

Unemployment benefits

Unemployment benefits refer to benefits that:

- replace, in whole or in part, income lost by a worker due to the loss of gainful employment;
- provide a subsistence (or better) income to persons entering or re-entering the labour market;
- compensate for the loss of earnings due to partial unemployment;
- replace, in whole or in part, income lost by an older worker who retires from gainful employment before the legal retirement age because of job cuts made by their employer for economic reasons;
- contribute to the cost of training or re-training people looking for employment; or
- help unemployed persons meet the cost of travelling or relocating to obtain employment.

It includes:

- Full unemployment benefits: benefits compensating for loss of earnings where a person is capable of working and available for work but is unable to find suitable employment, including persons who had not previously been employed.
- Partial unemployment benefits: benefits compensating for the loss of wages or salary due to formal short time working arrangements, and/or intermittent work schedules, irrespective of their cause (business recession or slow-down, breakdown of equipment, climatic conditions, accidents and so on), and where the employer/employee relationship continues.
- Early retirement for labour-market reasons: periodic payments to older workers who retire before reaching standard retirement age due to unemployment or to job reductions caused by economic measures such as the restructuring of an industrial sector or of a business enterprise. These payments normally cease when the beneficiary becomes entitled to an old-age pension.
- Vocational training allowance: payments by social security funds or public agencies to targeted groups of persons in the labour force who take part in training schemes intended to develop their potential for employment.
- Mobility and resettlement: payments by social security funds or public agencies to unemployed persons to encourage them to move to another locality or change their occupation in order to seek or to obtain work.
- Severance and termination payments (benefits compensating employees for employment ending before the employee has reached the normal retirement age for that job).
- Redundancy compensation: capital sums paid to employees who have been dismissed through no fault of their own by an enterprise that is ceasing or cutting down its activities.
- Other cash benefits: other financial assistance, particularly payments to the long-term unemployed.

It does not include:

- Family allowances paid for dependent children (which are included under 'Family/children-related allowances' (HY050G)).
- Early retirement in the event of reduced ability to work: periodic payments to older workers who retire before reaching standard retirement age as a result of reduced ability to work. These pensions normally cease when the beneficiary becomes entitled to an old-age pension (which are included under 'Disability benefits' (PY130)).

Net unemployment benefits (PY090N): the net income component corresponds to the gross unemployment benefits but the tax at source, the social insurance contributions, or both, (if applicable) are deducted.

Comments about unemployment benefits: There are two concepts related to vocational training allowance under the unemployment benefit function:

1. The vocational training allowance, i.e. payment by social security funds or public agencies to targeted groups of persons in the labour force who take part in training schemes intended to develop their potential for employment. This is considered as benefit in cash and thus included in PY090.
2. A benefit (in kind) related to vocational training, i.e. payments by social security funds or public agencies to institutions that provide training courses to unemployed people. These benefits are excluded from the EU-SILC.

The "contributory" and "non-means-tested" definitions are the same as applied in ESSPROS.

Contributory schemes are social protection schemes that require the payment of contributions, by the