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## Financial stress by design: examining barriers to social welfare take-up

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# Chapter 5

## Social security or insecurity?

The experience of welfare participation by financially vulnerable households in the Netherlands

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## **ABSTRACT**

Social welfare aims to support financially vulnerable households by protecting them from financial shocks and providing them with a basic standard of living. Many eligible households, however, do not take up social welfare. We present the results of in-depth interviews with 31 members of financially vulnerable households in two large Dutch cities about their experiences with welfare. We examined money's role in their lives, what inhibited them from taking up social welfare, and how they sought support. For many interviewed households, money was a source of stress. We found that the fear of reclaims and mistrust in government institutions were the main inhibitors to participating in welfare programs. Whereas the experience of shame and stigma were substantial inhibitors for claiming local welfare benefits, they were not for participating in national welfare programs. Formal and informal help promoted welfare participation, but many participants lacked access to both forms of help. We discuss policies that could decrease the uncertainty associated with benefits receipt and give directions for future research.

## INTRODUCTION

“With child support, I had to repay everything. As I said, I worked through an employment agency, so I don’t have one salary. Sometimes, I earned more; other times, I earned less. That was a fact of life. [...] At the end of the year, I got a blue envelope in my mailbox. I had to pay back € 1.500. I thought: “How is that possible?” [...] I had to repay € 150 every month. But if I earned € 1.200 - € 1.300 per month, that was very difficult.”

This excerpt is from our interview with a single mother on the weekly street market in a deprived neighborhood in The Hague, the Netherlands<sup>a</sup>. During the interview, she cheered up when she told us that she had recently received a fixed contract, providing her with a stable income. She explained why she no longer used any benefits despite being eligible. Her story illustrated our conversations with financially vulnerable households for the current study.

Relative poverty has profound implications on mental and physical health<sup>2,3</sup>. Research shows that being relatively poor is linked with feelings of uncertainty, stress, and shame<sup>4-6</sup>. Welfare systems aim to decrease financial distress by providing income security for the population in adverse events such as illness, unemployment, retirement, and death<sup>7</sup>. Yet, many eligible households do not participate in the welfare programs intended for them. Non-take-up rates vary between countries and programs, but 30% to 40% rates are not exceptional<sup>7-9</sup>. This means that welfare systems do not achieve their goals, which may undermine their legitimacy and increase inequality<sup>8</sup>. For individual households, not participating in welfare lowers their well-being and may exacerbate poverty<sup>10</sup>.

Theoretical and quantitative studies have identified numerous potential inhibitors for welfare participation, including welfare stigma<sup>11-13</sup>, transaction costs, learning costs, psychological costs<sup>14-16</sup>, administrative burden, fear of reclaims, and lack

a Deprived neighborhoods in the Dutch context are characterized by a concentration of several problems: high unemployment and crime rates, mental and physical health problems, violence, et cetera. These often coincide with a large portion of their populations having incomes /below the (Dutch) poverty line The poverty line lies at the point below which people do not have the means for the goods and facilities that are considered the minimum necessary in Dutch society.

of social support<sup>16-20</sup>. Promotors of welfare participation include knowledge of program criteria, perceived eligibility, and perceived utility<sup>21-23</sup>. It is well-established that more complex systems with more eligibility criteria go hand-in-hand, with a smaller fraction of the eligible population participating<sup>24</sup>. This generates a paradox: more targeted social welfare development results in more stringent rules and, hence, lower take-up, which likely disproportionately affects the most financially vulnerable.

There is evidence that formal and informal support may stimulate welfare participation<sup>17,25</sup>. However, there is little research on how the financially vulnerable find formal and informal support when needed. Several studies have shown, however, that feelings of mistrust and shame are higher among groups with lower socioeconomic statuses<sup>5,26,27</sup>. Mistrust and shame may well inhibit help-seeking behavior.

Few studies have examined how eligible households, especially financially vulnerable ones, experience welfare participation. Understanding these experiences may help develop more inclusive social welfare systems that target needy households better. To this end, the current study aims to grasp the lived experiences of financially vulnerable households eligible for benefits. It captures their experiences of being financially vulnerable, what inhibits them from using welfare, and where they turn for help when needed.

The remainder of this article is organized as follows. We start with an overview of the literature on welfare participation. Then, we describe the methodological approach and the results. We end with conclusions, policy implications, and further research directions.

## WELFARE PARTICIPATION LITERATURE

### **Financial vulnerability**

Even in affluent welfare states, being financially vulnerable brings insecurity and fear<sup>4</sup>. Low socioeconomic status is strongly related to stress and rumination<sup>6,28,29</sup>. According to Sen<sup>5</sup>, feelings of shame are at the center of relative poverty. There is ample evidence of the impact of financial vulnerability on mental and physical health<sup>2,3,30,31</sup>. A recent line of literature suggests that the subjective feeling of financial scarcity impedes cognitive functioning. Decreased cognitive performance may negatively affect subsequent behaviors, such as saving, borrowing, and investing, thus exacerbating financial vulnerability<sup>32,33</sup>.

### **Promoters and inhibitors of welfare participation**

Initially, the study of welfare participation was pre-eminently the domain of social policy and public administration research. The first studies focused on welfare stigma, which has maintained a prominent role in the literature. Scholars started to systematically include other causes of non-take-up of welfare in the 1970s. For example, based on a literature review, Craig<sup>21</sup> concluded that some groups do not claim due to “some mixture of pride, ignorance, a sense of stigma, reluctance to make the efforts a claim calls for, a desire for self-sufficiency on the part of an individual or family, an unwillingness to become involved with a government agency and a feeling that the whole business is not worthwhile” (p. 543). Around the same time, Van Oorschot<sup>22</sup> presented a comprehensive framework that integrated a range of promoters and inhibitors of welfare take-up. According to his model, potential claimants must first pass certain thresholds (knowledge and perceived eligibility) before making a trade-off between promoting factors, such as perceived need, and inhibiting factors, such as negative attitudes towards welfare.

Another primary line of welfare participation research comes from economics. Economic models have examined the issue by balancing welfare participation's benefits (utility and need) and costs (transaction costs, learning costs, psychological costs, and stigma)<sup>14,15,34</sup>.

Behavioral insights have contributed significantly to the welfare participation literature in the last decade. In public administration, scholars now realize that administrative burden, defined as “an individual's experience of policy implementation as onerous,” looms larger for citizens with less human capital and thus increases inequality<sup>18,35-37</sup>. Behavioral economists have developed

interventions to increase welfare participation. These include interventions that counteract psychological inhibitors of welfare participation, such as unawareness, informational complexity, and (non-cognitive) application costs<sup>25,38-40</sup>.

### **Financial support and help**

To our knowledge, few studies have examined how financially vulnerable households seek help. From a theoretical perspective, there is reason to suspect that financially vulnerable households may experience thresholds for seeking help. Evidence shows that trust is lower among financially vulnerable households in affluent countries<sup>26</sup>. Also, relative poverty brings about shame<sup>5</sup> and social exclusion<sup>41</sup>. At the same time, studies show that formal and informal support help may promote welfare participation<sup>17,25</sup>.

### **The current study**

The academic literature on welfare participation tends to be theoretical, and most empirical studies in this area are quantitative. Quantitative research has the advantage that it provides generalizable knowledge. However, it often lacks depth and context<sup>42</sup>. Many important characteristics of people and communities cannot be meaningfully reduced to numbers or adequately understood without referencing the local context in which people live<sup>43</sup>. Examples of such characteristics are identities, perceptions, and beliefs. In the case of social welfare, it seems especially worthwhile to understand better the experiences of financially vulnerable households with welfare participation. This understanding may help the development of inclusive social security systems that have a bigger chance of reaching their goal of supporting the financially vulnerable. Currently, there are few systematic studies of the experience of welfare dependence and welfare participation for those that social welfare primarily intends to target: the financially vulnerable. The current study examined the lived experiences of financially vulnerable households with welfare participation. It aimed to reveal what it means to be financially vulnerable, which barriers financially vulnerable households experience when applying for benefits, and where they find help in case of difficulties.

### **Income support in the Dutch welfare system**

This text box provides a brief overview of the main elements of income support in the Netherlands. Also, it provides some background on the benefits scandal that has occupied Dutch society since 2017. The Appendix contains a more detailed description of both.

*Local benefits.* The Participation Law (*Participatiewet*) mandates local municipalities to move people toward the active labor force and aims mainly at the unemployed and those with meager incomes<sup>44</sup>. Programs under the Participation Law tend to have strict eligibility rules, such as the obligation to search for jobs. Non-take-up rates for these programs vary significantly between different provisions and municipalities.

*National benefits.* The three primary national income support programs are healthcare, rent, and child support benefits. These programs target many in the population. The take-up rates were between 84 and 90% in 2018. In addition, a childcare benefits scheme allows parents to hire childcare to work. For all four programs, applicants receive an advance payment based on their estimated income, which is settled at the end of the year. This mechanism results in a large number of retroactive corrections. In 2018, there were 2.3 million reclaims.

*The benefits scandal.* Our study took place against the backdrop of what is referred to as “the benefits scandal” in the Netherlands; the tax office unjustly accused around thirty thousand households of fraud with childcare benefits. Households were required to repay large sums of received benefits, often causing severe debts and a cascade of problems in all areas of their lives, such as loss of job or home, relocation of children, and mental and physical health problems. The scandal has received a lot of media coverage.





## METHODS

The current study was part of Moneytalks, a qualitative research program of the Dutch Ministry of Finance, to gather the experiences of financially vulnerable households with different aspects of personal finances. We collected data through in-depth interviews to capture the experiences of financially vulnerable groups. These groups are less likely to participate in quantitative studies and thus risk marginalisation<sup>42,45</sup>. Our research objectives fit best with an interpretative phenomenological epistemology<sup>46</sup>. We chose an interpretative research paradigm rooted in the phenomenological and hermeneutic research traditions<sup>47-49</sup>.

### **Study participants**

The interviews were conducted with four trained and experienced interviewers (one female and three males). Their experience included interviewing people about financial matters. The first author trained them in the specific content matter: social welfare. We performed the interviews in pairs of varying compositions. The interviewers and interviewees did not know each other before the interviews.

The sample was diverse in terms of household composition (couples, singles, divorced, widowed; with and without children), income situation (student, employed, self-employed, unemployed, disabled, and retired), and cultural backgrounds (with and without migration backgrounds). Of the 24 interviews, we excluded three from our analyses because the participants – relatively wealthy couples – did not belong to the target group of our study. Of the remaining 21 interviews, 12 were with one participant, 8 with two participants, and one with three participants. The interviews took between 20 and 55 minutes. See Table 1 for an overview of the sample.

The interviewers came from different socioeconomic and cultural backgrounds than most interviewees. The interviewers were white and highly educated, held well-paid jobs, and had fixed contracts. Many of the interview participants were in financially dire circumstances and had lower levels of education. Some were first- or second-generation migrants. These differences in backgrounds might result in prejudices in both directions and distance between interviewers and interviewees. To address these potential issues, the interviewers discussed them at the start to raise awareness of them. Also, they dedicated ample time and attention during the interviews to create an atmosphere of trust and equality and practiced active listening without prejudice.

Table 1. Overview of Participant Characteristics

	The Hague	Eindhoven	Total
<i>Gender</i>			
Male	6	3	9
Female	10	12	22
<i>Work status</i>			
Employed	10	4	14
Housewife	1	1	2
Retired		3	3
Self-employed	3	2	5
Student	1		1
Unemployed	1	5	6
<i>Cultural background</i>			
Migration background	4	6	10
Native Dutch	12	9	21
<i>Single or couple</i>			
Couple	11	6	17
Single	5	9	14

### Participant recruitment

We collaborated with an organization specializing in qualitative research amongst groups generally excluded from (quantitative) research. We recruited and interviewed people in a weekly street market in a deprived neighborhood in The Hague and the city center of Eindhoven. We chose places that attracted a broad audience with diverse socioeconomic and cultural-ethnic backgrounds and where people were not in a hurry. Representativity was not an aim of our sampling strategy; however, we did perform diversity sampling to obtain experiences from various groups. We recruited potential participants in the streets by asking them whether they wanted to share their experiences with making ends meet.

The Hague and Eindhoven are the Netherlands' third and fifth largest cities, with half a million and a quarter of a million inhabitants, respectively. Reliance on government support is somewhat higher in The Hague: 24% of households received support in at least one domain, compared to 20% in Eindhoven. In 2017, 10.3% of households in The Hague lived under the poverty line, compared to 6.8% in Eindhoven<sup>1</sup>. Both cities have active anti-poverty policies, including a service point where inhabitants can ask about work, health, children, and well-being.

We informed participants that the general goal of the research was to capture their personal experiences with financial matters. We did not reveal our interest in non-take-up until the debriefing stage to obtain their unbiased and spontaneous responses. In both locations, we interviewed participants until we reached a saturation point, as jointly decided by the interviewers. We offered no monetary compensation because we wanted to include participants who were intrinsically motivated to share their experiences. All participants provided informed consent. The Leiden University Psychology Ethics Committee provided approval in advance of the interviews (protocol number V2-2982).

### **Data collection**

We used semi-structured interviews, which enabled us to make participants feel at ease talking about a potentially sensitive subject<sup>50</sup>. Also, semi-structured interviews can address theoretically driven variables while providing room for lived experience<sup>51</sup>. Finally, semi-structured interviews enabled us to explore the context-specific variation between households<sup>47,52</sup>.

We held the interviews in public places with an informal ambiance while ensuring privacy at the same time. To create a homely setting, we set two tables (one inside, one outside) with attributes, such as a tablecloth. Being aware that the Ministry of Finance might encounter distrust and distance, we took ample time to create an open atmosphere. We explained that our research aimed to determine how people make ends meet with a low income because we wanted to help them. We stressed that we wanted “real stories, not the opinions of civil servants or scientists, but the experiences of people who know what life looks like.” We also stressed to participants that we ensured their privacy and that they could refrain from answering questions or stop their participation at any time without negative consequences. To ensure that participants were at ease, we first asked them to say something about themselves (their household composition, daily activities, etc.). We offered participants coffee, tea, or a soda.

We used an interview guide (see Appendix) in plain language to ensure the participants understood the questions. We developed the interview guide in an iterative process with the interviewers and the co-authors based on a literature review on financial vulnerability, non-take-up of social welfare, and getting help. The interviews consisted of open-ended questions in three blocks. The first block aimed to collect participants’ thoughts and feelings about money and its role in their daily lives. It included experiences with making ends

meet, borrowing, and saving. The second block captured potential inhibitors for claiming benefits. In the third and final block, we asked participants if and how they looked for help when they could not figure out financial matters themselves.

In the first four interviews, relatively much time was spent on the first block, after which there was little time left for the main focus of our study. Therefore, we decided to spend more time on the second block from the fifth interview onwards.

After the core part of the interviews, we revealed that welfare participation was our prime research interest at the debriefing stage. Because participants could perceive the research subject as sensitive, extra care was given to potential stress or other negative emotions during the debriefing stage to prevent harm. We provided an information letter in plain language for the participants to take with them, including contact details if they wanted more information on the study. We recorded and transcribed the interviews non-verbatim; we removed elements such as interview noise, corrected grammar, and stutter from the transcriptions<sup>53</sup>.

### **Data analysis**

At the end of both field days, the interviewers discussed themes that had emerged during the interviews. We included the field notes from these sessions in our analysis. We applied computer-aided qualitative data analysis (CAQDA) using ATLAS.ti version 9. The first author coded the interviews. In the first iteration, he read the transcripts while listening to the audio recording, capturing nuances not visible in the transcriptions, such as hesitations, lapses, interruptions, and emotions. He followed an iterative process of reading, coding, and analysis. He used a combination of deductive and inductive analysis: the predefined set of codes (see Appendix) was expanded as new themes emerged<sup>54</sup>. Examples of predefined codes included “Stress and worries” and “Perceived eligibility.” Examples of codes that emerged were “Health issues” and “Mistrust in government.” After reading all the interviews, he performed an integrative analysis. He collected emerging themes and made connections by performing thematic co-occurrence analysis<sup>55</sup>. He then had a session with the other three interviewers to reflect on the emerging patterns. The other three interviewers reviewed the description of the results.



## RESULTS

We observed that, after some initial hesitation, people talked openly about their finances, life events, and experiences with benefits. Some showed anger and sadness when talking about their experiences with money. One participant indicated she did not want to talk about her financial experiences. After suggesting to her to stop the interview, she decided to continue.

### **Money experiences**

#### ***Associations with money***

We asked participants to mention the first thing that came to mind when we said “money.” The majority of participants had negative thoughts and feelings about money. They associated money with sadness, pain, and difficulties making ends meet. One participant described this as “one big fight,” Another compared money with a “punishment.” One participant said:

“Two for the price of one. That is what comes to mind. And food that you can buy but don’t want to eat. Buying the cheapest vegetables. Not because you like them, but because you can buy them.”

For many participants, stress was the dominant feeling associated with money. Some spontaneously mentioned “panic.” A considerable number of participants linked money to health problems. For example, one participant told us she could not afford to go to the dentist and had terrible teeth. She could hardly chew and said, “I am ashamed to smile.” Negative attitudes towards money were more common among self-employed and unemployed, those with a migration background, those with fluctuating incomes, and single participants (divorced or otherwise).

When participants had positive experiences with money, these mainly included the absence of stress and not worrying. “Rest” was a word participants often used. This association was more common among participants that had stable incomes. Some mentioned that money gave them a feeling of freedom and the ability to do nice things, such as vacations and outings. Others had ambivalent or neutral associations with money. For example, one female participant (45) spontaneously said “heaven and hell” when we asked to mention the first thing that came to mind. She explained that she had a love-hate relationship with money by saying:

“Yes, because, as I said, you need money to live. And that can be a great concern. I’ve had times that I had so little that I could hardly buy food, you know. But on the other hand, money also gives you a lot of freedom, of course.”

She told us that – if she had more money – she would help poor people. And for her, having more money was associated with not worrying.

### **Financial behavior**

*Balancing income and expenditures.* Many participants indicated that they had difficulties making ends meet. These difficulties were closely related to negative associations with money, especially stress and worries, and were more common among the unemployed and self-employed. For the unemployed, the latter finding is likely due to low incomes, whereas income fluctuation may play a role for self-employed participants. Difficulties making ends meet were less common among couples, which is in line with the finding that, for most couples, at least one of the two had a paid job.

*Borrowing and debts.* We asked participants about their experiences with borrowing and debts. Most participants had very negative attitudes towards debt. These negative attitudes were strong for those who had experiences with debts, as one divorced woman told us:

“The last years of my marriage were terrible financially. And then with bailiffs at the door. And I never ever want that again. So, I make sure that I make ends meet. Then, if necessary, eat bread for a few days, but I will never get indebted again. I know what that results in.”

Participants generally indicated that they preferred borrowing from a relative to borrowing from an institution. Some were not worried about borrowing from their parents; others did feel bad about this because they realized that they had to pay back the amount or were afraid it would hurt their relationship with their parents. Sometimes, participants did not see a loan from a relative as a



“real” debt. Participants generally regarded a debt to the tax administration very negatively. This negative view seemed to result from the “harshness” of the tax administration in reclaiming debts. A few participants were still heavily indebted when we spoke to them. One young mother told us that her debts totaled € 100,000. These debts were mainly due to not paying rent and because the tax administration reclaimed unjustly paid childcare benefits. She was at peace with the fact that a curator managed her finances. This gave her “rest,” although she would like to manage her finances again in the future because this would make her feel proud of herself.

*Financial buffers and savings.* Most participants indicated having some financial buffer to cover unexpected expenditures, such as replacing a broken fridge. Some only had minimal buffers that were insufficient to cover setbacks. A few participants indicated that they were unable to save at all. Self-employed had more buffers than employed, who, in turn, had more buffers than unemployed participants. Respondents with current or recent unemployment had the lowest buffers. Singles had fewer buffer savings compared to couples and divorced participants. Some participants had a buffer in the form of a relative they could always fall back on. Such a buffer protected them against unexpected expenditures and financial stress.

*Meeting financial challenges.* We asked participants how they dealt with their financial challenges. Most spontaneously mentioned that they cut spending, for example, by refraining from going on holidays or not buying clothes. Some cut spending at the cost of their health. For example, one participant indicated that she needed orthotics but could not afford them. Another participant, as described above, had stopped going to the dentist, which had resulted in bad teeth. Yet another participant indicated that she had to take a non-diversified diet depending on what was on sale in the supermarket. In addition to cutting spending, generating additional income, for example, by working more hours, was also mentioned quite often.

## **Experiences with welfare participation**

### ***Fear of reclaims***

By far, the most mentioned reason for not using benefits was fear of reclaims. In most cases, this fear was realistic: many participants had previously experienced reclaims. They wanted to avoid the stress of having to repay a received benefit afterward. A young couple without children said:

“Indeed, when I got that letter, plus that invoice for last year, and saw the amount that I had to repay, then I thought: I immediately quit [using benefits].”

None of the participants was a victim of the benefits scandal. Only two participants mentioned the benefits scandal, which did not contribute to their fear of reclaiming. Notably, the fear of a reclaim often co-occurred with general financial stress. Participants talked about benefits as if they represented a loan. A retired painter of 74 did not apply for benefits anymore because of a reclaim in the past. Instead, he still worked for his son’s company and as a self-employed painter to acquire sufficient income. A self-employed woman of 56 told us that she had recently borrowed € 600 from her sister to pay for her son’s study trip. At the same time, she did not apply for healthcare and rent benefits, although she was eligible. Only one of the participants was aware of the possibility to apply for benefits retroactively after one’s yearly income is known. The fear of reclaims was present amongst participants of varying background characteristics. It was more common, however, for self-employed and divorced participants. Unemployed participants had relatively little experience with reclaims. Some unemployed participants said they received help from the social service with their application. Also, those unemployed for a more extended period had no fluctuation in their incomes and ran no risk of having to repay benefits.

### ***Negative attitudes towards government***

Many participants had a negative attitude towards the government and the tax administration. We did not ask for this explicitly; this theme emerged during the interviews. Participants indicated that the government had not helped them when they had needed help in the past. Also, they indicated that the tax administration had made mistakes, resulting in reclaims. A typical example involved a divorced woman without children:





“Yes, I felt left alone. Even a bit discriminated against. And very sad. Really very sad, yes. You expect ... I really needed help. I’ve always been able to do everything myself. And then I couldn’t because of the circumstances. [...] And if you are left out in the cold like that, then I think, yes, so many other people do get help.”

There was a clear link between reclaims and mistrust in the tax administration. Many participants felt that the tax administration is responsible for ensuring people receive the correct benefits amount since “they know everything about you.” Negative attitudes towards the government were powerful among native Dutch participants. Participants with a migration background less often showed negative attitudes towards the government. Two groups that stood out in mistrust against the government were self-employed and divorced participants.

### ***Lack of knowledge***

Some participants lacked knowledge about the benefits they could receive. However, we did not find this a primary cause of non-take-up. Lack of knowledge often resulted from the absence of the necessity of knowing because someone else – for example, children or a professional – took care of the benefits application. Others did not seek information about benefits because they said they did not need them or did not want to “scrounge.” Lack of knowledge was more common among native Dutch participants.

### ***Administrative burden***

Participants often mentioned the administrative burden associated with social security. However, this administrative burden did not relate to the application process for national benefits, which most participants perceived as very easy. The application for other – often locally administered – welfare programs was experienced as more burdensome. Some participants mentioned that “the government wants to know everything about you,” which humiliated them. The administrative burden for national benefits was often associated with updating information with the tax administration whenever one’s situation changed. Participants mentioned that this required their continuous attention because they ran the risk of a reclaim. This caused a cognitive load and – on some occasions – stress:

“.. Because I’ve done this [applied for healthcare benefits] and then, it changed again, because you earn more then suddenly your benefits will change. So you go from € 12 to € 9 to € 4, and at the end of the year, I have to repay € 180. I’m not in the mood for this! For a few euros. [...] So you continuously need to keep track of what you’re doing. If you don’t ... many people just fill it in once and think whatever. And then you get into problems”.

Notably, the experience of administrative burden was more common for native Dutch participants (compared with participants with a migration background). Unemployed hardly suffered from administrative burden because a professional took care of the application and administration of their benefits, and their eligibility was relatively stable.

### ***Stigma and shame***

The literature often mentions stigma and shame as a reason for foregoing benefits. Very few participants, however, reported stigma or shame as an inhibitor of welfare participation. Many participants explicitly mentioned that shame played no role in participating in a national benefits program for which one is eligible. Some participants indicated that they could imagine someone being ashamed to apply for benefits, but no participant reported feeling shame about welfare participation themselves. Their rationale was that national benefits are broadly used, and employed citizens are also eligible. Stigma and shame seemed to play a more prominent role in other welfare programs, for example, unemployment benefits and the Food Bank. This was especially the case for native Dutch participants. For example, one young woman said:

“[...] requesting unemployment benefits feels like a shortcoming. It should not be necessary. You should be able to earn your own money, be self-reliant. And not feel like not being capable of something normal.”



### **Other inhibitors**

Participants mentioned several other potential inhibitors for claiming welfare. For example, some participants experienced a lack of freedom when participating in a welfare program. Others mentioned the pressure to meet the eligibility criteria; this applied to local rather than national benefits. On some occasions, language barriers and digital illiteracy played a role, especially for those who did not get support from a professional or a relative. Some thought they were ineligible for benefits. We could not check whether this was the case. Based on our best estimate, the perception was correct in some instances and wrong in others. In any case, perceived eligibility did not seem to be a significant threshold for benefits in our sample. Finally, two participants indicated they were fundamentally against using benefits because they disagreed with government policy, specifically regarding COVID-19.

### **Getting help**

We asked participants where they went for help on financial matters. Friends and relatives were most often mentioned as a source of help. Quite a few participants got help from a professional, such as a curator (in the case of unemployment or overindebtedness) or a bookkeeper (for self-employed participants). Others got help from the local government, especially in Eindhoven. A considerable number of participants mentioned *We Eindhoven* as a source of help. *We Eindhoven* is an initiative of the municipality that offers inhabitants who temporarily need support to get a grip on their life. Some of the participants also provided financial help themselves, either as a professional, relative, or friend.

Participants also mentioned barriers to seeking help. Many had had bad experiences seeking help from the government in the past. They did not get the help when they needed it. Some mentioned that they had to overcome shame to seek help, but that did not stop them from asking. A few participants did not know where to go for help.

### **Differences between the two locations**

Although the general findings apply to both locations, we noticed some differences. Negative associations with money, including stress, were more common in our interviews in The Hague, whereas neutral and ambiguous associations were more common in our interviews in Eindhoven. This coincided with the finding that more participants in The Hague had difficulties making ends meet and negative experiences with borrowing and debts. The

fear of reclaims was also more prominent for participants from The Hague. Participants in Eindhoven found the application easier than participants from The Hague. No participants mentioned the local service point in the Hague; in Eindhoven, many participants knew the local service point (*We Eindhoven*).



## DISCUSSION

We interviewed 31 financially vulnerable people about their experiences with welfare participation. We examined money's role in their lives, the inhibitors they experienced for taking up benefits, and where they went for help if needed. We held semi-structured interviews, which gave us more in-depth and contextual data than quantitative studies. Also, we show the experiences of a group that often does not participate in quantitative studies. Using inductive and deductive analysis, we built on the existing literature, allowing themes to emerge spontaneously. Although the participants and the interviewers had very different backgrounds, we sensed trust and an open atmosphere; participants shared intimate details of their personal lives.

Participants often had negative thoughts and feelings about financial matters. Money gave them stress and worries. For many participants, the absence of stress was their ideal. For some, money was associated with freedom and doing nice things. Many had difficulties making ends meet. Participants had negative attitudes towards debt.

For financially vulnerable individuals – especially those with low, fluctuating incomes – the fear of reclaims was strongly related to welfare participation. Many had experienced reclaims, and fear of reclaims was the most common reason for not applying for national benefits. To our surprise, participants rarely mentioned the scandal with childcare benefits. Despite its broad media coverage, the benefits scandal did not play a prominent role in participants' decision to take up benefits. A few participants mentioned the scandal, but it had not affected their behavior. Participants' experiences were more important in taking up benefits than what they read in the media.

Participants experienced benefits as a loan from the tax administration. With advance payments based on an estimate of future income, the current benefits system seems to increase rather than decrease financial security for financially vulnerable households. This runs counter to the intention of social welfare. In line with these findings, financially vulnerable households tended to have a negative attitude towards the government, including the tax administration. Participants had experienced the government not helping them when they needed help and had made mistakes that resulted in unexpected reclaims. These reclaims had caused financial worries.

Stigma and shame were not often mentioned for national benefits but seemed more prominent for local benefits. This difference is most likely related to national benefits being available for a broad population group, including those with jobs. Local benefits, in contrast, are associated with being unemployed and unable to take care of oneself. Participants often mentioned administrative burden and fuss. For national benefits, this was not related to the application process but to continuously needing to be alerted to administer changes in their situations to prevent reclaims. Participants reported pressure to meet the eligibility criteria for local benefits and the humiliation associated with disclosure. These aspects did not seem to play a role in national benefits.

Some groups readily had access to professional help, such as the unemployed and the overindebted, migrants and people with a broad social network, and self-employed who could afford a bookkeeper. But those without such a safety net had an additional financial vulnerability and an increased risk of non-take-up. Examples included financially vulnerable entrepreneurs and divorced women.

There were notable differences between the two locations. We offer two potential explanations. First, the location in The Hague, a local street market in a poor neighborhood, may have attracted more financially vulnerable citizens. The location in Eindhoven, the city center, likely attracted a broader audience. Although we recruited people who had experienced difficulties making ends meet, our sample included more financially vulnerable citizens in The Hague, such as unemployed and low-income self-employed individuals. In Eindhoven, relatively more participants were employed. Second, the strong position of *We Eindhoven* as an organization that helps people get a (financial) grip may have contributed to decreasing the financial distress of the financially vulnerable.

The findings in this article give insights into the lived experiences of an important target group for social welfare that can guide policy and future research. The findings of our study underscore that policymakers must develop welfare systems with the target population – usually the financially vulnerable – in mind. Rather than basing assumptions of research and policy only on professional respondents, it is worthwhile to invest the effort to collect the perspectives and experiences of financially vulnerable groups themselves.

A specific finding for the Dutch benefits system is that advanced payment mechanisms do not work well. It was explicitly intended to help the financially vulnerable, but it may be counterproductive. Only one participant was aware



of the possibility of requesting benefits retrospectively. For many others, it had resulted in reclaims. Policymakers could consider turning the default around to address this problem by using last year's income to apply for this year's benefits and creating a safety net for those whose income suddenly decreases. Such a policy change may positively affect trust in government and tax administration. Future studies should confirm this presumption.

Our study shows that a lack of trust in government institutions inhibits welfare participation. Increasing trust in government and tax administration may contribute to welfare participation. Citizen-centered welfare policies are one potential way of achieving this<sup>56</sup>. For example, using "local helpers," either by stimulating informal support or creating an easily accessible professional support facility, may be a viable way to increase trust and welfare participation. Those closer to the financially vulnerable have a bigger chance of increasing the confidence of this group in their right to help them overcome the stress of potential reclaims. They can assist them in monitoring their financial situation and informing the tax administration about changes, thus decreasing the administrative burden of welfare participation.

Future studies could examine interventions using the findings of this article. For example, experiments to reduce the (fear of) reclaims could give valuable insights. One way of achieving this is to stimulate retroactive benefits application. Another could be to make updating personal information easier for welfare recipients. In the interviews for this study, we found that fear of reclaims and trust in government institutions inhibit financially vulnerable citizens from participating in welfare participation. To increase the generalizability of these results, it would be worthwhile to test them in quantitative studies. Finally, extending the research to welfare participants in other countries would be valuable.

We hope that the current study reminds policymakers of the importance of considering the challenging circumstances of financially vulnerable households when designing welfare policies. This is essential if welfare policies are to achieve their goal: to provide security to the financially vulnerable.

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## CHAPTER 5. APPENDIX

### INCOME SUPPORT WITHIN THE DUTCH WELFARE SYSTEM

#### **National Income Support Programs**

Healthcare benefits (*HA, zorgtoeslag*)<sup>1</sup> is a means-tested benefit that supports financially vulnerable families paying for their mandatory health insurance. Individuals aged 18 or more are eligible when using health insurance in the Netherlands, paying the premium, and meeting the income and asset thresholds.

Financially vulnerable households renting an independent living space with a formal renting contract can apply for rent benefits (*RB, huurtoeslag*)<sup>2</sup>. Eligibility criteria include age (minimum 18), income, assets, and age-dependent rent thresholds. Furthermore, one needs to be registered with the municipality at the living address and pay the rent. Special rules apply if a household member receives care at home if a household has more than eight persons, if someone registered at the home address lives in a psychiatric hospital, nursing home, or detention, or if someone lives in an adapted house because of a handicap.

Child benefits (*CB, kindgebonden budget*) cover children's clothing, food, and school expenses for financially vulnerable households<sup>3</sup>. The program aims at families with children under 18 (including stepchildren, foster children, and adopted children), meeting income and asset criteria, and receiving a general child allowance (*GCA, kinderbijslag*). The income threshold depends on the number of children and their ages. Parents who do not receive GCA for a 16- or 17-old who does not receive a student's grant, whom they support financially (meaning that they pay at least € 425 per quarter), are eligible. In case of a divorce, the parent who receives GCA also receives CB. In the case of two parents that both have children from a previous relationship for which they receive GCA, only one of the parents receives CB. When a household receives one of the other three benefits, CB is provided automatically in case of eligibility.

#### **Locally administered provisions**

Municipalities provide social assistance (*SA, bijstand*) to those unable to obtain sufficient income and insufficient assets. Special Social Assistance (*SSA, bijzondere bijstand*) offers reimbursement for unforeseen necessary expenditures to poor households that they cannot cover in another way. Individual Income Support (*IIS, individuele inkomenstoelage*) supports those who suffer prolonged

poverty (three to five years in most municipalities). Also, cities offer collective health care insurance (CHCI, *collectieve zorgverzekering*). Typically, the city pays part of the premium or the excess deductible, and the insurance provides additional coverage. Many municipalities offer a city pass (CP, *stadspas*) that enables financially vulnerable households to participate in cultural, social and sports activities. Food Banks (*Voedselbanken*) provide free food packages for households around or below the Dutch poverty line<sup>b</sup>. Local governments provide a range of other provisions, often allowing financially vulnerable families to participate in social activities. Finally, local and regional governments can waive local and provincial taxes for poor households<sup>4</sup>.

### **The benefits scandal**

The benefits scandal (also known as the childcare allowance affair or allowances scandal) is a Dutch political affair resulting from unjustified fraud suspicions with childcare allowances and the strict recoveries in case of errors. According to investigative committees, the working methods of the Tax and Customs Administration were unlawful, discriminatory and improper, and there was institutional bias and violation of the fundamental principles of the rule of law. As of 2017, the scandal has gained increased attention in politics and media. The third cabinet of prime minister Rutte fell on 15 January 2021 as a response to a critical report about the scandal.

The problems with the (childcare) allowances created a unique situation. A parliamentary interrogation committee found that there is unprecedented injustice and that the fundamental principles of the rule of law have been

<sup>b</sup> In the definition of Social and Cultural Planning Office of the Netherlands (SCP), people are poor when they do not have the means to obtain the goods and services that are considered minimally. People are poor when, for a prolonged period, they do not have the means for the goods and facilities that are considered the minimum necessary in their society. In this definition, someone is considered poor, for example, when he or she has insufficient income for food or a good house. SCP bases the poverty line on a list of minimally necessary goods and services, with the accompanying prices. There are two reference budgets. The strict “basic needs” budget comprises the minimum expenditure of an independent household on unavoidable, basic items such as food, clothing and housing. Spending on other hard-to-avoid items, such as insurance and personal care, is also included. The “modest-but-sufficient” budget is slightly wider. That budget also takes into account the minimal costs of relaxation and social participation. Think of membership of a sports or hobby club or an annual short vacation. In 2017, the basic needs budget for a single person living alone was €1,039 per month and the modest-but-sufficient budget was €1,135 per month

violated. A large group of parents and children have run into serious problems at the hands of the government. The State Secretary for Allowances and Customs writes about this to the House of Representatives:

*“The injustice done to parents and children by the problems with allowances is indescribable for many. The lack of trust by the government, the lack of opportunities to obtain justice and the incalculable recoveries have led to terrible suffering for many parents and their children.”*

Many families have a cascading of problems. A large proportion of parents still experience (very) serious problems in the field of well-being (40%), money matters (33%), home situation (30%), work or education (27%), living situation (25% or family and friends (23%). One in three parents has (very) major problems in at least four areas. 62% have very little to no trust in the government. People don't feel heard when they got stuck in the system. They were also not heard in court.

The recovery operation for the problems with surcharges is also unprecedented, both in nature and in size. So far, more than 50,000 parents have reported as victims (ultimo 2021).

Table A1. Overview of available non-take-up rates (and numbers of eligible individuals/households) for national and local programs in the Netherlands.

<b>Programs</b>	<b>Non-take up % (# individuals/households)</b>
<i>National Programs †</i>	
Health Care Benefits	16% (> 800.000)
Rent Benefits	10% (140.000 – 150.000)
Child Support Benefits	15% (120.000 – 130.000)
<i>Local Programs ‡</i>	
Individual Income Benefit	2% – 25%
Collective Health Care	40% - 48%
City Pass	7% - 25%
Tax Waiver	14% - 25%

† The estimates of non-take-up of national provisions come from two studies. According to Berkthout et al. (5), the average non-take-up of child benefits was fifteen percent (between 120.000 and 130.000 households) in the years 2014 through 2016. In the same study, they calculate that ten percent of eligible households did not claim rent benefits in those years, amounting to between 140.000 and 150.000 households. In 2008, one in six eligible families did not claim HA, which amounts to over 800,000 families<sup>6</sup>.

‡ Few studies examine the magnitude of the underuse of locally administered benefits. The available data come from four larger cities in the Netherlands<sup>7-10</sup>. Local governments usually measure take-up as the percentage of financially vulnerable households that use a certain benefit (without taking other eligibility criteria into account).



## INTERVIEW GUIDE AND CODING SCHEME

### **Interview preparation**

#### **Preparation / materials**

- Laptop + loader
- Phone with a dictaphone app
- Informed consent forms
- Printed interview guides

### **Background**

#### **Research questions**

How do financially vulnerable households experience being eligible for welfare, how does this affect their financial and overall well-being, and where do they turn for help when needed?

#### **Target group**

- People between 18 and 67 eligible for benefits.

#### **Interview setup**

The interview setup is roughly as follows:

- Getting acquainted (putting it at ease, telling the purpose of the research, possibly filtering out people who are not eligible for benefits).
- Money experiences (thoughts and feelings about money, experience with borrowing/debt, money worries/money stress).
- Thresholds for benefits use (experiences with benefits, knowledge/skills, attitudes, necessity).

#### **Selection questions (recruiter)**

The goal of the selection questions is to determine if someone is (potentially) eligible for the three main benefits for low-income households. See the criteria in paragraph 6. At least part of the sample should be eligible but not take up benefits. We aim for a diverse sample (without aiming for representativity).

- We are working on a study for Leiden University, and we would like real stories of people who know what life looks like.
- We would like to know how to make ends meet with a small budget. Is that something you have experience with?
- We hold anonymous interviews to learn from people like you. Would you be willing to participate?
- If yes: to the table!
- Would you like some coffee or tea?

### **The interview**

#### ***Selection questions at the table***

The goal is to quickly determine if someone is eligible for at least one of the benefits. The income threshold for health care benefits is at € 31.138 (€ 39.979 for couples). This amounts to approximately € 2.159 (€ 2.567) net per month. There are no formal thresholds for the other two benefits, but the amount you get becomes lower as income increases. The capital threshold is relatively high (more than € 100.000). In practice, few households fail eligibility criteria because of their capital.

- We are going to talk about making ends meet on a small budget. Before we start, I have some questions to determine what we can and cannot talk about.
- Can I ask your age?
- And do you live alone or with others?
- Do you have children younger than 18? And to you receive child benefits?
- Do you rent, or do you own a house?
- Can I ask what kind of work you do?
- I have a bold question: can you tell us approximately your net monthly income?





If income exceeds the threshold, you explain to them the purpose of the study and say goodbye in a friendly way.

## **Briefing**

### **Introduction**

I am [...], and [...] years old. We are doing a study for Leiden University on how people make ends meet on a small budget. We want to see how we can better support people who have a low income. Your experiences are vital. So we would like to hear from you what money means to you and how you deal with it. We are having a normal conversation. I ask questions, and you say what comes to mind. There are no right or wrong answers because we're looking for opinions and experiences. So you are always right.

### **Privacy**

I'm recording this conversation. I only use it for myself to listen to it again. I am also making a report of this investigation. If it says something you said, no one will know that you said it. My colleague listens in and notes so that I don't have to write so much myself. It's completely anonymous. That means that your name or phone number or whatever will not appear on it anywhere. Your data will only be used for this research.

### **Consent**

Here is a note that explains this all. You can take that with you afterwards. It also states what to do if you have any questions afterwards. Is everything clear? And do you agree?

### **Personal situation**

Purpose: To put the interviewee at ease and get them into "talking mode."

First of all, I would like to ask you to say something about yourself.

- What are your daily activities (what do you do during the day)?

*Optional questions:*

- *Do you work for a boss (in paid employment), or are you self-employed?*
  - *Do you have a permanent or temporary employment contract?*
  - *And your income? Is that about the same every month, or does that differ?*
- How do you live (alone, with someone, with children)?
  - And how old are you?

I want to know a little more about your financial situation. Do you want to tell us something about that?

- How much do you get per month on your account?
- And do you also have savings? How many?
- Do you receive child benefits?
- Do you have a house for sale or a rental house?
- How much rent do you pay per month (including service costs) if a rental house?

**Meaning of money**

Goal: To determine what role money plays in the interviewee's life.

Special attention to:

- difficulty making ends meet
  - money worries/money stress
  - experience with borrowing/debts
- (but also attention to the positive experiences)

**First associations money**

- What do you spontaneously think of when I say 'money'? Everything you think is good; I'm just curious: what do you think of when you hear the word money?

*Additional/in-depth questions:*

- *What feeling do you have when you talk about money?*
- *Is that more of a positive or negative feeling? Explain.*

### **Make ends meet**

- You indicated that you [name work/occupation]. Can you indicate what you can and can't pay for?

*Possibly give examples:*

- *Mortgage or rent*
  - *Gas bill*
  - *Groceries*
  - *Gifts for the children*
  - *Holidays and other fun things*
- Do you often have money left at the end of the month? Or are you short of money?
  - What's your take on that?
  - And how do you deal with it?

*Follow-up questions:*

- *Has it ever happened that it didn't work out?*
- *Can you tell us exactly how that went back then?*
- *What did you do then?*
- *And what did that do to you?*

*Nice to know: changes due to Corona crisis (less work/income); or other causes (new job; etc.)*

- *Has it changed lately?*
  - *Has it become harder/easier to make ends meet?*
- Do you ever have to deal with an unexpected expense?

*Follow-up questions*

- *Can you give an example of that?*
- *Do you have money for this?*
- *If not, how do you deal with that?*
- *Can you tell us a little bit more about that?*

### **Borrowing**

- Have you ever borrowed money?
- What was that for?
- What kind of loan was that?

- How did that go with paying the interest and repayment? Was that difficult/easy?
- What is it like for you to borrow money?

### **Money worries now or past**

- Do you ever have concerns about money or money matters? Or have you ever had that?
- Could you tell us a little bit more about that? What are you (or were) worried about?
- What caused you (or did you have then) money worries? Tell.
- Take me into that situation: what was that like for you?

#### *Follow-up questions:*

- *Can you give an example of that?*
- *Do you have money for this?*
- *Did it also cause stress?*
- *Can you describe that?*

### **Earning extra income**

Purpose: to determine people's experiences with benefits and possibly other facilities. Special attention to possible thresholds. Known thresholds from the literature include:

- unfamiliarity
- one thinks one has no right to it
- too difficult and no confidence to be able to do it
- no help with applying
- the need is lacking (it delivers too little)
- shame / stigma
- fear of having to pay back

**Note:** it could be that you hear things that are not according to the rules (think of undeclared work). These are things that you do want to hear and that you want to ask questions about. As an interviewer, you have no right to non-disclosure. But because you don't know the person's name, the risk for the interviewer and interviewee is nil.



### **Knowledge**

- Have you ever thought about ways to get extra money?
- If so, which ones?
- What (other) ways do you know to get money from the government?
- Have you ever heard of benefits?
- What benefits do you know?
- Have you ever used it? Or are you using it now?

If they have not received any benefits, please go to 4.5.3. Otherwise to 4.5.2

### **Experiences with the use of benefits**

- What benefits do you use?
- How did the application work?
- What is it easy or difficult to apply?
- What did you have to do for it? Take me through how that went?
- How does it make you feel to apply for benefits?
- Once you have applied for benefits, do you still have to do something for them afterwards? What?
- How do other people view the fact that you use benefits?
- Is there still a difference between rent benefits, care benefits and child-related budget?

### **Thresholds for use**

It is essential to estimate which benefits one is entitled to for the following questions.

See criteria in section 6. In the first instance, choose one surcharge that you will go deeper into.

The following order is given below. Depending on which benefits someone does or does not use, you can skip one or more

1. Health care benefits
2. Rent benefits
3. Child support benefits

- What is the reason that you do not use a health care benefits now?
- Can you tell us more about it?

*Follow-up questions (if someone indicates that they think they are not entitled to it)*

- *Why do you think you are not entitled to benefits?*
- *Can you tell us a little bit more about that?*

*[It may be that someone falls into an exception group. If not, you can tell them that we think they are entitled]*

- *How do you feel about hearing that you do have a right?*
- Are there any other reasons you do not use a health care benefits?
- What do you think about other people applying for a health care benefits?
- How is that for child support benefits?
- And how is that with rent benefits?
- Can you tell us more about that?
- I want to tell you a story I've heard. And I want to ask you to empathize with this person. And I'm curious how you look at this situation with your experience and why you think this person makes these choices.

*"[Name of male/female](name a few background characteristics of the person, which match those of the respondent). He (or she) has been struggling to pay his bills for some time. Last week he received a letter that he still had to pay his rent. The housing corporation calls and offers a payment arrangement. In the end, the person on the line tells him that he can also apply for rent benefits. [Name] hangs up the phone. He thinks about requesting rent benefits but ultimately decides not to."*

- What reasons could [Name] have for not going into this?
- Is this a situation you recognize? How then? What prevents him from knocking on the door of the municipality?
- Would it be any different if we weren't talking about [Name], but about Peter? Or about Ahmed? Could there be other reasons for not knocking on the door for benefits?
- Suppose you had received a phone call from the housing corporation: Had you applied for rent benefits? Why or why not? What would have caused you to do that?



### **Get help**

- Do you ever talk to someone about money matters?
- And about applying for benefits or other facilities?
- With whom?
- If you can't find a way out of something or if something doesn't work out, who do you ask for help?

#### *Follow-up questions*

- *What's that like for you to ask for help?*
- *Can you give an example of that?*
- *What was that like for you?*
- *Do you know any other people or places where you could ask for help?*
- *Have you ever done that?*
- *If so, how did it go? And what did you think?*
- *If not, why not? What would it take to ask for help?*

### **Debriefing**

Purpose: Evaluate interview (see if there is the aftercare for the interviewee and if adjustments to the script are needed).

Those were all the questions I wanted to ask. Thank you for sharing your experiences. That is very important for our research. This allows us to better help people entitled to benefits and other facilities.

- How was it for you to make this conversation?
- Before we close this interview, is there anything else you'd like to say?

Provide information form

**Criteria for benefits in short****Health care benefits**

<https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/prive/toeslagen/zorgtoeslag/voorwaarden/voorwaarden-zorgtoeslag>

- Minimum age 18 years.
- In possession of health insurance (but this is mandatory).
- Dutch nationality or legal in the Netherlands.
- Income up to € 31,138 (€ 39,979 for people with a supplement partner).
- Capital up to € 118,479 (€ 149,819 for supplement partners).

**Special circumstances:**

- People who have a supplement partner younger than 18 years (but are 18 years older) are entitled to half of the care benefits that usually applies. The income of the partner does count.
- People in military service, in prison, mood objectors and international students who work here are not entitled to health care benefits.
- In some cases, people living in another EU country are entitled to health care benefits.

<https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/prive/toeslagen/zorgtoeslag/voorwaarden/zorgtoeslag-als-u-in-het-buitenland-woont>).

People who live abroad who have compulsory health insurance in the Netherlands are entitled to health care benefits.

Dutch people who work abroad are usually not eligible for health care benefits because they do not have health insurance in the Netherlands.

People living abroad who have mandatory health insurance in the Netherlands are eligible for healthcare benefits.

Dutch residents who work abroad are generally not eligible for healthcare benefits because they don't have health insurance in the Netherlands.





### **Rent benefits**

<https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/prive/toeslagen/huurtoeslag/huurtoeslag>

- No maximum income (but if the income is high, it may be that the right is 0).
- Power maximum € 30. 846 per benefits partner / co-resident
- Minimum age 18 years.
- Dutch nationality or legal in the Netherlands.
- Maximum rent, including service costs, is € 432.51 for people between 18 and 23 and € 737.14 if one of the cohabiting parents is then 23 or if a child lives in the same house.
- Rents an independent living space, has a rental contract and pays the rent.

### **Special circumstances:**

- People under the age of 18 are entitled to rent benefits if they are orphans or have children.
- In the case of divorced parents, the children are co-residents for both parents. This can affect entitlement to rent benefits.
- If someone in the household receives home care, the income and assets of one person are not counted.
- For households > 8 people, a higher limit for rent benefits applies.
- If someone from the household lives in a psychiatric hospital or prison, this person no longer counts for rent benefits.
- If you live in an adapted home because of a disability, you can also receive a rent benefits if the rent is higher than the maximum.

### **Child support benefits**

<https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/prive/toeslagen/kindgebonden-budget/voorwaarden/voorwaarden-kindgebonden-budget>

- Has children under 18 (including stepchildren, foster children and adopted children).
- Receives child benefit.
- There is no maximum income (but with a higher income, the right can be 0).
- Dutch nationality or valid residence permit.
- Capital up to € 118,479 (€ 149,819 for supplement partners).

**Special circumstances:**

A calculation is made to determine how high the amount is. This depends on the income and the number and age of the children. In practice, everyone entitled to rent or care benefits is also eligible for a child-related budget (provided they receive child benefit).

- People who do not receive child benefit for a child aged 16/17 who does not receive a study grant and who maintain the child (that means that they have lost at least € 425 per month) are entitled.
- In the case of divorced parents, one of the parents receives a child-related budget (namely, the parent who receives the child benefit)
- For couples who both have children from a previous relationship, only one receives a child-related budget.
- People outside the Netherlands receive a child-related budget if they meet the other criteria.

**Benefits partners**

If people are benefits partners, the income and assets of both partners count together to determine their entitlement to benefits. This only applies if you are a supplement partner throughout the year. People are benefits partners if they are married or have a registered partnership. Cohabitants are also an benefits partner if one of the following conditions applies:

- Were benefits partners last year
- Have a cohabitation contract
- Are tax partners
- Are partners in for the pension scheme
- They – or one of their fellow residents – have a child under the age of 18, except if:
  - One of the co-residents is the parent of the other and is younger than 27
  - There are three co-residents older than 18 years.



# CODING SCHEME

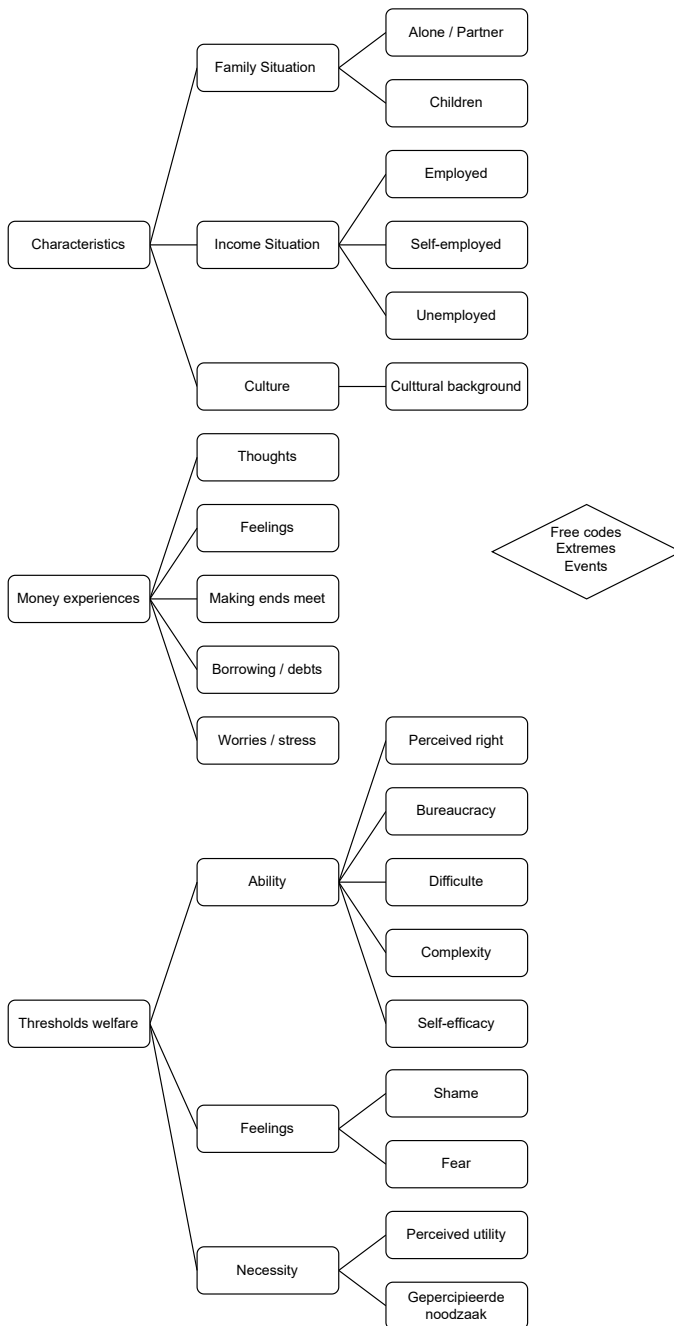


Figure A1. Coding scheme

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