

# Life-course savings scheme (start participation no longer possible)

## Life-course savings scheme transitional law

The statutory life-course savings scheme has been rescinded as of 1 January 2012 and a transitional law now applies. The transitional law covers members of staff who had a balance of the life-course savings scheme of €3,000 (including the yield for 2011) or more. Until 1 January 2022, these members of staff may continue using the life-course savings scheme. From 2013 until 1 January 2022, individual members of staff may decide for themselves what they wish to do with the savings balance. In other words, they are no longer obliged to use it to fund a period of unpaid leave. Life-course savings balances that still exist on 31-12-2021 will be mandatorily released, subject to the applicable taxation.

## Article 1 Definitions

In this scheme the following terms are defined as follows:

- a. *Administrator*: the person who according to the university's Management and Administrative Regulations is responsible for the administration of a unit.
- b. *Sources*: the sources referred to in article 5.3, paragraph 1 of the Collective Labour Agreement Dutch Universities, taking into account the agreements made on the Optional Model Employment Conditions in the Local Consultation (OPUT).
- c. *Board*: the Executive Board of the university.
- d. *Unit*: an administrative unit according to the university's Management and Administrative Regulations.
- e. *Life-course savings scheme implementing body*: a credit institution or insurer appointed by the staff member as referred to in article 19g of the Salaries Tax Act of 1964.
- f. *Life-course savings scheme account*: a blocked account in the name of the staff member with a life-course savings scheme implementing body with which a life-course savings scheme balance is built up.
- g. *Life-course savings scheme credit*: an amount of money built up under a life-course savings scheme implementing body, increased by the accrued income and yield obtained on that sum, which is intended for payment during a life-course savings scheme leave period.
- h. *Life-course savings scheme insurance*: an insurance in the name of the staff member with a life-course savings scheme implementing body with which a life-course savings scheme credit is built up.
- i. *Life-course savings scheme leave*: leave without pay for which a benefit is paid out from the life-course savings scheme credit.
- j. *Life-course savings scheme leave discount*: a discount on the wage tax that the staff member builds up on participating in the life-course savings scheme and which he will receive under certain conditions on taking up the life-course savings scheme credit.
- k. *Life-course savings scheme leave period*: the period of time in which the staff member enjoys life-course savings scheme leave for the full working hours or part thereof.

- l. *Salary*: salary as understood in article 10 of the Salaries Tax Act of 1964.
- m. *Staff member*: he or she who is employed by the university.
- n. *Savings period*: the period during which the staff member saves up a sum of money in order to finance life-course savings scheme leave.
- o. *University*: the University of Twente.

## Article 2 Objective

The Life-course Savings Scheme University of Twente has the objective of creating a financial facility exclusively intended for taking up a period of unpaid leave within the conditions set by article 19g of the Salaries Tax Act of 1964.

## Article 3 Participation

1. Each staff member<sup>1</sup> is entitled to participate in the Life-course Savings Scheme University of Twente.
2. Participation takes place by completing and signing the application form. On the application form the staff member indicates which amount the university is to deposit via the input of sources on his life-course account or life-course insurance. The staff member is not due any payroll tax and social security premiums and income-based contribution Health Care Act over this deposit.
3. The deposit referred to in paragraph 2 can be paid by way of a lump sum or monthly.
4. The staff member is not allowed to deposit money directly into his life-course account or life-course insurance, otherwise than by the employer.
5. The staff member is to submit the application form to the university's salary administration no later than two months before the desired date of commencement of the savings period.
6. If the deposit referred to in paragraph 2 is paid monthly, the staff member can ask to stop payment (temporarily). A request to this end is submitted in writing to the university's salary administration no later than two months before the desired end date of the savings period. Resumption of the payment at a later moment is possible. The provision laid down in paragraph 2 and 3 is applicable by analogy.
7. If desired the staff member may transfer the full or partial life-course credit built up in one or more terminated employment relationships to a life-course account or life-course insurance opened under this scheme.

## Article 4 Conditions for participation

1. By signing the application form the staff member agrees to the provisions of this scheme.
2. On the application form the staff member states at which life-course institution the life-course account or life-course insurance is held and declares that he only saves for the life-course leave.
3. On the application form the staff member declares that, upon request, he will inform the university annually and in writing on the level of the credit built up as at 1 January of the relevant calendar year on the life-course account or life-course insurance referred to in paragraph.
4. On the application form the staff member declares not to build up and/or not having built up any life-course credit with another employer. If the staff member does build up or has built up life-course credit with another employer, he will annually provide a written statement of this credit as at 1 January of the relevant calendar year, stating the number of years he has participated.
5. On the application form the staff member declares that he does not build up a provision under a life-course savings scheme in the calendar year in which he saves salary with the university or another employer under a staff member savings scheme as referred to in article 32 of the Salaries Tax Act.
6. Without the provision in article 12 of this scheme the life-course credit that has been built up under this scheme cannot be commuted, alienated, or formally or effectively become the subject of security other than for the pledge to a designated foreign offerer referred to in article 61k Wage Withholding Tax Implementation Regulations 2001.

---

<sup>1</sup> Each member of staff who may participate in accordance with the transitional law. See box at the top of these regulations.

---

## Article 5 Minimum and maximum deposit

1. The minimum deposit in the Life-course Savings Scheme University of Twente amounts to € 180 per calendar year.
2. Per calendar year the staff member can make a maximum deposit of 12 percent of his salary over that year.
3. The percentage mentioned in the previous paragraph does not apply to staff members born between 1 January 1950 and 1 January 1955. Per calendar year they are not allowed to put in more than 12 percent of the annual salary.
4. If at the beginning of a calendar year the staff member's total life-course credit (including return) exceeds 210 percent of the salary over the previous calendar year, the staff member is not allowed to put money into the Life-course Savings Scheme in this calendar year.
5. For the staff member who in anticipation of his retirement starts working part-time or accepts a job against lower pay, for determining the maximum in paragraph 2 his previous higher salary may be started from, provided he continues to work for at least 50% of the previous number of hours worked and the reduction of salary in connection with part-time employment or demotion takes place within 10 years prior to reaching the state-pension age.

## Article 6 Taking up life-course leave

1. The staff member is allowed to take up life-course leave after one year after commencement of employment.
2. The minimum duration of the life-course leave period is two months and the maximum period 18 months.
3. The maximum duration of the period of life-course leave referred to in the previous paragraph does not apply if the staff member takes up the life-course leave immediately preceding the commencement of old-age pension.
4. The life-course leave can be taken up both for the full and part of the number of working hours. The life-course leave is taken up in whole hours.
5. Starting point is that the employment relationship with the university remains intact during the period of life-course leave and that after expiry of the life-course leave the staff member returns to the job which he filled when the leave commenced. This starting point can only be deviated from if there are compelling business or departmental reasons for doing so or if other arrangements with the staff member were made before commencement of the life-course leave.
6. In case of resignation or dismissal during the period of life-course leave the life-course leave ends on the day of the resignation or dismissal.

## Article 7 Request for life-course leave

1. Without prejudice to the provisions laid down in paragraph 2 and 3, the staff member is to submit a written request for life-course leave to the administrator no later than four months prior to the desired commencement date.
2. If the staff member wishes to use his life-course credit for statutory care leave in accordance with article 5.9 of the Work and Care Act (*Wet arbeid en zorg*), the request is to be submitted to the administrator no later than two weeks before the desired commencement date of the leave.
3. If the staff member wishes to use his life-course credit for partly paid leave under the prevailing parental leave scheme, the request is to be submitted to the administrator no later than two months before the desired commencement date of the leave.
4. In his request for life-course leave the staff member is to mention:
  - a. the date on which the life-course leave is to commence;
  - b. the number of hours' life-course leave he wishes to take up;
  - c. the spread of the hours' leave over the week.

---

## Article 8 Granting life-course leave

1. The administrator will assent to the life-course leave, unless;
  - a. the request does not meet the provisions laid down in this scheme or is in violation with any statutory regulation;
  - b. a compelling business or departmental opposes the proposed time, duration and/or form of the leave.
2. The administrator does not set any requirements as to how the leave is to be used. If during the period of life-course leave the staff member wishes to work for another employer, the staff member is to ask written permission for this from the administrator. The administrator gives permission, unless there is a compelling business or departmental reason for not doing so.
3. The administrator informs the staff member of his decision on the request for life-course leave within one month after receiving the written request.
4. If the staff member wishes to take up life-course leave for statutory care leave based on article 5.9 of the Work and Care Act (*Wet arbeid en zorg*), the administrator informs the staff member of his decision in writing within two weeks after receiving the request.
5. In the event the administrator does not assent to the request for life-course leave, an alternative is looked for in mutual consultation.

## Article 9 Taking up and payment of life-course credit

1. During his employment with the university the staff member may dispose of his life-course credit to finance his life-course leave.
2. After the administrator has assented to a request for the life-course leave, the staff member and the university together submit via the take-up form a written request with the life-course institution for taking up money from the life-course credit.
3. The life-course institution pays out the life-course credit taken up (periodically) to the university. From the credit taken up the university will withdraw any due payroll tax and social security premiums, income-based contribution Health Care Act and pension premium. Any life-course leave deduction will be taken into account. The remaining amount will be paid out (periodically) to the staff member.
4. During a period of life-course leave the amount paid out to the staff member from his life-course credit together with any continued payment of salary by the university may not exceed the salary immediately preceding the life-course leave.

## Article 10 Employment conditions during life-course leave

1. Over the hours of life-course leave taken up the staff member is not entitled to continued payment of salary, bonuses, allowances, benefits and reimbursements.
2. Over the hours of life-course leave the staff member does not build up any holiday leave. An exception to this is the life-course leave taken up in the context of statutory care leave based on article 5.9 of the Dutch Work and Care Act (*Wet arbeid en zorg*).
3. During the period of life-course leave, the staff member is not entitled to flexible working hours as referred to in article 5.6 of the Collective Labour Agreement Dutch Universities.
4. During the hours in which the staff member enjoys life-course leave, the staff member is not entitled to leave as referred to in article 6 up to and including 11 of the Leave Scheme University of Twente.
5. If the staff member enjoys life-course leave during an unbroken period of more than three months and has not reached the maximum of the salary scale applicable to him, the annual periodical increase is deferred with the number of full months that the period of life-course leave lasts longer than three months.
6. In case the staff member's (UT) jubilee falls within the period of life-course leave, the bonus related to this will be paid out after expiry of the leave.
7. During the period of life-course leave, the legally established schemes regarding social security applicable at the time will be honoured.
8. If the staff member needs to apply for a benefit following the life-course leave, the leave period – provided it was not longer than 18 months – will have no influence on the benefit.
9. During the first twelve months of the life-course leave the pension build-up takes place on a collective basis, against the premium system applicable at that time.

- 
10. Once every eight calendar years the university pays the regular employer's part of the pension premium once every eight years if life-course leave is taken up by the staff member over a maximum period of nine months. An exception to this is the life-course leave taken up in the context of partially paid leave based on the prevailing parental leave scheme.

### **Article 11 Illness, pregnancy and delivery during life-course leave**

1. If the staff member falls ill during the life-course leave, the leave will continue as usual and the staff member will continue to enjoy the life-course credit he has taken up as income. In the event of life-course leave for part of the working hours applicable to the staff member, if the staff member falls ill under the Sickness and Disability Scheme Dutch Universities he is entitled to continued pay of salary over the remaining number of working hours.
2. If after expiry of the period of life-course leave the staff member is still ill, from that moment he is entitled to continued payment of salary under the Sickness and Disability Scheme Dutch Universities.
3. In case during the life-course leave the staff member is entitled to maternity leave, the life-course leave will be suspended for the duration of this leave.

### **Article 12 End of participation**

1. If the participation in the Life-course Savings Scheme University of Twente ends due to resignation or dismissal, at the option of the staff member:
  - a. the life-course account or insurance will be maintained, provided the conditions of the life-course institution provide for this, or
  - b. the life-course credit is transferred to the life-course savings scheme of a new employer, provided the conditions of the new life-course institution provide for this, or
  - c. the life-course credit is commuted, as a result of which the entire credit is taxed in one go as wage from previous employment, provided the conditions of the life-course institution provide for this.
2. If participation in the Life-course Savings Scheme University of Twente ends due to the staff member's death, the university will make the life-course credit available to the staff member's heirs, provided the conditions of the life-course institution provide for this. In that case any due payroll tax and social security premium and income-based contribution under Health Care Act will be withheld from the life-course credit.

### **Article 13 Final stipulations**

1. For cases which this scheme does not provide for or on which this scheme has an adverse effect, the Board may decide to make a special arrangement with the staff member.
2. This scheme will become effective on 31 December 2019 and ends on 1 January 2022.

---

## Explanatory notes to the Life-course Savings Scheme University of Twente

### General

#### **Introduction**

On 1 January 2006 the statutory life-course savings scheme commenced. This scheme gives every staff member<sup>2</sup> the right to save on an individual basis in order to bridge a period of unpaid leave or stop working prematurely. The right to participate in a life-course savings scheme is laid down in article 7:2 of the Work and Care Act (*Wet arbeid en zorg*). The fiscal matters of a life-course savings scheme are found in chapter IIC of the Salaries Tax Act (*Wet op de loonbelasting*) 1964. Chapter 5A of the Wage Withholding Tax Implementation Regulations 2001 contains further instructions for implementation. In the following the main elements of a life-course savings scheme will be briefly discussed.

#### **Saving for life-course leave**

Saving under a life-course savings scheme is not an obligation but an option. The staff member himself determines whether he will save and if so, how much and with which bank or insurance company (life-course institution) he will open a *life-course savings account* or a *life-course insurance*. A life-course savings account has the character of a savings and/or investment account. A life-course insurance as a rule has the character of a life insurance.

The employer can enter into a *collective contract* with a life-course institution. Participation in such a collective contract can have certain advantages for the staff member, but is not obligatory. The UT has entered into collective contracts with two life-course institutions: Loyalis and ABN AMRO.

If a staff member wishes to save for life-course leave, he will request the staff member to deposit (periodically) an amount into a blocked life-course savings account or insurance. The staff member is not due any wage withholding tax, national insurance contributions and income-based contribution Health Care Act over this deposit. These levies are postponed until the moment of taking up the life-course credit.

Per calendar year a staff member may put into a life-course savings scheme a maximum of 12% of the actually enjoyed gross salary over that year. There is an exception for staff members born after 1949 and before 1955. In order to give them the opportunity to build up a considerable life-course credit in a brief period, they are allowed to put in a higher amount, if desired their entire annual salary.

The life-course credit has a maximum. If on 1 January of any calendar year the life-course credit (including any returns made) is 210% or more of the preceding calendar year, the staff member is not allowed to save more in that calendar year. The life-course credit may however continue to yield returns. Besides, the credit can be refilled. If on 1 January of any calendar year due to a take-up the credit is less than the allowed maximum, the staff member may save again 12% of his gross salary in that calendar year. An increase in salary may also lead to the staff member being allowed to start saving again.

#### **Taking up life-course leave and life-course credit**

Taking-up life-course leave is not a right. The right to leave must be laid down in a law, for example parental leave and long-term care leave in the Work and Care Act (*Wet arbeid en zorg*), or in the employer's leave policy. Taking up life-course leave always takes place in consultation between the staff member and employer.

If a staff member takes up *unpaid leave*, he can use his life-course credit for this. He may thus supplement his salary up to a maximum of 100% of the salary which he received immediately preceding his period of leave. Within this limit the staff member himself determines the level of the supplement. The lower the supplement, the longer the staff member can bridge a period of unpaid leave using the life-course credit.

---

<sup>2</sup> Each member of staff that may participate under the transitional law. See box at the top of these regulations.

---

Both the staff member and the employer are to give their permission for deblocking of the life-course credit. The life-course institution will in principle always deposit the blocked amount to the employer. The employer will take care of withholding wage withholding tax, national insurance contributions and the income-based contribution to the Health Care Act (*Zorgverzekeringswet*). Only in case of involuntary liquidation of the employer will the life-course institution pay the money directly to the staff member. In that case the life-course institution is the withholding agent.

In order to take up life-course leave, there must be an employment relationship. Between two jobs the staff member can therefore not take up life-course leave. Neither can the life-course credit be used as a supplement to an unemployment benefit. Taking up life-course credit in case of *dismissal* is however possible. The employer will pay out the credit as a lump sum, and payroll tax and social security premiums will be withheld over the total amount in one go. In that case the staff member is not entitled to the life-course leave deduction (see tax aspects). Furthermore, in case of dismissal the life-course credit can be transferred (in whole or in part) to another life-course institution.

If the life-course credit has not been taken up (completely) when the staff member *retires*, the remaining amount will be paid out to the staff member by way of a lump sum on the day prior to the commencement of the pension. In that case the amount will be taxed as wage from previous employment. The employer will withhold wage withholding tax, national insurance contributions and an income-based contribution Health Care Act over the full credit. In this situation the staff member is entitled to the life-course leave deduction built-up (see tax aspects).

If there is a pension deficit, the staff member can also opt for adding (part of) his life-course credit to his pension, provided the pension build-up stays within the fiscal limits provided by law. If the life-course credit is used to supplement the old-age pension, the staff member is not entitled to the life-course leave deduction (see tax aspects).

What happens with the life-course credit if the staff member *dies*, depends on the agreements made between the staff member and the life-course institution. In case of death, under a life-course account the credit may be paid out as a lump sum to the heirs of the staff member. The staff member will withhold the payroll tax and social security premiums. Subsequently the heirs will pay inheritance tax over the remaining amount. In this situation there is no right to the life-course leave deduction. Under a life-course insurance the mortality risk may be for the account of the staff member.

### **Tax aspects**

Life-course saving is a tax-efficient way of saving. First, the staff member saves from his gross salary. Therefore he pays less wage withholding tax, national insurance contributions and income-based contribution Health Care Act. These levies are postponed until the moment of taking up life-course credit. The tax treatment is referred to as the *reversal rule*.

In addition, when taking up life-course credit the staff member, in most [dit 'most' moet weg, maar waarom?] cases, is entitled to a reduction of the wage withholding tax, national insurance contributions and income-based contribution Health Care Act due: the *life-course leave deduction*. The life-course leave deduction is a maximum of €215 in 2019 (€212 in 2018 and €210 in 2017) for each year that you have saved for the life-course scheme in the period 2006 through to 2011. The deduction cannot be more than the amount which the staff member takes up from his life-course credit. The employer will set off the life-course leave deduction in case of taking up an amount from the life-course credit.

---

The life-course credit is not considered as capital and for income tax return purposes does not fall under the *tax on imputed return on investment* in box 3.

### ***Pension build-up***

Saving under the life-course savings scheme does not affect the pension build-up. The pensionable salary is not lowered and the employer pays the pension premiums due over the salary. This means however that the staff member's part of these pension premiums is withheld from the amount which the staff member puts into the life-course savings scheme.

Staff members in the Public and Education sectors build up pension with the ABP. In the Pensions Board of the Council for Public Sector Personnel Policy it was agreed that the pension build-up for staff members in the Public and Education sectors will continue on a collective basis over the first year of a life-course leave period, against the regular premium. If the take-up from the life-course credit is at least 70% of the pensionable salary immediately preceding the life-course leave, the pension build-up during the period of the life-course leave is based on the pensionable salary immediately preceding the life-course leave. If the take-up from the life-course credit is less than 70% of the pensionable salary immediately preceding the life-course leave, the pension build-up during the period of the life-course leave is based on

the actual income from the life-course credit. Further arrangements are made per Collective Labour Agreement about the distribution of the premiums during the first year of the life-course leave period. After expiry of the first year of the life-course leave the staff member continues to be a participant with the ABP during the remaining part of the life-course leave period and if so desired he can continue the pension build-up on a voluntary basis against a person-related premium.

In the Collective Labour Agreement Dutch Universities the parties have agreed that existing arrangements on pension build-up and the distribution of the premium burden in case of sabbatical leave, parental leave and care leave will remain intact.

In case of life-course leave for other purposes than those mentioned above, the employer will pay the regular employer's part of the pension premium once every eight years if life-course leave is taken up by the staff member over a maximum period of nine months. In case of a life-course leave period longer than nine months, the staff member pays the full pension premium for the period himself after these first nine months. This also applies when the staff member takes up another life-course leave within eight years.

### ***Attuning with other leave schemes***

The staff member can use the built-up life-course credit for any form of unpaid leave: long-term care leave, parental leave, adoption leave, educational leave, sabbatical leave, part-time leave or leave immediately preceding retirement. For a number of these forms of leave the UT currently has separate schemes, a stipulation in the general leave scheme and/or a provision within the Optional Model Employment Conditions. In order to arrive at a coherent leave policy, the Board will consult with the OPUT on attuning the present leave schemes to the Life-course Savings Scheme University of Twente.

This translation is meant as a service to non-Dutch speaking employees of the UT. However, in case of a difference of interpretation, these translations cannot be used for legal purposes. In those cases the Dutch text is binding.