of information, and it is not possible to give quantitative details. For the other case studies, there is no evidence on the coverage of specific care credit arrangements.

##### **Box 5: Relevant examples regarding sectoral care credit coverage**

###### **Belgium**

Most clauses on pension credits appear to primarily concern care for the affiliated individual themselves and not for others, e.g. more traditional coverage for disability and illness. Specific types of leave such as informal care or palliative care are usually not assimilated. In sectors with, on average, higher female employment, maternity leave is more often assimilated.

The availability of premium waiver insurance depends on the policies of individual insurers and the coverage they offer. The 'guesstimate' of the authors of the Belgian case study is that approximately 10% to 20% of all pension plans incorporate premium waiver insurance (the number of affected employees probably ranges from 250,000 to 500,000 individuals).

The coverage of 'cafeteria plans' is estimated 0% to 5% of all plans (a maximum of 10,000 individuals are thus affected).

A 'solidarity clause' exists in 31 sectoral agreements. Among these solidarity plans, limited research indicates that at least three explicitly cover career breaks. Additionally, maternity leave is covered by several solidarity clauses. Extrapolating from this information, the total coverage for care breaks across solidarity plans could be estimated at 10% to 30%.

###### **The Netherlands**

Sectors with lower occupational coverage include hospitality workers, such as the hotel, restaurant and catering sector, the solo self-employed ('zzp'ers') and freelancers.

*Source:* National case studies



## 5. Conclusions

This report explores the scope and the design of pension care credits in occupational pension schemes across the EU Member States and, in greater detail, in five countries: Belgium, Denmark, the Netherlands, Spain and Sweden.

While pension credits exist for almost all types of breaks from the labour market – such as a variety of care leave types, sickness periods and unemployment – their availability and the forms they may take in occupational pension schemes is an underexplored area. In countries where coverage of occupational pensions is high and where these make up an important share of old-age income and of the adequacy thereof, availability of care credits is key to enable carers, who in most cases are women, to build up pension entitlements. Understanding the design, type, scope, function and funding of such credits is therefore essential to the implementation of policies to reduce the gender pension gap. It is important to stress that these arrangements are diverse and may vary between sectors and companies, depending on collective agreements. Only in Spain is the provision of care credits in occupational schemes enshrined in national legislation, although the modalities depend on collective agreements.

Based on primary evidence collected for this project, this study puts forward certain key findings, grouped into two main categories:

### Overarching findings on the interplay between leave provisions and care credits in statutory and occupational pension schemes

Pension care credits in occupational schemes are inherently linked to leave provisions. The interplay between provisions in statutory and occupational pension schemes must therefore be taken into account. The interplay is of two types. On the one hand, there can be a process of mimicking, i.e. the regulation of care credits in supplementary occupational pension schemes replicates (or at least follows) the same logic as the one of the care credits in statutory schemes. This is the case when, for instance, statutory rules set the minimum requirements / protection that collective agreements cannot breach. On the other hand, statutory care credits may have a direct and explicit effect on the care credits in supplementary occupational pensions. Such as when statutory regulations establish the requirement to continue salary payments. The latter has a direct impact on pension credits in supplementary occupational schemes.

**The provision and design of the leave** – the eligibility conditions and especially the payment conditions – are essential factors. Childcare leave is the type of leave for which care credits are most frequently provided in statutory pension schemes. By contrast, such credits are almost never provided for long-term care leave (in particular, or leave to care for the elderly), or only in specific situations with restrictive conditions. The payment conditions regarding leave are key to the building up of care credits.

Two main types of provision exist: **continued payment of salaries or payment of a statutory benefit**. In some cases (e.g. parental leave), the two may be combined, or there may be the possibility of unpaid leave.

In statutory pension schemes, in the case of continued payment of salaries, the situation is straightforward: the person continues to build up pension entitlements just as before the leave. Typically, when a statutory benefit is paid, pension credits are provided up to the amount of the allowance (in some cases maybe even above this amount).

### Findings concerning care credits in occupational pension schemes:

Continuation of a pension accrual in occupational pension schemes is only ensured if the salary is still paid, i.e. this is implicit/direct provision of care credits related to a continued salary payment.

In cases where a statutory benefit is paid, accumulation of pension entitlements and care credits does not continue in occupational pension schemes unless this is stipulated in collective agreements. In some cases, there are also special provisions for cases of unpaid leave.

Where a statutory benefit is paid, there may be several types of care credit arrangements in occupational pension schemes, based on collective agreements, including:

- Employers continue to pay care credits to the pension plan as if the workers were still receiving their salary. Basically, the worker receives a social security benefit which might be taken into account for the calculation of the statutory pension, up to the amount of this benefit, but in the occupational pension scheme, credits continue as if the worker were continuing to receive a salary.
- Some country-specific arrangements exist, whereby care credits are paid up to a certain amount, depending on provisions negotiated in the collective agreements.

The employer generally funds this type of provision. However, in some cases, the employer receives a reimbursement from the state or from a fund of which they are a member. In some cases, there is also the option to take out 'waiver of premium' insurance cover. This means that the employer, and/or the state, and/or the pension fund manager may have (or share) the responsibility to provide resources for contribution credits in supplementary pension schemes. Three different logics may apply (as alternatives or in combination): the main responsibility is of the state (that is still responsible for protecting against the risk of inactivity and of lack of contributions); the main responsibility is of the employer (that is the main funder of the credits); or the main responsibility is of the pension fund manager on the base of the contract.

Non-standard workers have the same access to care credits as standard workers. However, the credits are calculated on a pro-rata basis, so will be lower. The self-employed, when they do have access to occupational pension schemes, need to pay for such credits themselves.

It is important to add to, and in some cases quantify, these key findings with some country-specific examples. First of all, the research does not allow us to provide clear-cut findings on the coverage of care credits in specific sectors. Some insights from Belgium show that in more feminised sectors, care credits are more generously provided for maternity leave. Other country examples show that the notion of 'continued payment of salary' is not always clear cut (in the Netherlands), whereas Spain can act as an example for an EU Member States with less developed occupational pension schemes of how to strengthen pension systems and the social security protection of workers.

Closing the gender pension gap is firstly a matter of closing the gender employment and pay gap. However, social protection systems, and in particular pension schemes, play an important role, by providing pension credits during care periods. The study sheds light on this unexplored area, and the case studies describe interesting examples of good practices and original arrangements. Yet it also shows the need to increase financial literacy and pension awareness, and to further refine care credit provisions in SOPS, in order to make systems more inclusive, especially with regard to long-term care for older people.

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## 7. Annexes

### 7.1. Annex 1: Case Studies

In Annexes 2 to 6, we provide more detailed data and analysis on the five countries selected for case study research. These case studies collect in-depth evidence crucial to the analysis of the functioning of occupational pension systems and the care credits within them.

The case studies were finalised in April 2024.

## 7.2. Annex 2: Case study on Belgium

Case study developed by Stevens, Y. and Vangeneugden, T

### 7.2.1. Characteristics of the pension system

The Belgian pension system encompasses different pension schemes that provide retirement benefits: a mandatory **statutory pension scheme**, a supplementary **occupational pension scheme** and **personal pension scheme**.

Firstly, the Belgian pension system includes a **statutory pension scheme** operating on a pay-as-you-go basis. The statutory pension follows a Bismarckian tradition, where pension benefits are linked to the earnings of individuals and the contributions they made during their professional career. The Belgian statutory pension scheme, as a result, distinguishes between three categories that correspond to the professional status of individuals: workers, self-employed persons and civil servants.

Workers contribute a percentage of their wages to the National Social Security Office<sup>38</sup> to fund the various social security branches. A global contribution rate for all social security schemes is calculated based on the wages, the employees' share is 13,07% and the employers' share is 24,92%.<sup>39</sup> The pension amount that is eventually received is determined by a formula that takes into consideration three main elements: (1) the worker's earnings for a specific year (up to a certain salary ceiling), (2) the number of contributory years<sup>40</sup> and (3) the worker's family situation.<sup>41</sup>

Self-employed persons in Belgium are required to participate in a statutory pension scheme as well. They make quarterly contributions that are calculated on their taxable professional income, based on which the pension entitlement is build up. The benefits are determined in a way analogous to the pension formula in the worker scheme.<sup>42</sup>

Belgium has a distinct pension scheme for civil servants. The pension benefits for civil servants are established by taking into account a reference salary and the duration of their service within the public sector combined with a denominator. The reference salary corresponds to the average of the salary earned during the last ten years of service<sup>43</sup>, and is not based on the earnings obtained throughout the whole career.<sup>44</sup>

Secondly, **occupational pensions** can offer supplementary retirement income, in addition to the statutory pension. For many, this is a necessary supplement to maintain their standard of living. Occupational pensions in Belgium are funded. Upon retirement, the affiliates receive a lump sum based on contributions from the employer and/or themselves,

<sup>38</sup> National Social Security Office (retrieved 2023) [Homepage] *Rijksdienst voor Sociale Zekerheid*. Available at: <https://www.rsz.be/> *Office National de Sécurité Sociale*. Available at: <https://www.onss.be/> *Landesamt für Soziale Sicherheit*. Available at: <https://www.lss.be/>

<sup>39</sup> Art. 38, §2 en §3, 1° en 4° Wet van 29 juni 1981 houdende de algemene beginselen van de sociale zekerheid voor werknemers, *BS* 2 juli 1981.

<sup>40</sup> Art. 7 Koninklijk Besluit nr. 50 van 24 oktober 1967 betreffende het rust- en overlevingspensioen voor werknemers, *BS* 27 oktober 1967.

<sup>41</sup> When the pension recipient has a dependent spouse, the pension calculation rate will be 75%, whereas in other cases, it stands at 60%; Art. 64, §6 Koninklijk Besluit van 21 december 1967 tot vaststelling van het algemeen reglement betreffende het rust- en overlevingspensioen voor werknemers, *BS* 16 januari 1968.

<sup>42</sup> This is a more favorable regime than before 2021. Before, the calculation contained a correction coefficient (69%), with a lower pension as a result.

<sup>43</sup> Or five, for civil servants born before 1962.

<sup>44</sup> Janvier, R. and Janssens, J. (2014), *De toekomst van de pensioenen in de overheidssector*, Brugge, Die Keure, 2014, p. 65.

augmented by investment returns. There is a right to opt for annuities,<sup>45</sup> but this is rather exceptional.<sup>46</sup> Consequently, the potential investment risk after retirement and the longevity risk are with the individual.

In 2023, 59% of the working population was actively affiliated by an occupational pension plan.<sup>47</sup> The coverage varies among different groups. For example, coverage is higher among white-collar workers, as they rely more on the occupational pensions due to a lower replacement rate of the statutory pensions. Conversely, in some sectors with mainly blue-collar workers, priority is given to immediate compensation over deferred compensation due to lower overall demand.<sup>48</sup> The replacement rate of the statutory pensions is on average higher for blue-collar workers. Coverage has increased over time and is expected to continue rising because of the embedding in collective bargaining agreements.<sup>49</sup> Among the active workers in the labour market, 66% are actively affiliated<sup>50</sup> to an occupational pension plan. 38% of the active workers in the labour market are active participants in sectoral schemes, while 36% are affiliated with company pension schemes.<sup>51</sup> Although the coverage rises, the pension entitlements are rather limited. The average lump sum that is received upon retirement is rather limited. On average, the total entitlement for members in new sectoral schemes (established after 2000) is €1 640,71, whereas it is €24 278 for members in older sectoral schemes (established before 2000).<sup>52</sup> As for company-level pension schemes, the average entitlement is €28 600, but the median stands at only €5 770.<sup>53</sup>

Access and affiliation to an occupational pension plan are tied to the professional relationship, with all pension plans being either on company or industry-wide level, or being individual pension promises. The sector or employer acts as the organiser, and can establish an occupational pension plan, decide upon the conditions and determine the pension formula. In this regard, occupational pensions are voluntary. Occupational pensions are characterised by a three-party relationship. In addition to the affiliate and the organiser, there is always a pension institution involved. This is a mandatory externalisation, the employer cannot manage occupational pension plans himself in Belgium. This is a safeguard for the worker and aims to protect the accrued pension rights in case of an employer's bankruptcy. The pension institution can either be a pension fund (IORP) or an insurer. In reality, pension plans are predominantly managed by insurers. On sectoral level 70% is managed by insurers and on company level 99%.

<sup>45</sup> Art. 28, §1 Wet van 28 april 2003 betreffende de aanvullende pensioenen en het belastingstelsel van die pensioenen en van sommige aanvullende voordelen inzake sociale zekerheid, BS 15 mei 2003.

<sup>46</sup> On sectoral level, there are only two sectoral plans in which a payment in annuities is mandatory (joint committee 216 and 326).

<sup>47</sup> PensionStat.be, Pensionen in België (2023) *Aanvullend pensioen, Participatiegraad (Supplementary pension, Participation)*. Available at: <https://www.pensionstat.be/nl/kerncijfers/aanvullend-pensioen/participatiegraad>.

<sup>48</sup> Stevens, Y. (2014) "Groepspijnen en uitdagingen van de aanvullende pensioenen in België", in Wuyts, D. Barbaix, R and Weyts, B. *Groepsverzekering als aanvullend pensioen*, Antwerpen, Intersentia, 2014, p. 3.

<sup>49</sup> High-level Group of Experts on Pensions, *Final report of the high level group of experts on pensions*, 2019, 11.

<sup>50</sup> Active affiliated members are those who continue to build up pension benefits in the scheme. This is opposed to 'deferred members' who are no longer actively affiliated but not yet retired (e.g. because they are no longer employed by the employer of whose scheme they were a member), and a pensioner member of the scheme who are receiving their pension benefits.

<sup>51</sup> This is not necessarily mutually exclusive; FSMA (2023) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2023, p. 3. See: FSMA (Financial Services and Markets Authority) (2023) *Tweejaarlijks verslag over het aanvullend pensioen voor werknemers (Biennial report on the supplementary pension for employees)*. Available at: [https://www.fsma.be/sites/default/files/media/files/2023-07/fsma\\_2023\\_sp\\_nl\\_1.pdf](https://www.fsma.be/sites/default/files/media/files/2023-07/fsma_2023_sp_nl_1.pdf)

<sup>52</sup> FSMA (2021) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2021, p. 13. See: FSMA (Financial Services and Markets Authority) (2021) *Tweejaarlijks verslag over het aanvullend pensioen voor werknemers (Biennial report on the supplementary pension for employees)*. Available at: [https://www.fsma.be/sites/default/files/media/files/2021-06/fsma\\_2021\\_sp\\_nl.pdf](https://www.fsma.be/sites/default/files/media/files/2021-06/fsma_2021_sp_nl.pdf)

<sup>53</sup> See: FSMA (2023) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2023, p. 6.

As the initiative rests with the organisers, a variety of pension plan designs exist. These pensions can either be defined benefit plans, guaranteeing a specific retirement income, or defined contribution plans, where the final pension amount depends on contributions and investment returns.<sup>54</sup> However, the actual investment risk is borne by the employer, as there is a guaranteed return established by law.<sup>55</sup> The predominant design of pension plans has shifted from defined benefit to defined contribution.<sup>56</sup> This is a shift that is observed in a wider context than only Belgium.<sup>57</sup> On sectoral level, only 2% of the active affiliates have a DB pension plan. However, the pension reserves of DB plans still represent 31% of the total pension reserves on sectoral level.<sup>58</sup> Currently, DC plans are primarily used but cash balance plans are common as well. On company level, the shift from DB to DC is quite clear, as 79% of the plans falling in the DC category, and DB and cash balance plans<sup>59</sup> represent a smaller share (9% and 2% respectively).<sup>60</sup> A shift to DC brings a shift in risk as well, but in Belgium this is mitigated by a mandatory minimum return guarantee on contributions, which is borne by the employer.

Typically, occupational pension plans are employer-sponsored, but the plan can also provide for personal contributions of the worker. This is not as common,<sup>61</sup> as the social security and tax treatment is not as favourable as the treatment of the employer contributions.<sup>62</sup> Employer contributions are tax deductible as long as the combined total of the statutory and occupational pension amount does not exceed 80% of the gross annual wage.

The contributions and pension amount depend on the pension formula that is determined by the pension plan, there are no legal standards governing the levels of these contributions. For most DC plans the contribution is calculated as a percentage of the salary, though in some instances, a flat rate contribution is used.<sup>63</sup> Another commonly used formula, is a step-rate formula where the contribution is calculated based on a percentage of the salary below the statutory pension ceiling and a higher percentage of the salary above that ceiling.

Self-employed workers can build up their own supplementary pension that is linked to their professional activity, which they can do in different ways. The most known arrangement is the voluntary supplementary pension scheme for the self-employed<sup>64</sup>. This is an optional funded pension that is socially and fiscally incentivised and built up with an insurance

<sup>54</sup> Or derivatives such as cash balance plans or “cafeteria plans”.

<sup>55</sup> Art. 24 Wet van 28 april 2003 betreffende de aanvullende pensioenen en het belastingstelsel van die pensioenen en van sommige aanvullende voordelen inzake sociale zekerheid, BS 15 mei 2003.

<sup>56</sup> COMMISSIE PENSIOENHERVORMING 2020-2040, *Een sterk en betrouwbaar sociaal contract*, Bijlage 2.4 Aanvullende pensioenen voor werknemers, 13. See: Federale Overheidsdienst Sociale Zekerheid (2014) *Bijlage 2.4. - Aanvullende pensioenen voor werknemers (Annex 2.4. - Supplementary pensions for employees)*. From, Commissie Pensioenhervorming 2020-2040 (Pension Reform Commission 2020-2040) Available at: <https://socialsecurity.belgium.be/sites/default/files/content/docs/nl/sociaal-beleid-vorm-geven/Pensioencommissie/062014-bijlage-2-4.pdf>

<sup>57</sup> Fache Rousova, L. Ghiselli, A. Ghio, M. and Mosk, B. (2021) “The structural impact of the shift of defined benefits to defined contributions”, *ECB Economic Bulletin* 2021, issue 5. Available at: [https://www.ecb.europa.eu/press/economic-bulletin/focus/2021/html/ecb.ebbox202105\\_08-5b846b2f5a.en.html](https://www.ecb.europa.eu/press/economic-bulletin/focus/2021/html/ecb.ebbox202105_08-5b846b2f5a.en.html)

<sup>58</sup> FSMA (2021) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2021, 10.

<sup>59</sup> This is a special type of DB pension plan, in which the organiser promises a certain result but in which the contribution is fixed as well.

<sup>60</sup> FSMA (2021) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2021, 22-23.

<sup>61</sup> FSMA (2023) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2023, 69.

<sup>62</sup> The employee contribution is classified as wage, on which social security contributions and taxes (*bedrijfsvoorheffing*) must be paid.

<sup>63</sup> FSMA (2021) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2021, 11.

<sup>64</sup> Sociale Zekerheid Zelfstandige Ondernemers (retrived 2023) *Vrij Aanvullend Pensioen voor Zelfstandigen of VAPZ (Free Supplementary Pension for the Self-Employed or VAPZ)*. Available at: <https://www.rsvz.be/nl/faq/wat-het-vrij-aanvullend-pensioen-voor-zelfstandigen-vapz>



company.<sup>65</sup> More than 50% of the self-employed are affiliated to such a scheme.<sup>66</sup> The contribution cannot exceed the maximum amount of 8,17% of the income.<sup>67</sup> Additionally, there is a distinction in supplementary pensions for self-employed individuals, depending on whether they have their own company or not.<sup>68</sup> Self-employed persons with a company can set up a free supplementary pension.<sup>69</sup> Self-employed without a company cannot, but can conclude a pension agreement for the self-employed.<sup>70</sup> The free supplementary pension has a significant importance for the self-employed. In this case, the company of the self-employed can take the initiative to build up a supplementary pension with an insurer. Such a scheme is allocated to a specific individual, and as a result, the coverage can vary on an individual basis. The company can deduct the contributions it makes as a business expense (tax advantage).<sup>71</sup>

Lastly, retirement savings can be enhanced on an individual basis by a **personal pension**. An individual can voluntarily and at their own initiative save pension money into an individual savings plan. These individual pension products are fiscally incentivised with a tax reduction of 30% of the premium. An individual can choose to do this on top of the statutory and occupational pension schemes mentioned above.

## 7.2.2. Care credits in the statutory pension scheme

Engaging in caregiving responsibilities can frequently lead to individuals temporarily leaving the workforce or working reduced hours. This can, in turn, affect their pensions entitlements as the pension is calculated on the professional earnings. In Belgium, data regarding thematic leaves<sup>72</sup> show that women more often than men take a career break to provide for care in their families.<sup>73</sup>

Care credits, although not explicitly labelled as such, are integrated into the pension system through the rules that treat certain periods as equivalent to working periods. In the statutory pension scheme for **workers**, there is a comprehensive system of **assimilated periods**. Assimilated periods are periods during which the individual is not professionally active but are nevertheless taken into account for the calculation of the pension. Often the award of a certain allowance or benefit is a necessary condition for assimilation of the caring period to a credited period, the worker does not receive his regular wage during care leaves.

The concept of a career in the pension formula therefore extends beyond the years of active employment and encompasses all periods which are considered "pension eligible". These assimilated periods in pensions serve, in general, to combat old age poverty mainly for

<sup>65</sup> Federale Overheidsdienst, Kanselarij Van De Eerste Minister (2002) *Programmawet van 24 december 2002, BS 24 december 2002*. Available at: <https://economie.fgov.be/nl/legislation/programmawet-van-24-december>

<sup>66</sup> High Level Group of Experts on Pension, *Final report of the high-level group of experts on pension*, 2019, 14.

<sup>67</sup> The contributions are a percentage of the income of the self-employed, on which social contributions are paid, based on the reference-income of three years ago.

<sup>68</sup> There are two types of self-employed, either with a separate legal entity being a company or a self-employed person without a separate legal entity. About 50% of the self-employed are just "natural persons" without a company and are fiscally treated in the same manner as workers.

<sup>69</sup> *Engagement Individuel de Pension (EIP) - Individuele pensioentoezegging (IPT)*.

<sup>70</sup> *Convention de pension pour travailleur indépendant (CPTI) - Pensioenovereenkomst voor zelfstandigen (POZ)*.

<sup>71</sup> The amount must comply with the earlier mentioned 80%-rule.

<sup>72</sup> This is a category of care leaves that include medical care leave, palliative care leave and leave for informal care.

<sup>73</sup> RVA *Jaarverslag: de RVA in 2022*, Vol 1, 2022, 193 p. See: RVA (De Rijksdienst voor Arbeidsvoorziening) / ONEM (Office national de l'emploi) (2022) (2022) *Jaarverslag: De RVA in 2022 - volume 1: Activiteitenverslag (Annual report: the RVA in 2022, Volume 1)*. Available at: <https://www.onem.be/page/rapport-annuel-onem-2022-1>

women and blue-collar workers.<sup>74</sup> Without the assimilation and crediting the number of pensioners in poverty would rise. For female workers, the average pension amount is 1.163 euro, which would be 752 euro without assimilated periods. For male workers, the average pension amount is 1.715 euro and without assimilated periods that would only be 1.307 euro. This would mean a considerable financial setback for some, thus a higher risk of poverty.<sup>75</sup>

There are different types of assimilated leave periods available for workers, for some periods the maximum duration is established by royal decree.<sup>76</sup> Regarding the calculation, fictitious earnings<sup>77</sup> are used to calculate the pension amount accrued during the assimilated period.<sup>78</sup> This hypothetical wage is similar to the wage previously earned by the worker, it is calculated as the average of the actual wage of the previous year.<sup>79</sup>

A first category of care periods can be used to **care for children**. Mothers have the right of maternity leave when they expect a child. This period of maximum 15 weeks is paid leave, at a certain percentage of the earnings.<sup>80</sup> This is fully assimilated in statutory pensions. Also fully assimilated is birth leave<sup>81</sup> for fathers and co-parents. This grants them the right to paid leave for 20 days after the birth of a child. In regard to the full assimilation, the same applies to adoption and foster care leave. Additionally, each parent has a right to take up to four months of parental leave. Parental leave is a thematic leave that allows the worker to temporarily suspend or reduce his working hours and receive a fixed benefit to take care of a child below the age of twelve (or 21, if the child has a disability).<sup>82</sup> To be eligible, the parent has to be employed by the current employer for at least 12 months before the time of the parental leave. Finally, it is possible to take a career break to take care of a young child or a child with a disability or with a severe illness.<sup>83</sup> This is a scheme in which an allowance is provided for periods of care for children, a period with the maximum duration of 48 months can be covered.<sup>84</sup> For the duration that the allowance is received and that the conditions are met, these periods are assimilated to work.

Secondly, there are some periods that provide the chance to **take care of an elderly person, a person with disabilities or an ill family member**. There are thematic leaves, each with a fixed benefit: medical care leave, palliative care leave and leave for informal care. It is possible to take up medical care leave up to 12 months. A leave for giving palliative

<sup>74</sup> Vanlangendonck, J. Stevens, Y. Louckx, F. and Jorens, Y. (2020) *Handboek socialezekerheidsrecht (tiende editie)*, Antwerpen, Intersentia, 2020, p. 611.

<sup>75</sup> Peeters, H. Schols, J. Tarantchenko, E. (2024) *Minimumregelingen, gelijkgestelde periodes en de pensioenkloof tussen mannen en vrouwen*, Federaal Planbureau, 2024, p. 36. See: Peeters, H. Schols, J. Tarantchenko, E. (2024) *Minimumregelingen, gelijkgestelde periodes en de pensioenkloof tussen mannen en vrouwen*, Federaal Planbureau, 2024. Available at: [https://socialsecurity.belgium.be/sites/default/files/content/docs/nl/nieuws/gender\\_en\\_pensioen\\_fpb\\_rapport.pdf](https://socialsecurity.belgium.be/sites/default/files/content/docs/nl/nieuws/gender_en_pensioen_fpb_rapport.pdf)

<sup>76</sup> Art. 34 Koninklijk Besluit van 21 december 1967 tot vaststelling van het algemeen reglement betreffende het rust- en overlevingspensioen voor werknemers, *BS* 16 januari 1968.

<sup>77</sup> Or a minimum claim per working year, if that is more favorable.

<sup>78</sup> Art. 8 Koninklijk Besluit nr. 50 van 24 oktober 1967 betreffende het rust- en overlevingspensioen voor werknemers, *BS* 27 oktober 1967.

<sup>79</sup> Art. 24bis, 1., Koninklijk Besluit van 21 december 1967 tot vaststelling van het algemeen reglement betreffende het rust- en overlevingspensioen voor werknemers, *BS* 16 januari 1968.

<sup>80</sup> For workers: 82% in the first month and 75% in the remaining weeks.

<sup>81</sup> Previously called paternity leave and previously 15 days, this changed under influence of the EU WLB Directive

<sup>82</sup> This is frequently used: in 2021 79 000 persons took parental leave; Barslund, M. Dekkers, G. and Van Den Bosch, K. (2021) "De gevolgen van zorgverlof voor het pensioen, resultaten van simulaties van typegevallen", *BTSZ* 2021, afl. 3, 499. Available at: <https://socialsecurity.belgium.be/sites/default/files/content/docs/nl/publicaties/btsz/2021/btsz-2021-3-de-gevolgen-van-zorgverlof-voor-het-pensioen.pdf>

<sup>83</sup> National Labour Council (2010) *Tijdskrediet – Le crédit-temps; Collectieve arbeidsovereenkomst nr. 77bis van 19 december 2001*. Available at: <https://cnt-nar.be/sites/default/files/documents/CAO-COORD/cao-077-bis.pdf>

<sup>84</sup> Koninklijk Besluit van 26 januari 2023 tot wijziging van diverse koninklijke besluiten inzake tijdskrediet, thematisch verlopen en loopbaanonderbreking, *BS* 31 januari 2023.

care is possible for 1 month, but can be extended by that same period twice. For leave for informal care, the duration is maximum 6 months over the whole career. These thematic leaves are fully assimilated in the statutory pension. Finally, it is possible to take a career break to take care of a family member with a severe illness or an incurable disease<sup>85</sup>. This is assimilated for a maximum period of 51 months. Additionally, the EU WLB Directive<sup>86</sup> introduced a few changes in Belgian law.<sup>87</sup> Care leave<sup>88</sup> is a new type of leave and gives a worker the right to take care of a family member for 5 days a year. Regarding care periods, this and the earlier mentioned changes to birth leave are the most relevant changes introduced by the Directive as to the scope of this analysis.

**Self-employed** persons are entitled to certain assimilated leaves as well, but their system is more limited and not focused on care periods. Self-employed mothers do enjoy an assimilation for maternity leave. Some additional periods of inactivity that are not related to care for others are taken into account for their statutory pension, for instance military service and periods of illness and disability.<sup>89</sup>

### 7.2.3. Care credits in supplementary occupational pension schemes

Belgian law does not explicitly mention a caregiving credit system within occupational pensions. There are **no statutory requirements pinned down in legislation** to provide credits for caregiving periods in occupational pensions, as is the case with statutory pensions. Statutory pensions are an integral aspect of the social security system, whereas occupational pensions are also regarded as deferred wages. The social protection element and objective is consequently more present in the statutory pensions. Within occupational pensions there is a greater variation in their provisions and contractual freedom.

Belgian occupational pensions are funded through premiums and contributions tied to an individual's work history and salary. The accumulation of pension assets typically depends on the duration and amount of contributions made over the course of a person's career. While there are various mechanisms that can moderate this, in essence, there is a connection between the periods of employment and the pension amount. Generally, the pension is only accrued for the periods in which an individual has been employed and received a salary.

The interruption of work has implications for the occupational pension accrual, and this effect varies depending on the specific plan design and underlying contractual constraints. In defined contribution plans, contributions are a share of the salary. In cases where the employment contract is suspended, and the employer does not provide a salary, no contributions are made in these types of plans. As for defined benefit plans, periods of inactivity are generally not considered in the calculation of eligible service years within the

<sup>85</sup> Vlaanderen (retrieved 2023) *Tijdskrediet (Time credit)*. Available at: <https://www.vlaanderen.be/tijdskrediet>

<sup>86</sup> Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.

<sup>87</sup> Wet van 7 oktober 2022 tot gedeeltelijke omzetting van de richtlijn (EU) 2019/1158 van het Europees Parlement en de Raad van 20 juli 2019 betreffende het evenwicht tussen werk en privéleven voor ouders en mantelzorgers, en tot intrekking van Richtlijn 2010/18/EU van de Raad en tot regeling van een aantal andere aspecten op het vlak van de verloven, *BS* 31 oktober 2022.

<sup>88</sup> Work Belgie, Emploi Belgique (Retrieved 2023) *Zorgverlof (Carer's leave)*. Available at: <https://werk.belgie.be/nl/themes/feestdagen-en-verloven/zorgverlof>. *Congé d'aidant (Carer's leave)*. Available at: <https://emploi.belgique.be/fr/themes/jours-feries-et-conges/conge-daidant>

<sup>89</sup> Artt. 28-44 Koninklijk Besluit van 22 december 1967 houdende algemeen reglement betreffende het rust- en overlevingspensioen der zelfstandigen, *BS* 10 januari 1968; Art. 14 Koninklijk Besluit nr. 72 van 10 november 1967 betreffende het rust- en overlevingspensioen der zelfstandigen, *BS* 14 november 1967.

pension formula. Due to the declining number of DB plans, the question of the assimilation of care credits in occupational pensions is mainly linked to DC schemes.

There are some legal **instruments to protect the entitlements of individuals during career breaks**. Our field research pointed out that several mechanisms exist in practice to recognise or assimilate care giving periods in occupational plans. Occupational pension plans can for instance contain assimilated periods in an implicit or explicit manner, a premium waiver insurance can provide for additional safeguards and solidarity clauses and cafeteria plans can provide for assimilated protection as well. These mechanisms are – as pointed out before – solely based on agreements between employee, employer, social partners and pension institutions. There is no statutory obligation derived from the law that requires employers, social partners or pension institutions to do so. These mechanisms are thus based on internal rules or regulations of the pension plans.

### 7.2.3.1. Implicit assimilation

**Assimilated periods** are a mechanism designed to factor in specific non-contributory periods when calculating an individual's pension entitlement. These periods can be considered in the pension calculation, despite not involving active employment. As explained earlier, within statutory pension schemes, fixed periods are assimilated in accordance with the law. In occupational pensions, there are no universal rules applicable that assimilate certain periods. Nonetheless, in practice some periods are being assimilated in certain pension plans. In occupational pensions, two types of assimilations exist: **implicit** and explicit assimilations.

Implicit assimilations are not found in the terms of the pension plan. If the employment contract is entirely or partially suspended due to caretaking, it is possible that this information is not conveyed. First, to the sector, when the employer (or the social secretariat) does not inform the sector of the suspension of the employment contract. Second, by the sector, because if the sector does not dispose of the information, this cannot be conveyed to the pension institution. Consequently, both the sector and the pension institution inadvertently count this time as "worked" time, but in practice, it is not. As a result, the occupational pension accrual continues.

There are sectors that deliberately pay the premiums during each trimester that the employment contract is in place and that do not suspend the payment when the work is discontinued during periods of care. During our research we found that this kind of implicit assimilation concerns many persons, as this is the case in large sectors such as the non-profit sector.

A small amount of defined contribution pension plans are not tied to a worker's salary, but instead rely on flat-rate contributions. In some of these plans, the fixed contributions are not reduced during career breaks. This is another way in which an implicit assimilation occurs.

### 7.2.3.2. Explicit assimilation

Some occupational pension plans incorporate **explicitly** specific periods that are considered equivalent to actual working periods. These are so-called explicit assimilated periods. If such contractual provisions exist, pension rights will accumulate during these periods. When a period is explicitly assimilated, the employer must continue to pay the contribution into the pension plan during the period of inactivity. These periods are financed in the same manner as active working periods, even though the worker does not receive their normal wage. In cases where the occupational pension plan does not include

assimilated periods, the accrual of the occupational pension savings is suspended along with the employment contract (unless implicit assimilation (*supra* 1.1.3.1.)).

These explicit assimilated periods are often used in occupational pension plans. Nonetheless, there are no universally applicable rules regulating which periods are assimilated and for what duration. The specific periods covered vary from one plan to another, depending on the pension plan rules. But they can include caregiving periods if they wish to do so. When periods of care are assimilated, this means that this period is credited in the pension accrual. In practice, this is indeed sometimes applied to encompass caregiving-related leaves. On company level, there is a wide variation of provisions that explicitly assimilate certain periods.<sup>90</sup> However, most assimilated periods appear to primarily concern care for the affiliated individual themselves and not for other persons, as is the case for example in more traditional coverages for disability and illness (sick leave periods). Thematic leaves such as informal care or palliative care are usually not assimilated. The importance that different branches of industry assign to specific risks can differ due to social dialogue. Some branches of industry have explicitly included certain periods of care as assimilated periods in the pension plan, but usually that is included in a solidarity component of the pension plan (*infra e*). For instance, in sectors with higher female employment social partners can be more inclined to assimilate certain periods linked to maternity leave. Depending on the negotiations within a certain branch of industry the assimilation can cover maternity leave or sick leave linked to maternity. It is up to the social partners to define the exact scope of this type of "pension care credit".

In the case of **part-time workers**, the same rights apply to them as they do for full-time workers. If the occupational pension is governed by the same collective agreement, the same conditions (also regarding care credits) apply. A pension plan cannot discriminate between the two.<sup>91</sup> However, the pension entitlement for part-time workers is determined based on their percentage of employment, which influences the total pension accrual. Consequently, the differences do not lie with the affiliation to the plan, but within the pension amounts. Data from 2022 reveal that 89,5% of male workers in Belgium are employed full-time, while for women this figure stands at 59,1%.<sup>92</sup> Among women in the workforce, the primary reason for working part-time is the need to provide care for children or other dependent family members, accounting for 26%, whereas for men this percentage is lower, at 9,7%.<sup>93</sup> In cases where the interruption of full-time employment is temporary, there is potential for assimilation, for example during parental leave when the worker works at a 80%. Sometimes the interruptions of work are possible in different forms at certain percentages. Parental leave is for example possible for 50% and 10% as well.

This case study is about the situation in which the affiliated is alive. However, it is important to note that some pension plans do not necessarily contain certain assimilated periods when it comes to the pension accrual, but allow them with regard to the **death coverage** and grant the (full) death coverage if the death occurs during a period of suspension of the employment contract. In other situations, it is possible that the death coverage is lost entirely or partially during periods of inactivity. This depends on the conditions in the pension plan.<sup>94</sup>

<sup>90</sup> One care period that is commonly covered on company level, is maternity leave. An example of such a provision: "For periods during which the execution of the employment contract is suspended due to maternity leave under statutory maternity protection, monthly pension contributions are allocated to the pension account of active affiliates for the determination of the supplementary pension capital."

<sup>91</sup> Art. 14, §2 Wet van 28 april 2003 betreffende de aanvullende pensioenen en het belastingstelsel van die pensioenen en van sommige aanvullende voordelen inzake sociale zekerheid, BS 15 mei 2003.

<sup>92</sup> Statbel, Belgium in figures (retrieved October 2023b) *Part-time employment, Figures, Part-time* Available at: <https://statbel.fgov.be/en/themes/work-training/labour-market/part-time-employment#panel-11>

<sup>93</sup> Statbel, Belgium in figures (retrieved October 2023a) *Part-time employment, Figures, Motivation*. Available at: <https://statbel.fgov.be/en/themes/work-training/labour-market/part-time-employment#panel-13>

<sup>94</sup> An example: "Periods of thematic leave do not lead to the allocation of monthly pension contributions to the pension account. However, death is covered during periods of thematic leave. If an active affiliate passes away during a thematic leave, the additional death capital will be granted. It is calculated based on the contractual employment percentage applicable on the day of the passing."

For **pension taxation**, the assimilated periods are relevant as well. This has been clarified by a recent fiscal circular letter.<sup>95</sup> To qualify for a favourable tax regime of 10% on occupational pensions, individuals must meet two conditions. First, they must start receiving the occupational pension not before reaching the legal retirement age (currently at 65) or completing a full career (currently at 45 years of seniority). Second, they must be "actually active" in the three years leading up to retirement. This means they should either be employed or in a situation that is considered assimilated. The tax administration states that there is need for clarification and clarifies that (among other periods) periods of medical care for a family member and periods of long-term or palliative care are included, up to periods in which the employment is reduced up to 50%.

### 7.2.3.3. Premium waiver insurance

Next to the explicit and implicit mechanism of assimilation, there is a third option available to compensate the loss of pension entitlements. The employer can enter into a **premium waiver insurance** to ensure the continued payment of contributions during specific periods of absence. This is an **optional insurance policy clause** that can be purchased by employers, by which premium payments are waived in certain circumstances, usually in case of invalidity or incapacity for work. This depends on what the insurer can insure and what they offer. In the area of occupational pensions, the principle of freedom of contract applies. The commercial relationship between the insurer and the employer or the branch of industry plays a role. Large clients will be able to negotiate different terms than small clients.

In this scenario, pension accrual remains uninterrupted, and the insurer takes over the responsibility for contributing payments. This includes not only the employer's contributions but, if applicable, any personal contributions made by the worker. The fee for this insurance is typically added to the premium or charged as an upfront fee, incurring an additional cost. From the worker's perspective, the coverage remains the same and consistent. There may be certain eligibility conditions in the insurance contract, such as a minimum level of incapacity or a qualifying period (e.g. a 30-day personal risk period). With regard to care periods, this system can be relevant only for maternity leave.

### 7.2.3.4. Cafeteria plans

A unique category of pension plans that offer increased flexibility for the worker is known as "**cafeteria plans**". Under these schemes, workers have an option to enhance their coverage. A budget is allocated by the employer, allowing the worker to select from a range of benefits to finance with that budget. The objective of this is to offer a plan that is **tailored to the individual circumstances**. The benefits that can be chosen are income-replacing and cost-compensating guarantees to cover certain (social) risks. The benefits can encompass: compensation in the event of death or disability due to a (work-related) accident or an (occupational) illness, reimbursement of medical expenses related to hospitalisation, day care, serious illnesses, and palliative home care, compensation for specific costs resulting from the worker's loss of autonomy, payment of an annuity if the worker is affected by a severe illness or other personal insurance policies that provide additional coverage to the social security system.<sup>96</sup>

<sup>95</sup> Circulaire 2023/C/83 van de Algemene Administratie van de Fiscaliteit – Personenbelasting, 4 oktober 2023.

<sup>96</sup> Art. 4-2 Koninklijk Besluit van 14 november 2003 tot uitvoering van de wet van 28 april 2003 betreffende de aanvullende pensioenen en het belastingstelsel van die pensioenen en van sommige aanvullende voordelen inzake sociale zekerheid, *BS* 14 november 2003.

Cafeteria plans fit into the modern idea of flexible compensation and individualisation. Younger workers may for example have different preferences than their older colleagues. For instance, they may place greater importance on compensation in the event of disability, while older workers might prefer an increased pension contribution or possibly a higher death coverage.

Legally it is possible to include the assimilation of care periods in occupational pensions via cafeteria plans, but in practice this is rarely used for care periods.

### 7.2.3.5. Solidarity plans

An important aspect to consider within the Belgian occupational pension system as regards caregiving periods is the presence of what is known as social occupational pension plans. These plans were promoted for **workers** by the Supplementary Pensions Act of 2003 and encompass an additional solidarity component designed to address specific risks beyond the regular pension accrual. This is not mandatory, but an organiser can choose to opt for a solidarity component in the pension plan. For these plans there is a list with various periods during which the financing of the plan will continue, and at least two of these periods must be incorporated into the plan.<sup>97</sup> The list of care periods that can be included in these social pension plans encompasses both care for children and older people, similar to the assimilated periods in statutory pensions. These periods include maternity leave, parental leave, birth leave, palliative care leave and medical care leave. Other periods that can be included are for example temporary unemployment or illness and disability. Additionally, the plan can provide for the payment of an annuity in the event of disability, illness or death, and the current pension annuities or survivor annuities can be increased. The plan must include at least one of those last two categories of provisions as well.

Social pension plans are predominantly prevalent at the sectoral level, with more than half of the sectoral pension plans featuring a solidarity component.<sup>98</sup> The establishment of social pension schemes is financially incentivised through an exemption from the 4,4% premium tax, but they are also subject to several strict conditions. For instance, the implementation can only be done through a collective bargaining agreement, and the plan must apply for all workers in the company. Within those sectoral social pension plans, there are some that cover care periods (for example joint committees 121, 127, 152.01 and 225.01).<sup>99</sup>

While social pension plans are only sporadically found on company level, company pension plans still have the flexibility to incorporate certain elements of solidarity like assimilated periods without having a formal solidarity component that would make them qualify as a social pension plan. Nevertheless, the practice of incorporating assimilated periods for caregiving is predominantly found in larger businesses.

The **self-employed** individuals fall under a different regime, but can also opt for a solidarity component within their supplementary pension plan. More specifically, when they choose to build up a pension through the voluntary supplementary pension scheme for the self-employed, they can choose a contract that is solely focused on pension accrual, or they can choose a plan that has additional coverage to provide for some form of social protection. The supplementary risks are covered under a favourable tax regime. This coverage is not

<sup>97</sup> Art. 1 en 2 Koninklijk Besluit van 14 november 2003 tot vaststelling van de solidariteitsprestaties verbonden met de sociale aanvullende pensioenstelsels, BS 14 november 2003.

<sup>98</sup> FSMA (2021) *tweejaarlijks verslag betreffende het aanvullend pensioen voor werknemer*, 2021, 16.

<sup>99</sup> An example of such a provision: “If the affiliate suspends or reduces their employment completely within the framework of time credit (up to a maximum of 12 months), partial early retirement, parental leave, paternity leave, palliative care leave, or leave to care for an ill parent, the solidarity fund will contribute to the financing of the pension commitment, with a maximum of 240 euros per calendar year. The amount of 240 euros is multiplied by the reduction percentage (e.g., 1, 1/2, 1/5) until the maximum amount per calendar year is reached.” (joint committee 152.01).

based on solidarity or sponsored by an employer, it is essentially an additional insurance. The individual pays for this coverage, and it provides supplementary risk protection for that individual. There is a list of possible coverages established by royal decree that contains the following elements of solidarity.<sup>100</sup> Firstly, the financing of continued pension accrual during specific periods in which the individual cannot work due to illness, disability, invalidity and maternity leave. Secondly, the payment of an annuity in case of income loss due to temporary or permanent disability or death during the career. Thirdly, a compensation for covering the costs related to severe illness or dependency of the self-employed individual after retirement and lastly, the increase of ongoing pension annuities or survivor annuities. These are the possibilities, but pension institutions can decide freely which coverages from this list they offer. In practice, this is primarily used for disability and illness, rather than for periods of caregiving. Solidarity clauses can contain, in regard to care, an assimilation of maternity leave or a benefit during the leave.

### 7.2.3.6. Continued salary payment

As earlier mentioned, the pension accrual is tied to the payment of the salary as the pension contributions are based on this salary. There are periods during which the worker does not work, but during which the employer continues to provide the salary for a specific duration<sup>101</sup>. In this case of **continued salary payment**, the pension contributions are still made and the pension continues to accrue. For care-related leave periods, their significance is somewhat limited. The salary is usually only continued when the worker is ill and unable to work.<sup>102</sup> During the first four weeks, the worker will continue to receive (a part of) their regular wage, and pension accrual remains unaffected. This is the continued salary payment provided by law. When it comes to periods related to caregiving responsibilities, the employer is not obligated to provide the usual wage. In most caregiving periods, some form of allowance is typically provided by another public institution. For instance, a health insurance fund pays the maternity benefits and the National Employment Office<sup>103</sup> provides a fixed benefit during periods of thematic leave.

In practice, this continued salary payment remains relevant, particularly when it comes to short-term caregiving responsibilities. There may be situations where a worker faces unexpected family-related risks that require them to provide care to their family members. In such cases, some employers may permit flexible work arrangements, allowing the worker to attend to these caregiving duties during regular working hours. The worker continues to receive their wage, and as a result, their pension rights continue to accrue. This is however not as such legally qualified and solely based on the agreement between employer and employee or based on a collective agreement.

### 7.2.4. Additional clarifications

For each mechanism, we delineate a certain range that, to the best of our knowledge, represents some form of minimum and maximum percentage. Nonetheless we want to stress in the clearest way that these guesses are solely based on personal and thus

<sup>100</sup> Koninklijk Besluit van 15 december 2003 tot vaststelling van de solidariteitsprestaties verbonden met de sociale pensioenovereenkomsten, BS 9 januari 2004.

<sup>101</sup> *Gewaarborgd loon – Salaire garanti en début d'incapacité de travail*

<sup>102</sup> Except when a work-related accident or an occupational disease is established.

<sup>103</sup> *Rijksdienst voor Arbeidsvoorzieningen / Office National de l'Emploi* (retrived 2023) [*Homepage*]. Available at: <https://www.rva.be/> and <https://www.onem.be/>



subjective perceptions and should not be considered to have any concrete scientific value in the sense that they can be checked and thus validated.

Regarding **implicit assimilation**, this primarily occurs at the sectoral level. However, since these assimilations are not explicitly documented in the pension agreement, they tend to go unnoticed and stay under the radar. Our research has revealed that implicit assimilations are prevalent in significant industries such as the non-profit sector, employing over 300 000 individuals. Additionally, there are other sectors employing a similar approach, although the extent of these practices remains unclear. According to our guess-estimates, the range of affected employees probably spans from 300 000 to 600 000 individuals.<sup>104</sup>

**Explicit assimilations** can be identified at both the company and industry-wide levels. However, on the industry-wide level, these assimilations are primarily present in solidarity plans. To avoid overestimation, we need to exclude this from the guess-estimate.

Concerning **premium waiver insurance**, its availability depends on the policies of individual insurers and the coverage they offer. Our guess-estimate is that approximately 10% to 20% of all pension plans incorporate a premium waiver insurance. According to our guess-estimates, the range of affected employees probably spans from 250 000 to 500 000 individuals.<sup>105</sup>

Legally, it is possible to compensate caregiving periods within **cafeteria plans**, but in practice this occurrence is very rare. This scenario applies to an estimated 0% to 5% of all cafeteria pension plans. According to our guess-estimates, the maximum of individuals affected is thus 10 000 individuals.<sup>106</sup>

There are 55 sectoral pension plans, of which 31 include a **solidarity clause**. Among these solidarity plans, limited research indicates that at least three explicitly cover career breaks (joint committee 127, 152.01 and 225.01). Additionally, maternity leave is covered by several solidarity clauses. Extrapolating from this information, the total coverage for care breaks across solidarity plans could be estimated to range from 10% to 30%.<sup>107</sup>

The **continued salary payment** during periods of care remains one of the most challenging mechanisms to estimate accurately. An accurate estimate is deemed impossible, as this mechanism typically goes unnoticed. We are aware that it occurs, and employers often display benevolence in situations involving short periods of absence related to family care. This is more prevalent among white-collar workers, contingent on the nature of their compensation. It proves less straightforward in jobs paid on an hourly basis where worked hours are registered, whereas monthly remuneration makes acknowledgment easier.

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<sup>104</sup> Due to the absence of databases on the topic, accurately describing the precise scope or extent of the identified mechanisms in the case study is utterly impossible. The case study remains purely qualitative due to the unavailability of information, and this estimate is based on purely personal experiences and perceptions.

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## 7.3. Annex 3: Case study on Denmark

Case study developed by Fassino, G. and McCarthy, J.

### 7.3.1. Characteristics of the pension system in Denmark

The Danish pension system comprises:

- A statutory scheme that incorporates both a basic pension and a means-tested supplement, a statutory funded scheme known as ATP,
- Supplementary occupational pension schemes; and,
- Private pensions.

Many in the scientific literature and publications from international organisations' publications speak of a typical multi-pillar or multi-tier system in Denmark (see Figure 4).

#### Statutory Pension

The statutory scheme has two components. The primary component of the statutory scheme is universal and is based on residence in Denmark rather than on contributions. It is financed through taxation on a pay-as-you-go basis rather than through a deduction from earnings. The basic amount is DKK 83,136 in 2024, equivalent to EUR 11,149 per year<sup>108</sup>, with possible additional supplements depending on own and spouse's income up to a maximum of DKK 96,192 per year (single) or DKK 49,224 (married), equivalent to EUR 12,899 and EUR 6,601 respectively<sup>109 110</sup>. The full amount is paid out for individuals that have been resident in Denmark for 40 years between age 15 and retirement age and is proportionally reduced if years resided is less than 40 years. From 1<sup>st</sup> July 2025 there will be new rules implemented where individuals need to have lived in Denmark 9/10 of the years between age 15 and retirement age to get the full amount of statutory pension<sup>111</sup>.

ATP is an additional, secondary statutory scheme, but unlike the primary component of the statutory scheme, it is linked to employment with lump-sum contributions based on hours worked rather than earnings – the contribution can be smaller for employees in the public sector according to the type of collective agreement. Employers contribute two-thirds and the employee contributes one-third. It is mandatory for all employees working over nine hours a week or 18 hours every fortnight or 36 hours every month and at least sixteen years old. The benefit is structured as a guaranteed annuity based on the years and amount of

<sup>108</sup> Currency conversion as of 2 January 2024.

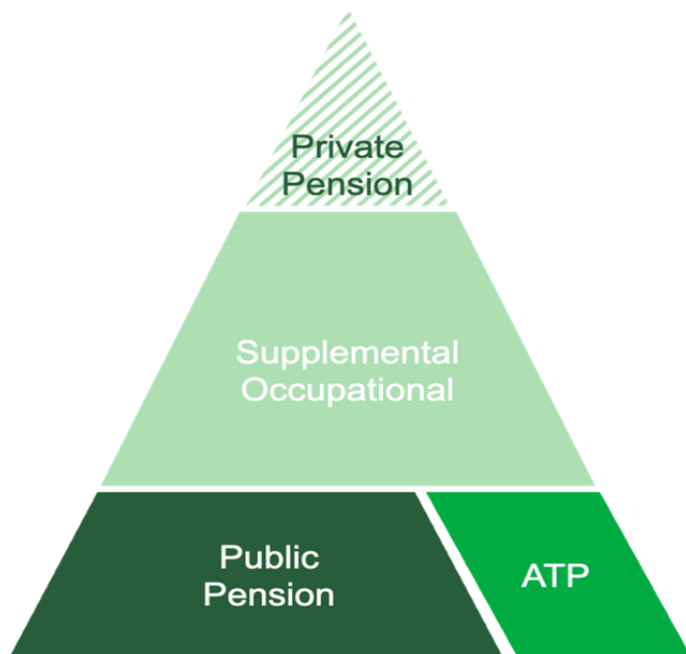
<sup>109</sup> Currency conversion as of 2 January 2024

<sup>110</sup> Study team calculations based on Aeldresagen, Folkepension, 2023 as at 2 January 2024. See: Aeldresagen (2024) *Folkepension, Guide til regler og satser for kommende og nuværende pensionister (Old-age pension, Guide to rules and rates for future and current retirees)*. Available at: <https://www.aeldresagen.dk/viden-og-raadgivning/penge-og-pension/folkepension>

<sup>111</sup> Retirement age in Denmark is linked to life expectancy for those born after Dec 31, 1970. It is reviewed every five years with the next review due in 2025 and every five years thereafter. See: Styrelsen for Arbejdsmarked og Rekruttering (2024) *Folkepensionsalderen nu og fremover (State pension age now and in the future)*. Available at: <https://star.dk/ydelser/pension-og-efterloen/folkepension-tidlig-pension-foertidspension-og-seniorpension/folkepension/folkepensionsalderen-nu-og-fremover/>

contributions. The unemployed<sup>112</sup> are also covered by ATP. The self-employed can opt in. The maximum benefit amounts to DKK 27,300 (EUR 3,661) annually in 2023<sup>113</sup>.

**Figure 4: Components of the Danish pension system**



Source: Study team analysis

### Supplementary occupational pension

Supplementary occupational pension schemes are mostly based on collective agreements between trade unions and employers' organisations or by a voluntary agreement between the employer and an insurance company. These are primarily defined contribution schemes.

According to OECD data, coverage of supplementary occupational pension schemes exceeds 90% for full time workers,<sup>114</sup> While many workers have occupational pensions coverage mandated by collective agreement, there is also a significant group without collective agreement that is covered. This is highlighted by Table 8 showing that in total approx. 82% of workers are covered by a collective agreement. For public employees' coverage is close to 100%, the private sector coverage is lower at 73% and varies across industries. Among those without coverage are mostly low-skilled workers mainly in agriculture and hospitality whereof a larger share has migration background as well as some skilled white-collar workers on individual contracts. In the private sector, collective bargaining is based on general agreements between the Confederation of Danish Employers (Dansk Arbejdsgiverforening, DA), the biggest organization representing

<sup>112</sup> For the unemployed the unemployment fund makes double the contributions to ATP.

<sup>113</sup> Borger, Om ATP Livslang Pension, 2023, as at 31. October 2023. See: Borger (retrieved 2023c) *Om ATP Livslang Pension (About ATP Livslang Pension)*. Available at: <https://www.borger.dk/pension-og-efterloen/ATP-Livslang-pension-oversigt/ATP-Livslang-Pension>

<sup>114</sup> OECD (2021b) *Pensions at a Glance 2021: Country profiles – Denmark*. Available at: <https://www.oecd.org/els/public-pensions/PAG2021-country-profile-Denmark.pdf>

employer interest, and the Danish Trade Union Confederation (Fagbevægelsens Hovedorganisation, FH).<sup>115 116</sup>

**Table 8 – Collective bargaining coverage across selected sectors**

Select sectors	Full-time employees (thousands), 2021			
	With collective agreement	Without collective agreement	Total	Collective bargaining coverage (%)
Private sector	1.147	428	1.574	73
DA (Dansk Arbejdsgiverforening)	681	105	787	87
FA (Finanssektorens Arbejdsgiverforening)	55	8	63	87
Others / unorganized	411	314	725	57
Public sector	794	0	794	100
Labor market in total	1.941	428	2.368	82

Source: Calculations by DA<sup>117</sup> (minor errors in the sums are assumed to stem from rounding), Andersen et al.<sup>118</sup>

The Confederation of Danish Industry (Dansk Industri, DI) and the Danish Chamber of Commerce (Dansk Erhverv, DE) are the biggest member organizations of DA. DI represents approximately 20.000 companies and negotiates around 200 collective agreements with the Industrial Agreement being the biggest one in Denmark.<sup>119</sup> DI is the organization that is known for achieving breakthrough agreements. DE covers the service industry in Denmark with 18.000 members and more than 100 sector associations. While DE is chief negotiator for a series of collective agreements for its members, there is no overarching agreement<sup>120</sup>. DE's "butiksoverenskomst" (Shop agreement) and "funktionærsoverenskomst" (salaried workers' agreement) are for white collar workers what the Industrial agreement is for blue collar workers. While member companies are automatically covered, companies that are not members of any employer's organization can voluntarily adopt collective agreements.<sup>121</sup>

In the public sector the agreements are negotiated between the public sector employer organisations KL, for municipalities, and DR, for regions. Their counterparts are also

<sup>115</sup> Ministry of Employment (2021) *The labour market in Denmark*. Available at: <https://bm.dk/media/19251/the-labour-market-in-denmark.pdf>

<sup>116</sup> DA Confederation of Danish Employers (retrieved 2023) *DA (Homepage)*. Available at: <https://www.da.dk/en>

<sup>117</sup> DA Confederation of Danish Employers (2020) *I Danmark er de fleste dækket af overenskomst (In Denmark, most are covered by collective agreements)*. Available at: <https://www.da.dk/politik-og-analyser/overenskomst-og-arbejdsret/2018/hoj-overenskomstdaekning-i-danmark/>

<sup>118</sup> Andersen, S. K., Hansen, N. W., Madsen, J. S., & Due, J. (2021). *Employment relations in Denmark*. Bamber Greg J, Cooke Fang Lee, Doellgast Virginia, et al.(eds) *International and Comparative Employment Relations*. Thousand Oaks: SAGE Publications, 213-238. p. 221

<sup>119</sup> Dansk Industri (Danish Industry) (retrieved 2023) *The Danish Labour Market Model*. Available at: <https://www.danskindustri.dk/english/about-di/danish-labour-law/>

<sup>120</sup> Dansk Erhverv (retrieved 2023) *Danish Chamber of Commerce*. Available at: <https://www.danskerhverv.dk/engelsk/> 20/11/23

<sup>121</sup> See: Ministry of Employment (2021) *The labour market in Denmark*.

members of the FH. Both the agreements for municipalities and regions are in fact a series of specialised agreements for different professions. However, for family-related time off work they have common rules.

Municipalities include for example employees in local elderly care and child nursing. Regions include hospital care and psychiatry workers.<sup>122</sup>

For this study we give insights into four different agreements:

- Industrial Agreement,
- Financial Sector Agreement,
- Municipalities; and,
- Regions.

### Self-employed & unemployed coverage

Like for the ATP system, self-employed workers can opt into supplementary occupational schemes. Evidence collected during stakeholder consultation activities (interviews) suggests that generally coverage among the self-employed is not very high because there are not that many self-employed that choose to join a supplementary occupational pension scheme. Part of the reason might be that they need to negotiate themselves with the pension provider. In addition, some may choose to save by investing in their business which can be a good asset if the business can be sold at time of retirement. A local report showed that more than half of self-employed are not saving up enough for their pensions in traditional pension savings<sup>123</sup>, focusing on the short term.

During unemployment, workers are generally not covered by supplementary occupational pensions. Upon the termination of employment, the insurances that are part of the occupational pension will continue to run for a limited period with funds being deducted from the savings. Unemployed individuals can choose to pay contributions at their own expense to continue to accumulate pension savings and maintain their insurance coverage.

### Contribution levels

Average contributions for supplementary occupational pension schemes range from 12-18% of earnings, whereby contribution levels tend to differ by educational achievement levels of workers with unskilled and skilled workers contributing in total about 12% of earnings, mid-level educated such as teachers, nurses etc. about 14-15% and university graduates 18-19%. The split of contributions between the employer and employee depends on the collective agreement but is typically two-thirds by the employer and one-third by the employee. Median employer contributions are 10% of pensionable salary, while the median employee contribution is 5% of pensionable salary<sup>124</sup>. In the private sector individual companies can agree on a higher pension contribution and/or a different split between employer and employee contributions, provided the minimum percentages set out in the

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<sup>122</sup> Ministry of Health (2017) *Healthcare in Denmark - An Overview*. Available at:

<https://sum.dk/Media/C/A/Healthcare-in%20denmark%20an%20overview%20english-V16-dec.pdf>

<sup>123</sup> F&P (2021) *Stor udbredelse af pensionsordninger giver lille restgruppe (Large prevalence of pension schemes results in small residual group)*. Available at: <https://fogp.dk/tal-og-analyser/stor-udbredelse-af-pensionsordninger-giver-lille-restgruppe/>

<sup>124</sup> Mercer (2023) *Comprehensive Benefit and Employment Guidelines (WBEG)*. Available at: <https://www.mercer.com/en-ch/solutions/transformation/comprehensive-benefit-and-employment-guidelines/>

collective agreement are respected. Table 9 presents data on the occupational pension scheme contribution levels for selected collective agreements.

**Table 9 – Supplementary occupational pension scheme contribution levels for selected collective agreements**

Occupational Pension	
Industrial Agreement	<p>Total contributions are at least 12.00%</p> <ul style="list-style-type: none"> <li>• Employer contributions: 10.00%</li> <li>• Employee contributions: 2.00%</li> </ul>
Financial Sector Agreement	<p>Total contributions are at least 16.90%</p> <ul style="list-style-type: none"> <li>• Employer contributions: 11.65%</li> <li>• Employee contributions: 5.25%</li> </ul>
Municipalities	<p>Total contributions are at least 12.5%</p> <ul style="list-style-type: none"> <li>• Municipality contribution: 8.33%</li> <li>• Employee contribution: 4.17% (1/3 of full contributions)</li> </ul>
Regions	<p>Total contributions are at least 12.5%</p> <ul style="list-style-type: none"> <li>• Municipality contribution: 8.33%</li> <li>• Employee contribution: 4.17% (1/3 of full contributions)</li> </ul>

*Source:* Study team analysis based on Industrial Agreement 2023-2025, Standard collective agreement between the Danish Employers' Association for the Financial Sector (FA) and the Financial Services Union 2023-2025, Forhandlingselskabet, Aftale<sup>125</sup> incl. Agreement on Pension scheme for certain employees in regions and Agreement on Pension Scheme for certain employees in the municipalities

Some collective agreements, as for example the industrial agreement, and individual company agreements include a free choice account ('fritvalgskonto'), where employees can choose to allocate a percentage of their salaries to either higher pension contributions, lower working hours, additional vacation days (e.g. can be used to receive pay when a child is sick), senior holidays, or increase in salary. In the case of the industrial agreement, employees that have higher pension contributions than set out in the collective agreement can choose to pay excess pension contributions into their free choice account instead.<sup>126</sup> Evidence collected in stakeholder consultation activities (interviews) suggests that most

<sup>125</sup> Forhandlings fællesskabet (retrieved 2023) *Aftaler (Agreements)*. Available at: <https://www.forhandlingsfaellesskabet.dk/aftaler>

<sup>126</sup> Industrial Agreement 2023-2025 p. 72 (Clause 25, subclause 4)

workers tend to use their free choice account for decreased working hours or extra payment, and very few use it for extra pension contributions

### 7.3.2. Care related leave in Denmark

#### New parental leave rules

Since the transposition of the EU WLB Directive in August 2022, maternity, paternity, and parental leave accumulate to 48 weeks in total for both parents, with 24 for each parent and scope for up to 13 weeks thereof to be transferred between the parents (see Table 10 and Figure 5). The Parental Leave Act ('barselsloven') is based on an agreement between DA and FH.

There are two ways to extend leave:

1. **Working reduced hours while on leave:** Certain parts of leave can be extended by working reduced hours – i.e. taking a few weekdays off for a period of time. Generally, employees are entitled to public benefit for the hours they are still on leave. This type of extension requires an agreement with the employer. The 9 weeks of leave that cannot be transferred to the other parent must be taken within 1 year of the child's birth. Mothers are not allowed to work in the first 2 weeks after birth. No such restrictions apply for fathers.
1. **Extending leave without working:** Employees can extend their leave and be fully absent from work without receiving the public benefit. After giving birth, a mother has the right to be absent from work for 10+32 weeks (total of 42) and fathers or co-mothers for 2+32 weeks after birth (total of 34). This period can be extended by 8 weeks or 14 weeks. However, each parent is generally only entitled to parental leave allowance for 24 weeks after the birth, unless parents transfer leave or are in a special situation (e.g. single parents). Parents can take leave at the same time or consecutively.

#### Short- and long-term leave

Care leave (omsorgsorlov) is a benefit that allows employees to take time off from work to care for their own children, parents, spouse/partner, or a person living in the same household who is seriously ill and in need of significant care or support. Employees are entitled to 5 working days<sup>127</sup> of care leave per calendar year, which can be taken as a continuous period or as individual days. It's important to note that care leave is not necessarily accompanied by pay, and any days taken might be deducted from the employee's salary if there is no right to salary. There is no public benefit for this type of care leave. Employers may require documentation, such as a doctor's note, to confirm the need for care leave. Unused care leave days expire at the end of the year. This leave was implemented as part of the WLB Directive.<sup>128</sup>

<sup>127</sup> Ministry of Employment (2022) *LOV nr 879 af 21/06/2022* (Law No. 879 of 21/06/2022, Act amending the Act on the right of employees to absence from work for special family reasons, the Act on equal treatment for men and women in respect of employment, etc., the Act on active social policy and various other acts). Available at: <https://www.retsinformation.dk/eli/ta/2022/879>

<sup>128</sup> Borger (retrieved 2023d) *Omsorgsorlov (Carer's leave)*. Available at: <https://www.borger.dk/familie-og-boern/Barn-syg-og-omsorgsdage/omsorgsorlov>



In case of a child's acute illness, one parent has the right to take time off from work if their presence is necessary, due to force majeure. This also applies for example if a child is injured at school or daycare. The law does not specify in detail what is meant by "acute illness" that requires a parent's presence to be necessary. However, it is generally understood that the absence is of short duration, typically the first day of illness, until parents have been able to make other arrangements regarding the acute illness. The law does not foresee any public benefit for short-term care leave. If you are entitled to receive pay on your child's first sick day, it should be stated in your employment contract or local workplace regulations. Therefore, if parents are not entitled to pay on their child's first sick day based on their employment contract or collective agreement, the employer has the right to deduct the absence from salary.<sup>129</sup>

Long-term care leave is possible in relation to a close relative's serious illness or significant and permanent disability. The conditions for eligibility include the illness or disability being chronic or long-term, the care needs equivalent to full-time work, and mutual agreement between the caregiver and the person receiving care. This arrangement is facilitated by being employed by the municipality for a specified period, typically up to 6 months. The amount of the allowance is capped at the caregiver's regular income.<sup>130</sup>

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<sup>129</sup> Borger (retrieved 2023a) *Barn syg og fravær (Child sick and absenteeism)*. Available at: <https://www.borger.dk/familie-og-boern/Barn-syg-og-omsorgsdage/Barn-syg-og-fravaer>

<sup>130</sup> Borger (retrieved 2023e) *Orlov til pasning af syge og døende pårørende (Leave to care for sick and dying relatives)*. Available at: <https://www.borger.dk/familie-og-boern/Barn-syg-og-omsorgsdage/Orlov-til-pasning-af-syge-og-doeende-paaroeerende>

Table 10 – Main care leave types in Denmark

Main care leave types in Denmark			
Type of care leave	Length of care period	Eligibility criteria	Benefit levels and conditions
Pregnancy Leave	4 weeks before scheduled birth.	Employment requirement: To be eligible for benefits, employees must have been employed for at least 160 hours within the 13 weeks preceding the expected birth or adoption date.	Public benefit for the mother capped at 4.695 DKK (2024, equivalent to EUR 629) per week before tax.
Maternity Leave	First 2 weeks after giving birth. After the initial 2 weeks, the mother has the right to an additional 8 weeks of leave. These 8 weeks can be transferred to the second parent.	Self-employed individuals must have been engaged in self-employment for at least 6 out of the 10 months preceding the expected birth or adoption date.	Public benefit for the mother capped at 4.695 DKK (2024, equivalent to EUR 629) per week before tax. 8 weeks thereof can be transferred.
Paternity Leave	2 weeks after childbirth	There are some additional administrative requirements. <sup>131</sup>	Public benefit for the father or co-mother capped at 4.695 DKK (2024, equivalent to EUR 629) per week before tax.
Parental Leave	Each parent can take 32 weeks of parental leave. Each parent can increase the number of weeks by 8 to 40. The employed and self-employed can increase the leave by 14 to 46 weeks.		The mother can receive benefit for up to 14 weeks. 5 weeks can be postponed or transferred.  The father/co-mother can receive benefit for up to 22 weeks. 13 weeks can be transferred, 5 of which can be postponed.  The benefit is capped at 4.695 DKK (2024, equivalent to EUR 629) per week before tax.

<sup>131</sup> Beyond this there are further requirements:

- Residency Requirement: To be eligible for maternity leave benefits, individuals must be residents of Denmark or have a legal right to reside and work in Denmark.
- Notification Requirement: Individuals must notify their employer and Udbetaling Danmark (the Danish Benefits Agency) of their pregnancy and the expected birth or adoption date at least 3 months before the expected birth or adoption date.
- Medical Certificate: A medical certificate confirming the pregnancy and the expected birth or adoption date may be required to be eligible for maternity leave benefits.

Short-term care leave	5 days per year	The carer has a connection to the labour market.	No public benefit
Short-term care leave for sick child	Generally, 1 <sup>st</sup> sick day		No public benefit
Long-term care leave related to children	<p>Maximum 52 weeks within 18 months.</p> <p>Those not covered by a collective agreement can only take time off in agreement with the employer. There is no legally guaranteed right to leave when one's child becomes seriously ill.</p>	<p>The child is under 18 years old.</p> <p>The doctor certifies that the total course of the illness lasts at least 12 days.</p> <p>Cease working or reduction of working hours due to your child's illness.</p> <p>Employment requirement for maternity benefits are met.</p> <p>Single parents are entitled to daily benefits even if the child is hospitalized for less than 12 days.</p>	<p>The benefit is capped at 4.695 DKK (2024, equivalent to EUR 629) per week before tax.</p>
Long-term care leave related to close relatives	<p>Up to 6 months. Extension by 3 months is possible.</p>	<p>The illness or disability is chronic or long-term.</p> <p>The alternative to home care is a residential stay outside the home.</p> <p>The care needs correspond to full-time work.</p> <p>The sick or person with disabilities has their own home and does not live in a residential facility or nursing home.</p> <p>Both parties - the sick person and the carer - agree on the care arrangement.</p> <p>The municipality assesses that the carer is capable of performing the task.</p> <p>The carer has a connection to the labour market.</p>	<p>During the care period, the carer is employed by the municipality in which the close relative resides and receives a salary of max. 25.138 DKK per month (2023, equivalent to EUR 3.371). The salary cannot be higher than what the carer would usually get from their employer.<sup>132</sup></p>

Carer's allowance for care of the dying	Until the end of the caregiving relationship or 14 days after the death of the care recipient.	A doctor has assessed that the dying person has a short life expectancy and that further treatment is solely for palliative purposes.	Carer's allowance for care of the dying.
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Source: Study Team Analysis based on the Executive Order of the Act on the right to leave and daily allowance in connection with parental leave (the Parental Leave Act)<sup>133</sup>, *ius laboris*<sup>134</sup>, *barn syg og fravær*<sup>135</sup>, *Dagpenge ved pasning af alvorligt syge børn*<sup>136</sup>, *Orlov til pasning af syge og døende pårørende*<sup>137</sup>, *Omsorgsorlov*<sup>138</sup>, *Service Act*<sup>139</sup>.

<sup>133</sup> Ministry of Employment (updated 2023) *LBK nr 1391 af 30/09/2022 (LBK No 1391 of 30/09/2022, Promulgation of the Act on the right to leave and maternity benefits (Maternity Act))* Available at: <https://www.retsinformation.dk/eli/ta/2022/1391#id853e0b25-a72d-4887-b029-5bc42512820a>

<sup>134</sup> Global HR Lawyers & Norrbom Vinding (2022) *Parental leave in Denmark: what's changing?* Available at: <https://iuslaboris.com/insights/parental-leave-in-denmark-whats-changing/>

<sup>135</sup> See: Borger (retrieved 2023a) *Barn syg og fravær (Child sick and absenteeism)*.

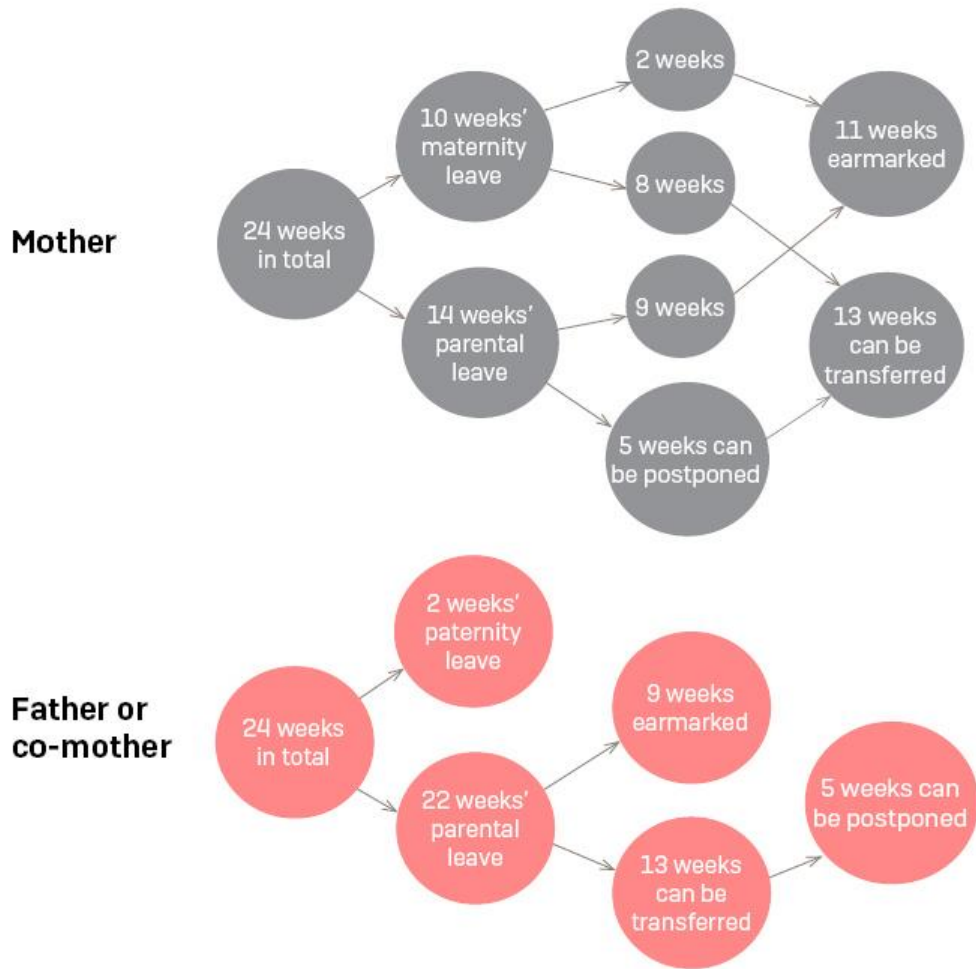
<sup>136</sup> Borger (retrieved 2023b) *Dagpenge ved pasning af alvorligt syge børn (Daily allowance for caring for seriously ill children)*. Available at: <https://www.borger.dk/familie-og-boern/Barn-syg-og-omsorgsdage/Pasning-alvorligt-syge-boern>

<sup>137</sup> See: Borger (retrieved 2023e) *Orlov til pasning af syge og døende pårørende (Leave to care for sick and dying relatives)*.

<sup>138</sup> See: Borger (retrieved 2023d) *Omsorgsorlov (Carer's leave)*.

<sup>139</sup> Ministry of Social Affairs, Housing and the Elderly (Updated 2024) *LBK nr 1089 af 16/08/2023 (LBK No. 1089 of 16/08/2023, Promulgation of the Social Services Act)*. Available at: <https://www.retsinformation.dk/eli/ta/2023/1089>

**Figure 5: Split of statutory benefits**



Source: ius laboris<sup>140</sup>

### 7.3.3. Care credits in the statutory pension scheme

#### Implicit care credits under the statutory pension system

Under the statutory pension system, care credits are covered through an implicit mechanism rather than as a separate credit for the primary component of the statutory scheme. This is because its residency-based approach means that coverage for periods of absence is automatic for residents.

Contributions to the ATP are doubled during maternity, paternity and parental leave, with the government taking over the employer's share of contributions.<sup>141</sup> This compensates for potential loss of ATP contributions,

<sup>140</sup> See: Global HR Lawyers & Norrbom Vinding (2022) Parental leave in Denmark: what's changing?

<sup>141</sup> *Executive Order of the Act on the right to leave and daily allowance in connection with parental leave (the Parental Leave Act)*. See: Ministry of Employment (updated 2023) LBK nr 1391 af 30/09/2022 (LBK No 1391 of 30/09/2022, Promulgation of the Act on the right to leave and maternity benefits (Maternity Act)) Available at: <https://www.retsinformation.dk/eli/lt/a/2022/1391#id634466d9-f734-4546-b64f-30df81050181>

Some employers choose to or are obligated by collective agreement to continue full salary payment for at least a part maternity, paternity, and parental leave. Continuation of salary payment does not have an effect on the benefits employees receive from the primary component of statutory pensions. During the period in which an employee's full salary is continued to be paid, ATP contributions also continue.

#### 7.3.4. Care credits in OP

##### **Care credits exist in occupational pensions, but they vary due to the linkage to salary payments**

Supplementary occupational pension contributions are linked to salary payments and therefore are continued while salary payment is continued. The duration of fully paid maternity, paternity or parental leave depends on the collective or individual company agreement, but it is common practice for employers to continue payment of the full salary during maternity and paternity leave, and it is not unusual for employers to pay the full salary for at least part of parental leave, or to pay pension contributions based on the full salary regardless of what salary is paid during parental leave. A significant minority of companies scale pension payments to (reduced) salaries paid during parental leave while a small residual either do not have pension arrangements or do not make any contributions. It is less common for hourly-paid workers<sup>142</sup> to continue receiving salary or pension benefits throughout maternity/paternity or parental leave. The practice of salary continuation varies across the four collective agreements analysed in this case study (see table 11 Salary continuation for leave types for selected collective agreements below).

For child-birth related leave periods, generally, full salary is only paid if the employee is eligible for benefits according to the Danish Maternity/Paternity Leave Act. For the time during which the employer pays the full salary, the public benefit payments outlined in Table 10 'Main care leave types in Denmark' is paid to the employer instead of the employee. The payments outlined in Table 10 Main care leave types in Denmark are capped at the employee's usual salary. If the employee is not eligible for the full benefit according to the Danish Maternity/Paternity Leave Act the employer may reduce the salary. Once employer's salary payment stops, the employee receives the public benefit from the state directly. There are no automatic occupational pension contributions from the public benefit. The employee may choose to make their own contributions. If the employee is not eligible for the full benefit according to the Danish Maternity/Paternity Leave Act the employer may reduce the salary paid during maternity/paternity related absence.

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<sup>142</sup> This refers to workers paid per the hour, while the remaining observation refer generally to workers on monthly wages.

**Table 11 – Salary continuation for leave types for selected collective agreements**

Care leave	Industrial Agreement <sup>143</sup>	Financial Sector Agreement	Municipalities	Regions
Pregnancy leave	100% salary for up to 4 weeks	100% salary for up to 4 weeks	100% salary for up to 8 weeks	
Maternity leave	100% salary for up to 10 weeks Increased pension contributions <sup>144</sup>	100% salary for up to 10 weeks	100% salary for up to 10 weeks	
Paternity leave	100% salary for 2 weeks	100% salary for 2 weeks	100% salary for 2 weeks	
Parental leave	100% salary for up to 24 weeks, of which the birth-giving parent is entitled to 9 weeks and the other parent to 10 weeks. The remaining 5 weeks are granted to either of the parents.	100% salary for up to 16 weeks for birth-giving parent 100% salary for up to 24 weeks for other parent.	100% salary for up to 10 weeks for birth-giving parent 100% salary for up to 7 weeks for other parent. 100% salary for up to 6 weeks to be shared. For employees taking unpaid leave the employer covers full occupational pension contributions for up to 20 weeks.	
Short-term leave	Child's first full day of sickness is covered with full salary. <sup>145</sup> An additional day can be taken off without pay.	Up to five working days with pay per period of sickness. Up to two weeks with full pay in the event of hospitalization. Longer periods can be requested without pay.	Up to 2 days per year until the child's 7 <sup>th</sup> birthday. Employees with children under the age of 14 can take off up to 10 days per 12 consecutive months in case of hospitalization of the child.	
Long-term leave	No paid leave for time off in case of serious illness or death of close relatives unless otherwise provided by local agreements.	Employees with a seriously ill child under the age of 18 are entitled to full or partial leave for up to 13 weeks incl. full compensation and pension contributions.	Employees with a seriously ill child under the age of 18 are entitled to full or partial paid leave. Employers can limit this to 1 month per year per child. Employees can take full or partial paid leave to care for close relatives that wish to die at home if care allowance is granted by the state <sup>146</sup>	

<sup>143</sup> A general precondition for the salary continuation during childbirth related care leave in the industrial agreement is that the employee has nine months' seniority at the expected time of birth.

<sup>144</sup> During the 10 weeks of leave, an additional pension contribution is paid to employees with nine months' seniority (time with the company) at the expected time of birth amounting to 3.549 DKK (EUR 476,03) per month, with employers covering 2.957 DKK (EUR 396,63) per month and employees covering 592 DKK (EUR 79,40) per month.

<sup>145</sup> Employees with less than nine months' seniority receive payment corresponding to public sickness benefit rate. This applies to parents of children under 14 years old.

<sup>146</sup> Refers to §119 in the Social Service Act

The Financial Sector agreement includes some additional benefits not covered in Table 11 above in relation to pension contributions. For employees taking longer maternity leave without salary according to the Danish Maternity/Paternity Leave Act, the employer pays both their own and the employee's normal pension contributions during the leave period. They do this for a maximum of 60 weeks after birth. The same is valid for when an employee takes deferred leave if it is taken later than 60 weeks after birth. If the employee chooses to work part-time up to and including the 60<sup>th</sup> week following the birth, the employer pays both its and the employee's normal pension contributions<sup>147</sup>.

### **Maternity pay funds enable sharing risks related to care leave periods**

In order to share risks between employers with a large proportion of women and employers with a large proportion of men in their workforce, so-called 'maternity pay funds' ('barselsfond') have been set up. The different funds reimburse employers for their expenses for periods where full salaries are paid to employees on maternity, paternity, and parental leave<sup>148</sup>. Today there exist several of these maternity funds which each have their own set of rules. Employers contribute to a maternity fund of choice depending on their collective bargaining coverage and industry<sup>149</sup>. Some of the funds are also open to the self-employed. Table 12 below covers employer contributions and fund reimbursements for the four funds. Generally, the reimbursement is a top-up to the public benefit and is only paid in periods when an employee is on maternity, paternity, or parental leave with salary.

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<sup>147</sup> Financial Sector Agreement. Page 32 (Part IX – Social provisions, fig. 65 (3) and (4))

<sup>148</sup> Dansk Industri (2024) *Barselsfond (Maternity fund)*. Available at: <https://www.danskindustri.dk/vi-radgiver-dig/personale/graviditet-og-barsel/barselsfond/>

<sup>149</sup> See: Dansk Industri (2024) *Barselsfond (Maternity fund)*.



Table 12 – Maternity fund contributions and reimbursement

	Employer contributions	Fund reimbursement
Industrial Fund	0,29% of the total sum of salaries	Reimbursement for the full period the employee is covered by full salary based on the industrial collective agreement <sup>150</sup> . Reimbursement for gross salaries up to a maximum of 235 DKK (EUR 31,52) per hour (incl. contribution for vacation and free choice account), this amount also includes the public benefit <sup>151</sup> .
Barsel.dk <sup>152</sup>	1.350 DKK (181 EUR) per year for a full-time employee. <sup>153</sup>	Reimbursement available for mothers for 4 weeks before scheduled date of birth and 7 weeks after birth and for fathers for 7 weeks. Additional 22 weeks available to be shared between parents and held after the reserved weeks. Barsel.dk reimburses a salary up to a maximum of 225,27 DKK (EUR 30,22) per hour, including the public benefit <sup>154</sup> .
DA fund	The contribution depends on the type of employee and the number of hours worked. For full-time employees with monthly salaries, it is 1.200 DKK (160 EUR) per year <sup>155</sup> .	In the DA fund, reimbursement levels depends on the type of leave. All are including the public benefit <sup>156</sup> . <ul style="list-style-type: none"> <li>• Pregnancy leave: 199,26 DKK per hour (EUR 26,73) for 4 weeks before scheduled date of birth.</li> <li>• Maternity leave: 207,76 DKK per hour (EUR 27,87) for 10 weeks right after birth.</li> <li>• Paternity leave: 199,26 DKK per hour (EUR 26,73) for 2 weeks within the first 10 weeks after birth.</li> </ul> Parental leave: 222,51 DKK per hour (EUR 29,85) for 24 weeks after maternity and paternity leave, whereof 9 are reserved for the mother and 10 for the father and the remaining 5 can be distributed among parents.
State fund <sup>157</sup>	3.180 DKK (426 EUR) per year per full-time employee <sup>158</sup> .	In the state's fund the reimbursement depends on the salary scale. The benefit is not including the public benefit <sup>159</sup> . <ul style="list-style-type: none"> <li>• For employees up to and including salary scale 35, the rate is DKK 80 per hour (EUR 10.7).</li> </ul>

<sup>150</sup> Industriens Barselsfond (retrieved 2023a) *Orlovstyper I kan søge refusion for (Types of leave you can apply for reimbursement for)*. Available at:

<https://www.barselsfonden.dk/da/Orlovstyper>

<sup>151</sup> Industriens Barselsfond (retrieved 2023b) *Sådan fungerer det (How it [reimbursement] works)*. Available at: <https://www.barselsfonden.dk/da/SaadanFungererDet>

<sup>152</sup> Barsel.dk is a maternity fund open to private employers and the self-employed.

<sup>153</sup> Virk (retrieved 2023a) *Barsel.dk 'Fully covered'*. Available at: <https://virk.dk/vejledning/barsel-dk/bdk-privat-arbejdsgiver/fuldt-omfatter/>

<sup>154</sup> Virk (retrieved 2023b) *Barsel.dk 'Private employer'*. Available at: <https://virk.dk/vejledning/barsel-dk/bdk-privat-arbejdsgiver/#Refusion> and Virk (retrieved 2023c) *Privat arbejdsgiver (Private employer)*. Available at: <https://virk.dk/vejledning/barsel-dk/bdk-privat-arbejdsgiver/#Refusionsperiode>

<sup>155</sup> DA Barsel (retrieved 2023a) *Bidrag og betaling (Contributions and payment)*. Available at: <https://www.dabarsel.dk/bidrag/satser/>

<sup>156</sup> DA Barsel (retrieved 2023b) *Refusion og udbetaling (Refunds and payouts)*. Available at: <https://www.dabarsel.dk/refusion/satser/>

<sup>157</sup> State institutions, state-owned institutions and certain schools can be member of the state's fund.

<sup>158</sup> Statens Administration (State Administration) (2024a) *Bidragssatser Barselsfond (Contribution rates Maternity fund)*. Available at: <https://statens-adm.dk/fleks-og-barsel/den-statslige-barselsfond/bidragssatser/>

<sup>159</sup> Statens Administration (State Administration) (2024b) *Refusionssatser (Refund rates)*. Available at: <https://statens-adm.dk/fleks-og-barsel/den-statslige-barselsfond/refusionssatser/>

<https://statens-adm.dk/fleks-og-barsel/den-statslige-barselsfond/refusionssatser/>

<https://statens-adm.dk/fleks-og-barsel/den-statslige-barselsfond/refusionssatser/>

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<https://statens-adm.dk/fleks-og-barsel/den-statslige-barselsfond/refusionssatser/>

- For employees with pay scale 36 and above, the rate is DKK 252 per hour (EUR 34). This includes all positions where the basic salary (excluding pension contributions) amounts to DKK 536,609 annually in 2023 (EUR 71,962).

### 7.3.5. Remarks

The recent report on Gender Equal Pensions in the Nordics<sup>160</sup> has highlighted that encompassing statutory schemes have a key role in addressing the gender pension gap. The report concludes that the effect of part-time work or career breaks on total pension income is less pronounced in Denmark than in other countries as a comparably large proportion of the total pension income in Denmark is stemming from the non-contributory statutory pensions<sup>161</sup>.

During the stakeholder consultation (interviews) we have further learned that the recent changes to leave policies due to the WLB Directive have been influenced by strong negotiations in the public sector. Interviewees suggested that the public sector has a good collective agreement that covers well women working in the sector. Interviewees observed that the private sector now also aims to mirror the arrangements from the public sector. With the recent improvement of leave for fathers / co-mothers due to the WLB Directive, collective agreements have been updated and provisions have been improved. The conversations are however more driven from a salary perspective than a pension perspective, but pension is automatically linked to salary and therefore indirectly part of the discussion. Collected evidence suggests that one of the main aims is to increase gender equity in the labour markets by strengthening women's labour market attachment. This is achieved through earmarked leave and thereby reducing the part of parental leave that is not covered by salary and pension contributions for women, which will overall achieve an improvement in pension outcomes.

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<sup>160</sup> Andersson, J. et al. (2023) *Gender-equal pensions in the Nordics* (Nordic Council of Ministers). Available at: <https://pub.norden.org/temanord2023-506/>

<sup>161</sup> Andersson, J. et al. (2023) *Gender-equal pensions in the Nordics* p. 57

## 7.4. Annex 4: Case study on the Netherlands

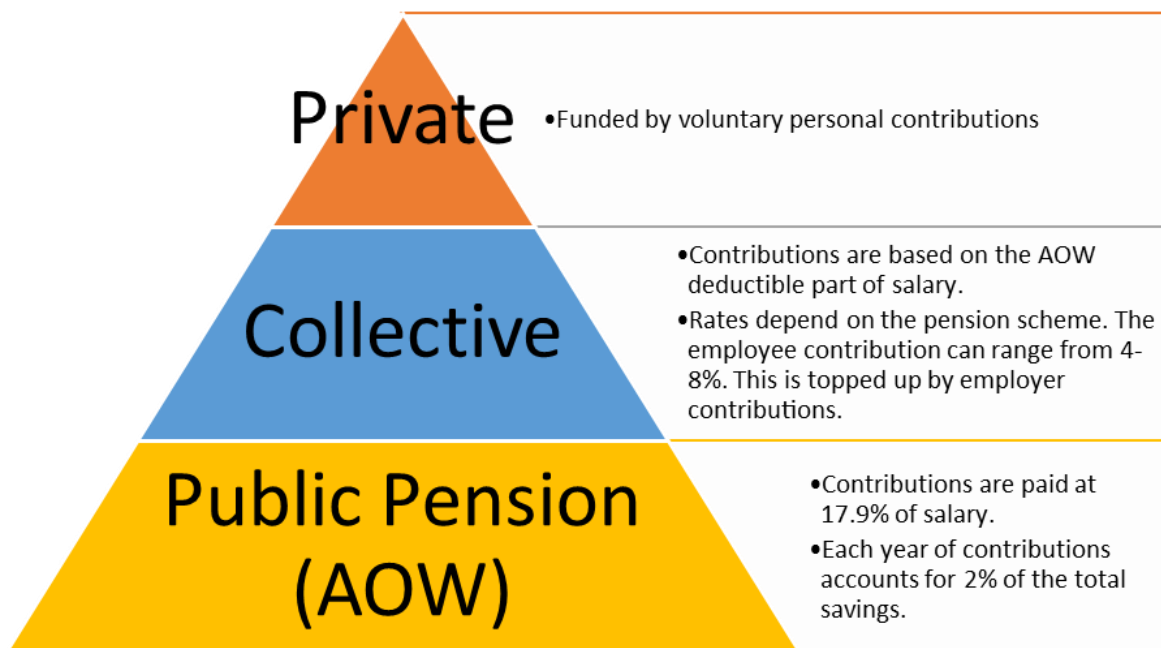
Case study developed by Professor Starink, B. van den Heuvel-Warren, J. Bannister Curran, L. and Janta, B.

### 7.4.1. Characteristics of the pension system in the Netherlands

#### There are statutory and non-statutory pension schemes in the Dutch pension system

The Dutch pension system has been described in the scientific literature and publications by international organisations as a typical, true, and mature multi-pillar or multi-tier system, as retirees draw pension benefits from all three pillars.<sup>162</sup> As shown in Figure 6, the system comprises a public statutory pension, occupational pensions, and private pensions.

Figure 6: The Netherlands' Pension System



Source: Study team analysis.

#### The statutory pension is based on residency

The statutory pension scheme is regulated by the **Dutch General Old-Age Pensions Act**, and commonly referred to as the **AOW** (*Algemene Ouderdomswet*). The AOW is a **flat rate scheme**, and the **eligibility requirements are residency-based**. The benefit accrues annually at 2% of the full value for time lived in the Netherlands. To receive a full pension, an individual must have lived in the Netherlands for 50 years between the ages of 15 and 65 (the

<sup>162</sup> Ebbinghaus, 2011; PAR 2021, p. 248.

pension is reduced by 2% for each year of non-residence).<sup>163</sup> The AOW is pay-as-you-go financed (PAYG), with a contribution rate of 17.90%.<sup>164</sup>

On average, in 2018, 81% of AOW pensioners received a full pension and the AOW provided 46.27% of the income of those 65 and older.<sup>165</sup> In addition to the statutory pension, the government also contributes to pensions in cases of occupational disability (for employees only) and death.<sup>166</sup> In the latter case, surviving dependants receive a monthly benefit.

The AOW is seen as a basic provision which is topped up by income from other schemes. The maximum monthly payment on retirement for people who live alone is around €1,100,<sup>167</sup> which creates the need for supplementary pensions.<sup>168</sup> People with a partner receive 50% of the minimum wage. Occupational and private pensions fulfil this role and top up the AOW provision.

### There is broad occupational pension coverage in the Netherlands

Occupational pension coverage in the Netherlands is significant. However, as stressed in Section 2, there are some discrepancies in the availability and comparability of data about occupational pension coverage. These discrepancies result from different definitions of supplementary occupational pensions in different datasets, as well as different definitions of the type of employment covered by the statistics.<sup>169</sup>

On the one hand, according to OECD data, approximately 93% of employees<sup>170</sup> are covered by an occupational pension scheme.<sup>171</sup> On the other hand, the PAR 2021 report states that 80% of the Dutch population (aged 15-64) are covered by supplementary occupational schemes, and notes that OECD figures on the coverage of Dutch occupational pensions seem to overestimate the prevalence of these schemes across the working age population.

### Contributions differ among occupational pension schemes and collective agreements

The occupational pension schemes of the current generation of retirees are typically defined benefit (DB).<sup>172 173</sup> However, on 1 July 2023, the new Dutch Pension Act reforming the Dutch pension system came into effect.<sup>174</sup> This reform consolidates the phasing out of DB schemes

<sup>163</sup> The AOW is one of the so-called 'national insurance schemes' and the insurance obligation is – in principle – determined on the basis of residency (with the exception of the so-called group of conscientious objectors). Account is taken of the last 50 years counting backwards from the moment the individual reaches the statutory pensions age, to determine the age at which the AOW began to build up (see article 7a (1), AOW)

<sup>164</sup> PAR 2021 p. 248. See also the Dutch income tax law: Art. 2.10 par 1 Wet IB 2001.

<sup>165</sup> PAR 2021 p. 248

<sup>166</sup> However, this is only applicable to residents who meet certain criteria (according to our consultations, few individuals meet these criteria).

<sup>167</sup> Sociale Verzekeringsbank (2023) *AOW pension amounts*. Available at: [https://www.svb.nl/en/aow-pension/aow-pension-rates/aow-pension-rates#section\\_10](https://www.svb.nl/en/aow-pension/aow-pension-rates/aow-pension-rates#section_10)

<sup>168</sup> 'Private occupational transfers are of particular importance in 13 OECD countries, with the Netherlands being the highest at 39%'. OECD 2021 *Pensions at a Glance* p. 184.

<sup>169</sup> Our consultations.

<sup>170</sup> OECD *Pensions Outlook 2022*, Chapter 2.1.

<sup>171</sup> OECD *Pensions at a Glance 2015* p. 87-89.

<sup>172</sup> OECD *Pensions at a Glance 2021* p. 141.

<sup>173</sup> Denton (2023) *New Dutch Pension Act on 1 July 2023: major reform of pension system – act now*. Available at: <https://www.dentons.com/en/insights/articles/2023/june/2/new-dutch-pension-act-on-1-july-2023-major-reform-of-pension-system-act-now#:~:text=The%20defined%20benefit%20schemes%20are%20being%20phased%20out,of%20retirees%20mostly%20still%20have%20defined%20benefit%20schemes>

<sup>174</sup> The new Dutch Pension Act came into effect on July 1<sup>st</sup> 2023. A transitional period begins on that date. This will involve employment agreements, reviews by pension providers and an implementation phase. This transitional period is currently foreseen to end in January 2028. See: PWC (2023) *New Dutch Pensions Act has arrived*. Available at: <https://www.pwc.nl/nl/marktsectoren/pensioensector/documents/new-dutch-pensions-act.pdf>.

from the Dutch pension system and the rising importance of DC schemes. Occupational pension schemes are organised as ‘**quasi-mandatory supplementary pension**’ schemes. Occupational pension schemes are based on collective agreements between social partners. **Dutch legislation extends collective agreements to entire sectors.** These pension schemes are then organised at the company, sectoral or professional level.<sup>175</sup> This wide coverage of the collective agreements helps to ensure high participation rates in occupational pensions and coverage for workers.

**Contributions** to occupational pension schemes are based on collective agreements. As there are variations across the agreements, individual occupational schemes have different levels of contributions.

- For DB plans, the employee contribution is typically 4-8% of the salary and the level of the employer contribution is indicated by the fund actuary or insurer.<sup>176</sup>
- On average in DC schemes, employees contribute around one third of the contribution and employers contribute the remaining two thirds, but this can vary.<sup>177 178</sup>

### The employment status and sector make a difference in occupational pensions

In principle, **workers with all types of employment contracts are eligible to contribute to and receive occupational pensions on an equal basis.** This includes non-standard workers, which is an extensive group in the Netherlands, covering all people working less than full time and on non-permanent contracts. The obligation to treat part-time and full-time workers equally has been enshrined in the Dutch Pension Law for many years.<sup>179</sup> However, occupational pensions of part-time workers are accrued pro-rata and as such tend to accrue less value. This is because the income of part-time workers is lower than that of full-time workers.

**There are also sectoral differences in occupational pension coverage. Sectors with lower occupational coverage** include hospitality workers, such as those in the hotel, restaurant and catering sector; **the solo self-employed** (*zelfstandigen zonder personeel* or ‘zzp’ers’) and **freelancers.**<sup>180</sup>

The **solo self-employed** (‘zzp’ers’) constitute roughly 20% of the workforce and are numerically dominant in some sectors in the Netherlands. In certain industries, the self-employed are required to join an occupational pension scheme, however, this is currently limited to decorators and construction workers. While such schemes reportedly function well, the social partners lack enthusiasm to extend this to other industries. This is in large part due to solo self-employed contractors not wanting mandatory occupational pension participation. Furthermore, contractors tend to move from industry to industry on a seasonal basis. Therefore, joining an industry-wide pension fund is not considered an appropriate solution in this case.<sup>181</sup> The Netherlands is therefore not actively considering industry-specific occupational pension funds as a solution. However, given the high share of solo self-

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<sup>175</sup> PAR 2021 p. 249.

<sup>176</sup> Pension Funds Online (2023) *Pension System in the Netherlands*. Available at: <https://www.pensionfundsonline.co.uk/content/country-profiles/the-netherlands/96>

<sup>177</sup> See: Pension Funds Online (2023) *Pension System in the Netherlands*.

<sup>178</sup> For PFZW this is split 50-50 between employer and employee.

<sup>179</sup> There is EU case law from the 1990s regarding equal treatment of part time workers in terms of pensions.

<sup>180</sup> PAR 2021 p. 249.

<sup>181</sup> According to our consultations.

employed, the Netherlands may use another tool to increase the provision of old age pensions.<sup>182</sup>

## 7.4.2. Care-related leave in the Netherlands

### The Work Life Balance Directive had an impact on the ‘credited’ leave types

The Dutch ‘Work and Care Act’ (Wet Arbeid en Zorg, WAZO) sets out the law for pregnancy, childbirth, parental, short-term and long-term care leave.<sup>183</sup> The ‘Paid Parental Leave Act’, implemented in the Netherlands on 2 August 2022, amended some of the laws and articles to comply with the WLB Directive. According to evidence collected during consultative activities, the WLB Directive, which came into effect in the legislation of most Member States by August 2022, has had a significant impact on the ‘credited’ leave types. According to interviewees, in the field of occupational pensions, EU influence is regarded as highly beneficial, as it has brought about legislative changes and improved paid leave. It has led to an extension of paternity leave (or non-birthing partner leave)<sup>184</sup> and paid parental leave. Some of the current leave periods go beyond the minimum standard required in the directive.

**Payments during leave** (when applicable) **are made by the UWV**, an administrative authority commissioned by the Ministry of Social Affairs and Employment.<sup>185 186</sup> The UWV can make payments directly to employees, or to employers to pay employees. However, the first week of paternity leave and short-term care leave are employer funded. Collective agreements may also stipulate that an employer must top up the UWV payment.

Table 13, below, presents the current provision of available leave types as stipulated in the Work and Care Act and Paid Parental Leave Act. It focuses on the leave duration and compensation levels, and highlights changes introduced by the WLB Directive.

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<sup>182</sup> Case study developed together with Prof. Bastiaan Starink, Endowed Professor Labor Market, Pensions and Taxation at Tilburg University. Evidence provided by Prof. Starink based on his knowledge and experience of the Dutch pension system.

<sup>183</sup> Overheid.nl (updated 2022) *Wet arbeid en zorg (Work and Care Act)*. Available at: <https://wetten.overheid.nl/jci1.3:c:BWBR0013008&z=2024-01-01&q=2024-01-01>

<sup>184</sup> Five years ago, non-birthing partner leave was restricted to two days; this has improved significantly with the WLB Directive, which introduced a minimum of 10 working days leave.

<sup>185</sup> Government site on UWV, our consultations.

<sup>186</sup> The UWV is ‘responsible for implementing employee insurance, such as unemployment insurance, which is key to claiming unemployment benefits, and the Sickness Benefits Act, amongst others’.

**Table 13 – Care leave types, duration and provision**

Care leave <sup>187</sup>	Length of leave	Payment level	Impact of the WLB Directive	Conditions and eligibility
Maternity leave	<p>Maternity leave typically covers 16 weeks. Maternity leave begins up to 6 weeks before the baby's due date and continues for at least 10 weeks after the birth.<sup>188</sup></p> <p>If the pregnancy involves twins, triplets or more, an individual is entitled to a total of 20 weeks (10 pre-birth, and 10 post birth).</p>	<p>100% salary up to a daily ceiling of EUR 256.64 compensated by the UWV.<sup>189</sup> 16 weeks duration.</p> <p>If the worker's wage exceeds this amount, Dutch employers can choose to supplement the government benefit.</p>	<p>No influence on <b>maternity or pregnancy leave</b> as pregnancy and maternity leave were already fully paid.</p> <p>Maternity leave begins up to 6 weeks before the baby's due date and continues for at least 10 weeks after the birth. Combined maternity leave typically covers 16 weeks.<sup>190</sup></p>	<p>Available to those in an employment contract, and the self-employed, if receiving unemployment benefit (WW), sickness benefit or wage-related WGA return-to-work benefit.</p> <p>If the pregnancy involves twins, triplets or more, an individual is entitled to a total of 20 weeks (10 pre-birth, and 10 post birth).</p>
Paternity leave	6 weeks.	<p>100% of previous wage for one week, funded by the employer.<sup>191</sup></p> <p>70% of previous wage for five weeks, ceiling of EUR 3545.91 per month; paid by the employer and compensated by the UWV. May also be dependent upon agreements between social partners<sup>192 193</sup>.</p>	<p><b>Paternity leave</b> is six weeks. It is compensated by the employer for the first week. After this, the benefit is funded 70% through the employer by the government (via the UWV) but may also be dependent upon agreements between social partners.<sup>194</sup> Before the WLB Directive, fathers were entitled to two days of paternity leave.</p>	<p>The additional five weeks<sup>195</sup> must be taken in the first six months of the child's life.</p>

<sup>187</sup> Overheid.nl (2023) *Wet arbeid en zorg (Work and Care Act)*.

<sup>188</sup> Mothers can choose to work closer to their due date, in which case the unused weeks are added to the post-birth period.

<sup>189</sup> The UWV is an administrative authority commissioned by the Ministry of Social Affairs and Employment.

<sup>190</sup> Mothers can choose to work closer to their due date, in which case the unused weeks are added to the post-birth period.

<sup>191</sup> Rijksoverheid (Government of the Netherlands) (retrieved 2024) *Hoeveel vrije dagen krijg ik als partner bij de geboorte van mijn kind? (How many days off do I get as a partner when my child is born?)*. Available at: <https://www.rijksoverheid.nl/onderwerpen/geboorteverlof-en-partnerverlof/vraag-en-antwoord/hoeveel-dagen-vrij-krijg-ik-als-partner-bij-de-geboorte-van-mijn-kind>

<sup>192</sup> Our consultations.

<sup>193</sup> UWV (retrieved 2024a) *Aanvullend geboorteverlof (Additional paternity leave)*. Available at: <https://www.uwv.nl/particulieren/overige-onderwerpen/aanvullend-geboorteverlof/detail/heb-ik-recht-op-een-uitkering-aanvullend-geboorteverlof>

<sup>194</sup> Our consultations.

<sup>195</sup> The additional 5 weeks are known as 'additional parental leave' (different to the 26 weeks parental leave), 'additional birth leave' and 'additional paternity leave'.



Parental leave	<p>26 weeks per parent.</p> <p><b>Parental leave</b> is 26 times the worker's weekly working hours (maximum 26 working weeks per parent).</p> <p>In the case of twins, an individual would be entitled to 18 weeks' total paid leave.</p>	<p><b>Paid parental leave</b> is limited to the first 9 weeks per parent. After, it is unpaid.</p> <p>70% of previous wage for nine weeks per parent, ceiling of EUR 3545.91 per month, per parent; compensated by the UWV.<sup>196</sup> Employers may choose to supplement the 70%.</p> <p>While funded by the government, the employer can receive the benefit and pay the employee, or the employee can receive it directly from the UWV.<sup>197</sup></p>	<p>Before the WLB Directive, parental leave was unpaid.</p>	<p>The 9 weeks of paid parental leave must be taken in the first year of the child's life.<sup>198</sup></p> <p>The leave can be taken flexibly (e.g. 1 day a week, thus achieving a part-time working week).</p> <p>Parents have the right to take unpaid parental leave until their child's eight birthday.</p>
Short-term care leave	<p>2 weeks per year</p>	<p>2 times the number of hours worked per week in a year. 70% of the salary. If 70% of the salary is less than the minimum wage, then the employer will pay the minimum wage. Funded by the employer.<sup>199, 200</sup></p>	<p>There are two types of <b>carers' leave</b> available: short- and long-term leave. The leave periods offered go beyond what is required by the directive.</p>	<p>The employee is entitled to care leave in connection with illness of a person such as a spouse/partner, child, a relative in the first or second degree, a member of the household or a person with whom the worker has a social relationship.</p>
Long-term care leave	<p>6 weeks per year maximum.</p>	<p>6 times the number of hours worked per week. No entitlement to salary / compensation from the carer's employer. However, the</p>	<p>There are two types of <b>carers' leave</b> available: short- and long-term leave. The leave periods</p>	<p>The employee is entitled to unpaid leave to care for a close contact, as</p>

<sup>196</sup> See: UWV (retrieved 2024a) Aanvullend geboorteverlof (Additional paternity leave). <https://www.uwv.nl/particulieren/overige-onderwerpen/aanvullend-geboorteverlof/detail/heb-ik-recht-op-een-uitkering-aanvullend-geboorteverlof>

<sup>197</sup> If receiving it via the employer, there may be a gap during which the employee has no income. UWV (retrieved 2024b) *Paid parental leave*. Available at: <https://www.uwv.nl/en/individuals/maternity-and-parental-leave/paid-parental-leave>

<sup>198</sup> If the parents do not take all 9 weeks of paid parental leave within the first year, it can be converted into unpaid parental leave. See: UWV (retrieved 2024) *Paid parental leave*.

<sup>199</sup> Netherlands Enterprise Agency, RVO (2022) Leave schemes. Available at: <https://business.gov.nl/regulation/leave-schemes/#art:short-term-and-long-term-care-leave>

<sup>200</sup> While one of the interviewees referred to the UWV as funding short-term care leave, no further evidence was found to confirm or support this statement.

		<p>Long-Term Care Act (Wet langdurige zorg) provides the option for the insured person (the individual in need of care), to 'buy' care services from providers who do not have a contract with the regional care administration office, using the personal care budget (persoonsgebonden budget, PGB).</p>	<p>offered go beyond the requirements in the WLB Directive.</p>	<p>defined for the above short-term care leave.</p> <p>In each period of twelve consecutive months, the leave shall not exceed six times the working hours per week. The twelve-month period starts on the first day on which the leave is taken.</p>
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## The care budgets facilitate the buying in of long-term care provision

The Long-Term Care Act came into force in 2015 and is administered by ‘special long-term care administrators at the behest of central government’. Several other organisations are also involved in implementation, such as the Care Assessment Agency and the Central Administration Office. Individuals requiring permanent supervision, or 24-hour home care, are entitled to care services under the Long-Term Care Act.<sup>201</sup> The Long-Term Care Act allows the person in need of care to purchase both contracted and non-contracted care.<sup>202</sup> In the case of non-contracted care, the insured person can ‘buy’ care services from providers who do not have a contract with the regional care administration office, using the personal care budget (persoonsgebonden budget, PGB).<sup>203</sup>

- **If a caregiver (informal or not) is paid from the Personal Care Budget, this will be considered as income from work and taxed.** The PGB is administered through the Social Insurance Bank (Sociale Verzekeringsbank, SVB), which pays the caregiver on behalf of the person receiving care.
- There are two kinds of cost-sharing:
  - The so-called ‘high contribution’ of maximum €2,506 a month for people receiving residential care including housing costs; and,
  - The so-called ‘low contribution’ of minimum €24.80 and maximum €913.20 a month, for people receiving care at home or in a facility where they need to pay rent.

### 7.4.3. Care credits in the statutory pension scheme

#### The Netherlands’ statutory pension is residency-based

The Netherlands’ public statutory pension is residency-based. Credits for childcare and employment breaks are ‘implicit’ in the pension system,<sup>204</sup> as being a resident enables coverage of de facto periods out of the labour market. As such, the residency-based statutory pension is not impacted by leave periods.

### 7.4.4. Care credits in OP

There are many collective bargaining agreements in the Netherlands, which can differ significantly in their treatment of care breaks<sup>205</sup>. Given the large number of collective agreements, works councils, and employer agreements, the treatment of leave periods may vary significantly in duration and pay. This Section seeks to both broadly outline how care leave periods can be treated and give some specific examples. It should also be noted that

<sup>201</sup> National Health Care Institute (retrieved 2024) *The Dutch health care system*. Available at: <https://english.zorginstituutnederland.nl/about-us/healthcare-in-the-netherlands>

<sup>202</sup> ‘Contracted care’ refers to providers contracted with the regional care administration office.

<sup>203</sup> MISSOC table on Long-term care leave.

<sup>204</sup> OECD Pensions at a Glance 2015 p. 87-89.

<sup>205</sup> Our consultations.

while the following evidence has chiefly been reported by interviewees, it has been cross-checked against other data sources whenever possible.

### Occupational pension accrual is linked to the continuation of salary payments

The Dutch occupational pensions do not refer to a ‘credits system’ per se.<sup>206</sup> Instead, continued pension accrual is linked to the continuation of salary payments. If salary payments are continued during care periods (such as during pregnancy, childbirth, the first week of paternity leave and short-term care leave), pension accrual automatically continues in occupational plans.

#### Box 6: The concept ‘continued payment of salary’

‘Continued payment of salary’ appears to be the standard protocol for companies to continue to make contributions to an employee’s occupational pension. ‘Continued payment of salary’ as an expression is used to refer to two types of ‘payments’ when the employer is ‘paying’ a salary to the employee during a care leave period:

- When there is legislation stating that the employer funds the salary and / or credit from their own financial means,
- When there is a collective agreement, company agreement or other that stipulates that the employer will consider additional periods as ‘paid’.<sup>207</sup>

**These different** concepts of the ‘continued payment of salary’ can lead to differing occupational pension accrual during leave periods.

The UWV funds most forms of care leave up to a pre-determined maximum. The duration and payment ceiling differ between each type of care leave. Employers can choose to supplement the UWV benefit. The UWV is sometimes paid to the employer, who then acts as an intermediary and pays the employee, or it is sometimes paid directly to the employee<sup>208</sup>. When the leave period is wholly funded by the UWV, pension accrual is dependent upon collective and company agreements<sup>209</sup>.

However, interviewees also noted that some companies do not differentiate between whether the care period is funded by the UWV, the employer or a combination. Thus, for some

<sup>206</sup> Despite this, it should be noted that this section does use concepts such as ‘credited leave types’, for simplicity and clarity.

<sup>207</sup> There are many variations to what these agreements may stipulate and how they operate. For example, stipulating that all periods where the UWV benefit applies as ‘paid’ (without the employer funding the salary); or, stipulating that the employer must pay the employee in addition to the UWV benefit already being received. See below for the role of collective agreements.

<sup>208</sup> See: UWV (retrieved 2024) *Aanvullend geboorteverlof - Wie betaalt mijn uitkering aanvullend geboorteverlof? (Additional paternity leave - Who pays for my supplementary paternity leave?)* Available at: <https://www.uwv.nl/particulieren/overige-onderwerpen/aanvullend-geboorteverlof/detail/wie-betaalt-mijn-uitkering-aanvullend-geboorteverlof>

<sup>209</sup> It is possible that some companies may make the distinction between when the UWV funds are distributed directly to the employee from the UWV, and when the company acts as an intermediary and pays this sum to the employee. However, further study of this would be required. (I.e., there may be cases where, when the UWV is paid directly to the employee, the employer may not automatically continue pension contributions).

companies, the UWV funding versus the employer funding does not make a difference for occupational pension accrual. For instance, one representative from a pension fund for the temporary employment sector (StiPP) noted that pension accrual takes place both when the salary is paid directly to the employee by the UWV and via the employer. The interviewee added that ‘paid leave’ is regulated by the Work and Care Act (*‘Wet arbeid en zorg, WaZo’*), see table 13 above, and as such, the occupational pension accrual will continue for all leave periods covered by the Work and Care Act, regardless of whether or not the employer acts as an intermediary for the UWV benefit.

- *‘If the salary is paid directly to the employee by the UWV, StiPP collects the pension contribution – both the employer’s and employee’s part – from the employer. The employer must then recover the employee’s share from the employee him/herself.’*

In such instances, where occupational pension accrual continues since the salary (or UWV benefit) is still being paid and the employer sees the period as ‘paid’ / ‘salaried’, the employer is funding the ‘care credit’.<sup>210</sup>

### Funding mechanisms for leave periods differ according to the type of leave

**Workers continue receiving their salary (at least partly) during pregnancy, maternity, paternity<sup>211</sup>, parental leave<sup>212</sup>, and short-term care leave** and therefore occupational pension accrual continues (partly in the case of paternity and parental leave) for the duration of these leave periods.

#### Box 7: Taking parental leave to work part time can have an impact on pension accrual

Parental leave can be taken in a flexible way. Therefore, taking parental leave is one way to achieve a part-time working pattern (at least) temporarily. For instance, a full-time worker<sup>213</sup> (on a 40-hour work week) may take one day of parental leave per week (8hrs), thus working part-time (32hrs). In this case, the worker’s pension accrual may continue as for a full-time worker (100% rather than 80%).

However, pension accrual during parental leave depends on the length of leave and agreements in place (e.g., collective agreements, company agreements). Pension accrual may also depend on how the payment is made<sup>214</sup>. As a general rule, paid parental leave is only available for 9 weeks per parent (see Table 13). While pension contributions during ‘paid’ parental leave<sup>215</sup> are not mandatory, there may be voluntary contributions, or agreements in collective labour agreements. Further, there is no legally required pension contribution from the employer during unpaid parental leave.

<sup>210</sup> Our consultations.

<sup>211</sup> For the first week only; the additional five weeks are funded by the UWV and so pension accrual may or may not continue,

<sup>212</sup> As with the additional five weeks paternity leave, the paid parental leave is funded by the UWV and so pension accrual may or may not continue,

<sup>213</sup> Full-time work is between 36 to 40hrs per week, though the following example is based on a 40-hour work week.

<sup>214</sup> When the UWV compensates the employer and subsequently a salary is paid by the employer, pension contributions may also continue (subject to any agreements in place).

<sup>215</sup> While paid parental leave is typically called ‘paid’, this is in the sense of ‘compensation’ or ‘benefit’ as the payment is made by the UWV (either directly to the employee or via the employer). For this period to be considered ‘paid’ (salaried) by companies a collective or other agreement typically must be in place.

**The funding of care credits** is specific to the type of leave period. When the leave period is funded by the employer, the same entity pays the premium, as during employment. This typically applies to the first week of paternity leave and short-term care leave.

When the leave period is funded by the UWV, the standard and most common option is that if the salary is paid directly by the employer (rather than directly by UWV), the same entity pays the pension premium, as during employment. This is typically a combination of the employer and to a lesser extent the employee. However, this depends on the type of leave and other factors such as the collective agreement or employment contract.

- There is an **interplay with the statutory pension contributions during pregnancy and maternity leave**. During these periods, the UWV pays the benefit to the employer, and the employer continues to pay the employee's wages with this benefit. Therefore, occupational pension accrual will also continue.<sup>216</sup> The UWV will only pay this up to a maximum daily wage<sup>217</sup>; it is then up to the employer if they decide to supplement the payment received up to the full salary. The possible salary top-up amount depends on the various collective labour agreements and company agreements.
- As stated, paternity (or partner) leave is a minimum of 1 week at full pay<sup>218</sup>, and a further 5 weeks at 70% of pay (with funding from the UWV, at times paid via the employer<sup>219</sup>). If the additional 5 weeks are paid as a benefit and not seen as payment of salary, standard pension accrual typically ceases. If the additional 5 weeks are paid via the employer / considered salary, pension accrual takes place as normal. Furthermore, some employers choose to extend the duration of paternity leave, up to, for example, 8 weeks paid leave. As this period is 'paid' (salaried), pension accrual continues 'as usual'.<sup>220</sup>
- Parental leave is paid for the first 9 weeks (funded by the UWV); during this time, the employer can receive the benefit and pay the employee, or the employee can receive payment directly from the UWV.<sup>221</sup> From our consultations, it appears that during **parental leave and extended paternity leave, pension accrual does not take place without a collective agreement, company agreement, or other in place**.

### Some employees can continue making pension contributions when no salary is paid

During care breaks for which no salary is received via the employer, the employee can continue making pension payments, subject to his/her employment conditions.<sup>222</sup>

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<sup>216</sup> Our consultations.

<sup>217</sup> In the Netherlands, the maximum daily wage from 1 January 2024 is €274.44 per day (gross). (See 'UWV (Updated 2024). Current amount. Available at: <https://www.uwv.nl/particulieren/bedragen/detail/maximumdagloon>'). The different leave types have an impact on the percentage of the maximum daily wage a person can receive from the UWV: During maternity leave an individual can receive 100% of the maximum daily wage; During paternity and parental leave, an individual can receive up to 70% of their average daily income. This can be no more than 70% of the maximum daily wage. (See 'UWV (Updated 2024). Maternity and parental leave. Available at <https://www.uwv.nl/en/individuals/maternity-and-parental-leave>).

<sup>218</sup> The first week is paid by the employer and pension accrual continues as normal.

<sup>219</sup> As stated, when the UWV is paid through the employer, as opposed to directly to the employee, employers tend to see this as a 'paid' period and so will continue occupational pension contributions.

<sup>220</sup> Our consultations.

<sup>221</sup> If receiving it via the employer, there may be a period during which the employee receives no income. See: UWV (retrieved 2024) *Paid parental leave*.

<sup>222</sup> Our consultations.

For instance, certain collective labour agreements and employers ensure continued payment of the employers' premium, and so the employee is only required to continue contributing the employee premium, to maintain full pension accrual. The types of care break this may apply to include parental leave,<sup>223</sup> during which the employee may work for four instead of five days per week (see Box 7 above). In principle, the employee will not have any pension accrual for that day as they do not receive a salary. However, the employee may choose to pay the premium voluntarily, and the employer may also contribute to the pension as if this employee were working full-time.<sup>224</sup>

In addition, pension accrual can also take place during unpaid leave, e.g. during a sabbatical leave. During these periods, **employees can pay the premium themselves**,<sup>225</sup> even if the employer does not continue salary payments.

### Collective agreements are a determining factor in whether care leave periods are considered as 'paid' periods

Collective agreements play a role in whether a care leave period is regarded as with receipt of 'salary' or 'benefit', thus affecting the provision of care credits during leave periods. For example, while PFZW is the pension fund for the care sector and does not offer standard pension accrual during leave periods, the social partners can **stipulate in the collective labour agreement that the given period will be paid as wages and that the employee will accrue a pension**<sup>226</sup>. Collective labour agreements could stipulate such conditions for all the aforementioned leave periods. In detail:

- The WLB Directive, the Work and Care Act and the Parental Leave Act set out the minimum requirements for care leave periods to be 'paid'. These care periods can be funded by the employer, or by the UWV.
- During care leave periods where the employee receives a payment as a 'salary', pension accrual will follow. Receiving payment in the form of a wage is standard for maternity/pregnancy leave. It is also standard for the 1<sup>st</sup> week of paternity leave and short-term care leave as these are traditionally funded by the employer.
- For other periods funded by the UWV, wage agreements can be formulated in the collective labour agreement. If there is no agreement in the collective labour agreement that the given period funded by the UWV is pensionable, the period is typically seen as a benefit (i.e., not paid as wages). Therefore, no pension accrual takes place.
- For unpaid periods (such as unpaid parental leave and long-term care leave which is neither employer-funded nor UWV-funded), a wage agreement can also be formulated in a collective agreement.

The examples of wage agreements formulated in collective labour agreements and other agreements include:

(As mentioned previously), the agreement at StiiP, which stipulates that occupational pension accrual will continue for all leave periods covered by the Work and Care Act. That is, pension

<sup>223</sup> This option for parental leave is available until the youngest child turns 8 years old. There is also a difference between paid and unpaid parental leave. The payment level is decided together with / by the UWV (Dutch Employee Insurance Company). However, while this is the case for the first year of parental leave, the social partners can make additional arrangements. (Consultative activities).

<sup>224</sup> Our consultations.

<sup>225</sup> Evidence provided by Prof. Starink and our consultations.

<sup>226</sup> This agreement could also be reached between employers and employees or between an employer and a works council.

accrual will take place for maternity (pregnancy and childbirth), paternity (for the full 6 weeks), short-term care leave and paid parental leave.

In addition to stipulating that care leave periods can be considered ‘paid as wages’, **collective labour agreements also play a role in topping up the UWV benefit.** *‘It is optional whether the employer tops it up to your full salary. How this is done is determined by the collective labour agreement.’*<sup>227</sup> While this comment was referring to parental leave, this mechanism for supplementing the UWV benefit is applicable to other care leave periods.

- For example, in the case of Shell, their policy dictates the types of leave to be seen as paid or unpaid (in addition to those that are stipulated). For example, extending paid paternity leave to 8 weeks, and considering the full duration of this as ‘paid’. Furthermore, Shell’s policy allows for full pension accrual during ‘paid’ leave periods (i.e. not pro-rata):

*‘If [the] salary is adjusted pro rata, (...) Shell pays the employee 70% of his/her salary [because] Shell receives this from the UWV<sup>228</sup>. In this case, pension accrual continues over the 100% of the salary<sup>229</sup>. The same company explained that for leave that they qualify as unpaid leave ‘no [occupational] pension accrual takes place.’<sup>230</sup>*

To summarise, for a care leave period to be pensionable, one of the following typically apply:

- It is maternity / pregnancy leave.
- It is funded by the employer (1<sup>st</sup> week of paternity, short-term care leave).
- A collective agreement / other deems that the company treat the period as salaried / ‘paid’, such as by ‘topping-up’ the UWV benefit or extending its duration.
- A collective agreement / other deems all periods wherein a benefit is received from the UWV as salaried (regardless of whether it is provided via the employer or directly to the employee).

It is worth noting that while the collective bargaining agreements and company agreements are key to stipulating that a given period is seen as ‘paid’, some leave periods are more likely to be stipulated as paid than others<sup>231</sup>.

## Pension accrual for the self-employed is determined by mandatory plans for specific professions

<sup>227</sup> Our consultations.

<sup>228</sup> Shell indicated that they do not make a distinction in terms of implementation based on the choice of whether they receive the UWV benefit as an employer or have it paid out to the employee, but in terms of policy in the type of leave (paid or unpaid). With paid leave, pension accrual continues at 100%, and with unpaid leave, pension accrual is stopped.

<sup>229</sup> Essentially, during periods Shell considers as ‘paid’ leave (paternity leave, maternity leave & short-term care leave), pension accrual continues at 100%. This includes short-term care leave, for which the maximum duration is 10 days. If the employee receives 70% of their salary during this period, the pension accrual will still be based on the full 100% salary.

<sup>230</sup> With regards to periods Shell considers as ‘unpaid’ leave (parental leave and long-term care leave), pension accrual is completely stopped, i.e., it does not continue at all. From a policy perspective, Shell classifies parental leave as ‘unpaid leave’. However, since August 2022, they have made arrangements for employees to receive their statutory leave and apply for it at UWV, which then directly pays it out to the employer. Please note that this change does not affect how they view parental leave itself.

<sup>231</sup> Our consultations.



The **self-employed do not accrue an occupational pension unless** there is **mandatory participation** in an occupational pension plan or when they voluntarily stay in their former pension plan. There are **around ten occupational pensions** in the Netherlands **for specific professions** with high levels of self-employed; these include doctors, marine pilots, and notaries. In professions with specific mandatory plans, pension accrual typically continues during care-related breaks.<sup>232</sup> Pension accrual also continues during maternity leave, as maternity pay is also available to the self-employed. In the case of the self-employed in professions or sectors without mandatory participation, pension provision is limited to the statutory pension and private pensions.<sup>233</sup> The self-employed can continue private pension accrual when on care breaks only if they continue to pay the premium. If they choose to discontinue premium payments, pension accrual will cease.<sup>234</sup>

### **The gender pension gap is dependent upon labour market participation and leave payments**

**The evidence collected suggests that the gender pension gap in the Netherlands results from the patterns of labour market participation and payment levels during leave periods.**

Firstly, research indicates that the gender pay gap<sup>235</sup> results from patterns of labour market participation, availability of formal care provision, and cultural values,<sup>236 237 238</sup> which, amongst other things, have led to women making up the majority of part-time workers. As noted in the earlier section of this case study, the legal provisions and collective agreements for pension accrual are equal and do not create different conditions or contribution rate levels for full- and part-time workers. However, since women work part time more often than men, on average, women have lower pension accrual due to their lower average remuneration resulting from their part-time salaries.

Secondly, **the pro-rata logic** of the contribution levels during leave periods also contributes to the gender pension gap in the Netherlands. This applies to leave periods which are not 100% compensated. As pension accrual is based on the level of compensation, workers taking leave which is not compensated at 100% are at a disadvantage. Since women typically take longer leave periods than men to provide care, this also contributes to the gender pension gap.

Research activities and the evidence collected so far for this case study have indicated that tackling the gender gap in pensions in the Netherlands should involve changing labour market practices and facilitating better access to care provision.<sup>239 240</sup>

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<sup>232</sup> Evidence provided by Prof. Starink.

<sup>233</sup> Personal pensions are defined contribution (DC).

<sup>234</sup> Evidence provided by Prof. Starink.

<sup>235</sup> 'A gap in retirement income, i.e. a gender pension gap, is the difference between the average retirement income of men and women in the latest year available. It is expressed as a percentage of men's average pension and is calculated over the population of pension beneficiaries aged 65+ for comparability purposes across countries.' (OECD, Pensions at a Glance 2021, pg. 174.

<sup>236</sup> PAR 2021 p. 254-256

<sup>237</sup> Our consultations.

<sup>238</sup> Evidence provided by Prof. Starink.

<sup>239</sup> Our consultations.

<sup>240</sup> Improving access to care provision requires measures such as increasing accessibility and affordability of childcare.

**Table 14 – Impacts of care leave on pension accrual in the organisations interviewed**

Care leave	National Legislation	PFZW <sup>241</sup>	Shell	StiPP
Maternity leave	Work and Care Act <sup>242</sup>	Pension accrual takes place.	Paid leave (70% paid by UWV, remaining 30% by employer). Pension accrual takes place as usual (based on the full 100% salary).	Employer is reimbursed by the UWV, up to an upper limit, which may be below 100% of the employee's salary. The collective labour agreement determines whether the employer tops this up to 100%.
Paternity leave		Pension accrual takes place in the first week (as it is a wage paid by the employer). For the following 5 weeks, standard pension accrual is not offered.	8 weeks paid leave. Occupational pension accrual takes place as usual (based on the full 100% salary).	Paid leave according to the Work and Care Act. All UWV paid leave periods involve the employer contributing to the occupational pension.
Parental leave		Standard pension accrual is not offered.	70% paid by UWV for the 9 paid weeks, paid directly to the employee. Occupational pension accrual does not take place. <sup>244</sup>  The remainder of the maximum 26 weeks is unpaid leave. No pension accrual takes place.	As with paternity.
Short-term care leave		Wages are continued at 70% and pro rata pension accrual takes place.	Occupational pension accrual is as usual (based on the full 100% salary).	As with paternity.

<sup>241</sup> For any periods of leave where no pension accrual occurs, there is still risk coverage for death and disability.

<sup>242</sup> Overheid.nl (2023) Wet arbeid en zorg (Work and Care Act).

<sup>243</sup> The PFZM does not offer standard pension accrual in the mandatory part, but collective labour agreements can stipulate this. Accrual can also be continued voluntarily and financed by the participant. The entry for PFZM relates to an occupational pension scheme, not a standalone employer, and is therefore more general, as the social partners, individual employers and collective labour agreements tailor the benefits offered. Our consultations included an interview with PGGM - the service provider of PFZW, the pension fund for the care sector.

<sup>244</sup> As discussed, Shell draws a distinction between the type of leave: either paid or unpaid. Parental leave is qualified as unpaid leave by Shell. As such, pension accrual does not continue.

Long-term care leave		Standard pension accrual is not offered.	Standard pension accrual is not offered.	As with paternity.
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### 7.4.5. Remarks

Overall, there is a high level of coverage by occupational pension schemes in the Netherlands, and the residency-based pension accrual is considered a positive feature by the stakeholders consulted. However, stakeholders also acknowledge that the Dutch residency-based approach is somewhat atypical compared to other EU member states. As such, the experience and practices from the Netherlands may be difficult to transfer into other national contexts.<sup>245</sup> Legislative and policy changes have recently been made. For instance, the allowance of only 2 days of leave at the time of the birth of a child has been extended to 6 weeks for the non-birthing partner. The interviewees believed that the incentive for this move has come from the legislative change and pressure from the EU. However, stakeholders indicated that more progress could still be achieved, as, in their view, the Netherlands were still lagging behind other countries regarding gender equality measures.

Consultation activities also revealed that interviewees believed that Scandinavian countries address childcare better than the Netherlands. Interviewees highlighted that when childcare is financed from public resources (e.g. as in Sweden), this reduces the need for informal care to be provided by family members (predominantly mothers). As a result, women can continue to be professionally active and work full-time rather than reducing their working hours and working part-time to compensate for the unavailability of formal childcare provision. Interviewees suggested that the recent legislative changes resulting from transposition of the WLB Directive have now gathered the low-hanging fruit. However, additional changes and challenges to social norms and formal infrastructure will be needed if the country is to make further progress. It was explained that women are expected to reduce their working hours when children are born, and it would be regarded as abnormal for men to do the same. Allocating specific shares of leave periods to men and women challenges current cultural norms and could contribute to social change. Further pressures from an ageing society and the need for better provision of informal care may be catalysts for further intervention and policy changes.

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<sup>245</sup> Consultation activities.

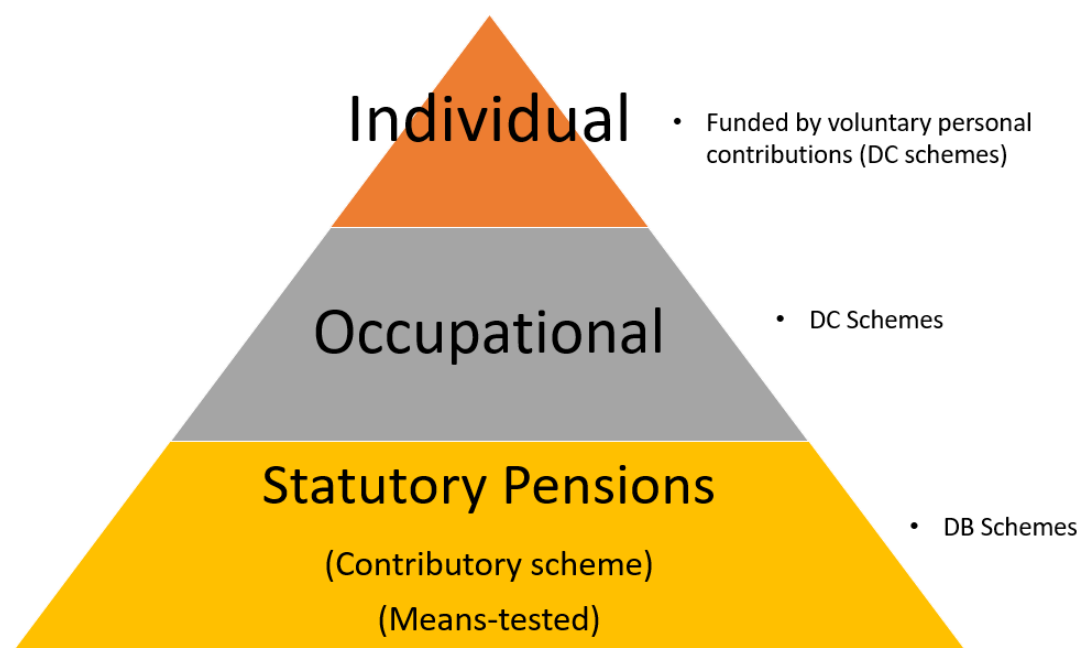
## 7.5. Annex 5: Case study on Spain

Case study developed by Natali, D. and Galligani, I.

### 7.5.1. Characteristics of the pension system in Sweden

The Spanish pension system is characterised by a predominance of statutory pensions administered by the social security. The most common types are earnings-related, accompanied by a non-contributory (means-tested) minimum pension for vulnerable workers. Supplementary pension schemes are underdeveloped and see a slight prevalence of personal plans over occupational ones. Recent reforms (Law 12/2022) have attempted to spread the use of these supplementary plans.

**Figure 7: Spanish pension system**



Source: Study team analysis.

Law 2/2023) in line with the guidelines provided by the Toledo Pact of 2020. The law introduced few major changes with the aim of improving the system sustainability and adequacy, and reduce the gender gap in pensions. Key measures consisted of:

- An increase of the maximum monthly earnings used to calculate contributions,
- A solidarity contribution on employees with earnings above the monthly covered earnings ceiling and their employers to help finance the social security system,

- An establishment of a new reserve fund referred to as the Intergenerational Equity Mechanism to ensure annual increases in retirement, survivor, and disability benefits; and,
- Increase the number of years of covered earnings used to compute career-average earnings for the contributory old-age pension.

## Occupational pensions

Supplementary pension schemes are voluntary and follow a defined contribution model (DC). The system of occupational pension plans is poorly developed, and most plans are linked to large firms (mainly in banking and assurance sectors) and/or special groups of employees (e.g., executives).

Individual or personal pension plans are often used for voluntary savings. They are more diffused than occupational plans, although both have shown a declining trend in recent years: in 2018, 18,7% of people aged 16 and over participated in personal plans, while 13% in occupational plans.<sup>246</sup> Most recent data reported by the Spanish government state that just about 9% of workers (2 million) are covered by occupational pensions.<sup>247</sup>

Occupational pension plans are entirely voluntary for companies. Employers may offer qualified plans which have annual contribution limits, or unqualified group life assurance arrangements. On average, 82% of the contributions to these plans are provided by the promoters (companies) and 18% by the employees.<sup>248</sup> The amount of total contributions depends on each collective agreement.<sup>249</sup>

In any case, occupational plans are almost limited to large firms and used by companies as instruments to externalise the pension commitments to their workers (56.42 %) followed by collective insurances (42.79 %).<sup>250</sup> Self-employed do not benefit from them, while other types of 'non-standard workers', as such as fixed-term employees, temporary agency workers, casual and seasonal workers, on-call workers, apprentices and paid trainees, could be included in the plans, but this depends on the company's decision with regard to its workers.

## Recent reform of the occupational pension schemes

In 2022, as part of Spanish National Recovery and Resilience Plan (Component n.30; Reform n.5), the Law 12 of 2022 reformed supplementary occupational pensions with the aim of improving access to collective plans for low and middle-income workers and small and

<sup>246</sup> European Commission (2021a) Directorate-General for Employment, Social Affairs and Inclusion. 2021 *pension adequacy report : current and future income adequacy in old age in the EU. Volume 1*, Publications Office. Available at: <https://data.europa.eu/doi/10.2767/013455> and, European Commission (2021b) Directorate-General for Employment, Social Affairs and Inclusion, 2021 pension adequacy report : current and future income adequacy in old age in the EU. Volume 2, Country profiles, Publications Office. Available at: <https://data.europa.eu/doi/10.2767/765944>

<sup>247</sup> Social Security Administration (2022) *International Update, Recent Developments in Foreign Public and Private Pensions: Spain Enacts Occupational Pension Reform Law*. Available at: [https://www.ssa.gov/policy/docs/progdesc/intl\\_update/2022-08/2022-08.pdf](https://www.ssa.gov/policy/docs/progdesc/intl_update/2022-08/2022-08.pdf)

<sup>248</sup> Gobierno de España (2023) Seguros y Fondos de Pensiones, Informe 2022. Available at: <https://dgsfp.mineco.gob.es/es/Publicaciones/DocumentosPublicaciones/Informe%20del%20sector%202022.pdf>

<sup>249</sup> See: Gobierno de España (2023) Seguros y Fondos de Pensiones, Informe 2022.

<sup>250</sup> For example, in the construction sector's pension plan the employer's annual contribution corresponds to 1% of the employee's total annual economic payment (*conceptos salariales*) consisting of the basic salary *plus* the various supplements that can be activated (e.g. transport bonuses, etc.). The *conceptos* are calculated on the average basis established in the collective agreement. In pension plan of the retailers of plant and flowers the annual employer's contributions shall be 0.80% of his or her gross annual salary.

medium-sized enterprises, as well as for the self-employed and younger of workers. To achieve this goal, the reform aims to promote the consolidation of sectoral pension funds. This is pursued, on the one hand, by promoting the regulatory conditions for a greater capacity to establish funds even for weaker labour sectors, and, on the other hand, by making it compulsory for all companies to follow the same rules (making the level of protection uniform at sectoral level).

To this end, the Law 12 introduces the “simplified occupational plans” (SOPS, *Planes de pensiones de empleo simplificados*). These will preferably be established in the context of the redefinition of collective agreements and/or agreements of the promoters of self-employed workers' plans, or of worker-members and working partners of cooperative and worker-owned enterprises. SOPS can be included in a public promoted occupational pension funds (PSOPF) or in a privately arranged occupational pension scheme of their choice. In addition, the reform introduces Publicly Promoted Occupational Pension Fund (PSOPF, *Fondo de Pensiones de Empleo de Promoción Pública Abierto*), with the aim of enabling workers not covered by other occupational funds to access effective and affordable pensions with low administration costs and environmentally and socially friendly investment strategies. PSOPFs will be supervised by a special regulatory commission attached to the Ministry of Inclusion, Social Security and Migration, and will be managed by private management entities selected after a tender.

While waiting for the recent reform to fully unfold its effects, the current situation is characterised by two forms of occupational schemes. The first is the case of plans promoted by a specific company for its workers. These are diffused mostly in the banking and assurance sectors. The second is that of the typology introduced by the Law 12/2022, which is characteristic of multi-company plans activated by the enterprises covered by the same collective agreement. The Plan of retailers of flowers and plants is the only one already operational today,<sup>251</sup> while another plan for the construction sector, defined in the collective agreement recently updated, is about to be activated.<sup>252</sup> In both cases, the promoters are the member companies, but the managing body of the plans is an external entity (among the five selected by the government<sup>253</sup>). Workers from involved companies become participants in the *Plan de Empleo* automatically (auto-enrolment), unless the worker explicitly refuses.

## 7.5.2. Care related leaves

Article 48 of the Working Statute (WS) regulates the general framework for parental leaves for childbirth. The biological mother is entitled to 16 weeks: 6 compulsory uninterrupted weeks after childbirth, and 10 weeks, which can be taken full-time or part-time, either in continuation of the compulsory period or in interrupted mode to be taken before the child is 12 months old. The biological mother can anticipate the start of leave period up to 4 weeks before the expected due date. If the biological mother is unfit for work, maternity leave and the corresponding

<sup>251</sup> Ministerio de Trabajo y Economía Social (2021) *Resolución de 19 de agosto de 2021, de la Dirección General de Trabajo, por la que se registra y publica el Convenio colectivo estatal para las empresas del comercio de flores y plantas*. Published on: «BOE» núm. 211, de 3 de septiembre de 2021, páginas 107485 a 107567 (83 págs.) Available at: [https://www.boe.es/eli/es/res/2021/08/19/\(10\)](https://www.boe.es/eli/es/res/2021/08/19/(10))

<sup>252</sup> Ministerio de Trabajo y Economía Social (2023) *Resolución de 6 de septiembre de 2023, de la Dirección General de Trabajo, por la que se registra y publica el VII Convenio colectivo general del sector de la construcción*. Published on: «BOE» núm. 228, de 23 de septiembre de 2023, páginas 129033 a 129246 (214 págs.) Available at: [https://www.boe.es/eli/es/res/2023/09/06/\(2\)](https://www.boe.es/eli/es/res/2023/09/06/(2))

<sup>253</sup> Salobral, N., (Cinco Días) (2023) *VidaCaixa, BBVA, Caser, Santander e Ibercaja gestionarán el macrofondo de pensiones de empleo (VidaCaixa, BBVA, Caser, Santander and Ibercaja to manage the employment pension macro-fund)*. Available at: <https://cincodias.elpais.com/mercados-financieros/2023-07-21/vidacaixa-bbva-caser-santander-e-ibercaja-gestionaran-el-macrofondo-de-pensiones-de-empleo.html>

maternity grant will be given from the date of the birth.<sup>254</sup> In the case of childbirth, the other parent<sup>255</sup> is entitled to 16 weeks of leave (continuous or discontinuous) from the birth of the child. Finally, in case of adoption, the same number of weeks are entitled from the date of the administrative decision regarding the adoption or fostering.<sup>256</sup>

The requirements for the entitlement of these leaves are linked to the period of contributions previously paid (RD 295/2009): a) no minimum period is required for workers under 21 years old; b) for those aged between 21 and 26, 90 days of contributions in the 7 years before the start of the leave are required, or, alternatively, 180 days of contributions during working life; c) workers over 26 years of age must have 180 days of contributions in the previous 7 years, or alternatively, 360 days of contribution during working life.<sup>257</sup>

Both maternity and parental leave for childbirth are fully paid by state allowance (100% of salary).<sup>258</sup> Both are dispensed by *Instituto Nacional de la Seguridad Social* following the worker's request.<sup>259</sup> In addition, each specific collective labour agreement may provide for other typologies of paid parental leave.<sup>260</sup>

Other additional cases of paid leaves are provided by the RD 295/2009 which regulates benefits for maternity, paternity, risk during pregnancy and risk during breastfeeding. The leave for risk during pregnancy (*subsídio por riesgo durante el embarazo*) is dedicated to pregnant women who have to stop working *before* the time allowed for starting 'maternity leave' because of the risk for their health or that of the unborn child related to the specific working conditions.<sup>261</sup> The allowance consists of a benefit equivalent to 100% of the basic allowance corresponding to the Temporary Incapacity (TD) benefit resulting from occupational contingencies, taking the date of the start of the leave as the reference point. The payment of the allowance is the responsibility of the managing body or the social insurance company covering the company's occupational risks at the time of the suspension of the contract.

In addition, there is the possibility of accessing, to the leave for risk during breastfeeding (*subsídio por riesgo durante la lactancia*) for working mothers who have to stop work *after* the 'maternity leave' due to working conditions that may cause a risk for breastfeeding. The procedure is similar to the previous for risk during pregnancy.

<sup>254</sup> Seguridad Social (retrieved 2024a) *Birth and child care*. Available at: <https://www.seg-social.es/wps/portal/wss/internet/Trabajadores/PrestacionesPensionesTrabajadores/6b96a085-4dc0-47af-b2cb-97e00716791e/19-c021?changeLanguage=en>

<sup>255</sup> RD 6/2019 equalized protections for other parents who are not the biological mother to those of the latter, introducing a unified benefit known as "birth and childcare." Differences remain only in the timing for activating the leave period (but not the duration or amount). For the latter reason, the following discussion will continue to follow the terms "maternity leave" and "parental leave".

<sup>256</sup> In cases of international adoption, the adopter may start the leave period 4 weeks before the date of the Court's final decision if it is necessary for the parents to travel to the adopted child's country of origin.

<sup>257</sup> For those who do not meet these requirements, it is possible to access a non-contributory maternity allowance (*subsídio por maternidad de naturaleza no contributiva*). The daily amount of the benefit is equal to 100% of the public daily income indicator (IPREM) in force at any given time.

<sup>258</sup> Seguridad Social (retrieved 2024a) *Birth and child care*. Available at: <https://www.seg-social.es/wps/portal/wss/internet/Trabajadores/PrestacionesPensionesTrabajadores/6b96a085-4dc0-47af-b2cb-97e00716791e/19-c021?changeLanguage=en>

<sup>259</sup> For self-employee, the economic benefit for the birth and care of a child consists of a state allowance equal to 100% of a basic rate, which is the division by 180 of the sum of the contribution bases credited to their social security fund in the six months immediately preceding the month in which the birth occurred.

<sup>260</sup> For example, the collective agreement for workers in the banking sector provides that: in the event of the birth of a child with disabilities, paid leave of up to 30 days may be taken within the first 24 months of the birth. This leave may be taken by either the father or the mother if both are employed.

<sup>261</sup> In this specific case, no minimum contribution period is required since it arises from occupational contingencies. nevertheless, some particular differences are related to the job category and the job occupied, so for a more detailed analysis please refer to: Seguridad Social (retrieved 2024 b) *General scheme, Protected situation*. Available at: <https://www.seg-social.es/wps/portal/wss/internet/Trabajadores/PrestacionesPensionesTrabajadores/10956/28347#6215>



Furthermore, in the case of multiple births or adoption or fostering of several children at the same time, a special allowance shall be granted for each child, equal to that corresponding to the first child, for a period of six weeks immediately following the birth or, in the case of adoption or fostering, from the administrative or judicial ruling decision (*Subsidio especial en caso de parto, adopción o acogimiento multiples*). The allowance may be received by only one of the parents, and one of them is entitled to it. The allowance (100% of salary) shall be paid in a lump sum at the end of the six-week period following the birth and, in the case of multiple adoptions and fostering of more than one child, at the end of the six-week period immediately following the court decision on administrative fostering or the court decision on adoption.

Recently, the Royal Decree-Law 5/2023 updated the legislation of care leaves introducing a new *Article 48 bis*. It establishes that workers will be entitled to take paid parental leave to care for children or minors beyond the duration of the first year after birth, until the child reaches eight years of age. This leave, which is not to exceed eight weeks, whether continuous or with breaks, may be taken on a full- or part-time basis in accordance with what the regulations stipulate. RD 5/2023 also updated the regulation of other already existent care related leaves, in line with the [Directive \(EU\) 2019/1158, on work-life balance for parents and carers](#). The renovated Article 37 of the WS states that the paid leave that may be taken for serious accidents or diseases, hospitalization or surgery without hospitalization requiring home rest for spouses, de facto partners or family members up to the second degree of consanguinity or affinity, including the blood-related family members of *de facto* partners, as well as any person other than the foregoing, who lives with the worker in the same house and effectively requires care from the worker, is extended from two to five days.

Paid leave of two days for the death of spouses, or family members up to the second degree of consanguinity or affinity, is extended to 'de facto partners'. If for this reason the employee needs to travel, the leave will be extended by another two days. Finally, employees will be entitled to take time off from work for 'force majeure' - urgent family reasons - related to family members or cohabitating persons disease or accident that requires their immediate presence. Employees will be entitled to be paid for any hours of absence for the indicated reasons up to the equivalent of four days per year, in accordance with the collective agreement or, failing that, the agreement between the company and the workers' statutory representatives. All these examples under Art. 37 & 48 *bis* are financed by the employer given the constancy of the salary payment.

When the fulfilment of the aforementioned additional leave entitlements (with the exception of maternity and paternity leave under Article 48) determines the impossibility to work more than 20% of the working hours in a three-month period, the company may place the employee on unpaid leave condition (*excedencia*) governed by Article 46.1 of the Workers' Statute.

Whereas in the case of paid leave the contributions are made through the state allowance (e.g. maternity leave) or, for a more limited period, by the employer (e.g. Art. 37), in the case of *excedencia* no contributions are made, except in the cases provided for in the legislation and discussed below.

**Table 15 – Main care leave types, duration and provision**

Care leave	Length of leave	Payment level	Impact of the Work-life Balance Directive	Conditions and eligibility
Maternity leave & parental leave	16 weeks	100% of the salary (state allowance)  * non-contributory maternity grant are calculated in relation of a public daily income indicator (IPREM)	No influence on maternity leave. RD 6/2019 equated the protections for other parents who are not the biological mother to those of the latter. Differences remain only as to the period of activation of the leave period (but not the duration or the amount).	For those over the age of 21, there is a minimum requirement of contribution days in their working life prior to birth.  * For those unable to reach these contributions level there is a minimum non-contributory allowance
Leave for risk during pregnancy and breastfeeding	The duration depends on the medical assessment of the specific risk circumstances.	100% of the basic allowance corresponding to the Temporary Incapacity benefit resulting from occupational contingencies. It is paid by the managing body or the social insurance company covering the company's occupational risks	No changes introduced recently	Access depends on the working conditions and health needs of the beneficiaries
Short-term leaves	The length depends on the specific leave considered, but on average in the order of a few days justified for specific reasons	No interruption of salary payment by the employer	RD 5/23 extended the duration of existing cases of paid leave and introduced new ones	Access depends on detailed justification of the need

### 7.5.3. Care credits in the statutory pension scheme

According to MISSOC data<sup>262</sup>, up to 2023, all the aforementioned care leaves are covered through care credits in statutory pension schemes.

In first instance, contribution credits are provided for the assimilated periods due to birth (*periodos de cotización asimilados por parto*: Art. 235 of the Working Statute renovated by RD 8/2015). This ensures that in case of birth the total amount of 112 full contribution days (the total 16 weeks of leave) is calculated for each single child. Moreover, there are ensured others 14 additional days for each child after the second, inclusive, in the event of a multiple birth, in case the woman was not working during that period.

In addition to the contributions provided by the paid leaves, there are also care credits paid in relation to non-remunerated periods (*excedencias*) as well as for periods of inactivity at work related to care. Some of these unpaid periods are in fact covered by contributions credits while some others (e.g. unpaid leaves for elderly care) are not.

Indeed, periods out of work due to children and foster children care could also be considered as full contribution periods (*periodos computables por cuidado de hijos o menores acogidos*: Art. 236. WS): In the event of termination of employment or termination of unemployment benefits that occurs between the nine months preceding the birth of a child, or the three months preceding the final adoption or foster care, or the sixth year following the birth, adoption or foster care, a period of up to 270 days per child or adopted or foster child may be recognised as fully contributory, but without exceeding the actual duration of the break in the contributory period. Only one parent can be credited with this period for all purposes, except for compliance with the minimum contribution period required. Computable periods for child or foster children care are compatible and cumulative with the already entitled assimilated periods due to birth. They are also compatible and cumulative with periods of effective contributions derived from parental leave to bring up a child, although they must not together exceed five years per beneficiary for the purpose of determining the amount of the benefit or the age for retirement.

This means that in *some specific cases*, in Spain an active participation to the labour market *is not always a necessary* condition to have care credits allocated in statutory pensions.

In addition, Art. 237 of the Working Statute (recently renovated by the RD 2/2023) regulates that other unpaid care related breaks also count as contributory periods for statutory pensions. The article states that:

- The first three years of unremunerated leave (*excedencia por cuidado de hijo*) taken by workers to care for each child or foster child, shall be considered as an effective contribution period for the purposes of the corresponding social security benefits for retirement, permanent disability, death and survival;
- The first three years of unremunerated leave taken by workers to care for other family members (*excedencia para el cuidado de familiares*) up to the second degree of consanguinity or affinity, who, for reasons of age, accident, illness or disability, are unable to look after themselves and are not gainfully employed. The first three years of reduced working hours to care for a minor or person with disabilities see the increase of up to 100% of the contributions made.

<sup>262</sup> MISSOC (2023) MISSOC Comparative Tables. Available at: <https://www.missoc.org/missoc-database/comparative-tables/>

Moreover, mothers are also entitled of a supplement to contributory pensions for retirement, widowhood and permanent disability as of 1 January 2016. The additional percentage of the contributory pension will be 5% in case of having two children, 10% for mothers of 3 children and 15% in the case of four or more children.<sup>263</sup>

Furthermore, Royal Decree Law 2/2023 of urgent measures for the extension of pensioners' rights, the reduction of the gender gap and the establishment of a new framework for the sustainability of the public pension system, sets that the gender gap supplement will be raised in the next two years by an additional 10% in line with the consumer price index. As for the contribution gaps supplement, the general regulation sets that up to five gap years will be covered at 100% of the minimum base, as opposed to the current four. The sixth and the seventh years without any contribution will be covered by 80% of the minimum base, as opposed to the current 50%.

#### 7.5.4. Care credits in OP

Law 12/2022 of 30 June regulates the promotion of occupational pension plans, while amending the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November. While this reform does not substantially affect the regulation of care credits, it introduces an amendment (Art.74 Amendment of the specifications and technical basis for simplified occupational pension schemes) which defines an important non-discrimination clause in order to reduce the gender gap. The paragraph five of Art.74 states that:

Non-discrimination in access to the employment system plan shall be compatible with the differentiation of the promoter's contributions corresponding to each participant, in accordance with criteria derived from a collective agreement or equivalent provision or established in the specifications of the plan. In any case, *the development of corrective measures to avoid the gender gap must be guaranteed, such as, among others, the maintenance of contributions in the cases of reduction of working hours and suspension of the employment relationship with job reservation* as set out in articles 37.6 and 48, sections 4 to 8, of the revised text of the Workers' Statute Law, approved by Royal Legislative Decree 2/2015, of 23 October.

Moreover, interviews with social partners' representatives have stated that collective agreements that regulate occupational pensions cannot set lower levels of protection of care leaves periods than National Law. Consequently, these provisions were introduced in the most recently approved or renewed occupational pension plans, such as the one of the building sectors and the one of retailers of flowers and plants.

For example, Art.16 of the regulation of the occupational plan defined by the new collective agreement of the building sector states that:

The contributions of the Promoter Entity in favour of the recipient who are in any of the following situations, in addition to the exceptions stated in article 29 of the present Specification Regulations, *will not be interrupted for*: a) Birth, risk during pregnancy, risk during breastfeeding of a child under nine months of age of the working woman, adoption and guardianship for the purpose of adoption or fostering, [...] as long as its duration is not more than one year, of children under six years of age, or over that age with disability or who due to their personal circumstances and experiences or coming from abroad, have

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<sup>263</sup> OECD, 2020

special difficulties of social and family insertion duly accredited by the competent social services.<sup>264</sup>

In parallel with the provisions of Article 237 of the renovated Working Statute (see above), Article 43 of the collective agreement of retailers of plants and flowers introduces the payment of compensatory contribution in case of the reduction of working hours because of caring responsibilities. The article states that:

The parent, the adoptive parent, the carer for the purpose of adoption, or the permanent foster carer, *shall be entitled to a reduction of the working day, with a proportional reduction of the salary*, of at least the half of the duration of the working day, in order to care during the hospitalisation and continued hospitalisation and continued treatment of the minor in their care affected by cancer (malignant tumours, melanomas and carcinomas), or by any other serious illness, involving long-term hospitalisation and requiring the need for direct, continuous and permanent care, accrediting the direct, continuous and permanent care, as accredited by a report from the Public Health Service or the Health Service or health administrative body of the corresponding Autonomous Community and, at the most, until the minor reaches the age of 18. The company will facilitate the processing of the *application through the Mutual for the economic benefit extending the payment up to 100% of the working day and will inform the entire workforce that the contributions paid during the periods of this reduction in working time will be calculated at 100% of the amount that would have been paid if the working day had been maintained without this reduction. This contribution is included in the calculation for benefits for retirement, permanent incapacity, death and death and survival, childbirth and childcare, risk during pregnancy, risk during breastfeeding and temporary incapacity.*

Moreover, social partners can by contrast improve protection beyond the requirements of the Workers Statute.

A relevant case is the collective agreement of the banking and financial sector. Art. 64 of the agreement provides that:

*Supplements to benefits and pensions shall be granted with effect from the same date on which Social Security benefits and pensions are recognised, and in the same cases and terms as those granted, and in the case of care for minors affected by cancer or other serious illnesses, also with the same requirements as those granted. The basis for calculating pension supplements shall consist of the items set out in Article 41 of this Collective Agreement, which may correspond to the employee, plus family allowance, received in the twelve months immediately preceding the month in which he or she retires, becomes permanently totally and absolutely incapacitated, is severely disabled or dies.*

### 7.5.5. Remarks

The Spanish pension system has gone through several reforms in the last few years. Between them, Law 12 of 2022 reformed the regulation of supplementary pensions in order to promote the increase for occupational schemes. It introduced simplified pension schemes and public

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<sup>264</sup> At the same time, there is no obligation for the employee to pay his share of the contributions during the period of salary suspension.

promoted pensions with the aim of reducing costs and broaden the number of workers covered by supplementary schemes. Nevertheless, at the end of 2023, occupational pension schemes cover about 9% of the employees in Spain. Their role is thus quite limited.

Regulation of pension care credits is set by the Law for statutory schemes. The same regulation is a point of reference for social partners when they set rules for occupational pension schemes in collective bargaining agreements. The latter cannot set rights below the standards defined by the workers statute. At the same time, to date there is still little evidence of the capacity of these innovative plans to increase protections beyond those already established at statutory level.

### 7.5.6. Relevant legislation

Ley 12/2022, de 30 de junio, de regulación para el impulso de los planes de pensiones de empleo.

Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social.

Real Decreto-ley 3/2021, de 2 de febrero, por el que se adoptan medidas para la reducción de la brecha de género y otras materias en los ámbitos de la Seguridad Social y económico.

Real Decreto-ley 2/2023, de 16 de marzo, de medidas urgentes para la ampliación de derechos de los pensionistas, la reducción de la brecha de género y el establecimiento de un nuevo marco de sostenibilidad del sistema público de pensiones.

Real Decreto-ley 5/2023, de 28 de junio, por el que se adoptan y prorrogan determinadas medidas de respuesta a las consecuencias económicas y sociales de la Guerra de Ucrania, de apoyo a la reconstrucción de la isla de La Palma y a otras situaciones de vulnerabilidad; de transposición de Directivas de la Unión Europea en materia de modificaciones estructurales de sociedades mercantiles y conciliación de la vida familiar y la vida profesional de los progenitores y los cuidadores; y de ejecución y cumplimiento del Derecho de la Unión Europea.

Resolución de 19 de agosto de 2021, de la Dirección General de Trabajo, por la que se registra y publica el Convenio colectivo estatal para las empresas del comercio de flores y plantas

Resolución de 6 de septiembre de 2023, de la Dirección General de Trabajo, por la que se registra y publica el VII Convenio colectivo general del sector de la construcción.

## 7.6. Annex 6: Case study on Sweden

Case study developed by Copping, D. Fassino, G. and Janta, B.

### 7.6.1. Characteristics of the pension system in Sweden

#### **There are statutory and non-statutory pension schemes in the Swedish pension system**

The Swedish pension system consists of various statutory and non-statutory schemes (see Figure 8). There is a statutory pension, comprising an income pension along with a premium pension, and then supplementary schemes on top of this. Some refer to it as an emergent multi-pillar system<sup>265</sup>.

#### **The statutory pension is based on national insurance contributions**

As shown in Figure 8, the statutory scheme is earnings-based and comprises a notional accounts (Notional Defined Contribution, NDC) pay-as-you-go system, a mandatory defined contribution (DC) (premium) pension and a means-tested top-up benefit that ensures a minimum guaranteed pension for those with low or no pension (financed by the state budget). For a salary of up to 7.5 income base amounts<sup>266</sup>, 18.5% is paid into the statutory scheme, of which 7% is contributed by workers and 10.21% is paid by employers<sup>267, 268</sup>. Of this, 16% is allocated to the income pension and 2.5% to the premium pension. The statutory scheme only provides pension benefits up to a certain threshold and the role of the occupational pension is to top up these schemes. Contributions to occupational pensions differ between schemes. Detailed information on the contribution rates is presented below in Table 16.

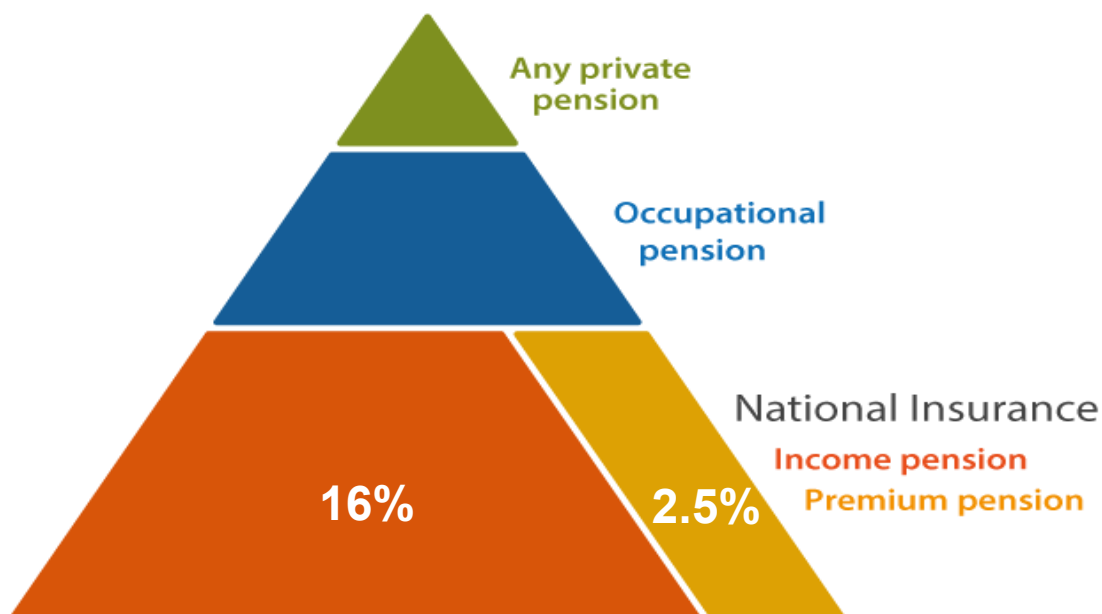
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<sup>265</sup> Ebbinghaus, 2011.

<sup>266</sup> The income base amount in 2023 is SEK 74,300, meaning that the threshold is SEK 557,250 (approximately EUR49,000).

<sup>267</sup> The contribution is equivalent to 18.5% once tax effects have been taken into account.

<sup>268</sup> Anderson (2015): Occupational Pensions in Sweden. Available at: <https://library.fes.de/pdf-files/id/12113.pdf>

**Figure 8: Components of the Swedish pension system**

Source: Informationsverige.se (2023) 'Pensions and other financial support'.

### There are four major occupational pension schemes in Sweden

In Sweden, there are four major occupational pension schemes cumulatively covering around 90% of the labour force. Each of the four major schemes is based on sectoral collective bargaining agreements:

- ITP 1 and 2 - for private-sector white collar workers (ITP 1 is a defined contribution scheme for those born after 1979, ITP 2 is a defined benefit scheme for those born in 1978 or earlier)<sup>269</sup>.
- SAF-LO - for private-sector blue collar workers<sup>270</sup>.
- PA03/PA16 - for state workers<sup>271</sup>.

<sup>269</sup> ITP occupational pensions are based on an agreement between *The Council for Negotiation and Co-operation for Salaried Employees* (PTK) and *Svenskt Näringsliv* (the Confederation of Swedish Enterprise). See: Avtalat (retrieved 2023) *How ITP occupational pension works*. Available at: <https://www.avtalat.se/in-english/white-collar-worker/occupational-pension/#:~:text=ITP%20is%20a%20collectively%20agreed%20pension%20that%20you,you%20should%20become%20ill%20for%20a%20long%20period>

<sup>270</sup> SAF-LO is a pension agreement between the Confederation of Swedish Enterprise and the Swedish Trade Union Confederation (LO). See: minPension (updated 2023) *Om Avtalspension SAF-LO (About SAF-LO collective agreement pension)*. Available at:

<sup>271</sup> PA16 was negotiated by the trade unions in the state sector (OFR/S, P,O, Saco-S, Seko) and the Swedish Agency for Government Employers. PA03 is the prior iteration. See: Statens tjänstepensionsverk (State Occupational Pensions Board, SPV) (2023) *Avtal och författningar (Agreements and regulations)*. Available at: <https://www.spv.se/arbetsgivare/statlig-tjanstepension/forsta-tjanstepension/avtal-och-forfattningar/>



- KAP-KL/AKAP-KR - for municipal workers<sup>272</sup>.

Several other lesser used occupational pensions also exist, similar in design to the above, for specific sectors such as the **banking** sector and for the **Church of Sweden**<sup>273</sup>. These schemes are smaller and often follow similar principles to one of the four main occupational pension schemes. These lesser used schemes will not be discussed further in this case study report.

According to the OECD, occupational pension schemes cover 96.4% of workers<sup>274</sup>.

### The self-employed can join occupational pension schemes

The **self-employed** are not subject to collective agreements but they **can opt into** and join occupational pension schemes. Around **30% of self-employed workers** are currently covered by an **occupational pension**. According to evidence collected in the consultation activities, typically, the self-employed who are not members of a scheme are on lower incomes and may choose not to participate in an occupational pension scheme to avoid paying the associated fee<sup>275</sup>. Some corporate employers also have their own occupational schemes.

### Contributions differ between occupational pension schemes

For occupational pensions, the contribution amounts differ between the major occupational pension schemes. Generally, employers make all contributions to the schemes. Table 16 below presents the four main occupational schemes in Sweden.

**Table 16 –Types of occupational pensions in Sweden**

Types of occupational pensions in Sweden	
ITP <sup>1276</sup>	<ul style="list-style-type: none"> <li>• 4.5% of pensionable income components up to 7.5 income base amounts (IBA)</li> <li>• 30% of pensionable income components between 7.5 IBA and 30 IBA</li> </ul>
ITP <sup>2277</sup>	<ul style="list-style-type: none"> <li>• Defined benefit pension with the pension payout below as a percentage of the final salary</li> </ul>

<sup>272</sup> *Kollektivavtalad Pension för Kommun och Landsting* (KAP-KL) applies to those employed in a municipality or region born in or prior to 1985. *Avgiftsbestämd KollektivAvtalad Pension* (AKAP-KR) is a new agreement as of January 1, 2023, and is a revision of *Avgiftsbestämd KollektivAvtalad Pension* (AKAP-KL). See: Pensionsguiden, Monica Sjödin (2023) *Dags att välja: AKAP-KR eller KAP-KL? (Time to choose: AKAP-KR or KAP-KL?)*. Available at: <https://www.pensionsguiden.nu/dags-att-valja-akap-kr-eller-kap-kl/> and, AKAP-KR (2021) *Överenskommelse om ändringar och tillägg i Avgiftsbestämd KollektivAvtalad Pension (AKAPKR)* (Agreement on changes and additions to the Defined Contribution Collective Agreed Pension (AKAPKR)). Available at: <https://www.pensionsguiden.nu/wp-content/uploads/AKAP-KR-i-lydelse-230101.pdf>.

<sup>273</sup> ISF (2021): *Options for early retirement: an analysis of International Experience*. Swedish Social Insurance Inspectorate Report. P42. Available at: <https://isf.se/download/18.662d0bf917f44ad512cd9ce0/1649238776837/Options%20for%20Early%20Retirement%20-%20ISF%20Report%202021-7.pdf>

<sup>274</sup> OECD (2021; 2022).

<sup>275</sup> Consultation with experts.

<sup>276</sup> Avtalat (retrieved 2023) *How ITP occupational pension works*. Available at: <https://www.avtalat.se/in-english/white-collar-worker/occupational-pension/#:-:text=ITP%20is%20a%20collectively%20agreed%20pension%20that%20you,you%20should%20become%20il%20for%20a%20long%20period>

<sup>277</sup> Anderson (2015): *Occupational Pensions in Sweden*. Available at: <https://library.fes.de/pdf-files/id/12113.pdf>

	<ul style="list-style-type: none"> <li>○ 10% for 0-7.5 IBA</li> <li>○ 65% for 7.5-20 IBA</li> <li>○ 32.5% for 20-30 IBA</li> <li>● Defined contribution pension: 2% of pensionable income to ITPK (supplementary retirement pension plan)</li> </ul>
SAF-LO <sup>278</sup>	<ul style="list-style-type: none"> <li>● 4.5% of pensionable income components up to 7.5 IBA</li> <li>● 30% of pensionable income components above 7.5 IBA</li> </ul>
PA03 / PA16	<ul style="list-style-type: none"> <li>● PA03: split into three parts.             <ul style="list-style-type: none"> <li>○ Defined benefit based on salary, year of birth, and length of service. Requires year of birth before 1973 or salary 7.5 above income base rate.</li> <li>○ Supplementary retirement pension (Kåpan Tjänste). Contributions of 2% of pensionable income.</li> <li>○ Individual retirement pension. Worker defined plan. Contributions of 2.5% of pensionable income.</li> </ul> </li> <li>● PA16: replaced PA03 in 2016 and is split into two sections depending on the worker's year of birth. This is a defined contribution pension.<sup>279</sup> <ul style="list-style-type: none"> <li>○ Section I (born after 1988): contributions are split into three plans:                 <ul style="list-style-type: none"> <li>▪ Mandatory retirement pension (Kåpan Tjänste). Contributions of 2% of pensionable income up to 38,438 SEK (EUR 3,411) per month. Contributions of 10% are made for salaries above this.</li> <li>▪ Flexible Retirement pension (Kåpan flex). Contributions of 1.5% of pensionable income.</li> <li>▪ Selectable retirement pension. Contributions of 2.5% of pensionable income up to 38,438 SEK (EUR 3,411) per month. Contributions of 20% are made for salaries above this.</li> <li>▪ Total contributions of 6% of pensionable earnings (or 31.5% if above salary thresholds).</li> </ul> </li> <li>○ Section II (born before 1988): retains arrangements/contributions under PA03 and introduces those under PA16 Section I.<sup>280</sup></li> </ul> </li> </ul>
KAP-KL	<ul style="list-style-type: none"> <li>● Defined contribution pension: 4.5% for pensionable income components up to 30 IBA</li> <li>● Defined benefit pension on pensionable income between 7.5 IBA and 30 IBA             <ul style="list-style-type: none"> <li>○ Benefit is calculated based on the average of the five best annual salaries in the seven years before the buffer year (buffer year is year before the calculation year)</li> </ul> </li> </ul>

<sup>278</sup> Anderson (2015): *Occupational Pensions in Sweden*. Available at: <https://library.fes.de/pdf-files/id/12113.pdf>

<sup>279</sup> SPV (2023): *Understand your pension*. Available at: <https://www.spv.se/en/about-your-pensions/understand-your-pension/occupational-pension--born-in-1988-or-later/>

<sup>280</sup> SPV (2023): *Understand your pension*. Available at: <https://www.spv.se/en/about-your-pensions/understand-your-pension/occupational-pension--born-before-1988/>

## AKAP-KR

- 6% of pensionable income components up to 7.5 IBA
- 31.5% of pensionable income components between 7.5 IBA and 30 IBA

*Source:* Study team analysis based on interview information, fora.se (2023) 'Avtalspension SAF-LO', collectum.se (2023) 'Retirement pension'. Note that unless otherwise stated, the prevailing system is defined contribution. IBA = Income Base Amounts.

It should also be noted that the municipal/regional services in Sweden employ a higher proportion of female workers (for example, employment in education, health care, social care sectors), and therefore of female contributions to the KAP-KL/AKAP-KR. Women are more likely to be primary care givers, and hence part-time workers, meaning that care related leave (as outlined below) may have a greater impact on the female workers in this sector.

## 7.6.2. Care related leave in Sweden

### Parental leave and parental benefits

All care leave periods dedicated to looking after a child are available as parental leave in Sweden. Care leave periods traditionally referred to as 'maternity' and 'paternity' leave are covered by the concept of parental leave in Sweden, as defined in the 'Parental Leave Act' (see Box 8). **During parental leave, no salary is paid** in Sweden. Parents are paid parental benefit instead, which is a social security benefit. Additional compensation over and above the benefit is paid by the employer according to each collective bargaining agreement. **Parental benefits are pensionable income** (see Section 6.6.3).

#### Box 8: Parental Leave Act

In Sweden, the concept of 'parental leave' refers to the duration of leave, whereas the concept of 'parental benefit' defines the compensation level during parental leave periods.

Parental leave is gender neutral and encompasses both maternity and paternity leave. Parental leave also includes short-term and long-term care for children, such as taking time out to care for sick children.

The Parental Leave Act defines six types of provision for parental leave and parental benefit for the care of children:

- **Maternity leave:** Full time leave for a female employee, following the birth of her child and whilst breastfeeding (7 weeks prior to the estimated time of delivery and 7 weeks after the delivery). Maternity leave does not need to be taken in conjunction with the payment of parental benefit.
- **Full parental leave with or without parental benefit:** Full time leave for a parent until the child has reached the age of 18 months or, provided the parent is then receiving full parental benefit, during a period after that point. The employee's right to leave terminates when the child reaches the age of eight or when the child concludes its first year of school, whichever occurs later.

- Part-time parental leave with parental benefits: The parent is entitled to a 75%, 50%, 25% or 12.5% reduction of normal working hours and these hours are covered by parental leave entitlement and parental benefit payment.
- Part-time parental leave without parental benefits: The parent is entitled to a 25% reduction of working hours (until the child is 8 years old) without parental benefit payment.
- Leave with parental benefit for temporary care of a child: Leave for temporary care of a child. Temporary parental benefit is paid as set out in Chapter 13 of the Social Insurance Code. A second parent is also entitled to this leave and benefit when the regular carer is sick and the child is younger than 240 days old.
- Leave with childcare allowance: Leave in the form of a 50% reduction of normal working hours for parents of a child for whom the full child-raising allowance is paid under Section 8 of the Act on Municipal Child-raising Allowance.

Section 12 of the Parental Leave Act states that parental leave may be taken as reduced working hours. When the working hours are reduced, the leave may be distributed over all days of the working week or allocated to a certain day or certain days of the working week.

Source: Ministry of Employment (2016). Parental Leave Act (Föräldradighetslagen). Available at: <https://www.government.se/contentassets/d163a42edcea4638aa112f0f6040202b/sfs-1995584-parental-leave-act/>

As presented in Box 8 above, parental leave and parental benefit are separate in Sweden, but they can be used in combination. Parental leave refers to a period of time that a worker is entitled to be away from their job, and parental benefit is the payment associated with the leave period. A parent is entitled to full parental leave until their child is 18 months old, irrespective of whether or not the parent is claiming parental benefit. Parents can take parental benefit during this time or they can save it for later in the child's life, but the majority must be taken before the child turns four and it all must be taken before the child turns 12 years old. A parent is also entitled to full parental leave while receiving parental benefit. This is summarised and more details are provided in Table 17.

**Table 17 – Duration, eligibility criteria and payment level during childcare leave in Sweden**

Duration, eligibility criteria and payment level during childcare leave in Sweden			
Type of care leave	Length of care period	Eligibility criteria	Payment levels and conditions
Parental leave	Until the child is 18 months old.	The parent must have been insured for sickness cash benefit above SEK 180 (EUR 16) for at least 240 consecutive days.	None
	During any point when receiving parental benefits.		
Parental benefit	480 full days (240 for each parent). 90 days are reserved for each	The parent must have been insured for sickness cash benefit above SEK 180 for at	390 of the 480 days are paid at 80% of annual income up to a ceiling of 10 price base amounts.

	parent and the rest is transferable.  The leave can be used until the child turns 12 years old, but only 96 days can be used after the child turns 4 years old	least 240 consecutive days.	The remaining days are paid at SEK 180 (EUR 16) per day.
Temporary parental benefit (Care for sick children)	120 days per child per year, until the child is 12	The worker must be insured in Sweden.	80% of salary up to a ceiling of 7.5 times the price base amount

Source: Study team analysis based on interview information, fora.se (2023) 'Avtalspension SAF-LO', collectum.se (2023) 'Retirement pension'. Note that unless otherwise stated, the prevailing system is defined contribution. IBA = Income Base Amounts.

Parents can receive compensation for caring for a sick child aged from 8 months until 12 years old. This is applicable if the child is sick or if the child's ordinary caregiver is sick. Parents can receive this compensation for a maximum of 120 days per year; for the last 60 days, this compensation is only received if the child is ill rather than the regular caregiver.

### Short and long-term leave

There are no defined periods of short or long-term leave for other care-related tasks. There are no care credits in the Swedish system for leave to look after the long-term sick or care for elderly people. However, there are social security benefits for informal carers of older persons. In general, cash benefits are not common, and priority is given to benefits in kind. The two types of cash benefits available are the attendance allowance (hemvårdsbidrag/anhörigbidrag) and the carer's allowance (anhöriganställning). Municipalities decide whether to provide these benefits, the amount and duration, based on a needs assessment<sup>281</sup>.

## 7.6.3. Care credits in the statutory pension scheme

### Care credits in the statutory pension schemes only cover childcare leave periods

Under the statutory pension scheme, there are **two types of care credits available for periods of childcare**:

- Parental benefits as pensionable income; and,
- A pension credit supplement.

### Parental benefits

<sup>281</sup> MISSOC table on Long-term care leave.

**Parental benefits are pensionable income** and contribute to the statutory pension scheme. The government makes the 10.21% “employer contribution” and the worker pays the 7% contribution on their parental benefit income<sup>282</sup>

As presented in Table 18, parental benefits are payable for 480 days. Of this total, benefits at 80% of income up to 10 times the price base amount are paid for 390 days.<sup>283</sup> The remaining ninety days are paid at a flat rate of SEK 180 (EUR 16) daily. The days are split equally between the parents and 180 days can be transferred. These payments are pensionable and pension accrual is based on these payments.

Under the statutory system, care credits are also available for short-term care of a sick child. The worker can be credited for up to 120 days per year and these days can be shared between parents. The general rules are applicable to children from 8 months old up to the day before they turn 12 years old. However, there are certain cases where parents still can receive the benefit for children up to 16 years old (e.g. doctors’ visits) and up to 18 years old for seriously ill children<sup>284</sup>.

### Pension credit supplement

A pension credit supplement is provided for parents with a child aged four or below. This pension credit goes to the lowest earning parent, unless stated otherwise. This is an extra supplement that is added to the worker’s national public pension. This is designed to compensate the parent who takes on the larger share of childcare and as a result has to reduce their work or leave the labour market<sup>285</sup>. This is based on the earnings prior to childbirth. There are three methods to calculate the credit:

1. If the current income is lower than previous earnings, the credit is based on the previous year’s earnings.
2. If the worker is on a low income or was not working prior to childcare, the credits are calculated based on 75% of the economy-wide average earnings.
3. If the income does not change, the credit is set at one income base amount.

The government pays the contributions (18.5%) directly into the statutory scheme<sup>286</sup>.

**There are no equivalent credits for care of the long-term sick or for the care of adult dependants.**

## 7.6.4. Care credits in OP

**Care credits exist in occupational pensions, but they vary between schemes**

<sup>282</sup> OECD (2021d) *Pensions at a Glance 2021: Country Profiles – Sweden*. Available at: <https://www.oecd.org/els/public-pensions/PAG2021-country-profile-Sweden.pdf>

<sup>283</sup> In 2023, the price base amount is SEK 52,500 (EUR 4,661) .

<sup>284</sup> Försäkringskassan (2023) *Care of a sick child (vab)*. Available at: <https://www.forsakringskassan.se/english/parents/care-of-a-sick-child-vab>

<sup>285</sup> Duvander, A.-Z. and Löfgren, N. (2021) ‘Sweden country note’, in Kosłowski, A., Blum, S., Dobrotić, I., Kaufman, G. and Moss, P. (eds.) *International Review of Leave Policies and Research 2021*. Available at: [https://www.leavenetwork.org/fileadmin/user\\_upload/k\\_leavenetwork/country\\_notes/2021/Sweden.final.edited\\_pm.22july2021.pdf](https://www.leavenetwork.org/fileadmin/user_upload/k_leavenetwork/country_notes/2021/Sweden.final.edited_pm.22july2021.pdf)

<sup>286</sup> See: OECD (2021d) *Pensions at a Glance 2021: Country Profiles – Sweden*

**Care credits also exist in occupational pension schemes.** While the precise nature of the credit depends on the collective bargaining agreement, **credits are generally restricted to parental leave and the short-term care of sick children.**

### ITP 1 and SAF-LO

**A waiver of premium insurance for employers** is included in both ITP 1 and SAF-LO, which take over occupational pension contributions from the employer when the worker is not earning. The premium for the premium waiver insurance is 0.14% of pensionable income up to 7.5 IBA and 1.236% of pensionable income between 7.5 IBA and 30 IBA. Under SAF-LO there are no costs for employers associated with payment of the premium waiver insurance. In addition, under SAF-LO, workers receive a top-up of their statutory parental benefit during parental leave so that they receive 90% of their previous salary<sup>287</sup>. This top-up is covered by the same insurance and comes at no cost to the employer<sup>288</sup>. The waiver of premium insurance applies to workers between 25 (under ITP 1), 23 (for SAF-LO) and up until 65 years of age. Contributions are paid for 390 days under ITP1 and SAF-LO during parental leave.

For the care of sick children, the ITP 1 premium waiver can run up to 120 days per year, but for the waiver to be activated, at least 25% must be reimbursed by the government. Under SAF-LO there is no coverage for the care of sick children.

### ITP2

**Under ITP 2, pension care credits continue to be paid when the worker is on parental leave.** It is market practice that pension contributions during parental leave are paid for 11 months. Under ITP2, pension contributions are not affected by short term leave related to the care of a sick child.

As ITP2 is only for workers born in 1978 or earlier, fewer people will be on maternity leave under this plan.

### KAP-KL and AKAP-KR

Under the Parental Leave Act, when a worker in the public sector (county councils and municipalities) goes on leave, **they receive payments to their occupational pensions as if they were working.** Contributions are paid directly by the employer; unlike under the ITP 1 and SAF-LO plans, there is no premium waiver insurance. Public sector workers can take leave days up until the child is 8 years old, while still receiving their full occupational pension contributions. The limiting factor to their parental leave is the duration of payments of parental benefits, as many parents cannot afford to be on leave and not receive any payment.

Similarly, parents **can take leave days to care for sick children** (up until 8 years old) and still receive full occupational pension contributions. Furthermore, they can choose to reduce their working hours by up to 25% while receiving full occupational pension benefits until the child is 8 years old.

There are **no care credits for elderly care.** The consultation activities revealed that there is no culture of taking care of older people in the household.

### PA03/PA16

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<sup>287</sup> The parental benefits are based on previous salary and therefore there is a "top up" of income.

<sup>288</sup> The insurance covering these benefits for SAF-LO-covered workers is AFA insurance. It is able to offer the benefits at no cost due to a very beneficial financial situation. Insurance for sickness is also at no cost to the employer. The premium for the insurance covering 100% wage & pension contribution replacement when workers have injuries is 0.01%.

The PA03 and PA16 schemes are for **state workers**. There are a few differences between the schemes depending on when the worker was born. **All workers on parental leave continue to earn their occupational pension for the selectable part and Kåpan Tjänst**. If the worker was born before 1988, they also continue to accrue towards their defined benefit retirement pension. If they were born in 1988 or later, they do not earn money for Kåpan Flex, however if they have some form of paid salary then this part can be earned, based on the level of that salary<sup>289</sup>.

Workers can also continue to accrue credits towards their occupational pensions when they are ill. If the worker was born before 1988, all parts of the occupational pension are included. If born 1988 or later, the worker continues to earn for the selectable part and for Kåpan Tjänst. If workers receive a paid salary whilst on sick leave, they also earn money for Kåpan Flex<sup>290</sup>.

Table 18 below summarises the discussion above of credited leave periods in occupational pension scheme.

**Table 18 – Credited care leave periods in occupational pension schemes**

Care leave	National legislation	ITP1	ITP2	SAF-LO	PA03/PA16	KAP-KL and AKAP-KR
Maternity leave	Not applicable, as maternity and paternity leave periods are defined in the Parental leave act.					
Paternity leave						
Parental leave	Parental Leave Act	390 days	11 months	390 days	Full length of parental leave	Unlimited
(including care of sick children <sup>291</sup> )		120 days per year	Pension contributions continue	No coverage	Unknown <sup>292</sup>	Unlimited
Short-term leave	During interviews, it was explained that there are only care credits for childcare. No other care periods, such as elderly care, are covered. There has previously been some debate about including these but there has been no change in the legislation. There is currently more of a focus on extending the period during which the premium is paid.					
Long-term leave						

<sup>289</sup> Statens tjänstepensionsverk (State Occupational Pensions Board, SPV) (Retrieved 2023) *Född före 1988 – Avdelning 2 (Born before 1988 – Ward 2)*. Available at: <https://www.spv.se/privatperson/statlig-tjanstepension/forsta-din-tjanstepension/tjanstepension-fodd-fore-1988/>

<sup>290</sup> Statens tjänstepensionsverk (State Occupational Pensions Board, SPV) (Retrieved 2024) *Händelser i livet (Events in life)*. Available at: <https://www.spv.se/privatperson/statlig-tjanstepension/handelser-i-livet/>

<sup>291</sup> The care of sick children is included under the Parental Leave Act.

<sup>292</sup> Deak-based research did not reveal this, and the study team was unable to secure an interview for this scheme.



### 7.6.5. Remarks

Overall, during consultation activities, all interviewees had strong knowledge about the current pensions landscape in Sweden. Interviewees were very transparent about the current context and were willing to provide information on how the different pension systems operate. Interviews also confirmed that they often share their knowledge during various training sessions and awareness raising activities.

Jointly, the four collective agreements cover a large part of the Swedish workforce: 90% of companies in Sweden are regulated by one of the four main collective bargaining agreements. There are other pension plans in sectors such as banking, media and newspaper or insurance but ultimately the benefits are very similar especially to ITP 1 and SAF-LO<sup>293, 294</sup>. Many white-collar organisations not covered by ITP choose to mirror the plan. Permanent workers are automatically part of an occupational pension scheme<sup>295</sup>.

The occupational schemes provide pension care credits during childcare related leaves, but the system generally does not foresee protection for workers taking time off to care for elders within the household or family. The benefits and coverages during childcare leaves show significant interplay with state-funded benefits. Where there is no statutory benefit, as for example in elderly care, there are no associated benefits regarding continuation of payment of occupational pension contributions.

Waiver of premium insurance has been implemented in connection with the shift to defined contribution principle in SAF-LO and ITP with the argument that under DC each individual contribution is more important than under DB, where final benefit is linked to amount of time contributing to the system and to the salary before retirement.

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<sup>293</sup> Trampusch, Eichenberger, C. de Roo, P. Bartlett Rissi, M. Bieri, R. Schmid, I. Steinlin, L. Simon (eds.) (2010). *Pension in Sweden. REBECA (Research on Social Benefits in Collective Agreements). Database, Part 2 'Social Benefits in Collective Agreements'*. SNF-Project No. 100012-119898. Institute of Political Science, University of Berne. Available at: [https://cccp.uni-koeln.de/fileadmin/wiso\\_fak/wisosoz/pdf/REBECA/Sweden\\_Pension\\_eng.pdf](https://cccp.uni-koeln.de/fileadmin/wiso_fak/wisosoz/pdf/REBECA/Sweden_Pension_eng.pdf)

<sup>294</sup> Pension Funds Online (Retrieved 2023) *Pension System in Sweden*. Available at: <https://www.pensionfundsonline.co.uk/content/country-profiles/sweden>

<sup>295</sup> See: Pension Funds Online (Retrieved 2023) *Pension System in Sweden*.

## 7.7. Annex 7: Work-Life Balance Directive

Member states had until August 2022 to comply with the Work-Life Balance Directive. There were some delays with implementation by Belgium and Spain, but all member states have now transposed the Directive.

The requirements set out by the WLBD are listed in the box below. The WLBD sets out minimum standards for care-related leave and also provides additional rights to support a flexible work-life balance. It aims to promote a better share of caring responsibilities between men and women<sup>296</sup>.

### Box 9: Work-Life Balance Directive

- 10 working days of paternity leave for fathers or second parents. This is paid at least at the national sick pay level.
- Minimum of 4 months of parental leave per parent. Of which 2 months are non-transferable between parents. This should be compensated at an adequate level, determined by Member States.
- 5 working days of carers' leave. This does not have to be paid.
- Right to request flexible working arrangements: reduced working hours, flexible working hours, tele-work etc.

Source: European Commission (Retrieved 2023) *EU legislation on family leaves and work-life balance*. Available at : [https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/women-labour-market-work-life-balance/eu-legislation-family-leaves-and-work-life-balance\\_en](https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/women-labour-market-work-life-balance/eu-legislation-family-leaves-and-work-life-balance_en)

The five member states (country case studies) evaluated in this report had to make changes to their legislation, but some changes were more extensive than others. The following sections discuss how each of the countries have changed their legislation and leave policies to comply with the new WLBD.

**Table 19 – Work-Life Balance Directive and legislative changes in case study countries**

Country	Legislation	Date legislation passed
Belgium	Royal Decree of 7 October 2022 partially transposing Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June	10 November 2022

<sup>296</sup> European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., (2024) *The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done*, Burri, S.(editor), Böök, B.(editor), van Hoof, F.(editor), Publications Office of the European Union, 2024. Available at: <https://data.europa.eu/doi/10.2838/33291>

	2019 on the balance between professional and private life for parents and carers and repealing Directive 2010/18/EU of the Council	
Denmark	Parental Leave Act	2 August 2022
Netherlands	Paid Parental Leave Act	2 August 2022
Spain	Royal Decree Law 5/2023	30 June 2023
Sweden	Parental Leave Act	2 August 2022

### 7.7.1. Paternity leave

The WLBD set out that member states have to provide 10 working days of paternity leave for fathers. This is a considerable increase as fathers were previously entitled to only 2 days of paternity leave. The directive also mentions the terminology of an “equivalent second parent” which indicates an inclusion to more modern families and compositions and does not restrict the leave solely to fathers, the mother’s partner can also be included in this.

In Spain, fathers’ paid time off for paternity is equal to paid maternity leave. Fathers are entitled to 16 weeks, far above the required 10 days, and 6 weeks must be taken immediately and consecutively after the birth. There are limited eligibility requirements, as long as the father has paid their social security contributions for a minimum of working 180 days within 7 years prior to the leave or 360 in their entire professional life, 100% of the salary will be covered by the government<sup>297</sup> up to a ceiling of EUR 4,139.40 per month<sup>298</sup>. The remaining 10 weeks are voluntary and can be taken until the child reaches 12 months.

Belgium was already compliant with the directive (originally fathers were entitled to 10 days) but has increased paternity leave. This was originally increased to 15 working days and in January 2023 increased to 20 working days<sup>299</sup>. This must be taken within 4 months of a child’s birth and is paid. La Ligue des Familles is currently campaigning for an extension of the paternity leave to 15 weeks<sup>300</sup>.

In Denmark there were no changes to the number of weeks to which fathers are entitled but there were changes to the transferability of the leave. Each parent is entitled to 24 weeks of parental leave, and 13 weeks can be transferred to the other parent<sup>301</sup>. For the father or co-mother, there are 2 weeks of paternity leave which is compliant with the directive. In the Netherlands, paternity leave is 6 weeks. This is paid at 100% of the previous wage for one week and then 70% of the previous wage up to a ceiling of EUR 3545.91 for the remaining 5 weeks. In Sweden, fathers are entitled to 10 working days which must be taken within 60

<sup>297</sup> Tori Sparks (2021) Spain’s Progressive Paid Paternity Leave Leads Europe. Metropolitan Barcelone. Available at: <https://www.barcelona-metropolitan.com/living/family/spain-progressive-paid-paternity-leave-leads-europe/#:~:text=On%20April%201%2C%202019%20it,first%20time%20in%20Spain's%20history>

<sup>298</sup> European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done, Burri, S.(editor), Böök, B.(editor), van Hoof, F.(editor), Publications Office of the European Union, 2024. Available at: <https://data.europa.eu/doi/10.2838/33291>

<sup>299</sup> PwC Legal (2022) *Chamber approves Belgian transposition of Directive on work-life balance for parents and carers*. Available at: <https://www.pwclegal.be/en/news/chamber-approves-belgian-transposition-of-directive-on-work-life.html>

<sup>300</sup> COFACE Families Europe (2022) *COFACE Families Europe assessment of the EU Work-life Balance Directive transposition. EU Work-life Balance Directive transposition in action: A mixed picture. From non-compliance and basic minimum standards to ambitious reforms for modern gender-responsive family policies*. Available at: [https://coface-eu.org/wp-content/uploads/2022/10/COFACEAssessment\\_WLBDirective\\_2022.pdf](https://coface-eu.org/wp-content/uploads/2022/10/COFACEAssessment_WLBDirective_2022.pdf)

<sup>301</sup> *Global HR Lawyers & Norrbom Vinding (2022) Parental leave in Denmark: what’s changing?* Available at:

days of the birth. They are paid 77.6% of their previous wage up to a ceiling of SEK 362,200 (EUR 32,152) per year.

### 7.7.2. Parental leave

The four months of a parental leave in Spain has been extended by 8 weeks which can be used until the child turns eight years old. This is unpaid and non-transferable. This new 8-week parental leave is expected to become a paid leave from 2 August 2024, but no legislation has been adopted so far<sup>302</sup>.

In Belgium, parents are entitled to 4 months each and this is non-transferable. This is paid at EUR 921.83 per month. The leave take up is low and usually only mothers take it<sup>303</sup>.

In the Netherlands, parents are entitled to 26 weeks each which is non-transferable and can be taken until the child is eight years old. Nine weeks per parent is compensated and paid at 70% of the previous wage up to a ceiling of EUR 3,545.91 per month<sup>304</sup>. Previously there was no legal obligation for this to be paid.

In Denmark, mothers are compensated for 14 weeks and 22 weeks for fathers/co-mothers. This is paid at a 100% of their previous wage up to a ceiling of DKK 4,465 per week. There are some qualifying conditions which makes the leave harder to be entitled to. Workers must be employed for 160 working hours within the last four months before the leave and employed for 40 hours per month in at least 3 of these months<sup>305</sup>.

In Sweden, parents are entitled to 240 days each and 90 of these are non-transferable. The parental leave payment equals to 77.6 % of previous salary for 195 days, and EUR 18 per day for 45 days, up to a ceiling of SEK 483,000 per year (if % of previous wage).

### 7.7.3. Carer's leave

Spain has increased carer's leave to 5 days paid leave (previously 2 days), as required by the directive. Originally 7 days was proposed but this was not adopted. A "force majeure" leave has also been introduced. Workers are entitled to 4 days paid leave for urgent and unforeseen issues linked to a care of a relative. The 4 days apply to a standard "workday" but this will vary by employment circumstance and can be taken in hourly increments<sup>306</sup>. This is restricted to care of relatives only.

Workers in Belgium were already entitled to 10 days unpaid leave for compelling reasons. The 5 days introduced by the directive will now be deducted from these days. Effectively

<sup>302</sup> Lockton Global Compliance (2023) *Spain Extends Family Leave Entitlements*. Available at: <https://globalnews.lockton.com/spain-expands-family-leave-entitlements/>, and, Grande, C. (2023) *New work life balance measures in Spain*. Ashurst, Legal Development. Available at: <https://www.ashurst.com/en/insights/new-work-life-balance-measures-in-spain-july-2023/>

<sup>303</sup> See: COFACE Families Europe (2022) COFACE Families Europe assessment of the EU Work-life Balance Directive transposition.

<sup>304</sup> See: European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., *The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done (2024)*

<sup>305</sup> See: European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., *The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done (2024)*

<sup>306</sup> Lockton Global Compliance (2023) *Spain Extends Family Leave Entitlements*. Available at: <https://globalnews.lockton.com/spain-expands-family-leave-entitlements/>

there is no change. There are still limitations. Three months of carer's leave per one request are allocated per beneficiary limited to a maximum of 6 months per career<sup>307</sup>. Only situations where there is dependency is allowed. There are also qualifying conditions to be met in order to be recognised as an informal carer.

In the Netherlands there are two systems available for care: short term and long term. System 1 is 2 weeks per year and system 2 is 6 weeks per year. The only restriction here is that under system 1, the employee needs to be reasonably considered the only carer<sup>308</sup>. In Sweden, there are 100 calendar days per beneficiary per family. However, this is only restricted to serious illness which means that the condition must be considered life-threatening<sup>309</sup>. Denmark complies with the WLBD and has no drawbacks in terms of qualifying conditions or situations covered. Five working days per year are offered per worker and both relatives and persons living in the household are covered. Any situation where there is a need for substantial care and support is covered.

Overall, the carer's leave introduced by the WLBD is not as developed or generous as the other types of leave. This could be considered typical as it is a new right compared to developments to existing leave types under EU law. Denmark is one of the most generous Member States that offers carer's leave as they entitle the leave per worker rather than per family which provide an equal share of the caring responsibilities. The situations covered are also very broad which makes the leave much more accessible.

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<sup>307</sup> See: European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done (2024)

<sup>308</sup> See: European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done (2024)

<sup>309</sup> See: European Commission, Directorate-General for Justice and Consumers, Burri, S., De la Corte-Rodríguez, M., Böök, B. et al., The transposition of the Work-Life Balance Directive in EU Member States (II) – Considerable work still to be done (2024)



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